

**MINUTES OF THE REGULAR MEETING OF STOCKHOLDERS
OF**

SAN MIGUEL CORPORATION

Held at the Ballroom, Valle Verde Country Club, Inc.
Capt. Henry P. Javier St., Bo. Oranbo, Pasig City
held on June 14, 2018

SHAREHOLDERS:

Top Frontier Investment Holdings, Inc.
Privado Holdings, Inc.
Others shareholders

DIRECTORS:

Eduardo M. Cojuangco, Jr.
Ramon S. Ang
Leo S. Alvez
Aurora T. Calderon
Joselito D. Campos, Jr.
Reynaldo G. David
Jose C. De Venecia, Jr.
Menardo R. Jiménez
Estelito P. Mendoza
Alexander J. Poblador
Reynato S. Puno
Thomas A. Tan
Margarito B. Teves
Iñigo Zobel
Ramon F. Villavicencio

In attendance:

Ferdinand K. Constantino, Chief Finance Officer
Wilfredo C. Palad, R.G. Manabat & Co.
Noel L. Baldiang, R.G. Manabat & Co.
Reynabeth De Guzman, Head – Investor Relations

I. CALL TO ORDER

The meeting was called to order at 2:00 p.m. Mr. Eduardo M. Cojuangco, Jr., Chairman and Chief Executive Officer of the Company, presided over the meeting. The singing of the National Anthem was followed by an invocation led by the Head of Investor Relations, Ms. Reynabeth De Guzman.

II. CERTIFICATION OF NOTICE AND QUORUM

The Corporate Secretary, Atty. Virgilio S. Jacinto, certified that notices were duly sent to the stockholders and there are present in this meeting, in person or by proxy, 85.70% of the outstanding common shares, and 22.90% of the outstanding preferred shares of the Company, respectively.

The Corporate Secretary stated that for the record, proxies for 60.60% of the outstanding common and preferred shares of the Company have been issued by the stockholders in favor of the Chairman authorizing him to vote for the approval of all corporate actions in the agenda.

III. APPROVAL OF THE MINUTES OF THE REGULAR STOCKHOLDERS' MEETING HELD ON JUNE 13, 2017

Upon motion duly made and seconded, the stockholders approved and ratified the minutes of the Regular Annual Meeting of Stockholders held on June 13, 2017.

IV. CHAIRMAN'S MESSAGE AND PRESENTATION OF ANNUAL REPORT

The Chief Finance Officer, Mr. Ferdinand K. Constantino rendered his report to the stockholders. Below is the message of the Chairman to the stockholders:

With the Philippines among the top performers in the region, all of us at San Miguel are proud to be helping our country grow while delivering a combination of consistently strong financial results and record-breaking performance.

2017 marked the 10th year since our transformation from a food, beverage, and packaging firm, into what we are today: a diversified conglomerate with leading positions in basic industries that support nation-building.

Our performance confirms how much stronger our core and new businesses have become, and how better-placed we are to meet the opportunities afforded by our robust economy.

2017 consolidated revenues amounted to P826 billion—a huge 21% jump from the record P685.3 billion we posted in 2016. Operating income rose 11% to P111 billion. Our recurring net income was also higher by 11% at P54.7 billion. Earnings before interest, taxes, depreciation, and amortization rose 13% to P147 billion.

We encourage you to go through our Annual Report for a better understanding of our performance.

Despite the challenges each of our businesses faced, all of them turned in strong results—proof that we have learned to manage and harness the collective revenue-generating potential of our diversification.

Where we are today validates what we have believed all these years: That while our diversification demanded much in terms of time, energy and resources, the experience and skills we have gained has definitely transformed us and our way of thinking.

This, for us, has been the most important change. Today, we no longer just think “consumers” and market share, we think “people”, their empowerment, and how we might fulfill a social purpose.

We no longer just aim for environmental compliance, we think sustainability and continuing growth for the Philippines.

The new perspectives we initiated in 2017 resulted in a recasting of our company's vision, mission, and values.

Our new vision very clearly reflects how we see ourselves in the context of our country's development. It puts emphasis on us having a strong sense of social, environmental, and economic

responsibility, and declares our commitment to deliver on our nation's goals.

Let me now focus on some of the concrete ways we're doing this:

- Within the next three years, we expect to complete the largest capacity expansion in the history of our food and beverage businesses, to meet growing demand for our products and maintain cost affordability.
- We are constructing a new brewery in Misamis Oriental, Mindanao.
- We are also expanding the capacity of our bottling plant in Sta. Rosa, Laguna.
- We're currently studying the possibility of putting up additional breweries in Luzon, where demand is growing.
- We are building a total of 17 facilities for our food business.
- This year, we've already completed and inaugurated our new hotdog manufacturing facility in Cavite, effectively doubling our capacity.
- We have also completed a feedmill in Mariveles, Bataan, and are completing another one in Bulacan province.

This expansion seeks to address the rising demand by consumers of quality products at affordable prices. At the same time, such expansion will provide thousands of new jobs and spark growth in local economies in various regions nationwide.

The impact of this unprecedented expansion of our food and beverage businesses becomes even more compelling in light of our decision to consolidate San Miguel Brewery, San Miguel Pure Foods, and Ginebra San Miguel, into one powerhouse company: San Miguel Food and Beverage Inc.

Effectively, we are creating the biggest consumer company in the Philippines. By doing this, we will be able to extract significant synergies and use their combined strengths to great advantage.

In terms of our newer businesses:

- Petron Corporation continues to expand its total retail network here in the Philippines and in Malaysia. Currently, we have breached 3,000 stations.
- Our Tarlac-Pangasinan-La Union Expressway is nearly complete. Recently, we submitted a proposal to extend TPLEX.
- Our Skyway Stage 3, MRT-7, Boracay Airport expansion, and Bulacan Bulk Water Supply projects, are all on track.
- Our newest infrastructure projects—the South East Metro Manila Expressway, or Skyway 4, and the SLEX-TR4, are in the early stages of development.

- But perhaps no other infrastructure initiative will be as game-changing for the Philippine economy than our proposal to build a new international airport.
- This massive airport complex will include four runways with space for an additional two; modern passenger terminals with capacity for 100 million, scalable to 200 million. It will also have a modern air cargo complex. All these will be situated on a 2,500-hectare complex in Bulacan.

While our ongoing major initiatives will ensure that we achieve our bottom line objectives, we have not relented on our social responsibility.

- In 2017, we put particular focus on the effort to rebuild Marawi.
- We donated P1.5 billion for the construction of new houses for families affected by the Marawi siege.
- To honor the 166 soldiers and policemen who were killed in the Marawi conflict, we provided each of their families a business startup package worth P2 million.
- We are also building a P1 billion housing project in Davao.
- Finally, in the area of sustainability, we are proud to report that in just one year, we've made significant progress with our integrated water sustainability initiative.
- Our ambitious target is to cut 50% of our total domestic and utility use of water by year 2025. For 2017 alone, we already cut consumption by 14%, well above our intermediate goal of 20% reduction by 2020.

2017 was very productive for your company. As we turn a page on the last decade and begin our next growth cycle we'd like to take this opportunity, on behalf of our Chairman, Mr. Cojuangco, to give due recognition to the person who has been at the helm of this extraordinary journey.

The visionary leadership of our president and chief operating officer has brought us to where we are today.

Mr. Ang's ability to dream bigger things for San Miguel and his boldness to set our company apart from the rest, has driven our company to perform as never before.

I would also like to thank the members of the Board, our management team and of course, our hard-working employees, who have all contributed to our success.

There is much to be proud of, and on behalf of Mr. Cojuangco, Mr. Ang and your management, I convey our appreciation for the trust and confidence you continue to give us.

Mabuhay po tayong lahat.

Again, thank you and good afternoon.

The Chairman then declared an open forum and, together with the President, Chief Finance Officer, and the Corporate Secretary, entertained questions from the floor.

A stockholder addressed the Chairman and congratulated him and the management for the good performance of the Company. He further inquired from the Chairman on the reasons for the good performance of the Company. The stockholder thanked the management because the good performance of the Company has resulted in the increase in the stock price of the Company in the Philippine Stock Exchange.

The Chairman asked the Vice Chairman, President and Chief Operating Officer, Mr. Ramon S. Ang to respond. Mr. Ang replied that the good performance of the Company can be attributed to the profitability of all its businesses. The demand for the products of the Company has been high which contributed to the double-digit growth of the food, beer and liquor businesses compared to last year. The net income of Petron is 30% higher than 2016 due to the improved efficiency of the refinery, increase in the volume sales of higher value products and network expansion. On the other hand, the infrastructure business such as the tollway business is also continuing to grow. On the Boracay Airport, we expect its profitability to resume after the re-opening of Boracay. The power business is likewise doing well. Mr. Ang further added that the credit for the good performance of the Company should also go to all the division heads of the Company who are all doing an excellent job in managing the businesses of the Company.

Another stockholder asked about the airport project of the Company. Mr. Ang replied that the proposed new airport will be located in Bulacan, which is around 20 kilometers from Manila. We are very confident that this is a very worthwhile project to undertake. We envision to build one of the biggest, most modern and best international airport in Asia. The airport will have six parallel railways with a modern passenger terminal which has a capacity to accommodate 100 million passengers per year, expandable to 200 million. The airport will also have cargo and other facilities.

Another stockholder asked whether the Company also participated in the NAIA rehabilitation and modernization project. Mr. Ang replied that the Company was initially interested in participating in the NAIA Project but the Department of Transportation advised us that the Company should just focus on the Bulacan airport project.

A stockholder inquired whether the construction of the Bulacan airport will have an environmental impact on the area since there were reports that the same would entail reclamation. Mr. Ang replied that the Company ensures that all environmental requirements for the project will be complied with.

As a follow up question, a stockholder inquired what are the technologies and equipment that the Company plans to use in the airport. Mr. Ang replied that the Company plans to use the best masterplanning for logistics and terminal. The airport will be a green airport and it will be efficient and modern.

The same stockholder further inquired about the MRT 7 project. Mr. Ang responded that the Company engaged several accredited contractors. The stockholder further followed up with a question on whether the Company will adopt the use of stored-value cards for the MRT 7. Mr. Ang replied that the Company will consider all options to make the operation of MRT 7 efficient and convenient for the commuters.

A stockholder inquired on the pending matter before the Energy Regulatory Commission (ERC) relating to the power supply agreements with Manila Electric Company (Meralco). The stockholder asked what is the plan of the Company in the event the ERC nullifies the power supply agreement with Meralco and whether the Company is ready to go through the competitive selection process. Mr. Ang reported that the Company will comply with whatever decision that the ERC arrives at.

A stockholder inquired why she is not getting her dividends. Mr. Ang referred her to the General Manager of the SMC Stock and Transfer Service Corporation for appropriate action.

Another stockholder asked for an update on the acquisition of the Philippine Daily Inquirer. Mr. Ang replied that this contemplated acquisition is in his personal capacity and not the Company. The stockholder then requested to speak with the human resources manager of the Company as he wants to apply for a job. Mr. Ang referred him to the head of Corporate Human Resources for appropriate action.

A stockholder addressed his question to Director Jose C. de Venecia, Jr. on his views on federalism. Director De Venecia replied that during his time as Speaker of the House of Representatives, he led several proposals to introduce federalism as a form of government. He is of the view that it is time that the country consider federalism at this time.

Lastly, a stockholder extended to birthday greetings to the Chairman who celebrated his birthday on June 10.

After all the questions have been addressed, a stockholder moved to close the open forum and to confirm and ratify the Annual Report as presented. A motion having duly made and seconded, the Chairman closed the open forum.

V. RATIFICATION OF ALL ACTS OF THE BOARD OF DIRECTORS AND CORPORATE OFFICERS

The Chairman proceeded to the next item on the agenda which is the ratification of all acts of the Board of Directors and corporate officers since the date of the last stockholders' meeting.

The Corporate Secretary summarized the matters which are to be ratified, as follows:

- a) approval of:
 - i. the adoption of the new Manual on Corporate Governance of the Company in accordance with the Memorandum Circular No. 19, Series of 2016 issued by the Securities and Exchange Commission (the "SEC") on November 22, 2016, which was submitted to the SEC prior to the May 31, 2017 deadline;
 - ii. the reorganization of the Board Committees of the Company, made effective on June 13, 2017, as follows:
 - 1) Audit Committee will be renamed as the Audit and Risk Oversight Committee;
 - 2) Executive Compensation Committee and the Nomination and Hearing Committee to be merged as the Corporate Governance Committee; and
 - 3) Creation of Related Party Transactions Committee

- iii. the adoption of the manuals of the Audit and Risk Oversight Committee, Related Party Transactions Committee, and the Corporate Governance Committee;
- iv. the consolidation of the food and beverage business of the Company in San Miguel Pure Foods Company, Inc. (SMPFC), to be known as San Miguel Food and Beverage, Inc. to be implemented as follows:
 - (a) SMC shall subscribe to 4,242,549,130 additional common shares of stock of SMPFC subject to the following terms and conditions:
 - i. the common shares subject of the subscription will be issued out of the shares that will be issued by SMPFC from the increase of its authorized capital stock, stock split, and corresponding amendment of its articles of incorporation (the “New Shares”);
 - ii. the subscription amount for the New Shares shall be the transaction value of Php336,349,294,992.60 based on the independent valuation expert report of ING Bank N.V. presented to the Board of Directors, with Standard Chartered Bank as the transaction adviser; and
 - iii. the New Shares shall be listed at the Philippine Stock Exchange.
 - (b) a deed of exchange between the Company and SMPFC shall be executed to convey 7,859,319,270 common shares of San Miguel Brewery Inc. and 216,972,000 common shares of Ginebra San Miguel Inc., held by the Company as full payment of the consideration for the subscription to the New Shares;
- v. the acquisition by SMC Global Power Holdings Corp. (“SMC Global”), of the Masinloc power plant through the execution of a Share Purchase Agreement with AES Phil Investment Pte. Ltd. (“AES Phil”) and Gen Plus B. V. (“Gen Plus”) for the purchase by SMC Global of: (i) 51% and 49% equity interests of AES Phil and Gen Plus, respectively, in Masin-AES Pte. Ltd.; (ii) 100% equity interest of The AES Corporation in AES Transpower Private Ltd., and (iii) 100% of equity interest of AES Phil in AES Philippines Inc.;
- vi. the adoption by the Company of a vision, mission and values statement;
- vii. the issuance of the third tranche of the shelf-registered peso-denominated Bonds (under MSRD Order No. 3 series of 2017) amounting to up to ₱20 billion fixed rate bonds with an oversubscription option of up to ₱10 billion fixed rate bonds, (i) Series “E” Bonds due 2023, (ii) Series “F” Bonds due 2025, and (iii) Series “G” Bonds due 2028, to be listed and traded at the Philippine Dealing Exchange Corporation;
- viii. the subscription by the Company to redeemable perpetual securities amounting to US\$ 650 million to be issued by SMC Global to be used to partially finance the acquisition of the Masinloc power assets; and

- ix. the election on March 15, 2018 by the Board of Directors, still constituting a quorum, of Ramon F. Villavicencio as a director of the Company to replace Ferdinand K. Constantino who resigned effective March 1, 2018, to serve for the remainder of the term of former director Ferdinand K. Constantino.
- b) declaration of cash dividends for the common shares, the Series "1", and the Series "2" Preferred Shares;
- c) appointment of corporate officers; and
- d) approval of signing authorities and limits.

A stockholder moved to approve, confirm and ratify all acts, resolutions and proceedings of the Board of Directors and corporate officers since the June 13, 2017 regular meeting of stockholders until June 14, 2018, as set forth in the minutes of the meetings of the Board of Directors.

Upon motion duly made and seconded, the following resolution was approved:

Resolution No. 2018-06-14-01

"RESOLVED, that all acts, resolutions and proceedings of the Board of Directors and corporate officers of the Company since the Annual Meeting of the Stockholders on June 13, 2017 until today June 14, 2018, as set forth in the minutes of the meetings of the Board of Directors be approved, confirmed and ratified."

VI. APPOINTMENT OF EXTERNAL AUDITORS

The Chairman of the Audit Committee, Mr. Margarito B. Teves reported after the evaluation of the Audit Committee recommended the appointment of the accounting firm of R.G. Manabat & Co., CPAs as the external auditors of the Company for fiscal year 2018.

Upon motion duly made and seconded, the following resolution was approved:

Resolution No. 2018-06-14-02

"RESOLVED, as it is hereby resolved, that the accounting firm of R.G. Manabat & Co., CPAs are appointed as the external auditors of the Company for fiscal year 2018."

VII. ELECTION OF THE BOARD OF DIRECTORS

The Chairman asked the Corporate Secretary to inform the assembly of the nominations received by the Board. The Corporate Secretary read the names of the following qualified nominees:

Eduardo M. Cojuangco, Jr.	Director
Ramon S. Ang	Director
Leo S. Alvez	Director
Aurora T. Calderon	Director
Joselito D. Campos, Jr.	Director
Jose C. de Venecia, Jr.	Director
Menardo R. Jimenez	Director

Estelito P. Mendoza	Director
Alexander J. Poblador	Director
Thomas A. Tan	Director
Ramon F. Villavicencio	Director
Iñigo Zobel	Director
Reynaldo G. David	Independent Director
Reynato S. Puno	Independent Director
Margarito B. Teves	Independent Director

The Chairman stated that the Proxy Statement circulated to the stockholders identifies the nominees for election as independent directors of the Board of Directors. They are Directors Reynato S. Puno, Margarito B. Teves and Reynaldo G. David. This is in accordance with the requirements of the Securities and Exchange Commission.

Upon motion of a stockholder, the following resolution was passed:

Resolution No. 2018-06-14-03

“RESOLVED, as it is hereby resolved, that considering there are only fifteen (15) nominees and there are only fifteen (15) seats in the Board to be filled up, the balloting for the election of directors will be dispensed with and all fifteen (15) nominees be considered unanimously elected as Directors of the Company for the ensuing year, until their successors are elected and qualified, and that the votes of the stockholders present and represented by proxies be distributed and recorded accordingly.”

With the resolution, the Chairman declared all the nominees elected. The Chairman, on behalf of management, welcomed the newly-elected Board of Directors and thanked the stockholders for their vote of confidence.

VIII. ADJOURNMENT

The Chairman asked if there are any other matters that any stockholder wished to bring up and there being none, entertained a motion for adjournment.

A stockholder moved to adjourn the meeting, duly seconded by another stockholder. The Chairman adjourned the meeting and thanked all stockholders for attending.

ATTESTED BY:

EDUARDO M. COJUANGCO, JR.
Chairman

VIRGILIO S. JACINTO
Corporate Secretary