



SAN MIGUEL CORPORATION

June 13, 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 news article entitled "SMC disqualified from Cavite-Laguna toll road project" posted in Inquirer.net on June 13, 2014. The article reported in part that:

"MANILA, Philippines—The Department of Public Works and Highways has disqualified San Miguel Corp. in the bidding for a P35.4-billion tollroad deal south of Metro Manila due to a technicality and will proceed with the opening of financial offers of three other groups on Friday (June 13) despite a possible appeal to be filed by the diversified conglomerate.

The decision was separately confirmed by Public Works and Highways Secretary Rogelio Singson and SMC on Wednesday.

. . . .

At the center of the issue is a deficiency in SMC-backed Optimal Infrastructure Development Inc.'s offer showing that its bid security, a financial bond that protects the government, expires on Nov. 25 or short of the 180-day requirement by four days.

SMC said in a statement Thursday that it disagreed with the DPWH-BAC's decision 'in the strongest terms', adding that its issuing bank, Australia's ANZ, had already clarified the matter with the government.

'The decision to throw out the bid of our subsidiary Optimal Infrastructure Development Inc. is prejudicial, unfair, and disregards both legal and all common-sense considerations that should be given to projects of this scale and importance,' SMC said.

It also cited how its removal from the process 'severely limits government's options on how it can maximize benefits from this project'. SMC last year won the P15.5-billion NAIA Expressway Project PPP after offering to pay the government P11 billion for the right to build the toll road.

'We reject this decision and will explore all legal remedies available to us in order to ensure fair play and give the Filipino people the best possible deal for this vital infrastructure project,' SMC added in the statement.

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By way of response to the Exchange, we advise and confirm that the Company and Optimal Infrastructure Development Inc. ("Optimal") contemplate to initiate the appropriate actions and explore all legal remedies available to seek a reconsideration of the decision of the Bids and Awards Committee of the Department of Public Works and Highway disqualifying Optimal, due to technicalities, from participating in the bidding for the Cavite-Laguna Expressway Project.

Very truly yours,



Virgilio S. Jacinto
Corporate Secretary