



SAN MIGUEL CORPORATION

July 9, 2010

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

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

Gentlemen:

We refer to your letter dated July 9, 2010, with respect to the news article entitled "SMC keen on acquiring majority stake in PAL," published in the July 9, 2010 issue of The Philippine Star, which reported in part that:

"Diversifying conglomerate San Miguel Corp. (SMC) has expressed interest in acquiring a controlling stake in flag carrier Philippine Airlines (PAL) from the Lucio Tan Group. In an interview with reporters Wednesday evening, SMC president and chief operating officer Ramon S. Ang, however, that they will only buy PAL if they get at least 51 percent..."

By way of clarification, we advise that the statement of Mr. Ramon S. Ang, President and Chief Operating Officer of the Company reported in the aforementioned article was made in response to a hypothetical question which Mr. Ang addressed. In the event a controlling stake in Philippine Air Lines is offered for sale, the Company may, if invited, participate in such transaction.

Very truly yours,



FERDINAND K. CONSTANTINO
Corporate Information Officer