



SAN MIGUEL CORPORATION

August 31, 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 August 31, 2011, with respect to the news article entitled "SMC May Spend US\$1.2 Billion To Upgrade Esso Malaysia Refinery," published in the August 21, 2011 issue of The Manila Bulletin. The article reported in part that:

"San Miguel Corp. (SMC), the Philippines' biggest listed company by sales, may spend as much as US\$1.2-billion upgrading Esso Malaysia Bhd.'s refinery and renovating its gasoline stations.

As much as \$1 billion may be invested in the refinery in Port Dickson, Malaysia that may include a petrochemical plant, San Miguel director Eric Recto said by e-mail yesterday. Renovating the gasoline stations will cost \$200 million, President Ramon Ang said in a mobile-phone text message."

We advise that the statements of Mr. Ramon S. Ang and Mr. Eric O. Recto, President and Chief Operating Officer and Director of the Company, respectively, relating to the contemplated upgrading of the operations of the Port Dickson oil refinery and gasoline stations in Malaysia at an estimated cost of up to approximately US\$1.2 billion, as reported in the aforementioned article are accurate. Such upgrading of the refinery and the gas stations was likewise incorporated in: (i) the disclosure submitted by Maybank Investment Bank to Bursa Malaysia Securities Berhad, dated August 17, 2011, under the heading "Rationale for the Proposed Acquisitions," and (ii) the initial disclosure of the Company dated August 17, 2011, previously submitted to the Exchange.

Very truly yours,


FERDINAND K. CONSTANTINO
Corporate Information Officer