



SAN MIGUEL CORPORATION

June 1, 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 June 1, 2011 with respect to the news articles entitled, respectively, as follows:

1. "SMC set to sell 49% stake in power-generation units" posted in the Inquirer.net on June 1, 2011. The article reported in part that:

"Conglomerate San Miguel Corp. plans to sell as much as 49 percent of its stake in power-generation assets, according to President Ramon S. Ang.

On the sidelines of the Manila Electric Co. (Meralco) annual stockholders' meeting on Tuesday, Ang told reporters that San Miguel wanted to retain only 51 percent or a controlling interest in these assets.

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When asked how the conglomerate will conduct the divestment, Ang said SMC may either sell interests in San Miguel Energy Corp. (SMEC), the company's energy investment arm, or sell on a per-asset basis, "whichever may be easier."

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Another option under consideration is for SMEC to pursue an initial public offering (IPO) so that San Miguel will eventually be left with 51 percent.

All proceeds from the planned offering would then be used to fund the activities and work programs of the company's energy subsidiary, he earlier explained.

We confirm that the Company is evaluating the options that may be exercised and implemented to sell up to 49% of its stake in power-generation assets. As previously disclosed to the Exchange, such sale may likewise be made through a public offering of the shares of the corporations holding such assets.

2. "SMC airs interest in controlling telco firm" posted in the BusinessWorld Online on May 31, 2011. The article reported in part that:

"SAN MIGUEL Corp. (SMC) yesterday expressed interest in raising its stake in Eastern Telecommunications Philippines, Inc. by acquiring the 37.7% share held by an Ongpin-led company.

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"We're still studying it....[but] yes, we're interested," San Miguel President Ramon S. Ang told reporters after the annual stockholders' meeting of Manila Electric Co.

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Mr. Ang said the purchase of ISM Communications' remaining stake will "most likely" be done through Vega Telecom.

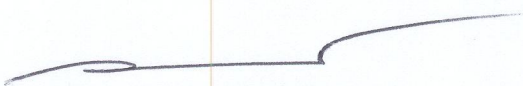
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When asked if he plans to consolidate Eastern Telecommunication with his other telecom unit, Liberty Telecoms Holdings, Inc. Mr. Ang merely said no.

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We advise that the statements of Mr. Ramon S. Ang, President and Chief Operating Officer of the Company, relating to the contemplated acquisition of an additional equity stake in Eastern Telecommunications Philippines, Inc, as reported in the aforementioned article, are accurate. An appropriate disclosure shall be made in the event such acquisition is pursued and consummated.

Very truly yours,



FERDINAND K. CONSTANTINO
Corporate Information Officer