



SAN MIGUEL CORPORATION

January 17, 2012

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 January 17, 2012 with respect to the news article entitled: "SMC, MPIC go head-to-head for MetroRail," posted in the Inquirer.net on January 16, 2012. The article reported in part that:

"Conglomerate San Miguel Corp. (SMC) has submitted a proposal to take over and expand the operations of the aging and congested Metro Rail Transit (MRT) on Epifanio de los Santos Avenue (EDSA).

The SMC offer was made after corporate rival Metro Pacific Investments Corp., led by Manuel V. Pangilinan, signified its own intention to secure the contract for the train line.

"The MPIC proposal is still on the table for review because SMC offered a similar proposal," a Department of Transportation and Communications (DoTC) official said Monday.

...

According to the DoTC source, San Miguel proposes to infuse fresh capital into MRT, also known as Line 3, and improve the train line's operations, at little to no cost to the government.

Also, SMC wants to tie in the MRT Line 3 to the conglomerate's existing project the \$1.6 billion, MRT-7 line – a railway system that will run from Quezon City to the province of Bulacan..."

We confirm the Company submitted a proposal to the Department of Transportation and Communication ("DOTC") for the expansion of the capacity of the operations of the Metro Rail Transit on Epifanio delos Santos Avenue (MRT 3 Project), as reported in the aforementioned article.

By way of clarification, we advise that in parallel with its discussions with the proponents of the Metro Rail Transit 7 Project (MRT 7 Project) in 2008, the Company contemporaneously commenced a review of MRT 3 Project as the MRT 7 Project was configured to share a common station in SM North EDSA with the MRT 3 Project. At such time, a shareholder group of the Metro Rail Transit Corporation, the franchise holder of the MRT 3 Project, invited the Company to invest in the MRT 3 Project and, simultaneously, the Company had discussions with the creditors of the MRT 3 Project.

In 2011, when the DOTC undertook the privatization of the MRT 3 O&M, the Company prequalified to participate in such bidding. When the MRT 3 O&M bidding was suspended, the Company then submitted its proposal for the MRT 3 Project. The submission of the proposal was a culmination of the Company's interest in MRT 3 Project dating back to 2008. Finally, the participation of the Company in the MRT 7 Project was the subject of the disclosures to the Exchange, dated April 6, 2010 and October 28, 2010, respectively.

Very truly yours,



FERDINAND K. CONSTANTINO
Corporate Information Officer

