



SAN MIGUEL CORPORATION

November 5, 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 refer to your request for additional information regarding the approval by the Board for SMC's management to enter into a sale and purchase agreement with Government Service Insurance System (GSIS) to acquire the latter's 27% interest in Manila Electric Company (Meralco), as disclosed by SMC on October 27, 2008.

We reply as follows:

1. The total consideration for the 300,963,189 shares of GSIS in Meralco is P27,086,687,010.00 or P90.00 per share, with a 20% downpayment to be paid 15 days from SPA date with the balance payable in three years.
2. The Company will use its internally generated funds to pay for the consideration.
3. SMC has engaged Fortman Cline Capital Markets as its financial adviser for the transaction.
4. Mr. Winston Garcia, GSIS President, sits in the SMC Board as an independent director.
5. In view of the confidentiality agreement between the parties, we regret that we cannot provide a copy of the agreement.

Very truly yours,


FERDINAND K. CONSTANTINO
Chief Information Officer