



September 26, 2012

SAN MIGUEL CORPORATION

40 San Miguel Avenue
Mandaluyong City

Attention : Ramon S. Ang
President and Chief Operating Officer

Ferdinand K. Constantino
SVP, Chief Finance Officer and Treasurer

Aurora T. Calderon
SVP, Senior Executive Assistant to the Office President and COO

Virgilio S. Jacinto
SVP, General Counsel

Joseph N. Pineda
SVP, Deputy Chief Finance Officer

Re : Public Offering of Series "2" Preferred Shares
Notice of Approval

Gentlemen:

We are pleased to inform you that the Board of Directors of The Philippine Stock Exchange, Inc. ("PSE" or the "Exchange"), in its regular meeting on September 26, 2012, approved the application of SAN MIGUEL CORPORATION ("SMC" or the "Company") to list 1,067,000,000 Series "2" Preferred Shares ("Preferred Shares" or the "Offer Shares"), with a par value of ₱5.00 per share, to cover the Company's Follow-on Offering ("FOO" or the "Offer") of the Preferred Shares at an Offer Price of ₱75.00 per Offer Share.

The Preferred Shares will be issued and listed under the following subseries:

- a. Subseries "2-A" ("SMC2A"): 721,012,400 shares;
- b. Subseries "2-B" ("SMC2B"): 90,428,200 shares; and
- c. Subseries "2-C" ("SMC2C"): 255,559,400 shares.

The approval of the listing of the Company's Preferred Shares is subject to the condition that the Company strictly complies with all of the following:

1. The Company complies with the amended rule on lodgment of securities of the Exchange which states that:

Section 16. Lodgment of Securities - As a condition for the listing and trading of the securities of an applicant company, the applicant company shall electronically lodge its registered securities with the Philippine Depository and Trust Corporation ("PDTC"), or any other entity duly authorized by the Securities and Exchange Commission ("SEC"), without any jumbo or mother certificate in compliance with the requirements of Section 43 of the Securities Regulation Code. In compliance with the foregoing requirement, actual listing and trading of securities on the scheduled listing date shall take effect only after submission by the applicant company of the following:

- (a) Sworn corporate secretary's certificate stating that all the securities have been issued in uncertificated form in accordance with the requirements of Section 43 of the Securities Regulation Code and electronically lodged with the PDTC or any other authorized entity without any jumbo or mother certificate;
- (b) Written confirmation issued by the transfer agent confirming that it has the capability and capacity to handle the issuance and transfer of uncertificated securities; and
- (c) Written confirmation issued by the PDTC or any other authorized entity confirming the electronic lodgment of the applicant's securities.

The Company shall submit the foregoing documents in compliance with the amended rule on lodgment of securities within two (2) trading days prior to the listing date.

2. The Company submits to the Exchange no later than two (2) trading days prior to the listing date soft and hard copies of the Sales Report which is submitted to the Securities Clearing Corporation of the Philippines ("SCCP") and/or to the PDTC. The Sales Report must show the subscribers to the FOO indicating the subscriptions of the Trading Participants and Underwriters' clients or general public.
3. The Company submits a sworn Undertaking to submit via the Exchange's Online Disclosure System ("ODiSy") the following disclosures to ensure transparency in the use of the FOO proceeds:
 - a. Any disbursements made in connection with the planned use of proceeds from the Offer;
 - b. Quarterly Progress Report on the application of the proceeds from the Offer on or before the first fifteen (15) days of the following quarter. The Quarterly Progress Reports should be certified by the Company's Chief Financial Officer or Treasurer;

- c. Annual summary of the application of the proceeds on or before January 31 of the following year. The Annual Summary Report should be certified by the Company's Chief Financial Officer or Treasurer;
- d. Approval by the Company's Board of Directors of any reallocation on the planned use of proceeds, or of any change in the Work Program; and
- e. Should the Company's Board of Directors approve any reallocation on the use of proceeds, the actual disbursement or implementation of such reallocation must be disclosed by the Company at least thirty (30) days prior to the said actual disbursement or implementation.

The quarterly and annual reports required in items (b) and (c) above must include the following:

- a. External auditor's certification on the accuracy of the information reported by the Company to the Exchange in the Company's quarterly and annual reports;
- b. Detailed explanation for any material variances in the actual disbursements with the Work Program or the represented Use of Proceeds in the FOO Prospectus. The detailed explanation must state the approval of the Company's Board of Directors as required in item (d) above.

The applicable sanctions under the Penalties and Fines of the Revised Disclosure Rules will apply should the Company (i) fail to promptly disclose a deviation from the represented use of proceeds equivalent to twenty percent (20%) of the original amount appropriated, or (ii) fail to promptly update or correct prior disclosures within ten (10) minutes from receipt of the information of any discrepancy to such previously issued disclosures.

Pursuant to the duly executed Listing Agreement, the Exchange may impose appropriate sanctions on the Company, including a trading suspension on the Company's securities or the disqualification from listing of the Company's securities, if any material representation made by the Company regarding the use of the FOO proceeds is proven to be false, incomplete, incorrect or misleading.

- 4. The Company pays the amount specified in the attached billing statement representing payment of the listing fee to the PSE, which was computed using the number of shares for listing of 1,067,000,000 Preferred Shares and the offer price of ₱75.00 per share.

Payment must be either in a check drawn against a BSP authorized bank located in Metro Manila or a Manager's Check made payable in favor of *The Philippine Stock Exchange, Inc.* Payment should be made as soon as practicable which in no case shall be later than fifteen (15) calendar days from receipt of this notice.

If the Company fails to pay within the prescribed period, the Company shall incur a surcharge of twenty five percent (25%) plus one percent (1%) interest for every day of delay.

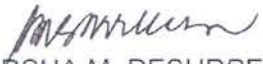
5. The Company pays the amount of ₱2,525.00 representing payment of the listing fee to the SEC. A copy of the official receipt shall be submitted to the Listings Department. The original receipt shall be presented to the Listings Department for purposes of verification.
6. The Company complies with the Listings and Disclosure Rules of the Exchange.
7. The Company submits the duly signed duplicate original copy of this letter.

The Exchange will impose the appropriate penalties in case the Company fails to comply with any of the aforementioned conditions within the periods herein specified.

This approval is being issued on the basis of the representations made to the Exchange by the Company and/or its agents and representatives. However, in the event that the representations are found to be false, inaccurate, misleading and/or incomplete, then this approval shall be considered null and void.

If these conditions are acceptable to you, please indicate your conformity by signing on the space provided below and return the duplicate original to us not later than two (2) trading days prior to the expected listing date so that we can proceed with the final processing of your application.

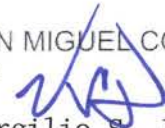
Very truly yours,


MARSHA M. RESURRECCION
Head, Issuer Regulation Division

CONFORME:

SAN MIGUEL CORPORATION

By:


Virgilio S. Jacinto

Authorized Signatory- Corporate Secretary & General Counsel
(Signature over Printed Name)

Date: September 26, 2012

By:


Joseph N. Pineda

Authorized Signatory-Deputy Chief Finance Officer
(Signature over Printed Name)

Date: September 26, 2012