

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

SAN MIGUEL BREWERY INC.

Held on May 27, 2014
at the Executive Dining Room
2nd Floor, SMC Head Office Complex
40 San Miguel Avenue, Mandaluyong City

PRESENT:

Stockholders

Please refer to the Record of Attendance of Shareholders attached hereto as Annex "A."

Directors

Ramon S. Ang (Chairman of the Board/Chairman, Executive Committee)

Roberto N. Huang (President)

Ferdinand K. Constantino (Chairman, Executive Compensation Committee)

Keisuke Nishimura

Carmelo L. Santiago (Chairman, Audit Committee)

Alonzo Q. Ancheta (Chairman, Governance and Nomination Committee)

Carlos Antonio M. Berba

Teruyuki Daino

Takashi Hayashi

Hajime Nakajima

I. CALL TO ORDER

The meeting was called to order at 1:56 p.m. The Chairman, Mr. Ramon S. Ang, presided over the meeting.

II. CERTIFICATION OF NOTICE AND QUORUM

The Corporate Secretary, Atty. Rosabel Socorro T. Balan, certified that notices were duly sent. She further certified that there are present in person or by proxy, stockholders representing approximately 99.57% of the outstanding capital stock of the Company.

Atty. Balan also informed the stockholders of the procedures to be observed during the open forum after the President's report. She advised the stockholders that questions in writing submitted in advance will be given priority in order to give more stockholders the opportunity to ask questions. Atty. Balan also referred to the Information Statement distributed to the stockholders for the voting procedures in the meeting. She further stated that counting of votes will be done by the Corporate Secretary or Assistant Corporate Secretary with the assistance of the Company's stock transfer agent.

The Chairman informed the stockholders that he is holding proxies for approximately 99% of the outstanding capital stock of the Company and that he will be voting in favor of all corporate actions.

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

The Chairman referred to the minutes of the regular stockholders' meeting held on July 11, 2013 for approval. A copy of the minutes has been posted in the registration area.

On motion duly made and seconded, the stockholders approved the minutes of the regular stockholders' meeting held on July 11, 2013.

IV. PRESENTATION OF THE ANNUAL REPORT

The President, Mr. Roberto N. Huang, delivered the report on the operation performance and business highlights of the Company and its subsidiaries ("Group") for the year ended December 31, 2013 and for the first quarter of 2014. A copy of the report is attached hereto as Annex "B".

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

The following questions were asked:

What is the major marketing thrust of the Company? Mr. Huang responded that the focus of the Company's marketing efforts are the key brands Pale Pilsen, Red Horse and San Mig Light and implementing signature events Oktoberfest, Muziklaban and Summer Babad in numerous barangays nationwide to widen consumer reach.

Did the recent return of the San Miguel Beermen to the Philippine Basketball Association contribute to the marketing efforts of the Company? The Chairman responded that since the audience of the Philippine Basketball Association is the young crowd which is also the same target market of the Company's products, the Company is positive that this will benefit the Company.

How will stockholders get back their investment since the stocks of the Company were diluted? It was noted that up to now, no stock certificates are given but stock dividends are received, and it is uncertain where the investment goes. The Chairman clarified that the stocks were not diluted but the Company voluntarily delisted from the Philippine Stock Exchange. However, those who did not participate in the tender offer as part of the requirement for the voluntary delisting still own their shares and are entitled to the dividends thereto. The Chairman also mentioned that these shares may be lodged. Stockholders whose certificates are still

lodged may approach the stock transfer agent to have them uplifted so that they can obtain their stock certificates.

There being no further questions, a stockholder moved to close the open forum and to approve and ratify the annual report as presented. The motion was duly seconded. There being no objection to the motion, the annual report was approved and ratified as presented.

V. RATIFICATION OF ACTS AND PROCEEDINGS 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 and proceedings of the Board of Directors and corporate officers since the date of the last stockholders' meeting.

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

“RESOLVED, that all acts, resolutions and proceedings of the Board of Directors and corporate officers of the Company since the Annual Meeting of the Stockholders on July 11, 2013 as set forth in the minutes of the meetings of the Board of Directors be approved, confirmed and ratified.”

VI. APPOINTMENT OF EXTERNAL AUDITOR

The Chairman proceeded to the next item on the agenda which is the appointment of external auditor.

A stockholder moved for the appointment of the accounting firm of Manabat Sanagustin & Co., CPAs as the external auditors of the Company for fiscal year 2014. The motion was duly seconded. There being no objection to the motion, the Chairman declared the motion carried.

VII. ELECTION OF THE BOARD OF DIRECTORS

The Chairman then proceeded to the election of directors. He asked the Corporate Secretary to inform the stockholders of the nominees for election to the Board of Directors.

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

1. Ramon S. Ang
2. Roberto N. Huang
3. Ferdinand K. Constantino
4. Keisuke Nishimura
5. Carmelo L. Santiago

6. Alonzo Q. Ancheta
7. Carlos Antonio M. Berba
8. Virgilio S. Jacinto
9. Teruyuki Daino
10. Takashi Hayashi
11. Hajime Nakajima

The Chairman informed the stockholders that Directors Alonzo Q. Ancheta and Carmelo L. Santiago have been identified as nominees for election as independent directors of the Company in the Information Statement circulated to the stockholders in accordance with the requirements of the Securities and Exchange Commission.

A stockholder then moved to dispense with the balloting for the election of directors considering that there are eleven nominees and there are only eleven seats in the Board, and to consider all the eleven nominees as duly elected members of the Board. The motion was seconded. There being no objection, the motion was carried and the Chairman declared the eleven nominees as duly elected members of the Board of Directors.

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 the stockholders wish to present.

There being no other matters raised, the Chairman entertained a motion for adjournment.

Upon motion duly made and seconded, the Chairman adjourned the meeting and thanked all stockholders for attending.

ATTESTED BY:



RAMON S. ANG
Chairman of the Board



ROSABEL SOCORRO T. BALAN
Corporate Secretary

SAN MIGUEL BREWERY INC.

STOCKHOLDER'S MEETING: May 27, 2014

Record Date : April 14, 2014

Total Shares as of Record Date: 15,382,361,660

Percentage of Attendance: 99.57%

Number of Attendees: 55

No.	Stockholder Name	Common Shares Held	% of O/S	Attendance
1	JESSICA L. ABRENICA	5,000	0.000033%	5,000
2	DANTE A. ALIGNAY OR TERESITA P. ALIGNAY	800	0.000005%	800
3	RONALD A. AMBAL &/OR EMILY R. AMBAL	500	0.000003%	500
4	ALONZO Q. ANCHETA	10,000	0.000065%	10,000
5	ALLAN T. ANG	1,000	0.000007%	1,000
6	RAMON S. ANG	5,000	0.000033%	5,000
7	JOSE A. ARRIOLA	3,000	0.000020%	3,000
8	ANALYN L. BENOZA	3,000	0.000020%	3,000
9	CARLOS ANTONIO M. BERBA	5,000	0.000033%	5,000
10	MA. CONSOLACION S. BERNARDO	3,000	0.000020%	3,000
11	MA. RACELLE CALIGAGAN	3,000	0.000020%	3,000
12	CO KIAN CHAY	1,000	0.000007%	1,000
13	FERDINAND K. CONSTANTINO	5,000	0.000033%	5,000
14	YOLANDA M. DELA CRUZ OR EMILIO M. DELA CRUZ	50	0.000000%	50
15	NERISSA A. CUETO	3,000	0.000020%	3,000
16	TERUYUKI DAINO	5,000	0.000033%	5,000
17	EUSEBIO A. DIPASUPIL	1,000	0.000007%	1,000
18	DANILO G. FORCADO	5,000	0.000033%	5,000
19	GUILLERMO F. GILI, JR.	1,000	0.000007%	1,000
20	TAKASHI HAYASHI	5,000	0.000033%	5,000
21	ROBERTO N. HUANG	5,000	0.000033%	5,000
22	KIRIN HOLDINGS COMPANY, LIMITED	7,456,859,880	48.476691%	7,456,859,880
23	JOANNE MARIE P. MAULIT	3,000	0.000020%	3,000
24	DANILO L. MONTE	8,000	0.000052%	8,000
25	HAJIME NAKAJIMA	5,000	0.000033%	5,000
26	KEISUKE NISHIMURA	5,000	0.000033%	5,000
27	JANICE E. NOBLEFRANCA	25,000	0.000163%	25,000
28	CECILIA M. ORTEGA	500	0.000003%	500
29	VICENTE L. PANG	1,000	0.000007%	1,000
30	NOEMI L. RONQUILLO	3,000	0.000020%	3,000
31	SAN MIGUEL CORPORATION	7,859,319,270	51.093060%	7,859,319,270
32	CARMELO L. SANTIAGO	5,000	0.000033%	5,000
33	STEPHEN G. SOLIVEN	500	0.000003%	500
34	LEONCIO CHUA TIAN SU	1,000	0.000007%	1,000
35	ATTY. PACIFICO B. TACUB	15,000	0.000098%	15,000
36	RICHARD B. TAMBUNTING	3,000	0.000020%	3,000
				15,316,324,500

Percentage of attendance by proxy

99.5700%

Percentage of attendance in person

0.0008%

SAN MIGUEL BREWERY INC.
STOCKHOLDER'S MEETING: May 27, 2014
Record Date : April 14, 2014

Total Shares as of Record Date: **15,382,361,660**
Percentage of Attendance: **99.57%**
Number of Attendees: **55**

No. All other guests

- 1 Jen Austria**
- 2 Miguel Javier**
- 3 Rafael Recio**
- 4 Lourdes Bautista**
- 5 Bogie Indiongco**
- 6 Lisha Fellpe**
- 7 Wing Bayoneta**
- 8 Miguel Jauregul**
- 9 Albert Rios**
- 10 Damel Gaduyo**
- 11 Arlene Yu**
- 12 G. Kho**
- 13 Enrico Baluyot**
- 14 John Paul Foster**
- 15 L. Monte**
- 16 Danilo Monte**
- 17 Wilma Ramizo**
- 18 Johnson Sia**
- 19 Aiban Apolinario**

Mr. Chairman, members of the Board, fellow stockholders, San Miguel Brewery employees, friends from the media, guests, good afternoon!

We don't get to choose the kind of year that takes place but we do get to choose how to respond and adapt in every situation. As it turned out, there is no other way to describe 2013: it was a difficult year.

In the home front, the challenges were coming from different directions; the implementation of a new excise tax scheme began to take a toll on the entire alcoholic beverage segment, while natural calamities, the political unrest and power crisis in Mindanao further aggravated the situation.

In the international arena, we were also confronted by political unrest and excise tax hike in Thailand as well as stronger competition in other markets.

Despite the unfavourable business climate, 2013 was another year of proving SMB's strength and resilience.

With this, let me share the consolidated operating results of San Miguel Brewery Inc. for 2013:

Consolidated sales volumes reached 204.1 million cases, 9.2 percent lower than last year as a result of the price increase we implemented in response to the excise tax hike, natural calamities and other challenges in local and international markets.

Consolidated net sales revenue reached 75 billion pesos, slightly lower than last year's 76 billion pesos.

In spite of the challenges, our profitability remained strong as operating income stood at 21.6 billion pesos, with a healthy operating margin of 28.7 percent, supported by better operational efficiencies and prudent financial management.

Meanwhile, net income stood at 12.5 billion pesos.

For our domestic operations, San Miguel Beer continued to be the undisputed leader in the local beer industry and the alcoholic market. Programs to generate demand for beer and strengthen consumer franchise helped reinforce our market dominance.

In particular, we focused our efforts on small-but-many activations leveraging on the strength of our key brands to widen consumer reach and ensure efficient use of resources.

Instead of going for the usual big event, we held our annual Oktoberfest in barangays by organizing street parties, covering 175 areas nationwide. The parties were complemented by bar cluster programs and a nationwide under-the-crown promo which gave drinkers more ways to enjoy our products and strengthened association with the San Miguel brand.

We reinforced the image of San Miguel Pale Pilsen as the Filipino icon and standard of taste through the launch of a new thematic campaign, "Bilib," and the activation of "Sarap Mag Babad" summer program.

Last year's National Beer Drinking Contest, which brought beer drinking closer to our consumers, generated more tryouts and contributed more volumes than the previous year. It was also held during a benefit concert we mounted in Iloilo where we gave a portion of the earnings to typhoon victims. Even the winners of the beer drinking contest committed a portion of their winnings to the victims.

Meanwhile, Red Horse asserted its leadership position as the "#1 Extra Strong Beer," driven by thematic campaigns and commercials, as well as signature events like the "Pambansang Muziklaban" and the "Pasiklaban." The year-round "Pambansang Muziklaban" competition gathered the biggest number of band entries in Muziklaban history and reinforced Red Horse's ownership of "Pinoy Rock" and "Astig" equities.

For the economy segment, we boosted Gold Eagle's value proposition through the "Jamming" storyline in Visayas and Mindanao which included below-the-line activities such as crown collection, visibility and occasion-creation activities in the region.

San Mig Light was promoted through the "One Word" thematic campaign, "Bucket Nights" promo, and the "Party All Night" event which strengthened San Mig Light's ownership of club music and the bar scene.

The Lifestyle Brews, composed of Premium All-Malt Beer, Super Dry Beer and Cerveza Negra, further developed the upscale segment through television and cinema ad placements, digital campaigns such as blog efforts, infomercials, and website tie-ups, as well as "Bites and Brews" food pairing bar activation.

We are also pleased with the upbeat performance of San Miguel Flavored Beer which generated appeal from both younger and mature drinkers and successfully tempered competition from alcopops. The widespread awareness and increasing volumes were supported by ad and billboard placements, "Playtime" bar tours and web-only episodes promoting San Miguel Flavored Beer as a "seriously fun beer" and outlet penetration.

SMB also broadened its portfolio of beers to tap a particular consumer segment with the commercial launch of San Mig Zero. The new product targets health-conscious and calorie-counting individuals, aided by awareness and trial generating programs.

On top of the brand-specific initiatives, enhancements in the supply chain made us more efficient while upholding the superior quality of our products and services. These include programs to strengthen outlet coverage, product availability and pricing campaigns as well as further development of home-market and institutional accounts including purchase of beer online.

On the production side, we pursued manufacturing upgrades, process optimization and enhanced sourcing schemes, among others. With these, SMB achieved better ratings on key performance indicators and brought home a harvest of awards from the international Monde Selection. All five of our breweries were also cited by the Department of Energy for energy efficiency while our San Fernando Brewery made it to the ASEAN Energy Award and DOH's Healthy Workplace Award.

For international operations, we delivered solid earnings growth in 2013, with operating income increasing by 50 percent despite the slight decline in volumes compared with the previous year.

This also marked SMBIL's third straight year of strong profit growth due to continued margin improvements, stronger cost management and enhancement of operational efficiencies. Majority of the operating units reported improved fiscal earnings in 2013, led by Hong Kong, Indonesia and Exports, and supported by improvements in the South China and Thailand markets.

Hong Kong operations reported strong profit recovery in 2013, as operating income showed marked improvements from the previous year despite lower volumes. This turnaround was achieved mainly through more efficient spending on promo and outlet support, as well as the scrapping of unprofitable trade deals. The company also took a major step in restructuring its sales organization as the unit shifted toward a wholesaler-based going-to-market strategy.

Indonesia continued its remarkable performance in 2013, with both volume and income posting double-digit gains. Volumes for all brands reported increases through territory expansion programs, brand-building initiatives and further augmented by the country's improving economic climate. Coupled with better margins, Indonesia boosted its operating income in 2013, continuing its streak of consecutive double-digit increases in terms of income in the last seven years.

Despite the political unrest and the imposition of increased excise taxes, SMBIL's Thailand unit managed to post improved results in 2013. Bannery by San Mig Light, the unit reported volume growth in domestic sales, while operating results improved as well.

The sales restructuring program in South China, which was implemented last year, continued to affect the volume there. But efforts of the restructuring bore fruit in the last quarter of 2013 as sales have started to pick up, supported by the increase in the number of dealers for both core and expansion markets. Previous operating losses are now slowly being reversed due to prudent fiscal management.

On the other hand, North China continued to suffer volume and profit decline due to the aggressive buyout strategy of major competitors.

Vietnam posted a double-digit increase in domestic volume, while posting lower export volumes which affected operating results.

Exports sustained its volume and profit growth in 2013, with gains from emerging markets including UAE, South Korea, Angola and Qatar. Operating income grew by double digits on the back of higher volumes, improved margins as well as rationalized fixed cost spending.

Looking back in 2013, the challenges we faced – although more difficult – made us stronger as it showed the company's resilience, drawing from the strength of our fundamentals as well as the spirit of "*malasakit*." And while we are moving on to 2014, we are better equipped to capitalize on the growth opportunities and address the challenges ahead.

To start with, we chose to defer the implementation of a price increase in spite of the excise tax increase early this year. To date, we have seen a sustained improvement in our volume and financial performance compared to last year.

For the first three months of 2014, net sales matched the year-ago levels at 17.6 billion pesos as volume slowly picked up its pace in February. We posted an operating income of 4.7 billion pesos in the first quarter on the back of 46.6 million cases sold.

We are confident that the uptrend will continue as campaigns and activations for our brands are vigorously implemented to delight our consumers.

Similarly, our international business is expected to continue its favorable performance in the coming months, as it proceeds with market expansion, cost management programs and enhancement of operational efficiencies to sustain its growth.

We also recognize the value of partnering with our host communities that's why we continue to implement relevant programs that promote education, livelihood, values formation, health and wellbeing, and the environment. We remain true to our commitment to uplift their lives through our CSR programs implemented in partnership with the San Miguel Foundation and other partner stakeholders.

The company likewise completed the issuance and listing of our new bonds worth 15 billion pesos with the Philippine Dealing & Exchange Corp. in April. Our Series G and H Fixed Rate Bonds were bought by investors, an indication of our value as a company to the investing public. Proceeds from the bond sale were used to redeem the Series B bonds that matured last month.

On behalf of our workforce found all over the Philippines and Asia, I would like to thank you, our dear shareholders, for your faith in us in the midst of challenging times. We recognize the value of the trust you are giving us. This is why we work hand in hand as we tread the path of sustainable and more profitable growth in the coming years ahead.

Thank you very much.