



SAN MIGUEL CORPORATION

February 3, 2014

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 write with respect to the request for clarification on the following news articles, as follows.

1. ***"SMC, Citra eye bond issue to bankroll P50-B road projects"*** posted in philSTAR.com on February 3, 2014. The article reported in part that:

"MANILA, Philippines - The tandem of Citra Group of Indonesia and diversified conglomerate San Miguel Corp. (SMC) is looking at several fund raising schemes to bankroll two road projects worth close to P50 billion.

Shadik Wahono, president of Citra Metro Manila Tollways Corp. (CMMTC), said in an interview with reporters that the company is considering issuing debt instruments such as bonds instead of undertaking an initial public offering (IPO).

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2. ***"SMC readies \$4-B cash pile for acquisitions"*** posted in Inquirer.net on February 2, 2014. The article reported in part that:

"San Miguel Corp. (SMC), the country's biggest corporation, is preparing a cash pile of at least \$4 billion that it plans to use to help fund more acquisitions in the future, especially in the field of energy.

In an interview, SMC president Ramon S. Ang said the amount represented the combined liquidity presently held by the conglomerate, including those of its various operating units.

'The problem of San Miguel is that we have about \$4 billion in cash and we have no use for it yet,' he said, explaining that the group's liquidity was boosted further by proceeds from the recent sale of its stake in Meralco to the Gokongwei group, which raised \$2.1 billion.

'So why don't we use this to pay down our debts? We don't want to because this amount is part of our reserves for any acquisition opportunities,' Ang pointed out.

On top of his list is an unspecified 'regional' energy firm with an estimated equity value of \$10 billion. The acquisition target is involved in on-again, off-again talks with the conglomerate for at least two years now, although Ang remains hopeful that the deal could be sealed eventually.

If successful, the energy firm will provide a big boost to San Miguel, whose revenues Ang wants to raise to at least \$50 billion—mainly through acquisitions—by the year 2020.

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Going forward, Ang said San Miguel planned to embark on more power generation projects to meet the expected demand from the country's growing economy and population. At least P3.2 billion would be allotted for power plants with a combined output of 2,100 megawatts, he said.

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3. **"SMC gets \$6.6-B offers for stakes"** posted in Manila Bulletin (Internet Edition) on January 30, 2014. The article reported in part that:

"Ramon Ang, the billionaire chief of San Miguel Corp., said he's received about \$6.6 billion of offers for stakes in its brewery and gin units that will be considered should it need cash for an energy acquisition.

Several bids of as much as \$6 billion were made for 51 percent of San Miguel Brewery Inc., while Ginebra San Miguel Inc. has fetched proposals of \$600 million, Ang said in an interview in Manila. The parent company is studying the purchase of an energy company with \$10 billion in sales, he said, declining to identify it.

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This quarter, San Miguel's electricity unit SMC Global Power Holdings Corp. will sell a 49 percent stake to raise at least \$1 billion in an initial share sale, he said. Three large investors have offered to buy part of that stake in SMC Global, which accounts for a quarter of the Philippines' generation capacity, he said.

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By way of response to the Exchange, we advise as follows.

1. Funding the Toll-way Projects

Together with the Citra Croup of Indonesia, the parties are evaluating the possibility of funding: (i) the extension of the South Luzon Expressway from Santo Tomas, Batangas to Lucena City and (ii) the Metro Skyway Stage 4 Project, through the issuance of bonds and other similar long-term debt instruments to interested investors.

2. Contemplated Acquisitions

We confirm the statements of Mr. Ramon S. Ang, President and Chief Operating Officer of the Company, relating to: (i) the use and disposition of the capital resources of the SMC Group for possible investments in the power and energy businesses and (ii) the offers received from parties who have expressed interests in San Miguel Brewery Inc. and Ginebra San Miguel Inc., as reported in the aforestated news articles, respectively, are accurate.

Very truly yours,



FERDINAND K. CONSTANTINO
Corporate Information Officer