

INVESTORS and ANALYSTS BRIEFING

December 31, 2012

*February 25, 2013
Pasig Room, 14th Floor Lopez Building,
Ortigas Avenue, Pasig City 1605
Philippines*

A photograph of the Meralco Building, a tall, modern skyscraper with a distinctive curved facade and vertical architectural elements. The building is surrounded by greenery and a paved area. A red circular logo with a white 'M' is visible on the building's facade.

OPERATIONS REPORT

As at and For the Year Ended December 31, 2012



MERALCO

Ang liwanag ng bukas

Highlights



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Ang liwanag ng bukas

2012 Performance Summary

NEW
RECORD

ENERGY SALES

↑ 7.1%

+2,179 GWh

CUSTOMER COUNT

↑ 3.2%

+162,704
customers

NET SYSTEM INPUT

↑ 6.3%

+2,095 GWh

S-FACTOR

ALL REWARDS,
IMPROVEMENT

GUARANTEED SERVICE
LEVEL* (GSL)

WITHIN REGULATORY
LIMITS

* Period between July 1 to December 31, 2012 Only



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Ang litawang ng bukas

2012 Performance Summary

AVERAGE RETAIL RATE

↑ P0.50/kWh (P9.64/kWh)
vs. 2011

4Q 2012 EVENTS OF INTEREST/
OTHER BUSINESS UPDATES

**Jul 1 – Dec 31 2012 period only*

Details



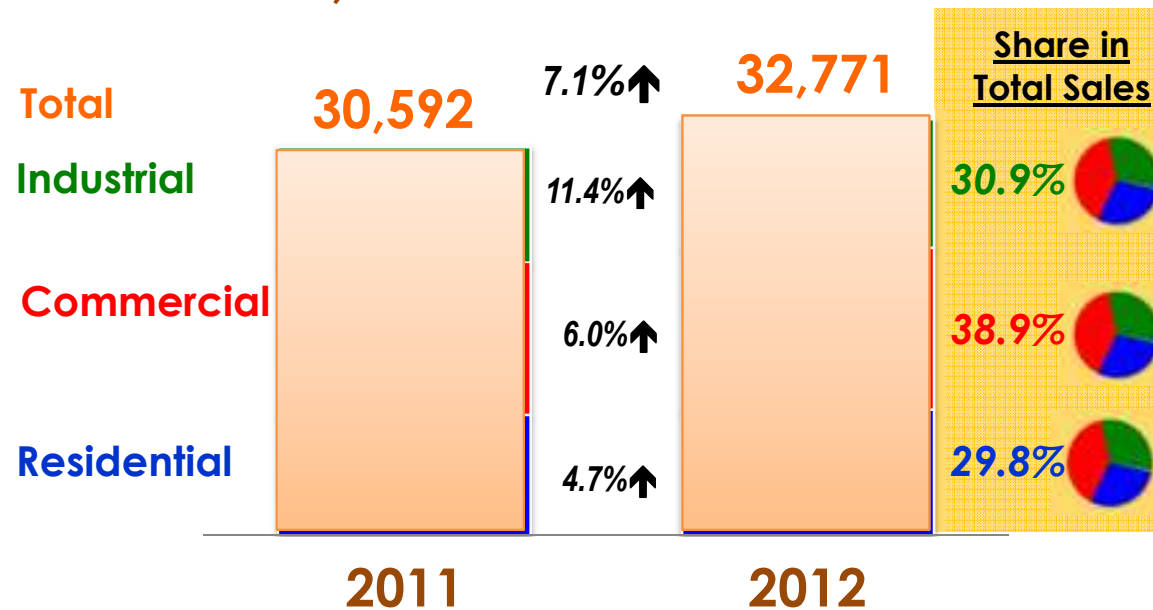
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Ang liwanag ng bukas

Robust Sales

➤ New all-time high in Energy Volume and Customer Count

ENERGY SALES, in GWh



Additional **2,179 GWh** in 2012

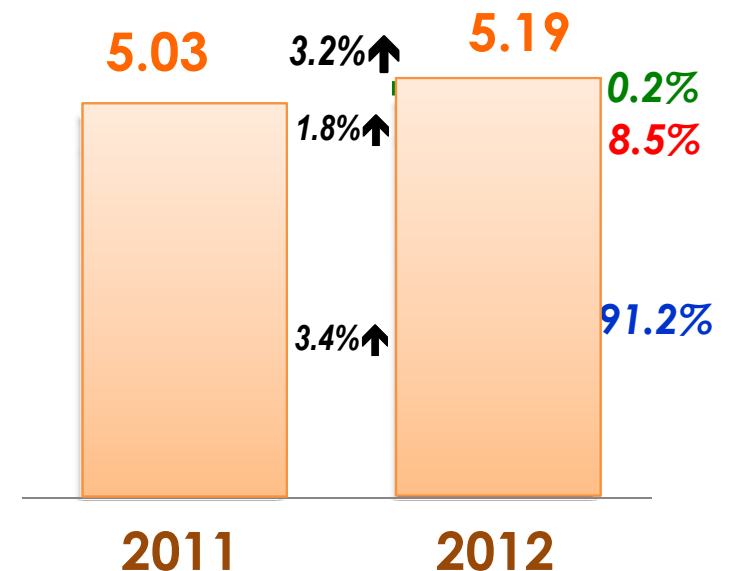
GROWTH DRIVERS

- Electrical Machinery (semiconductors)
- Food and Beverage
- Basic Metals (smelting, refining, manufacture)

- Real Estate (condominiums, BPO office space)
- Private Services (hotels, malls, hospitals)
- Transport, Storage and Communication

- Warmer temperature and increased household consumption
- Sales from newly energized residential customers (155,022 new residential customers)

CUSTOMER COUNT, in Millions



162,704 new customers in 2012 (net additions); mostly Residential



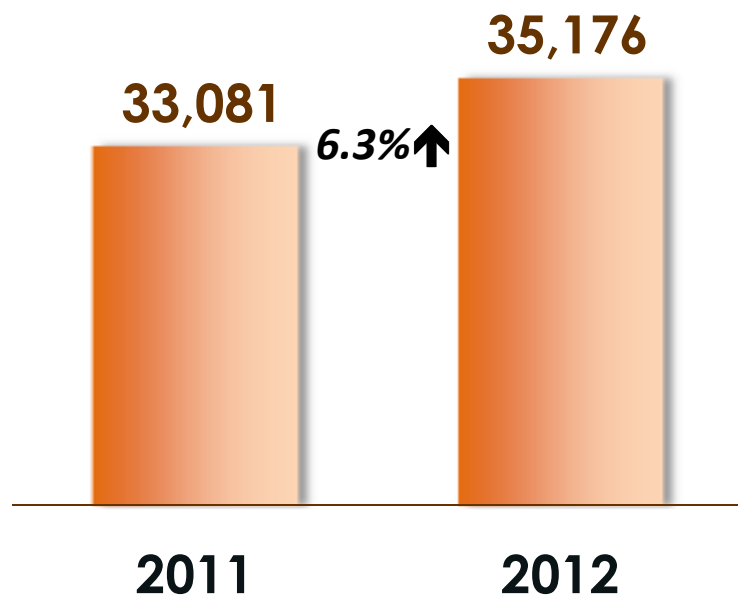
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Ang tinatagpuan ng bukas

Net System Input (NSI) & Peak Demand

➤ 2012 NSI of 35,176 GWh, up 6.3% vs. 2011

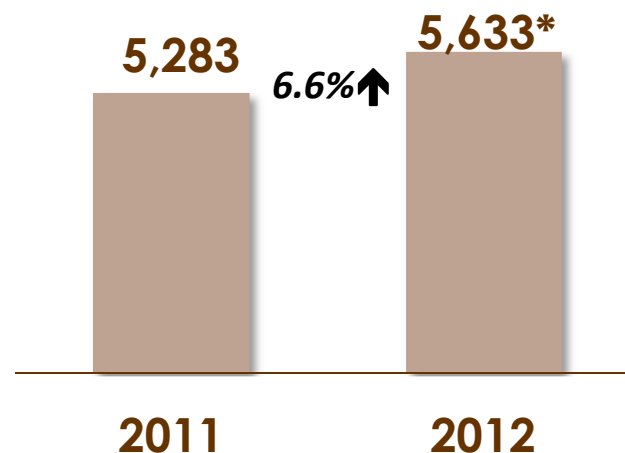
➤ 2012 Peak Demand of 5,633 MW, recorded on May 10, higher by 6.6% vs. 2011

2012 Net System Input, GWh:

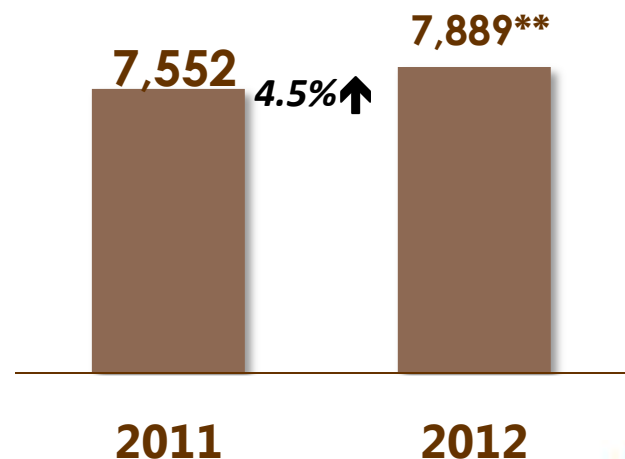


Additional **2,095 GWh** in 2012

2012 Meralco Peak Demand, MW:



2012 Luzon Peak Demand, MW:



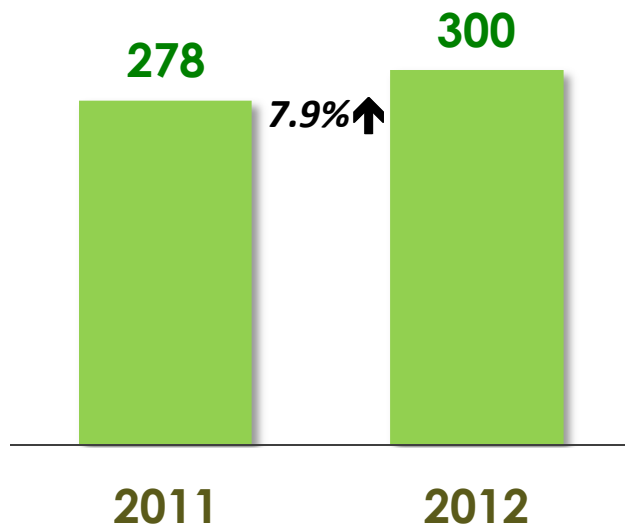
* occurred on May 10, 2012

** occurred April 27, 2012

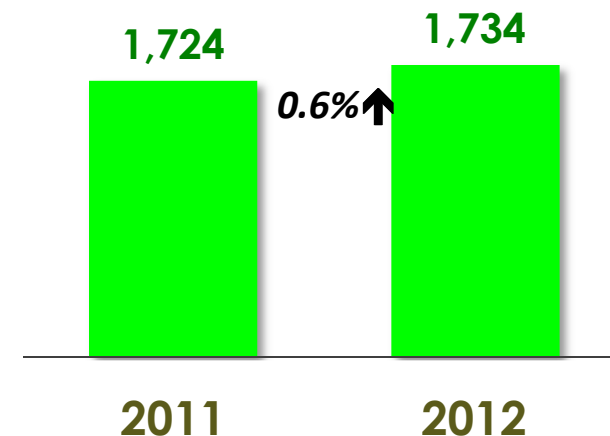
Clark Electric (CEDC), 2012

➤ Healthy growth in Energy Sales and NSI vs. 2011

Energy Sales, GWh



Customer Count



NSI, GWh



	Sales, Share	Count, Share
Commercial	49%	56%
Industrial	49%	6%
Residential	1%	35%

* Streetlights account for less than 1% of sales and 3% of count



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Ang tinataguyod ng bukas

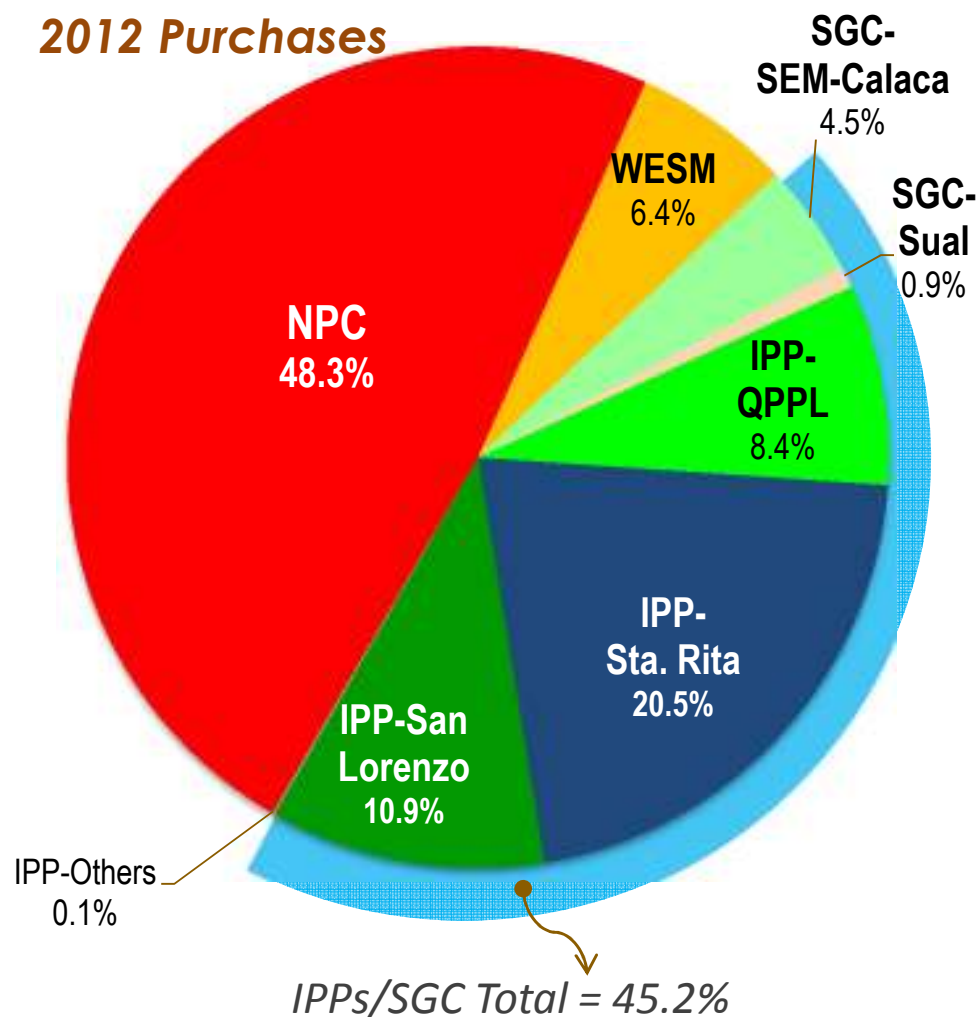
2012 Power Supply Mix and Volume

➤ NPC Transition Supply Contracts, the largest source at 48.3%, IPPs at 45.2%

➤ WESM purchases lower than last year at 6.4% (vs. 7.3% in 2011)

'11

2012 Purchases



CONSOLIDATED

SOURCE	2012		2011	
	GWh	Share	GWh	Share
NPC*	17,001	48.3%	14,832	44.8%
IPPs/SGC Total	15,916	45.2%	15,829	47.8%
Sta. Rita	7,216	20.5%	8,117	24.5%
San Lorenzo	3,821	10.9%	4,114	12.4%
QPPL	2,951	8.4%	3,265	9.9%
SEM-Calaca	1,586	4.5%		
Sual	312	0.9%	290	0.9%
Others	31	0.1%	43	0.1%
WESM	2,258	6.4%	2,420	7.3%
Total NSI	35,176	100.0%	33,081	100.0%

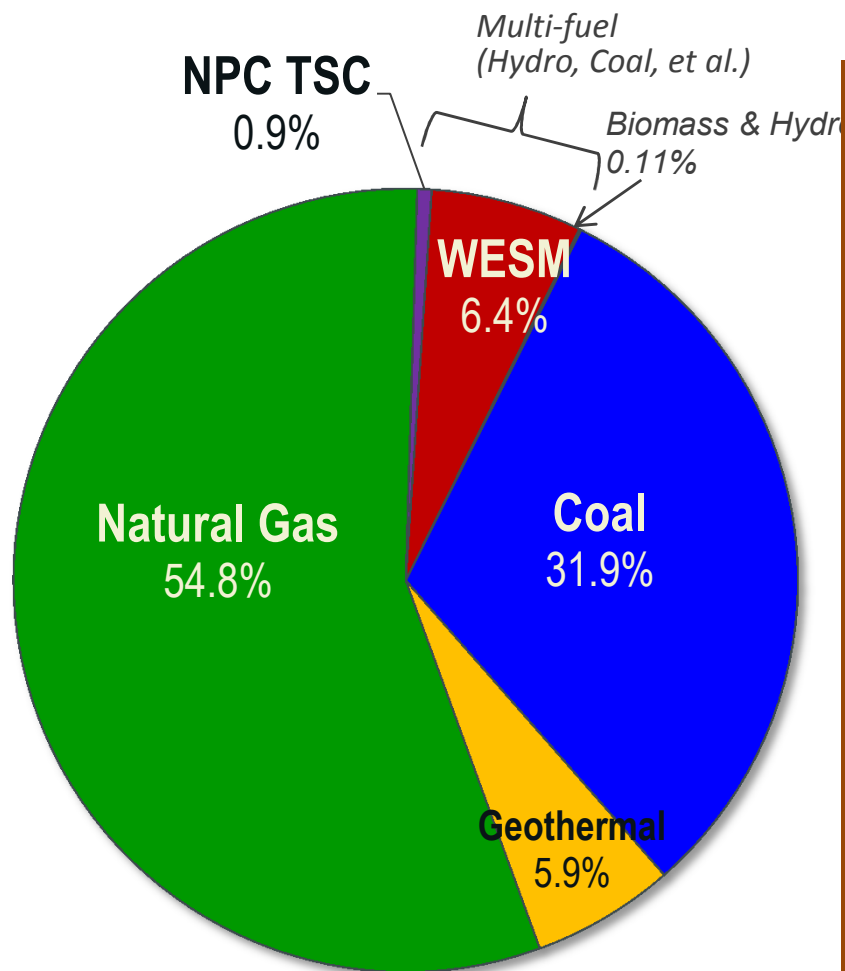
*Including Special Programs (Ecozone and CCP)

2012 Power Plant Mix

➤ Majority of Meralco's purchased power sourced from Natural Gas & Coal-fired plants

'11

2012 Purchases



SOURCE	2012	
	GWh	Share
Natural Gas	19,276	54.8%
Coal	11,217	31.9%
Geothermal	2,091	5.9%
Biomass/ Run-of- River Hydro	31	0.11%
NPC TSC (multi-fuel)	303	0.9%
WESM (multi-fuel)	2,258	6.4%
Total NSI	35,176	100.0%

2011	
GWh	Share
19,195	58.0%
9,606	29.0%
738	2.2%
43	0.11%
1,079	3.3%
2,420	7.3%
33,081	100.0%



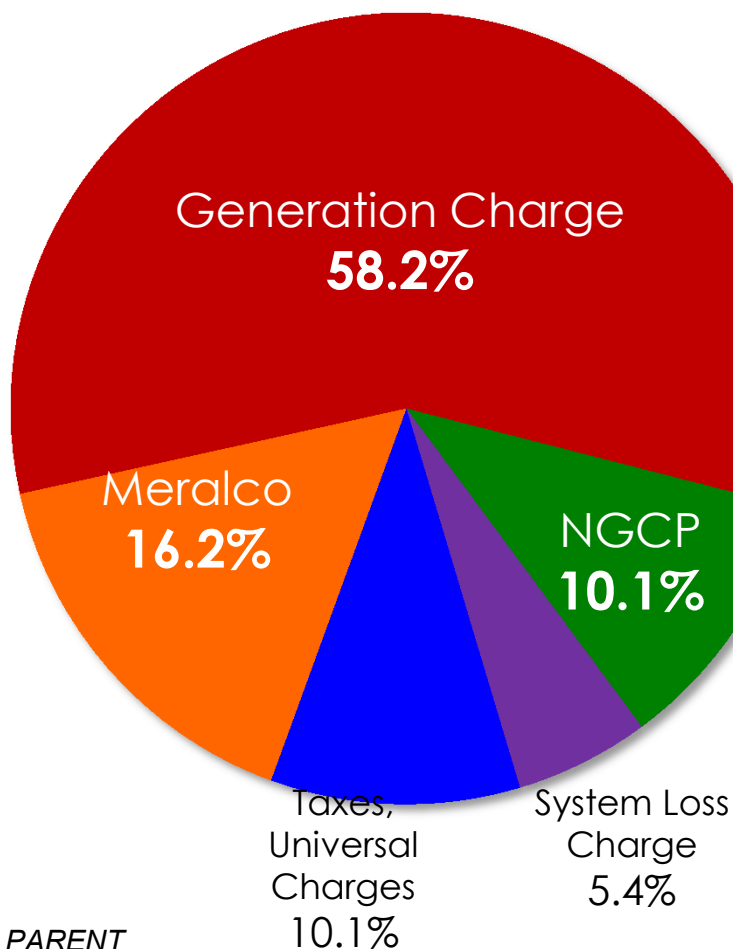
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2012 Average Retail Rate

'11

- Up P0.50/kWh vs. 2011
 - Generation Charge, System Loss & Taxes accounted for the increase (total 62¢/kWh)
 - Mitigated slightly by lower Distribution & Transmission Charges (down 11¢/kWh)
- Generation Charge, largest component of the customer bill 58.2%; Meralco 16.2%; NGCP 10.1%

2012 Share per component



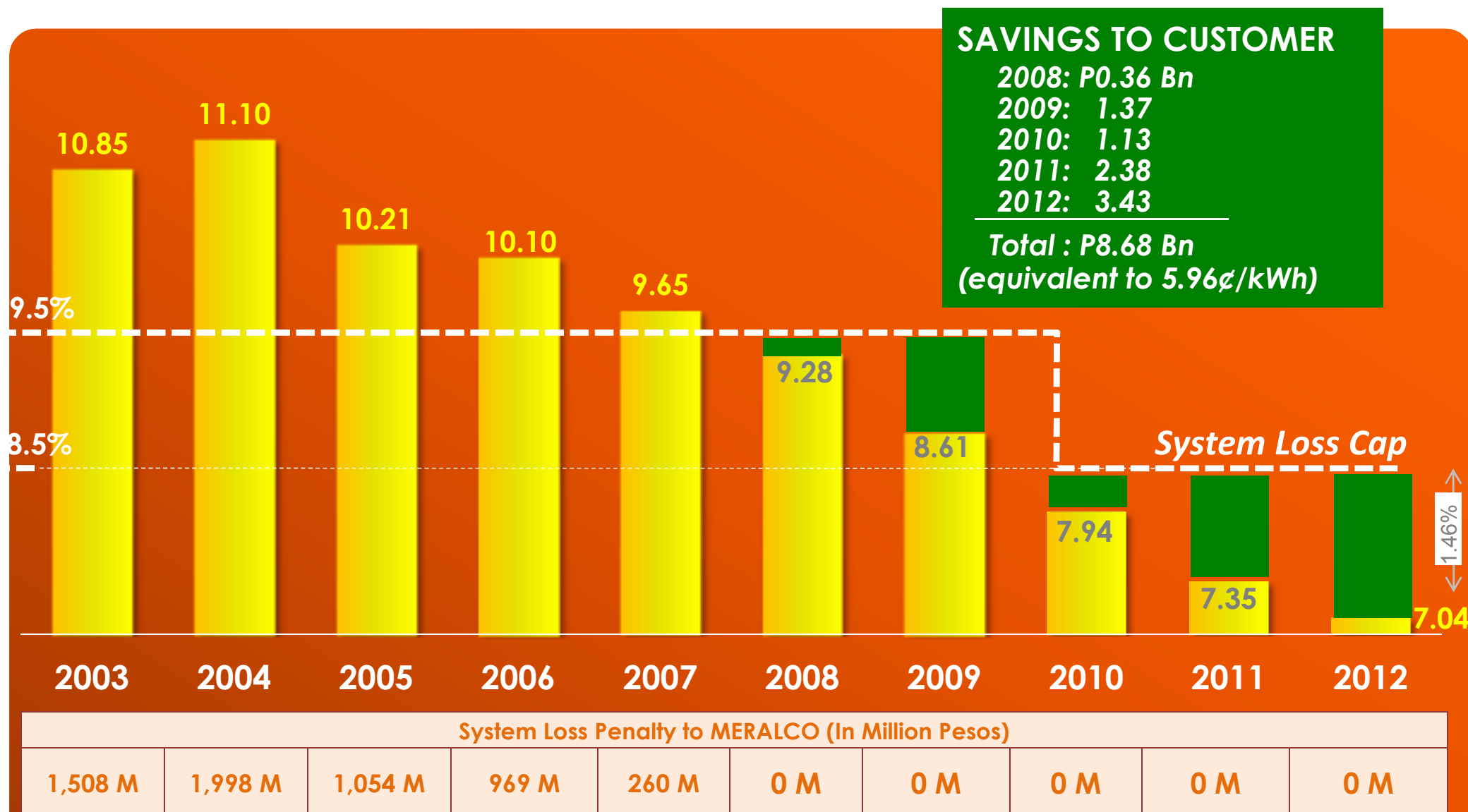
BILL COMPONENT	2012 Overall Average, P/kWh	2011 Overall Average, P/kWh	Increase/ (Decrease)
Generation Charge	5.61	5.12	10%
Distribution Charge (MERALCO)	1.56	1.59	(2%)
Transmission Charge (NGCP)	0.98	1.06	(8%)
System Loss Charge	0.52	0.52	1%
Taxes, Universal Charge	0.97	0.85	14%
Total NSI	9.64	9.14	6%

PARENT

System Loss Performance



- Best system loss ever: 7.04%, an improvement of 0.31 percentage points vs. 2011's
- Zero unrecoverable Purchased Power Cost for MERALCO for the 5th consecutive year



- CEDC 12MMA system loss ended December 2012 at 3.75%, improved by 0.21 percentage points from 3.96% in 2011

2012 S-Factor Performance

➤ All indicators well within rewards* range and better than previous years

*ERC-imposed Performance Band

**NEW
RECORDS**

S-FACTOR INDICATOR	2008	2009	2010	2011	2012	REMARKS
SAIFI, Forced and PAI (Times)	7.66	7.28	6.52	4.80	3.90	BEST RECORD
CAIDI, Forced and PAI (Times)	153.74	144.61	141.27	116.67	103.30	BEST RECORD
SAIDI, Pre-arranged (Minutes)	122.77	144.60	93.81	80.05	76.15	BEST RECORD
Probability of Voltage Violations (% not falling w/in limits)	0.88	0.75	0.50	0.23	0.04	BEST RECORD
Average Time to Process Applications (Days)	11.42	8.18	5.94	5.34	4.60	BEST RECORD
Average Time to Connect (Days)	4.25	3.42	3.38	3.06	2.12	BEST RECORD
Call Center Performance (Seconds)	16.93	25.79	24.55	16.99	13.17**	BEST RECORD
System Loss (%) - 12MMA	9.28	8.61	7.94	7.35	7.04	BEST RECORD

**Including the effects of Habagat; 7.12% if effects of Habagat are excluded

Regulatory Year 2013 Guaranteed Service Level Performance: July – December 2012

➤ All Guaranteed Service Level performances are well within set limits

**NEW
RECORDS**

GSL INDICATORS	July – December 2010 (RY*2011)	July – December 2011 (RY*2012)	July – December 2012 (RY*2013)	REMARKS
GSL 1 (Number of Customers)	71,392	27,808	12,295	INDICATIVE SAVINGS
GSL 2 (Number of Customers)	32	117	0	INDICATIVE SAVINGS
GSL 3 (Number of Incidents)	64,929	28,582	10,676	INDICATIVE SAVINGS
GSL 4 (Number of Days)	61,571	52,146	14,491	INDICATIVE SAVINGS

GSL1: Customer experiencing a cumulative duration of sustained service interruptions in a Regulatory Year that exceeds the threshold

GSL2: Customer experiencing a total number of sustained interruption in a Regulatory Year that exceeds the threshold

GSL3: Restoration of supply to a customer after a fault on the secondary distribution network taking longer than the threshold time

GSL4: Connection not provided on the day agreed with the customer

*Regulatory Year



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Events of Interest/ Business Updates



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Ang liwanag ng bukas

Events of Interest/Business Updates

Major System Investments/Improvement Projects

12 Major Projects

2 Major Maintenance Projects

Cutting-in of CIP2
115 kV Line



Installation of Back-up
PXF at CIP2 Substation



Expansion of LIIP
Substation (Bank 3)



Expansion of Bacoar
Substation (Bank 2)



Installation of
Malabon Substation
(Bank 3)



Development of
Saog Substation



Replacement of
Rockwell PXF Bank 2



Replacement of
Teresa PXF Bank 1



Development of
Paco Substation



Repair of Kamagong
PXF Bank 2



Development of
CPIP Substation



Construction of Zapote-
Legazpi-Kamagong 115
kV Lines



Replacement of
Malibay PXF Bank 2



Construction of CND-
San Miguel 69 kV
Lines



JAN

FEB

MAR

APR

MAY

JUN

JUL

AUG

SEP

OCT

NOV

DEC

Complete
conversion of
Botocan 13D

NGCP-CND 2nd
100MVA Bank

Unloading of
LIIP 423VM

Replacement of
Botocan Bank 1

Part Conv of
Pasay 17U

Complete
conversion of
Baras 11XJ

Flex
Improvement
of Sta. Maria
42YU and 43YU

Construction
of Nestle 69
kV Line

Reconductoring
of San Miguel
325 YN

Unloading of
TMC 37XW
phase 4

Conversion of
CBP1A 415RF &
425RF OH to UG

Partial
conversion of
Tiaong 11WE
phase 1

Unloading of
FPIP 416WW

Complete
Conversion of
Pasay 26U

Partial
conversion of
San Juan 17VF

Partial
Conversion of
Pasay 19U

Part ial
conversion of
San Juan 19VF

Unloading of
Carmelray
410WQ

**Increase in
Substation
Capacity**

945 MVA

**Increase in
Circuit
Length**

485 km

18 Residual Projects

Events of Interest/Business Updates

Employer of the Year



- **Meralco recognized as 2012 Top Employer Organization during Asia CEO Awards**

- Asia CEO Awards recognizes outstanding leadership achievements of individuals and organizations currently operating in the Philippines and in the region.
- November 8, 2012, Newport Performing Arts Theatre

- **MERALCO was also chosen as finalist in the KPMG – Executive Leadership Team and the Technology Leadership Team of the Year categories**

Awards of Excellence and Merit



- **Meralco bags 30 Quill Awards in 2012 Philippine Quill Awards organized by IABC***

- Includes 17 awards of excellence and merit, finalist in 12 categories
- First runner-up in the Company of the Year race.
- Quill Awards recognizes excellence in external communication, strategic processes, organizational communication, social responsibility, digital communication, writing, marketing communication, among others.
- November 12, 2012, Crowne Plaza
- **In 2011, Meralco received 13 awards in a breakthrough performance as one of the country's best corporate communicators.**

Events of Interest/Business Updates

Customer Engagement & Communication Programs/Initiatives



SEIPI 110th General Membership Meeting



SME Programs in Radyo NEGOSYO



Maliwanag ang Pasko



SME Caravan



Chinoy TV Placement



2nd FPI's Philippine Manufacturers Summit



IIEE's 37th Annual National Convention



Managing Enterprising Families



ANC's Shoptalk

Events of Interest/Business Updates

Customer Engagement & Communication Programs/Initiatives



Smart Grid Roadmap

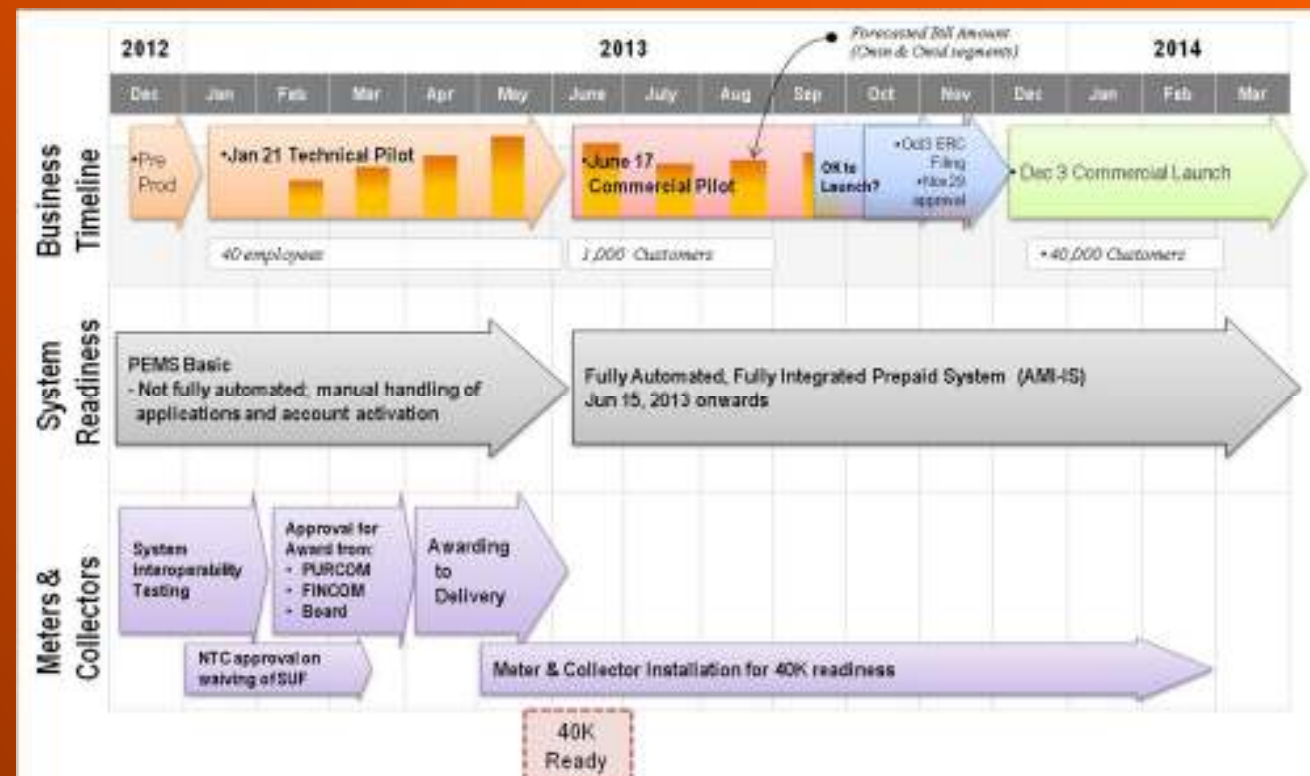
- **Inter-Agency Technical Working Group**
- Session with the Department of Energy (DoE)
- Recommended creation of Inter-Agency Technical Working Group with DoE as lead;
- Aim is to have a unified vision and country-level roadmap with clear criteria for implementation.
- Recommended next steps such as formalization of plan and charters (what, how and when), conduct of meetings with various advocacy groups.

Prepaid Retail Electricity Service (PRES) Update

- Technical pilot launch for 100 Meralco-employee customers at Angono & Taytay, Rizal



- **Timeline:**



A photograph of the Meralco Building, a tall, modern skyscraper with a distinctive curved facade and vertical architectural elements. The building is surrounded by greenery and a paved area. A red circular logo with a white 'M' is visible on the building's facade.

FINANCIAL RESULTS

As at and For the Year Ended December 31, 2012



MERALCO

Ang liwanag ng bukas

Financial Performance



Net Income	: Solid Financial Results
EBITDA	: Sustained Strong Performance
Revenues	: Driven by Volume Growth Across Customer Segments and Relentless Customer-centricity
Purchased Power	: Competitively-priced Reflecting Efficient Energy Sourcing
OPEX	: Stringent Cost Policies and Disciplined Spending
Financial Position	: In Pursuit of our Defined Growth and Profitability Platform
Debt profile	: Refinanced at More Favorable Terms with Significant Leverage Opportunities
CAPEX	: Prudent, Well-planned Investments
Cash Flow	: Supporting the Overall Business
Dividends	: Reflecting Record Earnings for the 4th Consecutive Year

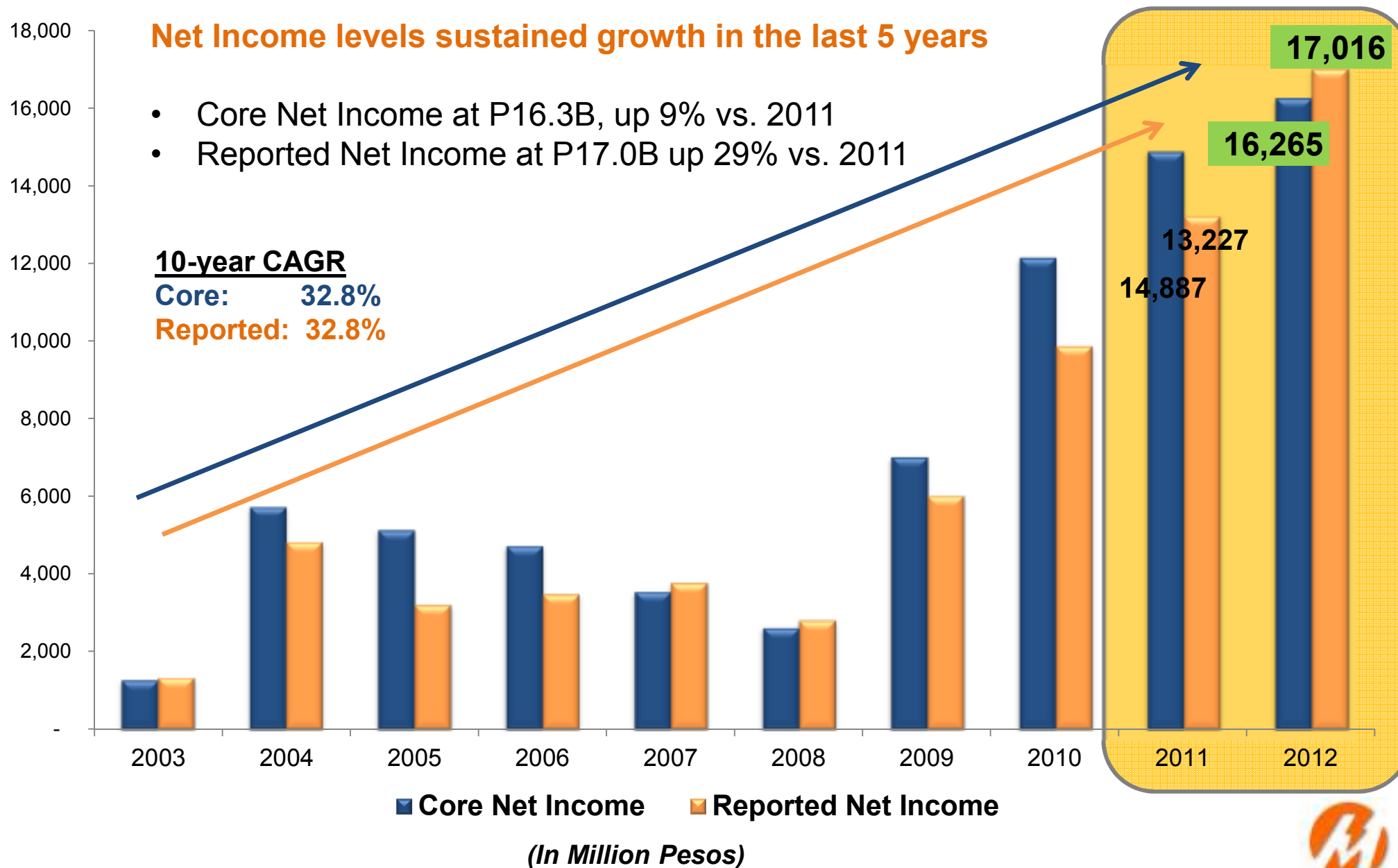
Financial Highlights

(Amounts In Million Pesos, Except Per Share Data and Margin)	Years Ended December 31		% Increase/ (Decrease)
	2012	2011	
Gross Revenues	285,270	256,808	11.1
Electric	282,991	253,989	11.4
Non-electric	2,279	2,819	(19.2)
Costs and Expenses	262,613	238,109	10.3
Purchased power	232,068	205,674	12.8
Operations and maintenance expenses	18,833	19,072	(1.3)
Depreciation and amortization	5,576	5,504	1.3
Others	6,136	7,859	(21.9)
EBITDA	27,546	24,602	12.0
Core EBITDA	26,846	26,824	0.1
Income from Continuing Operations	16,960	12,760	32.9
Income from Discontinued Operations – net of income tax	198	966	(79.5)
Reported Net Income	17,016	13,227	28.6
Core Net Income	16,265	14,887	9.3
EBITDA Margin	9.6%	9.4%	2.1
Core EBITDA Margin	9.4%	10.2%	(7.8)
Reported Earnings per share	15.097	11.735	28.6
Core Earnings per share	14.431	13.207	9.3



*Margin on Gross Revenues, inclusive of pass-through charges

Net Income: Solid Financial Results

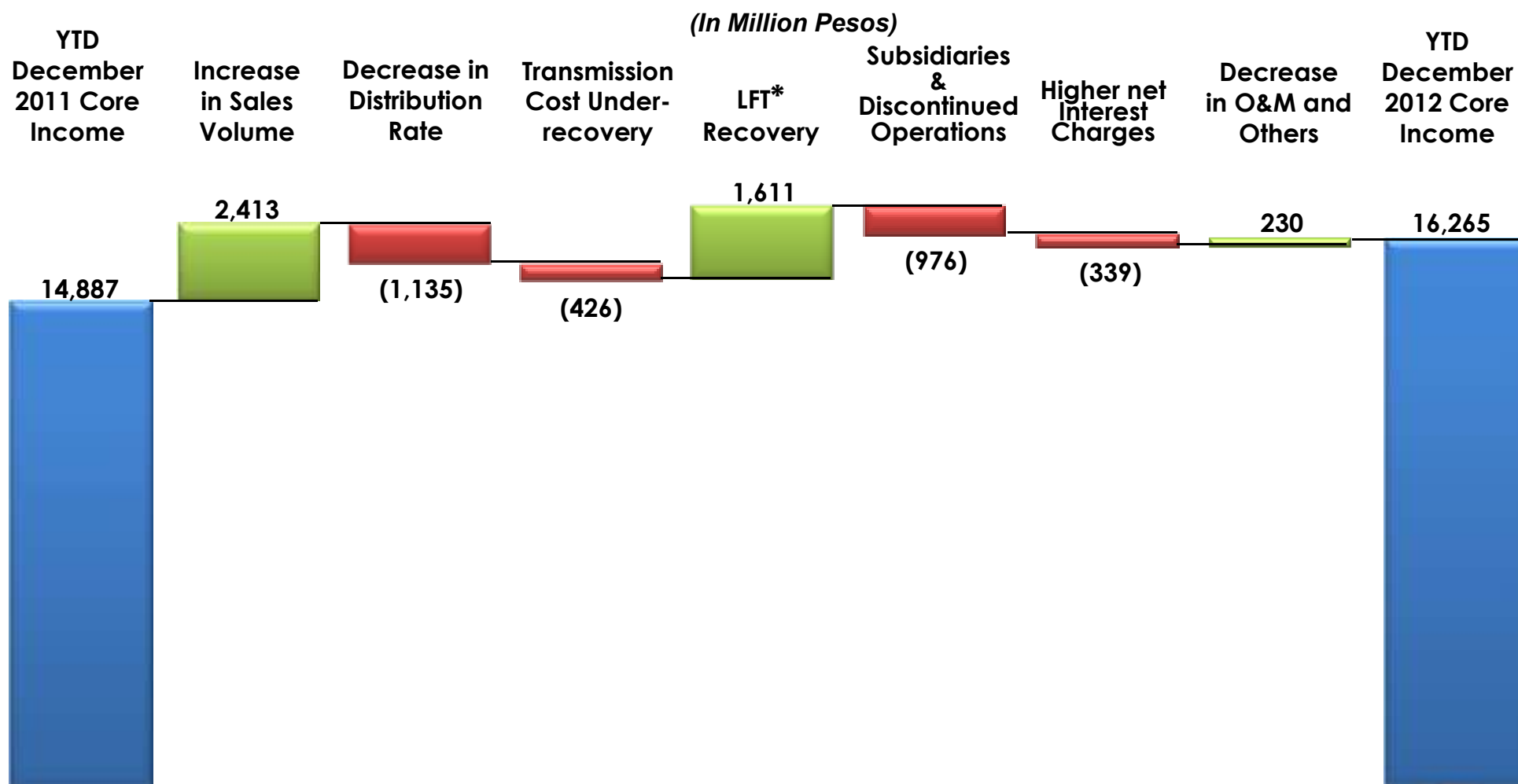


Net Income: Solid Financial Results

Net Income levels sustained growth for the last 5 years since 2008

- Core Net Income at 16.3B, up 9.3% vs. 2011
- Reported Net Income at P17.0B up 28.7% vs. 2011

Core Income Details

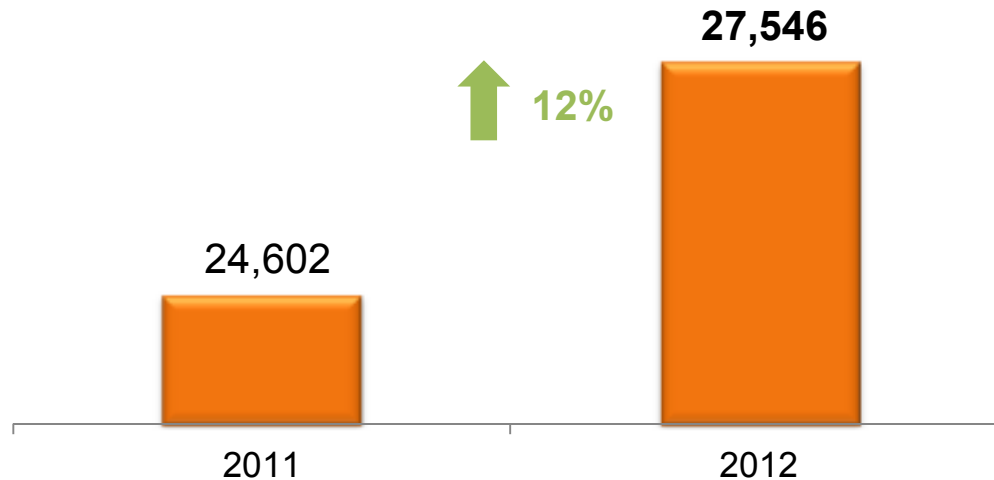


*Local Franchise Tax

EBITDA: Sustained Strong Performance

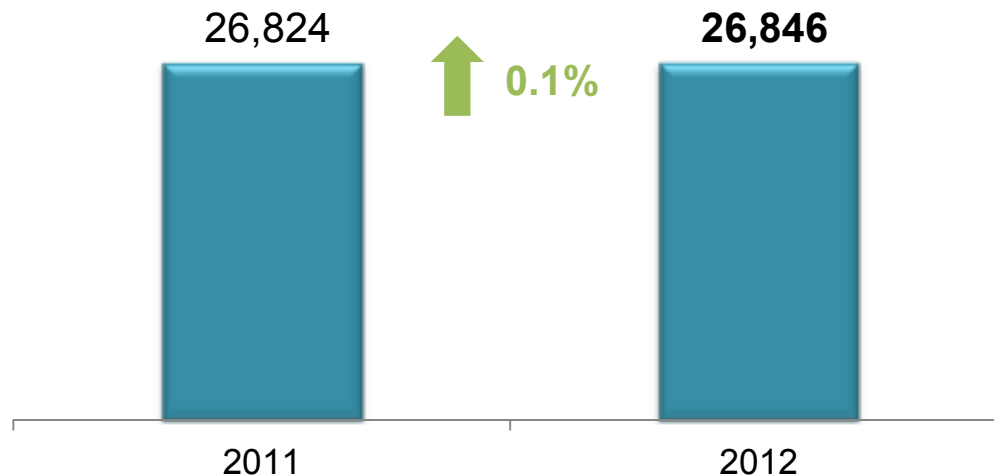
(In Million Pesos)

EBITDA



Revenue growth, contained operating expenses and the delayed recovery of LFT drove EBITDA level increases

Core EBITDA

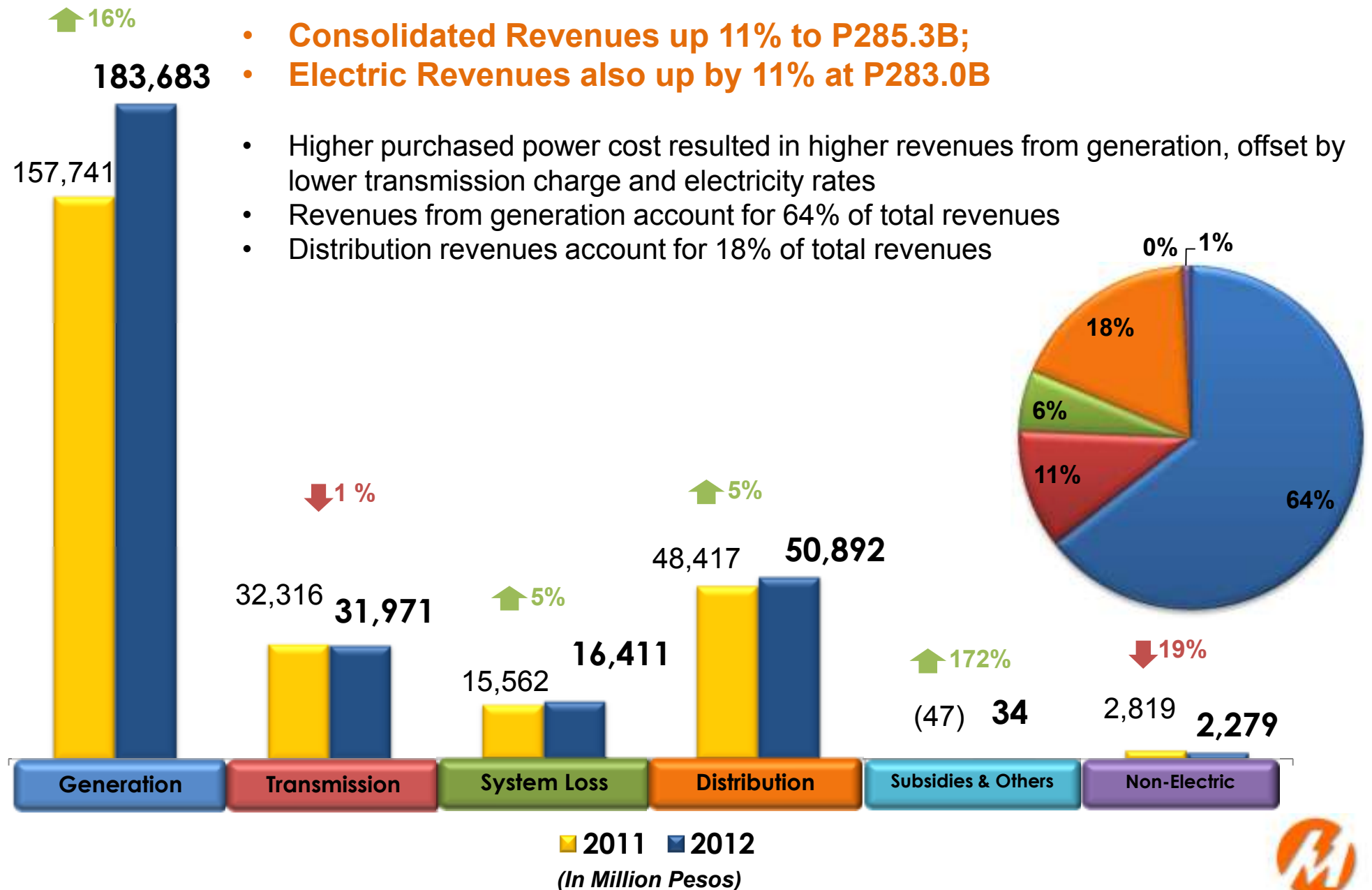


- 2012 EBITDA at P27.5B, up by 12% vs. 2011
- EBITDA includes LFT Recovery of P1.6B for taxes paid between 1993 – 2004
- 2012 Core EBITDA at P26.8B remained flat compared with 2011



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Ang tinatagpuan ng bukas

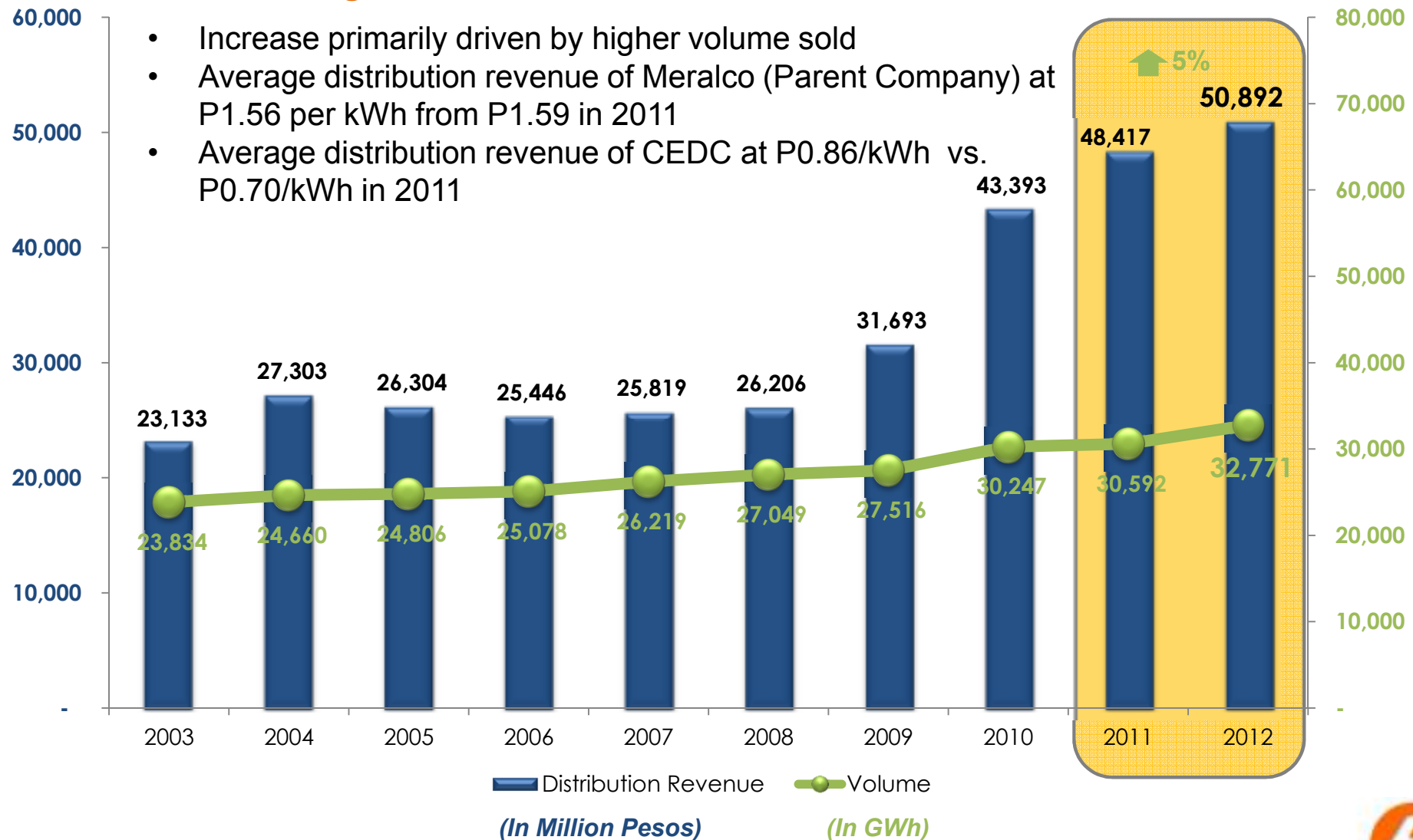
Revenues: Driven by Volume Growth Across Customer Segments and Relentless Customer-Centricity



Revenues: Driven by Volume Growth Across Customer Segments and Relentless Customer-Centricity

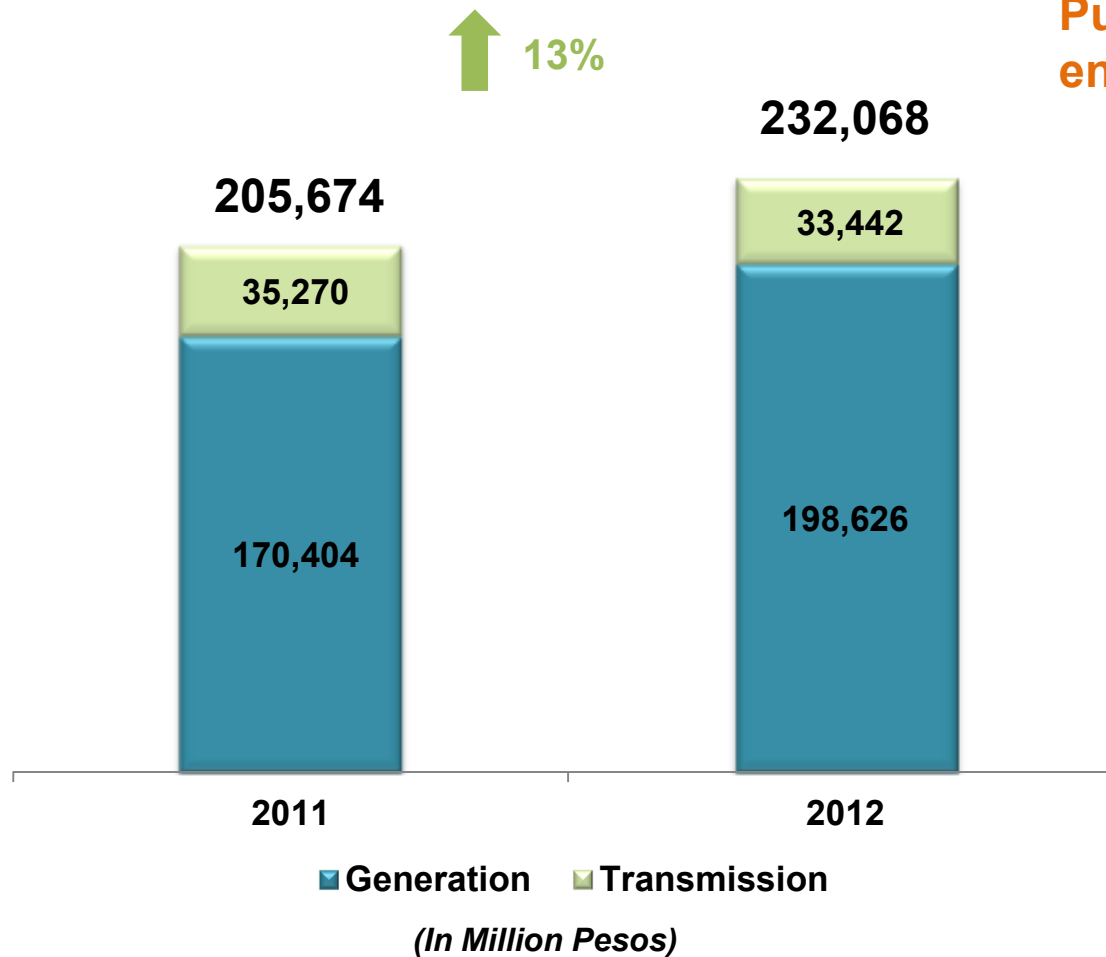
Distribution revenues at P50.9B, up 5% vs. 2011 despite a lower average rate

- Increase primarily driven by higher volume sold
- Average distribution revenue of Meralco (Parent Company) at P1.56 per kWh from P1.59 in 2011
- Average distribution revenue of CEDC at P0.86/kWh vs. P0.70/kWh in 2011



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Ang tinataguyod na bukas

Purchased Power Costs: Competitively-priced Reflecting Efficient Energy Sourcing



Purchased Power cost increasing as energy sales increase

- Total purchased power in 2012 at 35,176 GWh, up 6% vs. 33,081 GWh in 2011
- Average cost per kWh in 2012 at P6.60 vs. P6.22 in 2011
- *WESM* price for 2012 peaked at P20.73 per kWh in July

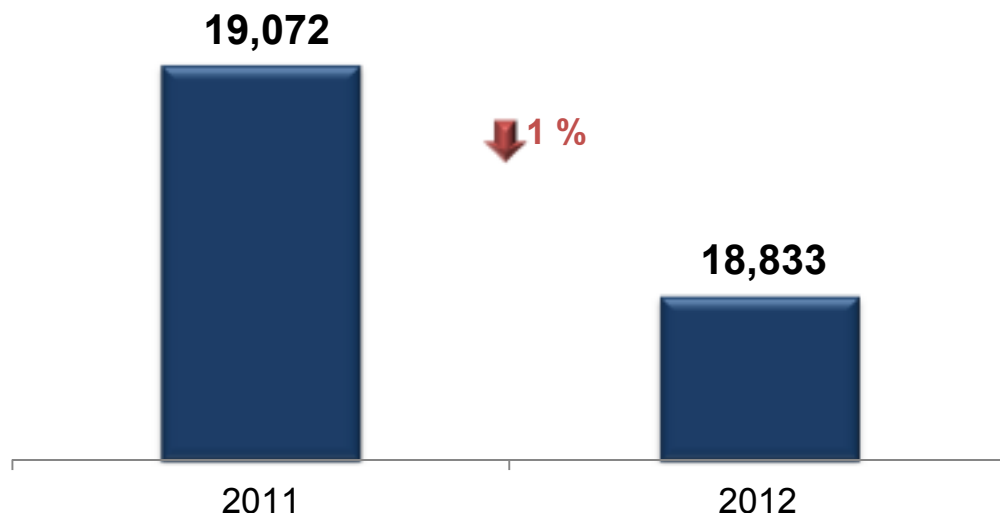


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Ang tinataguyod na bukas

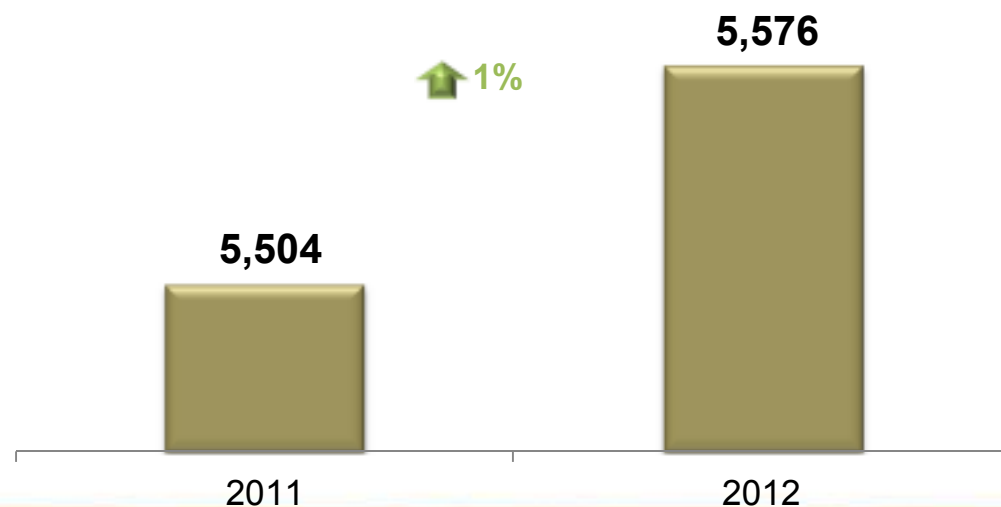
OPEX: Stringent Cost Policies and Disciplined Spending

(In Million Pesos)

Operating and Maintenance Costs



Depreciation and Amortization



Well managed OPEX supports revenue and income growth

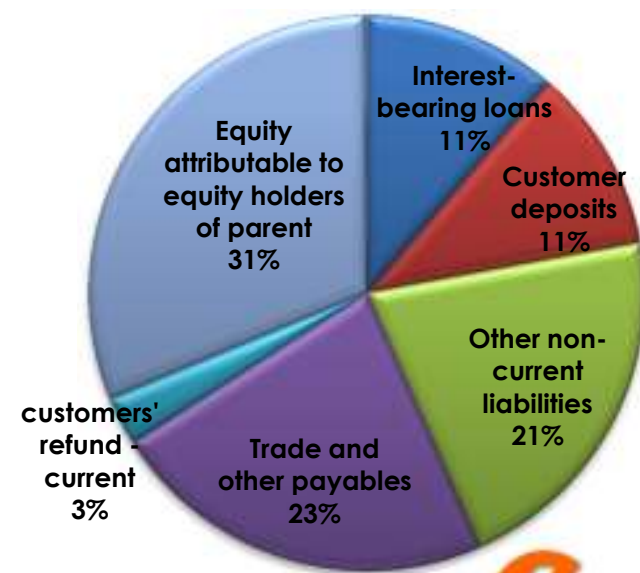
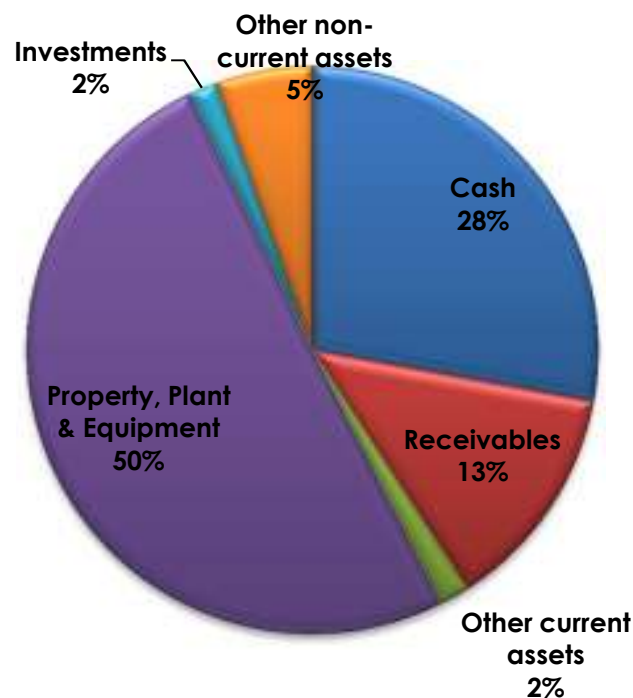
- **2012 operating and maintenance expenses at P18.8B, 1% lower than 2011**
 - ✓ Labor and contracted services amounted P14.5B representing 77% of total
 - ✓ Provision for doubtful accounts decreased by 63% from P2.2B in 2011 to P832M in 2012
- **Depreciation increased by 5% to PhP5.3B in 2012 due to completed CAPEX projects during the year**



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Ang tinatagpuan ng bukas

Financial Position: In pursuit of our Defined Goals and Profitability Platform

(Amounts in Million Pesos)	2012	2011	% Increase / (Decrease)
Cash	60,500	44,141	37% ↑
Receivables	28,077	29,108	(4%) ↓
Other current assets	3,666	4,175	(12%) ↓
Property, Plant & Equipment	109,312	105,510	4% ↑
Investments	3,449	2,486	39% ↑
Other non-current assets	11,910	6,619	80% ↑
Assets of discontinued operations	-	18,349	(100%) ↓
Total Assets	216,914	210,388	3% ↑
Interest-bearing loans	24,613	24,443	1% ↑
Customer deposits	23,313	24,080	(3%) ↓
Other non-current liabilities	46,049	35,836	28% ↑
Trade and other payables	49,085	42,165	16% ↑
Customers' refund - current	6,127	6,250	(2%) ↓
Liabilities of discontinued operations	-	9,113	(100%) ↓
Equity attributable to equity holders of parent	67,479	63,788	6% ↑
Non-controlling interests	248	4,713	(95%) ↓
Total Liabilities & Equity	216,914	210,388	3% ↑

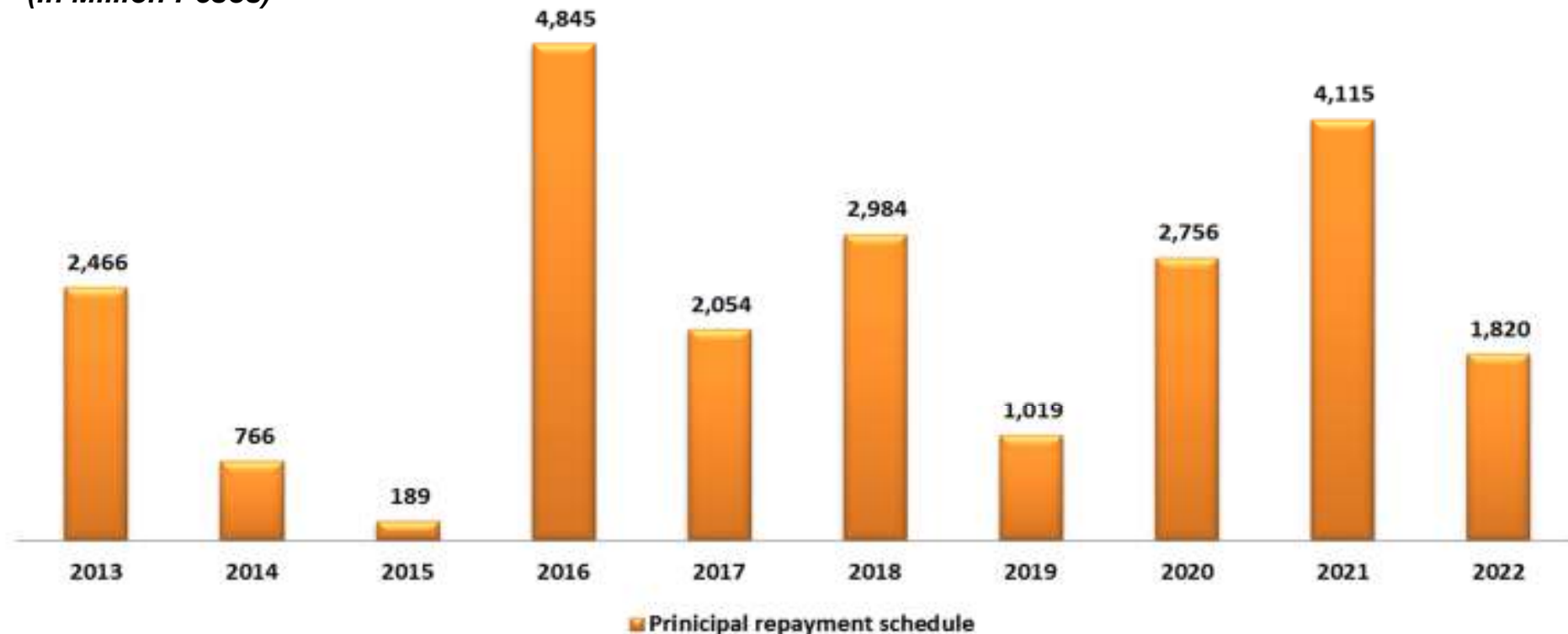


Debt Profile: Refinanced at More Favorable Terms with Significant Leverage Opportunities

Meralco's debt repayment schedule comfortably spread through 2022

- Consolidated debt balance at the end of 2012 at P24.6B
- Average interest rate at 5.7% in 2012
- Debt to EBITDA at 0.89x

(In Million Pesos)



Year-End Loan Balance

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
20,547	19,781	19,592	14,748	12,694	9,710	8,691	5,935	1,820	-

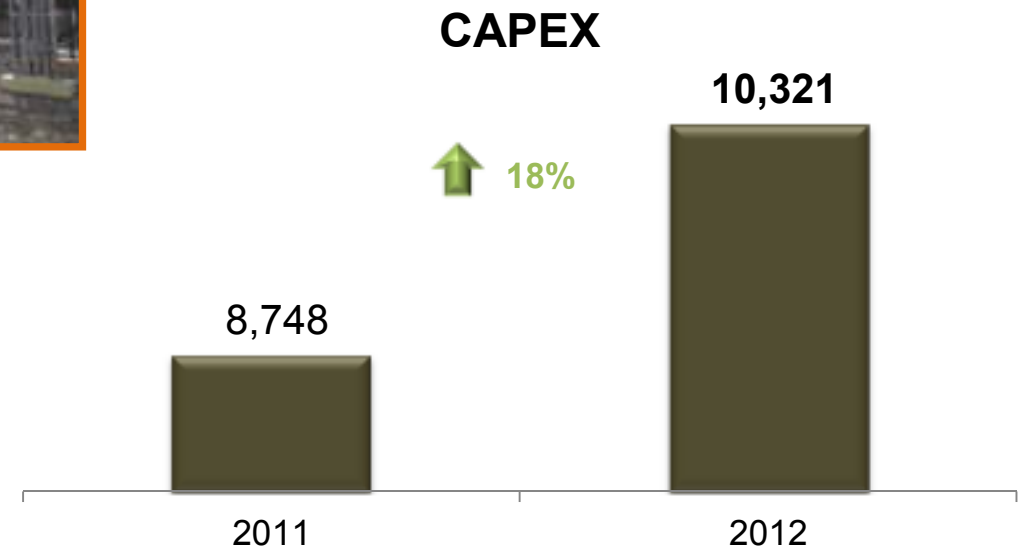
CAPEX: Prudent, Well-planned Investments



2012 CAPEX improves system efficiency and reliability

- 2012 CAPEX at P10.3B, 18% higher than 2011
- These CAPEX investments relate to
 - ✓ Expansion of sub-transmission and distribution lines
 - ✓ Improvement of sub-transmission system and backbone for flexibility and reliability
 - ✓ Reinforcement of power quality and reliability of distribution system

(In Million Pesos)

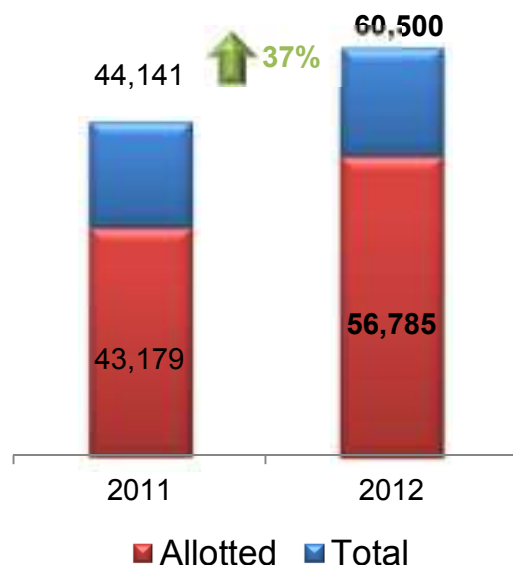


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Ang tinatagpuan ng bukas

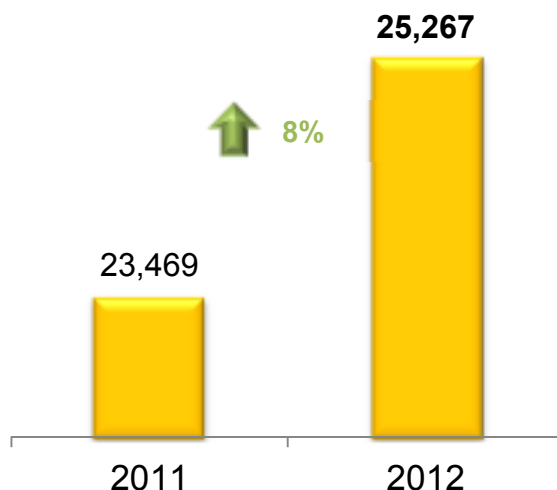
Cash Flows: Supporting the Overall Business

(In Million Pesos)

Cash and Cash Equivalents



Free Cash



Free Cash at the end of 2012 amounted to P25.3B, 8% higher vs. 2011

(Amounts in Million Pesos)	Years Ended December 31		Inc / (Dec) %
	2012	2011	
Cash flows from operating activities			
Operating income before working capital changes	37,940	35,878	5.7
Net change in working capital	3,785	1,365	177.3
Income tax paid	(7,226)	(5,309)	36.1
Net cash provided by operating activities	34,499	31,934	8.0
Net cash used in investing activities	(6,634)	(6,816)	(2.7)
Net cash used in financing activities	(11,506)	(4,578)	151.3
Net cash flows from discontinued operations	-	(769)	(100.0)
Net increase (decrease) in cash and cash equivalents	16,359	19,771	(17.3)
Cash balance at beginning of year	44,141	24,370	81.1
Cash balance at end of year	60,500	44,141	37.1

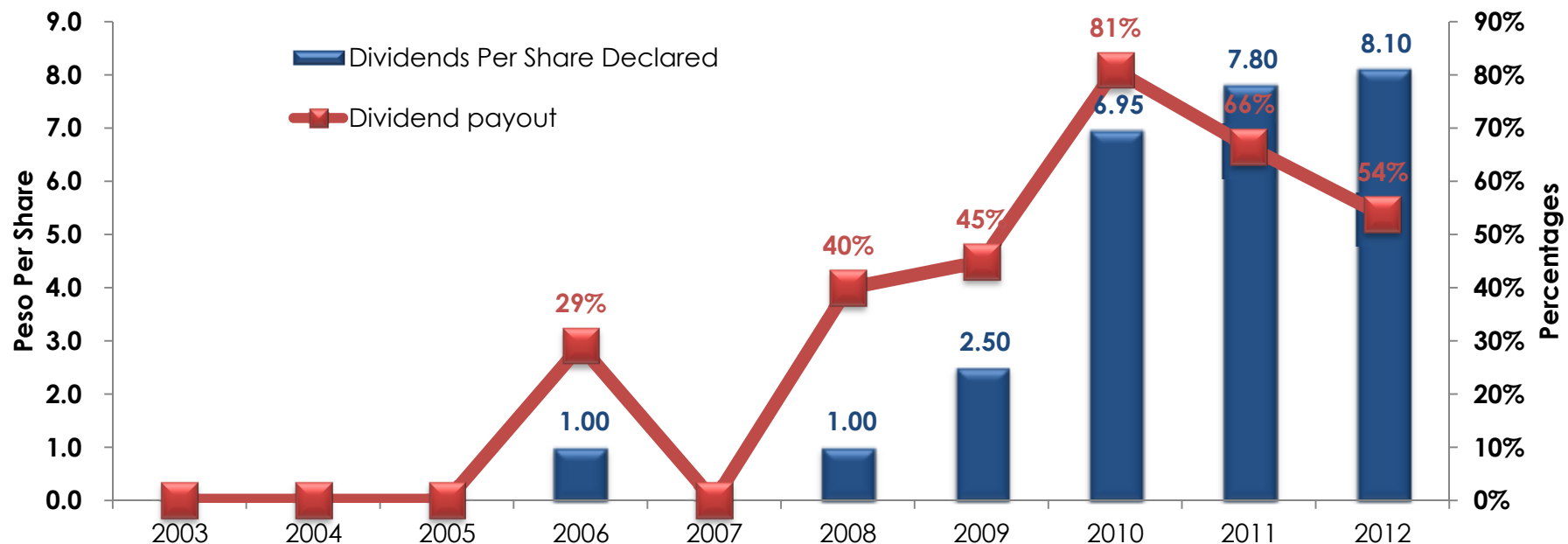
• Cash from operations amounted to P34.5B

- Includes additional cash from collection of approved LFT recoveries, including carrying charges. P358M out of the P2,301M approved for recovery, inclusive of carrying charges, has been collected to date
- The Parent Company availed of a P3B long-term loan in January and a P1.7B short-term loan in December
- Payments of long-term interest-bearing liabilities amounted to P4.9B
- The ending cash balance also includes allotted funds amounting to P56.8B for meter and bill deposit refunds, redemption of preferred shares, customer's refunds as mandated by the Supreme Court of the Philippines, CAPEX and investments in power generation

Dividends: Reflecting Record Earnings for the 4th Consecutive Year

Consistently delivering on our dividend policy: *Regular cash dividend of 50% of core net income with a “look-back approach”*

- Today, the Board of Directors approved a P6.10 per share cash dividend to stockholders of record as at March 26, 2013, payable on April 24, 2013
- Dividend pay-out equivalent to 70% of 2012 Core Net Income
- 2012 Core and Reported Earnings per share at P14.431 and P15.097 respectively
- Dividend yield consistently above 3% since 2010



	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Dividend Yield	0.00%	0.00%	0.00%	1.84%	0.00%	1.68%	1.22%	3.05%	3.16%	3.11%



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Ang tinataguyod na bukas

A photograph of the Meralco Building, a tall, modern skyscraper with a distinctive curved facade and vertical golden-brown panels. A red circular logo with a white 'M' is visible on the building's exterior. The building is surrounded by greenery and a paved area with some trees in the foreground.

REGULATORY UPDATES

As at and For the Year Ended December 31, 2012

Highlights of Regulatory Developments

- **Retail Competition and Open Access (RCOA)**
- **Regulatory approval:**
 - **New Power Supply Agreements (PSAs)**
 - **Updated Peak/Off-Peak (POP) Rates**



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Ang liwanag ng bukas

ERC promulgates Transitory Rules for RCOA: 17 Dec 2012

- Transitory Rules allow qualified contestable customers to stay with the regulated retail supply...

Section 4. General Provisions

From June 26, 2013 to December 25, 2013, Contestable Customers who are not able to contract with a RES shall continue to be served by the DU. However, such CCs shall show that they have exhausted all means in securing an RSC with a RES to the ERC.

- ... including all government accounts

All government entities qualified as Contestable Customers in Luzon and Visayas may continue to be supplied by the DUs or their current suppliers until such time that the Government Policy Procurement Board shall have issued the necessary guidelines for their procurement of supply of electricity.



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Ang tinatagpuan ng bukas

Preparatory Period

Transition Period
December 26, 2012 to June 25, 2013

Initial
Commercial
Operations
June 26 to
December 25,
2013

December 26, 2012
RCOA Commencement

June 26, 2013
RCOA Initial Commercial
Operations
- Voluntary Contestability

November 2012
ERC Releases
Transitory Rules

November
2012
DoE Release new
Circular

January 2013
DoE Releases
Retail Rules

Feb 2013
DoE
Releases
draft market
manuals

March to May 2013
TRIAL OPERATIONS
with Mock Settlement

December 26,
2013
Start of Full
Commercial
Operations
- Mandatory
Contestability

Nov

Dec

Jan 2013

Feb

Mar

Apr

May

Jun

Jul

Dec

System preparations
(B2B, retail settlement)

Voluntary
Contestability

Regulatory Approval: New Power Supply Agreements

- Cheaper PSA rates = Gen Charge reduction of P0.55/kWh for Feb 2013

GENERATING COMPANY	CONTRACTED CAPACITY	FUEL	TERM
Therma Luzon Inc. (TLI)	350 MW	Coal	7 years, extendible upon agreement of parties
San Miguel Energy Corporation (SMEC)*	200-500 MW	Coal	
Masinloc Power Partners Co. Ltd. (MPPCL)	330-430 MW	Coal	7 years, extendible for another 3 years
SEM-Calaca Power Corp. (SCPC)*	210-420 MW	Coal	
South Premiere Power Corp. (SPPC)*	1,180 MW	Nat Gas	

- ERC Decisions dated December 17, 2012. PSA's were approved, with modification, in time for the December 26, 2012 implementation



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Ang tinataguyod ng bukas

Approval of updated Peak/Off-Peak (POP) rates

- In an Order dated 17 December 2012, ERC Provisionally Approved MERALCO's POP Program

Particulars	January to June (PhP/kWh)	July to December (PhP/kWh)
Weekday (Monday to Saturday)		
Peak Rate	7.4854	7.2279
Off-Peak Rate	3.5461	3.5461
Weekend (Sunday)		
Peak Rate	7.4854	7.2279
Off-Peak Rate	3.5461	3.5461

- Using projected January to December 2013 supply mix costs
- Peak period refers to 8:01 am to 9:00 pm from Mondays to Saturdays; from 6:01 pm to 8:00 pm (2 hours) during Sundays, while off-peak period refers to the remaining hours



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Ang litawag ng bukas

A photograph of a tall, modern office building with a curved facade and many windows. A red circular logo with a white 'M' is visible on the building's facade. The building is surrounded by greenery and a paved area.

Meralco PowerGen Corporation UPDATES

As at and For the Year Ended December 31, 2012

RP Energy Project Status

- Site Preparation: Work on slope failure at a certain section of the site will commence in March 2013. Otherwise, site preparation works are practically complete.
- EPC: EPC Contract negotiations with selected Bidder are almost complete.
- Transmission Line: RP Energy and National Grid Corporation of the Philippines (NGCP) have agreed to a transmission line interconnection arrangement involving the construction of a new transmission line from the RPE Site to the Hermosa Substation. Discussions on required agreements are underway.
- Subic Bay Metropolitan Authority (SBMA) Land Lease Agreement: Discussions with SBMA on an amended Lease Agreement are substantially complete.
- Environmental Compliance Certificate (ECC): An ECC Amendment for the 600-MW power plant was issued by the Environmental Management Bureau on 15 November 2012.

A portion of the Official Press Release reads as follows:

The Department of Environment and Natural Resources has issued an Environmental Compliance Certificate (ECC) allowing Redondo Peninsula Energy, Inc. to expand its environment-friendly and state-of-the-art Circulating-Fluidized-Bed thermal power plant at the Subic Bay Freeport Zone from 300-MW to 600-MW.

According to RP Energy President and MERALCO PowerGen Corporation General Manager Aaron Domingo, the ECC simply proves that RP Energy has studied all possibilities and solutions to ensure that the project adheres to all environmental laws and is benign to the surrounding ecology. He explained, “we have studied all angles and situations to ensure that there will be no negative impact. We are also employing state-of-the art technology to guarantee efficiency and safety in the plant’s construction and operation”

RP Energy Project Status

- Board of Investments (BOI) Certification: The BOI approved RP Energy's application for incentives under the 2011 IPP list on 23 January 2013.

A portion of the Official Press Release reads as follows:

"The Board of Investments (BOI) has issued a Notice of Approval for Redondo Peninsula Energy's (RP Energy) application for registration with the agency.

An approval gives RP Energy tax incentives under a non-pioneer status making it eligible for a four-year income tax holiday, duty-free importation of capital equipment and spare parts, simplification of customs procedures for imports and other incentives under Executive Order 226 or the Omnibus Investments Code of 1987."

According to RP Energy president Aaron Domingo, "the notice of approval certifies that the project is viable, environment-friendly and will contribute to the economic growth of the country through the supply of competitively-priced power."

- Financing: Extended term-sheet negotiations with 3 mandated lead arrangers are substantially complete. Lead arrangers are awaiting the decision of the Court of Appeals on the Motion for Reconsideration on the Writ of Kalikasan filed against the Project.



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Ang liwanag ng bukas

RP Energy Project Status

- Coal Supply: Negotiations with the preferred bidders have commenced.
- Writ of Kalikasan: The Court of Appeals denied the Writ of Kalikasan case filed against the Project. However, the Court deemed the Project's original ECC issued by the DENR and the original Lease Agreement between RP Energy and SBMA subject of certain process deficiencies, rendering them invalid. RP Energy is filing a Motion for Reconsideration (MR). The Department of Environment and Natural Resources and SBMA have filed their respective MRs on February 19, 2013.



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Ang liwanag ng bukas

LNG Atimonan Project Status

- MERALCO PowerGen Corporation (MGen), in partnership with Chubu Electric of Japan working under a Joint Feasibility Study Agreement to investigate the construction of a Liquefied Natural Gas(LNG)-fired electricity generating plant along with the associated LNG storage and re-gasification facilities at Atimonan, Quezon
- Technical and environmental site evaluation to determine the site's suitability for the power plant and was completed in December 2012 and the indication is that the site is suitable for the purpose
- The Grid Impact Study is being conducted by the NGCP to determine the optimal connection scheme for the project.
- The Environmental Impact Assessment of the project was completed and submitted to the EMB in December 2012. Issuance of ECC is pending.
- MGen continues to conduct the Information and Education Campaign to heighten awareness of the issues surrounding LNG-fueled generation of electricity
- The project has an expected on line date of early 2018

LNG Tabangao Project Status

- MGen has executed a joint study agreement with Shell to study the feasibility of locating a nominal 1,500MW power plant at the location of the Shell refinery in Batangas which would be fired on re-gasified LNG supplied by Shell from a floating storage and re-gas facility (“FSRU”) that Shell are considering installing in Batangas
- Technical and environmental site evaluation to determine the site’s suitability for the power plant and was commenced in October 2012 and expected to be complete in the second half of 2013
- The Grid Impact Study will be conducted in the second quarter of 2013.
- The Environmental Impact Assessment of the project is under preparation and expected to be submitted to the Environmental Management Bureau in September 2013.
- MGen will conduct the Information and Education Campaign to heighten awareness of the issues surrounding LNG fueled generation of electricity
- The project has an expected on line date of early 2019



THANK YOU



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Ang liwanag ng bukas

Cautionary Statements

This presentation is prepared for the participants of the **MERALCO Investors and Analysts Briefing & Teleconference** held on **February 25, 2013**. This presentation has consequential limitations and is not a comprehensive discussion about **Manila Electric Company and Subsidiaries (MERALCO)**. The same materials are restricted to the participants and may only be used in conjunction with the meeting held on such date.

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