



SAN MIGUEL CORPORATION

July 17, 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 quote below the statement of the Company relating to the report of the International Monetary Fund which we will release to the press today.

"We would like to clarify that the conglomerate, which was the subject of the news article that referred to an IMF report dated April as the source, was not SMC. It is unfortunate that certain people have taken advantage of that information to fabricate and spread malicious stories and sow panic in the market to the detriment of our shareholders and the investing public, in general.

Mr. Ramon S. Ang affirms his optimistic outlook on the Company's prospects for further growth, considering the Company's strong revenues and consistent profitability that underpin its robust balance sheet.

As of the first quarter of this year, SMC's consolidated cash and cash equivalent stood at P152.3B while its gearing ratio, at 3.1x net debt to EBITDA, is lower than the 5.5x stipulated in its loan covenants.

Insofar as the IMF report is concerned, attention should be given to the following:

1. No specific conglomerate was mentioned in the report.
2. The report does not even remotely suggest that a specific conglomerate is on the verge of default; in fact, the report categorically stated that the "likelihood of a default happening is low."
3. The report was written as part of the regular Article IV consultations with sovereign members. IMF came out with such to outline possible scenarios and appropriate sovereign responses.

In view of this unjust assault on SMC's financial reputation, Management shall hold accountable, through all possible means, individual or individuals who directly or indirectly fueled these unwarranted speculations. The Company will continue to drive value for its shareholders and exhaust every means to protect their investments."

Very truly yours,



FERDINAND K. CONSTANTINO
Corporate Information Officer