



SAN MIGUEL CORPORATION

December 23, 2008

Philippine Stock Exchange
Disclosure Department
Listing and Disclosure Group
4thFloor, Philippine Stock Exchange Center
Exchange Road, Ortigas Center
Pasig City

Attention: **Atty. Pete M. Malabanan**
Head - Disclosure Department

Gentlemen:

We reply to your request for clarification of the news article entitled "San Miguel takes 10% direct stake in Petron," published in the December 23, 2008 issue of the Philippine Daily Inquirer. The article reported in part, that:

"... According to an official familiar with the transaction, San Miguel yesterday bought a 10.1 percent stake in Petron Corp. directly from SEA Refinery Corp., the local entity owned by Ashmore Group. The deal was confirmed by San Miguel Corp. vice chair and president Ramon S. Ang... Asked whether San Miguel is still interested in acquiring control of Petron, Ang replied through a mobile phone message, "yes... tomorrow (SMC will acquire) 51 percent."

SMC is in the final stages of its negotiations with Ashmore for an option to purchase up to 50.1% of the latter's stake in Petron Corporation. An appropriate disclosure shall be made as soon as an agreement has been reached.

Very truly yours,


FERDINAND K. CONSTANTINO
Corporate Information Officer