



SAN MIGUEL CORPORATION

July 15, 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 "SMC to sell 49% stake in Limay power plant" posted in The Manila Times (Internet Edition) on July 14, 2016. The article reported in part that:

"SAN MIGUEL Corp. (SMC) on Thursday is offering a 49-percent stake from its coal-fired power plant in Limay, Bataan to local cooperatives.

'We are now in talks with some cooperatives that buy electricity from us. Thus, we can no longer offer it to any other person or entity. They are our priority,' SMC President and Chief Operating Officer Ramon Ang told reporters on the sidelines of the stockholders' meeting of Top Frontier Investment Holdings Inc.

....

'Yes, [49 percent] is for acquisition,' Ang said in response to queries whether the talks involve the acquisition of the power plant or only the electricity supply.

A 49-percent acquisition leaves SMC's power arm SMC Global Power Corp. with majority stake of 51 percent.

...."

By way of response to the Exchange, we confirm that the San Miguel Corporation ("SMC") is in talks with electric cooperatives in Luzon with respect to a possible investment by such cooperatives, collectively, of up to the extent of 49% in SMC Consolidated Power Corporation, an affiliate of SMC and the owner/operator of the 2 x 150 MW coal-fired power plant located in Limay, Bataan. An appropriate disclosure shall be made in the event a definitive agreement is concluded between SMC and the cooperatives.

Very truly yours,


FERDINAND K. CONSTANTINO
Corporate Information Officer