

<b>COMPARISON OF KILOWATT-HOUR SALES</b>			
For the first quarter ended March 31, 2007 and 2006 ( In million kWh )			
<b>Customer Class</b>	<b>2007</b>	<b>2006</b>	<b>% Change</b>
Residential	1,949.16	1,935.11	0.7
Commercial	2,294.12	2,161.83	6.1
Industrial	1,760.91	1,691.50	4.1
Streetlights	34.51	35.27	(2.2)
<b>TOTAL</b>	<b>6,038.69</b>	<b>5,823.71</b>	<b>3.7</b>

<b>COMPARATIVE STATEMENTS OF INCOME</b>			
For the first quarter ended March 31, 2007 and 2006 (Amounts in Million Pesos)			
	<b>2007</b>	<b>2006</b>	<b>% Change</b>
<b>REVENUES</b>	<b>48,199</b>	<b>41,614</b>	<b>15.8</b>
<b>EXPENSES (INCOME)</b>			
Purchased power	42,724	36,837	16.0
Operations and maintenance	2,833	2,347	20.7
Provision for probable losses	-	1,426	(100.0)
Depreciation and amortization	1,038	1,063	(2.4)
Interest and other financial charges - net	646	924	(30.1)
CERA II revenues	-	(349)	(100.0)
Foreign exchange losses - net	-	349	(100.0)
Interest and other financial income	(195)	(275)	(28.9)
Present value impact on customers' refund	274	378	(27.5)
Provision for disallowed receivables	51	55	(6.3)
Taxes other than income tax	32	72	(56.4)
	<b>47,402</b>	<b>42,827</b>	<b>10.7</b>
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	<b>797</b>	<b>(1,213)</b>	<b>165.7</b>
Provision for (benefit from) income tax	265	(465)	(157.0)
<b>NET INCOME (LOSS)</b>	<b>532</b>	<b>(748)</b>	<b>(171.1)</b>

**Manila Electric Company**  
**First Quarter 2007 Financial and Operating Results – Parent Only**



<b>COMPARATIVE BALANCE SHEETS</b>			
As of March 31, 2007 and 2006 (Amounts in Million Pesos)			
	2007	2006	% Change
<b>ASSETS</b>			
<b>Noncurrent Assets</b>			
Utility Plant and others-net	93,796	92,372	1.5
Investments in subsidiaries, associates and joint ventures	1,505	966	55.8
Investment properties	906	841	7.7
Deferred pass-through fuel costs	6,954	7,714	(9.8)
Other noncurrent assets	26,745	18,202	46.9
<b>Total Noncurrent Assets</b>	<b>129,906</b>	<b>120,095</b>	<b>8.2</b>
<b>Current Assets</b>			
Cash and cash equivalents	3,793	11,912	(68.2)
Trade and other receivables	20,535	16,160	27.1
Inventories	964	1,143	(15.7)
Other current assets	1,800	1,828	(1.5)
<b>Total Current Assets</b>	<b>27,092</b>	<b>31,043</b>	<b>(12.7)</b>
<b>TOTAL ASSETS</b>	<b>156,999</b>	<b>151,138</b>	<b>3.9</b>

<b>STOCKHOLDERS' EQUITY AND LIABILITIES</b>			
	2007	2006	% Change
<b>Stockholders' Equity</b>	<b>45,585</b>	<b>31,906</b>	<b>42.9</b>
<b>Noncurrent Liabilities</b>			
Interest-bearing loans and other borrowings - net of current portion	13,887	17,841	(22.2)
Customers' deposits	19,665	18,529	6.1
Provisions	12,961	28,274	(54.2)
Customers' refund - net of current portion	10,195	11,263	(9.5)
Deferred income tax	7,502	3,693	103.2
Liability arising from deferred pass-through fuel costs - net of current portion	2,746	3,978	(31.0)
Other noncurrent liabilities	33	423	(92.3)
<b>Total Noncurrent Liabilities</b>	<b>66,989</b>	<b>84,000</b>	<b>(20.3)</b>
<b>Current Liabilities</b>			
Trade and other payables	27,736	24,165	14.8
Customers' refund - current portion	3,800	4,495	(15.5)
Notes payable	2,000	-	100.0
Interest-bearing loans and other borrowings - current portion	1,013	2,828	(64.2)
Income tax payable	3,014	80	3683.2
Other current liabilities	6,862	3,664	87.3
<b>Total Current Liabilities</b>	<b>44,425</b>	<b>35,232</b>	<b>26.1</b>
<b>TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES</b>	<b>156,999</b>	<b>151,138</b>	<b>3.9</b>

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**First Quarter 2007 Financial and Operating Results – Parent Only**



<b>COMPARATIVE CASH FLOW STATEMENTS</b>			
For the first quarter ended March 31, 2007 and 2006 (Amounts in Million Pesos)			
	2007	2006	% change
<b>CASH BALANCE, BEGINNING (Jan. 1)</b>	<b>4,960</b>	<b>13,722</b>	<b>(63.9)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating and other income	1,997	1,580	26.4
Depreciation and amortization	1,038	1,063	(2.4)
Increase (decrease) in other assets and liabilities	(2,290)	(998)	129.4
<b>Net Cash from Operations</b>	<b>745</b>	<b>1,645</b>	<b>(54.7)</b>
Add : Equity issues	-	-	-
Short-term borrowings	2,000	-	-
Long-term borrowings	-	-	-
<b>TOTAL SOURCES OF FUNDS</b>	<b>2,745</b>	<b>1,645</b>	<b>66.8</b>
Less : Short-term debt service	250	-	100.0
Long-term debt service	0.9	285	100.0
Other interest expense	851	1,122	(24.2)
<b>Total Debt Service</b>	<b>1,102</b>	<b>1,408</b>	<b>(21.7)</b>
Unrecoverable purchased power	494	972	(49.1)
Capital expenditures	1,295	1,057	22.5
Preferred equity redemptions	13	13	3.5
Refund to customers	0.4	6	(93.7)
Dividends - common	1,006	-	100.0
<b>TOTAL USES OF FUNDS</b>	<b>3,911</b>	<b>3,455</b>	<b>13.2</b>
<b>NET DECREASE IN CASH</b>	<b>(1,166)</b>	<b>(1,810)</b>	<b>(35.6)</b>
<b>CASH BALANCE, END (March 31)</b>	<b>3,793</b>	<b>11,912</b>	<b>(68.2)</b>

<b>COMPARATIVE STATEMENTS OF RETAINED EARNINGS (DEFICIT)</b>			
For the first quarter ended March 31, 2007 and 2006			
(Amounts in Million Pesos)			
	<b>2007</b>	<b>2006</b>	<b>% Change</b>
<b>BALANCE, Beginning</b>	<b>11,484</b>	<b>(1,312)</b>	<b>975.3</b>
Add:			
Net Income (Loss)	532	(748)	171.1
Realized revaluation surplus	104	140	(25.9)
	12,119	(1,920)	731.3
Deduct			
Appropriated retained earnings, beginning	1,200	200	500.0
Transfer from/(to)			
Unappropriated retained earnings	-	-	
<b>BALANCE</b>	<b>10,919</b>	<b>(2,120)</b>	<b>615.1</b>
Deduct			
Cash dividends declared	-	-	-
Stock dividends declared	-	-	-
<b>BALANCE, Ending</b>	<b>10,919</b>	<b>(2,120)</b>	<b>615.1</b>