SECURITIES AND EXCHANGE COMMISSION
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SAN MIGUEL CORPORATION

OFFER SUPPLEMENT

Offer of up to ₱15,000,000,000.00 Fixed Rate Bonds
with an Oversubscription Option of up to ₱5,000,000,000.00 Fixed Rate Bonds
under its ₱60,000,000,000.00 Shelf Registration

consisting of:
Series A Bonds: 4.8243% p.a. due 2022
Series B Bonds: 5.2840% p.a. due 2024
Series C Bonds: 5.7613% p.a. due 2027
Offer Price: 100% of Face Value

to be listed and traded through the Philippine Dealing & Exchange Corp.

Joint Lead Underwriters and Bookrunners
BDO Capital & Investment Corporation[1]
BPI Capital Corporation
China Bank Capital Corporation
ING Bank N.V., Manila Branch
RCBC Capital Corporation
SB Capital Investment Corporation
Standard Chartered Bank, Manila Branch

Selling Agent
Bank of Commerce

THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS OFFER SUPPLEMENT IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.

This Offer Supplement is dated February 10, 2017.

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[1] BDO Capital & Investment Corporation ("BDO Capital"), BPI Capital Corporation ("BPI Capital"), China Bank Capital Corporation ("China Bank Capital"), RCBC Capital Corporation ("RCBC Capital") and SB Capital Investment Corporation ("SB Capital") are the Joint Lead Underwriters and Bookrunnners of the Offer. BDO Capital, BPI Capital, China Bank Capital, RCBC Capital, and SB Capital are affiliated with BDO Unibank, Inc. ("BDO"), Bank of the Philippine Islands ("BPI"), China Banking Corporation ("China Bank"), Rizal Commercial Banking Corporation ("RCBC"), and Security Bank Corporation ("SECB"), respectively. BDO, BPI, China Bank, RCBC, and SECB will receive payment out of the proceeds of this Offer.

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San Miguel Corporation ("SMC", the "Company", the "Parent Company", or the "Issuer"), prepared the Prospectus dated February 10, 2017 (the "Prospectus") relating to the shelf registration and the offer, and sale in the Philippines within the Shelf Period (as defined below) in tranches of Philippine Peso-denominated fixed rate bonds (the "Bonds") with an aggregate principal amount of Sixty Billion Pesos (₱60,000,000,000.00). The Bonds will be issued at face-value and listed and traded through the Philippine Dealing & Exchange Corp. ("PDEx").

The Bonds shall be taken down from the shelf in tranches within a period of three (3) years from the effective date of the Registration Statement, subject to applicable regulations (the "Shelf Period").

This Offer Supplement dated February 10, 2017 ("this Offer Supplement" and as the context may require, the term includes the Prospectus) relates to the takedown of the first tranche of the Bonds (the "Offer Bonds") and the public offer for sale, distribution and issuance by the Company of the Offer Bonds (the "Offer").The Offer will have an aggregate principal amount of Fifteen Billion Pesos (₱15,000,000,000.00) (the "Base Offer"), and in the event of an oversubscription, the Joint Lead Underwriters and Bookrunners, in consultation with the Issuer, may increase the size of the Offer by up to Five Billion Pesos (₱5,000,000,000.00) (the "Oversubscription Option", and the Offer Bonds pertaining to such option, the "Oversubscription Option Bonds") to an aggregate issue size of up to Twenty Billion Pesos (₱20,000,000,000.00). In case the Oversubscription Option is partly exercised or not exercised at all during the Offer Period, the Bonds under shelf registration will be automatically increased by such principal amount of the Oversubscription Options Bonds that will not be taken up or exercised.

The Offer Bonds will be issued on March 1, 2017 (the "Issue Date") and will be comprised of 5-year Series A Bonds due 2022 (the "Series A Bonds"), 7-year Series B Bonds due 2024 (the "Series B Bonds"), and 10-year Series C Bonds due 2027 (the "Series C Bonds"). The Issuer has the discretion to allocate the principal amount among the different series of the Offer Bonds based on the bookbuilding process and may opt not to allocate any amount to any of these series.

The Series A Bonds shall have a term of five (5) years from Issue Date with a fixed interest rate equivalent to 4.8243% per annum. The Series B Bonds shall have a term of seven (7) years from Issue Date with a fixed interest rate equivalent to 5.2840% per annum. The Series C Bonds shall have a term of 10 years from Issue Date with a fixed interest rate equivalent to 5.7613% per annum. For a detailed discussion on the Interest Payment Dates, please refer to the discussion under the section "*Description of Offer Bonds – Interest*" starting on page 30 of this Offer Supplement.

Subject to the consequences of default as may be contained in the Trust Agreement, and unless otherwise redeemed or purchased prior to the relevant Maturity Date, the Offer Bonds will be redeemed at par or 100% of the face value thereof on the relevant Maturity Date. For a more detailed discussion on the redemption of the Offer Bonds, please refer to the discussion under the section "*Description of Offer Bonds – Redemption and Purchase*" starting on page 30 of this Offer Supplement.

The Company reserves the right to withdraw the offer and sale of the Offer Bonds at any time, and the Joint Lead Underwriters and Bookrunners reserve the right to reject any application to purchase the Offer Bonds in whole or in part and to allot to any prospective purchaser less than the full amount of the Offer Bonds sought by such purchaser. If the Offer is withdrawn or discontinued, the Company shall subsequently notify the Securities and Exchange Commission of the Philippines (the "SEC") and, as applicable, the PDEx. Any of the Joint Lead Underwriters and Selling Agents may acquire for their own account a portion of the Offer Bonds.

It is expected that the Offer Bonds will be delivered in book-entry form against payment thereof to the Philippine Depository & Trust Corp. ("PDTC").

This Offer Supplement contains the final terms of the Offer Bonds and must be read in conjunction with the Prospectus. Unless defined in this Offer Supplement, terms used herein shall be deemed to be defined as set forth in the Prospectus. Full information on the Issuer and this Offer is only available on the basis of the combination of this Offer Supplement, the Prospectus, and all other Bond Agreements. All information contained in the Prospectus are deemed incorporated by reference in this Offer Supplement.

Unless otherwise stated, the information contained in the Prospectus and this Offer Supplement has been supplied by the Company. The Company (which has taken all reasonable care to ensure that such is the case) confirms that the information contained in the Prospectus and this Offer Supplement is correct, and that there is no material misstatement or omission of fact which would make any statement in the Prospectus and this Offer Supplement misleading in any material respect. The Joint Lead Underwriters and Bookrunners have exercised reasonable due diligence required by regulations in ascertaining that all material representations contained in the Prospectus and this Offer Supplement are true and correct and that no material information was omitted, which was necessary in order to make the statements contained in said documents not misleading.

Unless otherwise indicated, all information in the Prospectus and this Offer Supplement is as of the date provided. Neither the delivery of the Prospectus and this Offer Supplement nor any sale made pursuant to the Prospectus and this Offer Supplement shall, under any circumstances, create any implication that the information contained herein is correct as of any date after the date hereof or that there has been no change in the affairs of the Company and its subsidiaries since such date. Market data and certain industry forecasts used throughout the Prospectus were obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified and the Company does not make any representation, undertaking or other assurance as to the accuracy or completeness of such information, or that any projections will be achieved, or in relation to any other matter, information, opinion or statements in relation to the Offer. Any reliance placed on any projections or forecasts is a matter of commercial judgment. Certain agreements are referred to in the Prospectus in summary form. Any such summary does not purport to be a complete or accurate description of the agreement and prospective investors are expected to independently review such agreements in full.

ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED THEREIN IS TRUE AND CURRENT.

SAN MIGUEL CORPORATION

By:

RAMON S. ANG
President and Chief Operating Officer

REPUBLIC OF THE PHILIPPINES)
MANDALUYONG CITY, METRO MANILA) S.S.

SUBSCRIBED AND SWORN to before me this FEB / 9 2017 in Mandaluyong City, affiant exhibiting to me his Passport No. EC3542718 expiring on February 26, 2020 as competent evidence of identity.

Doc No. 295;
Page No. 58;
Book No. I;
Series of 2017.

PAULA KATHERINA A. GAN
Commission No. 0308-17
Notary Public for Mandaluyong City
Until Dec. 31, 2018
SMC, 40 San Miguel Ave., Mandaluyong City
Roll No. 55988
PTR No. 3024239; 01/04/17; Mandaluyong City
IBP Lifetime Member No. 013353; 02/05/15; Q.C.

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Definition of Terms

In this Offer Supplement, unless the context otherwise requires, the following terms shall have the meanings set out below.

Affiliate	With respect to any Person, means any other Person (a) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person, or who is a director or officer of such Person or (b) any subsidiary of such Person or of any Person referred to in clause (a) of this definition. For purposes of this definition, control (including, with correlative meanings, the terms controlling, controlled by and under common control with), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.
Applicable Law	Any statute, law, regulation, ordinance, rule, judgment, order, decree, directive, guideline, policy, requirement or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority.
Applicant	A Person who seeks to subscribe to the Offer Bonds and submits a duly accomplished Application to Purchase, together with all the requirements set forth therein.
Application to Purchase	The application form accomplished and submitted by an Applicant for the purchase of a specified amount of the Series A Bonds, Series B Bonds, and Series C Bonds, together with all the other requirements set forth in such application form.
BDO Capital	BDO Capital & Investment Corporation.
BIR	Bureau of Internal Revenue of the Philippines.
Base Offer	Has the meaning ascribed to it in page 2 of this Offer Supplement.
Bond Agreements	Collectively, the Underwriting Agreement, the Trust Agreement and the Registry and Paying Agency Agreement, and any amendments thereto.
Bondholder	A Person whose name appears, at any relevant time, as the registered owner of the Offer Bonds in the Registry of Bondholders.
Bonds	Collectively, the Philippine Peso-denominated fixed rate bonds of up to an aggregate principal amount of ₱60,000,000,000.00, inclusive of the Offer Bonds, to be issued in one or more tranches within the Shelf Period.
BPI Capital	BPI Capital Corporation.

BSP	*Bangko Sentral ng Pilipinas*.
Business Day	A day other than a public non-working holiday, Saturday or Sunday on which banks are open for business in Metro Manila.
Capital Stock	With respect to any Person, any and all shares, interests, participations or other equivalents (however designated) of such Person's capital stock and/or equity interest, whether outstanding on the date of the Trust Agreement or issued thereafter, including, without limitation, all common stock and preferred stock of such Person.
Change in Law or Circumstance	Each of the events described as such under "*Description of the Offer Bonds – Redemption by Reason of Change in Law or Circumstance*".
Change of Control	The occurrence of any of the following: (a) the Controlling Stockholders collectively cease to be the beneficial owners of at least 35% of the total voting power of the Voting Stock of the Issuer; or (b) the Controlling Stockholders collectively cease to be the largest beneficial owners of the total voting power of the Voting Stock of the Issuer; or (c) the Issuer consolidates with or merges into or sells or transfers all or substantially all of its assets to any Person or Persons (other than any of the Controlling Stockholders where such Controlling Stockholder assumes all of the obligations of the Issuer under the Trust Agreement and the Offer Bonds) unless the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring control over the Issuer or the successor entity.
China Bank Capital	China Bank Capital Corporation.
Code	Securities Regulation Code of the Philippines.
Consolidated EBITDA	In respect of any Relevant Period, the net income of the Group (excluding items between any or all of the Issuer and its Consolidated Subsidiaries): (a) before any provision on account of taxation; (b) before any interest, commission, discounts or other fees incurred or payable, received or receivable by the Issuer or any of its Consolidated Subsidiaries in respect of Debt; (c) before any items treated as exceptional or extraordinary items; (d) before any amount attributable to the

	amortization of intangible assets and depreciation of tangible assets; and (e) if in respect of a calculation of a financial covenant under the section entitled "*Description of the Offer Bonds – Financial Ratio*", Project Debt is excluded from a determination of Consolidated Total Debt, excluding income attributable to or generated by the Ring-Fenced Subsidiaries.
Consolidated Net Debt	At any date, the Consolidated Total Debt less the aggregate amount at that time of all freely available, unencumbered cash and cash equivalents (on a consolidated basis) to which the Company or any of its subsidiaries is beneficially entitled at that time and which is not subject to any security interest.
Consolidated Net Worth	At any date, the total stockholders' equity (including minority interests) which would appear on a consolidated balance sheet of the Group prepared as of such date in accordance with PFRS.
Consolidated Subsidiary	A Subsidiary of any Person which for financial reporting purposes, in accordance with PFRS, is accounted for by such Person as a consolidated subsidiary.
Consolidated Total Debt	At any date, the aggregate amount (without duplication) of all Debt of the Group as at such date and including all obligations of the IPPAs (under their respective IPPA Agreements) owned or acquired by the Group which are Guaranteed pursuant to a standby letter of credit or other credit support document, issued on behalf of the administrator of the relevant IPPA (but excluding (a) items between any or all of the Issuer and its Consolidated Subsidiaries which would be excluded in a consolidated balance sheet of the Group prepared as of such date in accordance with PFRS; (b) Project Debt; and (c) all obligations of the IPPAs (under their respective IPPA Agreements) which represent periodic financial lease payments to PSALM or any other counterparty to an IPPA Agreement.
Controlling Stockholders	(a) Top Frontier Investment Holdings, Inc., (b) Privado Holdings, Corp. and (c) any Affiliate of, or any Person who is a Related Person with respect to, those mentioned in (a) or (b) above.
Debt	Means any indebtedness of a Person for or in respect of: (a) all obligations of such Person for borrowed money; (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments; (c) all obligations of such person to pay the deferred purchase price of property or services, except

	trade accounts payable arising in the ordinary course of business; (d) all obligations of such Person as lessee which are capitalized in accordance with PFRS; (e) all Debt (of any Person) secured by a Lien on any asset of such first-mentioned Person, whether or not such Debt is otherwise an obligation of such first-mentioned Person; (f) all obligations of such Person in respect of any Redeemable Stock of such Person provided that such Redeemable Stock (i) is required to be redeemed prior to the Maturity Date of the Series C Bonds; or (ii) redeemable at the option of the holder thereof or any other Person at any time prior to the Maturity Date of the Series C Bonds provided such right has been exercised or notice of such exercise has been made; or (iii) convertible into or exchangeable for (a) Capital Stock; or (b) Debt of any Person having a scheduled maturity prior to the Maturity Date of the Series C Bonds, and such has been converted into Debt having a scheduled maturity prior to the Maturity Date of the Series C Bonds; (g) all non-contingent obligations of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit, Guarantee or similar instrument; (h) all Debt of others Guaranteed by such Person; (i) all indebtedness of such Person for or in respect of receivables sold or discounted (other than on a non-recourse basis); and (j) all indebtedness of such Person for or in respect of any interest rate swap, currency swap, forward foreign exchange transaction, cap, floor, collar or option transaction or any other treasury transaction or any combination thereof or any other transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and the amount of the indebtedness in relation to any such transaction described shall be calculated by reference to the mark-to-market valuation of such transaction at the relevant time), and so that where the amount of Debt falls to be calculated, no amount shall be taken into account more than once in the same calculation and, where the amount is to be calculated on a consolidated basis in respect of a corporate group, monies borrowed or raised, or other indebtedness, as between members of such group shall be excluded.
Disruption Event	Either or both of: (a) a material disruption to those

	payment communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the transactions contemplated by the Trust Agreement to be carried out which disruption is not caused by, and is beyond the control of, any of the parties; or (b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a party preventing that party from: (1) performing its payment obligations under the Trust Agreement and the Registry and Paying Agency Agreement; or (2) communicating with other relevant parties (including, but not limited to, the Trustee and Paying Agent) in accordance with the terms of the Trust Agreement and the Registry and Paying Agency Agreement.
Governmental Authority	Any government agency, authority, bureau, department, court, tribunal, legislative body, public official, statutory or legal entity (whether autonomous or not), commission, corporation, or instrumentality, whether national or local, of the Philippines.
Group	At any time, the Company and its Subsidiaries at such time.
Guarantee	Any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such first-mentioned Person entered into for the purpose of assuring in any manner the obligee of such Debt or other obligation or to protect such obligee against loss (in whole or in part), provided that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term Guarantee used as a verb has a corresponding meaning.
ING	ING Bank N.V., Manila Branch.
Interest Payment Date	June 1, 2017 and thereafter, each of September 1, December 1, March 1 and June 1 of each year, or the next Business Day if such date falls on a non-Business Day, during which any of the Offer Bonds are outstanding.
IPPA	An independent power producer administrator.
IPPA Agreement	Each independent power producer administrator agreement entered into between an IPPA and PSALM or any party, including a transferee of such IPPA Agreement.
Issue Date	March 1, 2017 or such other date as the Issuer and the Joint Lead Underwriters and Bookrunners may agree in writing; provided, that such date shall be a date which is within the validity of the Permit to Sell.
Joint Lead Underwriters and Bookrunners	Collectively, BDO Capital & Investment Corporation, BPI Capital Corporation, China Bank Capital Corporation, ING

	Bank N.V., Manila Branch, RCBC Capital Corporation, SB Capital Investment Corporation, and Standard Chartered Bank, Manila Branch.
Lien	With respect to any property or asset, (a) any mortgage, lien, pledge, charge, security interest, encumbrance or other preferential arrangement of any kind in respect of such property or asset, including, without limitation, any preference or priority under Article 2244(14) of the Civil Code of the Philippines, as the same may be amended from time to time, in each case, to the extent securing payment or performance of a Debt prior to any general creditor of such Person; and (b) the right of a vendor, lessor, or similar party under any conditional sales agreement, capital lease or other title retention agreement relating to such property or asset, and any other right of or arrangement with any creditor to have its claims satisfied out of any property or asset, or the proceeds therefrom, prior to any general creditor of the owner thereof.
Majority Bondholders	(a) with respect to matters relating only to the Series A Bonds, Bondholders representing more than fifty percent (50%) of the outstanding principal amount of the Series A Bonds; (b) with respect to matters relating only to the Series B Bonds, Bondholders representing more than fifty percent (50%) of the outstanding principal amount of the Series B Bonds; (c) with respect to matters relating only to the Series C Bonds, Bondholders representing more than fifty percent (50%) of the outstanding principal amount of the Series C Bonds; and (d) with respect to matters affecting all Offer Bonds, Bondholders representing more than fifty percent (50%) of the outstanding principal amount of the Offer Bonds.
Master Certificate of Indebtedness	For each of the Series A Bonds, Series B Bonds, and Series C Bonds, the bond certificate issued by the Issuer in the name of the Trustee for the benefit of the Bondholders covering the entire principal amount of the relevant series purchased during the Offer Period and to be issued by the Issuer on the Issue Date, which shall be substantially in the form attached as Annex B of the Trust Agreement.
Material Adverse Effect	In the reasonable opinion of the Majority Bondholders, acting in good faith and in consultation with the Issuer, a material adverse effect on (a) the ability of the Issuer to observe and comply with the provisions of and perform its financial obligations under the Offer Bonds and the Bond Agreements; or (b) the validity or enforceability of the Offer Bonds or any of the Bond Agreements; or (c) the financial condition, business or operations of the Issuer taken as a whole.
Material Subsidiary	At any time: (a) A Subsidiary of the Issuer as of such date with respect of which: (i) the issuer's proportionate share (based on

	the Issuer's direct or indirect equity interest therein) of the net income (excluding extraordinary gains and losses) thereof, as shown by the latest audited accounts of such Subsidiary (which accounts shall be consolidated if such Subsidiary has any Subsidiaries), constitutes at least 25% of the consolidated net income of the Issuer (excluding extraordinary gains and losses) as shown by the consolidated audited accounts of the Issuer in respect of the same period; or (ii) the Issuer's proportionate share (based on the Issuer's direct or indirect equity interest therein) of the total assets thereof, as shown by the then latest audited accounts of such Subsidiary (which accounts shall be consolidated if such Subsidiary has any Subsidiaries) constitute at least 25% of the total consolidated assets of the Issuer as shown by the consolidated audited accounts of the Issuer in respect of the same period. Provided that for the purpose of the above: (1) in the case of a Subsidiary acquired, or a Person becoming a Subsidiary, after the end of the financial period to which the latest consolidated audited accounts of the Issuer relate, the reference to the then latest consolidated audited accounts of the Issuer, for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer for the financial period in which the acquisition is made, or as the case may be, in which the person becomes a Subsidiary are published, be deemed to be a reference to the then latest consolidated audited accounts of such Subsidiary (which accounts shall be consolidated if such Subsidiary has any Subsidiaries) into such accounts (as if such latest consolidated audited accounts of the Issuer are prepared in respect of the same period as such latest audited accounts of such Subsidiary); (2) if at any time when a determination must be made under this definition with respect to the Issuer or any Subsidiary for which consolidated audited accounts of the Issuer are necessary no such consolidated audited accounts are prepared and audited, net income (excluding extraordinary gains and losses) and total assets of the Issuer shall be determined on the basis of the pro forma

	consolidated accounts prepared for this purpose by the auditors at that time of the Issuer (which pro forma accounts shall be procured by the Issuer as soon as reasonably practicable upon request by the Trustee); and (3) if at any time when a determination must be made under this definition with respect to any Subsidiary for which audited accounts of such Subsidiary are necessary, no such accounts are prepared and audited, its net income (excluding extraordinary gains and losses) and total assets shall be determined on the basis of the pro forma accounts of such Subsidiary (which account should be consolidated if such Subsidiary has any Subsidiaries) prepared for this purpose by the auditors at that time of such Subsidiary (which pro forma accounts shall be procured by the Issuer as soon as reasonably practicable upon request by the Trustee); and (b) any Subsidiary of the Issuer to which is transferred all or substantially all of the assets of a Subsidiary which immediately prior to such transfer was a Material Subsidiary, provided that the Material Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Material Subsidiary.
Maturity Date	In respect of the Series A Bonds, the fifth (5th) anniversary of the Issue Date or on March 1, 2022; In respect of the Series B Bonds, the seventh (7th) anniversary of the Issue Date or on March 1, 2024; and In respect of the Series C Bonds, the tenth (10th) anniversary of the Issue Date or on March 1, 2027, provided, that if the relevant Maturity Date falls on a day that is not a Business Day, then the payment of the principal shall be made by the Issuer on the next Business Day, without adjustment to the amount of interest and principal to be paid.
Offer	The public offer for sale, distribution and issuance by the Issuer of the Offer Bonds by the Issuer to eligible investors.
Offer Bonds	The SEC-registered Series A Bonds, Series B Bonds, and Series C Bonds to be issued by SMC in the aggregate amount of up to ₱20,000,000,000.00, consisting of the Base Offer of ₱15,000,000,000.00 and the Oversubscription Option of up to ₱5,000,000,000.00. As the context may require, the term shall include Bonds issued by SMC on the Issue Date pursuant to the

	Prospectus, this Offer Supplement and the other Bond Agreements.
Offer Period	The period when the Offer Bonds are publicly offered for sale, distribution and issuance by the Issuer to eligible investors, commencing at 9:00 a.m., Manila time, on February 14, 2017 and end at 5:00 p.m., Manila time, on February 20, 2017, or such other date as may be mutually agreed between the Issuer and the Joint Lead Underwriters and Bookrunners.
Offer Supplement	This document so titled and dated February 10, 2017 issued along with and supplementary to the Prospectus and containing the specific terms and conditions of the Offer and the Offer Bonds.
Optional Redemption Date	In respect of the Series A Bonds, the 3rd anniversary of the Issue Date or on March 1, 2020; In respect of the Series B Bonds, (i) the 5th anniversary of the Issue Date or on March 1, 2022, or (ii) the 6th anniversary of the Issue Date or on March 1, 2023; and In respect of the Series C Bonds, (i) the 7th anniversary of the Issue Date or on March 1, 2024, (ii) the 8th anniversary of the Issue Date or on March 1, 2025, or (iii) the 9th anniversary of the Issue Date or on March 1, 2026, provided, that if the relevant Optional Redemption Date falls on a day that is not a Business Day, then the payment of the optional redemption price shall be made by the Issuer on the next Business Day, without adjustment to the amount of interest and optional redemption price to be paid.
Oversubscription Option	The option that may be exercised by the Joint Lead Underwriters, in consultation with the Issuer, to offer up to an additional ₱5,000,000,000.00 Offer Bonds to the investing public, to cover oversubscriptions, if any.
Oversubscription Option	Has the meaning ascribed to it in page 2 of this Offer Supplement.
Paying Agent	The Philippine Depository & Trust Corp., a corporation with a quasi-banking license duly organized and existing under and by virtue of the laws of the Philippines, whose principal obligation is to handle payments of the principal of, interest on, and all other amounts payable on the Offer Bonds, to the Bondholders, pursuant to the Registry and Paying Agency Agreement. The term includes, wherever the context permits, all other Person or Persons for the time being acting as paying agent or paying agents under the Registry and Paying Agency Agreement.
Payment Account	The account to be opened and maintained by the Paying Agent with such Payment Account Bank designated by the Issuer and solely managed by the Paying Agent, in trust and for the irrevocable benefit of the Bondholders, into which the Issuer shall deposit the amount of the interest and/or principal payments due on the Outstanding

	Bonds on a relevant date and exclusively used for such purpose, the beneficial ownership of which shall always remain with the Bondholders. As used in this definition, the terms "Outstanding Bonds" and "Payment Account Bank" have the respective meanings given to such terms in the Registry and Paying Agent Agreement.
Payment Date	As the context may require, each Interest Payment Date, the Maturity Date for the relevant series of the Offer Bonds, and/or the relevant Redemption Date.
PDEx	Philippine Dealing & Exchange Corp.
PDEx Rules	The applicable rules, conventions, and guidelines of PDEx.
PDS Group-Registered Cash Settlement Banks	Banking institutions that provide cash payment services for client investors arising from fixed income securities activities in PDS Group subsidiaries.
PDTC	Philippine Depository & Trust Corp.
Permit to Sell	The Certificate of Permit to Sell or Offer for Sale of Securities issued by the SEC in respect of the Offer.
Permitted Liens	Means: (a) Any Lien existing as of the date of the Trust Agreement; (b) Liens for taxes or assessments or governmental charges or levies not yet delinquent or which are being contested in good faith; (c) Liens arising by operation of law (other than any preference or priority under Article 2244(14)(a) of the Civil Code of the Philippines) on any property or asset of the Issuer or its Material Subsidiaries, including without limitation, amounts owing to a landlord, carrier, warehouseman, mechanic or materialman; (d) Liens over or affecting any asset of any company which becomes a member of the Group after the date of the Trust Agreement, where the Lien is created prior to the date on which that company becomes a member of the Group; (e) Liens (not otherwise permitted in paragraph (b) to (d) above) securing Debt owed under any government lending program or incurred by the Issuer and/or its Material Subsidiaries (in each case) in the ordinary course of any real property development business and in an aggregate principal amount (such aggregate being the aggregate for the Issuer and the Material Subsidiaries) at any date not to exceed 5% of

	Consolidated Net Worth as of such date; (f) To the extent notified to the Trustee in writing, any Lien created by a Ring-Fenced Subsidiary securing Project Debt incurred by that Ring-Fenced Subsidiary; (g) To the extent notified to the Trustee in writing, any Lien created over shares in any Ring-Fenced Subsidiary securing Project Debt incurred by that Ring-Fenced Subsidiary; (h) Any Lien upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including uncalled capital) of any of the Material Subsidiaries to secure: (1) any Debt which (subject to paragraph (2) of this definition below) is not Public Debt; or (2) any Public Debt (A) which (i) by its terms does not provide that the Company or any Material Subsidiary is an obligor, (ii) by its terms does not provide that a Guarantee or credit support of any kind is given by the Company or any of the Material Subsidiaries and (iii) does not have the legal effect of providing recourse against any of the assets of the Company or any of the Material Subsidiaries and (B) no default with respect to which would permit upon notice, lapse of time or both any holders of any other Debt of the Company or any of the Material Subsidiaries to declare a default on such other Debt or cause the payment of such other Debt to be accelerated or payable prior to its stated maturity, which, in either case (either alone or when aggregated with all other present or future business, undertaking, assets or revenues (including uncalled capital) of any of the Material Subsidiaries upon, or with respect to, which Liens are subsisting), does not exceed 15% of the consolidated Total Assets of the Group taken as a whole. (i) Liens created with the prior written consent of the Majority Bondholders; and (j) any extension, renewal, supplement, or replacement (or successive extensions, renewals, supplements, or replacements) in whole or in part of any Lien referred to in paragraphs (a), (f), (g) and (h), or any Debt secured thereby; provided that such extension, renewal, supplements, or replacement is limited to all or any part of the same property that secured the Lien extended,

	renewed, supplemented, or replaced (plus any construction, repair, or improvement on such property) and shall secure no larger amount of financial Debt than that existing at the time of such extension, renewal, supplement, or replacement.
Person	Any individual, firm, corporation, partnership, association, joint venture, tribunal, limited liability company, trust, government or political subdivision or agency or instrumentality thereof, or any other entity or organization.
PFRS	Philippine Financial Reporting Standards which includes statements named PFRS and Philippine Accounting Standards (PAS), and Philippine Interpretations from International Financial Reporting Interpretation Committee (IFRIC), issued by the Financial Reporting Standards Council (FRSC) or, at any time, generally accepted accounting principles in the Philippines in conformity with international accounting standards in effect at such time.
Philippines	The Republic of the Philippines.
Philippine Peso, Peso, PHP or ₱	Philippine Peso, the legal currency of the Philippines.
PhilRatings	Philippine Rating Services Corporation.
Project Debt	Debt incurred by a Ring-Fenced Subsidiary in relation to project finance in respect of which there is no recourse to the Company or any other member of the Group, and in respect of which neither the Company nor any other member of the Group has any actual or contingent liability of any nature, whether as principal, guarantor, surety or otherwise, except in respect of any security interest granted by the Company or any member of the Group over its shares in a Ring-Fenced Subsidiary.
Public Debt	Any present or future Debt (whether being principal, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities which are for the time being, capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, and any Guarantee or indemnity of any such Debt.
Prospectus	The prospectus dated February 10, 2017 and any amendments, supplements and addenda thereto for the offer and sale to the public of the Bonds (inclusive of Offer Bonds) within the Shelf Period. As the context may require, the term includes this Offer Supplement.
PSE	The Philippine Stock Exchange, Inc.
Purchase Price	In respect of each Offer Bond, an amount equal to the face amount of such Offer Bond, which is payable upon submission of the duly executed Application to Purchase.
RCBC Capital	RCBC Capital Corporation.
Record Date	As used with respect to any Payment Date, (a) two (2)

	Business Days immediately preceding the relevant Payment Date, which shall be the cut-off date in determining the Bondholders entitled to receive interest, principal or any amount due under the Offer Bonds or (b) such other date as the Issuer may duly notify PDTC.
Redeemable Stock	Any class or series of Capital Stock of the Issuer that by its terms or otherwise is: (a) required to be redeemed prior to the Maturity Date of the Series C Bonds; (b) redeemable at the option of the holder thereof or any other Person at any time prior to the Maturity Date of the Series C Bonds; or (c) convertible into or exchange for (i) Capital Stock or (b) Debt of the Issuer having a scheduled maturity prior to the Maturity Date of the Series C Bonds.
Redemption Date	The date when the Offer Bonds (or any series thereof) are redeemed earlier than the relevant Maturity Date in accordance with the terms and conditions of the Offer Bonds; provided that if the relevant Redemption Date falls on a day that is not a Business Day, then the payment of the principal shall be made by the Issuer on the next Business Day, without adjustment to the amount of interest and principal to be paid. For the avoidance of doubt, the term "Redemption Date" includes Optional Redemption Date.
Registrar	Philippine Depository & Trust Corp. The term includes, wherever the context permits, all other Person or Persons for the time being acting as registrar or registrars under the Registry and Paying Agency Agreement.
Registration Statement	The registration statement filed with the SEC in connection with the offer and sale to the public of the Bonds (inclusive of the Offer Bonds).
Registry of Bondholders	The electronic registry book of the Registrar containing the official information on the Bondholders and the amount of the Offer Bonds they respectively hold, including all transfers and assignments thereof or any liens or encumbrances thereon, to be maintained by the Registrar pursuant to and under the terms of the Registry and Paying Agency Agreement.
Registry and Paying Agency Agreement	The Registry and Paying Agency Agreement dated February 10, 2017, and its annexes and attachments, as may be modified, supplemented or amended from time to time, and entered into between the Company and the Registrar and Paying Agent in relation to the Offer Bonds.
Related Person	with respect to any Person means: (a) any controlling stockholder or a majority (or more) owned Subsidiary of such Person, or, in the case

	of an individual, any spouse or immediate family member of such Person, any trust created for the benefit of such individual or such individual's estate, executor, administrator, committee or beneficiaries; or (b) any trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners, owners or Persons beneficially holding a majority (or more) controlling interest of which consist of such Person and/or such other Persons referred to in the immediately preceding paragraph.
Relevant Period	A period of 12 calendar months ending on the last day of any quarter of any of the Issuer's fiscal years.
Ring-Fenced Subsidiary	Any entity that satisfies the following conditions: (a) such entity is a Subsidiary of the Issuer but not a Material Subsidiary; (b) such entity, to the extent directly owned by the Issuer or a member of the Group (other than another Ring-Fenced Subsidiary), is a limited liability company or corporation organized and existing under the laws of the Philippines; (c) the Issuer has delivered a written notification to the Trustee designating such entity as a Ring-Fenced Subsidiary until such designation has been withdrawn in writing by the Issuer; (d) no member of the Group (other than that Ring-Fenced Subsidiary) shall be contingently liable for any Debt of such entity or its Subsidiaries, except in respect of the granting by a member of the Group of Liens over its shares in such entity or such entity's Subsidiaries; and (e) all transactions conducted between any member of the Group and such entity or its Subsidiaries must be on an arm's length basis and on normal commercial terms, and each Subsidiary of any such entity shall also be a Ring-Fenced Subsidiary.
RTGS	The Philippine Payment Settlement System via Real Time Gross Settlement that allows banks to effect electronic payment transfers which are interfaced directly to the automated accounting and settlement systems of the BSP.
SB Capital	SB Capital Investment Corporation.
SCB	Standard Chartered Bank, Manila Branch.
SEC	Securities and Exchange Commission of the Philippines.
Selling Agents	Means the Bank of Commerce and such other selling

	agents as may be advised by the Joint Lead Underwriters and Joint Bookrunners to the Registrar in writing on or before the last day of the Offer Period.
Series A Bonds	The Offer Bonds to be issued by the Issuer, with an aggregate principal amount of ₱5,012,250,000.00, and in case the Oversubscription Option is exercised, such additional principal amount equivalent to the Offer Bonds as may have been taken up for this series, having a term beginning on the Issue Date and ending five years from the Issue Date or on March 1, 2017, with a fixed interest rate equivalent to 4.8243% per annum.
Series B Bonds	The Offer Bonds to be issued by the Issuer, with an aggregate principal amount of ₱5,470,750,000.00, and in case the Oversubscription Option is exercised, such additional principal amount equivalent to the Offer Bonds as may have been taken up for this series, having a term beginning on the Issue Date and ending seven years from the Issue Date or on March 1, 2017, with a fixed interest rate equivalent to 5.2840% per annum.
Series C Bonds	The Offer Bonds to be issued by the Issuer, with an aggregate principal amount of ₱4,517,000,000.00, and in case the Oversubscription Option is exercised, such additional principal amount equivalent to the Offer Bonds as may have been taken up for this series, having a term beginning on the Issue Date and ending ten years from the Issue Date or on March 1, 2017, with a fixed interest rate equivalent to 5.7613% per annum.
Shelf Period	Subject to applicable regulations, a period of three years from the effective date of the Registration Statement within which the Bonds under shelf registration may be offered and sold in tranches.
Subsidiary	An entity of which a Person has direct or indirect control or owns directly or indirectly more than 50% of the voting capital or similar right of ownership.
Tax Code	Philippine National Internal Revenue Code of 1997 (as amended).
Total Assets	With respect to any Person, the total consolidated assets of such Person and its Subsidiaries as determined by reference to the most recently available quarterly or annual consolidated financial statements of such Person and its Subsidiaries prepared in accordance with PFRS.
Transaction Date	With respect the incurrence of any Debt, the date such Debt is incurred.
Trust Agreement	The Trust Agreement dated February 10, 2017 and its annexes and attachments, as may be modified, supplemented or amended from time to time, and entered into between the Company and the Trustee.
Trustee	Rizal Commercial Banking Corporation – Trust and Investments Group. The term includes, wherever the

	context permits, all other Person or Persons for the time being acting as trustee or trustees under the Trust Agreement.
Underwriting Agreement	The Underwriting Agreement dated February 10, 2017, and its annexes and attachments, as may be modified, supplemented or amended from time to time, and entered into between the Company and the Joint Lead Underwriters and Bookrunners in relation to the Offer Bonds.
USD	U.S. Dollars, the legal currency of the United States of America.
Voting Stock	With respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

Terms of the Offer

The terms and conditions of this Offer are as follows:

1	Issuer……..	San Miguel Corporation
2	Instrument ……..	Fixed rate bonds constituting the direct, unconditional, unsecured, and unsubordinated Peso-denominated obligations of SMC.
3	Offer Size……	Base Offer: ₱15,000,000,000.00 Oversubscription Option: ₱5,000,000,000.00
4	Oversubscription Option……..	The Joint Lead Underwriters and Bookrunners, in consultation with the Issuer, reserve the right to increase the size of the Offer Bonds through the Oversubscription Option. For a detailed discussion on the Oversubscription Option, please see the section on "*Plan of Distribution"*.
5	The Offer…….	The Offer Bonds may be issued in up to three (3) series, at the discretion of the Issuer: • 5-year Series A Bonds due 2022; • 7-year Series B Bonds due 2024; and • 10-year Series C Bonds due 2027. The Offer Bonds will be issued from the ₱60,000,000,000.00 Fixed Rate Bonds Shelf Registration Program of SMC. The Issuer has the discretion to allocate the principal amount among the different series of the Offer Bonds based on the bookbuilding process, and may opt not to allocate any amount to any of these series.
6	Manner of Distribution……..…	Public offering in the Philippines to eligible investors.
7	Use of Proceeds……	Proceeds of the Offer Bonds will be used by the Company to partially refinance the loans provided by BDO Unibank, Inc., Bank of the Philippine Islands, China Banking Corporation, Rizal Commercial Banking Corporation, and Security Bank Corporation, which were used to partially prepay the U.S. Dollar-denominated loans of SMC. For a detailed discussion on the Use of Proceeds please refer to the section on "*Use of Proceeds"* in this Offer Supplement and in the Prospectus.
8	Form and Denomination of the Offer Bonds…….	The Offer Bonds shall be issued in scripless form in minimum denominations of ₱50,000.00 each, and in integral multiples of ₱10,000.00 thereafter, and traded in denominations of ₱10,000.00 in the secondary market.
9	Purchase Price……..	The Offer Bonds shall be issued at 100% of face value.
10	Offer Period…….	The Offer shall commence at 9:00 a.m., Manila time, on February 14, 2017 and end at 5:00 p.m., Manila time, on February 20, 2017, or on such date as the Issuer and the Joint Lead Underwriters and Bookrunners may agree upon.

11	Issue Date of the Offer Bonds……..	March 1, 2017
12	Maturity Date…….....	Series A Bonds: March 1, 2022 or fifth (5th) anniversary of the Issue Date Series B Bonds: March 1, 2024 or seventh (7th) anniversary of the Issue Date Series C Bonds: March 1, 2027 or tenth (10th) anniversary of the Issue Date
13	Interest Rate……..	Series A Bonds: 4.8243% per annum Series B Bonds: 5.2840% per annum Series C Bonds: 5.7613% per annum
14	Interest Payment Dates and Interest Payment Computation……	Interest payment on the Offer Bonds shall commence on June 1, 2017 and thereafter, on September 1, December 1, March 1, and June 1 of each year, or the next Business Day if any such dates fall on a non-Business Day, during the term of the Offer Bonds (each, an "Interest Payment Date"). Interest on the Offer Bonds shall be calculated on a European 30/360 day count basis regardless of the actual number of days in a month. Interest shall be paid quarterly in arrears.
15	Final Redemption……..	The Offer Bonds shall be redeemed at par or 100% of face value on their respective Maturity Dates, unless earlier redeemed or purchased and cancelled by the Company. In the event the relevant Maturity Date is not a Business Day, payment of all amounts due on such date will be made by the Issuer through the Paying Agent, without adjustment for accrued interest, on the succeeding Business Day.
16	Optional Redemption……	The Issuer shall have the right, but not the obligation, to redeem in whole (but not in part), any outstanding Series A, Series B and Series C Bonds on the dates set out below (each an "Optional Redemption Date"):

Series A Bonds	
Optional Redemption Dates	**Optional Redemption Price**
On the 3rd year from Issue Date	100.5%

Series B Bonds	
Optional Redemption Dates	**Optional Redemption Price**
On the 5th year from Issue Date	101.0%
On the 6th year from Issue Date	100.5%

Series C Bonds	
Optional Redemption Dates	**Optional Redemption Price**
On the 7th year from Issue Date	102.0%

On the 8th year from Issue Date	101.0%
On the 9th year from Issue Date	100.5%

provided, that if the relevant Optional Redemption Date falls on a day that is not a Business Day, then the payment of the optional redemption price shall be made by the Issuer on the next Business Day, without adjustment to the amount of interest and optional redemption price to be paid.

The amount payable to the Bondholders upon the exercise of the optional redemption by the Issuer shall be calculated, based on the principal amount of Offer Bonds being redeemed, as the sum of: (i) accrued interest computed from the last Interest Payment Date up to the relevant Optional Redemption Date; and (ii) the product of the principal amount of the Offer Bonds being redeemed and the optional redemption price in accordance with the above table.

The Issuer shall give no less than thirty (30) nor more than sixty (60) days' prior written notice to the Trustee, the Registrar and Paying Agent of its intention to redeem the Offer Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Offer Bonds on the Optional Redemption Date stated in such notice.

For a detailed discussion on Optional Redemption please refer to the section on "*Description of the Offer Bonds – Optional Redemption"* in this Offer Supplement.

17 Redemption for Taxation Reasons…….. If payments under the Offer Bonds become subject to additional or increased taxes, other than the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the Offer Bonds in whole, but not in part, on any Interest Payment Date (having given not more than sixty (60) days nor less than thirty (30) days' prior written notice to the Trustee, the Registrar and Paying Agent) at par (or 100% of the face value) and paid together with the accrued interest thereon, subject to the requirements of Applicable Law.

For a detailed discussion on Redemption for Taxation Reasons please refer to the section on "*Description of the Offer Bonds – Redemption for Taxation Reasons"* in this Offer Supplement.

18 Redemption by Reason of Change in Law or Circumstance…….. Upon the occurrence of a Change in Law or Circumstance, the Issuer may redeem the Offer Bonds in whole, but not in part, having given not more than 60 days nor less than 30 days' written notice to the Trustee, the Registrar and the Paying Agent, at par or 100% of the face value) and paid together with accrued interest thereon.

For a detailed discussion on Redemption for Taxation Reasons please refer to the section on "*Description of the Offer Bonds – Redemption by Reason of Change in Law or Circumstance"* in this Offer Supplement.

19	Redemption by Reason of Change of Control……..	Upon the occurrence of a Change of Control, Bondholders holding at least two-thirds (2/3) of the outstanding principal amount of the Offer Bonds may require the Issuer to redeem all (but not some) of the Offer Bonds, at par (or 100% of face value), which shall be paid together with the accrued interest thereon. The decision of the Bondholders holding at least two-thirds (2/3) of the outstanding principal amount of the Offer Bonds shall be conclusive and binding upon all the Bondholders For a detailed discussion on Redemption for Taxation Reasons please refer to the section on "*Description of the Offer Bonds – Redemption by Reason of Change of Control"* in this Offer Supplement.
20	Status of the Bonds……	The Offer Bonds shall constitute the direct, unconditional, unsubordinated and unsecured obligations of SMC and shall at all times rank pari passu and ratably without any preference or priority amongst themselves and at least pari passu with all other present and future unsubordinated and unsecured Debt of SMC, other than Debt mandatorily preferred by law, and preferred claims under any bankruptcy, insolvency, reorganization, moratorium, liquidation or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (but not the preference or priority established by Article 2244(14)(a) of the Civil Code of the Philippines).
21	Negative Pledge……	The Offer Bonds will have the benefit of a negative pledge on all properties and assets of the Issuer, subject to the exceptions as described in page 35 of this Offer Supplement.
22	Listing……..	The Issuer intends to list the Bonds in the PDEx on the Issue Date.
23	Purchase and Cancellation……	The Issuer may purchase the Offer Bonds at any time in the open market or by tender or by contract, in accordance with PDEx Rules, as may be amended from time to time, without any obligation to make pro rata purchases from all Bondholders. Offer Bonds so purchased shall be redeemed and cancelled and may not be re-issued. Upon listing of the Offer Bonds on PDEx, the Issuer shall disclose any such transactions in accordance with the applicable PDEx disclosure rules.
24	Bond Rating……	The Offer Bonds have been rated PRS Aaa by the Philippine Rating Services Corporation ("PhilRatings") on December 13, 2016. The rating is subject to regular annual reviews, or more frequently as market developments may dictate, while the Offer Bonds are outstanding.
25	Transfer of the Offer Bonds……...	Trading of the Offer Bonds will be coursed through a PDTC Participant under the scripless book-entry system of the PDTC. Trading, transfer and/or settlement of the Offer Bonds shall be performed in accordance with the PDTC rules and procedures to be set by the Issuer and the Registrar. Upon any assignment, title

		to the Offer Bonds will pass by recording of the transfer from the transferor to the transferee in the Registry of Bondholders to be maintained by the Registrar. Please see the sections on "*Description of the Offer Bonds – Transfer; Tax Status*" in this Offer Supplement for a more detailed discussion on transfer of the Offer Bonds.
26	Joint Lead Underwriters and Bookrunners……	BDO Capital & Investment Corporation ("BDO Capital"), BPI Capital Corporation ("BPI Capital"), China Bank Capital Corporation ("China Bank Capital"), ING Bank N.V., Manila Branch ("ING"), RCBC Capital Corporation ("RCBC Capital"), SB Capital Investment Corporation ("SB Capital), and Standard Chartered Bank, Manila Branch ("SCB").
27	Issue Coordinator……..	BDO Capital.
28	Registry and Paying Agent…..	Philippine Depository & Trust Corp.
29	Trustee…….	Rizal Commercial Banking Corporation – Trust and Investments Group.
30	Counsel to SMC…….	Picazo Buyco Tan Fider & Santos.
31	Counsel to the Joint Lead Underwriters and Bookrunners……	SyCip Salazar Hernandez & Gatmaitan.
	Miscellaneous	
32	Incorporation by way of Reference…….....	All disclosures, reports, and filings of the Company made after the date of the Prospectus and this Offer Supplement (the "Company Disclosures") and submitted to the SEC and/or the PSE pursuant to the Corporation Code, the Securities Regulation Code, and the Revised Disclosure Rules of the PSE are incorporated or deemed incorporated by reference in this Offer Supplement. Copies of the Company Disclosures may be viewed at the website of the Company at www.sanmiguel.com.ph. The Company Disclosures contain material and meaningful information relating to the Company and investors should review all information contained in the Prospectus, this Offer Supplement and the Company Disclosures incorporated or deemed incorporated herein by reference.

Description of the Offer Bonds

The following does not purport to be a complete listing of all the rights, obligations, or privileges of the Offer Bonds. Some rights, obligations, or privileges may be further limited or restricted by other documents. Prospective investors are enjoined to carefully review the Articles of Incorporation, By-Laws and resolutions of the Board of Directors and stockholders of the Company, the information contained in the Prospectus, this Offer Supplement, the Trust Agreement, and the other Bond Agreements or other agreements, Applicable Law, rules and regulations of PDTC and PDEx relevant to the Offer, and to perform their own independent investigation and analysis of the Issuer and the Offer Bonds. Prospective Bondholders must make their own appraisal of the Issuer and the Offer, and must make their own independent verification of the information contained herein and the other aforementioned documents and any other investigation they may deem appropriate for the purpose of determining whether to participate in the Offer. They must not rely solely on any statement or the significance, adequacy or accuracy of any information contained herein. The information and data contained herein are not a substitute for the prospective investor's independent evaluation and analysis. Prospective Bondholders are likewise encouraged to consult their legal counsels and accountants in order to be better advised of the circumstances surrounding the Offer Bonds.

The offer and issuance of the Bonds, in one or more tranches, was authorized by a resolution of the Board of Directors of the Company on November 10, 2016. The Offer Bonds with an aggregate principal amount of ₱15,000,000,000.00 shall be issued for the first tranche with an Oversubscription Option of up to ₱5,000,000,000.00. The Offer Bonds will be issued on the Issue Date, that is March 1, 2017 and will comprise of 5-year Series A Bonds due 2022, 7-year Series B Bonds due 2024, and 10-year Series C Bonds due 2027.

The Offer Bonds shall be governed by a Trust Agreement to be executed on February 10, 2017 between the Issuer and Rizal Commercial Banking Corporation – Trust and Investments Group as Trustee. The Trustee has no interest in or relation to the Issuer which may conflict with the performance of its functions. The description of the terms and conditions of the Offer Bonds set out below includes summaries of, and is subject to, the detailed provisions of the Trust Agreement.

A Registry and Paying Agency Agreement in relation to the Offer Bonds will be executed on February 10, 2017 between the Issuer and PDTC as Registrar and Paying Agent.

Copies of the Trust Agreement and the Registry and Paying Agency Agreement are available for inspection during normal business hours at the specified offices of the Trustee. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of the Trust Agreement and all the provisions of the Registry and Paying Agency Agreement applicable to them.

Form and Denomination

The Offer Bonds shall be issued in scripless form. A Master Certificate of Indebtedness representing each of the Series A Bonds, Series B Bonds, and Series C Bonds sold in the Offer shall be issued to and registered in the name of the Trustee for the benefit of the Bondholders.

The Offer Bonds shall be issued in minimum denominations of ₱50,000.00 each, and in integral multiples of ₱10,000.00 thereafter, and traded in denominations of ₱10,000.00 in the secondary market.

Title

Legal title to the Offer Bonds will be shown in the Registry of Bondholders maintained by the Registrar. A notice confirming the principal amount of the Offer Bonds purchased by each Applicant in the Offer shall be issued by the Registrar to all Bondholders following the Issue Date. Upon any assignment, title to the Offer Bonds shall pass by recording the transfer from the transferor to the

transferee in the Registry of Bondholders maintained by the Registrar. Settlement in respect of such transfer or change of title to the Offer Bonds, including the settlement of any cost arising from such transfer or change, including, but not limited to, documentary stamps taxes, if any, shall be for the account of the relevant Bondholder or the transferee, as applicable.

BOND RATING

The Offer Bonds have been rated PRS Aaa by PhilRatings. PRS Aaa is the highest rating assigned by PhilRatings. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

The rating is subject to annual review, or more frequently as market developments may dictate, for as long as the Offer Bonds are outstanding. After Issue Date, the Trustee shall monitor the compliance of the Offer Bonds with the regular annual reviews.

TRANSFER OF THE OFFER BONDS

Registry of Bondholders

The Issuer shall cause the Registry of Bondholders to be kept by the Registrar in electronic form. The names and addresses of the Bondholders and the particulars of the Offer Bonds held by them and of all transfers and assignments of Offer Bonds, including any liens and encumbrances thereon, shall be entered into the Registry of Bondholders. Transfers of ownership shall be effected through book-entry transfers in the scripless Registry of Bondholders.

As required by Circular No. 428-04 issued by the BSP, the Registrar shall send each Bondholder a written statement of registry holdings at least every quarter (at the cost of the Issuer), and a written advice confirming every receipt or transfer of the Offer Bonds that is effected in the Registrar's system. Such statement of registry holdings shall serve as the confirmation of ownership of the relevant Bondholder as of the date thereof. Any requests of Bondholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting Bondholder. No transfer of the Offer Bonds may be made during the period commencing on a Record Date.

Transfers; Tax Status

Settlement in respect of such transfers or change of title to the Offer Bonds, including the settlement of any documentary stamps taxes, if any, arising from subsequent transfers, shall be for the account of the relevant Bondholder or the transferee, as applicable.

Subject to the provisions of the Registry and Paying Agency Agreement, the relevant rules, conventions and guidelines of PDEx and PDTC, the Bondholders may not transfer their Offer Bonds as follows:

(a) transfers across Tax Categories on a date other than an Interest Payment Date; provided, however, that transfers from a tax-exempt Tax Category to a taxable Tax Category on a date other than an Interest Payment Date shall be allowed using the applicable tax-withheld series name on PDEx, ensuring the computations are based on the final withholding tax rate of the taxable party to the trade. Should this transaction occur, the tax-exempt person shall be treated as being of the same Tax Category as its taxable counterparty for the interest period within which such transfer occurred; provided, finally, that this restriction shall be in force until a Non-Restricted Trading & Settlement Environment for Corporate Securities is implemented. For purposes hereof, "Tax Categories" shall refer to the four (4) final withholding tax categories in the PDEx system covering, particularly, tax-exempt persons, 20% tax-withheld persons, 25% tax-withheld persons, and 30% tax-withheld persons, as such categories may be revised, amended or supplemented by PDEx in accordance with its rules and Applicable Law;

(b) transfers by Bondholders with deficient documents; and

(c) transfers during a Closed Period. For purposes hereof, "Closed Period" means period during which the Registrar shall not register any transfer or assignment of the Offer Bonds, specifically: (i) the period of two (2) Business Days preceding any Interest Payment Date or the due date for any payment of the Final Redemption Amount of the Offer Bonds; or (ii) the period when any of the Offer Bonds have been previously called for redemption.

Transfers taking place in the Registry of Bondholders after the Offer Bonds are listed in PDEx may be allowed between taxable and tax-exempt entities without restriction and observing the tax exemption of tax-exempt entities, if/and or when so allowed under and in accordance with the relevant rules, conventions and guidelines of PDEx and PDTC.

A Bondholder claiming tax-exempt status is required to submit to the Registry of Bondholders the required tax-exempt documents as detailed in the Registry and Paying Agency Agreement upon submission of the account opening documents to the Registrar. Please see the sections on "*Description of the Offer Bonds –Tax-Exempt Status or Entitlement to Preferential Tax Rate*" for a detailed discussion on the requirements for claiming a preferential tax status.

Notwithstanding the submission by the Bondholder, or the receipt by the Issuer, the Registrar, the Joint Lead Underwriters and Bookrunners of documentary proof of tax-exempt status of a Bondholder, the Issuer may, in its sole and reasonable discretion, determine that such Bondholder is taxable and require the Registrar and Paying Agent to proceed to apply the tax due on the Offer Bonds. Any question on such determination shall be referred to the Issuer.

The Bondholders shall be responsible for monitoring and accurately reflecting their tax status in the Registry of Bondholders. The payment report to be prepared by the Registrar and submitted to the Issuer in accordance with the Registry and Paying Agency Agreement, which shall be the basis of payments on the Offer Bonds on any Interest Payment Date, shall reflect the tax status of the Bondholders as indicated in their accounts as of the Record Date.

Secondary Trading of the Offer Bonds

The Issuer intends to list the Offer Bonds on PDEx for secondary market trading and, for that purpose, the Issuer has filed an application for such listing. However, there can be no assurance that such a listing will actually be achieved or whether such a listing will materially affect the liquidity of the Offer Bonds on the secondary market. Such listing would be subject to the Issuer's execution of a listing agreement with PDEx that may require the Issuer to make certain disclosures, undertakings and payments on an ongoing basis.

For so long as any of the Offer Bonds are listed on PDEx, the Offer Bonds will be traded in a minimum board lot size of ₱10,000.00, and in multiples of ₱10,000.00 in excess thereof. Secondary market trading in PDEx shall follow the applicable PDEx Rules, including rules, conventions and guidelines governing trading and settlement between Bondholders of different tax status, and shall be subject to the relevant fees of PDEx and PDTC, all of which shall be for the account of the Bondholders.

RANKING

The Offer Bonds shall constitute the direct, unconditional, unsecured and unsubordinated obligations of the Issuer ranking at least *pari passu* and ratably without any preference or priority among themselves and at least *pari passu* with all its other present and future contingent or otherwise, unsecured and unsubordinated obligations of the Issuer, except for statutory preference or priority established by law.

INTEREST

Interest Payment Dates

The Series A Bonds shall bear interest on its principal amount from and including the Issue Date at the rate of 4.8243% *per annum*, payable quarterly in arrears starting on June 1, 2017 as the first Interest Payment Date, and on September 1, December 1, March 1, and June 1 of each year at which the Offer Bonds are outstanding as the subsequent Interest Payment Dates, or the subsequent Business Day, without adjustment for accrued interest, if the relevant Interest Payment Date falls on a non-Business Day.

The Series B Bonds shall bear interest on its principal amount from and including the Issue Date at the rate of 5.2840% *per annum*, payable quarterly in arrears starting on June 1, 2017 as the first Interest Payment Date, and on September 1, December 1, March 1, and June 1 of each year at which the Offer Bonds are outstanding as the subsequent Interest Payment Dates, or the subsequent Business Day, without adjustment for accrued interest, if the relevant Interest Payment Date falls on a non-Business Day.

The Series C Bonds shall bear interest on its principal amount from and including the Issue Date at the rate of 5.7613% *per annum*, payable quarterly in arrears starting on June 1, 2017 as the first Interest Payment Date, and on September 1, December 1, March 1, and June 1 of each year at which the Offer Bonds are outstanding as the subsequent Interest Payment Dates, or the subsequent Business Day, without adjustment for accrued interest, if the relevant Interest Payment Date falls on a non-Business Day.

The cut-off date in determining the existing Bondholders entitled to receive interest, principal or any other amount due under the Offer Bonds shall be two (2) Business Days prior to the relevant Payment Date or such other date as the Issuer may duly notify PDTC (the "**Record Date**"). The Record Date shall be the reckoning date in determining the Bondholders entitled to receive interest, principal or any other amount due under the Offer Bonds.

Interest Accrual

The Offer Bonds shall cease to bear interest from and including the relevant Maturity Date, as defined in the discussion on "*Description of the Offer Bonds - Final Redemption*" below, unless, upon due presentation, payment of the principal in respect of the Offer Bonds then outstanding is not made, is improperly withheld or refused, in which case the Penalty Interest (see "*Description of the Offer Bonds - Penalty Interest*" below) shall apply.

Determination of Interest

Interest on the Offer Bonds shall be calculated on a European 30/360 day count basis, regardless of the actual number of days in a month.

REDEMPTION AND PURCHASE

Final Redemption

Unless otherwise earlier redeemed or purchased and cancelled, each of the Offer Bonds shall be redeemed at par or 100% of face value on their respective Maturity Dates. However, if the relevant Maturity Date is not a Business Day, payment of all amounts due on such date will be made by the Issuer through the Paying Agent, without adjustment for accrued interest, on the succeeding Business Day.

Each Bondholder in whose name the Offer Bonds are registered in the Registry of Bondholders at the close of business on the Record Date preceding any Maturity Date shall be entitled to receive the principal amount of the Offer Bonds. In all cases, repayment of principal shall be remitted to the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

Optional Redemption

The Issuer shall have the right, but not the obligation, to redeem in whole (but not in part), any outstanding Series A Bonds, Series B Bonds, or Series C Bonds on the dates set out below (each an "**Optional Redemption Date**"):

Series A Bonds	
Optional Redemption Dates	**Optional Redemption Price**
On the 3rd year from Issue Date	100.5%

Series B Bonds	
Optional Redemption Dates	**Optional Redemption Price**
On the 5th year from Issue Date	101.0%
On the 6th year from Issue Date	100.5%

Series C Bonds	
Optional Redemption Dates	**Optional Redemption Price**
On the 7th year from Issue Date	102.0%
On the 8th year from Issue Date	101.0%
On the 9th year from Issue Date	100.5%

provided, that if the relevant Optional Redemption Date falls on a day that is not a Business Day, then the payment of the optional redemption price shall be made by the Issuer on the next Business Day, without adjustment to the amount of interest and optional redemption price to be paid.

The amount payable to the Bondholders upon the exercise of the optional redemption by the Issuer shall be calculated, based on the principal amount of Offer Bonds being redeemed, as the sum of: (i) accrued interest computed from the last Interest Payment Date up to the relevant Optional Redemption Date; and (ii) the product of the principal amount of the Offer Bonds being redeemed and the optional redemption price in accordance with the above table.

The Issuer shall give no less than thirty (30) nor more than sixty (60) days' prior written notice to the Trustee, Registrar and Paying Agent of its intention to redeem the Offer Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Offer Bonds on the Optional Redemption Date stated in such notice. Upon receipt by the Trustee of such notice, the Trustee shall secure from the Registrar an updated list of Bondholders as of the Record Date indicated in the notice from the Issuer and provide written notices to all registered Bondholders of the intended early redemption. Each Bondholder in whose name the Offer Bonds subject of the early redemption are registered in the Registry of Bondholders at the close of business on the relevant Record Date shall be entitled to receive the interest and optional redemption price. The Issuer shall pay the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

Redemption for Taxation Reasons

If payments under the Offer Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the relevant Offer Bond series in whole, and not in part only, on any Interest Payment Date (having given not more than sixty (60) nor less than thirty (30) days' written notice to the Trustee, Registrar and Paying Agent) at par (or 100% of face value) and paid together with the accrued interest thereon, subject to the requirements of Applicable Law; provided that if the Issuer does not redeem the Offer Bonds then all payments of principal and interest in respect of the Offer Bonds shall be made free and clear of, and without withholding or deduction for, any such new or additional taxes, duties, assessments or governmental charges, unless such withholding or deduction is required by Applicable Law. In that event, the Issuer shall pay to the Bondholders concerned such additional

amount as will result in the receipt by such Bondholders of such amounts as would have been received by them had no such withholding or deduction for new or additional taxes been required.

Upon receipt by the Trustee of a written notice from the Issuer hereunder, the Trustee shall secure from the Registrar an updated list of Bondholders as of the Record Date indicated in the notice from the Issuer and provide written notices to all registered Bondholders of the intended early redemption. Each Bondholder in whose name the Offer Bonds subject of the early redemption are registered in the Registry of Bondholders at the close of business on the relevant Record Date shall be entitled to receive the principal of the Offer Bonds subject of the early redemption and the interest accrued thereon. The Issuer shall pay the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

Redemption by Reason of Change in Law or Circumstance

Upon the occurrence of a Change in Law or Circumstance (as enumerated below), the Issuer may redeem the Offer Bonds in whole, but not in part, having given not more than 60 days nor less than 30 days' written notice to the Trustee, the Registrar and the Paying Agent, at par (or 100% of the face value) and paid together with the accrued interest thereon.

The following events shall be considered as changes in law or circumstance ("Change in Law or Circumstance") as it refers to the obligations of the Issuer and to the rights and interests of the Bondholders under the Trust Agreement:

(a) Any government and/or non-government consent, license, authorization, registration or approval now or hereafter necessary to enable the Issuer to comply with its obligations under the Trust Agreement or the Offer Bonds shall be modified, withdrawn or withheld in a manner which will materially and adversely affect the ability of the Issuer to comply with such obligations; or

(b) Any provision of the Bond Agreements (in whole or in part) is or becomes, for any reason, invalid, illegal or unenforceable to the extent that it becomes for any reason unlawful for the Issuer to give effect to its rights or obligations thereunder or to enforce any provision thereunder; or any law is introduced or any applicable existing law is modified or rendered ineffective or inapplicable to prevent or restrain the performance by the Issuer of its obligations under the Bonds Agreements; or

(c) Any concession, permit, right, franchise or privilege required for the conduct of the business and operations of the Issuer shall be revoked, cancelled or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, in such manner as to materially and adversely affect the financial condition or operations of the Issuer; or

(d) The Philippines or any competent authority thereof takes any action to suspend the whole or a substantial portion of the operations of the Issuer and to condemn, seize, nationalize or appropriate (either with or without compensation) the Issuer or any material portion of its properties or assets, unless such act, deed or proceedings are contested in good faith by the Issuer or the same does not materially and adversely affect the financial condition or operations of the Issuer.

Upon receipt by the Trustee of a written notice from the Issuer on the occurrence of any Change in Law or Circumstance, the Trustee shall secure from the Registrar an updated list of Bondholders and as of the Record Date indicated in the notice from the Issuer and provide written notices to all registered Bondholders of the intended early redemption. Each Bondholder in whose name the Offer Bonds subject of the early redemption are registered in the Registry of Bondholders at the close of business on the relevant Record Date shall be entitled to receive the principal of the Offer Bonds subject of the early redemption and the interest accrued thereon. The Issuer shall pay the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

Accrued interest on the Offer Bonds to be redeemed under this section for the last Interest Payment Date up to the relevant redemption date shall be calculated on the basis of a 360-day year consisting

of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

Redemption by Reason of Change of Control

Upon the occurrence of a Change of Control, Bondholders holding at least two-thirds (2/3) of the outstanding principal amount of the Offer Bonds may require the Issuer to redeem all (but not some) of the Offer Bonds, at par (or 100% of face value), which shall be paid together with the accrued interest thereon. Within fifteen (15) days following a Change of Control, the Issuer shall notify the Trustee, which shall, in turn, notify the Bondholders (i) that a Change of Control has occurred and that the Bondholders holding at least two-thirds (2/3) of the outstanding principal amount of the Offer Bonds may require the Issuer to repurchase all (but not some) of the Bonds, and (ii) the date set by the Issuer for such repurchase (which shall not be earlier than forty-five (45) days and no later than sixty (60) days from the date written notice is received by the Trustee). The decision of the Bondholders holding at least two-thirds (2/3) of the outstanding principal amount of the Offer Bonds under this section shall be conclusive and binding upon all the Bondholders.

Each Bondholder in whose name the Offer Bonds are registered in the Registry of Bondholders at the close of business on the Record Date indicated in the notice to the Bondholders shall be entitled to receive the principal of the Offer Bonds and the interest accrued thereon. The Issuer shall pay the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

Accrued interest on the Offer Bonds to be redeemed under this section for the last Interest Payment Date up to the relevant redemption date shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

Purchase and Cancellation

The Issuer may purchase the Offer Bonds at any time in the open market or by tender or by contract, in accordance with PDEx Rules, as may be amended from time to time, without any obligation to make pro rata purchases from all Bondholders. Offer Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

Upon listing of the Offer Bonds in the PDEx, the Issuer shall disclose any such transaction in accordance with the applicable PDEx disclosure rules.

Payments

The principal of, interests on, and all other amounts payable on the Offer Bonds shall be paid to the Bondholders through the Paying Agent. The Paying Agent shall credit the proper amounts received from the Issuer via RTGS, net of final taxes and fees (if any), to the cash settlement banks of the Bondholders (nominated by the Bondholders in the Application to Purchase or as the Bondholder may notify the Paying Agent in writing), for onward remittance to the relevant cash settlement account of the Bondholder with the cash settlement bank. The principal of, and interest on, the Offer Bonds shall be payable in Philippine Pesos.

The Issuer shall ensure that so long as any of the Offer Bonds remain outstanding, there shall at all times be a Paying Agent for the purposes of the Offer Bonds and the Issuer or the Paying Agent may only terminate the appointment of the Paying Agent as provided in the Registry and Paying Agency Agreement. In the event the appointed office of any institution shall be unable or unwilling to continue to act as the Paying Agent, the Issuer shall appoint such other leading institution in the Philippines authorized to act in its place.

Payment of Additional Amounts – Taxation

Interest income on the Offer Bonds is subject to a withholding tax at rates of between 20% and 30% depending on the tax status of the relevant Bondholder under relevant law, regulation or tax treaty. Except for such withholding tax and as otherwise provided, all payments of principal and interest are

to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Philippines, including, but not limited to, issue, registration or any similar tax or other taxes and duties, including interest and penalties, if any. If such taxes or duties are imposed, the same shall be for the account of the Issuer; provided however that, the Issuer shall not be liable for the following:

(a) The withholding tax applicable on interest earned on the Offer Bonds prescribed under the Tax Code, as amended, and its implementing rules and regulations as may be in effect from time to time; provided, further, that all Bondholders are required to provide the Issuer through the Paying Agent their validly issued tax identification numbers issued by the BIR;

(b) Gross Receipts Tax under Section 121 of the Tax Code;

(c) Taxes on the overall income of any securities dealer or Bondholder, whether or not subject to withholding;

(d) Value-Added Tax under Sections 106 to 108 of the Tax Code, and as amended by Republic Act No. 9337; and

(e) Any applicable taxes on any subsequent sale or transfer of the Offer Bonds by any holder which shall be for the account of such holder (or its buyer, as the holder and the buyer may have agreed upon).

Documentary stamp tax for the primary issue of the Offer Bonds and the execution of the Bond Agreements, if any, shall be for the Issuer's account.

Please see the section on "*Taxation*" in the Prospectus for a more detailed discussion on the tax consequences of the acquisition, ownership and disposition of the Offer Bonds.

Tax-Exempt Status or Entitlement to Preferential Tax Rate

An investor who is exempt from the aforesaid withholding tax, or is subject to a preferential withholding tax rate shall be required to submit the following requirements to the Registrar, subject to acceptance by the Issuer, as being sufficient in form and substance:

(i) a current and valid BIR-certified true copy of the tax exemption certificate, ruling or opinion issued by the BIR and addressed to the relevant applicant or Bondholder, confirming its exemption or preferential rate, as required under BIR Revenue Memorandum Circular No. 8-2014 including any clarification, supplement or amendment thereto;

(ii) with respect to tax treaty relief, a copy of the duly filed tax treaty relief application with the International Tax Affairs Division of the BIR as required under the BIR Revenue Memorandum Order No. 72-2010; including any clarification, supplement or amendment thereto and, once available, a BIR-certified certificate, ruling or opinion addressed to the relevant applicant or Bondholder confirming its entitlement to the preferential tax rate under the applicable treaty;

(iii) a duly notarized undertaking executed by (1) the corporate secretary or any authorized representative of such applicant or Bondholder, who has personal knowledge of the exemption based on his official functions, if the applicant purchases, or the Bondholder holds, the Offer Bonds for its account, or (2) the trust officer, if the applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Offer Bonds pursuant to its management of tax-exempt entities (i.e. Employee Retirement Fund, etc.), declaring and warranting such entities' tax-exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer, the Registrar and the Paying Agent of any suspension or revocation of the tax exemption certificate, ruling or opinion issued by the BIR, executed using the prescribed form under the Registry and Paying Agency Agreement, with a declaration and warranty of its tax exempt status or entitlement to a preferential tax rate, and agreeing to indemnify and hold the Issuer, the Registrar and the

Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or incorrect withholding of the required tax; and

(iv) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities which for purposes of claiming tax treaty withholding rate benefits, shall include evidence of the applicability of a tax treaty and consularized proof of the Bondholder's legal domicile in the relevant treaty state, and confirmation acceptable to the Issuer that the Bondholder is not doing business in the Philippines; provided, that the Issuer shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Bondholder on the interest payments to such Bondholder; provided, further, that all sums payable by the Issuer to tax exempt entities shall be paid in full without deductions for taxes, duties, assessments or government charges, subject to the submission by the Bondholder claiming the benefit of any exemption of the required documents and of additional reasonable evidence of such tax-exempt status to the Registrar;

The foregoing requirements shall be submitted, (i) in respect of an initial issuance of Offer Bonds, to the Joint Lead Underwriters and Bookrunners or Selling Agents (if any) who shall then forward the same with the Application to Purchase to the Registrar; or (ii) in respect of a transfer from a Bondholder to a purchaser, to the Registrar upon submission of the account opening documents.

FINANCIAL RATIO

The Issuer may incur Debt if on the Transaction Date, after giving effect to the incurrence of such Debt, but not giving any effect to the receipt or application of proceeds therefrom, the ratio of the Consolidated Net Debt as at the last day of each Relevant Period immediately preceding the Transaction Date (and giving effect to the incurrence of the Debt) to the Consolidated EBITDA in respect of the Relevant Period immediately preceding the Transaction Date does not exceed 5.5:1.

NEGATIVE PLEDGE

The Issuer will not, and shall procure that none of its Material Subsidiaries shall, without the consent of the Majority Bondholders, (a) create, assume, incur or suffer to exist any Lien upon any of its properties or assets; and (b) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by the Issuer or any member of the Group, in each case, where the arrangement or transaction is entered into primarily as method of raising Debt or of financing acquisitions of an asset, provided that the foregoing restrictions shall not apply to any Permitted Liens.

EVENTS OF DEFAULT

Each of the following events shall constitute an "**Event of Default**" under the Offer Bonds and the Trust Agreement:

(a) the Issuer defaults in the payment when due of any amount payable to the Bondholders under the Trust Agreement unless such failure arises solely as a result of an administrative or technical error or a Disruption Event and payment is made within three (3) Business Days after the date such payment is due (a "Payment Default");

(b) the Issuer fails to perform, comply with, or violates any material provision, term, condition, covenant or obligation contained in the Trust Agreement (other than by reason of paragraph (a) above), and any such failure, non-compliance or violation is not remediable or, if remediable, continues unremedied for a period of thirty (30) days (or such longer curing period granted to the Issuer by the Majority Bondholders) from the date after written notice thereof shall have been given to the Issuer by the Trustee;

(c) any representation or warranty which is made by the Issuer or any of the directors or officers of the Issuer in the Trust Agreement or otherwise in connection with the Trust Agreement, or in any certificate delivered by the Issuer under or in connection with the Trust Agreement,

shall prove to have been untrue or incorrect in any material respect as of the time it was made;

(d) any Debt of the Issuer, whether singly or in the aggregate, in excess of USD25 million or its equivalent in Pesos or other currencies, using the Philippine Dealing System (PDS) closing rate of the immediately preceding Business Day, is not paid on its due date or within any applicable grace period or is declared to be due and payable prior to its stated date of payment (except where liability for payment of that Debt is being contested in good faith by appropriate means);

(e) a decree or order by a court or other Governmental Authority having jurisdiction over the premises is entered without the consent or application of the Issuer:

(1) adjudging the Issuer bankrupt or insolvent;

(2) approving a petition seeking a suspension of payments by or a reorganization of the Issuer under any applicable bankruptcy, insolvency or reorganization law;

(3) appointing a receiver, liquidator or trustee or assignee in bankruptcy or insolvency of the Issuer or of all or substantially all of the business or assets of the Issuer;

(4) providing for the winding up or liquidation of the affairs of the Issuer;

(5) with a view to the rehabilitation, administration, liquidation, winding-up or dissolution of the Issuer; or

(6) taking other action under Applicable Law which is similar to any of the events mentioned in paragraphs (1) to (5) above (inclusive);

provided, that, the issuance of any such decree or order shall not be an Event of Default if the same shall have been dismissed or stayed by injunction or otherwise within ninety (90) days from issuance thereof;

(f) the Issuer:

(1) institutes voluntary proceedings to be adjudicated bankrupt or insolvent or consents to the filing of a bankruptcy or insolvency proceeding against it;

(2) files a petition seeking a suspension of payments by it or its reorganization under any applicable bankruptcy, insolvency or reorganization law or consents to the filing of any such petition;

(3) seeks or consents to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or of all or substantially all of its business or assets;

(4) makes an assignment for the benefit of its creditors or admits in writing its inability to pay its debts generally as they become due;

(5) files a petition seeking the winding up or liquidation of its affairs or consents to the filing of any such petition;

(6) takes any other step with a view to its rehabilitation, administration, liquidation, winding-up or dissolution or a suspension of payments by it; or

(7) takes other action under Applicable Law which is similar to any of the events mentioned in paragraphs (1) to (6) above (inclusive);

(g) final and executory judgment(s) or order(s) are rendered by a court of competent jurisdiction against the Issuer or its properties or assets from which no appeal may be made for the payment of money which will have a Material Adverse Effect and such judgment or order shall continue unsatisfied or undischarged after ninety (90) days;

(h) the Issuer shall suspend or discontinue all or a substantial portion of its business operations, whether voluntarily or involuntarily for a period of thirty (30) consecutive days except in cases of strike, lockout, or closure when necessary to prevent business losses or when due to fortuitous events, or in cases of *force majeure*, *provided* that in any such event of strikes, lockouts, closure, or force majeure, there is no Material Adverse Effect; and

(i) any event or circumstance that will have a Material Adverse Effect has occurred and is continuing.

Notice of Default

The Trustee shall, within five (5) Business Days after receipt of written notice from the Issuer or the Majority Bondholders of the occurrence of an Event of Default, give to all the Bondholders written notice of any such Event of Default unless the same shall have been cured before the giving of such notice; provided, that in the case of a Payment Default (as described in paragraph (a) of the "*Description of the Offer Bonds – Events of Default*") the Trustee shall immediately notify the Bondholders upon the occurrence of such Payment Default.

Consequences of Default

(a) If any one or more of the Events of Default shall have occurred and be continuing after the lapse of the period given to the Issuer within which to cure such Event of Default, if any, or upon the occurrence of such Event of Default for which no cure period is provided, (i) the Trustee upon the written direction of the Majority Bondholders, by notice in writing delivered to the Issuer, or (ii) the Majority Bondholders, by notice in writing delivered to the Issuer and the Trustee, may declare the Issuer in default ("**Declaration of Default**") and declare the principal of the Offer Bonds then outstanding, together with all accrued and unpaid interest thereon and all amounts due thereunder, to be due and payable not later than five (5) Business Days from the receipt of the Declaration of Default ("**Default Payment Date**") with a copy to the Paying Agent who shall then prepare a payment report in accordance with the Registry and Paying Agency Agreement. Thereupon, the Issuer shall make all payments due on the Offer Bonds in accordance with the Registry and Paying Agency Agreement.

(b) All the unpaid obligations under the Offer Bonds, including accrued interest, and all other amounts payable thereunder, shall be declared to be forthwith due and payable, whereupon all such amounts shall become and be forthwith due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Issuer.

Penalty Interest

In case any amount payable by the Issuer under the Offer Bonds, whether for principal, interest, or otherwise, is not paid on the relevant due date, the Issuer shall, without prejudice to its obligations to pay the said principal, interest and other amounts, pay a penalty fee on the defaulted amount(s) at the rate of twelve percent (12%) per annum (the "**Penalty Interest**") from the time the amount fell due until it is fully paid in accordance with the Terms and Conditions of this Offer and the Trust Agreement.

Payments in the Event of Default

Upon the occurrence of any Event of Default, and provided that there has been a Declaration of Default and acceleration of payment of the Offer Bonds by the Majority Bondholders, then in any such case:

(a) the Issuer will pay the Bondholders, through the Paying Agent, the whole amount which shall then have become due and payable on such outstanding Offer Bonds with interest at the rate borne by the Offer Bonds on the overdue principal and with Penalty Interest, where applicable, based on the payment report no later than the Default Payment Date. The Issuer also undertakes that it shall give the Trustee written notice of its intention to make any payments under this paragraph (a); and

(b) the Trustee shall have the right to require the Registrar and the Paying Agent, upon demand in writing, to do the following:

(i) to hold all sums, documents and records held by them in respect of the Offer Bonds on behalf of the Trustee; and/or

(ii) deliver all evidences of the Offer Bonds and all sums, documents and records held by them in respect of the Offer Bonds to the Trustee or as the Trustee shall direct in such demand; provided, that such demand shall be deemed not to apply to any documents or records which the Paying Agent or the Registrar is not allowed to release by any law or regulation; and/or

(iii) subject to the terms of the Registry and Paying Agency Agreement, apply any money received from the Issuer pursuant to this section in the order of preference provided in the "*Description of Offer Bonds – Application of Payments"* below.

Application of Payments

Any money collected by the Trustee as a consequence of a Declaration of Default and any other funds held by it, subject to any other provision of the Trust Agreement relating to the disposition of such money and funds or to the Registry and Paying Agency Agreement, shall be applied by the Trustee in the order of preference as follows:

(a) *First*: To the *pro rata* payment to the Trustee, the Registrar, Paying Agent and PDEx of the reasonable, actual and documented costs, expenses, fees, and other charges of collection, including reasonable compensation to them, their agents, attorneys, and all reasonable, actual and documented expenses and liabilities incurred or disbursements made by them, without gross negligence or bad faith in carrying out their respective obligations under their respective agreements with the Issuer in connection with the Offer Bonds.

(b) *Second*: to the payment of all outstanding interest, including any Penalty Interest, in the order of maturity of such interest based on the information on Bondholders reflected in the relevant registry account to be provided by the Registrar and Paying Agent in accordance with the Registry and Paying Agency Agreement.

(c) *Third*: to the payment of the principal amount of the Offer Bonds then due and payable based on the information on Bondholders reflected in the relevant registry account to be provided by the Registrar and Paying Agent in accordance with the Registry and Paying Agency Agreement.

(d) *Fourth*: the remainder, if any, shall be paid to the Issuer, its successors, or assigns, or to whoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

Prescription

Claims in respect of principal and interest or other sums payable under the Offer Bonds shall prescribe unless the claim is made within ten (10) years (in the case of principal or other sums) or five (5) years (in the case of interest) from the date on which payment becomes due.

Remedies

All remedies conferred by the Trust Agreement to the Trustee and the Bondholders shall be cumulative and not exclusive and shall not be so construed as to deprive the Trustee or the Bondholders of any legal remedy by judicial or extra judicial proceedings appropriate to enforce the conditions and covenants of the Trust Agreement, subject to the discussion under "*Description of Offer Bonds – Ability to File Suit*."

No delay or omission by the Trustee or the Bondholders to exercise any right or power arising from or on account of any default hereunder shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence thereto; and every power and remedy given by the Trust Agreement to the Trustee or the Bondholders may be exercised from time to time and as often as may be necessary or expedient.

Ability to File Suit

No Bondholder shall have any right by virtue of or by availing of any provision of the Trust Agreement to institute any suit, action or proceeding for the collection of any sum due from the Issuer under the Trust Agreement on account of principal, interest and other charges, or for the appointment of a receiver or trustee, or for any other remedy hereunder unless (i) such Bondholder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof and the related request for the Trustee to convene a meeting of the Bondholders to take up matters related to their rights and interests under the Offer Bonds in accordance with the provisions on notice of default (See *Description of the Offer Bonds – Notice of Default*); (ii) the Majority Bondholders shall have decided and made the written request upon the Trustee to institute such action, suit or proceeding in its own name; (iii) the Trustee for sixty (60) days after the receipt of such notice and request shall have neglected or refused to institute any such action, suit or proceeding; and (iv) no directions inconsistent with such written request shall have been given under a waiver of default by the Bondholders, it being understood and intended, and being expressly covenanted by every Bondholder with every other Bondholder and the Trustee, that no one or more Bondholders shall have any right in any manner whatever by virtue of or by availing of any provision of the Trust Agreement to affect, disturb or prejudice the rights of the holders of any other such Offer Bonds or to obtain or seek to obtain priority over or preference to any other such holder or to enforce any right under the Trust Agreement, except in the manner herein provided and for the equal, ratable and common benefit of all the Bondholders.

Waiver of Default by the Bondholders

The Majority Bondholders may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee, or may on behalf of the Bondholders waive any past default except the Events of Default defined as a Payment Default, insolvency default or closure default, and its consequences. In case of any such waiver, the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights under the Trust Agreement; provided, that, no such waiver shall extend to any subsequent or other default or impair any right consequent thereto. Any such waiver by the Majority Bondholders shall be conclusive and binding upon all Bondholders and upon all future holders and owners thereof, irrespective of whether or not any notation of such waiver is made upon the certificate representing the Offer Bonds.

SUBSTITUTION

Substitution of the Offer Bonds is not contemplated.

TRUSTEE; NOTICES

The following discussion is qualified by the more detailed information as contained in the Trust Agreement.

Notice to the Trustee

All documents required to be submitted to the Trustee and all other notices, requests and other communications must be in writing and will be deemed to have been duly given only if delivered personally, by facsimile transmission, or mailed (first class postage prepaid) or emailed to the Trustee at the following address, facsimile number or email address; and addressed to the individuals named below:

To the Trustee:

RIZAL COMMERCIAL BANKING CORPORATION –
TRUST AND INVESTMENTS GROUP
9/F Yuchengco Tower RCBC Plaza 6819 Ayala Avenue,
Makati City

Attention: Ryan Roy W. Sinaon

Telephone No.: (+632) 894-9000 local 1278
Facsimile: (+632) 878-3377

Email: rwsinaon@rcbc.com

All such notices, requests and other communications will: (i) if delivered personally to the address as provided above, be deemed given upon delivery; (ii) if delivered by facsimile transmission to the facsimile number as provided above, be deemed given upon receipt; and (iii) if delivered by mail or email in the manner described above to the address as provided above, be deemed given upon receipt and in case of email if received in readable form (in each case regardless of whether such notice, request or other communication is received by any other Person on behalf of such individual to whom a copy of such notice, request or other communication is to be delivered). The Trustee may from time to time change its address, facsimile number or other information for the purpose of notices hereunder by giving notice specifying such change.

Any notice, report or communication received on a non-working day or after business hours in the place of receipt will only be deemed given on the next working day in that place.

Notice to the Bondholders

The Trustee shall send all notices to Bondholders to their mailing address as set forth in the Registry of Bondholders. Except where a specific mode of notification is provided for in the Bond Agreements, notices to Bondholders shall be sufficient when made in writing and transmitted in any one of the following modes: (i) registered mail; (ii) ordinary mail; (iii) by publication for at least once a week for two (2) consecutive weeks in at least two (2) newspapers of general circulation in the Philippines; (iv) personal delivery to the address of record in the Registry of Bondholders; or (v) disclosure through the Online Disclosure System of the PDEx. The Trustee shall rely on the Registry of Bondholders in determining the Bondholders entitled to notice. All notices shall be deemed to have been received (i) ten (10) days from posting if transmitted by registered mail; (ii) fifteen (15) days from mailing, if transmitted by ordinary mail; (iii) on the date of last publication, if notice is made by publication; or (iv) on the date of delivery, for personal delivery.

A notice made by the Issuer to the Trustee is notice to the Bondholders. The publication in a newspaper of general circulation in the Philippines of a press release or news item about a communication or disclosure made by the Issuer to the PDEx on a matter relating to the Offer Bonds shall be deemed a notice to the Bondholders of said matter on the date of the first publication.

Duties and Responsibilities of the Trustee

(a) The Trustee is appointed as trustee for and on behalf of the Bondholders and accordingly shall perform such duties and shall have such responsibilities as provided in the Trust Agreement. The Trustee shall, in accordance with the terms and conditions of the Trust Agreement, monitor the compliance or non-compliance by the Issuer with all its

representations and warranties, and the observance by the Issuer of all its covenants and performance of all its obligations, under and pursuant to the Trust Agreement. The Trustee shall observe due diligence in the performance of its duties and obligations under the Trust Agreement. For the avoidance of doubt, notwithstanding any actions that the Trustee may take, the Trustee shall remain to be the party responsible to the Bondholders, and to whom the Bondholders shall communicate with in respect to any matters that must be taken up with the Issuer.

(b) The Trustee shall, prior to the occurrence of an Event of Default or after the curing of all such defaults which may have occurred, perform only such duties as are specifically set forth in the Trust Agreement. In case of default, the Trustee shall exercise such rights and powers vested in it by the Trust Agreement, and use such diligence, judgment and care under the circumstances then prevailing that individuals of prudence, discretion and intelligence, and familiar with such matters will exercise in the management of their own affairs.

(c) None of the provisions contained in the Trust Agreement, the Prospectus and this Offer Supplement shall require or be interpreted to require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under the Trust Agreement.

Resignation and Change of Trustee

(a) The Trustee may at any time resign by giving ninety (90) days' prior written notice to the Issuer of such resignation.

(b) Upon receipt of such notice of resignation of the Trustee, the Issuer shall immediately appoint a successor trustee by written instrument in duplicate, executed by its authorized officers, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor trustee. If no successor shall have been so appointed and have accepted appointment within thirty (30) days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor, or any Bondholder who has been a bona fide holder for at least the immediately preceding six (6) months may, for and in behalf of the Bondholders, petition any such court for the appointment of a successor. Such court may thereupon after notice, if any, as it may deem proper, appoint a successor trustee.

(c) Subject to paragraph (f) below, a successor trustee must possess all the qualifications required under pertinent laws and the Trust Agreement.

(d) In case at any time the Trustee shall become incapable of acting, or has acquired conflicting interest, or shall be adjudged as bankrupt or insolvent, or a receiver for the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its properties or affairs for the purpose of rehabilitation, conservation or liquidation, or for other causes set out in the Trust Agreement, then the Issuer may within thirty (30) days therefrom remove the Trustee concerned, and appoint a successor trustee, by written instrument in duplicate, executed by its authorized officers, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor trustee. If the Issuer fails to remove the Trustee concerned and appoint a successor trustee, any bona fide Bondholder for at the least the immediately preceding six (6) months may petition any court of competent jurisdiction for the removal of the Trustee concerned and the appointment of a successor trustee. Such court may thereupon after such notice, if any, as it may deem proper, remove the Trustee and appoint a successor trustee.

(e) The Majority Bondholders may at any time remove the Trustee for cause, and appoint a successor trustee, by the delivery to the Trustee so removed, to the successor trustee and to the Issuer of the required evidence of the action in that regard taken by the Majority Bondholders, which removal shall take effect thirty (30) days from receipt of such notice by the Trustee; provided, that if no successor trustee shall have been appointed within ninety (90) days from the receipt of the Issuer of the required evidence of the action taken, the

Majority Bondholders may appoint a successor trustee without the consent of the Issuer. This is without prejudice to whatever remedies may be available to the Majority Bondholders under the law or in equity.

(f) Any resignation or removal of the Trustee and the appointment of a successor trustee pursuant to any of the provisions in the Trust Agreement shall become effective upon the earlier of: (i) the acceptance of appointment by the successor trustee as provided in the Trust Agreement; or (ii) the effectivity of the resignation notice sent by the Trustee under the Trust Agreement; provided, however, that after the effectivity of the resignation notice and, as relevant, until such successor trustee is qualified and appointed, the resigning Trustee shall discharge duties and responsibilities solely as a custodian of records for turnover to the successor trustee promptly upon the appointment thereof by the Issuer.

Successor Trustee

(a) Any successor trustee appointed shall execute, acknowledge and deliver to the Issuer and to its predecessor trustee an instrument accepting such appointment, and thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor in the trusteeship with like effect as if originally named as Trustee in the Trust Agreement. The foregoing notwithstanding, on the written request of the Issuer or of the successor trustee, the trustee ceasing to act as such shall execute and deliver an instrument transferring to the successor trustee, all the rights, powers and duties of the trustee so ceasing to act as such. Upon request of any such successor trustee, the Issuer shall execute any and all instruments in writing as may be necessary to fully vest in and confer to such successor trustee all such rights, powers and duties.

(b) Upon acceptance of the appointment by a successor Trustee, the Issuer shall notify the Bondholders in writing of the succession of such trustee to the trusteeship and/or by publication once in a newspaper of general circulation in Metro Manila, Philippines. If the Issuer fails to notify the Bondholders within ten (10) days after the acceptance of appointment by the successor trustee, the latter shall cause the Bondholders to be notified at the expense of the Issuer.

Reports to the Bondholders

The Trustee shall submit to the Bondholders on or before March 1 of each year from the Issue Date until full payment of the Offer Bonds a brief report dated as of December 31 of the immediately preceding year with respect to:

(a) the property and funds, if any, physically in the possession of the Paying Agent held in trust for the Bondholders on the date of such report which shall be based on the report to be given by the Paying Agent to the Trustee upon request by the Trustee through the Issuer; and

(b) any action taken by the Trustee in the performance of its duties under the Trust Agreement which it has not previously reported and which in its opinion materially affects the Offer Bonds, except action in respect of a default, notice of which has been or is to be withheld by it.

The Trustee shall submit to the Bondholders a brief report within ninety (90) days from the making of any advance for the reimbursement of which it claims or may claim a lien or charge which is prior to that of the Bondholders on the property or funds held or collected by the Paying Agent with respect to the character, amount and the circumstances surrounding the making of such advance; provided that, the remaining unpaid amounts of such advance is at least ten percent (10%) of the aggregate outstanding principal amount of the Offer Bonds at such time.

Inspection of Documents

Upon due notice to the Trustee, the following pertinent documents may be inspected during regular business hours on any Business Day at the principal office of the Trustee:

(a) the Trust Agreement
(b) the Registry and Paying Agency Agreement
(c) the articles of incorporation and by-laws of the Company
(d) the Registration Statement of the Company with respect to the Bonds (including the Offer Bonds) with the Prospectus and this Offer Supplement

MEETINGS OF THE BONDHOLDERS

A meeting of the Bondholders may be called at any time for the purpose of taking any actions authorized to be taken by or in behalf of the Bondholders of any specified aggregate principal amount of Offer Bonds under any other provisions of the Trust Agreement or under the law and such other matters related to the rights and interests of the Bondholders under the Offer Bonds.

The following discussion is qualified by the more detailed information as contained in the Trust Agreement.

Notice of Meetings

The Trustee may at any time call a meeting of the Bondholders, on its own accord or upon the written request by the Issuer, or the Majority Bondholders, for purposes of taking any actions authorized under the Trust Agreement. The meeting may be held at such time and at such place as the Trustee shall determine.

Unless otherwise provided in the Trust Agreement, the Trustee shall give notice of every meeting of the Bondholders (which notice must set forth the time, place, and purpose of such meeting in reasonable detail) to the Issuer and each of the registered Bondholders not earlier than forty-five (45) days nor later than fifteen (15) days prior to the date fixed for the meeting and shall publish such notice once in a newspaper of general circulation; provided, that the Trustee shall fix the record date for determining the Bondholders entitled to notice and vote during the meeting, which record date shall not be earlier than forty-five (45) days before the date of the meeting; provided, further, that all reasonable, actual and documented costs and expenses incurred by the Trustee for the proper dissemination of the requested meeting shall be reimbursed by the Issuer within ten (10) days from receipt of the duly supported billing statement, subject to obtaining prior written consent of the Issuer for reasonable, actual and documented costs and expenses in excess of Fifty Thousand Pesos (₱50,000.00) per occurrence; provided, further, that any meetings of the Bondholders shall be held at such time and place within Metro Manila as the party requesting such meeting may determine.

Failure of the Trustee to Call a Meeting

Failure of the Trustee to call a meeting upon the written request of either the Issuer or the Majority Bondholders within five (5) Business Days from receipt of such request shall entitle the requesting party to send and publish the appropriate notice of Bondholders' meeting and fix the record date for determining the Bondholders entitled to attend and vote in accordance with the procedure set forth under "*Description of the Offer Bonds – Notice of Meetings*". The costs for calling such a meeting shall be for the Trustee's account in case of unjustified failure of the Trustee to call the meeting is due to its willful misconduct, fraud, evident bad faith or gross negligence.

Quorum

The presence of Majority Bondholders, personally or by proxy, shall be necessary to constitute a quorum to do business at any meeting of the Bondholders. The Trustee shall determine and record the presence of the Majority Bondholders based on the list of Bondholders prepared by the Registrar in accordance with the Registry and Paying Agency Agreement (which list shall include all information necessary to the performance of the duties and powers of the Trustee under the Trust Agreement,

such as, but not limited to, specimen signatures of the Bondholders' authorized signatories). The Registrar shall provide the Trustee with the foregoing list and information upon receipt of a written request from the Trustee.

Procedure for Meetings

(a) The Trustee shall preside at all the meetings of the Bondholders, unless the meeting shall have been called by the Issuer or by the Majority Bondholders as provided under "*Description of the Offer Bonds – Failure of the Trustee to Call a Meeting*" in which case the Issuer or the Majority Bondholders calling the meeting, as the case may be, shall move for the election of the chairman and secretary of the meeting. The elected secretary shall take down the minutes of the meeting, covering all matters presented for resolutions by and the results of the votes cast by the Bondholders entitled to vote at the meeting and/or the Person appointed in writing by a public instrument as proxy or agent by any such Bondholder in accordance with the procedure set forth in "*Description of the Offer Bonds – Voting Rights*". The elected secretary shall immediately provide the Trustee with a copy of the minutes of the meeting which copy shall be made available at any time to the Issuer and all Bondholders upon receipt of written request.

(b) Any meeting of the Bondholders may be adjourned from time to time for a period or periods not to exceed in the aggregate one (1) year from the date for which the meeting shall originally have been called, and the meeting as so adjourned may be held without further notice. Any such adjournment may be ordered by Persons representing a majority of the aggregate principal amount of the Offer Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting.

Voting Rights

To be entitled to vote at any meeting of the Bondholders, a Person should be a registered holder of the Offer Bonds as reflected in the Registry of Bondholders on the relevant record date fixed by the Trustee, the Issuer or the Majority Bondholders (as the case may be), or a Person appointed in writing by a public instrument as proxy or agent by any such Bondholder (and, in case of corporate or institutional Bondholders, duly supported by the resolutions of its board of directors or equivalent body authorizing the appointment of the proxy or agent duly certified by its corporate secretary or an authorized officer) for the meeting. Bondholders shall be entitled to one vote for every Ten Thousand Pesos (₱10,000.00). The only Persons who shall be entitled to be present or to speak at any meeting of the Bondholders shall be the Persons entitled to vote at such meeting, the Trustee, and any representative of the Issuer and its legal counsel.

Voting Requirement

Except as provided in "*Description of the Offer Bonds - Amendments*", all matters presented for resolution by the Bondholders in a meeting duly called for the purpose shall be decided or approved by the affirmative vote of the Majority Bondholders (present or represented in a meeting at which there is a quorum). Any resolution of the Bondholders which has been duly approved with the required number of votes of the Bondholders as herein provided shall be binding upon all the Bondholders and the Trustee as if the votes were unanimous.

Role of the Trustee in Meetings of the Bondholders

Notwithstanding any other provisions of the Trust Agreement, the Trustee may make such reasonable regulations (not inconsistent with the Trust Agreement) as it may deem advisable for any meeting of the Bondholders, with regard to proof of ownership of the Offer Bonds, the appointment of proxies by the Bondholders, the election of the chairman and the secretary, the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote and such other matters concerning the conduct of the meeting as it shall deem fit.

Evidence Supporting the Action of the Bondholders

Wherever in the Trust Agreement it is provided that the holders of a specified percentage of the aggregate outstanding principal amount of the Offer Bonds may take any action (including the making of any demand or requests and the giving of any notice or consent or the taking of any other action), the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced by: (i) any instrument executed by the Bondholders in person or by the agent or proxy appointed in writing, or (ii) the duly authenticated record of voting in favor thereof at the meeting of the Bondholders duly called and held in accordance herewith, or (iii) a combination of such instrument and any such record of meeting of the Bondholders.

Non-Reliance

Each Bondholder also represents and warrants to the Trustee that it has independently and, without reliance on the Trustee or the Issuer, made its own credit investigation and appraisal of the financial condition and affairs of the Issuer on the basis of such documents and information as it has deemed appropriate and that it has subscribed to the Issue on the basis of such documents and information it has deemed appropriate and that it has subscribed to the Offer Bonds and on the basis of such independent appraisal, and each Bondholder represents and warrants that it shall continue to make its own credit appraisal without reliance on the Trustee or the Issuer. The Bondholders agree to indemnify and hold the Trustee harmless from and against any and all claims, liabilities, damages, penalties, judgments, suits, expenses and other costs of any kind or nature against the Trustee in respect of its obligations under the Trust Agreement, except for its gross negligence, fraud, evident bad faith or willful misconduct.

Amendments

The Issuer and the Trustee may, without prior notice to or the consent of the Bondholders or other parties, amend or waive any provisions of the Trust Agreement if such amendment or waiver is of a formal, minor, or technical nature or to correct a manifest error or inconsistency; provided, in all cases, that such amendment or waiver does not adversely affect the interests of the Bondholders; provided, further, that all Bondholders are notified of such amendment or waiver.

With the consent of the Majority Bondholders, the Issuer, when authorized by a resolution of its board of directors or the executive committee of its board of directors, and the Trustee may, from time to time and at any time, enter into an agreement or agreements supplemental to the Trust Agreement for the purpose of adding any provision to or changing in any manner or eliminating any of the provisions of the Trust Agreement; provided, that no such supplemental agreement shall:

(a) without the consent of all Bondholders affected thereby: (i) extend the maturity date of the Offer Bonds; or (ii) reduce the principal amount of the Offer Bonds; or (iii) reduce the rate or extend the time of payment of interest and principal thereon;

(b) impair the right of any Bondholder to (i) receive payment of principal of and interest on the Offer Bonds on or after the due dates therefore or (ii) to institute suit for the enforcement of any payment on or with respect to such Bondholder;

(c) affect the rights of some of the Bondholders without similarly affecting the rights of all the Bondholders;

(d) make any Offer Bond payable in money other than that stated in the Offer Bond;

(e) subordinate the Offer Bonds to any other obligation of the Issuer;

(f) amend or modify the provisions of the Terms and Conditions on Taxation, the Events of Default or the waiver of default by the Bondholders;

(g) reduce the percentage of the Bondholders required to be obtained under the Trust Agreement for their consent to or approval of any supplemental agreement or any waiver provided for in the Trust Agreement, without the consent of all the Bondholders; or

(h) make any change or waiver of the conditions under paragraphs (a) to (g) inclusive.

It shall not be necessary to obtain the consent of the Bondholders under the foregoing paragraphs for the purpose of approving the particular form of any proposed supplemental agreement but such consent shall be necessary for the purpose of approving the substance thereof.

Any consent given pursuant to this section shall be conclusive and binding upon all Bondholders and upon all future holders and owners of the Offer Bonds or of any Offer Bonds issued in lieu thereof or in exchange therefor, irrespective of whether or not any notation of such consent is made upon the Offer Bonds.

GOVERNING LAW

The Bond Agreements are governed by and are construed in accordance with Philippine law.

VENUE

Any suit, action, or proceeding arising out of, or relating to, the Offer Bonds or the Trust Agreement shall be brought in any competent court in the Cities of Makati and Mandaluyong, to the exclusion of all other courts, and the parties submit to the exclusive jurisdiction of such courts for the purpose of any such suit, action, proceeding or judgment, the Issuer, Trustee and Bondholders expressly waiving other venue.

WAIVER OF PREFERENCE

The obligations created under the Bond Agreements and the Offer Bonds shall not enjoy any priority of preference or special privileges whatsoever over any Debt or obligations of the Issuer. Accordingly, whatever priorities or preferences that this instrument may have or any Person deriving a right hereunder may have under Article 2244, paragraph 14(a) of the Civil Code of the Philippines are hereby absolutely and unconditionally waived and renounced. This waiver and renunciation of the priority or preference under Article 2244, paragraph 14(a) of the Civil Code of the Philippines shall be revoked if it be shown that any Debt of the Issuer has a priority or preference under the said provision.

Use of Proceeds

SMC expects to raise ₱15,000,000,000.00 as gross proceeds from the Base Offer. The Company estimates that the net proceeds from the Base Offer after deducting expenses payable by the Company, will be approximately ₱14,844,065,745.97, estimated as follows:

Particulars	Total (₱)
Estimated proceeds from the Base Offer……	**15,000,000,000.00**
Less: Estimated fees, commissions and expenses	
Gross Underwriting Fees ……	*64,516,129.03*
Documentary Stamp Taxes to be paid by the Company……..	*75,000,000.00*
SEC Registration fee ……	*5,562,500.00*
SEC Legal Research and Publication Fee…….	*55,625.00*
SEC Publication Fee……..	*100,000.00*
PDEx Listing Application Fee ……..	*300,000.00*
Listing and Maintenance Fee……..	*450,000.00*
Legal and other professional fees……..	*5,500,000.00*
Rating Fee……..	*3,600,000.00*
Printing Cost……..	*200,000.00*
Trustee Fees……	*150,000.00*
Paying Agency and Registry Fees……	*200,000.00*
Other expenses……	*300,000.00*
Total estimated fees, commissions and expenses ….	*155,934,254.03*
Estimated net proceeds……	***₱14,844,065,745.97***

Assuming full exercise of the Oversubscription Option, the Company estimates that the net proceeds from the full exercise of the Oversubscription Option shall amount to approximately ₱4,941,541,935.48, after deducting the following fees, commissions and expenses:

Particulars	Total (₱)
Estimated proceeds from the Base Offer……	**5,000,000,000.00**
Less: Estimated fees, commissions and expenses	
Gross Underwriting Fees ……	*32,258,064.52*
Documentary Stamp Taxes to be paid by the Company……..	*25,000,000.00*
Rating Fee……	*1,200,000.00*
Total estimated fees, commissions and expenses ….	*58,458,064.52*
Estimated net proceeds……	***₱ 4,941,541,935.48***

Aside from the foregoing one-time costs, SMC expects the following annual expenses related to the Offer Bonds:

1. The Issuer will be charged by the PDEx for the first annual maintenance fee in advance upon approval of the listing and thereafter, the Issuer will pay PDEx an annual maintenance listing fee amounting to ₱450,000.00 per annum;

2. The Issuer will pay an annual retainer fee to the Trustee amounting to ₱120,000 per annum;

3. After the Issue Date, a Paying Agency fee amounting to approximately ₱150,000 is payable every Interest Payment Date. The Registrar will charge a monthly maintenance fee based on the face value of the Offer Bonds and number of Bondholders; and

4. The Issuer will pay an annual monitoring fee of ₱560,000 to PhilRatings.

Proceeds of the Offer Bonds will be used to Refinance the Loan Used to Redeem the U.S. Dollar Denominated Loans of the Issuer

The entire net proceeds of the Offer Bonds shall be used to partially pay the loans provided by BDO Unibank, Inc., Bank of the Philippine Islands, China Banking Corporation, Rizal Commercial Banking Corporation, and Security Bank Corporation and (the "Lenders"). On various dates in 2016, the Company borrowed an aggregate of ₱20 billion from the Lenders to partially prepay the existing U.S. Dollar-denominated loans of SMC, details of which obligations may be found in the audited consolidated financial statements of the Company as of 31 December 2015, which form part of the Prospectus.

In summary, the proceeds of the Offer Bonds shall be used as follows:

	₱15 billion **(Base Offer)**[1]	Up to ₱5 billion **(Oversubscription Option)**[1]	**Timing of Disbursement**[1]
Refinance the Loans from Lenders	Up to ₱15 billion	Up to ₱ 5 billion	Within 12 months from the Issue Date

[1] Estimate, but in no event, will the total allocation exceed the net proceeds from this Offer.

Pending the above use of proceeds, the Company shall invest the net proceeds from the Offer Bonds in short-term liquid investments including but not limited to short-term government securities, bank deposits and money market placements which are expected to earn at prevailing market rates. In the event such investments should incur losses, any shortfall will be financed from the Company's internally generated funds.

No amount of the proceeds is to be used to reimburse any officer, director, employee, or shareholder, for services rendered, assets previously transferred, money loaned or advanced, or otherwise.

Except for the underwriting fees, issue management fees and expenses related to the Offer Bonds, no amount of the proceeds will be utilized to pay any outstanding financial obligations to the Joint Lead Underwriter and Bookrunners. Please see section on *"Plan of Distribution".*

The foregoing discussion represents a best estimate of the use of proceeds of the Offer based on the Company's current plans and anticipated expenditures. In the event that there is any change in the Company's development plan, including force majeure, market conditions and other circumstances, the Company will carefully evaluate the situation and may reallocate the proceeds for future investments or other uses, and/or hold such funds in investments, whichever is better for the Company's and its shareholders' interest taken as a whole. The Company's cost estimates may also change as these plans are developed further, and actual costs may be different from budgeted costs. For these reasons, timing and actual use of the net proceeds may vary from the foregoing discussion and the Company's management may find it necessary or advisable to alter its plans. In the event of any substantial deviation, adjustment or reallocation in the planned use of proceeds, the Company shall inform the SEC and the stockholders in writing at least 30 days before such deviation, adjustment or reallocation is implemented.

Capitalization

The following table sets forth the unaudited consolidated short-term and long-term debt and capitalization of SMC as of September 30, 2016. This table should be read in conjunction with the more detailed information and reviewed and unaudited financial statements, including notes thereto, found in Appendix "B" of the Prospectus.

(in ₱ Millions)	As of September 30, 2016 (Unaudited)	Adjustments	Notes	As adjusted for maximum Offer Size of ₱20.00 billion (Upon issuance of Offer Bonds)
Current Liabilities				
Loans payable…….....	₱130,962			₱130,962
Accounts payable and accrued expenses…….....	107,167			107,167
Finance lease liabilities – current portion…….....	16,322			16,322
Income and other taxes payable……	12,845			12,845
Dividends payable…….....	3,573			3,573
Current maturities of long-term debt – net of debt issue cost……	16,443			16,443
Total Current Liabilities…….	**287,312**			**287,312**
Non-current Liabilities				
Long term debt – net of current maturities and debt issue costs..	356,493	19,786	*1*	376,279
Deferred tax liabilities……..……...	17,291			17,291
Finance lease liabilities – net of current portion.....	155,268			155,268
Other noncurrent liabilities……..	24,464			24,464
Total Non-current Liabilities…….	**553,516**			**573,302**
Equity				
Equity Attributable to Equity Holders of the Parent Company				
Capital stock – common	16,425			16,425
Capital stock – preferred	10,187			10,187
Additional paid-in capital	177,654			177,654
Equity Reserve	(6,123)			(6,123)
Reserve for retirement plan	(3,540)			(3,540)
Cumulative transaction adjustments	2,978			2,978
Retained Earnings				
Appropriated	50,722			50,722
Unappropriated	144,473			144,473
Treasury stock	(109,501)			(109,501)
	283,275			283,275
Non-controlling interests……..	150,672			150,672
Total Equity…….	**433,947**			**433,947**
Total Capitalization…….	**1,274,775**		*2*	**1,294,561**

Notes:

1. Adjusted amount as of September 30, 2016 includes proceeds of P20 billion of the Offer, after deduction of fees, commissions and expenses assuming full exercise of the Oversubscription Option.

2.Total capitalization is the sum of debt and equity

Plan of Distribution

The Offer Bonds shall be the first tranche to be issued under the ₱60,000,000,000.00 Fixed Rate Bonds Shelf Registration Program of SMC. The Company shall issue the Offer Bonds to institutional and retail investors in the Philippines through a public offering to be conducted through the Joint Lead Underwriters and Bookrunners. The Offer does not include an international offering. The Joint Lead Underwriters and Bookrunners, in consultation with the Issuer, may increase the Base Offer size of ₱15,000,000,000.00 by an additional ₱5,000,000,000.00 under the Oversubscription Option.

A total of ₱15,000,000,000.00 Bonds, or in the event the Oversubscription Option is fully exercised, ₱20,000,000,000.00 Bonds will be taken down from the shelf. The remaining Bonds in the shelf in the aggregate principal amount of ₱40,000,000,000.00 will be issued in tranches within the Shelf Period. However, in the event the Oversubscription Option is partly exercised or not exercised at all during the Offer Period, such portion of the Offer Bonds under the Oversubscription Option which have not been taken up or exercised in the first tranche shall remain under shelf registration and form part of the remaining bonds in the shelf available for issuance with the Shelf Period.

Joint Lead Underwriters and Bookrunners

BDO Capital & Investment Corporation, BPI Capital Corporation, China Bank Capital Corporation, ING Bank, N.V., Manila Branch, RCBC Capital Corporation, SB Capital Investment Corporation, and Standard Chartered Bank, Manila Branch (the "Joint Lead Underwriters and Bookrunners") have agreed to distribute and sell the Offer Bonds at the Purchase Price, pursuant to an Underwriting Agreement with SMC dated February 10, 2017 (the "Underwriting Agreement"). Subject to the fulfillment of the conditions provided in the Underwriting Agreement, the Joint Lead Underwriters and Bookrunners have committed to underwrite the following amounts on a firm basis:

Joint Lead Underwriters and Bookrunners	Underwriting Commitment
BDO Capital & Investment Corporation	₱2,142,860,000.00
BPI Capital Corporation	₱2,142,860,000.00
China Bank Capital Corporation	₱2,142,860,000.00
ING Bank N.V., Manila Branch	₱2,142,860,000.00
RCBC Capital Corporation	₱2,142,860,000.00
SB Capital Investment Corporation	₱2,142,850,000.00
Standard Chartered Bank, Manila Branch	₱2,142,850,000.00
Total	**₱15,000,000,000.00**

The Underwriting Agreement may be terminated in certain circumstances prior to payment being made to SMC of the net proceeds of the Offer Bonds.

The underwriting fees and any selling fees to be paid by the Company in relation to the Offer shall be equivalent to 0.40% of the gross proceeds of the Offer. This shall be inclusive of fees to be paid to the Joint Lead Underwriters and Bookrunners and any commissions to be paid to the Selling Agents.

The Joint Lead Underwriters and Bookrunners have no direct relations with SMC in terms of ownership by either of their respective major shareholder/s and have no right to designate or nominate any member of the Board of Directors of SMC.

The Joint Lead Underwriters and Bookrunners have no contract or other arrangement with SMC by which it may return to SMC any unsold Offer Bonds.

For the purpose of complying with their respective commitments under the Underwriting Agreement, each Joint Lead Underwriter and Joint Bookrunner may, under such terms and conditions not inconsistent with the provisions of the Underwriting Agreement, particularly the underwriting commitment of the Joint Lead Underwriters and Bookrunners, enter into agreements with co-lead managers and co-managers, and appoint Selling Agents for the sale and distribution to the public of the Offer Bonds; provided, that the Joint Lead Underwriters and Bookrunners shall remain solely responsible to the Issuer in respect of their obligations under the Underwriting Agreement entered into by them with the Issuer, and except as otherwise provided in the Underwriting Agreement, the Issuer shall not be bound by any of the terms and conditions of any agreements entered into by the Joint Lead Underwriters and Bookrunners with the co-lead managers, co-managers, and Selling Agents.

The Joint Lead Underwriters and Bookrunners are duly-licensed by the SEC to engage in the underwriting or distribution of the Offer Bonds. The Joint Lead Underwriters and Bookrunners may, from time to time, engage in transactions with and perform services in the ordinary course of its business, for SMC or any of its subsidiaries.

BDO Capital was incorporated in the Philippines in December 1998. It is duly licensed by the SEC to operate as an investment house and was licensed by the SEC to engage in underwriting or distribution of securities to the public. As of December 31, 2015, it had ₱3.4 billion and P781 million in assets and capital, respectively. It has an authorized capital stock of ₱400 million, of which approximately ₱300 million represents its paid-up capital.

BPI Capital is a Philippine corporation organized in the Philippines as a wholly owned subsidiary of the Bank of the Philippine Islands. It obtained its license to operate as an investment house in 1994 and is licensed by the Philippine SEC to engage in underwriting and distribution of securities to the public. As of June 30, 2016, its total assets amounted to ₱5.7 billion and its capital base amounted to ₱5.6 billion. It has an authorized capital stock of ₱2.0 billion, of which approximately P506.0 million represents its paid-up capital.

China Bank Capital, a subsidiary of China Banking Corporation, provides a wide range of investment banking services to clients across different sectors and industries. Its primary business is to help enterprises raise capital by arranging or underwriting debt and equity transactions, such as project financing, loan syndications, bonds and notes issuances, securitizations, initial and follow-on public offerings, and private equity placements. China Bank Capital also advises clients on structuring, valuation, and execution of corporate transactions, including mergers, acquisitions, divestitures, and joint ventures. It was established and licensed as an investment house in 2015 as the spin-off of China Banking Corporation's investment banking group, which was organized in 2012.

ING is the Philippine branch of ING Bank N.V., a global financial institution operating in more than 40 countries in Europe, the Americas, Asia and Australia. ING Bank is present and active in 13 major economies in Asia. In the Philippines, ING is a banking corporation duly organized and existing by virtue of the laws of The Kingdom of The Netherlands and authorized to operate as a universal bank by the BSP. Over its 26-year presence in the Philippines, ING has advised on the largest and most prominent mergers and acquisitions deals in the country and has arranged many landmark local debt capital market transactions. With a strong track record of providing clients with sound financial solutions, the Philippine franchise is a recognized top investment bank, consistently awarded for overall execution and structuring expertise.

RCBC Capital is a licensed investment house providing a complete range of capital-raising and financial advisory services. Established in 1974, RCBC Capital has over 40 years of experience in the underwriting of equity, quasi-equity and debt securities, as well as in managing and arranging the syndication of loans, and in financial advisory. RCBC Capital is a wholly-owned subsidiary of the Rizal Commercial Banking Corporation and a part of the Yuchengco Group of Companies, one of the country’s largest fully integrated financial services conglomerates. As of September 30, 2016, RCBC Capital’s total assets were PhP3.63 billion while total capital was PhP3.59 billion.

SB Capital is a Philippine corporation organized in October 1995 as a wholly-owned subsidiary of Security Bank Corporation. It obtained its license to operate as an investment house in 1996 and is licensed by the SEC to engage in underwriting and distribution of securities to the public. SB Capital

provides a wide range of investment banking services including financial advisory, underwriting of equity and debt securities, project finance, privatizations, mergers and acquisitions, loan syndications and corporate advisory services. SB Capital is also involved in equity trading through its wholly-owned stock brokerage subsidiary, SB Equities, Inc. Its senior executives have extensive experience in the capital markets and were involved in a lead role in a substantial number of major equity and debt issues, both locally and internationally.

SCB is a banking corporation duly organized and incorporated in England with limited liability by Royal Charter in 1853, and licensed to act as a banking institution under and by virtue of the laws of the Philippines through its Branch Office. It has operated for over 150 years in some of the world's most dynamic markets and earns more than 90% of its profits in Asia, Africa, and Middle East. Operating in the Philippines since 1872, SCB is a universal bank and is the longest established foreign bank in the country. The principal banking products include deposits, lending and related services, treasury and capital market operations, trade services, payments and cash management, and custodial services. The bank also provides capital raising solutions such as local currency and G3 currency fixed income and loan syndications.

BDO Capital, BPI Capital, China Bank Capital, RCBC Capital SB Capital are the Joint Lead Underwriters and Bookrunnners of the Offer. BDO Capital, BPI Capital, China Bank Capital, RCBC Capital, and SB Capital are affiliated with BDO, BPI, China Bank, Rizal Commercial Banking Corporation ("RCBC"), and Security Bank Corporation ("SECB"), respectively. BDO, BPI, China Bank, RCBC, and SECB will receive payment out of the proceeds of this Offer.

SALE AND DISTRIBUTION

The distribution and sale of the Offer Bonds shall be undertaken by the Joint Lead Underwriters and Bookrunners who shall sell and distribute the Offer Bonds to third party buyers/investors. Nothing herein shall limit the rights of the Underwriters from purchasing the Offer Bonds for their own respective accounts.

There are no Persons to whom the Offer Bonds are allocated or designated. The Offer Bonds shall be offered to the public at large and without preference.

The obligations of each of the Joint Lead Underwriters and Bookrunners will be several, and not solidary, and nothing in the Underwriting Agreement shall be deemed to create a partnership or joint venture between and among any of the Underwriters. Unless otherwise expressly provided in the Underwriting Agreement, the failure by an Underwriter to carry out its obligations thereunder shall neither relieve the other Underwriters of their obligations under the same Underwriting Agreement, nor shall any Underwriter be responsible for the obligation of another Underwriter.

OFFER PERIOD

The Offer Period shall commence at 9:00 a.m., Manila time, on February 14, 2017 and end at 5:00 p.m., Manila time, on February 20, 2017, or such other date as may be mutually agreed by the Company and the Joint Lead Underwriters and Bookrunners.

APPLICATION TO PURCHASE

The procedure set out in this section and the succeeding sections should be read together with the more detailed procedure and other conditions set out in the Application to Purchase.

Applicants may purchase the Offer Bonds during the relevant Offer Periods by submitting to the Underwriters properly completed Applications to Purchase, together with two signature cards, and the full payment of the Purchase Price of the Offer Bonds in the manner provided in the said Application to Purchase.

Corporate and institutional applicants must also submit, in addition to the foregoing:

(a) an original notarized certificate of the corporate secretary or an equivalent officer of the Applicant setting forth resolutions of the board of directors, partners or equivalent body (i) authorizing the purchase of the Offer Bonds indicated in the Application to Purchase and (ii) designating the signatories, with their specimen signatures, for the said purposes;

(b) copies of its Articles of Incorporation and By-Laws and latest amendments thereof, together with the Certificate of Incorporation issued by the SEC or other organizational documents issued by an equivalent government institution, stamped and signed as certified true copies by the SEC or the equivalent government institution, or by the corporate secretary, or by an equivalent officer(s) of the Applicant who is/are authorized signatory(ies);

(c) two (2) duly accomplished signature cards containing the specimen signatures of the authorized signatories of the Applicant, validated by its corporate secretary or by an equivalent officer(s) who is/are authorized signatory(ies) (whose authority(ies) and specimen signatures will be submitted to the Registrar);

(d) validly issued tax identification number issued by the BIR;

(e) identification document(s) of the authorized signatories of the Applicant, as specified in item (a) of the immediately succeeding paragraph below; and

(f) such other documents as may be reasonably required by any of the Joint Lead Underwriters, Selling Agents (if any) or the Registrar in the implementation of its internal policies regarding "know your customer" and anti-money laundering.

Individual applicants must also submit, in addition to accomplished Applications to Purchase and its required attachments:

(a) identification document ("**ID**") of the Applicant which shall consist of any one of the following valid identification documents bearing a recent photo, and which is not expired: Passport, Driver's License, Professional Regulation Commission ID, National Bureau of Investigation Clearance, Police Clearance, Postal ID, Voter's ID, Barangay Certification, Government Service Insurance System e-Card, Social Security System Card, Senior Citizen Card, Overseas Workers Welfare Administration ID, OFW ID, Seaman's Book, Alien Certification of Registration/Immigrant Certificate of Registration, Government Office and government-owned and controlled corporation ID, *e.g.*, Armed Forces of the Philippines, Home Development Mutual Fund, Certification from the National Council for the Welfare of Disabled Persons, Department of Social Welfare and Development Certification, Integrated Bar of the Philippines ID, company IDs issued by private entities or institutions registered with or supervised or regulated either by the BSP, SEC or the Insurance Commission, or school ID duly signed by the principal or head of the school (for students who are beneficiaries of remittances/fund transfers who are not yet of voting age);

(b) two duly accomplished signature cards containing the specimen signature of the Applicant;

(c) validly issued tax identification number issued by the BIR; and

(d) such other documents as may be reasonably required by the Joint Lead Underwriters, Selling Agents (if any) or the Registrar in implementation of its internal policies regarding "know your customer" and anti-money laundering.

An Applicant who is claiming exemption from any applicable tax, or entitlement to preferential tax rates shall, in addition to the requirements set forth above, be required to submit the following requirements to the relevant Joint Lead Underwriter and Bookrunner or Selling Agent (if any) (together with their respective Applications to Purchase), subject to acceptance by the Issuer as being sufficient in form and substance:

(i) a current and valid BIR-certified true copy of the tax exemption certificate, ruling or opinion issued by the BIR and addressed to the relevant applicant or Bondholder, confirming its

exemption or preferential rate, as required under BIR Revenue Memorandum Circular No. 8-2014 including any clarification, supplement or amendment thereto;

(ii) with respect to tax treaty relief, a copy of the duly filed tax treaty relief application with the International Tax Affairs Division of the BIR as required under the BIR Revenue Memorandum Order No. 72-2010; including any clarification, supplement or amendment thereto and, once available, a BIR-certified certificate, ruling or opinion addressed to the relevant applicant or Bondholder confirming its entitlement to the preferential tax rate under the applicable treaty;

(iii) a duly notarized undertaking executed by (1) the corporate secretary or any authorized representative of such applicant or Bondholder, who has personal knowledge of the exemption based on his official functions, if the Applicant purchases, or the Bondholder holds, the Offer Bonds for its account, or (2) the trust officer, if the applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Offer Bonds pursuant to its management of tax-exempt entities (i.e. Employee Retirement Fund, etc.), declaring and warranting such entities' tax-exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer, the Registrar and the Paying Agent of any suspension or revocation of the tax exemption certificate, certificate, ruling or opinion issued by the BIR, executed using the prescribed form under the Registry and Paying Agency Agreement, with a declaration and warranty of its tax exempt status or entitlement to a preferential tax rate, and agreeing to indemnify and hold the Issuer, the Registrar and the Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or incorrect withholding of the required tax; and

(iv) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities which for purposes of claiming tax treaty withholding rate benefits, shall include evidence of the applicability of a tax treaty and consularized proof of the Bondholder's legal domicile in the relevant treaty state, and confirmation acceptable to the Issuer that the Bondholder is not doing business in the Philippines; provided that the Issuer shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Bondholder on the interest payments to such Bondholder; provided, further, that all sums payable by the Issuer to tax exempt entities shall be paid in full without deductions for taxes, duties, assessments or government charges, subject to the submission by the Bondholder claiming the benefit of any exemption of the required documents and of additional reasonable evidence of such tax-exempt status to the Registrar.

The Purchase Price for each Offer Bond is payable in full upon submission of the duly executed Application to Purchase. Payments of the Purchase Price shall be made either in checks or appropriate debit instructions or payment instructions made out to the order of the relevant Joint Lead Underwriter and Bookrunner or Selling Agent (if any). All payments must be made or delivered to the Joint Lead Underwriter and Bookrunner or the Selling Agent (if any) to whom the Application to Purchase is submitted.

Completed Applications to Purchase and corresponding payments must reach the Joint Lead Underwriter and Bookrunner or the Selling Agent (if any) prior to the end of the Offer Period, or such earlier date as may be specified by the Underwriters. Acceptance by the Joint Lead Underwriter and Bookrunner or the Selling Agent (if any) of the completed Application to Purchase shall be subject to the availability of the Offer Bonds and the acceptance by SMC. In the event that any check payment is returned by the drawee bank for any reason whatsoever or the nominated bank account to be debited is invalid, the Application to Purchase shall be automatically canceled and any prior acceptance of the Application to Purchase shall be deemed revoked.

MINIMUM PURCHASE

A minimum purchase of ₱50,000.00 shall be considered for acceptance. Purchases in excess of the minimum shall be in multiples of ₱10,000.00.

ALLOTMENT OF THE OFFER BONDS

If the Offer Bonds are insufficient to satisfy all Applications to Purchase, the available Offer Bonds shall be allotted in accordance with the chronological order of submission of properly completed and appropriately accomplished Applications to Purchase on a first-come, first-served basis, without prejudice and subject to Joint Lead Underwriters' and Bookrunners' exercise of the right of rejection on behalf of the Issuer.

ACCEPTANCE OF APPLICATIONS

SMC and the Joint Lead Underwriters and Bookrunners reserve the right to accept or reject applications to purchase the Offer Bonds, and in case of oversubscription, allocate the Offer Bonds available to the Applicants in a manner they deem appropriate.

Rejection of Applications

The Joint Lead Underwriters and Bookrunners shall accept, reduce or reject Applications to Purchase on behalf of the Issuer in accordance with the following provisions and the allocation plan. Reasons for rejection may include the following:

(a) Applications may be rejected if: (i) the Purchase Price is unpaid; (ii) payments are insufficient or where checks, as applicable, are dishonoured upon first presentation; (iii) the Application to Purchase is not received by the Joint Lead Underwriters and Bookrunners or the Selling Agent (if any) on or before the end of the Offer Period; (iv) the number of Offer Bonds subscribed is less than the minimum amount of subscription; (v) the applications do not comply with the terms of the Offer; or (vi) the applications do not have sufficient information or are not supported by the required documents.

(b) Applications may be reduced if the Offer is oversubscribed, and the Oversubscription Option has been exercised and the Oversubscription Option Bonds are not sufficient to cover such oversubscription, in which case the number of Offer Bonds covered by the applications shall be reduced *pro rata*.

In the event an Application to Purchase is rejected or the amount of Offer Bonds applied for is scaled down for a particular Applicant, the relevant Joint Lead Underwriter and Bookrunner or the Selling Agent (if any) shall notify the Applicant concerned that his/her application has been rejected or that the amount of Offer Bonds applied for is scaled down.

REFUNDS

If any application is rejected or accepted in part only, payments made by the Applicant or the appropriate portion thereof shall be returned without interest to such Applicant through the relevant Joint Lead Underwriter and Bookrunner or the Selling Agent (if any) with whom such Application to Purchase was made.

Refunds shall be made, at the option of each Joint Lead Underwriter and Bookrunner or the Selling Agent (if any), either (i) through the issuance of check(s) payable to the order of the relevant Applicant and crossed "Payees' Account Only" and mailed or delivered, at the risk of the Applicant, to the address specified in the Application to Purchase, or (ii) through the issuance of instructions for automatic credit payments to the accounts of the relevant Applicants, as indicated in their respective Applications to Purchase.

PAYMENTS

The Paying Agent shall open and maintain a Payment Account for each series of the Offer Bonds, which shall be operated solely and exclusively by the said Paying Agent in accordance with the Registry and Paying Agency Agreement, provided that beneficial ownership of the Payment Accounts shall always remain with the Bondholders. The Payment Account shall be used exclusively for the

payment of the principal, interest and other payments due on the Offer Bonds on the relevant Payment Date.

The Paying Agent shall maintain the relevant Payment Account while the relevant series of the Offer Bonds are outstanding, and until six (6) months past the relevant Maturity Date or date of early redemption, as applicable. Upon closure of the Payment Accounts, any balance remaining in such Payment Account shall be returned to the Issuer and shall be held by the Issuer in trust and for the irrevocable benefit of the Bondholders with unclaimed interest and principal payments and such other payments that due on the relevant series of the Offer Bonds.

UNCLAIMED PAYMENTS

Any payment of interest on, or the principal of the Offer Bonds which remain unclaimed after the same shall have become due and payable, shall be held in trust by the Paying Agent for the Bondholders at the latter's risk and shall be dealt with in accordance with the relevant provisions of the Registry and Paying Agency Agreement.

PURCHASE AND CANCELLATION

The Issuer may purchase the Offer Bonds at any time in the open market or by tender or by contract, in accordance with PDEx Rules, as may be amended from time to time, without any obligation to make *pro rata* purchases from all Bondholders. Offer Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

Upon listing of the Offer Bonds on PDEx, the Issuer shall disclose any such transactions in accordance with the applicable PDEx disclosure rules.

SECONDARY MARKET

SMC intends to list the Offer Bonds in the PDEx.

For a more detailed discussion, please refer to the section "*Description of Offer Bonds – Secondary Trading of the Offer Bonds*".

REGISTRY OF BONDHOLDERS

The Offer Bonds shall be issued in scripless form. A Master Certificate of Indebtedness representing each of the Series A Bonds, Series B Bonds, and Series C Bonds sold in the Offer shall be issued in the name of the Trustee for the benefit of the Bondholders.

Legal title to the Offer Bonds shall be shown in the Registry of Bondholders to be maintained by the Registrar. The names and addresses of the Bondholders and the particulars of the Offer Bonds held by them and all transfers of the Offer Bonds shall be entered into the Registry of Bondholders. Transfers of ownership shall be effected through book-entry transfers in the scripless Registry of Bondholders.

For a more detailed discussion, please refer to the section "*Description of Offer Bonds – Transfer of the Offer Bonds*".