SAN MIGUEL CORPORATION

September 12, 2012

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

Gentlemen:

We transmit herewith the attached Notice of Redemption of Series "1" Preferred Shares, including attachments thereto, setting forth the guidelines for the payment of the proceeds of the redemption, including all accumulated unpaid cash dividends due on the Series "1" Preferred Shares.

Very truly yours,

MARY ROSE S. TAN
Assistant Corporate Secretary

SAN MIGUEL CORPORATION

September 12, 2012

Notice of Redemption of Series "1" Preferred Shares

Dear Shareholder:

Notice is hereby given that San Miguel Corporation (the "Company") will redeem the Series "1" Preferred Shares (the "Shares") at a redemption price of ₱75.00 per share, in accordance with the terms and conditions of the issuance of the Shares. The redemption of the Shares was approved by the Board of Directors of the Company on August 13, 2012.

Redemption shall take effect on October 5, 2012. The redemption proceeds of the Shares and all accumulated unpaid cash dividends shall be paid in check on October 5, 2012 to the stockholders of record as of September 11, 2012.

The check issued for the redemption proceeds of the Shares and all accumulated unpaid cash dividends shall be available for release at the office of SMC Stock Transfer Service Corporation commencing on October 5, 2012, during office hours from 9:00 AM to 6:00 PM, at:

SMC Stock Transfer Service Corporation (SMC STSC)
Second Floor SMC Head Office
40 San Miguel Avenue, Ortigas Center, Mandaluyong City

SMC STSC shall release the check to the shareholder upon the submission and verification of the following documents:

- For Individual Shareholders:
  - Original stock certificates, duly endorsed;
  - Photocopies of two valid IDs;
  - If the shareholder shall designate an attorney-in-fact to endorse their stock certificates, a duly notarized Special Power of Attorney (see Attachment A) and photocopies of the Attorney-in-fact's Identification Documents and;
  - If the shareholder shall designate a representative to receive the check, an authorization letter originally signed by the shareholder appointing his/her representative to receive the check on his/her behalf.

- For Corporate Shareholders:
  - Original stock certificates, duly endorsed by the corporation's authorized signatories;

In case of lost stock certificates, the shareholder will have to submit a duly notarized Affidavit of Loss in the prescribed form (see Attachment B) and have the Notice of Loss published in a newspaper of general circulation, once a week for three consecutive weeks. The fees for the publication are as follows:

- Publication fee – ₱1,000.00 and;
- Transfer fee - ₱134.40 per certificate.

SMC STSC shall release the check for the redemption price of the Shares and all accumulated unpaid cash dividends to the shareholder upon the submission of the Affidavit of Loss and payment of the publication and transfer fees.

In case the shareholder is deceased, the Shares shall form part of the shareholder's estate and shall be the subject of settlement in accordance with the Philippine law on succession. The heir/s shall submit to SMC STSC the requirements for transfer of shares from a deceased shareholder to his/her heirs (see Attachment C) and the Affidavit of Quitclaim in the prescribed form (see Attachment D).

Should you have inquiries regarding the redemption of the Shares and the release of the redemption proceeds, you may contact the following:

SMC Stock Transfer Service Corporation
Tel. Nos.: 632-3449 to 52
Fax No. : 632-3535
E-mail : smc_stsc@smg.sanmiguel.com.ph
Contact persons: Celine Justiniano
Abigail Mungcal

Very truly yours,

Virgilio S. Jacinto
Corporate Secretary

Attachment A

REPUBLIC OF THE PHILIPPINES)
CITY OF _____) S.S.

SPECIAL POWER OF ATTORNEY

I, _____, of legal age, single/married, with residence at _____, hereby name, constitute and appoint _____, of legal age, single/married, with residence at _____, to be my true and lawful attorney, in my name, place and stead, to do any of the following acts:

(a) To submit for redemption _____ (_____) Series "1" Preferred shares in San Miguel Corporation (the "SMC Shares" and "SMC", respectively) at the redemption price of P75.00 per share;

(b) To do any and all acts necessary to implement the foregoing, including to endorse the stock certificates covering the SMC Shares and to sign any document necessary to implement the foregoing; and

(c) To receive the check for the redemption price of the SMC Shares.

HEREBY CONFIRMING AND RATIFYING everything which the attorney or his/her duly authorized substitutes, shall do to or purport to do under this Power of Attorney and hold SMC and any of its directors, officers, advisers, employees and agents free and harmless from any and all claims, damages or losses arising from or relating to its/their reliance on the authority given by the Power of Attorney.

This Power of Attorney is given in consideration of the attorney effecting the redemption of the SMC Shares.

Attachment A

This Power of Attorney shall be governed by and construed in accordance with the laws of the Republic of the Philippines.

Designated Attorney-In-Fact	Signature
_____ _____	_____

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 2012 at _____.

_____
Stockholder

With my marital consent (if married):

_____
Name of Spouse

Signed in the presence of:

_____ _____
Witness Witness

ACKNOWLEDGEMENT

BEFORE ME, a Notary Public for and in _____, personally appeared _____, with competent Identification No. _____ issued on _____ at _____, known to me to be the same person who executed the foregoing Special Power of Attorney and he/she acknowledged to me that the same is his/her free act and deed.

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of 2012.

Attachment B

REPUBLIC OF THE PHILIPPINES)
CITY OF _____) S.S.

AFFIDAVIT OF LOSS

I, _____, of legal age, single/married, with residence at _____, after having been duly sworn in accordance with law, do hereby depose and say:

That I am stockholder of San Miguel Corporation, owning _____ (_____) shares of the Series "1" Preferred shares of the said Corporation, represented by the following certificates of stock:

CERTIFICATE NO.	NO. OF SHARES	DATE ISSUED
TOTAL	_____	

That the above-mentioned certificate/s were discovered to be missing and despite diligent efforts having been exerted the same could not be located;

That the above-mentioned certificate/s of stock have not been sold, pledged, mortgaged or in anyway encumbered by me, and that they are free from any lien or encumbrance;

That this affidavit had been executed for the purpose of securing from San Miguel Corporation new certificate/s in replacement of the certificates of stock mentioned above and to request the Corporation to take the necessary steps to prevent the negotiation of transfer of said lost certificate/s.

That I hereby surrender the replacement San Miguel Corporation Series "1" Preferred stock certificates to claim the redemption price of the SMC Series "1" Preferred shares and all accumulated unpaid cash dividends;

Attachment B

That upon my receipt of the check covering the redemption price of the SMC Series "1" Preferred shares and all accumulated unpaid cash dividends, I hereby release and forever discharge SMC, its redemption agent, SMC Stock Transfer Service Corporation, and their respective directors, officers and employees from any and all claims, obligations and liabilities in connection with or arising from the decedent's holdings in SMC Series "1" Preferred stock. This release and discharge shall be binding upon all my heirs, assigns and successors-in-interest;

That I am executing this instrument freely and voluntarily without any moral or physical threat, coercion or promise of reward in any form.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 2012 at _____.

_____
Stockholder

Signed in the presence of:

_____ _____
Witness Witness

ACKNOWLEDGEMENT

BEFORE ME, a Notary Public for and in _____, personally appeared _____, with competent Identification No. _____ issued on _____ at _____, known to me to be the same person who executed the foregoing Special Power of Attorney and he/she acknowledged to me that the same is his/her free act and deed.

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of 2012.

PROCEDURES FOR THE TRANSFER OF SAN MIGUEL CORPORATION (SMC) SHARES OF STOCK FROM A DECEASED STOCKHOLDER TO HIS/HER HEIR(S)

The transfer of a deceased stockholder's shares and the issuance of new stock certificate/s to his/her heir/s may be done judicially (through court proceedings) or extra-judicially (out-of-court settlement).

A. If the estate of the deceased stockholder is settled judicially, whether testate (with a Will) or intestate (without a Will), the heirs will have to submit to SMC Stock Transfer Service Corporation the following:

1. The original certificates of the deceased stockholder's shares of stock.

2. When there is a Will, a certified copy of the Will and the final Court Order probating the same, together with a certified copy of the Project of Partition and the final Court Order approving the same.

3. When there is no Will, a certified copy of the Project of Partition and the final Court Order approving the same.

B. If the estate is settled extra-judicially, the heirs will have to submit to SMC Stock Transfer Service Corporation the following:

1. The original certificate/s of the deceased stockholder's shares of stock.

2. A copy of the Certificate of Death.

3. A copy of the Birth Certificate showing the deceased stockholder as parent if the heir is a descendant; if surviving spouse, a copy of the Marriage Contract between the deceased stockholder and his/her spouse; if brother or sister, Birth Certificate of the deceased stockholder and the heir showing a common ancestor.

4. An originally signed or certified copy of the Deed of Extra-Judicial Settlement or Affidavit of Self-Adjudication, as the case may be, duly annotated by the Register of Deeds.

5. Affidavit of publication by the publisher of the newspaper in which the notice of settlement had been published once a week for three consecutive weeks.

6. Certification from the Commissioner of Internal Revenue attesting to the payment or exemption from payment of the estate tax, as required by the National Internal Revenue Code.

7. Duly accomplished Specimen Signature Cards together with photocopies of two (2) Identification Documents of each of the heirs.

Attachment D

REPUBLIC OF THE PHILIPPINES)
CITY OF _____) S.S.

AFFIDAVIT OF QUITCLAIM

I, _____, of legal age, single/married, with residence at _____, after having been duly sworn in accordance with law, do hereby depose and say:

That I my the Court Appointed Administrator / Administratrix / Executor / Executrix of the estate of the deceased _____;

That the deceased _____ is a stockholder of San Miguel Corporation, owning _____ (_____) shares of the Series "1" Preferred shares of the said Corporation;

That I hereby surrender the San Miguel Corporation Series "1" Preferred stock certificates of the decedent to claim the redemption price of the SMC Series "1" Preferred shares and all accumulated unpaid cash dividends;

That upon my receipt of the check covering the redemption price of the SMC Series "1" Preferred shares and all accumulated unpaid cash dividends, I hereby release and forever discharge SMC, its redemption agent, SMC Stock Transfer Service Corporation, and their respective directors, officers and employees from any and all claims, obligations and liabilities in connection with or arising from the decedent's holdings in SMC Series "1" Preferred stock. This release and discharge shall be binding upon all the heirs of the decedent, assigns and successors-in-interest;

That I am executing this instrument freely and voluntarily without any moral or physical threat, coercion or promise of reward in any form.

Attachment D

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 2012 at _____.

_____
Administrator / Administratrix / Executor / Executrix

Signed in the presence of:

_____ _____
Witness Witness

ACKNOWLEDGEMENT

BEFORE ME, a Notary Public for and in _____, personally appeared _____, with competent Identification No. _____ issued on _____ at _____, known to me to be the same person who executed the foregoing Special Power of Attorney and he/she acknowledged to me that the same is his/her free act and deed.

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of 2012.