



SAN MIGUEL CORPORATION

August 19, 2011

The Philippine Stock Exchange, Inc.
Disclosure Department
3rd Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

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

Re: **Acquisition of the Downstream Oil
Business of ExxonMobil International
Holdings, Inc.**

Gentlemen:

By way of response to your Letter-Directive dated August 18, 2011 seeking further clarifications on the above-captioned transaction, we enclose herewith, for the information and perusal of the Exchange, a copy of the press notice submitted by Maybank Investment Bank, the Company's financial advisors, to the Bursa Malaysia Securities Berhad, the Malaysian stock exchange. We trust that the foregoing sufficiently addressed your request.

Very truly yours,


FERDINAND K. CONSTANTINO
Corporate Information Officer

FOR IMMEDIATE RELEASE

17 August 2011

To:	Attention:	Fax no.:
Bursa Malaysia Securities Berhad	Mr Inderjit Singh	03-2732 3267
C.c.:		
Securities Commission	YBhg Tan Sri Zarinah Anwar	03-6201 5158
Esso Malaysia Berhad	Mr Manoj Devadasan	03-2380 3473
Berita Harian	Encik Ahmad Zaini Kamarulzaman	03-2056 7081/2056 7082
Utusan Malaysia & Utusan Melayu	Encik Mowardi Mahmud	03-9223 0957/9223 6031
The Star	Mr P. Gunasegaram	03-7957 0694
Bernama	Puan Salbiah Said	03-2694 9636
The New Straits Time Press (M) Bhd	Encik Mustapha Kamil	03-2056 7148
The Edge Financial Daily	Mr M Shanmugam	03-7721 8038/7721 8018
The Malaysian Reserve	Encik Halim Wahab	03-7956 6808
Nanyang Siang Pau Sdn Bhd	Ms Tong Siok Ching	03-7872 6993
Sin Chew Jit Poh (Malaysia)	Ms Low Sow Wan	03-7955 8379/7955 6881
China Press	Ms Loh Yee Wei	03-2282 7125

SAN MIGUEL CORPORATION ("SMC")

- **PROPOSED ACQUISITION BY SMC OF 175,500,000 ORDINARY SHARES OF RM0.50 EACH IN ESSO MALAYSIA BERHAD ("EMB") ("EMB SHARES"), REPRESENTING 65% OF THE VOTING SHARES OF EMB, FROM EXXONMOBIL INTERNATIONAL HOLDINGS INC ("EMIHI") FOR A TOTAL CASH CONSIDERATION OF UNITED STATES DOLLAR ("USD") 206,020,460 (EQUIVALENT TO RINGGIT MALAYSIA ("RM") 614,250,000 OR RM3.50 PER EMB SHARE) ("PROPOSED ACQUISITION OF EMB"); AND**
- **PROPOSED MANDATORY TAKE-OVER OFFER BY SMC TO ACQUIRE THE REMAINING EMB SHARES NOT ALREADY OWNED BY SMC AFTER THE PROPOSED ACQUISITION OF EMB ("PROPOSED MANDATORY TAKE-OVER OFFER")**

(COLLECTIVELY REFERRED TO AS "PROPOSALS")

The exchange rate used in this press notice for the conversion of USD into RM is USD1:RM2.9815 as at 16 August 2011, unless otherwise stated.

1. INTRODUCTION

On behalf of SMC, Maybank Investment Bank Berhad ("**Maybank IB**") wishes to announce that SMC has today entered into a sale and purchase agreement ("**SPA**") with EMIHI to acquire 175,500,000 EMB Shares, representing 65% of the voting shares of EMB, from EMIHI for a total cash consideration of USD206,020,460 (equivalent to RM614,250,000 or RM3.50 per EMB Share) ("**Initial EMB Price**") ("**EMB SPA**").

Maybank Investment Bank Berhad (15938-H)

(Formerly known as Aseambankers Malaysia Berhad)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

33rd Floor, Menara Maybank, 100 Jalan Tun Perak, 50050 Kuala Lumpur, Malaysia. P. O. Box 11057, 50734 Kuala Lumpur, Malaysia.
Tel: (603) 2059 1888 Fax: (603) 2078 4194 Website: www.maybank-ib.com



Simultaneously with the execution of the EMB SPA, SMC has today also separately entered into the following:

- (i) an SPA with Mobil International Petroleum Corporation ("**MIPC**") to acquire 35,539,000 ordinary shares of RM1.00 each in Exxonmobil Malaysia Sdn Bhd ("**EMMSB**") ("**EMMSB Shares**"), representing 100% of the voting shares of EMMSB, from MIPC ("**EMMSB SPA**"); and
- (ii) an SPA with EMIHI to acquire 15,450,000 ordinary shares of RM2.00 each in Exxonmobil Borneo Sdn Bhd ("**EMBSB**") ("**EMBSB Shares**"), representing 100% of the voting shares of EMBSB, from EMIHI ("**EMBSB SPA**"),

for a total cash consideration of USD403,979,540.

(EMIHI and MIPC are collectively referred to as "**Vendors**")

(The proposed acquisitions of the EMB Shares, EMMSB Shares and EMBSB Shares by SMC from the Vendors are collectively referred to as "**Proposed Acquisitions**")

The total cash consideration for the Proposed Acquisitions is USD610,000,000 ("**Initial Purchase Consideration**").

The EMB SPA, EMMSB SPA and EMBSB SPA (collectively referred to as "**SPAs**") are inter-conditional upon each other.

The Initial Purchase Consideration under each of the SPAs may be adjusted in the following manner:

- (i) downwards following any dividends paid or capital repayment ("**Distributions**") effected from 1 January 2010 to completion, by an amount equal to the Distributions made; and/or
- (ii) upwards following any capital contribution ("**Contributions**") made from 1 January 2010 to completion, by an amount equal to the Contributions made.

(The final price to be paid for each EMB Share pursuant to the EMB SPA shall be referred to as the "**Final EMB Price**")

Upon completion of the Proposed Acquisition of EMB, SMC's holding of the voting shares of EMB will increase from nil to 65%. As such, in accordance with Section 218(2) of the Capital Markets and Services Act 2007 and Section 9(1) of Part III of the Malaysian Code on Take-Overs and Mergers 2010 ("**Code**"), SMC will be required to extend a mandatory take-over offer to acquire the remaining voting shares of EMB not already owned by it at the RM equivalent of the Final EMB Price for cash. Notwithstanding this, SMC has determined that the offer price under the Proposed Mandatory Take-Over Offer shall be the RM equivalent of the Initial EMB Price using the prevailing exchange rate as at the date the SPAs become unconditional ("**Unconditional Date**"), and after adjusting for the following:

- (i) downwards following any Distributions effected from the date of the EMB SPA to the Unconditional Date, by an amount equal to the Distributions made; and/or
- (ii) upwards following any Contributions made from the date of the EMB SPA to the Unconditional Date, by an amount equal to the Contributions made.



Subject to fulfilment of the relevant regulatory requirements, the offer price shall be adjusted accordingly in the event there are any Distributions effected and/or Contributions made after the Unconditional Date up to the completion. For the avoidance of doubt, the offer price to be paid in RM shall not in any event be lower than the RM equivalent of the Final EMB Price to be converted based on the prevailing exchange rate on completion of the Proposed Acquisitions. Should the RM equivalent of the Final EMB Price be higher than the offer price, the offer price will be revised upwards such that it is equal to the RM equivalent of the Final EMB Price.

Upon the SPAs becoming unconditional, SMC will release a press notice and serve the notice of mandatory take-over offer to the Board of Directors of EMB in accordance with Sections 11(7) and 11(8) of the Code.

2. BRIEF INFORMATION ON SMC

Philippine-based SMC has, over the last few years, diversified its traditional portfolio of food, beverage and packaging by significantly expanding its participation in industries such as petroleum, power generation and distribution, mining and infrastructure. Its 68%-owned subsidiary, Petron Corporation, is the largest integrated oil refining and marketing company in the Philippines, with crude distillation capacity of 180,000 barrels per day and over 1,700 service stations across the Philippine archipelago.

3. RATIONALE FOR THE PROPOSED ACQUISITIONS

The Proposed Acquisitions provide SMC with a unique opportunity to extend its portfolio of oil refining and marketing businesses outside the Philippines. SMC envisions considerable potential and benefit in upgrading the existing refinery operations of EMB to value-added product segments weighted to better margins. With 560 retail stations in Malaysia, the companies to be acquired are also expected to continue to deliver steady earnings in a stable but growing market.

4. THE SPAs

The completion of the SPAs is subject to the fulfilment of certain conditions precedent including, among others, requisite approvals, waivers or consent (as the case may be) from relevant regulatory authorities such as the Ministry of International Trade and Industry and the Ministry of Domestic Trade, Cooperative and Consumerism for the proposed disposals of EMB Shares, EMMSB Shares and EMBSB Shares by the Vendors to SMC, the waiver of the Securities Commission ("SC") from compliance with Section 37 of the Code and the consent of the SC pursuant to Section 13(1) of the Code for the change of the Board of Directors of EMB, and material completion of transition plans involving information technology systems.

The conditions precedent are expected to be fulfilled within a period of twelve (12) months from the date of the SPAs.

On completion, the purchase consideration under each of the SPAs will be paid to the Vendors and beneficial ownership of the shares to be acquired pursuant to the Proposed Acquisitions shall transfer to SMC.



Maybank
Investment Bank

5. ADVISERS

Maybank IB is the adviser to SMC for the Proposals.

Zain & Co is the Malaysian legal adviser for the Proposals and Ashurst LLP is the international legal adviser to SMC for the Proposed Acquisitions.

This press notice is made in accordance with Section 11(1) and Paragraph 1.1(a)(iii) of Practice Note 11 of the Code.

Yours faithfully
for and on behalf of
Maybank Investment Bank Berhad

Hidayah Hassan
Director
Co-Head, Corporate Finance

Lin Shueh Fen
Director
Corporate Finance