SAN MIGUEL CORPORATION

November 20, 2008

**Philippine Stock Exchange**
Disclosure Department
Listing and Disclosure Group
4thFloor, Philippine Stock Exchange Center
Exchange Road, Ortigas Center
Pasig City

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

Gentlemen:

We reply to your request for clarification of the news article entitled "Court orders SMC to pay ABI," published in the November 20, 2008 issue of The Manila Times (Internet Edition). The articled reported in part that:

> ."... In a 47-page decision dated November 18, 2008, San Miguel was found guilty of unfair trade acts for hoarding and removing from circulation over a million bottles and thousands of its competitor's plastic crates. The decision, signed by Judge Alice Gutierrez of the Marikina Regional Trial Court (formerly of Pasig City) Branch 263, ordered San Miguel to pay Asia Brewery P130 million in damages..."

We confirm the court ruling on the damage suit filed by Asia Brewery Inc. against SMC in 1997. SMC will pursue all legal remedies available including an appeal. SMC believes that it has sufficiently established before Marikina RTC that the subject bottles, among others, were covered by a legitimate bottle swapping agreement between SMC and ABI. The Company already presented evidence that ABI violated the swapping agreement by refusing to retrieve its bottles and to return SMC's bottles with the intention to set SMC up with the filing of a baseless suit.

We trust that in the end the Company will be vindicated by the merit of its case.

Very truly yours,

**FERDINAND K. CONSTANTINO**
Corporate Information Officer