



SAN MIGUEL CORPORATION

July 6, 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 "SMC, Ayala, MPIC keen on P177-billion PNR south-line rehab" posted in BusinessMirror (Internet Edition) on July 3, 2015. The article reported in part that:

"LEGAZPI CITY—Albay Gov. Joey Sarte Salceda said giant firms San Miguel Corp., Ayala Corp. and Metro Pacific Investment Corp. have indicated interest to invest in the rehabilitation of the P177-billion south line of the Philippine National Railways (PNR) under a public-private partnership scheme.

Called the PNR Modernization Program, the project will cover the rehabilitation of the 653-kilometer railway from Tutuban to Legazpi then Sorsogon.

Salceda said he has been pushing for the PNR southbound rehabilitation that would give life again to the once Bicol pride but now idle Bicol Express route and that the Department of Transportation and Communications (DOTC) is ready to auction off the PNR railway project to interested bidders. He said Ayala is eyeing a partnership with MPIC, adding that he has also personally discussed the matter with SMC President Ramon S. Ang.

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We advise that the Company may participate in the bidding for the rehabilitation of the P177-billion south line of the Philippine National Railways, under a public-private partnership scheme, subject to the terms and conditions that may be issued by the Department of Transportation and Communication, as reported in the aforementioned article.

Very truly yours,


FERDINAND K. CONSTANTINO
Corporate Information Officer