



SAN MIGUEL CORPORATION

February 7, 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 7, 2011 with respect to the news article entitled "SMC eyes venture with Citra, HK firm", posted in INQUIRER.net on February 6, 2011. The article reported in part that:

"MANILA, Philippines – San Miguel Corp. is forming a three-way partnership with Indonesian conglomerate Citra Lamtoro Gung Persada (Citra) and Star Tollway Corp. to merge local toll-road operations and create a stronger entity that can actively seek big-ticket infrastructure projects under the public-private partnership (PPP) framework. Inquirer sources said that a due-diligence audit was now ongoing among the three parties with the objective of pooling their Philippine tollway interests to create a single vehicle with greater financial muscle in bidding for PPP projects. San Miguel expects to own majority of the consolidated entity over time, the sources said. By bundling their interests, the three groups aim to gain better leverage in funding large-scale infrastructure projects, particularly toll roads, under the Aquino administration, the sources said. Asked last Saturday when the likely closing of the deal with Citra and Star could happen, San Miguel president Ramon Ang said the parties "hope to sign [soon]," declining to provide additional details. . ."

We advise that the Company is in talks with Citra Lamtoro Gung Persada and Star Tollway Corp., respectively, for the possible organization and establishment of a corporation which shall: (i) consolidate and undertake toll-road operations and (ii) participate in the infrastructure projects initiated by the Government under the public-private partnership framework. An appropriate disclosure shall be made upon the execution of a definitive agreement between the parties.

Very truly yours,



FERDINAND K. CONSTANTINO
Corporate Information Officer