SAN MIGUEL CORPORATION

July 18, 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 July 18, 2011, with respect to the news article entitled: "SMC to expand interests in energy sector," posted in the Inquirer.net. on July 17, 2011. The article reported in part that:

> Conglomerate San Miguel Corp. has expressed interest in broadening its energy portfolio to include investments in the upstream oil exploration and natural gas industries.
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> "We are now studying and evaluating the available opportunities in the oil and natural gas sectors," said San Miguel President Ramon S. Ang on the sidelines of Petron's recent stockholders' meeting.
>
> Ang said that the Company was intent on participating in the Philippine Energy Contracting Round 4, under which contracts to explore and develop 15 oil and gas areas with good prospects will be auctioned by the Department of Energy.
>
> San Miguel, Ang said, was also interested in joining the bidding for the $1.3-billion, 100-kilometer Batangas-Manila natural gas pipeline, a crucial infrastructure intended to further develop the Philippines' natural gas industry.
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> ....."

We confirm that the statements of Mr. Ramon S. Ang, President and Chief Operating Officer of the Company, relating to the contemplated: (i) investments by the Company in oil exploration and natural gas industries and (ii) participation in oil and gas related projects that will be bidded out of the Government and the Department of Energy, inclusive of the construction of the Batangas-Manila natural gas pipeline, respectively, as reported in the aforequoted article, are accurate.

Very truly yours,

FERDINAND K. CONSTANTINO
Corporate Information Officer