



SAN MIGUEL CORPORATION

July 10, 2015

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

Attention: **Ms. Janet A. Encarnacion**
Head - Disclosure Department

Gentlemen:

We reply with respect to the news article entitled "San Miguel spending \$800M to put up 2 cement plants" posted in Inquirer.net on July 10, 2015. The article reported in part that:

"Conglomerate San Miguel Corp. is investing around \$800 million to build two new cement manufacturing plants, preparing to meet an expected surge in demand from big-ticket infrastructure and private construction activities in the years ahead.

One of the plants will rise at cement affiliate Northern Cement Corp.'s existing facility in Pangasinan and the other in Quezon province, SMC president Ramon S. Ang said Thursday after the stockholders' meeting of SMC's parent firm Top Frontier Investment Holdings Inc.

Each of the plant will have an annual production capacity of 2 million tons and cost \$400 million each, Ang said. The first plant will be completed by June 2017 and the other by end-2017.

About 50 percent of the project will be funded by equity and 50 percent by loan, Ang said. As such, around \$400 million will be raised from borrowings for the cement plants, he said. Ang denied reports that SMC was raising \$400 million through a seven-year loan facility for the construction of a new 300-megawatt coal-fired plant in Bataan. He said the project financing for this project had already been completed.

Coincidentally, he said SMC was planning to borrow \$400 million not for power plant projects but for the cement business.

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We confirm that the statements of Mr. Ramon S. Ang, President and Chief Operating Officer of the Company, relating to: (i) the contemplated construction of two (2) new cements plants, with a capacity of 2 million tons for each plant at a total projected cost of \$800 million and (ii) the funding for such construction, by way of a combination of loan and equity, on a 50-50 basis, as reported in the aforementioned articles, are accurate.

Very truly yours,



FERDINAND K. CONSTANTINO
Corporate Information Officer