



SAN MIGUEL CORPORATION

September 16, 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 "Tan gets back PAL for \$1.3 B" posted in philSTAR.com on September 16, 2014. The article reported in part that:

"The group of taipan Lucio Tan yesterday officially took back full control of national flag carrier Philippine Airlines Inc. (PAL) after paying as much as \$1.3 billion to diversified conglomerate San Miguel Corp. (SMC).

....

A source privy to the negotiations yesterday confirmed that the payment amounting to as much as \$1.3 billion was delivered to SMC for its 49 percent stake that it had acquired in April 2012.

This brought to a close several months of negotiations between the two major shareholders of Asia's oldest airline.

....

The source added that Ang is expected to remain PAL president and COO at least for another month or during a transition period.

...."

By way of response to the Exchange we advise that, as reported in the aforementioned article, the Group of Dr. Lucio C. Tan has assumed day-to-day management of Philippine Airlines, Inc. (PAL), thru the appointment of Mr. Jaime J. Bautista as General Manager. With the President, the rest of the management team remains until the relevant closing date of the agreement between the Company and the Group of Dr. Lucio C. Tan, subject of the previous disclosures of the Company, dated September 8 and 9, 2014, respectively. Such agreement provides for the compliance by the Group of Dr. Lucio C. Tan with all the requirements under applicable laws. Payment of the consideration to the Company for its equity stake in PAL has been made in accordance with the said agreement subject to the closing conditions specified thereunder.

Very truly yours,


FERDINAND K. CONSTANTINO
Corporate Information Officer