



SAN MIGUEL CORPORATION

June 14, 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, "San Miguel to expand Davao coal project" published in the June 14, 2013 issue of the Manila Standard today. The article reported in part that:

San Miguel Corp. plans to expand the capacity of its Davao coal project by an additional 900 megawatts, bringing total capacity to 1,200 MW by 2020, documents showed.

Energy Department records showed San Miguel through subsidiary San Miguel Consolidated Power Corp. planned a three-phase expansion for the Davao coal project.

The first phase involves the construction of two 150-MW units in Culaman, Malita, Davao del Sur. The first 150-MW project is due for completion by October 2015 while the second 150-MW is targeted for completion by March 2016.

Land acquisition for the first phase, estimated to cost \$630 million, was completed while supply contract negotiation with prospective buyers was ongoing.

The second phase involves another 300-MW project in the same area, which is expected to be completed by 2018.

The third phase involves two units of 300-MW capacity, which is due for completion by 2019 and 2020, respectively.

San Miguel president Ramon Ang earlier confirmed plans to construct the 300-MW coal plant, which would be fueled by the company's coal mines in Mindanao.

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We confirm that the statements of Mr. Ramon S. Ang, President and Chief Operating Officer of the Company, relating to the contemplated expansion of the production capacity of the power plant of San Miguel Consolidated Power Corp. in Davao del Sur up to 1,200 megawatts by 2020, as stated in the aforementioned news article, are accurate. Such expansion in capacity seeks to address the power requirements in the Mindanao region.

Very truly yours,



FERDINAND K. CONSTANTINO
Corporate Information Officer