



SAN MIGUEL CORPORATION

February 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:

With respect to the following news articles:

1. In relation to your previous disclosure dated January 9, 2017, we would like to seek clarification and/or confirmation of the news article entitled "SMC's coal plant meets emission limit" posted in Manila Standard (Internet Edition) on February 12, 2017, which reported that:

"SMC Global Power Corp., the power generation arm of conglomerate San Miguel Corp., said the first unit of its 600-megawatt clean coal power plant in Limay, Bataan yielded emissions below the government and World Bank standard limits.

San Miguel, in a statement, cited the most recent results of a government-mandated daily continuous testing since January which showed that unit-1 of the Limay power plant consistently produced low levels of sulphur oxide, nitrogen oxide, carbon monoxide and particulate matter.

The Limay plants consist of four units of 150 MW, of which only the first 150 MW unit completed continued testing process.

The plant's sulphur oxide was at 41 parts per million, compared to the 245 ppm limit set by the Environment Department and the 700 ppm limit set by the World Bank. Its nitrogen oxide was at 92 ppm, compared to the Environment's 365 ppm limit and the World Bank's 487 ppm threshold.

Carbon monoxide monitored was at 4 ppm during the latest testing, below the Environment's limit of 400 ppm.

The Limay plant registered 0.8 percent opacity or clearness of the air (which is also used to indicate particulate matters) with dust at only 2.4 milligrams per cubic meter or mg/Nm³. The World Bank standard for particulate matters is at 50 mg/Nm³ while the Environment is at 150 mg/Nm³."

2. In relation to your previous disclosure dated February 10, 2017, we would like to seek clarification and/or confirmation of the news article entitled "SMC

defers issuance of bonds” posted in philSTAR.com on February 13, 2017, which reported in part that

“MANILA, Philippines – Diversified conglomerate San Miguel Corp. will issue its planned P20 billion fixed rate bonds on Feb. 28, instead of the earlier schedule of Feb. 2.

....

According to the revised timetable, SMC would offer the bonds from Feb. 14 to 20 instead of Feb. 13 to 17.

....”

3. We would like to seek clarification and/or confirmation of the news article entitled “SMC readies solar venture” posted in Manila Standard (Internet Edition) on February 12, 2017, which reported in part that:

“San Miguel Corp. and its strategic partner plan to put up 1,500 megawatts of solar capacity within two years, its top executive said over the weekend.

The solar power plant venture is a part of San Miguel’s decision to diversify into renewable energy through subsidiary SMC Global Power Holdings Inc.

‘SMC targets 1,500-MW solar venture, in two years,’ San Miguel president and chief operating officer Ramon Ang said.

The company has shortlisted two Asian companies, one of which could emerge as its strategic and technical partner on the green venture.

The joint venture is also looking at opportunities in hydropower and natural gas.

....”


By way of response to the Exchange, we advise as follows.

1. We advise that the first unit of the 600-megawatt clean coal power plant of SMC Global Power Holdings Corporation (Unit 1 with a 150-megawatt capacity) which was subject to the government-mandated continued testing process since January 2017, consistently produced low levels of sulphur oxide, nitrogen oxide, carbon monoxide and particulate matter. Such results confirm that the emissions yielded by Unit 1 fully complied with the Department of Environment and Natural Resources and World Bank standard limits, as reported in detail in the aforementioned article.

2. We confirm that the offer period of the initial P20 Billion fixed-rate bond issuance under shelf registration of San Miguel Corporation shall be from February 14 to 20, 2017.

3. We confirm that the Company, thru SMC Global Power Holdings Corporation, contemplates to put up 1,500 megawatt of solar capacity to diversify its existing power and energy portfolio and provide affordable renewable energy to consumers without the need for the imposition of feed-in tariff subsidies which substantially increases the cost. An appropriate disclosure shall be made in the event the Company concludes a definitive agreement with third party-investors for the pursuit and implementation of this particular line of business.

Very truly yours,



FERDINAND K. CONSTANTINO
Corporate Information Officer