



SAN MIGUEL CORPORATION

September 5, 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 remits \$26-million premium fee for Angat deal" posted in the Manila Bulletin (*Internet Edition*) on September 5, 2013. The article reported in part that:

Diversifying conglomerate San Miguel Corporation (SMC) has finally remitted this week its purported US\$26-million premium fee to cement its tie-up with Korea Water Resources Corporation (K-Water) for the 218-megawatt Angat hydropower facility.

The payment was placed in an escrow account, according to sources privy to the matter, and it was done a day after the issuance of the certificate of effectivity (COE) for the privatized hydropower asset.

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By way of response to the Exchange, we advise that the Company and Korea Water Resources Corporation (K-Water) are jointly determining the extent of the consideration that will be paid by the Company for the equity investment of Powerone Ventures Energy, Inc., a subsidiary of the Company, in the joint venture corporation that will be organized and established by K-Water to undertake the acquisition, rehabilitation, operation and maintenance of the Angat Hydroelectric Power Facility awarded by PSALM to K-Water.

Very truly yours,


FERDINAND K. CONSTANTINO
Corporate Information Officer