



SAN MIGUEL CORPORATION

November 26, 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, Citra plan infra joint venture" posted in the Inquirer.net on November 24, 2012. The article reported in part that:

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CONGLOMERATE San Miguel Corp. and Jakarta-based Citra Group is building up a war chest worth \$1 billion for infrastructure projects in the Philippines and Indonesia, with the aim of becoming Southeast Asia's biggest toll road player.

At a briefing Friday, Citra Group chair Shadik Wahono said the company planned to form a joint venture with San Miguel that would eventually go public, either through an initial public offering (IPO) in the Philippines or through the issuance of toll road asset-backed securities called Business Trusts in Singapore.

The new holding firm, which has yet to be named, will handle both groups' extensive toll road assets in Indonesia and the Philippines.

"The consortium's balanced mix of revenue-producing mature assets and strong development projects gives bright prospects for its future," Wahono said. "Its focus on toll road infrastructure in the Philippines and Indonesia—with their large population base, strong economic growth and developing car cultures—positions the consortium to be a dynamic and significant force in infrastructure in Southeast Asia."

San Miguel and Padma Funds LP., a Cayman Islands-based private equity firm that owns the Citra Group, control Citra Metro Manila Tollways Corp. and South Luzon Tollways Corp. The two toll road firms hold the concessions for the Metro Manila Skyway and South Luzon Expressway (SLEX), respectively. Revenue of both toll roads is expected to reach \$266 million in 2012, up 12 percent year-on-year.

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San Miguel and Padma plan to put up a new holding firm for existing and future assets of both groups. The public listing would likely take place after the first quarter of 2013, Wahono said, adding that the company might sell \$200 million worth of new shares initially. A follow-on offering two or three years down the line of roughly the same amount might also be done.

He said the company had the option of raising \$700 million to \$1 billion in one move by tapping the Singapore market, which has more liquidity. He said with interest rates in the region at record lows, "any instrument that pays out 7-8 percent a year will make investors used to fixed-income assets very happy."

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We advise that the Company and the Citra Group are contemplating to organize a holding company which may be the corporate vehicle of the parties for their joint infrastructure and toll road projects in the Philippines and the Southeast Asia Region (the "Holding Company"). Subject to prevailing market conditions, the Holding Company may likewise conduct a public offering of shares at the appropriate time. Further disclosures shall be made to the Exchange in the event a definitive agreement is completed by the parties with respect with this particular project.

Very truly yours,



FERDINAND K. CONSTANTINO
Corporate Information Officer