SAN MIGUEL CORPORATION

October 30, 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 power unit planning to go public in 2014" posted in Inquirer.net on October 29, 2013. The article reported in part that:

> SMC Global Power Holdings Corp., a wholly owned unit of San Miguel Corp. that will take over the management of debt-saddled Albay Electric Cooperative (Aleco), may offer shares to the public next year after identifying a "cornerstone investor," SMC president and COO Ramon S. Ang said Tuesday.
>
> At the signing of a concession agreement between SMC Global Power and Aleco, Ang said the SMC unit was up for an initial public offering at the Philippine Stock Exchange (PSE) in the "first quarter (of 2014) at the latest."
>
> "We will definitely go for listing on the PSE. We are considering the timing (and) talking with investors to gauge demand," Ang said.
>
> Ang said about 10 percent of SMC Global's shares might be offered to the public and 39 percent might be sold to a "cornerstone investor". The San Miguel group is in talk with "several foreign and local firms," he said, adding that the investor would likely be identified" within December."
>
> Ang said SMC Global was looking at raising at least $1 billion from these deals.
>
> .....
>
> The SMC unit will spend P250 million for Aleco's capital expenditure and P350 million for the separation pay of employees who will be affected by the management takeover.

By way of response to the Exchange, we advise that the statements of Mr. Ramon S. Ang, President and Chief Operating Officer of the Company, relating to the contemplated initial public offering and listing of the shares of stock of SMC Global Power Holdings Corp. in the first quarter of 2014, and the interest expressed by investors to participate in such offering, as reported in the aforementioned article, are accurate. The said offering was subject of previous disclosures to the Exchange and an appropriate disclosure shall be made upon implementation of the same in accordance with the requirements of the Securities and Exchange Commission and the Exchange.

Very truly yours,

FERDINAND K. CONSTANTINO
Corporate Information Officer