SAN MIGUEL CORPORATION

August 16, 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, "Bidding for LRT 1 Ext derailed" posted in the philSTAR.com on August 16, 2013. The article reported in part that:

> MANILA, Philippines - The Aquino administration's biggest infrastructure project – the P60 billion extension of the Light Rail Transit line 1 (LRT1) all the way to Bacoor, Cavite – got derailed yesterday after a lone prequalified bidder submitted what was described as a non-compliant bid.
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> Jose Perpetuo Lotilla, undersecretary of the Department of Transportation and Communications (DOTC), told reporters yesterday that only one pre-qualified bidder submitted a technical proposal yesterday. The three others withdrew.
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> ...
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> He said three other groups that were prequalified last November –the MTD-Samsung Group, San Miguel Infrastructure Resources Inc., and DMCI Holdings Inc. – withdrew their participation.
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> Diversified conglomerate San Miguel Corp. through San Miguel Infra Resources Inc. leads the group composed of GS Engineering and Construction Corp. and POSCO Engineering and Construction Co Ltd.
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> In a statement, SMC president Ramon Ang said:
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> "After a thorough review of the proposed project, SMC Infra Resources Inc. has decided to withdraw from the bidding for the LRT line 1 extension.
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> "In as much as we previously expressed great interest, we have determined that the risk profile of the project, based on the existing terms, is such that it will not be economically viable to the company.
>
> "Nevertheless, we are committed to help government push for further growth and development for the country through strategic infrastructure projects that will significantly impact the lives of many Filipinos."
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> .....

By way of response to the Exchange, we confirm that the statements of Mr. Ramon S. Ang, President and Chief Operating Officer of the Company, relating to the underlying reasons for the withdrawal by the Company from the public bidding for the Light Rail Transit Line 1 Cavite Extension Project, as reported in the aforementioned article, are accurate.

Very truly yours,

FERDINAND K. CONSTANTINO
Corporate Information Officer