



SAN MIGUEL CORPORATION

September 26, 2016

The Philippine Stock Exchange, Inc.
Disclosure Department
3rd 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 "DA, SMC food division eye milling facility in Sulu" posted in The Philippine Star (Internet Edition) on September 26, 2016. The article reported in part that:

"MANILA, Philippines – The Department of Agriculture (DA) is set to partner with the food division of diversified conglomerate San Miguel Corp. to establish a milling facility to improve the poultry industry in Sulu.

Agriculture Secretary Emmanuel Piñol said he met with San Miguel Corp. president Ramon Ang last week and discussed the creation of a medium-sized feed mill facility using the corn and cassava produced by Tausugs to engage the people of Sulu in the contract growing of poultry to be exported to Malaysia.

'The concept is that San Miguel will come in, they will establish a feed mill, buy all of the corn and cassava produced by farmers and they will produce feeds and they will start contract growing of chicken,' Piñol told reporters.

. . . .

The facility will be halal certified as San Miguel wants to serve the Malaysian market particularly in Sabah, as well as in Tawi-Tawi, Basilan and Zamboanga City.

'Sabah is just 12 hours away, across the seas. They are looking at exporting some of San Miguel's chicken produce to nearby Sabah and the rest of the island,' he said.

. . . .

Meanwhile, since majority of the area has no power supply, San Miguel will sponsor the establishment of a 20-megawatt diesel turbine power generator.

The DA and San Miguel will also build a fishball factory to create added value to the fish catch of Tausug and Badjao fisher folks."

By way of response to the Exchange, we confirm that the Company through, San Miguel Pure Foods Company, Inc., contemplates to establish a medium-sized feed mill facility in Sulu and to enter into contract growing arrangements for corn, cassava and chicken to serve the demand for such products in Tawi-Tawi, Basilan, Zamboanga City, as well as the Malaysian market, particularly Sabah. The electricity requirements of the facility shall be serviced by a 20-megawatt diesel turbine power generator. The plans of the Company were discussed by Mr. Ramon S. Ang, President and Chief Operating Officer, with Agriculture Secretary Emmanuel Piñol, as reported in the aforementioned article.

Very truly yours,



FERDINAND K. CONSTANTINO
Corporate Information Officer