SAN MIGUEL CORPORATION

November 4, 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 wavers on option to buy Petron," posted in the November 4, 2009 issue of the Philippine Daily Inquirer (Internet Edition). The article reported in part that:

> "MANILA, Philippines-San Miguel Corp. may abandon its plan to acquire a majority stake in Petron Corp. due to the ballooning losses at the oil refiner and distributor caused by the Palace-imposed price freeze on petroleum products. In an interview with the inquirer, San Miguel president and chief operating officer Ramon S. Ang said that he would reconsider exercising the option to buy a 50.1-percent stake in the listed firm due to the altered regulatory regime…"

We confirm that the Company is evaluating the viability of exercising the option to acquire a 50.1 percent stake in Petron Corporation in the light of the restrictions imposed on petroleum firms by Executive Order No. 839.

Very truly yours,

FERDINAND K. CONSTANTINO
Corporate Information Officer