



SAN MIGUEL CORPORATION

October 27, 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:

At a special meeting convened this afternoon, San Miguel Corporation's Board of Directors gave SMC management approval to enter into a sale and purchase agreement with the Government Service Insurance System (GSIS) to acquire the government agency's 27% stake in Meralco at the price of 90.00 per share, the total amount to be payable in three years.

The Board of Directors also authorized SMC to initiate talks with the Ashmore Group for a possible stake in Petron Corporation, and with Indonesia's PT Bakrie and Brothers, for an alliance for its PT Bumi Resources operations.

PT Bumi Resources Tbk is an Indonesian-based natural resource company engaged in mining, oil, gas and energy-related activities. The company, through various subsidiaries, owns the world's largest export coal mine with operations in East and South Kalimantan with 11 billion tons of coal mineable reserves; about 55 million tons in average sales volumes in the last three years; and, a steady cash flow generation.

The Board's approval is line with San Miguel's previously announced growth plans to participate in high-growth industries like mining, power, infrastructure, water, other utilities and property. In 2007, the company gained stockholder approval to be able to enter these industries.

Very truly yours,


FERDINAND K. CONSTANTINO
Corporate Information Officer