



SAN MIGUEL CORPORATION

July 8, 2013

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, "Foreign airlines eyed to invest in PAL" posted in the Inquirer.net on July 7, 2013. The article reported in part that:

"San Miguel Corp. is in talks to bring in a major foreign firm as a strategic partner in flag carrier Philippine Airlines and the prospective partners include Tokyo-based All Nippon Airways (ANA) and Dubai-based Emirates Airline.

Inquirer sources said SMC was in talks with ANA on a prospective partnership in PAL while some exploratory talks have been conducted with Emirates.

SMC president Ramon Ang, who is also president of PAL, confirmed that these foreign airlines have expressed interest to invest in PAL and that SMC was open to taking any of them as a partner.

Ang said PAL would welcome a strategic investor and that a partnership could happen "within this year."

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"We are now actually in discussions with ANA," said another source within the SMC group, also confirming the "initial" discussions with Emirates."

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By way of clarification, we advise that there have been preliminary discussions with All Nippon Airways on Philippine Airlines, Inc. However, Emirates Airline has not approached the Company. An appropriate disclosure shall be made to the Exchange, at the proper time, on developments relating to this particular matter.

Very truly yours,


FERDINAND K. CONSTANTINO
Corporate Information Officer