



SAN MIGUEL CORPORATION

July 31, 2014

The Philippine Stock Exchange, Inc.
Disclosure Department
3rd Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

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

Gentlemen:

We reply with respect to the news article entitled "Ang expects completion of PAL buyout in 3rd qtr" posted in philSTAR.com on July 31, 2014. The article reported in part that:

"MANILA, Philippines - Diversified conglomerate San Miguel Corp. (SMC) is hopeful that their bid to buy out the Tan group in Philippine Airlines Inc. (PAL) would be completed within the third quarter so as not to derail ongoing improvements in the airline's financial performance.

SMC and PAL president Ramon S. Ang said in a text message that shareholders of the national flag carrier are looking forward to concluding talks within this quarter.

'I hope so,' Ang replied when asked if they expect the negotiations to be completed within the third quarter.

...."

We advise that the statement expressed by Mr. Ramon S. Ang, President and Chief Operating Officer of the Company, relating to the status of the discussions with the LT Group on Philippine Airlines, Inc., as reported in the aforementioned article, is accurate.

Very truly yours,


FERDINAND K. CONSTANTINO
Corporate Information Officer