

COVER SHEET

P W - 1 0 2

S.E.C Registration Number

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

1 2 - 3 1

Month Day

Fiscal Year

1 7 - C

FORM TYPE

0 5 3 1

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

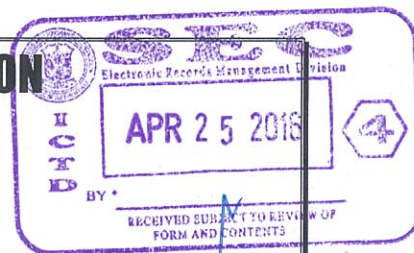
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SECURITIES AND EXCHANGE COMMISSION

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: *April 25, 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 March 31, 2016)

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, April 25, 2016, approved the following matters:

1. The Company's 1Q 2016 Financial and Operating Results (refer to the attached Press release).
2. The appointment of Reyes, Tacandong & Co., to inspect and canvass the ballots at the Annual Stockholders' Meeting on 31 May 2016, including any adjournment and postponement thereof. This is in compliance with Section 6, Article I of the By-laws of the Company.
3. The declaration of a special cash dividend of Pesos 1.68 a share to all shareholders of record as at May 25, 2016, payable on June 17, 2016 bringing total dividends from the 2015 Consolidated Core Net Income to Pesos 16.76 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: April 25, 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 1st QUARTER ENDED MARCH 31, 2016
WITH COMPARATIVES FOR 2015

Highlights

- Consolidated Core Net Income for 1Q16 at Pesos 4.6 billion, reflecting a 4% increase compared with 2015
- Consolidated Reported Net Income for 1Q16 at Pesos 4.5 billion, 3% higher than 2015
- Consolidated volume of energy sales for the 1st quarter of 2016 at 9,077 GWh, 12% higher than the 8,092 GWh in 2015
- Customer count up by 4% to more than 5.8 million
- Consolidated electric revenues for the three months ended March 2016 at Pesos 57.9 billion
- Average consolidated distribution rate was at Pesos 1.41 per kWh in the first quarter of 2016; parent company average distribution rate at Pesos 1.42 per kWh
- Consolidated cost of purchased power at Pesos 44.9 billion for 1Q16, lower by 7% than in 1Q15
- Consolidated operating expenses at Pesos 6.4 billion for the three months ended March 31, 2016
- Special cash dividend of Pesos 1.68 per share declared, bringing total dividends from the 2015 Consolidated Core Net Income to Pesos 16.76 a share
- Consolidated EBITDA for 1Q16 at Pesos 8.2 billion, stable versus the same period in 2015
- Core Earnings per Share for the first quarter of 2016 at Pesos 4.073, while Reported Earnings per Share was at Pesos 4.034

MANILA, PHILIPPINES, 25th April 2016 – Manila Electric Company (“Meralco” or the “Company”) (PSE: MER) today announced that its unaudited Consolidated Core Net Income, which excludes one-time, exceptional charges, for the three (3) months ended March 31, 2016, amounted to Pesos 4.6 billion, 4% higher than in 1Q15. Consolidated Reported Net Income for the period was at Pesos 4.5 billion, reflecting a 3% growth over 2015. Core Earnings per Share was at Pesos 4.073 for the three months ended March 31, 2016 while Reported Earnings per Share was at Pesos 4.034.

The higher Consolidated Core Net Income for the first quarter of 2016 versus 2015 is attributed to (i) the 12% increase in volume, albeit at a lower average distribution rate, which resulted in the overall net increase in distribution revenue; (ii) increased total contribution of operating subsidiaries to non-electric revenues; (iii) significantly higher yields from temporary investments; and (iv) the updated provisions for estimated real property taxes on certain utility plant assets which had been subject of a legal process judicially resolved recently and are now in the process of settlement with various local governments.

Consolidated revenues in 2016 were 4% lower at Pesos 60.2 billion compared with the Pesos 62.6 billion in 2015. Consolidated electric revenues represent 96% or Pesos 57.9 billion of total revenues.

Generation charges billed to *Meralco's* customers averaged at Pesos 3.94 per kWh in the first quarter of 2016, or 20% lower than the Pesos 4.93 per kWh in 2015. Transmission charges were at Pesos 0.91 per kWh or 4% lower compared with 2015. *Meralco's* (parent company) distribution rate was Pesos 1.42 per kWh, 8% lower than the average for the first quarter of 2015.

Consequently, for the first quarter of 2016, the overall average retail rate to *Meralco's* captive customers amounted to Pesos 7.58 per kWh, 15% lower than the average retail rate in 2015 of Pesos 8.89 per kWh. The overall retail rate for 2016 is inclusive of a Peso 0.0406 per kWh Feed-in-Tariff Allowance ("*FiT-ALL*"), which is collected on behalf of and remitted to the National Transmission Corporation ("*TransCo*") to fund the *FiT-ALL* subsidy payments to certain Renewable Energy ("*RE*") developers. The *FiT-ALL* will increase three-fold to Peso 0.1240 per kWh beginning April 2016, as ordered by the Energy Regulatory Commission ("*ERC*").

The average blended purchased power cost, consisting of generation and transmission costs, for the first three months of 2016 was at Pesos 4.94 per kWh, 18% lower than Pesos 6.03 per kWh in 2015. Power purchased under long-term supply contracts and interim power supply agreements accounted for 96% of the total volume in 2016, with the balance sourced from the Wholesale Electricity Spot Market ("*WESM*"). Purchased power price and other charges from the *WESM* in 1Q2016 averaged Pesos 5.11 per kWh.

Operating expenses increased by 16% to Pesos 6.4 billion compared with Pesos 5.5 billion in 2015. Labor, labor-related and contracted services remain to be the significant operating cash costs of *Meralco*, accounting for 65% of total operating expenses. Contracted services include the costs of distribution networks maintenance, outsourced information system and technology services, and customer-related commissioned researches, among others.

Non-electric revenues grew by 53% in 2016 versus the same period in 2015 driven by increased after-the-meter and demand side services of *Meralco Energy, Inc. ("MServ")*,

higher recurring service revenues generated by Radius Telecoms, Inc. (“*Radius*”) and diverse transaction-based services delivered by CIS Bayad Center, Inc. (“*Bayad Center*”, *Meralco*’s bills payment company). The impact of *Bayad Center*’s acquisition in 2015 of a “read and bill” firm contributed 3% of *Bayad Center*’s revenues in 2016.

Consolidated EBITDA was Pesos 8.2 billion, the same level as in 2015. This is equivalent to an EBITDA margin of 14% on consolidated revenues, one (1) percentage point higher than in 2015.

Total cash and cash equivalents as at March 31, 2016 stood at Pesos 45.9 billion, exclusive of available-for-sale (“*AFS*”) and held-to-maturity (“*HTM*”) investments of Pesos 40.3 billion recognized as noncurrent assets and Pesos 2.7 billion under other current assets. The Company’s investments classified as *AFS* and *HTM* consist of placements in government securities, corporate notes and Unit Investment Trust Funds (“*UITF*”).

Consolidated gross debt balance as at March 31, 2016 amounted to Pesos 29.9 billion. Gross Debt to EBITDA was at 0.92x. *Meralco*’s net debt position remains negative. Total principal debt repayments, inclusive of financial charges, amounted to Pesos 795.0 million.

Pending *ERC* approval for the July 2015 – June 2016 capital expenditures filed by *Meralco* in February 2015 and Clark Electric Distribution Corporation (“*CEDC*”, a 65%-owned subsidiary) in February 2016 for its October 2015 – September 2016 capital expenditures (“*CAPEX*”), the *Company* prioritized *CAPEX* that addresses critical loading of existing facilities and accommodates growth in demand and customer connections. Consolidated *CAPEX* for the first three (3) months of 2016 amounted to Pesos 1.2 billion. Other *CAPEX* for the period included the relocation of existing facilities due to access restrictions, the replacement of network facilities and assets to sustain network reliability and improve efficiency, and projects to comply with regulatory commitments.

In support of the Renewable Energy Act, *Meralco* interconnected to its distribution system on March 10, 2016 the 15 MegaWatt-peak (“*MWp*”) Bulacan Solar Power Plant, along with other solar generation plants totaling 15.46 *MWp* embedded in different parts of the franchise area.

“The sustained upward momentum of the Philippine economy, coupled with very warm temperatures throughout the quarter contributed to driving electricity usage to a higher trajectory providing growth opportunities for electricity demand across all industry sectors. The coming electoral process is expected to further support this growth through the balance of the year. We remain resolute that *Meralco* stays ahead of the curve in assuring a robust power supply position and a strong, highly-resilient power distribution infrastructure system to fully support the nation’s economic trajectory and our people’s improving lifestyles in a technology-innovating and digitally-changing environment”, said **Manuel V. Pangilinan, Chairman**.

“The recent Yellow and Red Alert incidences on April 11, 14 and 15, 2016 and the consequent need for *Meralco* to call on the Interruptible Load Program (“*ILP*”) to minimize any power supply interruption remain a cause for concern and a visible indicator that much more needs to be done in the power supply chain, from generation to transmission and distribution. Sizeable *CAPEX* to further improve distribution as well as our investment programs in generation are clear statements of *Meralco*’s commitment to do our part”, added **Mr. Pangilinan**.

Power Distribution: The Continuing Challenge of Ensuring Adequate Power at Highly-Competitive Prices

2016 started with continuing global growth concerns, particularly in China, Russia, Brazil and the Eurozone, volatility in the financial and commodity markets, and oil and gas prices plummeting to a 12-year low. While not immune from the slowdown overseas, the Philippines continues to post resilient macroeconomic indicators, including low inflation, low interest rates, excess liquidity, large and growing inward remittances from overseas Filipinos, and with business process outsourcing (“*BPO*”) services fueling higher household income and consumption expenditures.

As a result of climate change, 2016 also followed the hottest year recorded globally. In Luzon and the *Meralco* franchise area, much warmer temperatures continue to be experienced. Maximum average temperature during January – March 2016 was 32°C, 1.4°C higher than the same periods in the last two (2) years. Likewise, average minimum temperature at 22.7°C was 1.8°C warmer versus the comparable period in 2015. Within the *Meralco* franchise area, it is estimated that every degree change in temperature translates to approximately 5 GWh of energy consumption. In the Clark Economic Zone, average maximum temperature in March was at 32.8°C, while average minimum temperature was registered at 24.1°C, both 1°C higher than the comparative periods in 2015 and 2014.

On the enterprise level, corporates have contributed to the faster-than-expected 12% expansion in electricity sales volumes in the first quarter of 2016 and to *Meralco*’s Consolidated Core Net Income growth in 2016 over the comparable period. Consolidated volumes of electricity distributed during the first quarter was 9,077 GWh. Both *Meralco* and *CEDC* reflected double digit growth in sales volumes. The Residential segment was the most significant contributor to the increase in consolidated sales volumes in the first quarter of 2016, surging by as much as 20%. Commercial sales volumes rose by a hefty 13% while Industrial sales volumes grew by a healthy 5% within the franchise area. Quarter-on-quarter peak demand grew by 12% to 6,206 MW, registered on March 10, 2016. This record level has been quickly surpassed by the April 14 peak demand of 6,619 MW.

Increasing economic activities and continued migration to urban centers have resulted in customer count increasing by nearly 4% to more than 5.8 million. Residential customers account for 92% of *Meralco*’s entire customer base, with over 204,000 new accounts added. Residential energy sales volumes increased to 2,714 GWh, or a per capita

consumption of 175 kWh, and account for 30% of *Meralco's* consolidated sales. The increasing number of air-conditioning and refrigeration units installed and the increasing usage of electronic devices, as reported, account for part of this volume growth.

Commercial accounts added close to 11,000 new connections or a 2% increase. Volume from this segment account for the largest share of total sales volume at 40% and is driven by the real estate, retail trade, hotel, entertainment and service industries.

Industrial accounts, although only 10,000 or less than 1% in terms of number of accounts, contributed 30% of the consolidated sales volumes. The 5% expansion in Industrial sales volumes came from the non-metallic industry, largely cement, supported by Public-Private Partnerships ("*PPP*") and real estate projects. These real estate projects include those of the private developers and the National Housing Authority ("*NHA*"). Semiconductor demand continued to pick up with the recent improved economic outlook for economies outside Asia.

While awaiting the completion and commercial operations of a number of new baseload and mid-merit power plants in the Luzon Grid, *Meralco* continues to focus on managing an adequate and highly cost-competitive power supply portfolio. *Meralco* ensures an optimal dispatch protocol for its captive market from the 7- to 10-year Power Supply Agreements ("*PSAs*") entered into in 2012/2013 to replace the Transition Supply Contracts ("*TSCs*") and longer-term Power Purchase Agreements ("*PPAs*") it had previously signed. In the first three (3) months of 2016, the overall dispatch from the *PPAs* signed with the Sta. Rita, San Lorenzo and Quezon Power plants increased due to higher plant availability of these plants with average power capacity factor ("*PCF*") for the first three (3) months of 2016 increasing to 80.49%, 86.09% and 66.35%, respectively. The overall availability and the resulting higher *PCFs* for five (5) *PSA*-plants were also higher, even with the de-rating and occasional forced outage of certain plants enabling *Meralco* to limit sourcing from the *WESM*.

The continuing downward trend of global fuel prices has provided relief to consumers in terms of lower pass-through charges. *Meralco's* average generation cost for the first quarter of 2016 stood at Pesos 3.99 per kWh, Pesos 1.08 per kWh or 21% lower than 2015. The *WESM* price was at Pesos 5.11 per kWh in 2016, 42% lower than 2015, with volume purchased accounting for only 4% of *Meralco's* Net System Input.

Meralco remains equally-focused on surpassing the previous year's operating performance and the operating standards set by the *ERC*, in pursuit of its optimizing power supply and containing power price imperatives. *Meralco's* 12-month moving average (12-*MMA*) system loss was at 6.53% as of March 31, 2016, nearly two (2) percentage points below the system loss regulatory cap of 8.5%, and 0.03 percentage points higher than the 12-*MMA* for the same period in 2015. *CEDC's* system loss was at 3.93%, over 4.5 percentage points below the regulatory cap and 0.32 percentage points lower than the same period last year.

“While awaiting the formal approval for our post 3rd Regulatory Period capital expenditures, our Networks organization’s initiatives since the start of the 4th Regulatory Period have been focused on *capital expenditures* which address the need for capacity upgrades in order to avert multiple power interruptions to our customers and maintain a robust electric distribution infrastructure while complying with regulatory and statutory requirements. These *capital expenditures* were filed as part of the requirements of the 1st Regulatory Year of the 4th Regulatory Period. As we approach the end of the 1st Regulatory Year, we have laid down the execution plan for immediate *capital expenditure* implementation once a formal approval is received from the *ERC*.

“Our success in delivering on our mandate of 24x7 power supply at highly-affordable and competitive prices to all *Meralco* customers is anchored on building and maintaining a well-structured power supply envelope, operational excellence and continued capital outlay for the network, customer-facing and shared services infrastructure.

“Our customers remain to be the reason for our being and we are relentless in pursuing all that is required to assure reliable service for our customers”, stated **Oscar S. Reyes, President and Chief Executive Officer**.

Retail Electricity Supply: Competitively Serving the Interest of all Customers

Retail Competition and Open Access (“*RCOA*”) provided under Republic Act No. 9136, “Electric Power Industry Reform Act” (“*EPIRA*”) aims to allow an open and competitive market for purchase by, and supply to contestable customers. To date, MPower, *Meralco*’s Retail Electricity Supply (“*RES*”) unit, continues to be a supplier of choice by qualified contestable customers. MPower continues to address customer requirements through innovative power supply products and services, each addressing the distinct demand profile and needs of customers. Since switching date, MPower contestable customers have consistently benefitted from *RCOA*. It will be noted that a number of qualified contestable customers have opted not to switch to contestability, as they view such a switch as adverse to their strategic and commercial interests, and the competitiveness of their own businesses.

Draft rules have been issued covering various aspects of *RCOA*. *Meralco* continues to engage with the regulators to ascertain that the interest of all customers and all other parties in the power supply chain are safeguarded and promoted, and equally important, that the open market principles of “freedom of choice” of consumers, “open competition” to all willing and able participants and “letting the market work” are respected and in place. Notwithstanding this ongoing process of engagement, MPower continues with “business-as-usual”, focused on looking after the specific needs of each contestable customer, by designing products and services most apt to its requirements. Qualified contestable customers who have opted to remain captive customers are monitoring the regulatory environment due to the significant consequences to them and to their businesses.

Power Generation: Gaining Traction

On April 20, 2016, Redondo Peninsula Energy, Inc. (“*RP Energy*”) reached another milestone with the conclusion and signing of a *PSA* with *Meralco* for a substantial portion of its first 300 MW capacity. The balance of its capacity and energy, which was not contracted by *Meralco*, has been contracted by Aboitiz Energy Solutions, Inc., a *RES* entity of the Aboitiz Group. *RP Energy* is developing a 2x300 MW circulating fluidized bed (“*CFB*”) coal-fired plant in Subic Bay, Zambales.

Construction in Mauban, Quezon for the San Buenaventura Power Limited (“*SBPL*”) 455 MW (net), supercritical coal-fired power plant started when the Notice to Proceed (“*NTP*”) was issued on December 8, 2015. The project financing of *SBPL* was recognized as the Asia Pacific Power Deal for Year 2015 by Thomson Reuters Project Finance International on February 3, 2016 in London. Commercial operations is targeted by 2019, 42 months from *NTP*.

Meralco PowerGen Corporation (“*MGen*”) continues to develop other baseload and mid-merit power plant projects with the aim of significantly contributing to a more robust power supply situation with adequate reserves in the Luzon grid.

“Our 3,000 MW aspiration for our power generation portfolio will be built through a mix of brownfield and greenfield developments as well as acquisitions. We remain committed to be part of the solution to the current power situation to sustain economic growth.

“We have started construction of the San Buenaventura 455 MW supercritical coal-fired power plant. Redondo Peninsula is making good progress with respect to *PSA* negotiation, *EPC* contractor selection and financing and we should be able to issue a Notice to Proceed by the third quarter of the year. Development plans for Atimonan One Energy, Inc. are being phased and finalized. In addition, we have expanded our pipeline of partnership and collaboration opportunities to ensure that our aspiration of 3,000 MW of new power plant-builds of mixed fuel types comes into fruition”, added **Mr. Reyes**.

Conclusion

“The volume growth in the first quarter this year has been encouraging for the Philippine economy; this simply motivates us to serve our customers, stakeholders and the country better. As we approach national elections and the prospect of a change in national leadership, we believe that the strength of the country’s fundamentals and the economy’s resilience will serve our people in good stead.

“In closing, the Board of Directors approved today the declaration of a special Cash Dividend of 10% out of the undeclared amount of the full year 2015 Consolidated Core Net Income equivalent to Pesos 1.68 per share. Record date will be May 25, 2016, payment date is on June 17, 2016,” concluded **Mr. Pangilinan**.

	MANILA ELECTRIC COMPANY Consolidated Financial Highlights (in Million Pesos, except per share data)		
	For the Three Months Ended March 31		Percent Change
	2016	2015	
REVENUES			
Electricity	57,851	61,073	(5.3)
Non-electricity	2,322	1,517	53.1
	60,173	62,590	(3.9)
COSTS AND EXPENSES			
Purchased power	44,929	48,124	(6.6)
Operating	6,350	5,451	16.5
Depreciation and others	2,658	2,551	4.2
	53,937	56,126	(3.9)
OTHER EXPENSES – net	(134)	99	(235.4)
INCOME BEFORE INCOME TAX	6,370	6,365	0.1
PROVISION FOR INCOME TAX	1,799	1,927	(6.6)
NET INCOME – AS REPORTED	4,547	4,421	2.9
CORE NET INCOME ¹	4,590	4,416	3.9
EARNINGS PER SHARE			
On Reported Net Income			
Basic	4.034	3.922	2.9
Diluted	4.034	3.922	2.9
On Core Net Income ¹			
Basic	4.073	3.918	3.9
Diluted	4.073	3.918	3.9

¹ Reported net income, adjusted to exclude the effect of foreign exchange gains or losses, mark-to-market adjustments, 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:

Alfredo S. Panlilio
Senior Vice President &
Head of Customer Retail Services
& Corporate Communications

Betty C. Siy-Yap
Senior Vice President &
Chief Finance Officer

Rafael L. Andrada
First Vice President &
Treasurer

Tel. No.: (632) 1622 8531
Fax No.: (632) 632 8360

Tel. No.: (632) 1622 1571
Fax No.: (632) 631 5574

Tel. No.: (632) 1622 3043
Fax No.: (632) 631 5566

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.