



SAN MIGUEL CORPORATION

November 26, 2008

Philippine Stock Exchange

Disclosure Department
Listing and Disclosure Group
4th Floor, 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 "SSS sells its Meralco shares," as posted in The Manila Times (internet Edition) on November 26, 2008:

"State-run Social Security System (SSS) is selling its shareholdings in Meralco to the country's largest food and beverage company, San Miguel Corp., as it eyes buying more shares owned by a government bank. Romulo Neri, SSS president and chief executive, told The Manila Times that the fund's board approved last week the sale of about 6 percent of its shares in the Lopez-owned (sic) Manila Electric Co. (Meralco) to San Miguel. "We agree to sell it to San Miguel," Neri added Tuesday. To date, the SSS chief said they are in negotiation with San Miguel, and hope to close the deal within this month... Neri said San Miguel should buy SSS shareholdings for at least P90 per share, or the same price paid to state-owned Government Insurance System (GSIS) in October for its stake in Meralco... Besides SSS, he added that another government-controlled financial corporation-the Land Bank of the Philippines (LandBank)-is selling its shares in Meralco also to San Miguel. LandBank owns 3.8 percent, or 42 million shares, of Meralco as of September 30, according to the utility's disclosure on September. "Yes, they are also selling," Neri said, referring to LandBank... The source added the talks for the Meralco shares may conclude next month, not within November as Neri mentioned..."

We advise that SMC is not in talks with the Social Security System and the Land Bank of the Philippines.

Very truly yours,


FERDINAND K. CONSTANTINO
Corporate Information Officer