



SAN MIGUEL CORPORATION

OFFER SUPPLEMENT

February 9, 2016

Offer of up to 280,000,000 Series "2" Preferred Shares
with an Oversubscription Option of up to 120,000,000 Series "2" Preferred Shares
under its 975,571,800 Preferred Shares
Shelf Registration
consisting of:

Subseries "2-G": [•]% per annum
Subseries "2-H": [•]% per annum
Subseries "2-I": [•]% per annum

at an Offer Price of ₱75.00 per Preferred Share

to be listed and traded on the Main Board of The Philippine Stock Exchange, Inc.

Joint Lead Underwriters and Bookrunners

BDO Capital & Investment Corporation
China Bank Capital Corporation
ING Bank N.V., Manila Branch
PNB Capital and Investment Corporation
RCBC Capital Corporation
SB Capital Investment Corporation
Standard Chartered Bank
United Coconut Planters Bank

Co-Lead Manager

[•]

Co-Manager

[•]

Selling Agents

Bank of Commerce
The Trading Participants of The Philippine Stock Exchange, Inc.

This document constitutes the Offer Supplement relating to the offer described herein (the "Offer"). Terms used herein shall be deemed to be defined as set forth in the Prospectus dated February 9, 2016 (the "Prospectus"). This Offer Supplement contains the final terms of this Offer and must be read in conjunction with the Prospectus. Full information on the Issuer and this offering is only available on the basis of the combination of this Offer Supplement and the Prospectus. All information contained in the Prospectus are deemed incorporated by reference in this Offer Supplement.

Terms of this Offer

On January 15, 2016, the Board of Directors of the Company authorized the sale and offer of up to Eighty Billion Pesos (₱80,000,000,000.00) worth of Series "2" Preferred Shares, at an offer price of ₱75.00 per share, or 1,066,000,000 Series "2" Preferred Shares, under a shelf registration to be issued within a period of three (3) years from the date of the effectivity of the Registration Statement, with an initial offering of up to Thirty Billion Pesos (₱30,000,000,000.00) worth of Series "2" Preferred Shares, at an offer price of ₱75.00 per share, or 400,000,000 Series "2" Preferred Shares under such terms and conditions as the management of SMC may deem advantageous to it.

The terms and conditions of this Offer are as follows:

- 1 Issuer..... San Miguel Corporation ("SMC", the "Company")

- 2 Offer Size..... ₱21,000,000,000.00 – Initial Issue Size ("Base Offer");
₱9,000,000,000.00 – Oversubscription Option

- 3 Instrument..... Series "2" cumulative, non-voting, non-participating, non-convertible Peso-denominated Preferred Shares.

- 4 The Offer..... SMC, through the Joint Lead Underwriters and Bookrunners, is offering for subscription an offering of up to 280,000,000 Series "2" Preferred Shares, with an oversubscription option of up to 120,000,000 Series "2" Preferred Shares (the "Offer Shares").

The Offer Shares may be issued in up to three (3) subseries, at the discretion of the Issuer:
 - Subseries "2-G" (SMC2G);
 - Subseries "2-H" (SMC2H); and
 - Subseries "2-I" (SMC2I)

- 5 Registration and Listing..... The Offer Shares are registered with the Securities and Exchange Commission ("SEC") under a shelf registration and listed on The Philippine Stock Exchange, Inc. ("PSE"), subject to compliance with SEC regulations and PSE listing rules.

- 6 Issue Date..... [•]

- 7 Use of Proceeds..... Proceeds of this Offer will be for the refinancing of the existing US Dollar denominated obligations of the Company, for investments in its subsidiaries in existing businesses, and for other general corporate purposes.

The Joint Lead Underwriters and Bookrunners shall receive an estimated underwriting fee of ₱ [•] from the gross proceeds of this Offer, inclusive of amounts to be paid to any other underwriters and Selling Agents.

SMC expects to raise gross proceeds from the Base Offer amounting to ₱21,000,000,000.00. The Company estimates that the net proceeds from the Base Offer after deducting expenses payable by the Company, will be approximately [•], estimated as follows:

Particulars	Total
Estimated proceeds from the Base Offer.....	21,000,000,000.00
Less: Estimated fees, commissions and expenses	
Gross Underwriting Fees	[•]
Documentary Stamp Taxes to be paid by the Company.....	[•]
SEC filing and legal research fee	[•]
PSE listing and processing fee (excluding 12.0% VAT)	[•]
Legal and other professional fees.....	[•]
Other expenses.....	[•]
Total estimated fees, commissions and expenses	[•]
Estimated net proceeds.....	[•]

Assuming full exercise of the Oversubscription Option, the Company estimates that the net proceeds from the full exercise of the Oversubscription Option shall amount to approximately [•], after deducting the following fees, commissions and expenses:

Particulars	Total
Estimated proceeds from the full exercise of the Oversubscription Option.....	9,000,000,000.00
Less: Estimated fees, commissions and expenses	
Gross Underwriting Fees	[•]
Documentary Stamp Taxes to be paid by the Company.....	[•]
SEC filing and legal research fee for this Offer	[•]
PSE listing and processing fee (excluding 12.0% VAT)	[•]
Other expenses.....	[•]
Total estimated fees, commissions and expenses	[•]
Estimated net proceeds.....	[•]

Please refer to page 58 of the Prospectus for additional information on the "Use of Proceeds."

- 8 Par Value..... The Offer Shares have a par value of ₱5.00 per share.
- 9 Offer Price..... The Offer Shares shall be offered at a price of ₱75.00 per share.
- 10 Dividend Rate As and if cash dividends are declared by the Board of Directors, cash dividends on the Offer Shares shall be at the fixed rates of:

- Subseries "2-G" Preferred Shares: 5-year Benchmark Rate plus an initial spread of [●] per annum;
- Subseries "2-H" Preferred Shares: 7-year Benchmark Rate plus an initial spread of [●] per annum; and
- Subseries "2-I" Preferred Shares: 10-year Benchmark Rate plus an initial spread of [●] per annum.

in all cases calculated for each share by reference to the Offer Price thereof in respect of each Dividend Period (each, the "Dividend Rate" for the relevant subseries).

The Benchmark Rate will be based on the simple average of the closing:

- For the Subseries "2-G" Preferred Shares: 5-year PDST-R2 rates
- For the Subseries "2-H" Preferred Shares: 7-year PDST-R2 rates
- For the Subseries "2-I" Preferred Shares: 10-year PDST-R2 rates

(or if the PDST-R2 rates are not available or cannot be determined, the relevant alternative benchmark rates that are recognized for capital market transactions by the market or a self-regulating organization, for three (3) consecutive days ending on and including the pricing date as shown on the PDEX page (or such relative alternative page) of Bloomberg (or such other electronic service provider).

- 11 Dividend Rate Step-Up Unless the Offer Shares are redeemed by SMC on the applicable Optional Redemption Dates (as defined below under "Optional Redemption and Purchase"), the Dividend Rate shall be adjusted thereafter to the higher of:

- (a) the Dividend Rate for the relevant subseries, or
- (b) (i) for Subseries "2-G" Preferred Shares, if not redeemed on the fifth (5th) anniversary from the Issue Date of the subseries, the simple average of the closing rates of the 10-year PDST-R2 for three (3) consecutive days ending on and including the fifth (5th) anniversary from the Issue Date as shown on the PDEX page (or such relevant alternative page) of Bloomberg (or such other electronic service provider) plus 3.00% per annum;
- (ii) for Subseries "2-H" Preferred Shares, if not redeemed on the seventh (7th) anniversary from the Issue Date of the subseries, the simple average of the closing rates of the 15-

year PDST-R2, which rate, if not existing on the date of redemption, shall be determined by interpolation on a straight line basis, based on the 10-year PDST-R2 rate and the 20-year PDST-R2 rate, for three (3) consecutive days ending on and including the seventh (7th) anniversary from the Issue Date as shown on the PDEX page (or such relevant alternative page) of Bloomberg (or such other electronic service provider) plus 3.00% per annum; and

(iii) for Subseries "2-I" Preferred Shares, if not redeemed on the tenth (10th) anniversary from the Issue Date of the subseries, the simple average of the 20-year PDST-R2 rate for three (3) consecutive days ending on and including the tenth (10th) anniversary from the Issue Date as shown on the PDEX page (or such relevant alternative page) of Bloomberg (or such other electronic service provider) plus 3.00% per annum;

(or if the PDST-R2 rates are not available or cannot be determined, the relevant alternative benchmark rates that are recognized for capital market transactions by the market or a self-regulatory organization as shown on the PDEX page (or such relevant alternative page) of Bloomberg (or such other electronic service provider)).

- 12 Dividend Payment Dates Cash dividends on the Offer Shares will be payable once for every Dividend Period on such date set by the Board of Directors at the time of declaration of such dividends (each a "Dividend Payment Date") in accordance with the terms and conditions of the Offer Shares, which date shall be any day within the period commencing on (and including) the last day of a Dividend Period and 15 calendar days from the end of the relevant Dividend Period. A "Dividend Period" shall refer to the period commencing on the relevant issue date and having a duration of three (3) months, and thereafter, each of the successive periods of three (3) months commencing on the last day of the immediately preceding Dividend Period up to, but excluding the first day of the immediately succeeding Dividend Period; provided that, the first Dividend Period of the Offer Shares shall be the period commencing on the relevant issue date and ending on the last day of the then current dividend period for the outstanding Preferred Shares. If a Dividend Payment Date occurs after the end of a Dividend Period, there shall be no adjustment as to the amounts of dividends to be paid.

The dividends on the Offer Shares will be calculated on a 30/360-day basis.

If the Dividend Payment Date is not a Banking Day, dividends will be paid on the next succeeding Banking Day, without adjustment as to the amount of dividends to be paid.

- 13 Conditions on Payment of Cash Dividends Please refer to page 27 of the Prospectus for information on the "Conditions on Payment of Cash Dividends."
- 14 Optional Redemption and Purchase..... As and if approved by the Board of Directors, SMC may redeem the Offer Shares on the following dates, or on the last day of any Dividend Period thereafter (each an "Optional Redemption Date") in whole or in part, at a redemption price equal to the relevant Offer Price of the Offer Shares plus any accrued and unpaid cash

dividends due them on such Dividend Payment Date as well as all Arrears of Dividends outstanding (the "Redemption Price"):

- (i) For Subseries "2-G", the third (3rd) anniversary from Issue Date thereof;
- (ii) For Subseries "2-H", the fifth (5th) anniversary from Issue Date thereof; and
- (iii) For Subseries "2-I", the seventh (7th) anniversary from Issue Date thereof.

Please refer to page 28 of the Prospectus for additional information on "Optional Redemption and Purchase".

- 15 Share Capital..... Upon the completion of the Offer, the Company will have the following outstanding Preferred Shares (i) 279,406,667 Series "1" Preferred Shares and (ii) 1,192,654,600 Series "2" Preferred Shares issued and outstanding. The Offer will not have an effect on the 2,378,524,978 issued and outstanding common shares as of December 31, 2015.
- 16 Offer Period..... The offer period of this Offer shall commence at [•] a.m., Manila Time on [•] and end at [•], Manila Time on [•] (the "Offer Period"). SMC and the Joint Lead Underwriters and Bookrunners reserve the right to extend or terminate the Offer Period with the approval of the SEC.
- Applications shall be considered irrevocable upon submission to any Joint Lead Underwriter and Bookrunner, Co-Lead Manager, Co-Manager or Selling Agent, and shall be subject to the terms and conditions of the Offer as stated in the Prospectus, this Offer Supplement and in the application form to subscribe to the Offer Shares (the "Application to Purchase"). Applications to subscribe to the Offer Shares (each an "Application") must be received by the Joint Lead Underwriters and Bookrunners, Co-Lead Manager, Co-Manager or Selling Agents not later than 12:00 noon Manila time on [•]. Applications received thereafter or without the required documents and/or full payments will be rejected. SMC reserves the right to waive any requirement for the acceptance of the Applications.
- 17 Minimum Subscription to the Offer Shares..... Each Application shall be for a minimum of 500 Offer Shares, and thereafter, in multiples of 100 Offer Shares. No Application for multiples of any other number of Offer Shares will be considered.
- 18 Eligible Investors..... Please refer to page 31 of the Prospectus on information on "Eligible Investors".

- 19 Procedure for Application..... Applications to Purchase the Offer Shares may be obtained from any of the Joint Lead Underwriters and Bookrunners and any Co-Lead Managers, Co-Managers and Selling Agents that may be appointed by the Joint Lead Underwriters and Bookrunners. The Application to Purchase may also be obtained from the website of the Company at www.sanmiquel.com.ph. All Applications shall be evidenced by the Application to Purchase, duly executed in each case by an authorized signatory of the applicant and accompanied by two (2) completed signature cards, the corresponding payment for the Offer Shares covered by the Application and all other required documents including documents required for registry with the registrar and depository agent. The duly executed Application to Purchase and required documents should be submitted to the Joint Lead Underwriters and Bookrunners, Co-Lead Managers, Co-Managers or Selling Agents at or prior to 12:00 noon, Manila time of the last day of the Offer Period.
- Please refer to page 31 of the Prospectus for additional information on "Procedure for Application".
- 20 Payment for the Offer Shares..... The Offer Price of the Offer Shares must be paid in full upon submission of the Application.
- Payment shall be in the form of either:
- (a) a Metro Manila clearing cashier's/manager's or corporate check or personal check drawn against a bank account with a BSP-authorized agent bank located in Metro Manila and dated as of the date of submission of the Application to Purchase covering the entire number of the Offer Shares covered by the same Application. Checks should be made payable to "SMC Preferred Shares Offer"; or
 - (b) for applicants submitting their Application to Purchase to any of the Joint Lead Underwriters and Bookrunners, Co-Lead Managers, Co-Managers or Selling Agents:
 - (i) through the Real Time Gross Settlement facility of the BSP to the Joint Lead Underwriter and Bookrunner, Co-Lead Manager, Co-Manager or Selling Agent to whom such Application was submitted, or
 - (ii) via direct debit from their deposit account maintained with the Joint Lead Underwriter and Bookrunner, Co-Lead Manager, Co-Manager or Selling Agent.
- 21 Acceptance/Rejection of Applications..... The actual number of the Offer Shares that an applicant will be allowed to subscribe to is subject to the confirmation of the Joint Lead Underwriters and Bookrunners. SMC reserves the right to accept or reject, in whole or in part, or to reduce any application due to any grounds specified in the underwriting agreement to be entered into by SMC. Applications which were unpaid or where payments were insufficient and those that do not comply with the terms of this Offer shall be rejected. Moreover, any payment received pursuant to the Application does not constitute as

approval or acceptance by SMC of the Application.

An Application, when accepted, shall constitute an agreement between the applicant and SMC for the subscription to the Offer Shares at the time, in the manner and subject to terms and conditions set forth in the Application to Purchase and those described in the Prospectus and this Offer Supplement. Notwithstanding the acceptance of any Application by SMC, the actual subscription by the applicant for the Offer Shares will become effective only on Issue Date.

22 Refunds of Application Payments.....

In the event that the number of the Offer Shares to be allotted to an applicant, as confirmed by any of the Joint Lead Underwriters and Bookrunners, Co-Lead Managers, Co-Managers or Selling Agents, is less than the number covered by its Application, or if an Application is wholly or partially rejected by SMC, then SMC shall refund, without interest, within five (5) Banking Days from the end of the Offer Period, all, or a portion of the payment corresponding to the number of the Offer Shares wholly or partially rejected. All refunds shall be made through the Joint Lead Underwriter and Bookrunner, Co-Lead Managers, Co-Managers or Selling Agent with whom the applicant has filed the Application at the risk of the applicant.

23 Timetable.....

The timetable of this Offer is as follows:

Dividend Rate Setting	[•]
Dividend Rate Announcement and Allocation of the Offer Shares	[•]
Offer Period	[•]
PSE Trading Participants' Commitment Deadline	[•]
PSE Trading Participants' Allocation	[•]
Issue Date	[•]
Listing Date, and Commencement of Trading on the PSE	[•]

The dates indicated above are subject to the approval of the PSE and the SEC, market and other conditions, and may be changed.

24 Joint Lead Underwriters and Bookrunners

BDO Capital & Investment Corporation
China Bank Capital Corporation
ING Bank N.V., Manila Branch
PNB Capital and Investment Corporation
RCBC Capital Corporation
SB Capital Investment Corporation
Standard Chartered Bank
United Coconut Planters Bank

25 Co-Lead Manager..... [•]

Co-Manager..... [•]

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| 26 | Selling Agents | Bank of Commerce

Trading Participants of the Philippine Stock Exchange, Inc. |
| 27 | Depository Agent | Philippine Depository and Trust Corporation |
| 28 | Receiving Agent, Registrar,
and Paying Agent..... | SMC Stock Transfer Service Corporation |
| 29 | Counsel to SMC..... | Picazo Buyco Tan Fider & Santos |
| 30 | Counsel to the Joint Lead
Underwriters and
Bookrunners..... | SyCip Salazar Hernandez & Gatmaitan |
| 31 | Underwriting
Commitment..... | Subject to the fulfillment of the conditions provided in the Underwriting Agreement, the Joint Lead Underwriters and Bookrunners have committed to underwrite the Base Offer on a firm basis. For a breakdown of the respective underwriting commitment of the Joint Lead Underwriters and Bookrunners please refer to the section on "Plan of Distribution". |

Miscellaneous

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|----|---|---|
| 32 | Other Terms and Conditions... | Please refer to page 29-31 of the Prospectus for additional information on "No Sinking Fund", "Accounting Event", "Tax Event", "Purchase of the Offer Shares", "Taxation", "Liquidation Rights", "Form, Title and Registration of the Offer Shares", "Selling and Transfer Restrictions" and "Governing Law". |
| 33 | Incorporation by way of
Reference..... | All disclosures, reports, and filings of the Company made after the date of the Prospectus (the "Company Disclosures") and submitted to the SEC and/or the PSE pursuant to the Corporation Code, the Securities Regulation Code, and the Revised Disclosure Rules of the PSE are incorporated or deemed incorporated by reference in this Offer Supplement. Copies of the Company Disclosures may be viewed at the website of the Company at www.sanmiguel.com.ph . The Company Disclosures contain material and meaningful information relating to the Company and investors should review all information contained in the Prospectus, this Offer Supplement and the Company Disclosures incorporated or deemed incorporated herein by reference. |
| 34 | Due Diligence..... | Unless otherwise stated, the information contained in the Prospectus and this Offer Supplement has been supplied by the Company. The Company (which has taken all reasonable care to ensure that such is the case) confirms that the information contained in the Prospectus and this Offer Supplement is correct, and that there is no material misstatement or omission of fact which would make any statement in the Prospectus and this Offer |

Supplement misleading in any material respect. The Joint Lead Underwriters and Bookrunners have exercised reasonable due diligence required by regulations in ascertaining that all material representations contained in the Prospectus and this Offer Supplement are true and correct and that no material information was omitted, which was necessary in order to make the statements contained in said documents not misleading.

Unless otherwise indicated, all information in the Prospectus and this Offer Supplement is as of the date provided. Neither the delivery of the Prospectus and this Offer Supplement nor any sale made pursuant to the Prospectus and this Offer Supplement shall, under any circumstances, create any implication that the information contained herein is correct as of any date subsequent to the date hereof or that there has been no change in the affairs of the Company and its subsidiaries since such date. Market data and certain industry forecasts used throughout the Prospectus were obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, the Company does not make any representation, undertaking or other assurance as to the accuracy or completeness of such information or that any projections will be achieved, or in relation to any other matter, information, opinion or statements in relation to the Offer. Any reliance placed on any projections or forecasts is a matter of commercial judgment. Certain agreements are referred to in the Prospectus in summary form. Any such summary does not purport to be a complete or accurate description of the agreement and prospective investors are expected to independently review such agreements in full.

Capitalization

The following table sets forth the unaudited consolidated short-term and long-term debt and capitalization of SMC as of September 30, 2015. This table should be read in conjunction with the more detailed information and reviewed and unaudited financial statements, including notes thereto, found in Appendix "B" of the Prospectus.

(in ₱ Millions)	As of September 30, 2015 (Unaudited)	Adjustments	Notes	As adjusted for maximum Issue Size of ₱30.00 billion (Upon issuance of Offer Shares)
Current Liabilities				
Drafts and loans payable.....	₱146,641			₱146,641
Accounts payable and accrued expenses.....	102,715			102,715
Finance lease liabilities – current portion.....	16,522			16,522
Income and other taxes payable.....	13,438			13,438
Dividends payable.....	1,542			1,542
Current maturities of long-term debt – net of debt issue cost.....	48,650			48,650
Total Current Liabilities.....	329,508			329,508
Non-current Liabilities				
Long term debt – net of current maturities and debt issue costs..	320,734			320,734
Deferred tax liabilities.....	14,699			14,699
Finance lease liabilities – net of current portion.....	165,179			165,179
Other noncurrent liabilities.....	25,640			25,640
Total Non-current Liabilities.....	526,252			526,252
Equity				
Common stock – ₱5.00 par value.....	16,416			16,416
Authorized – 3,790,000,000 shares				
Issued – 3,283,277,515 shares				
Series "1" Preferred stock – ₱5.00 par value.....	4,852			4,852
As of September 30, 2015				
Authorized – 300,000,000 shares				
Issued – 279,406,667 shares				
Outstanding – 279,406,667 shares				
Series "2" Preferred stock – ₱5.00 par value.....	5,335			5,335
As of September 30, 2015				
Authorized – 1,910,000,000 shares				
Issued – 1,758,099,686 shares				
Outstanding – 792,654,600 shares				
Upon issuance of the Offer Shares				
Authorized – 1,910,000,000 shares				
Issued – 1,758,099,686 shares				
Outstanding – 1,192,654,600 shares				
Additional paid-in capital.....	178,125			178,125
Revaluation increment	(585)			(585)
Reserve for retirement plan	(1,111)			(1,111)
Cumulative translation adjustments.....	846			846
Retained earnings				
Appropriated.....	56,299			56,299
Unappropriated.....	115,471			115,471
Treasury Stock.....	(139,501)	30,000	1	(109,501)
Non-controlling interests.....	145,107			145,107
Total Equity	381,254			411,254
Total Capitalization.....	1,237,014			1,276,014

Notes:

- 1 The Parent Company issued 400,000,000 preferred shares, out of the treasury shares, in Subseries "2-G", "2-H" and "2-I" at ₱75.00 per share amounting to ₱30,000 million.
- 2 The adjustment does not include any transaction cost.

Plan of Distribution

SMC plans to issue the Offer Shares to institutional and retail investors in the Philippines through a public offering to be conducted through the Joint Lead Underwriters and Bookrunners. The Offer does not include an international offering.

Joint Lead Underwriters and Bookrunners

BDO Capital & Investment Corporation, China Bank Capital Corporation, ING Bank, N.V., Manila Branch, PNB Capital and Investment Corporation, RCBC Capital Corporation, SB Capital Investment Corporation, Standard Chartered Bank and United Coconut Planters Bank, (the "Joint Lead Underwriters and Bookrunners") have agreed to distribute and sell the Offer Shares at the Offer Price, pursuant to an Underwriting Agreement with SMC dated [•] (the "Underwriting Agreement"). Subject to the fulfillment of the conditions provided in the Underwriting Agreement, the Joint Lead Underwriters and Bookrunners have committed to underwrite the following amounts on a firm basis:

Joint Lead Underwriters and Bookrunners	Underwriting Commitment	Number of Shares Underwritten
BDO Capital & Investment Corporation	[•]	[•]
China Bank Capital Corporation	[•]	[•]
ING Bank, N.V., Manila Branch	[•]	[•]
PNB Capital and Investment Corporation	[•]	[•]
RCBC Capital Corporation	[•]	[•]
SB Capital Investment Corporation	[•]	[•]
Standard Chartered Bank	[•]	[•]
United Coconut Planters Bank	[•]	[•]
Total	[•]	[•]

The Underwriting Agreement may be terminated in certain circumstances prior to payment being made to SMC of the net proceeds of the Offer Shares.

The underwriting fees and any selling fees to be paid by the Company in relation to the Offer shall be equivalent to [•]% of the gross proceeds of the Offer. This shall be inclusive of fees to be paid to the Joint Lead Underwriters and Bookrunners, Co-Lead Managers and Co-Managers (if any), and any commissions to be paid to the Selling Agents, which shall be equivalent to [0.15%] of the total proceeds of the sale of the Offer Shares by such trading participant.

The Joint Lead Underwriters and Bookrunners are duly-licensed by the SEC to engage in the underwriting or distribution of the Offer Shares. The Joint Lead Underwriters and Bookrunners may, from time to time, engage in transactions with and perform services in the ordinary course of its business, for SMC or any of its subsidiaries.

The Joint Lead Underwriters and Bookrunners have no direct relations with SMC in terms of ownership by either of their respective major shareholder/s and have no right to designate or nominate any member of the Board of Directors of SMC.

The Joint Lead Underwriters and Bookrunners have no contract or other arrangement with SMC by which it may return to SMC any unsold Offer Shares.

BDO Capital & Investment Corporation ("BDO Capital") was incorporated in the Philippines in December 1998. It is duly licensed by the SEC to operate as an investment house and was licensed by the SEC to engage in underwriting or distribution of securities to the public. As of December 31, 2014, it had ₱3.04 billion and ₱2.26 billion in consolidated resources and capital, respectively. It has an authorized capital stock of ₱400 million, of which approximately ₱300 million represents its paid-up capital.

China Bank Capital Corporation ("CBC"), a subsidiary of China Banking Corporation ("China Bank"), provides a wide range of investment banking services to clients across different sectors and industries. Its primary business is to help enterprises raise capital by arranging or underwriting debt and equity transactions, such as project financing, loan syndications, bonds and notes issuances, securitizations, initial and follow-on public offerings, and private equity placements. China Bank Capital also advises clients on structuring, valuation, and execution of corporate transactions, including mergers, acquisitions, divestitures, and joint ventures. It was established and licensed as an investment house in 2015 as the spin-off of China Bank's investment banking group, which was organized in 2012.

ING Bank N.V., Manila Branch ("ING") is the Philippine branch of ING Bank N.V., a global financial institution operating in more than 40 countries in Europe, North America, South America, Middle East, Asia and Australia. ING Bank is present and active in 13 major economies in Asia. In the Philippines, ING is a banking corporation duly organized and existing by virtue of the laws of The Kingdom of The Netherlands and authorized to operate as a universal bank by the BSP. Over its 25-year presence in the Philippines, ING had advised on the largest and most prominent mergers and acquisitions deals in the country and had arranged many landmark local debt capital market transactions. With a strong track record of providing clients with sound financial solutions, the Philippine franchise is a recognized top investment bank, consistently awarded for overall execution and structuring expertise.

PNB Capital and Investment Corporation ("PNB Capital"), an investment house was incorporated on July 30, 1997 and commenced operations on October 8, 1997. It is a wholly-owned subsidiary of the Philippine National Bank (PNB). As of December 31, 2014, it had an authorized and paid-up capital of ₱350.0 million. Its principal business is providing investment banking services, namely: debt underwriting (bonds, commercial papers), equity underwriting, private placements, loan syndications and financial advisory services. PNB Capital is authorized to buy and sell for its own account, securities issued by private corporations and the government of the Philippines. As of December 31, 2014, total assets of PNB Capital were at ₱556.2 million while total capital was at ₱549.5 million.

RCBC Capital Corporation ("RCBC Capital") is a licensed investment house providing a complete range of capital-raising and financial advisory services. Established in 1974, RCBC Capital has over 40 years of experience in the underwriting of equity, quasi-equity and debt securities, as well as in managing and arranging the syndication of loans, and in financial advisory. RCBC Capital is a wholly-owned subsidiary of the Rizal Commercial Banking Corporation and a part of the Yuchengco Group of Companies, one of the country's largest fully integrated financial services conglomerates. As of December 31, 2015, RCBC Capital's total assets were ₱3.56 billion while total capital was ₱3.51 billion.

SB Capital Investment Corporation ("SB Capital") is a Philippine corporation organized in October 1995 as a wholly-owned subsidiary of Security Bank Corporation. It obtained its license to operate as an investment house in 1996 and is licensed by the SEC to engage in underwriting and distribution of securities to the public. SB Capital provides a wide range of investment banking services including financial advisory, underwriting of equity and debt securities, project finance, privatizations, mergers and acquisitions, loan syndications and corporate advisory services. SB Capital is also involved in equity trading through its wholly-owned stock brokerage subsidiary, SB Equities, Inc. Its senior executives have extensive experience in the capital markets and were involved in a lead role in a substantial number of major equity and debt issues, both locally and internationally.

Standard Chartered Bank ("SCB") is a banking corporation duly organized and incorporated in England with limited liability by Royal Charter in 1853, and licensed to act as a banking institution under and by virtue of the laws of the Republic of the Philippines through its Branch Office, with

principal offices in Makati City. It has operated for over 150 years in some of the world's most dynamic markets and earns more than 90% of its profits in Asia, Africa, and Middle East. Operating in the Philippines since 1872, SCB is a universal bank and is the longest established foreign bank in the country. The principal banking products include deposits, lending and related services, treasury and capital market operations, trade services, payments and cash management, credit cards, and custodial services. The bank also provides capital raising solutions such as local currency and G3 currency fixed income and loan syndications.

United Coconut Planters Bank ("UCPB") was established in 1963 as a commercial bank and grew to become the first private Philippine universal bank in 1981, thus enabling it to invest in non-allied businesses. Today, with assets over P200 billion, 188 branches throughout the country and over fifty years of banking experience, UCPB is confident in the core strengths it has developed. UCPB offers a full range of expanded commercial banking services. The bank has strong capabilities in corporate banking, commercial credit, international trade financing, treasury and money market operations, trust banking, and consumer banking.

Sale and Distribution

The distribution and sale of the Offer Shares shall be undertaken by the Joint Lead Underwriters and Bookrunners who shall sell and distribute the Offer Shares to third party buyers/investors. The Joint Lead Underwriters and Bookrunners are authorized to organize a syndicate of Co-Lead Managers and Co-Managers, soliciting dealers and/or Selling Agents for the purpose of the Offer. In connection with the foregoing, the Joint Lead Underwriters and Bookrunners may enter into agreements, participation agreements, or like agreements with other Co-Lead Managers and Co-Managers (who may be named or have been named herein) and/or Selling Agents, as necessary. There is nothing in such agreements that allow the Joint Lead Underwriters and Bookrunners to return to SMC any unsold Offer Shares.

Of the 280,000,000 Series "2" Preferred Shares to be offered, [●]% or [●] Offer Shares are being offered through the Joint Lead Underwriters and Bookrunners for subscription and sale to Qualified Institutional Buyers and the general public. The Company plans to make [●]% or [●] Offer Shares for distribution to respective clients of the [●] trading participants of the PSE, acting as Selling Agents. Each trading participant shall be allocated [●] Offer Shares (computed by dividing the Offer Shares allocated to the trading participants by [●]), subject to reallocation as may be determined by the Joint Lead Underwriters and Bookrunners. Trading participants may undertake to purchase more than their allocation of [●] Offer Shares. Any requests for Offer Shares in excess of [●] Offer Shares may be satisfied via the reallocation of any Offer Shares not taken up by other trading participants, or out of the Oversubscription Option, if exercised.

The Company will not allocate any Offer Shares for Local Small Investors. As defined in the PSE Revised Listing Rules, a Local Small Investor is a share subscriber whose subscription does not exceed ₱25,000.00. This Offer will have a minimum subscription amount of ₱37,500.00, which is beyond the prescribed maximum subscription amount for Local Small Investors.

Prior to close of the Offer Period, any Offer Shares not taken up by the trading participants shall be distributed by the Joint Lead Underwriters and Bookrunners directly to their clients and general public. All Offer Shares not taken up by the trading participants, general public, and the Joint Lead Underwriters' and Bookrunners' clients shall be purchased by the Joint Lead Underwriters and Bookrunners pursuant to the terms and conditions of the Underwriting Agreement.

Prior to the close of the Offer Period, the Joint Lead Underwriters and Bookrunners in consultation with the Issuer, reserve the right, but not the obligation, to increase the Offer size up to an additional 120,000,000 Preferred Shares, subject to the registration requirements of the SEC (the "Oversubscription Option").

The Oversubscription Option, to the extent not fully exercised by the Joint Lead Underwriters and Bookrunners shall be deemed cancelled.

Term of Appointment

The engagement of the Joint Lead Underwriters and Bookrunners shall subsist so long as the SEC Permit to Sell relating to the Offer Shares remains valid, unless otherwise terminated pursuant to the Underwriting Agreement.

Manner of Distribution

The Joint Lead Underwriters and Bookrunners shall, at their discretion, determine the manner by which proposals for subscriptions to, and issuances of, the Offer Shares shall be solicited, with the sale of the Offer Shares to be effected only through the Joint Lead Underwriters and Bookrunners. The Joint Lead Underwriters and Bookrunners may appoint other entities, including trading participants, to sell on their behalf.

Application to Purchase

The requirements to purchase the Offer Shares are discussed under the "Terms of the Offer" section of the Prospectus on page 26.

All applications to purchase the Offer Shares shall be evidenced by a duly completed and signed Application to Purchase, together with two (2) fully-executed signature cards authenticated by the Corporate Secretary with respect to corporate and institutional investors, and shall be accompanied by the payment in full of the corresponding purchase price of the Offer Shares applied for, by check or by the appropriate payment instruction, and the required documents which must be submitted to the Joint Lead Underwriters and Bookrunners, Co-Lead Managers, Co-Managers and Selling Agents.

Corporate and institutional purchasers must also submit the following:

- (a) a copy of the SEC Certificate of Registration, Articles of Incorporation and By-laws, or such other relevant organizational or charter documents, all of which are duly certified by the Corporate Secretary of such corporate or institutional purchasers, and
- (b) an original, notarized Secretary's Certificate confirming the resolution of the Board of Directors and/or committees or bodies authorizing the purchase of the Offer Shares, and designating the authorized signatory/ies therefore.

Individual applicants must also submit a photocopy of any one of the following identification cards ("ID"): passport/driver's license, company ID, SSS/Government Service Insurance System ID and/or Senior Citizen's ID or such other ID and documents as may be required by or acceptable to the Registrar and Paying Agent.

An applicant who is exempt from or is not subject to withholding tax or who claims reduced tax treaty rates shall, in addition, submit the following requirements to the relevant Joint Lead Underwriter and Bookrunner [(which may be through the Other Underwriters)] and Selling Agents (together with their applications) who shall then forward the same to the Registrar and Paying Agent, subject to acceptance by the Company as being sufficient in form and substance:

- (a) certified true copy of the original tax exemption certificate, ruling or opinion issued by the BIR on file with the applicant as certified by its duly authorized officer,
- (b) with respect to tax treaty relief, proofs to support applicability of reduced treaty rates, consularized proof of tax domicile issued by the relevant tax authority of the Preferred Shareholder, and original or SEC-certified true copy of the SEC confirmation that the relevant entity is not doing business in the Philippines,
- (c) an original of the duly notarized undertaking, in the prescribed form, declaring and warranting its tax exempt status, undertaking to immediately notify the Company and the Registrar and Paying Agent of any suspension or revocation of its tax exempt status and agreeing to indemnify and hold the Company, the Registrar and Paying Agent free and harmless against

any claims, actions, suits, and liabilities resulting from the non-withholding or reduced withholding of the required tax, and

- (d) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities.

The Joint Lead Underwriters and Bookrunners shall be responsible for accepting or rejecting any application or scaling down the amount of Offer Shares applied for. The application, once accepted, shall constitute the duly executed purchase agreement covering the amount of Offer Shares so accepted and shall be valid and binding on the Company and the applicant. On the Banking Day following the Closing Date, the Joint Lead Underwriters and Bookrunners shall advise all the Co-Lead Managers, Co-Managers and Selling Agents of any Applications that were rejected and/or scaled down, with copy to the Company.

Minimum Purchase

A minimum purchase of 500 shares shall be considered for acceptance. Purchases in excess of the minimum shall be in multiples of 100 shares.

Payment of the Offer Shares

The Offer Price of the Offer Shares must be paid in full upon submission of the Application.

Payment shall be in the form of either:

- (a) a Metro Manila clearing cashier's/manager's or corporate check or personal check drawn against a bank account with a BSP-authorized agent bank located in Metro Manila and dated as of the date of submission of the Application to Purchase covering the entire number of the Offer Shares covered by the same Application. Checks should be made payable to "SMC Preferred Shares Offer"; or
- (b) for applicants submitting their Application to Purchase to any of the Joint Lead Underwriters and Bookrunners, Co-Lead Managers, Co-Managers or Selling Agents:
 - (i) through the Real Time Gross Settlement facility of the BSP to the Joint Lead Underwriter and Bookrunner Co-Lead Manager, Co-Manager or Selling Agent to whom such Application was submitted, or
 - (ii) via direct debit from their deposit account maintained with the Joint Lead Underwriter, Co-Lead Managers, Co-Managers or Selling Agents.

Refunds

In the event an Application is rejected or the amount of Offer Shares applied for is scaled down, the Joint Lead Underwriters and Bookrunners, [Co-Lead Managers, Co-Managers, or the Selling Agents], upon receipt of such rejected or scaled down Applications, shall notify the applicant concerned that his Application has been rejected or the amount of Offer Shares applied for is scaled down, and refund the amount paid by the applicant with no interest thereon. With respect to an applicant whose Application was rejected, refund shall be made by the Joint Lead Underwriters and Bookrunners, [Co-Lead Managers, Co-Managers or the Selling Agents] by making the check payment of the applicant concerned available for his retrieval. With respect to an applicant whose Application has been scaled down, refund shall be made by the issuance by the concerned Joint Lead Underwriter and Bookrunner, [Co-Lead Manager, Co-Manager or Selling Agent] of its own check payable to the order of the applicant and crossed "Payees' Account Only" corresponding to the amount in excess of the accepted Application. All checks shall be made available for pick up by the applicants concerned at the office of the Joint Lead Underwriter and Bookrunner, [Co-Lead Manager, Co-Manager or Selling Agent] to whom the rejected or scaled down Application was submitted within five (5) Banking Days after the last day of the Offer Period. The Company shall not be liable in any manner to the applicant for any check payment corresponding to any rejected or scaled-down Application which is not

returned by the relevant Joint Lead Underwriter and Bookrunner, [Co-Lead Manager, Co-Manager, or Selling Agent]; in which case, the relevant Joint Lead Underwriter and Bookrunner, [Co-Lead Manager, Co-Manager or Selling Agent] shall be responsible directly to the applicant for the return of the check or otherwise the refund of the payment.

Secondary Market

SMC may purchase the Offer Shares at any time without any obligation to make pro rata purchases of Offer Shares from all shareholders.

Registry of Shareholders

The Offer Shares will be issued in scripless form through the electronic book-entry system of SMC Stock Transfer Service Corporation as Registrar for the Offer, and lodged with PDTC as Depository Agent on Listing Date through PSE trading participants nominated by the applicants. Applicants shall indicate in the proper space provided for in the Application Form the name of the PSE trading participant under whose name their Offer Shares will be registered.

Legal title to the Offer Shares will be shown in an electronic register of shareholders (the "Registry of Shareholders") which shall be maintained by the Registrar. The Registrar shall send a transaction confirmation advice confirming every receipt or transfer of the Offer Shares that is effected in the Registry of Shareholders (at the cost of the requesting shareholder). The Registrar shall send (at the cost of the Company) at least once every quarter a Statement of Account to all shareholders named in the Registry of Shareholders, except certificated shareholders and depository participants, confirming the number of Offer Shares held by each shareholder on record in the Registry of Shareholders. Such Statement of Account shall serve as evidence of ownership of the relevant shareholder as of a given date thereof. Any request by the Shareholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting Shareholder.

Expenses

All out-of-pocket expenses, including but not limited to, registration with the SEC, printing, publication, communication and signing expenses incurred by the Joint Lead Underwriters and Bookrunners in the negotiation and execution of the transaction will be for the account of SMC irrespective of whether the transaction contemplated herein is completed. Such expenses are to be reimbursed upon presentation of a composite statement of account. See "Use of Proceeds" on page 58 of the Prospectus for details of expenses.

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION BUT HAS NOT YET BEEN DECLARED EFFECTIVE. NO OFFER TO BUY THE SECURITIES CAN BE ACCEPTED AND NO PART OF THE PURCHASE PRICE CAN BE ACCEPTED OR RECEIVED UNTIL THE REGISTRATION STATEMENT HAS BECOME EFFECTIVE, AND ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OR COMMITMENT OF ANY KIND, AT ANY TIME PRIOR TO NOTICE OF ITS ACCEPTANCE GIVEN AFTER THE EFFECTIVE DATE. AN INDICATION OF INTEREST IN RESPONSE HERETO INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND. THIS OFFER SUPPLEMENT SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY.

SAN MIGUEL CORPORATION

By: 

RAMON S. ANG

President and Chief Operating Officer

SUBSCRIBED AND SWORN to before me this FEB 09 2016 in Mandaluyong City, affiant exhibiting to me his Passport No. EC3542718 expiring on February 26, 2020 as competent evidence of identity.

Doc No. 

Page No. 

Book No. 

Series of 2016.


PAULA KATHARINA A. GAN
Commission No. 0308-15
Notary Public for Mandaluyong City
Until Dec. 31, 2016
SMC, 40 San Miguel Ave., Mandaluyong City
Roll No. 55788
PTR No. 2599895; 01/04/16; Mandaluyong City
RP Lifetime Member No. 013353; 02/05/15, Q.C.