



ALLIANCE GLOBAL GROUP, INC.
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7 May 2007

DISCLOSURE DEPARTMENT
THE PHILIPPINE STOCK EXCHANGE, INC.
4th Floor, Philippine Stock Exchange Centre
Exchange Road, Ortigas Center, Pasig City

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

Re: **ALLIANCE GLOBAL GROUP, INC.**

Gentlemen:

We reply to your letter dated 7 May 2007, received via ODiSy on the same date, requesting for clarification on the following portion of a news article published in the May 7, 2007 issue of the Philippine Star (Internet Edition):

“The Securities and Exchange Commission (SEC) has approved the additional share offering of Alliance Global Group, Inc. (AGI), estimated to raise as much as ₱14.4 billion ... Based on its registration statement filed with the SEC, the company is selling 1.8 billion primary shares and 1.33 billion secondary shares at a maximum price of ₱8 each. AGI has set aside ₱10 billion this year to build a new alcohol distillery, acquire new brands, expand its glass container production, and repay loans. Of the programmed capital budget, ₱7 billion will go to the expansion of its alcoholic beverage production lines and working capital requirements of Emperador Distillery, Inc. About ₱1 billion has been earmarked for acquisitions. Another ₱1 billion has been set aside for repayment of debt. AGI operates its food and beverage business mainly through its wholly-owned subsidiary EDI, which sold eight million nine-liter cases of brandy last year or 76% of the sales volume of the Philippine brandy market. EDI markets its brandy under the Emperador Brandy and Generoso brand names throughout the country and plans to expand its operations in Thailand and China ...”

We wish to clarify that the Company has not yet set the final price per share in connection with its additional share offering. Hence, the Company also wishes to clarify that the report stated in the Saturday, 5 May 2007 print edition of the Philippine Daily Inquirer is inaccurate insofar as it states that "... The offer price is set at P8 a share".

Also, in connection with the abovementioned news article, the Company wishes to clarify that:

- 1) Its wholly-owned subsidiary is Emperador Distillers, Inc. (EDI) and not Emperador Distillery, Inc.;
- 2) The Company intends to use majority of the proceeds from the offering to finance, in part, its planned expenditures, as follows:

₱7 billion - for the acquisition of an alcohol distillery (₱1B) and construction of a new alcohol distillery (₱2B); retrofit and expansion of alcoholic beverage production lines (₱1B); investment in new alcoholic beverage product's production line (₱1B); expansion of warehousing and logistics (₱0.5B); and working capital requirements for EDI for the expanded business and new product line (₱1.5B);

₱1 billion – for the expansion of the glass container production;

₱1 billion – for potential acquisition of a food and beverage business (which we cannot elaborate on at this time so as not to preempt discussions considering there are very limited players in this kind of business. We will disclose at the proper time when it becomes definitive); and

₱1 billion – for partial repayment of an existing loan with a local bank.

The Company also expects to use a portion of the net proceeds for general corporate purposes, including but not limited to, working capital requirements.

The foregoing estimates are based on current plans and anticipated expenditures. Actual allocation of net proceeds by the Company may vary from the above as Management may find it necessary or advisable to reallocate the net proceeds within the categories described above or to use such net proceeds for other corporate purposes.

- 3) It is not EDI that sold the eight million nine-liter cases of brandy last year but the previous manufacturer. The Company is not aware if the aforementioned sales volume last year actually corresponds to 76% of the sales volume of the Philippine brandy market and the Company nor the previous manufacturer does not claim to have 76% of the sales volume of the Philippine brandy market;

- 4) EDI plans to expand its distribution operations in Thailand and China because they have higher per capita consumption of spirits than the Philippines. EDI's market research in both countries shows very positive prospect; and
- 5) The Company is no longer the exclusive distributor of Campbell Soup Co.'s products in the Philippines.

Other than the foregoing, the Company confirms the veracity of the above-quoted news article. The Company also wishes to advise the Exchange that, as of this time, it has yet to receive a copy of the SEC approval document mentioned in the news article.

Very truly yours,

ALLIANCE GLOBAL GROUP, INC.

By:



DINA D. INTING
*First Vice President and
Corporate Information Officer*