

05 January 2017

Philippine Stock Exchange

Disclosure Department
3/F PSE Plaza, Ayala Triangle Plaza
Makati City, Metro Manila

Attention: Mr. Jose Valeriano B. Zuño III
OIC - Disclosure Department
Philippine Stock Exchange

Dear **Mr. Zuño:**

We reply to your correspondence which we received today seeking clarification on the news article published in ABS-CBN.com on 04 January 2017 entitled "Phoenix Purchase of Family Mart gets regulatory approval". The article in part states:

"MANILA - Phoenix Petroleum's purchase of convenience store chain FamilyMart has been approved, anti-trust regulators said Thursday.

The Philippine Competition Commission (PCC) said its mergers and acquisitions office has ruled that Phoenix's acquisition of FamilyMart will 'not result in substantial lessening of competition in the relevant market.'

Phoenix will wholly own FamilyMart as it buys out its SIAL CVS Retailers Inc, which was a joint venture among Ayala Land, the Rustan's group, Japan's FamilyMart Co and ITOCHU Corp.

....

FamilyMart, meanwhile, said the deal would let it expand its number of outlets to 300 across the Philippines in the next five years. It currently has less than 100 stores located mainly in Metro Manila."

We confirm that the Company received the Decision from the PCC approving the acquisition of 100% shares in Philippine FamilyMart CVS, Inc. (PFM) from its stockholders namely: SIAL CVS Retailers, Inc. (SIAL), FamilyMart Co., Ltd., and ITOCHU Corp. (the "Transaction")

In its Decision, PCC resolved that the Transaction "does not result in the lessening of competition in the relevant market for the following reasons:

1. *No ability and incentive for the parties to engage in foreclosure post-acquisition; and*

2. *Sufficient competitive constrains on the parties' remain from other market participants, post-acquisition.*

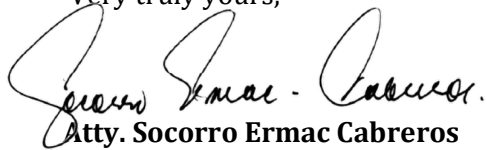
The Committee hereby resolves that it will take no further action with respect to the Transaction."

On the statement pertaining to the expansion of 300 outlets across the Philippines in the next 5 years, no pronouncements have been made regarding the expansion plans for FamilyMart. We will make the disclosures at the appropriate time.

We hope we have substantially clarified the matter.

Thank you and warm regards.

Very truly yours,



Atty. Socorro Ermac Cabreros
Corporate Secretary