



SAN MIGUEL CORPORATION

June 4, 2009

Philippine Stock Exchange

Disclosure Department

Listing and Disclosure Group

4th Floor, Philippine Stock Exchange Center

Exchange Road, Ortigas Center

Pasig City

Attention: **Ms. Janet A. Encarnacion**
Head - Disclosure Department

Gentlemen:

We refer to our disclosure dated May 21, 2009, copy attached, on the offer of SMC to its common shareholders to exchange their common shares to a new class of shares to be denominated Series 1 preferred shares. The exchange offer will be presented for approval by the stockholders at the July 23 stockholders meeting.

Please be informed that the Executive Committee of SMC has authorized Management to list the Series 1 preferred shares within one year from date of issuance of the Series 1 preferred shares.

Very truly yours,


FERDINAND K. CONSTANTINO
Corporate Information Officer



SAN MIGUEL CORPORATION

May 21, 2009

Philippine Stock Exchange, Inc.

Disclosure Department
4th Floor, Philippine Stock Exchange Center
PSE Center, Exchange Road
Ortigas Center, Pasig City

Attention: **Ms. Janet A. Encarnacion**
Head - Disclosure Department

Gentlemen:

Please be informed that at today's meeting of the Board of Directors of San Miguel Corporation ("SMC" or the "Company") approved the following corporate acts.

1. The Board authorized the Company to present to its common shareholders an offer to exchange their common shares to a new class of shares to be denominated as Series 1 Preferred shares. The Series 1 Preferred Shares will have a par value of P5.00 per share. The Board has authorized Management to determine the issue price of the preferred shares. The exchange ratio will be one (1) preferred share for every one (1) common share.

The Series 1 Preferred Shares, which will not be listed in the Philippine Stock Exchange, will be Peso denominated, perpetual, cumulative, non-voting preferred shares and will have the following features:

a. **Dividends** - The SMC Board of Directors shall have the sole discretion to declare dividends on the Series 1 Preferred Shares. The annual dividends shall be based on 5-year PDSTF rate, plus a spread which the Board has authorized Management to determine, payable quarterly and calculated by reference to the Issue Price. Unless the Series 1 Preferred Shares are redeemed by SMC, the Dividend Rate shall be adjusted at the end of the fifth year to the higher of (a) the Dividend Rate or (b) the prevailing 10-year PDSTF rate plus a spread of up to 300 bps.

b. **Redemption** - SMC has the option, but not the obligation, to redeem all or part of the Series 1 Preferred Shares on the third anniversary from the Issue Date or on any Dividend Payment Date thereafter at a redemption price equal to the Issue Price of the Series 1 Preferred Shares plus all cumulated and unpaid cash dividends.

- c. **Liquidation** - In the event of liquidation of SMC, the Series 1 Preferred Shares shall have preference over the Common Shares.

All selling costs pertaining to the exchange of Common Shares shall be borne by the common shareholders. Selling costs will be advanced by SMC and deducted from the first quarterly dividend.

In connection with the said exchange offer, the Board also authorized the amendment of Article VII of the SMC's Articles of Incorporation to:

- a. modify the authorized capital stock of 4.5 billion Common shares consisting of 2.7 billion Common Class A shares and 1.8 billion Common Class B shares to an authorized capital stock of 4.5 Billion shares consisting of 3.390 billion Common shares and 1.11 billion Series 1 Preferred shares. The Common shares will now consist of 2.034 Billion Common Class A shares and 1.356 billion Common Class B shares.
- b. provide for the terms of the Series 1 Preferred shares.

The Board likewise deferred the implementation of the resolution approved in 2007 authorizing the increase in the authorized capital stock of the Company which was approved by the shareholders of the Company at the 2007 Regular Stockholders Meeting and to amend the said resolution on the increase in capital stock to provide for two series of preferred shares.

The exchange offer and amendments to the Articles of Incorporation will be subject to the approval of the stockholders of SMC and will be presented for such approval at the Regular Stockholders Meeting to be held on July 23, 2009.

2. The Board authorized the Company to invest in Liberty Telecommunications Holdings, Inc. ("LTHI") up to 49% of the capital stock of LTHI. The Board authorized Management to acquire approximately 32.7% of LTHI from existing stockholders for an estimated amount of P2.2 Billion and pursue the acquisition of the balance of the investment in coordination with its joint venture partner Qatar Telecom QSC.

Very truly yours,



FERDINAND K. CONSTANTINO
Corporate Information Officer