



SAN MIGUEL CORPORATION

March 29, 2016

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 "Bidding for Laguna dike project fails" posted in Inquirer.net on March 29, 2016. The article reported in part that:

"The bidding process for the P123-billion Laguna Lakeshore Expressway Dike project failed yesterday as bidders snubbed the public private partnership (PPP) deal, dimming prospects for its revival within the term of President Aquino.

The project, which has a 37-year concession period, was an ambitious solution to heavy flooding in the area as well as parts of Metro Manila. It combines a 47-kilometer tollroad from Taguig in Metro Manila to Los Baños in Laguna running on top of a flood control dike, which would have been the longest in the world. Its main business sweetener is a 700-hectare land reclamation project on Laguna Lake that could be developed into mixed-use communities.

Hopes to award the project before the administration ends in June 2016 were dashed yesterday after all three prequalified groups did not submit offers, citing a combination of the project's high-risk and complexity, its lack of viability and the nearing shift in government leadership.

The three groups are Team Trident, comprised of Ayala Land Inc., SM Prime Holdings Inc., Aboitiz Equity Ventures Inc. and Megaworld Corp; San Miguel Corp., and the Alloy Pavi Hanshin LLEDP Consortium, comprised of Malaysia's MTD Group, South Korea's Hanshin and the family of former Sen. Manuel Villar Jr.

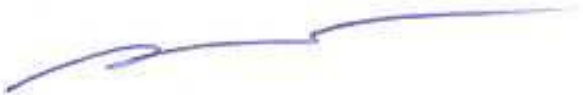
. . . .

'The Laguna lakeshore project is just not feasible. The government will have to reexamine its assumptions and redesign a mutually beneficial contractual structure best suited for a deal as large and intricate as this one,' San Miguel president and COO Ramon S. Ang said.

. . . ."

By way of response to the Exchange, we confirm that the Company did not participate in the bidding process for the P123-billion Laguna Lakeshore Expressway Dike Project of the Government (the "Project"). As advised by Mr. Ramon S. Ang, President and Chief Operating Officer of the Company, and reported in the aforementioned article, the Project is not feasible and the conditions and assumptions made by the Government may have to be re-examined to address the concerns expressed by the Company and other bidders in the Project.

Very truly yours,



FERDINAND K. CONSTANTINO
Corporate Information Officer