



SAN MIGUEL CORPORATION

July 29, 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, K-Water negotiate JV for Angat" posted in the Manila Bulletin (*Internet Edition*) on July 29, 2013. The article reported in part that:

The energy unit of San Miguel Corporation (SMC) and Korea Water Resources Corporation (K-Water) reportedly kicked off serious discussions last week for a joint venture deal on the 218-megawatt privatized Angat hydropower facility.

"The parties, with their lawyers, finally sat down last week to discuss possible joint venture," a source privy to the matter has disclosed.

The JV parameters being fleshed out, according to the source, lead to SMC cornering 60-percent shareholdings in the special purpose company (SPC) to be set up when the facility's divestment is finally closed by K-Water with the Power Sector Assets and Liabilities Management Corporation.

K-Water will retain 40-percent equity, and that is hinged on its compliance with the Philippine Constitution's ownership restriction on entities involved in the exploitation and development of the country's natural resources.

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By way of response to the Exchange, we advise that the Company is in talks with Korea Water Resources Corporation for a possible joint venture arrangement with respect to the Angat hydropower facility. An appropriate disclosure shall be made to the Exchange in the event a definitive agreement is concluded by the parties.

Very truly yours,


FERDINAND K. CONSTANTINO
Corporate Information Officer