



SAN MIGUEL CORPORATION

October 3, 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 October 3, 2011 with respect to the news article entitled "SMC ditches \$1B power project," posted in the Inquirer.net on October 2, 2011. The article reported in part that:

"Conglomerate San Miguel Corp. has permanently shelved plans to pursue the \$1-billion conversion of the 620-megawatt Limay combined cycle facility in Bataan, and is now preparing to sell the power asset to a group of investors.

San Miguel president Ramon S. Ang confirmed that the company would let go of the Limay power plant only two years of owning and operating the facility.

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Ang explained that because the cost of diesel fuel was too high, San Miguel decided to sell the Limay power facility.

However, he declined to identify the group of buyers.

According to sources, San Miguel is now preparing for the acquisition of other power plants over the next several years, which is why it now wants to sell the Bataan facility.

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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 sale of the 620-megawatt Limay combined cycle Plant, as reported in the aforementioned article, are accurate.

Very truly yours,


FERDINAND K. CONSTANTINO
Corporate Information Officer