

**MINUTES OF THE REGULAR MEETING OF STOCKHOLDERS
OF**

SAN MIGUEL CORPORATION

Held at the Ballroom, Valle Verde Country Club, Inc.
Capt. Henry P. Javier St., Bo. Oranbo, Pasig City
held on June 10, 2014

DIRECTORS:

Ramon S. Ang
Leo S. Alvez
Joselito D. Campos, Jr.
Ferdinand K. Constantino
Winston F. Garcia
Menardo R. Jimenez
Estelito P. Mendoza
Alexander J. Poblador
Reynato S. Puno
Thomas A. Tan
Margarito B. Teves
Iñigo Zobel

APOLOGY:

Eduardo M. Cojuangco, Jr.

Also Present:

Aurora T. Calderon
Horacio C. Ramos

I. CALL TO ORDER

The meeting was called to order at 2:00 p.m. Mr. Ramon S. Ang Vice Chairman, President and Chief Operating Officer of the Company, presided over the meeting. After the singing of the National Anthem, Mr. Ferdinand K. Constantino led the invocation.

II. CERTIFICATION OF NOTICE AND QUORUM

The Corporate Secretary, Atty. Virgilio S. Jacinto, certified that notices were duly sent to the stockholders and there are present, in person or by proxy, a total of 75.44% of the outstanding capital stock of the Company.

The Corporate Secretary stated that for the record, proxies for 71.8% of the outstanding common and preferred shares of the Company have been issued by the stockholders in favor of the Chairman of the meeting authorizing him to vote for the approval of all corporate actions in the agenda.

**III. APPROVAL OF THE MINUTES OF THE REGULAR
STOCKHOLDERS' MEETING HELD ON JUNE 11, 2013**

Upon motion duly made and seconded, the stockholders approved and ratified the minutes of the Regular Meeting of Stockholders held on June 11, 2013.

IV. APPROVAL OF ANNUAL REPORT

The Vice Chairman rendered his report to the stockholders. A copy of the report is attached hereto as Annex "A" of these minutes.

The Vice Chairman then declared an open forum and, together with the President, the Chief Finance Officer, Director Estelito P. Mendoza and the Corporate Secretary, entertained questions from the floor.

A stockholder inquired on the status of the proposal to construct a modern international airport which was submitted to the Office of the President of the Philippines, as reported in the newspapers. The Vice- Chairman responded that the Company has not received any response or feedback from the Government.

Another stockholder inquired on the status of the investment of the Company in Philippine Airlines. Mr. Ang replied that the cash flow of the PAL business is strong and the results of the efforts of management relating to fleet modernization, route expansion and overall improvement of service will be evident next year. Mr. Ang said the upgrade of the Philippines to Category 1 will certainly boost the profitability of PAL and allow PAL to return to the East Coast route.

A stockholder asked what the investments of Top Frontier are and whether such investments include shares in PLDT and Meralco. Mr. Ang replied that Top Frontier has an investment in Clariden and other mining assets but does not have investments in PLDT and Meralco.

A stockholder asked when the TPLEX will be completed and what the status of the NAIA Expressway and Skyway Stage 3 projects are. Mr. Ang replied that TPLEX is open from Tarlac City to Carmen in Pangasinan and expressed confidence to complete the construction by next year, three years ahead of schedule. Construction of NAIA Ex is also on schedule and projected to be completed by next year. The Skyway Stage 3 has also commenced construction.

A stockholder asked what happened in the bidding for the Cavite-Laguna Expressway (CALAX). Mr. Ang replied that the Company was disqualified based on a technicality. Mr. Ang advised that the bank guarantee that was provided had a typographical error as to the date of validity of the said guarantee. The stockholder opined the Company may have been disqualified because the other bidders were intimidated by the Company.

A stockholder proposed that the members of the Board of Directors and all stockholders present at today's meeting be given a bonus considering that the Company performed well in the past year. He also proposed that the Company establish a foreign branch in Switzerland.

A stockholder requested for an update on San Miguel Brewery Inc. (SMB) in light of the delisting of its shares. Mr. Ang replied that the stockholders of SMB will derive the same benefits, such as cash dividends, as it was when it was listed, except that the shares of SMB may no longer be sold through the stock exchange. However, a re-listing of the shares of SMB remains an option which may be pursued in the future.

A stockholder requested that the Company to distribute souvenir items such as t-shirts during the stockholders meeting. Mr. Ang requested the Chief Finance Officer, Mr. Ferdinand Constantino, to consider the request made.

A stockholder requested that the cash dividends paid by the Company be increased considering that in the past years, the cash dividends paid range from P1.40 to P1.75 per annum. Mr. Ang replied that the Company is always taking steps to ensure that the investors get more value for their investments.

A stockholder inquired when Liberty Telecoms will be rehabilitated. Mr. Ang replied that it would take some time before the telecommunications business of the Company, in general, will become profitable due to the extent of the capital expenditures needed to be able to roll-out the services.

A stockholder asked why the Chairman is not present in the meeting. Mr. Ang replied that an operation was performed on the Chairman and the latter is recovering from the same. He informed the stockholders that the Chairman is in good health and recovering well.

A stockholder introduced himself as a tenant in Tandang Sora and inquired on the requirement for doing business, such as a dealership in its products or become an operator of Kambal Pandesal. Mr. Ang requested the stockholder to provide his contact details so that the relevant businesses will be able to explain to him the requirements of doing business with the Company and its subsidiaries.

Another stockholder suggested that the Company hold its stockholders meeting in another venue. The stockholder noted that last year, Mr. Cojuangco had indicated that he is open to consider to hold the meeting in the premises of the Company. Mr. Ang replied that this suggestion will be evaluated and studied by the Company. However, he also explained that there are cost and logistics considerations in choosing the venue of the stockholders meeting of the Company. For one, due to the number of shareholders of the Company, the ballrooms of hotels are not enough to accommodate the number of attendees. In some hotels where the ballrooms are spacious enough, the expenses are high. Mr. Ang noted that the costs of holding the meeting in a hotel can go as high as P10 million.

By way of response to a question of a stockholder, the Corporate Secretary, Atty. Virgilio Jacinto replied that the Company has approximately 38,000 stockholders.

Atty. Jacinto further advised that stockholders may attend and participate in the meetings in person or by proxy. A stockholder inquired as to who are absent in today's proceedings. Atty. Jacinto replied that the directors absent are the Chairman, Mr. Eduardo M. Cojuangco, Jr. and directors Roberto V. Ongpin and Eric O. Recto.

A stockholder inquired as to why the BIR is penalizing stockholders by requiring the payment of withholding taxes on the property dividends consisting of common shares of stock of Top Frontier Investment Holdings, Inc. ("Top Frontier"), which was distributed by the Company to its shareholders. Mr. Ang replied that such taxes are imposed due to the transfer of ownership of the shares from the Company to the recipient stockholders. He added that the BIR is very strict in ensuring that the proper taxes be paid. It is for this reason that the Top Frontier shares are only delivered to the stockholders upon full payment of the corresponding withholding tax.

A stockholder greeted the Chairman on his birthday.

Finally, a stockholder congratulated the Chairman and President for the good performance of the Company for the previous year.

After all the questions have been addressed, a stockholder moved to close the open forum and to confirm and ratify the Annual Report as presented. A motion having duly made and seconded, the Chairman closed the open forum and declared that the motion is carried.

V. RATIFICATION OF ALL ACTS OF THE BOARD OF DIRECTORS AND CORPORATE OFFICERS

The Vice Chairman proceeded to the next item on the agenda which is the ratification of all acts of the Board of Directors and corporate officers since the date of the last stockholders' meeting.

A stockholder moved to approve, confirm and ratify all acts, resolutions and proceedings of the Board of Directors and corporate officers since the June 11, 2013 regular meeting of stockholders until June 10, 2014, as set forth in the minutes of the meetings of the Board of Directors.

Upon motion duly made and seconded, the ratification of all the acts and proceedings of the Board of Directors and the corporate officers since the annual meeting of the stockholders on June 11, 2013 until June 10, 2014 was approved by the Company's stockholders.

VI. APPROVAL OF THE AMENDMENT TO ARTICLE III OF THE AMENDED ARTICLES OF INCORPORATION OF THE COMPANY

The Vice Chairman proceeded with the approval of the amendment to Article III of the Amended Articles of Incorporation of the Company and requested Atty. Jacinto to explain the amendment.

Atty. Jacinto reported to the stockholders that, by way of compliance with Memorandum Circular No. 6, Series of 2014, issued by the Securities and Exchange Commission on February 20, 2014, the Board of Directors, during its meeting on March 27, 2014, approved to amend Article III of the Amended Articles of Incorporation of the Company to change the Principal Office of the Company from Metro Manila, Philippines to No. 40 San Miguel Avenue, Mandaluyong City, Metro Manila, Philippines.

The following resolutions, which were approved by the Board during the meeting was shown in the screen:

"RESOLVED, as it is hereby resolved, that Article III of the Amended Articles of Incorporation of the Company be amended as follows:

THIRD: "That the place of business and main office of the Corporation shall be in No. 40 San Miguel Avenue, Mandaluyong City, Metro Manila, Philippines.

RESOLVED, FINALLY, that any officer and/or representative of the Corporation be authorized, as they are hereby authorized, to sign, execute and deliver any and all documents, as well as do any other act or deed necessary or appropriate to implement the foregoing resolution."

Atty. Jacinto explained that as stated in the Information Statement that was distributed to the stockholders, an affirmative vote of stockholders representing at least two-thirds (2/3) of the outstanding capital stock present or represented by proxy at the meeting is necessary for the approval of the amendment.

On motion duly made and seconded and there being no objection, the following resolution was approved by the stockholders representing at least two-thirds (2/3) of the outstanding capital stock present and/or represented:

Resolution No. 2014-06-10-04

“RESOLVED, that the amendment of the Company’s Amended Articles of Incorporation to change the Principal Office of the Company from Metro Manila, Philippines to No. 40 San Miguel Avenue, Mandaluyong City, Metro Manila, Philippines, as presented by the Corporate Secretary, be approved.”

VII. APPOINTMENT OF EXTERNAL AUDITORS

The Chairman of the Audit Committee, Mr. Margarito B. Teves reported after the evaluation of the Audit Committee recommended the appointment of the accounting firm of R.G. Manabat & Co., CPAs as the external auditors of the Company for fiscal year 2014.

VIII. ELECTION OF THE BOARD OF DIRECTORS

The Vice Chairman asked the Corporate Secretary to inform the assembly of the nominations received by the Board.

The Corporate Secretary read the names of the following qualified nominees:

Eduardo M. Cojuangco, Jr.
Ramon S. Ang
Leo S. Alvez
Aurora T. Calderon
Joselito D. Campos, Jr.
Ferdinand K. Constantino
Menardo R. Jimenez
Estelito P. Mendoza
Alexander J. Poblador
Horacio C. Ramos
Thomas A. Tan
Inigo Zobel
Winston Garcia – Independent Director
Reynato S. Puno – Independent Director
Margarito B. Teves – Independent Director

The Vice Chairman stated that the Proxy Statement circulated to the stockholders identifies the nominees for election as independent directors of the Board of Directors. They are Directors Winston F. Garcia, Reynato S. Puno and Margarito B. Teves. This is in accordance with the requirements of the Securities and Exchange Commission.

A stockholder moved to dispense with the balloting for the election of directors considering that there are only fifteen (15) nominees and there are only fifteen (15) seats in the Board to be filled up. It was further moved that all the fifteen (15) nominees be unanimously elected as directors of the Company. The motion was duly seconded. The Vice Chairman put the motion to a vote by raising of hands and declared the motion carried. The Vice Chairman declared the nominees elected.

The Vice Chairman, on behalf of management, welcomed the newly-elected Board of Directors and thanked the stockholders for their vote of confidence.

IX. ADJOURNMENT

The Vice Chairman asked if there are any other matters that any stockholder wished to bring up and there being none, entertained a motion for adjournment.

A stockholder moved to adjourn the meeting, duly seconded by another stockholder. The Vice Chairman adjourned the meeting and thanked all stockholders for attending.

ATTESTED BY:

RAMON S. ANG
Vice Chairman

VIRGILIO S. JACINTO
Corporate Secretary

RAMON S. ANG

San Miguel Corporation

2014 Stockholders Meeting

Fellow stockholders,

Good afternoon, and thank you for joining us today.

Halfway into 2014 we've made great progress both in improving the overall performance of our businesses and keeping to the timetable of our new projects.

As indicated by our robust first quarter earnings, we are well on track to recording another year of solid growth.

Allow me to present a summary of our 2013 performance:

The appreciation of the US dollar against the peso put huge pressure on our earnings, as did higher excise taxes on our beer and liquor products;

Volatility in crude oil prices weighed down our oil refining and marketing business.

Despite all this, we registered consolidated revenues of P748 billion, 7% higher than in 2012.

Consolidated operating income grew by 7% to P55.1 billion.

Most of our major businesses performed strongly, particularly power and oil refining and marketing, which now account for 72% of San Miguel group revenues.

Over the last few years we've reshaped our portfolio, raising the underlying growth of our new businesses.

For 2013, revenues from this segment rose by 9%, while our core food, beverage, and packaging businesses posted a modest 2% growth.

With our solid results and the sale of our stake in Meralco, year-end net income reached P38.1 billion, marking a 42% increase from the previous year.

Recurring net income improved 210% to P53.6 billion.

EBITDA of P77.3 billion was 1% higher than 2012.

In terms of debt management, we continued to be prudent with our capital.

As a result, net debt-to-EBITDA was at a healthy 3.14x.

We have effectively restructured our liabilities so that payment schedules match the targeted completion of our major projects.

Please go over our annual report to get a better understanding of how our company performed in 2013.

Clearly, staying the course has paid off for San Miguel. Today, many of our projects are either coming on stream or nearing completion.

- We opened the first phase of the Tarlac-Pangasinan-La Union Expressway, from Tarlac City to Carmen, Pangasinan.

We are now well past the halfway mark and we expect to complete this project by end-2015, a full three years ahead of schedule.

- Work is now ongoing on the NAIA Expressway, which will link all three NAIA terminals and connect to the Cavite Expressway and PAGCOR City.
- We've also begun construction on the Skyway Stage 3 project, which will connect Southern Luzon to Northern Luzon and help decongest traffic in Metro Manila.
- We consolidated into our portfolio the STAR tollway, which we are now widening and upgrading.
- Work to extend the runway of Boracay Airport is also underway. We are scheduled to start construction of the new terminal by the end of the year.
- Construction of our two new power plants in Limay, Bataan and Malita, Davao, is in full gear.
- The Petron Refinery upgrade or RMP-2 project is on schedule for commissioning by the end of 2014.

This project will have an immediate, significant impact on our production capability and generate new revenue streams.

- Finally, we inaugurated the Golden Bay Grain Terminal in Batangas, the most modern grain terminal in the country today.

These projects confirm San Miguel's commitment to grow profitably and help address deficiencies that have held our country back.

We are all the more convinced that our future lies in being an active partner in our country's growth.

The more we contribute to development, the stronger and more competitive we will become.

Our recent proposal to build a new international airport is a clear example of this way of thinking.

This ambitious project underscores our bias for long-term solutions over temporary fixes.

The same holds true for our social development efforts.

Typhoon Yolanda has taught us that we are just part of a much larger cause: providing our countrymen the resources and capability to become part of the growth we hope to bring about.

Always, our aspirations remain firmly anchored on the strength of our individual businesses.

Equally, we are committed to provide you, our shareholders, return on your investment.

We count on your support and, more importantly, invite you to take part in our continuing growth story.

Thank you very much.