SAN MIGUEL CORPORATION

December 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 "SMC's $5-B goes to gas-sector target" posted in the BusinessMirror (Internet Edition) on December 4, 2012. The article reported in part that:

> SAN Miguel Corp. (SMC), the Philippine food and drink company expanding into energy and aviation, has picked a target in the gas industry for its planned $5-billion (P204-billion) acquisition, President Ramon Ang said on Tuesday, unveiling the area of investment for the first time.
>
> "It's in the energy sector—gas," Ang told reporters in Manila, saying that San Miguel is one of two remaining bidders. "If the investment is successful, every peso we put in can earn P10 to P20 in three years. These are the types of investments we're looking for."
>
> The acquisition underscores a push by San Miguel, the Philippines's largest company and brewer of the century-old namesake beer brand, to expand outside its main businesses in pursuit of higher sales.
>
> .....
>
> Natural-gas assets up for sale in Asia include a stake in the A$23-billion ($24-billion) project being developed in Australia by ConocoPhillips and Origin Energy Ltd. ConocoPhillips and Sydney-based Origin are working with JPMorgan Chase & Co. to sell 15 percent of their liquefied natural-gas development in the state of Queensland to help fund the venture, Origin said in August.
>
> .....
>
> San Miguel's purchases outside food and drinks will help lift sales to $20 billion this year—at least three years ahead of target—and are projected to reach $30 billion by 2017, Ang said on April 26.

We confirm that the statements of Mr. Ramon S. Ang, President and Chief Operating Officer of the Company, relating to the participation of the Company in the bidding for a possible investment in a company in the energy sector-natural gas, are accurate. Such participation, which is subject to confidentiality conditions, has been the subject of previous disclosures to the Exchange dated, October 22 and November 15, 2012, respectively.

Very truly yours,

FERDINAND K. CONSTANTINO
Corporate Information Officer