



SAN MIGUEL CORPORATION

January 7, 2011

The Philippine Stock Exchange, Inc.
Disclosure Department
3rd Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

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

Subject: **Purchase by Vega Telecom, Inc. of A.G.N. Philippines, Inc.**

Gentlemen:

By way of response to the Letter-Request of the Exchange, dated January 6, 2011, relating to the above-captioned subject, we advise as follows.

The Company, through Vega Telecom, Inc. ("Vega"), acquired one hundred percent (100%) of the outstanding and issued shares of stock of AGN Philippines, Inc. comprising of one hundred thousand (100,000) common shares with a par value of One Hundred Pesos (P100.00) per share (the "Sale Shares"). The Sale Shares were registered in the name of ISM Communications Corporation and the consideration for the Sale Shares was based on the enterprise value of Eastern Telecommunications Philippines, Inc. ("ETPI"), inclusive of the existing businesses, investments and telecommunications service facilities of ETPI.

The Share Purchase Agreement, dated December 30, 2010, executed by Vega (the "Agreement") contained confidentiality provisions. In this regard, Vega is not in a position to disclose the consideration for the Sale Shares and the terms of payment of such consideration. We further advise that the said consideration does not constitute a material transaction considering the same is less than ten percent (10%) of the total book value of the Company. We are constrained to maintain utmost confidentiality with regard to the details of the transaction due to the fact that the venture of the Company in the telecommunications business is at its inception and any disclosure of information may materially impact the business strategies of Vega, considering the size of the current players in the telecommunications business.

Very truly yours,


FERDINAND K. CONSTANTINO
Corporate Information Officer