



SAN MIGUEL CORPORATION

September 1, 2009

Philippine Stock Exchange, Inc.
Disclosure Department
4th Floor, Philippine Stock Exchange Center
PSE Center, Exchange Road
Ortigas Center, Pasig City

Attention: **Ms. Janet A. Encarnacion**
Head – Disclosure Department

Gentlemen:

We refer to your letter dated August 28, 2009 requesting the Company:

- a) to provide additional information on the Subscription Agreement entered into by SMC's subsidiary, Rapid Thoroughfares, Inc. ("RTI"), for a 35% stake in Private Infra Dev Corporation ("PIDC") and
- b) to confirm, deny and/or clarify the attached news article published in the August 28, 2009 issue of the Philippine Star (internet Edition) which reported in part that:

“... SMC didn't say how much it was investing in PIDC but sources said the country's largest private employer could shell out between P1 billion and P1.5 billion for the project... San Miguel was eyeing a 49 percent stake in PIDC with option to increase its holdings to 51 percent... “

We reply as follows:

- A. Additional Information on the Subscription Agreement
 1. Terms and Conditions of the Agreement
 - a. The number of shares to be subscribed by RTI is 1,575,000 common shares with a par value of P1,000 per share. The subscription price for such shares will be at par value and for the total amount of One Billion Five Hundred Seventy Five Million Pesos (P1, 575,000,000.00).

- b. RTI will pay a portion of the subscription price amounting to Five Hundred Sixty Million Eight Hundred Fifty One Thousand (P560,851,000.00) on closing. The balance of the subscription price will be paid pursuant to the capital calls of PIDC on such dates and amounts as may be determined by PIDC Board.
 - 2. Completion of the transaction is subject to the satisfaction of conditions precedent, including the approval of the Republic of the Philippines on the change in ownership of the common shares in PIDC.
- B. Philippine Star Article Internet Edition

As stated above, the subscription price to be paid by SMC, through RTI, for the 35% equity in PIDC is P1.575 Billion Pesos. SMC has the continuing option to increase its stake in PIDC to 51%.

Very truly yours,



FERDINAND K. CONSTANTINO
Corporate Information Officer