



SAN MIGUEL CORPORATION

June 13, 2017

The Philippine Stock Exchange, Inc.
Disclosure Department
3rd Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: **Mr. Jose Valeriano B. Zuño III**
OIC-Head, Disclosure Department

Gentlemen:

We reply with respect to the news article entitled "San Miguel plans to venture into geothermal energy" posted in manilastandard.net on June 12, 2017. The article reported in part that:

"Conglomerate San Miguel Corp. plans to acquire the geothermal projects owned by Pan Pacific Power Philippines Corp., its top executive said over the weekend.

San Miguel president and chief operating officer Ramon Ang said the company was studying the possibility of joining the geothermal development sector.

'In talks. Still on study,' Ang said in a mobile message, when asked for comment.

Sources said San Miguel advanced the funding for the development of Pan Pacific's geothermal projects.

Pan Pacific's power projects include Mt. Cagua-Baua geothermal prospect in Cagayan Valley, Cervantes geothermal prospect in Ilocos Sur and Abra geothermal prospect in Abra.

San Miguel's diversification into geothermal projects would further expand its energy portfolio which now includes coal, hydro and natural gas.

San Miguel said it would also venture into renewable energy to provide cost-effective alternatives for Filipino consumers. The group is particularly interested in exploring investments in hydro, solar and tidal energy sources.


It targets to end 2017 with a total capacity of 3,363 megawatts, up from 2,763 MW as of end 2016.

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We advise that San Miguel Corporation contemplates to participate and invest in the development of geothermal energy projects to further expand its energy portfolio and provide cost-effective alternatives for consumers. The Company is evaluating the viability of the geothermal projects of Pan Pacific Power Philippines Corp. (e.g. Mt. Cagua-Baua project in Cagayan Valley and Cervantes prospect in Ilocos Sur and Abra), as confirmed by Mr. Ramon S. Ang, President and Chief Operating Officer of the Company, and reported in the aforementioned article. By way of clarification, the Company has not provided funding to Pan Pacific Power Philippines Corp. for its on-going projects.

Appropriate disclosures shall be made to the Exchange in the event the Company participates in the aforestated geothermal projects.

Very truly yours,



FERDINAND K. CONSTANTINO
Corporate Information Officer