



SAN MIGUEL CORPORATION

July 23, 2009

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

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

Gentlemen:

Enclosed is a copy of our press statement entitled "**San Miguel bucks economic downtrend, continues to diversify to spur economic growth,**" which we will release to the press today.

Very truly yours,


FERDINAND K. CONSTANTINO
Corporate Information Officer



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NEWS RELEASE

San Miguel bucks economic downtrend, continues to diversify to spur economic growth

Bucking the global economic downtrend and posting positive results for 2008, conglomerate San Miguel Corporation (SMC) yesterday emphasized that its aggressive diversification program is a way to secure future growth for the company and spur economic growth and development in the Philippines.

The company, which reported P19.3 billion in consolidated net income for 2008, 124% higher than in 2007, is currently undertaking a massive diversification into important industries such as power generation, oil refining, telecoms, water distribution, tollways, and infrastructure.

In his address to stockholders at the company's annual meeting yesterday, SMC Chairman and Chief Executive Officer Eduardo M. Cojuangco Jr., said:

“Beyond seeking profit, we want to be in industries that serve as the backbone of our country's development, and impact the lives of Filipinos in a meaningful way. We have complete confidence in our country's potential.”

San Miguel recently invested in Manila Electric Co. (Meralco), the country's largest power distributor. It has also signed an option agreement to acquire UK-based Ashmore Group's 100% stake in Sea Refinery Corp., which holds 50.1% of the Philippines' largest oil refiner, Petron.

The company has also acquired 32.7% of Liberty Telecommunications Holdings, Inc. In February 2009, it submitted an unsolicited proposal for the government's Laiban Dam project.

More recently, San Miguel announced that it had entered into a non-binding agreement to acquire a significant stake in Private Infrastructure Development Corp. (PIDC), the consortium behind the 88.57-kilometer Tarlac-Pangasinan-La Union Toll Expressway project.

“We have moved beyond consumer products and services, and are working towards programs that make a real difference in people’s lives. We are proud to be part of a San Miguel that keeps as many people as possible working, earning and contributing to the economy,” he said.

“We hope to see in a few years, more efficient and affordable electricity services, more accessible and affordable fuel, the creation of thousands of new jobs, and a sustainable supply of potable water for millions of residents in the National Capital Region.”

Cojuangco also pointed out that despite the world’s deepening economic woes, San Miguel was able to attract foreign investors from Japan, Southeast Asia, the United States, and the Middle East for its projects.

The chief executive, however, acknowledged lingering scepticism from some quarters for the company’s strategy, first articulated in 2007.

“Some of these doubts still linger, but let me assure you that the San Miguel we have built has the resources and preparedness to run these new ventures as efficiently as we do our traditional businesses. While the global financial meltdown has sent many companies into full retreat, our company is powering ahead, investing heavily in a strategy to reaccelerate growth,” he said.

Minus non-recurring gains on the sale of investments, SMC reported strong net income results, totaling P7.22 billion, 4% higher than in the previous year. Its consolidated sales revenue rose 14% to P168 billion and operating income was up by 26% to P14.8 billion.

“As shareholders ourselves, we understand that dividends and earnings from our investments are tied very much to the company’s annual gains. These new ventures will add more value to our investments—complementing the contributions of our traditional businesses,” he assured stockholders.

San Miguel stockholders, meanwhile, voted in favor of an Exchange Offer to convert 1.104 billion common shares to series 1 preferred shares. Cojuangco explained that while they are optimistic about SMC’s the long-term value, this alternative would be for “more conservative” investors who may have a different risk profile.

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For media inquiries, please call:

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