



SAN MIGUEL CORPORATION

February 4, 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 February 3, 2009 requiring us to explain in writing why the Exchange should not impose the appropriate penalties for failure to disclose the signing on October 27, 2008 of the Sale and Purchase Agreement with the Government Service Insurance System (GSIS) relating to the sale of GSIS' 27% interest in Manila Electric Company.

On October 27, 2008, the Company promptly disclosed that its Board has authorized the Company to enter into a Sale and Purchase Agreement (SPA) with GSIS as well as the acquisition price and the terms of payment. While the disclosure did not mention the signing date, the disclosure contains the material details of the transaction that the public should be aware of. We respectfully submit that with this disclosure, the Company has complied with Sections 4.1 and 4.4(e) of the Revised Disclosure Rules. The public has been timely apprised of the material investment by the Company. We also note that in the Company's disclosure of November 5, 2008, we confirmed the execution of the agreement when we provided you with additional details of the transaction.

Very truly yours,


FERDINAND K. CONSTANTINO
Corporate Information Officer