SAN MIGUEL CORPORATION

May 2, 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 May 2, 2011 with respect to the news article entitled "PSMC planning to buy more coal mines," posted in Inquirer.net on May 2, 2011. The article reported in part that:

> "MANILA, Philippines--Diversifying conglomerate San Miguel Corp. plans to acquire more coal mines in the country, while it awaits developments in the negotiations for its acquisition of Indonesian coal mines.
>
> According to San Miguel President Ramon S. Ang, the Company is pushing through with its plans in Indonesia, as the potential coal sites in that country are said to contain up to 500 million tons in resources per area.
>
> In the meantime, Ang said San Miguel would join the government bidding for coal mines under the Philippine Energy Contracting Round (PECR).
>
> …….
>
> Acquiring new coal areas would help San Miguel build its planned 3,000-megawatt power portfolio within the next six years.
>
> Ang said the Company was targeting to begin this year the construction of some of its proposed coal-fired facilities in Mindanao.
>
> Although he did not reveal San Miguel's planned investment in the facility, Ang said the conglomerate would invest as much as $1 million to produce one megawatt of power from coal resources. This meant that for the initial 300-MW project, San Miguel would need to invest some $300 million or roughly P13.5 billion."

We advise that the statements of Mr. Ramon S. Ang, President and Chief Operating Officer of the Company, relating to: (i) the on-going plans of the Company to acquire additional coal mines in the country and the region (i.e., Indonesia) and (ii) the participation of the Company in the bidding that will be conducted by the Government, thru the Department of Energy, under the Philippine Energy Contracting Round, respectively, as reported in the aforestated article, are accurate.

As previously disclosed to the Exchange, the Company intends to expand its investments in the power and energy in line with its diversification program.

Very truly yours,

FERDINAND K. CONSTANTINO
Corporate Information Officer