



SAN MIGUEL CORPORATION

December 4, 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 ready to start MRT 7 construction" posted in the philSTAR.com on December 4, 2012. The article reported in part that:

MANILA, Philippines - Diversified conglomerate San Miguel Corp. (SMC) is ready to start the construction of the \$2.2-billion Metro Rail Transit (MRT)-7 from San Jose del Monte in Bulacan to North Ave. in Quezon City after getting the green light from the government.

SMC president and chief operating officer Ramon S. Ang said in an interview with reporters that the company is finalizing talks with the Department of Finance (DOF) to pursue the ambitious mass transit system.

Ang said the DOF is just finalizing the conditions that would govern the revised contract.

"We are in talks. By now it (talks) should have been completed but I think there are some conditions the DOF wanted to be included in the revise contract," he said in Filipino.

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Ang said funds for the proposed MRT7 are ready through the Japan Bank for International Cooperation (JBIC). "The funding is already ready. The JBIC already approved it," he said.

According to him, the company is hopeful that talks with the finance department would be completed within the year. "We hope so. We will start immediately after the government approves it.

We confirm that the Company is finalizing with the Department of Finance ("DOF") the conditions that will be incorporated by the DOF in the concession agreement for the construction and operation of the Metro Rail Transit Phase 7 Project (the "Project"). We further advise that the funding for the Project will be secured through the participation of the Japan Bank for International Cooperation which is presently conducting a review of the same.

Very truly yours,



FERDINAND K. CONSTANTINO
Corporate Information Officer

