SAN MIGUEL CORPORATION

July 29, 2009

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

Attention: **Ms. Janet A. Encarnacion**
Head - Disclosure Department

Gentlemen:

We reply with respect to the news article entitled "SMC to sell shares in units to fund purchases, keen on PNOC-EC," published today in the July 29, 2009 issue of the BusinessMirror Online Space, which reported in part, that:

> "…We have identified what assets to keep and the best way to raise funds to invest," said president Ramon Ang, who had $2.5 billion of cash at his disposal as of March. Seling stakes in units including San Miguel Pure Foods Co. will add to more than $5 billion… Talks with overseas investors on the sale of up to 49 percent of San Miguel Pure Foods may be completed within three months, Ang said…. Our strategy for our existing businesses is to keep 51 percent and sell 49 percent of everything and use the money for our new engines of growth," Ang said. Revenue contribution from food and beverages may decline to 10 percent within five years, Ang said, from last year's 91 percent… Meanwhile, SMC said it is also "interested" in Philippine National Oil Co.-Exploration Corp.'s (PNOC-OC) coal projects… SMC also proposes to build a $1-billion dam east of Manila. Ang said a hydroelectric plant to be built with the dam will have an annual operating profit of $500 million."

We confirm that the Company plans to sell up to 49% of San Miguel Pure Foods Company, Inc., consistent with the Company's strategy to keep 51% of its core businesses, as previously approved by its stockholders. The Company is also interested in the Philippine National Oil Co.-Exploration Corporation and has submitted a proposal to build a $1 Billion dam east of Manila. As to the operating profit of $500 million in the hydroelectric plant (a component of the dam), the same is based on estimates and projections of the Company.

Very truly yours,

FERDINAND K. CONSTANTINO
Corporate Information Officer