SAN MIGUEL CORPORATION

January 26, 2009

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 letter dated January 23, 2009 requesting disclosure of the terms and conditions for payment of the exercise price under the Option Agreement executed between San Miguel Corporation (the "Company") and Sea Refinery Holdings B.V. ("SEA BV").

Please be advised that under the Option Agreement, the Company may exercise its option to acquire up to 100% of the outstanding capital stock of SEA Refinery Corporation (the "Option Shares") by serving written notice (the "Call Option Notice") on SEA BV on any business day within the option period (i.e., from December 24, 2008 up to December 23, 2010). Completion of the acquisition shall take place 30 days after the date of issuance of the Call Option Notice and SMC shall on completion pay to SEA BV the exercise price for the Option Shares in such manner as SMC and SEA may agree upon.

With this response and our responses to the various prior requests for information and clarification of the Exchange, we deem that the Company has fully complied with the disclosure requirements of the Exchange, including Sections 1, 2 and 4.3 of the Revised Disclosure Rules, in relation to the Option Agreement.

Very truly yours,

FERDINAND K. CONSTANTINO
Corporate Information Officer