SAN MIGUEL CORPORATION

February 1, 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 February 1, 2011 with respect to the news article entitled "SMC eyes up to P255B from major global float," published in the February 1, 2011 issue of The Daily Tribune. The article reported in part that:

> "… Ang also hinted at a possible backdoor listing for SMC's power business, saying the company is looking at it, noting that the company is looking for a vehicle that would speed up the public listing of its power business. "If there is nothing available, SMC will consider an initial public offer (IPO)," he said…. He said SMC expects revenues to hit P530 billion in 2011, while earnings before income ax, depreciation and amortization (Ebitda) will reach $2 billion. Ang said consolidated sales revenues this year will be P530 billion since it will be the first time to consolidate Petron and the four recently acquired power plants, noting that last year, sales revenues reached P200 billion while historical Ebitda was at $700 million. Ang added that net profit for this year will be "much better."

We advise that the Company is evaluating the alternatives for the listing of its power business. We further advise that the statements of Mr. Ramon S. Ang, President and Chief Operating Officer of the Company, relating to the projected revenues of the SMC Group in 2011 (P530 billion) and the earnings before income tax, depreciation and amortization ($2 billion), respectively, are accurate.

Very truly yours,

FERDINAND K. CONSTANTINO
Corporate Information Officer