



SAN MIGUEL CORPORATION

October 31, 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 reply to your request for clarification of the news article entitled "Solar says talks with SMC still ongoing" posted in the Manila Standard Today (*Internet Edition*) on October 31, 2012. The article reported in part that:

The top executive of Solar Entertainment Corp, said negotiations for a possible investment by San Miguel Corp. in the media company are ongoing.

"We're happy to hear that Mr. [Ramon] Ang is interested in investing into Solar. There were talks also before. Maybe we just need time to sit down because I know he's been very busy and so are we," Solar president Wilson Yu Tieng told reporters Monday night.

Tieng said the company would decide on the transaction, once they agreed on certain terms.

"There's already a meeting of minds, then probably we will decide. Probably we will sell part of our holdings. We don't know yet how much, but as I said we're still in negotiation," he added.

We confirm that the Company is in talks with Mr. Wilson Y. Tieng and Solar Entertainment Corp, as reported in the aforementioned article. An appropriate disclosure shall be made in the event a definitive agreement is concluded by the parties.

Very truly yours,


FERDINAND K. CONSTANTINO
Corporate Information Officer