



SAN MIGUEL CORPORATION

April 17, 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

Re: **Investment Agreements with**
Trustmark Holdings Corporation (Trustmark) and
Zuma Holdings and Management Corporation (Zuma)

Gentlemen:

By way of response to the Letter-Directive of the Exchange, dated April 12, 2012, relating to the above-captioned subject, we advise as follows.

1. As previously disclosed to the Exchange, the investment by the Company, through San Miguel Equity Investments, Inc. (SMEII), provides an opportunity to diversify into an industry which has synergies with the Company's existing businesses. Such investment will likewise augment and supplement the ongoing enhancement of the operations of Philippine Airlines, Inc. (PAL) and Air Philippines Corporation (Air Phil), and the implementation of the fleet modernization programs with the end in view of enhancing the efficiency, competitiveness and profitability of PAL and Air Phil.
2. SMEII subscribed to newly-issued shares in Trustmark and Zuma, and such subscriptions correspond to a 49% equity interest in Trustmark and Zuma.
3. SMEII will not have a direct equity interest in PAL Holdings, Inc., a publicly-listed company, nor in PAL, the operating company. SMEII shall have resulting proportionate interests in PAL Holdings, PAL, as well as in Air Phil, to the extent of its investment in Trustmark and Zuma, respectively.

4. The investment of the Company was based on the enterprise value of PAL and Air Phil taking into account a discounted cash flow analysis of the ongoing business of PAL and Air Phil.

5. There were no conditions precedent to the transaction.

6. The investments do not have any immediate effect on the financial condition and operations of the Company.

For your information and reference.

Very truly yours,



FERDINAND K. CONSTANTINO
Corporate Information Officer

