



SAN MIGUEL CORPORATION

January 27, 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 reply with respect to the article entitled "Angat plant sale seen likely to be finalized by March 25" posted in BusinessMirror (Internet Edition) on January 26, 2014. The article reported in part that:

"THE Power Sector Assets and Liabilities Corp. (PSALM) expects the sale of the 218-megawatt (MW) Angat hydropower plant in Bulacan to K-Water Resources Corp. of South Korea to be finalized not later than March 25.

'We're targeting to close [the transaction], at the latest, [by] March 25 or earlier,' said PSALM President Emmanuel Ledesma Jr.

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K-Water is partnering with diversified conglomerate San Miguel Corp. (SMC) to undertake the administration, rehabilitation, operation and management of the Bulacan power plant. A special purpose company (SPC) will be formed for this purpose, which will be 60-percent owned by SMC and 40 percent by K-Water. SMC also has the option to take in another Filipino partner for the SPC.

SMC will 'take part in the management. Financially, they will control the SPC and K-Water will technically operate and maintain the Angat plant,' said K-Water Vice President for Overseas Business Division Byung Hoon Yune."

We advise that the Company, thru a special purpose company, shall participate in the administration, rehabilitation, operation and management of the Bulacan power plant with K-Water Resources Corp. (K-Water) as a joint venture partner, to the extent reported in the aforementioned news article.

Very truly yours,


FERDINAND K. CONSTANTINO
Corporate Information Officer