SAN MIGUEL CORPORATION

September 20, 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:

Further to our disclosure on September 12, 2012 on the guidelines for the payment of the proceeds of the redemption of Series "1" Preferred Shares (the "Shares"), we confirm the advice conveyed to the Exchange, as follows.

1. In accordance with the Amended Articles of Incorporation of the Company, the Shares, when redeemed, may be re-issued by the Corporation and shall not be considered retired. Accordingly, the Shares shall be classified as treasury shares, which form part of the issued, but not outstanding, capital stock of the Company. To date, the Company has not taken any action relating to the re-issuance of the Shares. An appropriate disclosure shall be made in the event the Company, through its Board of Directors, initiates and adopts any action for such re-issuance.

2. As stated in the Notice of Redemption, the redemption proceeds of the Shares, including all accumulated unpaid cash dividends, shall be paid on October 5, 2012 to all the stockholders of record as of September 11, 2012 (the "Record Date"). Based on the records of the Company, the PCD Nominee Corporation appears as the stockholder of record of the Shares which are traded on the Exchange. Thus, the redemption proceeds of the Shares which are traded on the Exchange shall be paid to the PCD Nominee Corporation and, through the respective Philippine Depository & Trust Corp. participants, shall be distributed accordingly to the beneficial owners thereof by the relevant participants.

Very truly yours,

Mary Rose S. Tan
Assistant Corporate Secretary