



ORTIGAS AVENUE, PASIG CITY
0300 PHILIPPINES

December 7, 2018

MS. JANET A. ENCARNACION

Head, Disclosure Department
Philippine Stock Exchange, Inc.
6/F PSE Tower
5th Avenue corner 28th Street
Bonifacio Global City, Taguig City

MS. PAULA BEATRICE A. BUENO

OIC – Issuer Compliance and Disclosure Department
PHILIPPINE DEALING & EXCHANGE CORP.
37th Floor, Tower 1, The Enterprise Center
6766 Ayala Avenue corner Paseo De Roxas
Makati City

Gentlemen:

We reply to your letter dated December 7, 2018 (received thru EDGE Submission System at 8:48 a.m. today) requiring us to clarify and/or confirm the information contained in the news article entitled “Power demand seen to surge in 2019” posted in philSTAR.com on December 7, 2018. The article reported in part that:

“MANILA, Philippines — The Manila Electric Co. (Meralco) is eyeing an additional 300 to 350 megawatts (MW) of power supply next year in anticipation of higher demand in its franchise area during the summer months.

The power distributor is currently arranging additional interim power supply agreements (PSA) ahead of the summer months, Meralco president Oscar Reyes said in an interview yesterday.

‘We need roughly 300 to 350 MW next year,’ he said.

Reyes said they are currently in talks with two coal-fired power generators but the additional requirement (sic) could be provided by only one company.

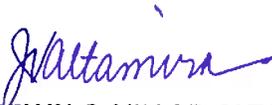
'We're still in initial discussions with them. The additional requirements will meet additional demand starting April, he said.

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With reference to the said news article, we would like to confirm the abovementioned statements attributed to our President and Chief Executive Officer, Mr. Oscar S. Reyes, on potential requirement for additional interim power supply agreement in anticipation of the higher demand during the summer months next year, with a clarification that any additional interim power supply agreements will depend on actual demand requirement and will only be for short term to cover the summer months and is subject to the Energy Regulatory Commission's rules and approval.

We will apprise the exchange for any further developments on this matter.

Very truly yours,



JOCELYN C. VILLAR-ALTAMIRA
Assistant Vice President & Head
Corporate Governance and Compliance