



SAN MIGUEL CORPORATION

November 5, 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 "San Miguel debt complicates sale of Cojuangco sugar mill" posted in the Manila Standard Today (*Internet Edition*) on November 1, 2012. The article reported in part that:

Central Azucarera de Tarlac, the sugar refinery owned by the family of President Benigno "Noy" Aquino III, dismissed last week's item that it was in talks to sell the Tarlac mill to the First Pacific Group of Hong Kong, CAT corporate secretary Addison Castro told the Philippine Stock Exchange on October 25 that there was "no such negotiation, perceived or otherwise, between the First Pacific Group and Central Azucarera de Tarlac."

Separate sources from the camps of First Pacific and Cojuangco family, however, have confirmed the talks inspite of Castro's official denial. Complicating the negotiations is San Miguel Corp. president Ramon Ang, who has lately taken the reins of the conglomerate.

A source said San Miguel has become an indirect stakeholder in sister companies Hacienda Luisita Inc. and CAT, both owned by Noy's relatives. San Miguel, then controlled by chairman Eduardo "Danding" Cojuangco, lent money to cash-strapped Hacienda Luisita, The largest food and drinks company advanced over P1 billion to Hacienda Luisita Inc. as payment for future sugar purchases.

San Miguel advanced P300 million each to Hacienda Luisita in at least two transactions as payment for the sugar purchases, presumably to meet the requirements of the former's food, fruit juice and liquor businesses. San Miguel did not take delivery of the sugar purchases, preferring to bide its time and collect the produce at a later period."

By way of response to the Exchange relating to the aforementioned news article, we advise that the Company has no transactions with Hacienda Luisita, Inc. ("HLI"). Neither is the Company an indirect stakeholder of HLI and Central Azucarera de Tarlac.

Very truly yours,


FERDINAND K. CONSTANTINO
Corporate Information Officer