



# PAL Holdings, Inc.

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April 16, 2008

**Philippine Stock Exchange**

Philippine Stock Exchange Center,  
Exchange Road, Ortigas Center  
Pasig City

**Attention : ATTY. PETE M. MALABANAN  
Head, Disclosure Department**

Gentlemen:

We refer to your letter today requesting for confirmation on the reported news article entitled "*PAL forms budget unit amid stiff competition*" published in the April 16, 2008 issue of *The Daily Tribune* which states that:

"Flag carrier Philippine Airlines, Inc. (PAL) has set up a low-cost unit, PAL Express, to do battle with rival budget carriers and boost the national flag carrier's profits... "At full operation, we project that profits will increase by around P300 million while revenue should be about P1 billion," Bautista told reporters... PAL booked revenue of P1.4 billion in the year to March, up 17 percent from its previous fiscal year, Bautista said...."

The foregoing statements were made in connection with the Company's earlier disclosure to the Exchange. Upon verification with the management of Philippine Airlines, Inc. (PAL), the figures therein mentioned were made in reply to certain queries of reporters. As explained to said reporters, the Company is projecting an increase in profits of P300 million and revenue of P1 billion for the PAL Express operations based on internally generated reports. Moreover, it should be noted that the reported US \$1.4 billion revenue of PAL is based on PAL's unaudited financial statements.

We hope that we were able to enlighten you on the above-mentioned news article. Should you have other questions, please do not hesitate to call us for clarifications.

Very truly yours,  
**PAL HOLDINGS, INC.**

By

  
**MS. SUSAN T. LEE**  
**Chief Finance Officer**