



SAN MIGUEL CORPORATION

April 19, 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 "SMC Global Power selling P15-b bonds" posted in The Standard (Internet Edition) on April 18, 2016. The article reported in part that:

"SMC Global Power Corp., one of the largest power companies owned by conglomerate San Miguel Corp., plans to raise P15 billion from a bond offering.

Documents filed with the Securities and Exchange Commission showed SMC Global Power would issue fixed-rate bonds due 2021, 2023 and 2026. The bonds will have an early redemption option.

Proceeds from the bond offering will be used to refinance the company's short-term loan provided by BDO Unibank Inc. Proceeds were used to fully redeem \$300-million notes due 2016 and for general corporate purposes.

The bonds will be listed with the Philippine Dealing & Exchange Corp.

....

SMC Global Power said it planned to further expand its power portfolio of additional capacity nationwide through greenfield power projects over the next few years, depending on market demand.

....

'In order to continue its strategic acquisitions of existing power generation capacity, SMC Global Power intends to participate in the bidding of selected National Power Corp. of the Philippines-owned power generation plants that are scheduled for privatization as asset sales or under the IPPA framework,' it said.

....

By way of response to the Exchange, we confirm that SMC Global Power Corp. ("SMC Global"), a wholly-owned subsidiary of the Company and the holding corporation for the power businesses of the Company, has filed with the Securities and Exchange Commission the relevant documents relating to the contemplated issuance by SMC Global of a fixed-rate bond offering in the aggregate amount of P15 billion. Proceeds of the offering will be used to refinance the short-term loan availed of SMC Global Power from BDO Unibank Inc., as reported in the aforementioned article.

We likewise advise that SMC Global intends to expand its power portfolio through additional greenfield power projects and its participation in the bidding and privatization of National Power Corporation power generation plants, depending on the prevailing market demand for electricity.

Very truly yours,



FERDINAND K. CONSTANTINO
Corporate Information Officer