SAN MIGUEL CORPORATION

May 16, 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:

We refer to your letter dated May 16, 2011 with respect to the news article entitled: "SMC to sell up to 49% stake in most units," published in the May 16, 2011 issue of The Daily Tribune. The article reported in part that:

> "Asian conglomerate San Miguel Corp. (SMC) is set to sell up to 49 percent of its subsidiaries, traditional and non-traditional businesses, to raise funds for further diversification.
>
> SMC president and COO Ramon Ang said the priority is to sell 49% of common shares of the traditional and non-traditional business and keep all companies at 51 percent SMC ownership. "An immediate move is to sell at least 10 percent to comply with a Philippine Stock Exchange (PSE) requirement by November," he said.
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> He added if SMC sells as much as 49 percent stake in its various companies, it will be given more opportunity to use the proceeds for good investments.
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> ...
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> Ang added Ginebra San Miguel Inc (GSMI) will be sold to San Miguel Brewery Inc. to pave the way for the consolidation of the two units."

We advise that the statements of Mr. Ramon S. Ang, President and Chief Operating Officer of the Company, relating to the possible sale of up to forty-nine percent (49%) of the equity interests of the Company in traditional and non-traditional businesses, by way of compliance with the public ownership requirement of the Securities and Exchange Commission and the Exchange, and the use of the proceeds of such sale for viable investments, as reflected in the aforestated article, are accurate. Such statements are likewise in accordance with the approval of the stockholders of the Company last May 31, 2010 which has been previously disclosed to the Exchange.

We further advise that, as previously disclosed to the Exchange on May 14, 2010, the proposed sale of Ginebra San Miguel Inc. to San Miguel Brewery Inc. is still in the evaluation stage. An appropriate disclosure shall be made in the event the Company proceeds to implement the transfer referred to herein.

Very truly yours,

FERDINAND K. CONSTANTINO
Corporate Information Officer