



## SAN MIGUEL CORPORATION

January 17, 2017

**The Philippine Stock Exchange, Inc.**  
Disclosure Department  
3<sup>rd</sup> 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 "SMC plans to supply cheap power to Muslim provinces" posted in Business Mirror (Internet Edition) on January 16, 2017. The article reported in part that:

"The power-generating capacity of the power plants that San Miguel Corp. (SMC) plans to put up in predominantly Muslim provinces would be sold for as low as P3 per kilowatt-hour (kWh), much cheaper than the prevailing rates sold to electric cooperatives (ECs) in Mindanao.

SMC President Ramon S. Ang said the company's power business is pursuing plans to put up a 58-megawatt (MW) coal-power plant each in Tawi-Tawi, Sulu, and Basilan for a total of 174 MW.

'On our Mindanao projects, we have plans to put up a power plant in Jolo, Sulu. Also, there's an intention to put up another one in Basilan and another one in Tawi-Tawi. All 58 MW each,' Ang said.

.....

'Right now, Napocor is supporting Jolo, Sulu, with 25 MW. I am offering P3 per kWh to supply them 58 MW from the current rate of P15 per kWh. They have nothing to lose,' Ang said. His offer was accepted by Agriculture Secretary Emmanuel F. Piñol. 'I am talking with Secretary Piñol. He will help us push through with these projects...

.....

Should Napocor and SMC agree on this, Ang said his company would be able to put up the power plants in two-and-a-half years. He also proposed that the cheap rates be enforced for a period of 10 years.

.....

Over the next two years SMC has committed to build the power plant that will serve the entire ARMM region, which will benefit an estimated 573,446 households.

....”

We advise that San Miguel Corporation, subject to the issuance of the relevant governmental approvals, intends to construct and operate 58- megawatt power plants in each of the provinces of Tawi-Tawi, Sulu and Basilan in the Mindanao region to reduce the cost of electricity to P3.00 per kilowatt-hour from the current prevailing rate of P15.00 and benefit the consumer-households. Such intention was presented and explained by Mr. Ramon S. Ang, President and Chief Operating Officer of the Company to Agriculture Secretary Emmanuel F. Piñol, as reported in the aforementioned article.

Very truly yours,



**FERDINAND K. CONSTANTINO**  
Corporate Information Officer