



SAN MIGUEL CORPORATION

January 13, 2009

Philippine Stock Exchange
Disclosure Department
Listing and Disclosure Group
4th Floor, Philippine Stock Exchange Center
Exchange Road, Ortigas Center
Pasig City

Attention: **Atty. Pete M. Malabanan**
Head - Disclosure Department

Gentlemen:

We refer to your letter dated January 12, 2009 regarding San Miguel Corporation's ("SMC") reply to your request for additional information dated January 7, 2009 in connection with the Option Agreement entered into between SMC and SEA Refinery Holdings B.V. (SEA BV) to acquire and purchase from SEA BV up to 100% of its interest in Sea Refinery Corporation ("SRC").

As previously disclosed, SMC has entered into an Option Agreement dated December 24, 2008 (the "Option Agreement") with SEA Refinery Holdings B.V. ("SEA BV"). Under the terms of the Option Agreement, SMC has the option (but not the obligation) to acquire and purchase from SEA BV up to 100% of SEA Refinery Corporation (the "Option"). Considering that it is an Option which may or may not be exercised, we respectfully submit that the tender offer rules do not yet apply at this point in time.

On the request for a copy of the agreement, we reiterate that the parties are bound by the confidentiality agreement. The right of private parties not to disclose agreements between or among them is protected by the constitutional rights of liberty, property and privacy. They continue to be private agreements and the documents evidencing the agreements continue to be private documents, not subject to examination or reproduction by the public.

Moreover, SEA BV has no relationship or disclosure obligation to the PSE. Should SMC be compelled to provide the PSE with a copy of the agreement, it will be violating its contractual agreement with SEA BV. A directive

from the PSE compelling SMC to provide a copy of the Option Agreement is not an order from a government agency or office and thus would not constitute a legal justification for the violation of SMC's confidentiality agreement with SEA BV. The Disclosure Rules of the PSE provide that the rule on disclosure of material information does not apply if the disclosure of information would be in contravention of any existing laws of the land. Compelling the disclosure of a private agreement, which would cause a party to breach its contractual obligations with a counterparty, is contrary to law. Article 1314 of the Civil Code provides that "Any third person who induces another to violate his contract shall be liable for damages to the other contracting party."

On the tender offer plans, rest assured that SMC will comply with all applicable laws, rules and regulations.

Very truly yours,



FERDINAND K. CONSTANTINO
Corporate Information Officer