



CIRCULAR FOR BROKERS NO. 3451-2004

The Philippine Stock Exchange, Inc.

<input checked="checked" type="checkbox"/> Disclosures	<input type="checkbox"/> Stockholders' Meeting	Others: _____
<input type="checkbox"/> Dividend Notice	<input type="checkbox"/> SEC / Gov't Issuance	_____
<input type="checkbox"/> Stock Rights Notice	<input type="checkbox"/> Transfer Agent's Notice	_____

Posted on July 30, 2004

Date : **July 30, 2004**

Company : **MANILA ELECTRIC COMPANY**

This is in reference to the news article entitled "Appeals court rules vs Meralco rate hike" published in the July 30, 2004 issue of the BusinessWorld (Internet Edition). The article reported that "The Court of Appeals yesterday reversed the Energy Regulatory Commission (ERC) ruling that allowed the Manila Electric Company (Meralco) to raise its electricity price by 17 centavos per kilowatt-hour in June last year. The court said ERC should have first required the audit of Meralco's books and accounts before it was allowed to break down or unbundle its charges and then to raise them. In a 33-page decision penned by Associate Justice Martin Villarama, Jr., the appeals court ordered the return of the case to ERC, as it also directed the Commission on Audit (CoA) to check the books, records, and accounts of Meralco. x x x"

Manila Electric Company ("MER") provided the Exchange the attached SEC Form 17-C dated July 30, 2004, to clarify the above-mentioned news article.

For your information.

(Original Signed)
JURISITA M. QUINTOS
Senior Vice President – Operations Group

Finance / Admin / Membership	Compliance & Surveillance Grp.	Listing & Disclosures Grp.	COO / Automated Trading Grp.	Business Dev't & Info. Group	CEO / Legal
Tel. No.688-7560/7440/7460	Tel. No. 688-7559	Tel. No. 688-7501/7510	Tel. No. 688-7405/819-4400	Tel. No. 688-7590	Tel. No. 688-7400/819-4408

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:** *July 30, 2004*
2. **SEC Identification Number:** *PW-102*
3. **BIR Tax Identification Code:** *350-000-101-528*
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, Pasig City*
8. **Issuer's telephone numbers:** *16220 local 3186 Area Code: 0300*
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:**

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding</u>
Class "A"	604,443,401
Class "B"	402,991,906
Total	<u>1,007,435,307</u>

Amount of Debt Outstanding: *P98.4 Billion (as of May 31, 2004)*

11. Item Number reported: Item 5 and 9

Item 5. Legal Proceedings

Kindly be advised that the Company as of this writing has not received an official copy of the Court of Appeals decision referred to in the news article in today's issue of the Business World (Internet Edition). However, attached is the Company's official statement on the matter.


Item 9. Other Events

Please be informed that the "TELECONFERENCE PRESENTATION OF THE SECOND QUARTER 2004 OPERATING RESULTS" scheduled yesterday, July 29, 2004, was postponed until further notice.

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



RAFAEL L. ANDRADA
Vice President, Treasurer and
OIC Information Disclosure
Officer

Date: July 30, 2004

cc: Disclosure Department
Listings and Disclosure Group
Philippine Stock Exchange (PSE)

posted 9:09

July 29, 2004

The Manila Electric Company today said that it has yet to receive an alleged order from the Court of Appeals disallowing Meralco from unbundling its rates.

Meralco President Jesus P. Francisco said Meralco cannot as of the moment issue a categorical statement pending receipt of the decision (if any).

Francisco, however stated that in case there is some truth to the alleged order, then Meralco will be extremely disappointed because of the repercussions to the utility firm and the power industry.

"We have nothing to hide. All our transactions are aboveboard and our books have always been open to the public. We are a publicly listed company and our every move is closely watched and heavily regulated by government agencies," Mr. Francisco said.

Francisco said Meralco implemented the unbundling of its charges starting with its June 2003 billing in compliance with the May 30, 2003 order of the Energy Regulatory Commission (ERC).

"Part of the ERC's order provides graduated discounts to residential consumers consuming within 100 kwhs per month which the commission considers as lifeline users. They represent about one-third of our total customers. These marginalized consumers will be the ones negatively affected if indeed there is such an order", Francisco said.

"We hope that the case was simply remanded to the ERC where we can further substantiate what we were granted", he added.

The unbundling of charges of all electric utilities in the Philippines is in compliance with Section 36 of Republic Act 9136 or the Electric Power Industry Reform Act of 2001.
