SAN MIGUEL CORPORATION

September 12, 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:

This refers to directive of the Exchange relating to the news articles referred to below.

1. "San Miguel's power arm shelves IPO" posted in the BusinessWorld Online on September 11, 2013. The article reported in part that:

> CONGLOMERATE San Miguel Corp.'s power generation arm has shelved a planned initial public offer (IPO) and will instead raise $700 million from the debt market for expansion, senior company officials said yesterday.
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> SMC Global Power Holdings Corp., the country's biggest power producer, accounting for about a fifth of the Philippines' total supply, is seeking funding for two new power facilities with a combined generation capacity of 600 megawatts (MW).
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> "It's easier to raise money through borrowing," said Ferdinand K. Constantino, San, San Miguel's chief financial officer, in an interview at the conglomerate's headquarters.
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> Volatility in financial markets, with the local stock market nearly erasing this year's gain before recovering in recent days to climb about 7% this year has made it difficult for SMC Global to pursue its planned share sale.
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> San Miguel President Ramon S. Ang said the group was unlikely to go to the equity market for any fund raising for the rest of the year, adding a plan to sell more shares in San Miguel Pure Foods Co., Inc. was possible next year.
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2. "San Miguel plans to sell another 25% of Pure Foods" posted in the *Malaya Business Insight (Internet Edition)* on September 12, 2013. The article reported in part that:

> San Miguel Corp. is planning to sell up to a quarter of the outstanding shares of its food unit next year in a follow-on offer to raise funds for the group's expansion, company officials said on Wednesday.
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> San Miguel's President Ramon Ang Chief Financial Officer Ferdinand Constantino told Reuters that San Miguel Pure Foods Co. Inc. PF.PS was expected to end 2013 with double-digit revenue growth, up from 4 percent growth in the first half, boosted by the strength of the economy.
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> Higher revenues should help San Miguel to sell an additional 25 percent stake in Pure Foods at a premium to market prices, Constantino said. San Miguel raised around $150 million last year when it sold a 15 percent stake in the food unit for 240 pesos per share.
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> "It should be higher, much higher than that. If we do it next year, it could command a good price, "Constantino said, referring to the share price.
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By way of response to the Exchange, we advise that the statements of Messrs. Ramon S. Ang and Ferdinand K. Constantino, President and Chief Operating Officer and Chief Finance Officer of the Company, respectively, relating to: i) the deferment of the initial public offering of SMC Global Power Holdings Corp., owing to prevailing market conditions, and ii) the plan of the Company to implement a follow-on offering of up to 25% of the shares of San Miguel Pure Foods Company, Inc. ("San Miguel Purefoods") in 2014, at an expected premium due to the performance of San Miguel Purefoods, as reported in the aforementioned articles, are accurate.

Very truly yours,

FERDINAND K. CONSTANTINO
Corporate Information Officer