**SAN MIGUEL CORPORATION**

October 22, 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 "SMC offers $5 billion for unnamed Asian firm," posted in the *philSTAR.com* on October 22, 2012.

> MANILA, Philippines – Southeast Asia's largest conglomerate San Miguel Corp. made a $5-billion bid for an unnamed company as part of its aggressive diversification into faster-growing industries such as energy, infrastructure and airlines.
>
> San Miguel president Ramon S. Ang refused to give details on the proposed transaction, which he said may be closed this year. "This is a big acquisition and has a big potential," he said.
>
> In previous interviews, Ang said San Miguel was looking to acquire an Asian firm with international operations.
>
> Aside from this, San Miguel is conducting due diligence on several regional airlines for possible acquisition in line with its goal to restore Philippine Airlines to its position as one of the region's top carriers.
>
> ..."

By way of clarification to the Exchange, we advise that the Company has been invited to participate and submit a bid for a possible investment in an "unnamed company," as reported in the aforementioned article, in line with the on-going diversification programs and initiatives implemented by the Company. Owing to the confidentiality obligations imposed on the Company (as well as the other invited participants) we are not in a position to disclose the salient features of the said investment opportunity. An appropriate disclosure shall be made in the event the contemplated investment is pursued by the Company.

Very truly yours,

**Virgilio S. Jacinto**
Corporate Secretary