



SAN MIGUEL CORPORATION

March 5, 2013

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 biggest investor, power-and infra-builder now – and in the next five years," posted in The Manila Times.net on March 4, 2013. The article reported in part that:

San Miguel Corp. seeks to keep its position as the Philippines' largest conglomerate in revenues and diversity of businesses. It has uncorked a \$34.83-billion (P1.42-trillion) five-year investment plan that makes it the country's biggest investor between now and 2017.

SMC will invest an average of P283.52 billion a year over the next five years. That will make it the country's largest investor, the biggest power investor (\$6 billion or \$1.2 billion per year) and the biggest private builder of infrastructure—\$9.15 billion in five years or \$1.83 billion a year or the equivalent of half of the government's annual infra budget.

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A total of \$10 billion or 29 percent of the \$34.83 billion SMC capex will go to the re-fleeting of Philippine Airlines in which SMC has 49 percent stake (worth \$500 million) but has management control with SMC President Ramon Ang as PAL president.

Another \$9.15 billion will go to infrastructure, \$6.35 billion for a proposed new Manila International airport just 15 minutes to the Makati central business district and \$2.8 billion for mass transit rail, expressways and the Boracay airport modernization.

Ang hopes to recoup the \$6-billion airport investment by selling chunks of a 2,000-hectare aeropolis as a new central business district. The terminal will be capable of handling up to 100 million passengers a year, making it one of the Asia's largest, if not the largest.

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SMC will invest \$1.6 billion for the Metro Rail Transit (MET) Line 7, \$510 million for the Tarlac-Pangasinan-La Union Expressway (TPLex), \$580 million for the Skyway 3 to connect the South Luzon Expressway to the North Luzon Expressway, and \$110 million for the Boracay (Caticlan) airport.

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Over the next five years, SMC will invest \$8.92 billion in energy and power—\$2.92 billion to expand and modernize oil refining and marketing giant Petron Corp. to broaden the base of its petrochemical business, and \$6 billion to build 3,000 megawatts of greenfield power plants.

Amazingly, many of the projects will be finished in the first half of the five-year plan, in two to three years—two new power plants, the new airport, the Petron refinery expansion, toll roads and mining projects on or before 2016.

Two sites have been identified, Limay in Bataan and Davao del Sur for two new coal plants, each with 600 MW, using what Ang calls “clean coal” technology with “circulating fluidized bed boilers”. The Limay will be completed by 2016. SMC Global Power plans to finish a 300-MW Mindanao coal plant by late 2015.

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For his new airport, SMC eyes a “Korean partner” for the project. The NAIA 4 will have four runways, two of which will be operational in three years to decongest the present NAIA.

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We confirm that the contemplated five (5)-year investment plan of the Company in the businesses covered by its present portfolio (e.g., infrastructure, power, airlines and mining), for an estimated amount of approximately US \$35 Billion, as briefly explained by Mr. Ramon S. Ang, President and Chief Operating Officer of the Company, and reported in the aforementioned article is accurate. Such investment plan was the subject of a prior disclosure to the Exchange, dated February 4, 2013.

Very truly yours,



Virgilio S. Jacinto
Corporate Secretary