



SAN MIGUEL CORPORATION

January 6, 2012

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

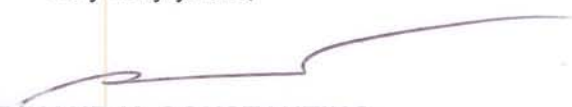
Gentlemen:

We refer to your letter dated January 6, 2012 with respect to the news article under Demand and Supply column entitled: "Philippine Airlines rehab good for tourism," posted in the philSTAR.com on January 6, 2012. The article reported in part that:

"Next week will be crucial for the future of Philippine Airlines. Even as Lucio Tan shook hands with Ramon Ang on a deal that will transfer management control to San Miguel, I just found out that there are heavy pressures from within the taipan's camp to scuttle the deal..."

We advise that, as previously disclosed to the Exchange, the Company is in talks with the controlling stockholders of Philippine Airlines ("PAL") in connection with the contemplated investment by the Company in PAL. An appropriate disclosure shall be made to the Exchange upon the conclusion of a definitive agreement between the parties.

Very truly yours,


FERDINAND K. CONSTANTINO
Corporate Information Officer