SAN MIGUEL CORPORATION

February 17, 2009

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 "SMC eyes controlling stake in Lopez telco" published in the February 17, 2009 issue of the Philippine Daily Inquirer. The article reported in part, that:

> "SAN MIGUEL CORP. IS IN TALKS WITH a major creditor of Lopez-led Bayan Telecommunications Inc. (Bayantel) to acquire about $150 million worth of debt paper that could give the beer-based conglomerate a controlling stake in the telecom firm. INQUIRER sources said San Miguel was in the final stages of negotiations with global asset management firm Avenue Asia Group to buy the convertible debt notes…"

Please be informed that the Company is not in discussions with Avenue Asia Group.

Very truly yours,

FERDINAND K. CONSTANTINO
Corporate Information Officer