SAN MIGUEL CORPORATION

August 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, "SMC, K-Water forge Angat JV" posted in the Manila Bulletin (Internet Edition) on August 29, 2013. The article reported in part that:

> To prepare for the long-delayed closing of the $440.88 million Angat hydropower facility privatization deal, winning bidder Korea Water Resources Corporation (K-Water) has finally inked an agreement with San Miguel Corporation (SMC) last week to firm up their partnership.
>
> The tie-up pact, which was cemented via a memorandum of agreement (MOA) had been signed August 23, according to sources privy to the matter.
>
> Nevertheless, relevant parties disclosed that some "outstanding issues" are still being "continuously resolved," including the $26-million premium that San Miguel must pay and the formation of the joint venture vehicle for the Angat acquisition.
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> ....

We advise that the Company expects to conclude with Korea Water Resources Corporation ("K-Water") the definitive agreement for the acquisition, operation and maintenance of the 218 megawatt Angat Hydro Electric Project (the "Project") in time for the reported scheduled issuance by the Power Sector Assets and Liabilities Management Corporation of the Certificate of Effectivity for the Project in favor of K-Water. An appropriate disclosure shall be made by the Company upon the execution and conclusion by the parties of such definitive agreement.

Very truly yours,

FERDINAND K. CONSTANTINO
Corporate Information Officer