

**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 14, 2016

DIRECTORS:

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
Reynato S. Puno
Horacio C. Ramos
Thomas A. Tan
Margarito B. Teves
Iñigo Zobel

APOLOGY:

Winston F. Garcia

ALSO PRESENT:

Reynaldo G. David

I. CALL TO ORDER

The meeting was called to order at 2:00 p.m. Mr. Eduardo M. Cojuangco, Jr., Chairman and Chief Executive Officer of the Company, presided over the meeting. The singing of the National Anthem was followed by an 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 this meeting, in person or by proxy, 85.9% of the outstanding common shares, and 24.6% of the outstanding preferred shares of the Company, respectively.

The Corporate Secretary stated that for the record, proxies for 62.46 % 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 9, 2015**

Upon motion duly made and seconded, the stockholders approved and ratified the minutes of the Regular Annual Meeting of Stockholders held on June 9, 2015.

IV. CHAIRMAN'S MESSAGE AND HIGHLIGHTS OF THE FINANCIAL PERFORMANCE OF THE COMPANY

The Chairman rendered his report to the stockholders. Below is the message of the Chairman to the stockholders:

“By any measure, 2015 was a big year for the Company. We marked the 125th anniversary of our founding and our businesses performed strongly despite a tough operating environment

From delivery of key projects to the attainment of our values and vision, San Miguel is a better equipped company than it was even just a few short years ago – helping us become the modern, dynamic company we need to be.

Nearly eight years since we began our diversification, the San Miguel Group today offers a cohesive mix of consumer good and vital services, with highly integrated operations that, taken together, contributed an estimated 5.1% of the Philippines Gross Domestic Product in 2015. With a workforce of over 18,000, we have created an additional estimated 145,000 jobs downstream.

Today, we have this ability to touch other people's lives creating a virtuous cycle of growth and progress.”

Thereafter, the Chief Finance Officer, Mr. Ferdinand K. Constantino, presented the financial highlights of the Company. A copy of the report is attached hereto as Annex “A” of these minutes.

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

A stockholder inquired why the Company sold its telecommunications business to the current providers. The Chairman, Mr. Eduardo M. Cojuangco, Jr. replied that divestment by the Company was a very difficult decision to make. The Company, from the beginning, had all intentions to provide faster internet service to the public. However, there has been a lot of obstacles to the entry of the Company in the telecommunications business. Due to these difficulties, the Company accepted an offer from Philippine Long Distance Telecommunications Company (“PLDT”) and Globe Telecom, Inc. (“Globe”). By selling to PLDT and Globe, the deployment of the broadband network will be expedited which is expected to bring better and faster internet service to the public.

A stockholder asked when the MRT-7 will begin construction further remarked that being a resident of Bulacan, this project will bring a huge benefit to him and other residents of Bulacan. Mr. Cojuangco replied that the Company already held a groundbreaking for the project. The project is expected to be completed in three (3) to four (4) years. When this project is completed, the travel time between North Avenue going to San Jose del Monte, Bulacan is expected to be shortened from 2 hours to 30 minutes.

A stockholder inquired when the NAIA Expressway will be open to the public. The Chairman requested Mr. Ang to respond to the question. Mr. Ang replied that the NAIA Expressway from Macapagal Road going to NAIA Terminals 1, 2 and 3 will open on July 2016. On October 2016, the section connecting NAIA Expressway to Skyway will be opened.

Another stockholder asked when the construction of Skyway Stage 3 will be completed. Mr. Ang replied that the Skyway Stage 3 project will be completed in 2018.

A stockholder inquired whether the Company will revive the proposal to build a new international airport. Mr. Ang confirmed that the Company will pursue the proposal to build a new international airport and participate in any public bidding that will be conducted by the Government.

A stockholder asked whether the Company will pursue to build an industrial estate in Mindanao. Mr. Ang replied that the Company is pursuing to build industrial estates in the ARMM Region, in Cagayan de Oro, Davao and Zamboanga area.

A stockholder inquired when the Company will declare stock dividends. Mr. Ang replied that the Company has been distributing and paying cash dividends for the reason that the Company deems that this is more beneficial to the shareholders than stock dividends.

Another stockholder suggested that calendars and other souvenirs be given during stockholders meetings. Mr. Ramon S. Ang replied that next year, the Company will endeavor to distribute souvenirs to the stockholders.

Finally, a stockholder said “nagagalak po kami na makita muli ang ating Chairman, Mr. Eduardo Cojuangco, at binabati po naming kayo ng belated happy birthday.”

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 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 9, 2015 regular meeting of stockholders until June 14, 2016, 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 9, 2015 until June 14, 2016 was approved by the Company's stockholders.

VI. 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 2016.

Upon motion duly made and seconded, the following resolution was approved:

Resolution No. 2016-06-14-01

“RESOLVED, as it is hereby resolved, that the accounting firm of R.G. Manabat & Co., CPAs are appointed as the external auditors of the Company for fiscal year 2016.”

VII. ELECTION OF THE BOARD OF DIRECTORS

The 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
Iñigo Zobel
Reynato S. Puno – Independent Director
Margarito B. Teves – Independent Director
Reynaldo G. David – Independent Director

The 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 Reynato S. Puno, Margarito B. Teves and Reynaldo G. David. 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 Chairman put the motion to a vote by raising of hands and declared the motion carried. The Chairman declared the nominees elected.

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

VIII. ADJOURNMENT

The 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 Chairman adjourned the meeting and thanked all stockholders for attending.

ATTESTED BY:

EDUARDO M. COJUANGCO, JR.
Chairman

VIRGILIO S. JACINTO
Corporate Secretary

2016 Annual General Stockholders’ Meeting
Ferdinand K. Constantino

Thank you, Mr. Chairman. Good afternoon, fellow stockholders.

The gains we made in 2015 were especially hard-fought. It was an uneven year for the world’s markets. Currency movements put pressure on our profitability as a Group, while volatility in world crude oil prices weighed down Petron’s revenues. On the home front, scheduled maintenance shutdowns of critical power facilities constrained volumes for SMC Global Power.

But while these factors resulted in a decline of 13% to P673.9 billion in revenues, we’re greatly encouraged by how our diversification has allowed us to capitalize on a much broader set of strengths. 2015 allowed us to demonstrate the natural strength of our unique business mix. Our food, beverage and packaging businesses continued to provide us stable revenues and income. At the same time, we leveraged on the progress we’ve made in our expansion.

The ramp-up of operations of the upgraded Petron Bataan refinery provided us healthy and stable margins. The consolidation of the South Luzon Expressway and Skyway shored up revenues accruing from our infrastructure business.

As a result, we ended the year strong—delivering operating income of P78.7 billion, 41% higher than the previous year. Consolidated net income, excluding the effects of foreign exchange translation, reached P38.2 billion, a 26% increase from 2014. EBITDA also surged 23% to around P109 billion.

Allow me to briefly discuss with you how each of our businesses performed in 2015:

- San Miguel Brewery Inc. posted consolidated revenues of P82.4 billion for the year, 4% higher than 2014, helped by robust domestic volumes and revenues, which grew 3% and 9%, respectively.

Consolidated operating income amounted to P22.6 billion, a 3% increase from 2014. Net income amounted to P13.5 billion.

- Ginebra San Miguel Inc. made good on its recovery and delivered a 4% increase in volumes to 23 million cases. Consolidated revenues grew 7% to P16.6 billion. Greater operating efficiencies pushed operating income 73% higher to P621 million.
- San Miguel Pure Foods Company meanwhile posted a 4% increase in revenues to P107 billion, and an 18% rise in operating income to P7.6 billion.

Contributing to these results was the strong performance of the Feeds and Branded businesses. Taken together with lower interest expenses, this resulted to a 24% surge in net income to P4.75 billion.

- San Miguel Yamamura Packaging Group revenues also improved 3% to P25.0 billion. The glass business did well, turning in record results. SMYPG Operating income amounted to P2.3 billion.
- Consolidated off-take volumes for SMC Global Power declined marginally in 2015. Lower bilateral volumes were mainly the result of the scheduled maintenance outage of the Malampaya gas facility for Ilijan and occasional supply restrictions. Consolidated revenues and operating income amounted to P77.5 billion and P23.7 billion, respectively.
- Petron posted P6.3 billion in net income, more than double the previous year's earnings, driven by a surge in sales volumes, better refining margins and more effective risk management.

Volumes for both domestic and Malaysian operations grew, but revenues declined 25% to P360 billion, owing to a nearly 50% drop in oil prices.

Petron's mix of higher value products also improved. As a result, operating income grew 138% to P18.1 billion. EBITDA amounted to P22.3 billion

- We realized significantly higher contributions from our infrastructure business in 2015. With the consolidation of SLEx and Skyway 1 and 2 in March 2015, toll group revenues reached P13.3 billion; operating income was at P7.3 billion.

Fellow stockholders, it's been eight years since we first set out to diversify our company. And as you've seen, we are beginning to see the full impact on our bottomline.

Much of the growth we're anticipating from this point onwards will come from the completion of our key projects. To this end, 2016 promises to be an even better year for us.

- Last January 2016, we began full commercial operations for RMP-2. With this, we expect greatly improved full-year results for Petron.
- The completion of our two greenfield power plants in Malita, Davao and Limay, Bataan, will boost our total generation by an additional capacity of 900 Mw.
- The NAIA Expressway is also set for completion and will begin operations by the end of this second quarter. By November, when we complete the connection from the Skyway to Terminal 3, we will fully deliver on this vital infrastructure asset that will link all NAIA airport terminals and improve the flow of traffic in that area.
- Construction of Skyway Stage 3 is also progressing well and on track for completion in 2018.
- Construction of Section 3 of the Tarlac-Pangasinan-La Union Expressway (TPLEx) from Urdaneta to Pozorrubio, Pangasinan is also ongoing.
- Lastly, we've completed the extension of the Boracay Airport runway. By the second quarter this year, larger aircrafts will be able to land in Caticlan. Construction of the new terminal is set to begin, with targeted completion sometime 2018.

We are, in equal part, proud and grateful to have this opportunity to transform not just our company, but also impact the lives of countless Filipinos who will benefit from these projects.

Our work is far from done. We continue to add scale to our new businesses, even as we pump fresh investments into our core businesses, as part of our continuing strategy to optimize our portfolio.

Let me now discuss the most recent developments regarding our businesses:

- San Miguel Pure Foods is investing around P50 billion in the next five years to put more focus on its branded business. This includes expanding its flourmill and increasing the capacity of its feed mill, poultry, piggery, poultry processing and processed meats facilities.
- We are preparing to start construction of the SLEx TR4 project, which will extend the South Luzon Expressway by as much as 58 kilometers, from Sto. Tomas, Batangas all the way to Lucena City.
- We've also broken ground for the MRT7 project, which will involve the construction of a 44-kilometer rail and road project that will link up with LRT Line 1 and MRT Line 3 and run all the way to San Jose Del Monte, Bulacan. The road component of this project will connect to the North Luzon Expressway at the Bocaue exit.
- Through Angat Hydropower Corporation, our joint venture with Korea Water Resources, we're raising our hydropower generation capacity and, at the same time, rehabilitating the Angat Dam.
- We are also undertaking the Bulacan Bulk Water Supply Project, which will supply treated bulk water to about 24 water districts in the province.
- Last May 30, we accepted an offer from PLDT and Globe Telecoms to jointly acquire our telecommunications business. The enterprise value of this transaction amounted to P69.1 billion, of which P52.08 billion represents the share value and advances.

- After exploring possible joint venture deals with other potential partners, SMC was convinced that the proposal presented by both PLDT and Globe was the most expeditious and feasible option. It was also in the best interest of consumers and stakeholders.
- This was a sacrifice we had to make to accelerate the deployment of better and faster mobile internet services for consumers, through the combined resources and expertise of the incumbent carriers.

All told, we've had a great start to 2016. Riding high on the strong performance of our core businesses; higher revenues from Power and Infrastructure, and healthy margins from Petron, San Miguel's net income doubled to P13.5 billion in the first three months of 2016. Consolidated operating income rose 38% to P22.8 billion.

As a company we see social impact as a byproduct of doing good business. And we've always kept in mind that there is much that we can and should do to enhance competitiveness, drive innovation, build markets and, as such, improve lives.

Through the San Miguel Foundation, and as part of our continuing efforts to help families in typhoon-stricken areas, we committed a total of 6,410 houses for survivors of typhoons Yolanda and Sendong.

We've also donated nearly 250 classrooms to various public schools nationwide, and continue to be active in medical missions and supplemental feeding programs.

Our corporate slogan, "Your World Made Better" will be key to how we shape our portfolio and set priorities for our business moving forward. It's a big ambition, but not too big for the thousands of men and women who belong to the San Miguel family.

On behalf of our chairman Mr Cojuangco, and our president Mr Ang, thank you, our fellow stockholders, for your continued support. We look forward to seeing you again next year.