SAN MIGUEL CORPORATION

March 14, 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

Gentlemen:

Enclosed is a copy of our press statement entitled **"New and core businesses power SMC's strong 2010 performance,"** which we will release to the press today.

Thank you.

Very truly yours,

FERDINAND K. CONSTANTINO
Corporate Information Officer

SAN MIGUEL CORPORATION

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NEWS RELEASE

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New and core businesses power SMC's strong 2010 performance

In a year that saw its core businesses running alongside its new businesses, diversifying conglomerate San Miguel Corporation reported strong 2010 figures on the back of improved volumes in its food, beverage and packaging businesses and robust revenues from its power generation subsidiaries.

SMC's consolidated sales revenue reached P246.1 billion, 41 % higher than in 2009. Apart from the strong showing of its core businesses, additional revenues totalling P 45.7 billion from its power generation business shored up SMC's performance, resulting in consolidated operating income of P34.8 billion, 77% higher than last year. Net income reached P20.1 billion. Without non-recurring items, net income was 101% higher than in 2009.

SMC's consolidated recurring EBITDA was P52.5 billion, 75% above last year's levels.

"Our traditional businesses have held their own. Each of our businesses stepped up to the plate and did what was expected of them," said SMC Chairman and Chief Executive Officer Eduardo M. Cojuangco Jr.

"We are still in the very early stages of our diversification strategy, but our energy business is pulling its share of the weight. In a year or so, energy could be a major contributor to SMC," Cojuangco said.

Beer

Driven by robust fourth quarter sales, San Miguel Brewery Inc.'s domestic total year beer volume reached 184 million cases, 5% better compared to 2009. Revenues were 9% higher at 55.8 billion while operating income grew 17% to P18.8 billion on account of higher volumes and favorable raw material prices.

Volumes for San Miguel Brewing International, Ltd. reached 37 million cases, lower than last year due to difficult market conditions in its largest overseas beer market, China. SMBIL finished the year with consolidated sales revenue of US$ 270 million.

Liquor
Ginebra San Miguel Inc. continued to do well in 2010 with domestic liquor volumes reaching 39 million cases, 7% higher than the previous year. Sales revenues improved 16% to P22.7 billion. With higher revenue and stable costs, operating income stood at P1.5 billion, 40% over 2009 levels.

Food
Consolidated food revenues amounted to P80.4 billion, 4% higher than in 2009. Favorable raw material prices in poultry, basic meats, flour, and dairy, helped bring consolidated operating income to P5.91 billion, a 30% improvement.

Packaging
San Miguel Yamamura Packaging Group meanwhile ended 2010 with consolidated revenues of P23.4 billion, 19% higher than the previous year, on the back of improved volumes and contributions from Cospak, its Australian packaging firm. Consolidated operating income amounted to P2 billion, up by 26%.

Power
SMC's four power plants, namely the Limay combined-cycle power plant, the Ilijan natural gas-fired power plant, Sual coal-fired plant, and the San Roque hydroelectric power plant generated an estimated 11.1 million megawatt hours in 2010. As a result, 2010 revenue and operating income amounted to P66.1 billion and 16.2 billion, respectively.

The power companies, now under the holding firm SMC Global Power Holdings, were consolidated into San Miguel's books during the third quarter of 2010. SMC Global Power is now the largest power producer in Luzon in terms of installed capacity, accounting for over 29.2% of the Luzon grid and 21.7% on the national grid.

Long-term prospects
The firm said that its long-term prospects continue to be positive particularly as Petron Corp. will be fully consolidated in 2011. Earnings from the country's top oil refiner are expected to considerably boost SMC's performance for the year.

Its infrastructure projects, namely the Caticlan Airport, the Tarlac-Pangasinan-La Union Expressway, and the MRT-7 Railway, are in various stages of development and are seen as major contributors in the future. SMC also has interests in three mines in South Cotabato.

"Our portfolio is obviously more diversified, but the priorities are the same. We're focused on growth; growing our business as best we can," Cojuangco added. ##

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