



SAN MIGUEL CORPORATION

December 8, 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 bags first water PPP" posted in BusinessWorld Online on December 7, 2015. The article reported in part that:

"A CONSORTIUM composed of San Miguel Corp. (SMC) and Korea Water Resources Corp. (K Water) yesterday bagged the 30-year contract for a P24.4-billion public-private partnership (PPP) project that will supply water to Bulacan consumers.

Gerardo A.I. Esquivel, administrator of the Metropolitan Waterworks and Sewerage System (MWSS), confirmed yesterday that a notice of award for the Bulacan Bulk Water Supply Project (BBWSP) has been sent to the SMC-K Water consortium that offered to supply water for P8.50 per cubic meter.

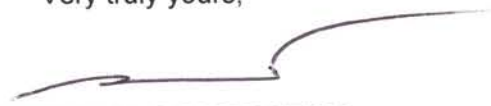
The BBWSP is one of the two PPP water projects, the other being the P18.72-billion New Centennial Water Source-Kaliwa Dam Project that aims to meet an increase in Metro Manila demand. San Miguel Holdings Corp. is one of five prospective bidders for that other PPP water project.

'The Metropolitan Waterworks and Sewerage System issued today the notice of award to the consortium of San Miguel Corp. and Korea Water Resources Corp. for the P24.4-billion bulk water supply PPP project in the Province of Bulacan,' the PPP Center said in a statement on its Web site, noting that the 'SMC-K Water Consortium offered the best bid.'

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By way of response to the Exchange, we confirm that P24.4 Billion public-private partnership project - the Bulacan Bulk Water Supply Project (the "Project") was awarded in favor of the San Miguel Corporation, thru San Miguel Holding Corp., and K-Water Resources Corp. Consortium, as announced by Mr. Gerardo A. I. Esquivel, the Administrator of the Metropolitan Waterworks and Sewerage System ("MWSS"), and reported in the aforementioned article. The Project will supply the water requirements of the consumer-residents of the Province of Bulacan and the Company is waiting for the Notice of Award issued by the MWSS.

Very truly yours,


FERDINAND K. CONSTANTINO
Corporate Information Officer