



**SAN MIGUEL BREWERY**  
A Subsidiary of San Miguel Corporation

January 29, 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 28, 2009, requesting for additional information regarding San Miguel Brewery Inc.'s ("SMB") disclosure on January 27, 2009.

We reply as follows:

1. As a strategic initiative to secure the company's main competitive advantage, SMB needs full control over its brands. SMB will become brandowner and would be able to maximize the use of existing brands and, at the same time, develop its own brands that would cater to varied consumer needs. In the foreseeable future, Brand ownership would ensure that margins can be maintained and improved over the long-term as SMB would no longer pay royalties to SMC. As to land acquisition, SMB is purchasing the lands where major investments are located. Aside from increasing SMB's asset base, such acquisition would also allow the Company to efficiently expand facilities, increase plant capacities, and improve distribution capabilities to address growing sales volumes.
2. The acquisition will be financed through borrowings.
3. SMB engaged a financial advisor, UBS, to perform a valuation study and analysis on the domestic beer brands. The consideration for the lands will be based on appraised value.
4. The transactions are expected to be completed by April 2009.

We shall provide you a copy of the Secretary's Certificate on the approval of the transactions as soon as the minutes have been reviewed and approved by the members of the board of directors.

Very truly yours,

  
**FERDINAND K. CONSTANTINO**  
Corporate Information Officer