SAN MIGUEL CORPORATION

February 1, 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 "P338.8-B reclamation project proposed" posted in BusinessWorld Online on January 31, 2016. The article reported in part that:

> "THE SAN MIGUEL group and the developer of the Philippine Arena are proposing a P338.8-billion public-private partnership (PPP) project that will reclaim a part of Manila Bay, as well as build an expressway, a commercial area, a coastal sea barrier and flood control system.
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> 'The project's main purpose is to protect the Manila Bay coastline against flooding from the sea by means of a city flood barrier and coastal sea barrier, and provide an attractive urban waterfront development with space for new commercial activities. The coastal sea barrier also functions as an expressway that cuts the travel time between Bataan and the National Capital Region,' read a Jan. 11 project brief from the Public Works department.
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> . . . ."

By way of response to the Exchange, we advise that the Company, through San Miguel Holdings Corporation jointly with New San Jose Builders, Inc., submitted a proposal to the Department of Public Works and Highways for a P338.8 Billion public-private partnership project for the construction of a coastal sea barrier and flood control system to protect the Manila Bay coastline, an expressway between the National Capital Region and the Province of Bataan, commercial areas and the reclamation of part of Manila Bay (the "Project").

The participation of the Company in the Project was confirmed by Mr. Ramon S. Ang, President and Chief Operating Company of the Company, and reported in the aforementioned article.

Very truly yours,

FERDINAND K. CONSTANTINO
Corporate Information Officer