



SAN MIGUEL CORPORATION

June 13, 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

Re: **Sale of the telecommunications business
of San Miguel Corporation ("SMC") to
Philippine Long Distance Telephone Company
("PLDT") and Globe Telecom, Inc. ("Globe")**

Gentlemen:

Further to our disclosure on May 30, 2016 relating to the above-captioned subject, we advise that the Company, jointly with PLDT and Globe, filed on May 30, 2016, with the Philippine Competition Commission ("PCC") a notice (the "Notice") of the sale by the Company to PLDT and Globe, on a 50-50 basis, of the entire issued and outstanding capital stock of Vega Telecom owned by the Company (the "Transaction"). The Notice was submitted to the PCC pursuant to Republic Act. No. 10667, otherwise known as the Philippine Competition Act (the "Act"), and Memorandum Circular Nos. 16-001, and 16-002 issued by the PCC (collectively, the "Circulars"). On June 7, 2016, the PCC through a letter addressed to the Company, PLDT and Globe, advised that the Notice is deficient and defective in form and substance and required additional information relating to the Transaction (the "Letter-Response").

To address the Letter-Response, we advise the Exchange that the Company submitted today, June 13, 2016, a reply to the PCC which briefly explained the following points, namely:

- (i) the position of the Company that the Notice fully complied with the relevant provisions of the Circulars issued by the PCC, and contained the pertinent terms and conditions of the Transaction; and
- (ii) the National Telecommunications Commission, a government agency with a competition mandate, approved the co-use arrangement between and among Bell Telecommunications Philippines, Inc. ("BellTel"), Smart Communications, Inc. and Globe with respect of certain frequencies assigned to BellTel, inclusive of the surrender and return of certain frequencies assigned to BellTel, to ensure a competitive environment in the telecommunications industry.

In the spirit of transparency and cooperation, the Company submitted to the PCC copies of the relevant definitive agreements relating to the Transaction. At the same time, the Company further acknowledged the jurisdiction of the PCC and expressed willingness to further explain its position.

Very truly yours,



FERDINAND K. CONSTANTINO
Corporate Information Officer