SAN MIGUEL CORPORATION

July 14, 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 write with respect to the attached news article entitled "Meralco eyes SMC's Ilijan power contract" published in the July 14, 2016 issue of The Standard. The article reported in part that:

> "Manila Electric Co. is in talks with San Miguel Corp. to acquire the independent power producer contract of the 1,200-megawatt Ilijan natural gas power plant in Batangas province.
>
> . . . ."

By way of response to the Exchange, we confirm that the San Miguel Corporation ("SMC") is in talks with Manila Electric Company ("Meralco") with respect to a possible investment up to the extent of 49% by Meralco in South Premiere Power Corp. ("South Premiere"), an affiliate of SMC and the IPP Administrator of the Ilijan Power natural gas power plant, and subject to the resolution of the pending case instituted by South Premiere against the Power Sector Assets and Liabilities Management Corp. An appropriate disclosure shall be made in the event a definitive agreement is concluded between the parties.

Very truly yours,

FERDINAND K. CONSTANTINO
Corporate Information Officer