

**MINUTES OF THE REGULAR MEETING OF
THE STOCKHOLDERS OF
SAN MIGUEL BREWERY INC.**

Held on May 26, 2015
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)
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
Virgilio S. Jacinto
Teruyuki Daino
Takashi Hayashi
Toshiya Miyoshi

I. CALL TO ORDER

The meeting was called to order at 1:50 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 99.91% 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 MAY 27, 2014

The Chairman referred to the minutes of the regular stockholders' meeting held on May 27, 2014 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 May 27, 2014.

IV. PRESENTATION OF THE ANNUAL REPORT

The Managing Director of San Miguel Brewing International Limited ("SMBIL"), Mr. Carlos Antonio M. Berba, delivered the report on the operation performance and business highlights of the Company and its subsidiaries ("Group") for the year ended December 31, 2014 and for the first quarter of 2015. A copy of the report is attached hereto as Annex "B".

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

The following questions were asked by the stockholders of the Company:

What is the book value of the shares of the Company? The Company's external auditor initially responded that the book value is ₱249 per share. The external auditor corrected this information afterwards and informed the stockholder that the book value is ₱2.49 per share.

Does the Company intend to re-list its shares in the Philippine Stock Exchange ("PSE")? The Chairman responded that currently, it has no plans of re-listing its shares in the PSE.

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 May 27, 2014 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 R.G. Manabat & Co. as the external auditors of the Company for fiscal year 2015. 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. Toshiya Miyoshi

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.
STOCKHOLDERS' MEETING

May 26, 2015 SMC-HOC Executive Dining Room

PERCENTAGE **99.911%**

Record Date: April 13, 2015

Attendees **0**

Stockholder Name	Common Shares	% of O/S
TERUYUKI DAINO	5,000	0.000033%
TAKASHI HAYASHI	5,000	0.000033%
KIRIN HOLDINGS COMPANY, LIMITED	7,456,859,880	48.535714%
TOSHIYA MIYOSHI	5,000	0.000033%
KEISUKE NISHIMURA	5,000	0.000033%
SAN MIGUEL BREWERY INC. RETIREMENT PLAN	28,549,900	0.185828%
SAN MIGUEL CORPORATION	7,859,319,270	51.155269%
SAN MIGUEL CORPORATION RETIREMENT PLAN	5,085,800	0.033103%
Attendance by Proxy	15,349,834,850	99.91004%

Stockholder Name	Common Shares	% of O/S
JESSICA LABUTONG ABRENICA	5,000	0.000033%
DANTE A. ALIGNAY OR TERESITA P. ALIGNAY	800	0.000005%
ALONZO Q. ANCHETA	10,000	0.000065%
RAMON S. ANG	5,000	0.000033%
JOSE A. ARRIOLA	3,000	0.000020%
ANALYN L. BENOZA	3,000	0.000020%
MA. RACELLE CALIGAGAN	3,000	0.000020%
CO KIAN CHAY	1,000	0.000007%
FERDINAND K. CONSTANTINO	5,000	0.000033%
YOLANDA M. DELA CRUZ OR EMILIO M. DELA CRUZ	50	0.000000%
EUSEBIO A. DIPASUPIL	1,000	0.000007%
RONNIE M. FABABIER	3,000	0.000020%
JONATHAN S. FARRALES	3,000	0.000020%
MARIANO D. FARRALES	3,000	0.000020%
GREGORIO M. GIDO	500	0.000003%
GUILLERMO F. GILI, JR.	1,000	0.000007%
JUDITHO Y. GONZALO	3,000	0.000020%
REY NATHANIEL C. IFURUNG	6,000	0.000039%
VIRGILIO S. JACINTO	5,000	0.000033%
CELINA F. LUCERO	3,000	0.000020%
CELINE CARMELA F. LUCERO	3,000	0.000020%
ROY EDUARDO T. LUCERO	3,000	0.000020%
MA. LOURDES A. MACARIOLA	3,000	0.000020%
DANILO L. MONTE	8,000	0.000052%
CECILIA M. ORTEGA	500	0.000003%
NOEMI L. RONQUILLO	3,000	0.000020%
HIPOLITO C. ROSEL	3,000	0.000020%
CARMELO L. SANTIAGO	5,000	0.000033%
DARA NIKKI M. SEVILLA	2,000	0.000013%
LEONCIO CHUA TIAN SU	1,000	0.000007%
JUAN GABRIEL R. VEDUA	3,000	0.000020%
FRANK C. VILLANUEVA	100	0.000001%
Attendance in Person	98,950	0.00064%

TOTAL ATTENDANCE 15,349,933,800 99.911%

TOTAL OUTSTANDING SHARES (as of Record date) **15,363,655,560**
TOTAL NO. OF STOCKHOLDER (as of Record date) **1,200**

2015 ANNUAL STOCKHOLDERS MEETING
MAY 26, 2015 2:00 P.M.
SMC-HOC EDR

PRESIDENT'S REPORT

As SMB celebrates the 125th year of San Miguel Pale Pilsen and the long history of our parent company, San Miguel Corporation (SMC), we renew our commitment to work hard at creating a strong, more dynamic company for our consumers, customers, business partners, employees and shareholders.

The success of SMB has always been its enduring relationship with the Filipino. Over the years, our brand has become woven into the national story—a legacy brand and the beer for people who will go to great lengths for friendship. *Kahit Kailan Kaibigan*. We shared this story as we expanded into Southeast Asia and the world.

The efforts of the men and women of SMB allowed your company to bounce back from a very challenging 2013, and in 2014, turn in a performance that we can all celebrate and be proud of.

Consolidated sales volume reached 207.3 million cases, 2% higher than the previous year. Revenue amounted to P79 billion, while Operating income rose 2% to P22.1 billion.

Net income significantly improved to 13.5 billion, eight percent better than last year.

We met our targets and achieved excellent results while maintaining our discipline and following our proven strategy of leveraging on our great brands and distribution network, developing our brand-building programs, and pursuing selected growth opportunities.

In the Philippines, SMB maintained its dominance in the beer industry and kept the bigger share in the broader alcoholic beverage market. We generated demand at the grassroots level as we implemented programs to address competition. Growth opportunities came from the country's vibrant economy and improving demographics. Reconstruction, rehabilitation and livelihood projects in the Visayas provided additional boost to our business.

The annual *San Miguel Oktoberfest Beer and Music Festival* featured a kick-off party with the first beer shower in the Philippines as well as the participation of popular entertainment and sports celebrities. We also held 70 barangay street parties to complement the Oktoberfest launch.

Meanwhile, the annual National Beer Drinking Contest drew thousands of teams nationwide with the fastest group coming from Borongan, Eastern Samar.

San Miguel Pale Pilsen, our flagship brand, launched a new *Sarap na Nakakabilib* thematic campaign on its 125th year, to further establish the brand as the standard of beer taste and a true Filipino icon. Limited edition *Bilib Ako Sa'yo* cans for personalized messages were made available to support the campaign along with barangay parties for the *Sarap MagBabad* summer program, consumer promos in off-premise outlets as well as beerhouse and bar tours.

Red Horse Beer remained the country's undisputed #1 *Extra Strong Beer* as it bolstered its *Astig* equity via its new *Kaya Mo Na* campaign. *Pambansang Muziklaban*, gathered Pinoy Rock music legends and enthusiasts alike to crown the country's best amateur rock band. Supporting these were *Pasiklaban* barangay events and other below-the-line activities.

San Mig Light strengthened its consumer relevance by harping on its *Look Good and Feel Good All Night* communication executed through a thematic campaign, *Bucket Nights* program and *Party All Night* events. The new *On All Night* app-based loyalty program was also introduced, enabling online customer engagement for the brand.

Gold Eagle Beer's upbeat sales in the Visayas and Mindanao was fuelled by *Sama-Sama Mag-Jamming*, *Sama-Sama Mag-Gold Eagle Beer* campaign involving the *Unli Jamming* radio jingle, *Jamming sa Taboan* community events, and as well as *Jamming sa Tindahan* consumer and trade promotions.

San Miguel Flavored Beer continued its buoyant sales mainly due to increased outlet presence and offtake-generating programs. The launch of advertisements and its *Game Tayo* digital campaign helped establish San Miguel Flavored Beer as the seriously fun beer. The company also launched six-pack carriers, canned variants and a new packaging design.

San Miguel Lifestyle Brews focused on establishing San Miguel Premium All-Malt, San Miguel Super Dry and Cerveza Negra as a line of specialty beers by highlighting their premium ingredients and numerous quality awards. Volume-generating initiatives supported San Miguel Lifestyle Brews as the preferred set of brands in the upscale market.

San Mig Zero has been gaining ground as it exceeded volume expectations in 2014 attributed to its *Zero Bitterness* campaign backed by increased product availability, trial-generating initiatives, and merchandising programs to tap health-conscious individuals.

The company widened its reach to consumers through the expansion of home delivery service in key cities nationwide, draft beer party pack promotions, online sales and non-traditional events aimed to maximize growth opportunities in new and emerging markets.

To further improve its sourcing and distribution, the company enhanced its sales network and strengthened support to outlets and business partners. Given the unpredictable weather patterns, SMB implemented contingency plans while rehabilitating and opening sales offices to ensure the availability of its products.

On top of these, cost management initiatives were intensified to strengthen bottom line results while maintaining superior product quality. Last year, various local and international bodies recognized SMB for its quality products, compliance with government regulations and best labor practices.

The year 2014 highlighted the return of the San Miguel Beermen to Philippine basketball and this brought the San Miguel brand closer to the hearts and minds of Filipino beer drinkers. The team captured the PBA Philippine Cup, its 20th championship in its storied history, early this year in a thrilling, seven-game fashion.

For the international operations, SMBIL continued to deliver strong financial performance in 2014, primarily driven by the volume growth of higher-margin San Miguel brands, tight cost management and enhancement of operational efficiencies. Volume of San Miguel global brands were up by 5% propelled by brand-building activities as well as trade and consumer programs. Despite experiencing a slight decline in consolidated volumes, SMBIL was able to sustain its profit growth trend for a fourth straight year to reach an 18% increase in operating income.

Thailand's domestic volumes and profit rose in 2014 on account of increased availability, and marketing campaigns that improved awareness and higher consumption for San Miguel Pale Pilsen and San Mig Light. We also introduced the Cerveza Negra Draught in the market, and continued to build presence of Kirin Ichiban in the premium Japanese segment.

Operations in South China improved further as domestic volumes moderately increased with the growth of San Miguel brands in Shenzhen, East Guangdong and West Guangdong. Gains from increased production volumes for exports likewise contributed to the improved performance of South China.

For most part of 2014, Hong Kong's operating profit was significantly going up. The pullout of premium partner brands in the last quarter, however, affected full-year results. In order to strengthen its portfolio and excite the market, SMBHK launched Cerveza Negra Draught and Red Horse Draught as well as a new selection of premium draught brands from the US, Spain, New Zealand and UK. These product introductions were met with positive consumer and trade feedback, which should provide further opportunities in 2015.

Indonesia sustained its operating profit growth in 2014 as a result of better margins and prudent spending on fixed costs, even as sales volume took a hit because of a price increase in early-2014 and market uncertainties brought about by the country's evolving anti-alcohol policy.

Domestic volumes in Vietnam posted double-digit growth, with higher sales of San Mig Light driven by market-wide promotions while its local brand awareness expanded through trade incentives.

Total export volume of San Miguel brands rose in 2014 driven by double-digit expansion in UAE, Taiwan, South Korea, Qatar, Bahrain and the US as well as increases in the new markets of Australia and Africa. The launch of Cerveza Negra Draught in Korea and Taiwan also boosted volumes for the year. However, the phasing out of a private label brand pulled total export volumes down. Despite the shortfall in total export volumes, operating income grew double-digit due to improved margins as well as lower cost-to-produce as a result of its regional sourcing strategy.

These achievements proved that the strength of SMB comes from the people who make the company. And as a way of giving back, we remain focused on helping people who have patronized our products over the years and the communities we have partnered with to steadily grow our business. Collaborating with our stakeholders in making our partner communities a better place has been the guiding principle of our various corporate social responsibility initiatives.

We credit the continuing success of our flagship program Buhayin ang Kalikasan to our partners from the government and the communities. The government assists SMB by identifying critical areas where our support can help make the most impact. The communities on the other hand ensure that the trees live to its fullest potential by keeping and maintaining the target areas.

Our support comes in different forms depending on the needs of our partner communities. For instance, not only do we respond during calamities by providing immediate relief assistance, but we strive to go beyond the goods by assessing and implementing projects in the medium- and long-term to ensure that the beneficiaries are able to sustain their lives on their own.

SMB continued its growth track in the first quarter of 2015.

Consolidated net income was up 20 percent to Php3.3 billion in the same period.

In the Philippines, the company's campaigns and programs are paying off with volumes growing seven percent higher than last year to 40.9 million cases.

Revenues reached Php16.2 billion against the Php13.8 billion in 2014.

Net income of SMB's domestic operations rose 29 percent, ending the first quarter with Php3.2 billion.

For the international operations, SMBIL consolidated volume in the first three months was 506,000 hectolitres, 21% lower than the year-ago level.

The primary factors that caused the drop in volume include the new government regulation in Indonesia limiting the sales of beer products, and the lingering effect of the terminated distribution agreement of certain premium brands in Hong Kong last year.

As a result, SMBIL reported an operating income of US\$1.2 million for the first three months of 2015.

Towards the end of 2014, we came across another opportunity to grow our business which will allow us to tap a market that has been expanding at a faster pace in the last five years. Our entry into the non-alcoholic beverage market will help us achieve the vision of expanding our company's reach in the Philippine market and tap new consumers for our new brands and planned product offerings.

Recently, as the initial undertaking in the non-alcoholic business, we are pleased to inform you, our shareholders, that we have completed the purchase of the non-alcoholic beverage assets of Ginebra San Miguel Inc. last April 30.

We are expecting our latest venture to reinforce SMB's growth as it taps new sources of growth in the beverage industry while fortifying leadership in the beer business. This shows that our company has superior long-term value to our stakeholders.

Our passion for quality products and our extensive distribution network—two fundamental factors in SMB's success—will help us stand out in the non-alcoholic beverage market. Our system will ensure that all our products are available anytime, anywhere.

On behalf of every SMB employee from our manufacturing facilities, to our offices around the region, we thank our dear shareholders for your trust and confidence. We assure you that every Beerman is driven to make our 125th year a memorable one in terms of our performance.

We will forge on, remembering always what matters most to our success: nurturing friendships, relationships; and delighting our consumers with the very best beers, and now, non-alcoholic beverage products, we can offer.

Thank you very much.