# SAN MIGUEL CORPORATION

February 28, 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 28, 2011 with respect to the news article entitled "SMC eyes deals with Indon coal mining firms," published in the February 28, 2011 issue of the Philippine Daily Inquirer. The article reported in part that:

> "SAN MIGUEL Corp. is hoping to conclude soon its negotiations with Indonesian companies for the planned acquisition of coal mines in that country, a move that will pave the way for the conglomerate's power generation business overseas."
>
> San Miguel president Ramon S. Ang said talked with Indonesian coal firms were ongoing but he was targeting to wrap up negotiations within the next two months.
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> …….
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> Ang said San Miguel was looking at either acquisitions of coal mines or joint venture arrangements.
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> He said in an earlier interview that the coal sites eyed by the conglomerate were seen to contain as much as 500 million tons of resources per area."

We advise that the Company continues to evaluate the viability of investing in other coal mine projects, and is currently in talks with Indonesian coal firms for such possible investments. Appropriate disclosures shall be made upon conclusion of definitive agreements with the relevant parties.

Very truly yours,

**FERDINAND K. CONSTANTINO**
Corporate Information Officer