



SAN MIGUEL CORPORATION

January 4, 2011

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 refer to your letter dated January 4, 2011, with respect to the news article entitled "P20-B 'San Miguel City' to rise in North Harbor," posted in PhilSTAR.com on January 4, 2011. The article reported in part that:

"MANILA, Philippines – San Miguel Corp. (SMC) is spending around P20 billion to set up 'San Miguel City' inside Manila North Harbor. Sources told The STAR that the complex would include not only a grains terminal to service the requirements of the San Miguel food group but also a logistics area and shipping facility for San Miguel Brewery and other divisions, and a bunker depot for subsidiary Petron Corp... SMC president and COO Ramon S. Ang confirmed to The STAR via text message the plan to put up such a complex and said it will have a P20-billion budget.... Sources said the San Miguel Complex will consolidate SMC's logistics and shipping facilities in one area..."

We advise that the Company and its subsidiaries (the "San Miguel Group") are evaluating the viability of constructing a centralized and integrated logistics complex within the Manila North Harbor area which shall include, among others, a grains terminal, ship-handling and warehousing facilities and a fuel depot for the storage, handling and distribution requirements of the products of the San Miguel Group. The initial budget earmarked for such complex is approximately P20 Billion and, as previously disclosed to the Exchange on June 28 and July 24, 2010, respectively, there are on-going discussions between the San Miguel Group and North Harbor Center Port Terminal relating to the preparation and finalization of the master plan for the modernization of the Manila North Harbor which shall incorporate the logistic facilities of the San Miguel Group and, thereafter, be presented to the Board of the Philippine Ports Authority for approval.

Very truly yours,


FERDINAND K. CONSTANTINO
Corporate Information Officer