102282017002538

SECURITIES AND EXCHANGE COMMISSION

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Company Information

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Industry Classification	
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

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Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

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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 27, 2017*
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, 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, February 27, 2017, approved the following matters:

1. The Company's Financial and Operating Results for the year ended December 31, 2016 with comparatives for 2015 (refer to the attached Press release); and

2. The declaration of a final regular cash dividend of Pesos 9.30 per share to all shareholders of record as at March 27, 2017, payable on April 21, 2017. This consists of a final regular cash dividend of Pesos 4.08 per share and a special cash dividend of Pesos 5.22 per share. This final cash dividend, which in addition to the interim dividend of Pesos 4.608 per share declared on July 25, 2016 and paid on September 19, 2016, brings total cash dividends to Pesos 13.908 per 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 27, 2017

Cc: Disclosure Department
Listings and Disclosure Group
Philippine Stock Exchange

Issuer Compliance and Disclosure Department
Philippine Dealing & Exchange Corp.

MERALCO

PRESS RELEASE
FINANCIAL AND OPERATING RESULTS
FOR THE YEAR ENDED DECEMBER 31, 2016
WITH COMPARATIVES FOR 2015

Highlights

- Consolidated Core Net Income for 2016 at Pesos 19.6 billion, 4% higher compared with Pesos 18.9 billion in 2015
- Consolidated Reported Net Income for 2016 at Pesos 19.2 billion, marginally higher compared with Pesos 19.1 billion in 2015
- Consolidated electricity revenues at Pesos 249.2 billion for 2016, relatively stable year-on-year
- Consolidated distribution revenues at Pesos 56.9 billion for 2016, 3% higher than in 2015
- Consolidated Core EBITDA at Pesos 34.0 billion, 10% higher than in 2015
- Core Earnings per Share at Pesos 17.37
- Final cash dividend of Pesos 9.30 per share declared, including a special dividend of Pesos 5.22 per share; total dividends of Pesos 13.908 a share, out of 2016 Consolidated Core Net Income, representing 80% payout
- Consolidated volume of energy sold for 2016 was at 40,142 GWh, over 8% higher than in 2015
- Customer count increased by 4%, surpassing the 6.0 million count
- Average consolidated distribution rate for 2016 was Pesos 1.42/kWh, 4% lower than in 2015
- System loss rate of Meralco at 6.35% and of Clark Electric Distribution Corporation (CEDC) at 3.59%, the lowest-ever achieved for both entities, resulting in cumulative savings to Meralco's customers of Pesos 26.9 billion or Pesos 0.09 per kWh since 2008, relative to the regulatory system loss cap

MANILA, PHILIPPINES, 27th February 2017 – Manila Electric Company ("*Meralco*" or the "*Company*") (PSE: *MER*) today announced that its audited Consolidated Core Net Income, before exceptional items, amounted to Pesos 19.6 billion, 4% better than in 2015. Consolidated Reported Net Income for the year ended December 31, 2016 amounted to Pesos 19.2 billion. Core Earnings per Share for 2016 reached Pesos 17.37, while Reported Earnings per Share was Pesos 17.01.

The Board of Directors of *Meralco* approved today a final cash dividend of Pesos 9.30 per share to all shareholders of record as at March 27, 2017, payable on April 21, 2017. This consists of a final regular cash dividend of Pesos 4.08 per share and a special cash dividend of Pesos 5.22 per share. This final cash dividend, which in addition to the interim dividend of Pesos 4.608 per share declared on July 25, 2016 and paid on September 19, 2016, brings total cash dividends to Pesos 13.908 per share. These represent a 50% regular dividend payout of Pesos 8.69 per share and a 30% special dividend payout of Pesos 5.22 per share, for a total pay-out of 80% of the *Company*'s 2016 Consolidated Core Net Income ("*CCNI*").

The year 2016 marked several operating performance milestones for *Meralco*: (i) an 8%-growth in energy sales volume; (ii) customer accounts crossing the 6 millionth-mark, of which over 40,000 are in the first batch of prepaid meters approved by the Energy Regulatory Commission ("*ERC*"); (iii) an all-time low 12-month moving average ("*12 MMA*") system loss of 6.35%; (iv) 7% rise in system peak demand reaching 6,748 MW; (v) generation charge drop to Pesos 3.72 per kWh, the lowest in nearly 12 years since October 2004; and (vi) the average retail price of Pesos 7.50 per kWh, the lowest in the last seven (7) years.

Strong energy sales volumes was the result of the combined effect of (i) the much warmer weather during the first five (5) months of 2016 due to the continuing "El Niño" phenomenon; (ii) the strong growth of the domestic economy; (iii) record low inflation; and (iv) lower retail electricity prices throughout the year. Minimal power plant outages, *Meralco*'s robust distribution network, enhanced service levels and customer-centric operations supported the growth in consolidated energy sales volumes, which reached 40,142 GWh in 2016 versus 37,124 GWh in 2015.

Gross revenues amounting to Pesos 257.2 billion in 2016 was marginally lower by 0.5% versus Pesos 258.4 billion in 2015 due to the continuing decline of pass-through fuel prices throughout the year which muted the impact of the increase in volume of energy distributed. Electricity revenues totaled Pesos 249.2 billion compared with Pesos 249.8 billion in 2015, accounting for 97% of gross revenues. Pass-through components as a percentage of total electricity revenues was at 77% in 2016, one percentage point lower than in 2015, indicative of the tightly negotiated Power Supply Agreements ("*PSA*s") entered into by the *Company* with generating companies. Distribution revenues increased by 3% in 2016 versus 2015 to Pesos 56.9 billion, reflecting the combined effect of the increase in volumes, which contributed Pesos 4.5 billion, offset by the impact of the lower distribution charge of Pesos 2.7 billion.

Consolidated Core EBITDA amounted to Pesos 34.0 billion, equivalent to a Core EBITDA margin of 13% on consolidated revenues, one percentage point higher than in 2015.

CCNI of Pesos 19.6 billion in 2016 was largely attributable to the 8% increase in energy distributed, higher financing income from funds deployed and adjustment of provisions.

Consolidated capital expenditures ("*CAPEX*") in 2016 amounted to Pesos 11.4 billion, almost 1% higher compared with the previous year, with the partial approval by the *ERC* of the 1st and 2nd Regulatory Years ("*RYs*") of the 4th Regulatory Period ("*RP*") in June and July 2016, respectively.

Cash flows from operations for 2016 reached Pesos 35.4 billion. Free cash flows amounted to Pesos 13.9 billion. Cash and cash equivalents amounted to Pesos 46.7 billion, excluding investments in available-for-sale ("*AFS*") and held-to-maturity ("*HTM*") instruments as at December 31, 2016.

Total interest-bearing debt amounted to Pesos 40.3 billion (including debt of subsidiaries totaling Pesos 1.6 billion) at the end of 2016, of which Pesos 13.3 billion are due to mature within one (1) year.

Gross Debt to EBITDA stood at 1.18x. *Meralco* remains in a negative net debt position. Total principal debt repayments, customer refunds and financing charges paid amounted to Pesos 2.2 billion in 2016. As at December 31, 2016, total financing expenses amounted to Pesos 1.3 billion.

Beyond the revenue and income generated by the core distribution and the retail electricity supply ("*RES*") businesses in 2016, *Meralco* subsidiaries provided bottomline uplift during the year.

CIS Bayad Center, Inc. ("*Bayad Center*") handled a total of more than 83 million transactions during 2016 and served over 200 billers. It also expanded its services to include the deployment of 245 Automated Payment Machines and 473 retail machines for sari-sari stores, online payment services, spot billing and ambulant tellering within *Bayad Center* and the biller offices.

Meralco Industrial Engineering Services Corporation and its subsidiaries ("*MIESCOR*") continued to win contracts largely related to substation, transmission and telecommunications Engineering, Procurement and Construction ("*EPC*") works in various locations in the country. Despite delayed award of certain projects, which would have generated higher revenues and net income in 2016, *MIESCOR* maintained an overall 4% net income margin with savings on direct and indirect costs.

Meralco Energy, Inc. ("*MServ*"), an after-the-meter energy services company ("*ESCO*"), continued to forge strategic partnerships with developers, entered into foreign partnerships providing new offerings to the market, and achieved backward integration in the supply chain to ensure cost efficiency.

Radius Telecoms, Inc. ("*Radius*") whose fiber-based data connectivity, internet and managed telecommunications services are offered to enterprise, channels, and carrier clients grew significantly in 2016. Through multi-year contracts signed with key clients in the financial services, retail, and Business Process Outsourcing ("*BPO*") sectors, as well as through strategic partnerships with international telecommunications companies, *Radius* improved its revenues by 22% and its net income by 42% in 2016 compared with 2015. Net income margin grew to 32% in 2016, five (5) percentage points better than 2015.

The contribution to the 2016 *CCNI* of each of the foregoing non-electric operating subsidiaries ranged from over Pesos 139 million up to Pesos 283 million.

Clark Electric Distribution Corporation ("*CEDC*"), a 65%-owned subsidiary of *Meralco*, further contributed close to Pesos 180 million to *CCNI*, due to increased volume of electricity distributed to its 1,987 customers within the Clark Economic Zone. *CEDC* has a franchise granted by the Clark Development Corporation ("*CDC*") to distribute power within its franchise area.

"The country's impressive GDP growth of 6.8%, continued low inflation during the year and the *Company*'s operational excellence underpinned *Meralco*'s strong financial results and consequently enabled good returns to its shareholders. Growth in energy sales volume within the *Meralco* franchise area was robust across all customer classes – residential, commercial and industrial. Moving forward, it is important that balanced and inclusive growth remains an imperative, and that manufacturing can further weigh in as a growth generator. 2017 will see expected headwinds of higher oil, coal and commodity prices, rising interest and inflation rates, a weakening of the Philippine Peso and anticipated cooler temperatures with the onset of La Niña. These will require the *Company* to move to a higher trajectory of customer service excellence and operational outperformance," said **Manuel V. Pangilinan,** Chairman of *Meralco*.

Sustaining Growth of the Core Distribution Business

In 2016, the economy weathered several shifts. For the most part of the first semester, growth remained robust, partly due to much warmer temperatures than in 2015. Cooler weather, an uptick in inflation, which rose to over 2% by the end of 2016 from close to 1% in January 2016, and slightly higher interest rate, led to a deceleration in electricity sales volume increase in 2H2016. Recent political events in the country and elsewhere in the world, the unexpected vote for Brexit, U.S. election results and lower global trade seem to herald a new socio-political and economic environment.

Meralco looks back to 2016 as a year of new all-time highs and sustained successes. Consolidated energy sales volume broke the 40,000 GWh-mark, closing at 40,142 GWh or a growth of 8% over 2015, the highest since 2010. The total customer base reached 6 million accounts in November 2016, ending the year at 6.04 million, representing total net new accounts of 254,288 for the year, equivalent to over 4% growth following the *Company*'s continued engagement with customers and focus on facilitating customer applications and accelerating energization.

Residential volumes propelled *Meralco* to new heights growing at 12%, buoyed by (i) new customer accounts of 241,000; (ii) warmer average temperatures, up by 1°C to 28.5°C as El Niño, which began in August 2015 was felt through July 2016; (iii) seven (7) year-low electricity retail rates; (iv) low inflation at 1.8%; and (iv) significantly less power interruptions within the franchise area due to a lower number of plant outages and weather disturbances.

Commercial volumes grew by 8% in 2016. The real estate, retail trade, hotel and restaurant industries continued to be the key growth sectors with average increases between 9.5% to about 10%. Increased consumer confidence and spending boosted by inflow of overseas Filipino remittances and *BPO* revenues, coupled with the expansion of the services sector, supported the growing real estate and retail trade sectors.

Industrial volumes were up 4% with the cement, food and beverage, rubber and plastics manufacturing industries leading the growth. Public-Private Partnerships ("*PPP*") and private construction and development projects supported the higher power demand from the cement sector. Increased consumer spending and consumption underpinned the healthy growth of food and beverage, and rubber and plastic packaging manufacturers.

The *Company*'s continuing engagement with customers and the focus on facilitating customer applications and accelerating energization have allowed *Meralco* to further grow its customer base. Total customer base grew by 4% to over 6 million by October 2016.

The 12-year low generation charge has contained the power cost to consumers across all classes. Average generation charge was at Pesos 3.94 per kWh, the lowest in the last 13 years. Average retail price for the year was at Pesos 7.50 per kWh, the lowest since 2010. These have helped boost sales volume growth for 2016.

In 2016, *Meralco's* net system input ("*NSI*") was at 42,277 GWh, 8% higher than in 2015, with peak demand reaching 6,748 MW or 7% higher than 2015. The first five (5) months of 2016 had *NSI* growing from 9% to 15% due to the added impact of much warmer temperatures. The Luzon peak demand in 2016 was at 9,726 MW, 9% higher than in 2015.

The partial approval by the *ERC* of *CAPEX* for the 1st and 2nd Regulatory Years of the 4th Regulatory Period allowed *Meralco* to increase several substation capacities and circuit lengths. Six (6) 83-MVA substation projects were completed along with the development of two (2) new and the expansion of four (4) existing substation capacities. The development of the Banawe substation in Quezon City was completed in June, while a new Dila Substation in Bay, Laguna was commissioned in December. Other substation projects included the development of the 115kV Sitio Gitna Switching Station and the expansion of the Tabang Substation with a second 33 MVA power transformer. In addition, a number of *PPP* projects and the Department of Public Works and Highways ("*DPWH*") road widening project, required the allocation of *CAPEX* for the relocation of 803 electric poles in 2016.

Meralco continues to invest heavily in *CAPEX* for load and customer growth, network infrastructure upgrading, hardening and resiliency, enhanced customer service, safety and security within its franchise area.

In support of the Government's efforts to develop the renewable energy capacity of the country, a total of 135 MW of embedded renewable energy capacities were connected to lines of *Meralco*. In the pipeline is an additional 570 MW of renewable energy capacity under construction and to be interconnected.

Meralco's System Average Interruption Frequency Index ("*SAIFI*"), System Average Interruption Duration Index ("*SAIDI*") and System Loss rates were at new all-time best levels at the end of 2016. Customer Average Interruption Duration Index ("*CAIDI*"), while still better than the regulatory standard, was down 11% against 2015 due to pre-arranged interruptions to enable system maintenance activities and implement *PPP* and government relocation projects. System loss is on a consecutive six (6)-year all-time record run. The 12-month moving average system loss rate at December 31, 2016 was 6.35%, well below the regulatory cap of 8.5%. This translates to total deemed savings to consumers within the *Meralco* franchise area since 2008 amounting to Pesos 26.9 billion or Pesos 0.09 per kWh.

Even as it does so, *Meralco* and its people have gone beyond its franchise area to provide their full support in power restoration and disaster relief in calamity-stricken areas. In 2016, in response to three (3) major typhoons, a total of 33,636 man-hours of 229 One Meralco personnel, including linemen and Networks personnel were made available and dispatched for an aggregate period of 86 days to help restore power and provide emergency relief to Batanes, Cagayan and Isabela in the north and Quezon, Mindoro Oriental, Catanduanes and Camarines Sur, all south of Manila.

"The regulatory approvals of several electric capital projects, maintenance customer allocations and information technology-related capital expenditures, albeit partial, provided *Meralco* room to execute on important additions to the network and customer service infrastructure and facilities. These have enabled *Meralco* to ensure customers of a highly reliable, robust and customer-responsive system. Throughout the year, our operating metrics surpassed the last regulatory-approved benchmarks testament to continued efforts by *Meralco* to achieve operating efficiencies. We continue to challenge ourselves to fulfill our franchise mandate of ensuring delivery of adequate, reliable power at competitive cost to customers, and in doing so, to meet, if not outperform, customer and regulatory requirements.

"Our investments have not been limited to "bricks and mortars". Over 15% of the amount of capital expenditures we proposed for the 1st and 2nd Regulatory Years of the 4th Regulatory Period represent automation, innovation and technology projects. Of the total *CAPEX* amount partially-approved by the *ERC,* close to 10% consisted of automation, innovation and technology projects. Digital transformation has become an imperative for us to stay ahead of the curve.

"We are also growing our renewable energy business and footprint, as well as supporting the renewable energy initiatives of existing developers.

"The customer remains to be our reason for being", said **Oscar S. Reyes,** President and Chief Executive Officer.

Competing in an Increasingly Contestable "*RCOA*" Market

Retail Competition and Open Access ("*RCOA*") began on June 26, 2013 on a voluntary basis for customers with demand of at least 1 MW. On June 26, 2016, customers with demand of 750 – 999 kW were also covered by the voluntary rules of contestability under *RCOA*. As at December 31, 2016, there were a total of 1,550 qualified customers in Luzon and Visayas islands listed by the *ERC*. Within the *Meralco* franchise, 431 accounts are switched, of which, 237 customers with relatively medium to high load factors have chosen the *Meralco* local *RES*, *MPower*, as their retail electricity supplier.

Even as various business and consumer groups, and individual businesses/consumers have sought legal remedies from the courts challenging certain regulatory resolutions on the infringement of their freedom of choice, freedom to contract under agreed terms, and sanctity of contracts, and even as these regulatory resolutions have been temporarily restrained from implementation, *RCOA* continues to be well in place with the power of choice actively availed of by qualified contestable customers. Retail electricity suppliers now number 53 as of February 27, 2017, of which 24 are local (distribution utilities and electric cooperatives) *RES*s and 29 are *RES*s affiliated with generating companies and major conglomerates.

The *RCOA* market has become and remains highly competitive, especially with new power supply in the market with the commissioning and commercial operations of new power plants.

Staying on Track in the Power Generation Portfolio

MERALCO PowerGen Corporation ("*MGen*") remains focused on the delivery of its targeted power generation portfolio of over 3,000 MW of new coal-fired and renewable power generating plants, in joint venture with major players in the industry.

San Buenaventura Power Limited ("SBPL")

Construction of the *SBPL* 455 MW (net) supercritical, coal-fired power plant in Mauban, Quezon remains on track since the project broke ground in December 2015 with the consortium of Daelim Industrial Co., Ltd. and Mitsubishi Corporation as the *EPC* contractor.

SBPL is a joint venture of *MGen* with New Growth B.V., a subsidiary of Electricity Generating Company Limited of Thailand ("*EGCO*").

SBPL's 455 MW (net) plant is scheduled for commercial operations in 2019.

Redondo Peninsula Energy Corporation ("RP Energy")

A Power Supply Agreement ("*PSA*") for 225 MW out of its first 300 MW capacity had been signed between *RP Energy* and *Meralco* and filed with the *ERC* for approval on April 29, 2016. Two (2) hearings on the *PSA* have been completed. *RP Energy* is awaiting the *ERC*'s order for Formal Offer of Evidence ("*FOE*") for the *PSA*, as part of the approval process. A separate *PSA* for the balance of 75 MW had been signed with Aboitiz Energy Solutions, Inc. on April 21, 2016.

In the meantime, *RP Energy* entered into *EPC* contracts for the power plant on October 13, 2016 with Doosan Heavy Industries Ltd and Azul Torre Construction, Inc. A limited Notice-to-Proceed ("*NTP*") has been issued in November 2016 for certain work activities in preparation for the rainy season. Financing for Pesos 31.5 billion from a consortium of three (3) local banks has been secured with the signing of the loan agreements on December 20, 2016.

All rights-of-way ("*ROW*") for the Phase 1 Transmission Line have been secured through a Transmission Line Lease Agreement with the Subic Bay Metropolitan Authority ("*SBMA*"). A separate *EPC* contract has been signed with another contractor to cover the transmission line work.

RP Energy's first 300 MW plant is scheduled for commercial operations in 2020.

RP Energy is a joint venture among *MGen*, Therma Power, Inc. of Aboitiz Power Corporation and Taiwan Cogeneration International Corporation – Philippine Branch.

Atimonan One Energy, Inc. ("*A1E*")

A1E signed a *PSA* with *Meralco* for its 2x600 MW ultra-supercritical coal-fired plant, which was also filed for approval with the *ERC* on April 29, 2016. Hearings on the *PSA* have essentially been completed. An order for *FOE* has been received on February 22, 2017.

Evaluation of the three (3) short-listed *EPC* contractors is underway with award date by 2Q2017. Management has been in discussions with major Philippine banks for the financing of the project with the end view of appointing the Mandate Lead Arrangers ("*MLA*s") to achieve financial close by 2Q2017.

A1E's plant is scheduled for commercial operations in 2021 and 2022.

Global Business Power Corporation ("GBPC")

In November 2016, the 150MW coal-fired plant of Panay Energy Development Corporation ("*PEDC*", a wholly owned subsidiary of *GBPC*) in Panay province was commissioned.

Meralco began dispatching the contracted 70 MW *PSA* with *PEDC* in February 2017 to ease the supply tightness attendant to the January 28 to February 16, 2017 Malampaya shutdown.

The *Company*'s investment in *GBPC*, in which *MGen* has a residual 14% equity interest since June 30, 2016, contributed Pesos 391 million to the *Meralco CCNI* for 2016.

GBPC is the largest power generating company in the Visayas, with a capacity of 854 MW of coal- and diesel-fired power plants.

"Key milestones continue to be achieved for the power plant construction of San Buenaventura Power Limited, loan agreement signing, EPC contract signing and the limited notice-to-proceed on the *EPC* contract for Redondo Peninsula Energy Corporation. The ongoing process for the selection of an *EPC* contractor and mandated lead arrangers, the works for the land and right-of-way acquisitions, and the progress on transmission line requirements, for Atimonan One Energy, Inc. are on track even as *ERC*'s approval of the Power Supply Agreement filed in April 2016 is being pursued. We are mindful of the Government's thrust on energy security and have been fully compliant with all the regulatory and policy requirements," said Mr. Reyes.

Conclusion and Outlook

"Business communities look to sustain and guard the economic gains attained over time. To do so, businesses require consistent polices that will provide the requisite stability and momentum, create new trajectories and continue to keep the country highly attractive to the global investing community.

"For *Meralco*, we view 2017 with cautious optimism in light of potential global socio-political developments that may impact trade and investment, and result in financial uncertainty and volatility. Moreover, with more millennial, connected and increasingly demanding customers, a faster pace of digital disruption across all industries, and heightened competition in an increasingly contestable retail electricity supply market, we expect this year to be more challenging than 2016. As such, we will continue to work with our policy makers and regulators in the interest of all stakeholders.

"Our passion for excellence will continue to drive us to find innovative solutions for our customers. For us, innovation goes beyond addressing the changing markets and disruptive technologies, but is rather, the means by which we will transform our business. We will strive to continue to deliver what our customers want and need, and stay well ahead of competition by constantly anticipating and adapting to the market and to emerging technologies and disruptions.

"Our customers and the community at large remain at the core of our commitment to serve even as we remain focused on delivering fair returns 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		% Change
	2016	2015	
REVENUES			
Electricity	249,206	249,773	-
Non-electricity	7,975	8,626	8
	257,181	258,399	-
COSTS AND EXPENSES	231,473	234,991	(1)
OTHER INCOME – net	985	1,468	(33)
INCOME BEFORE INCOME TAX	26,693	24,876	7
PROVISION FOR INCOME TAX	7,353	5,687	29
NET INCOME	19,340	19,189	1
NET INCOME – AS REPORTED	19,176	19,098	-
CORE NET INCOME	19,583	18,887	4
EARNINGS PER SHARE			
On Reported Net Income			
Basic	17.01	16.94	-
Diluted	17.01	16.94	-
On Core Net Income [1]			
Basic	17.37	16.76	4
Diluted	17.37	16.76	4

[1] Reported net income, adjusted to exclude the effect of foreign exchange gains or losses, impairment charges, 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.