



SAN MIGUEL CORPORATION

May 23, 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 with respect to the news article entitled "MVP-Ang rivalry shifts to farming" posted in the Manila Standard Today (Internet Edition) on May 23, 2013. The article reported in part that:

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Conglomerates San Miguel Corp. and Hong Kong-based First Pacific Co. Ltd. are expected to shortly vie for vast hectares of land to jump-start their foray into commercial farming. The two groups have been separately announcing their respective plans to go into large-scale plantations to take advantage of the state's food security thrusts

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San Miguel and Kuok

The government, meanwhile, has recommended to San Miguel and partner Kuok Group of Malaysia 800,000 hectares of farmland in Luzon and Mindanao for a planned \$1-billion joint agriculture project. The farmlands are in Mountain Province, Zamboanga del Norte, Zamboanga Sibugay, Sarangani, Davao del Sur, Davao del Norte, South Cotabato, North Cotabato and Agusan del Norte.

San Miguel and Kuok, the world's largest listed palm oil trader, earlier signed an agreement to invest up to \$1,000 a hectare to plant coconut, oil palm, rice, corn and sugar. Leasing the land and converting it into commercial farms, as in the case of First Pacific, will remain a difficult task. San Miguel and Kuok unveiled their plan in 2008 and not much since then has been done.

There is no central agency that can speed up the identification of farming lands. The Environment Department, Armed Forces of the Philippines, National

Commission on Indigenous Peoples and National Power Corp. are all tasked to identify the large tracts of land suitable for commercial farming.

The government, so far, has initially identified nearly 19,000 hectares of logged-over areas in Davao del Norte as potential site for the proposed \$1-billion farm project of San Miguel and the Kuok Group. San Miguel and the Kuok have committed to provide financial and technical expertise in the development and cultivation of government land and guarantee to buy all food products.

San Miguel and Kuok are leaning toward an oil palm plantation, which will compete directly with First Pacific's Indofood. The Kuok Group owns Wilmar International, the world's largest listed palm oil trader.

We confirm that the Company continues to review and evaluate the viability of developing agricultural plantations in the potential sites recommended by the Government and its different agencies and departments, inclusive of the land areas referred to in the aforequoted article. Such development is in line with the food security program initiated by the Company and the Kuok Group with the end in view of enhancing countryside development.

Very truly yours,



FERDINAND K. CONSTANTINO
Corporate Information Officer