SAN MIGUEL CORPORATION

March 4, 2010

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:

With respect to the following news articles posted on March 4, 2010:

1. "SMC bags $1.5-B railway project linking QC to Bulacan" in the Inquirer.net, which reported in part that:

> "MANILA, Philippines-Diversifying conglomerate San Miguel Corp. will take control of the $1.5-B Metro Rail Transit-Line 7 project by acquiring a majority stake in the firm that won the mandate for the deal, the Inquirer learned Wednesday. According to a source familiar with the transaction, the publicly listed firm was in the "advanced stages of negotiation" to take control of Universal MRT Corp., which is the consortium tasked to build the MRT 7 project

We reply as follows:

We confirm that the Company has been offered a majority stake in the Metro Rail Transit – Line 7 project (MRT 7 Project). The Company is negotiating with the members of the consortium of the MRT 7 Project the terms and conditions for the acquisition of such majority stake and has commenced due diligence work on the MRT 7 Project.

2. "Ausphil buy-in boosts SMC diversification" in the BusinessMirror Online Space, which reported in part that:

> "SAN Miguel Corp., may finalized by March 20 an investment agreement with local infrastructure company Ausphil Tollways Corp., allowing it to simultaneously hit its diversification goals into water supply, power generation and toll roads. San Miguel president Ramon Ang, in a text message, confirmed on Wednesday that the conglomerate had acquired a 51-percent stake in Ausphil. In an interview, Ausphil chairman and chief executive officer Ricardo Penson said the company had already agreed to a term offer with San Miguel for the majority-stake acquisition. The current deal also carries a two-year option for San Miguel to buy

another 16 percent of Ausphil, allowing the food and drinks giant to secure at least 67-percent ownership upon signing. "The final docs should be finalized by March 20, as the terms sheet is already mutually agreed to," Penson told the BusinessMirror in a phone interview on Wednesday. He said the initial buy in is worth "over a billion pesos" though he declined to be more specific."

We reply as follows:

As previously disclosed, we confirm that the Company is in talks with the stockholders of Ausphil Tollways Corporation ("Ausphil") with respect to the offer presented to the Company to acquire up to sixty seven percent (67%) equity interest in Ausphil. The terms and conditions of such contemplated acquisition are the subject of the final phase negotiations between the parties.

Finally, appropriate disclosures relating to the MRT Project and Ausphil shall be made by the Company upon the conclusion of the relevant definitive agreements with the parties referred to above (e.g., consortium members of the MRT 7 Project and stockholders of Ausphil).

Very truly yours,

FERDINAND K. CONSTANTINO
Corporate Information Officer