



SAN MIGUEL CORPORATION

April 15, 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 "San Miguel forms railway holding company" posted in The Standard (Internet Edition) on April 14, 2016. The article reported in part that:

"Diversified conglomerate San Miguel Corp. formed SMC Mass Rail Transit 7 Inc., a P10-billion company that will hold its controlling interest in the P63-billion Mass Railway Transit Line 7 project.

The incorporation papers with the Securities and Exchange Commission showed SMC Mass Rail, formed by San Miguel Holdings Corp., would have an authorized capital stock of P10 billion, divided into 10 billion shares with a par value of P1 per share.

San Miguel said of the P10 billion, at least 25 percent or P2.5 billion was subscribed by SMHC and at least 25 percent of the total subscription or P625 million was paid in cash.

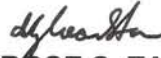
The primary purpose of the the newly formed unit is 'to engage in and carry on a development and contracting business involving railways and railroads; intermodal transport terminals; tollways, its facilities, interchanges, roads, highways, bridges, tunnels, waterworks, water utilities and systems.'

It will also be engaged in infrastructure works and other related public works; all iron steel work, mechanical and electrical, and earth construction and excavation and related works, including operation and maintenance thereof; and the acquisition, lease, occupation, use of development of real property, and other related activities.

... "

By way of response to the Exchange, we advise that the Company, through San Miguel Holdings, Corp. - the holding corporation of the infrastructure-related businesses of the Company, organized and incorporated SMC Mass Rail Transit 7, Inc. (SMC-MRT 7), as reported in the aforementioned article. We advise that SMC-MRT 7 shall be the corporate vehicle for the implementation of the Metro Rail Transit Phase 7 Project which involves the construction of a 22-km light rail transit from North Epifanio de los Santos Avenue to San Jose Del Monte, Bulacan and includes a 22-km road that will connect to NLEX at the Bocaue exit.

Very truly yours,



MARY ROSE S. TAN

Assistant Corporate Secretary