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*Confirmation of your representation:* You have accessed the attached document on the basis that you have confirmed to the Issuer, the Trustee, the Advisor, the Joint Lead Associates and the Associates that (1) you are a holder or a beneficial owner of the Bonds referred to in the attached Consent Solicitation Statement, (2) you are a person to whom it is lawful to deliver, or to grant access to the attached Consent Solicitation Statement through electronic means, and (3) that you consent to the delivery of, or your being granted access to this document through electronic means.

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You are reminded that you have accessed the attached Consent Solicitation Statement on the basis that you are a person to whom this Consent Solicitation Statement may be lawfully delivered or made available in accordance with the laws of the jurisdiction in which you are located, and you may not nor are you authorized to deliver this Consent Solicitation Statement to any other person.

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## CONSENT SOLICITATION STATEMENT

### SAN MIGUEL BREWERY INC.

Consent Solicitation for a Proposed Amendment to  
the Trust Agreement dated March 16, 2009  
Governing the 8.250% Series A Bonds due 2012, 8.875% Series B Bonds due 2014  
and 10.500% Series C Bonds due 2019

**THE CONSENT SOLICITATION (AS DEFINED HEREIN) WILL EXPIRE AT 5:00 P.M. (PHILIPPINE TIME) ON JANUARY 27, 2012, UNLESS SOONER TERMINATED OR EXTENDED BY SAN MIGUEL BREWERY INC. IN ITS SOLE DISCRETION.**

Subject to the terms and conditions set forth in this consent solicitation statement (the "Consent Solicitation Statement"), San Miguel Brewery Inc. (the "Issuer", "we", "us" or "our" ), hereby solicits consents from the holders of record of its outstanding 8.250% Series A Bonds due 2012, 8.875% Series B Bonds due 2014 and 10.500% Series C Bonds due 2019 (the "Bonds", and the holders thereof, the "Bondholders") as of 5:00 p.m. (Philippine time) on December 8, 2011 (the "Record Date") to an amendment (the "Proposed Amendment") to the Trust Agreement dated March 16, 2009 (the "Trust Agreement") between the Issuer and The Hongkong and Shanghai Banking Corporation Limited in its capacity as trustee (now the Bank of the Philippine Islands – Asset Management and Trust Group (the "Trustee") as successor trustee).

The Proposed Amendment is explained in detail in the discussion under the heading "The Proposed Amendment" below. Capitalized terms used but not defined herein shall, unless the content otherwise requires, have the meanings set forth in the Trust Agreement.

As used in this Consent Solicitation, the term "Record Bondholders" means those Bondholders of record as of the Record Date, as reflected in the register of Bondholders maintained by the Philippine Depository & Trust Corp. (the "Registrar") pursuant to the Registry and Paying Agency Agreement dated March 16, 2009 between the Issuer and the Registrar.

For and in consideration of the grant by a Record Bondholder of his, her or its consent to the Proposed Amendment in accordance with the terms and conditions and procedures set out in this Consent Solicitation Statement (each such consent, a "Consent"; and each Record Bondholder that delivers to the Trustee a Consent Form validly executed in the form enclosed herewith as Annex A (a "Consent Form") on or before 5:00 p.m. (Philippine time) of January 27, 2012 (such time and date, as may be adjusted to an earlier or later time and date in the Issuer's sole discretion, the "Expiration Date", and each such Record Bondholder, a "Consenting Bondholder");

- (a) we shall pay each Consenting Bondholder an amount equal to PHP1.25 per PHP1,000 of the principal amount of the Bonds in respect of which the Consent Form is given (the "Consent Fee"); and
- (b) in addition to the Consent Fee, we shall pay each Consenting Bondholder that delivers a Consent Form to the Trustee on or before 5:00 p.m. (Philippine time) of January 12, 2012 (as such time and date may be adjusted to an earlier or later time and date in the Issuer's sole discretion, the "Early Bird Deadline"), an amount equal to PHP1.00 per PHP1,000 of the principal amount of the Bonds in respect of which the Consent Form is given (such additional payment, the "Early Bird Fee"; the Consent Fee and Early Bird Fee are at times hereafter collectively referred to as the "Consent Payments").

We shall pay the Consent Payments no later than the third Business Day following the later of the Expiration Date and the Execution Date (as such term is defined below) (a "Business Day" being any day other than Saturday or Sunday on which banks are open for business in Metro Manila, Philippines, and such third Business Day, the "Consent Payment Date").

**PLEASE NOTE THAT EITHER OR BOTH THE EARLY BIRD DEADLINE AND THE EXPIRATION DATE MAY BE ADJUSTED TO AN EARLIER OR LATER TIME AND DATE AT THE SOLE DISCRETION OF THE ISSUER, SUBJECT TO THE ISSUER'S GIVING NOTICE OF SUCH ADJUSTMENT TO THE BONDHOLDERS IN ACCORDANCE WITH THE DISCUSSION UNDER PARAGRAPH 5 ("AMENDMENTS; PUBLIC ANNOUNCEMENTS") BELOW.**

Additionally, please note that our undertaking to pay the Consent Payments is subject to the fulfillment of the conditions discussed under paragraph 4(e) (“*Conditions to Issuer’s Payment Obligations*”) below, including but not limited to the following:

- (1) the Trustee’s receipt of validly executed and delivered Consent Forms from Record Bondholders on or before the Early Bird Deadline (in the case of the Early Bird Fee) and on or before the Expiration Date (in the case of the Consent Fee), and
- (2) the Trustee’s receipt of validly executed and delivered Consent Forms from Record Bondholders representing at least 51% of the aggregate principal amount of the Bonds (the “Required Consents”) on or before the Expiration Date.

As soon as practicable following our receipt of the Trustee’s certification that the Required Consents have been obtained, and in accordance with the Trust Agreement, we may execute and deliver a supplemental agreement with the Trustee that embodies the parties’ agreement on the Proposed Amendment (such agreement, the “Supplemental Agreement”, and the date on which the Supplemental Agreement is executed, the “Execution Date”). We will make a public announcement of the execution of the Supplemental Agreement via press release at or prior to 5:00 p.m. (Philippine time) of the Execution Date.

The Supplemental Agreement will be effective only after the Issuer pays the Consent Payments. If the Required Consents have not been received on or before the Expiration Date, or any of the other conditions set forth herein are not satisfied or waived, no Consent Payments will be paid to any Bondholder, irrespective of whether or not such Bondholder has delivered a validly executed Consent Form.

Following the Consent Payment Date, the Proposed Amendment to the Trust Agreement will be conclusive and binding on all Bondholders and all future holders and owners of the Bonds (or of any bonds issued in lieu thereof or in exchange therefor), irrespective of whether or not such Bondholders or future holders and owners have consented to the Proposed Amendment to the Trust Agreement.

*The Advisor for this Consent Solicitation is:*

**ING BANK N.V., MANILA BRANCH**

*December 26, 2011*

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## IMPORTANT INFORMATION

Record Bondholders are requested to read and carefully consider the information contained herein and to give their Consent to the Proposed Amendment by properly completing and executing the Consent Form enclosed herewith in accordance with the instructions set forth herein and therein.

The transfer of Bonds after the Record Date will not have the effect of revoking any Consent validly given by a Record Bondholder, and each properly completed and executed Consent Form will be counted notwithstanding any subsequent transfer of the Bonds to which such Consent Form relates.

We expressly reserve the right, in our sole discretion and regardless of whether any of the conditions described under paragraph 4(e) (“*Conditions to Issuer’s Payment Obligations*”) have been satisfied, subject to applicable law, at any time prior to acceptance of the Consents, to: (i) terminate this Consent Solicitation for any reason; (ii) waive any of the Conditions to Issuer’s Payment Obligations, in whole or in part; (iii) adjust either or both the Early Bird Deadline and Expiration Date to an earlier or later date; and (iv) amend the terms of this Consent Solicitation. Please see paragraph 5 (“*Amendments; Public Announcements*”). In addition, we expressly reserve the right to execute and deliver to the Trustee the Supplemental Agreement on any Business Day falling before or after the Expiration Date, provided that the Trustee shall have certified that the Required Consents have been obtained.

If the conditions described below under paragraph 4(e) (“*Conditions to Issuer’s Payment Obligations*”) have not all been satisfied or waived (including, without limitation, the condition that the Trustee must have received the Required Consents on or before the Expiration Date), then we will not be obligated to pay any Consent Payments whatsoever. Any Record Bondholder desiring to give his, her or its Consent to the Proposed Amendment must deliver the properly completed and executed Consent Form and any other documents required by the Consent Form to the Trustee at the latter’s address set forth in the said Consent Form, on or prior to the Expiration Date.

Beneficial owners of the Bonds desiring to deliver Consents and whose Bonds are held, as of the Record Date, in the name of a broker, dealer, commercial bank, trust company or other nominee institution, must contact such nominee promptly and instruct such nominee, as the Record Bondholder of such Bonds, to deliver the Consent on behalf of the beneficial owner on or prior to the Expiration Date.

The Issuer has received the requisite corporate approvals to undertake the Consent Solicitation. However, the Issuer does not make any recommendation to you as to whether you should execute and deliver the Consent Forms. You must make your own decision as to whether or not to execute and deliver a Consent Form.

No person has been authorized to provide you with any information or make any representations other than those contained herein or in the accompanying Consent Form and other materials, and, if given or made, such information or representations must not be relied upon as having been authorized by us, the Trustee, the Advisor, or any other person. None of ING Bank N.V., Manila Branch (the “*Advisor*”), the

Trustee, the Joint Lead Associates, the Associates or any of their respective affiliates, has verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Advisor, the Trustee, the Joint Lead Associates, the Associates or any of their respective affiliates as to the accuracy or completeness of the information contained in this Consent Solicitation Statement or any other information provided by the Issuer in connection with this Consent Solicitation. None of the Advisor, the Trustee, the Joint Lead Associates, the Associates or any of their respective affiliates, accepts any responsibility for this Consent Solicitation Statement, makes any representation regarding this Consent Solicitation Statement or this Consent Solicitation or owes any duty to any Bondholder except as may be provided in the Trust Agreement.

The statements made in this Consent Solicitation Statement are made as of the date hereof, and the delivery of this Consent Solicitation Statement and the accompanying materials shall not, under any circumstances, create any implication that the information contained herein is correct after the date hereof.

ING Bank N.V., Manila Branch is acting as Advisor to the Issuer in relation to this Consent Solicitation and to no one else and will not regard any other person as its customer or be responsible to anyone other than the Issuer for providing the protections normally afforded to customers of the Advisor or for providing advice in relation to this Consent Solicitation. The Advisor and its associates may have a holding in, or may from time to time provide advice or other investment services in relation to, or engage in transactions involving, the Bonds.

Recipients of this Consent Solicitation Statement and the accompanying materials should not construe the contents hereof or thereof as legal, business or tax advice. Each recipient should consult its own attorney, business advisor, tax advisor and other professional advisors as to the legal, business, tax and other matters concerning this solicitation.

Requests for additional copies of this Consent Solicitation Statement and the Consent Form should be directed to the **Trustee**, the **Advisor**, the **Joint Lead Associates** or the **Associates** at the relevant address, telephone number or email address set out on pages 20 and 21 of this Consent Solicitation Statement.

Any questions regarding the terms of the Consent Solicitation may be directed to the **Advisor**, the **Joint Lead Associates** or the **Associates** at the relevant address, telephone number or email address set out on pages 20 and 21 of this Consent Solicitation Statement.

The delivery of this Consent Solicitation Statement shall not under any circumstances create any implication that the information contained herein is correct as of any time subsequent to the date hereof or that there has been no change in the information set forth herein or in our affairs since the date hereof.

This Consent Solicitation Statement is issued and directed only to the Record Bondholders and no other person shall be, or is entitled to rely or act on, or be able to act on, its contents.

Each Record Bondholder, by accepting delivery of this Consent Solicitation Statement and by execution and delivery of the Consent Form, will be deemed to have represented, agreed and acknowledged that he, she or it is the beneficial owner of the Bonds to which the Consent Form relates or has been duly authorized to act on behalf of the beneficial owner of such Bonds; and he, she or it understands that the Issuer, the Trustee, the Advisor, the Joint lead Associates, the Associates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

This Consent Solicitation Statement has not been reviewed by the Philippine Securities and Exchange Commission.

**NONE OF THE ISSUER, THE TRUSTEE, THE ADVISOR, THE JOINT LEAD ASSOCIATES OR THE ASSOCIATES MAKES ANY RECOMMENDATION AS TO WHETHER OR NOT RECORD BONDHOLDERS SHOULD CONSENT TO THE PROPOSED AMENDMENT. EACH RECORD BONDHOLDER MUST MAKE HIS, HER OR ITS OWN DECISION AS TO WHETHER TO EXECUTE AND DELIVER A CONSENT FORM PURSUANT TO THIS CONSENT SOLICITATION STATEMENT. RECORD BONDHOLDERS ARE URGED TO CAREFULLY EVALUATE ALL OF THE INFORMATION IN THIS CONSENT SOLICITATION STATEMENT AND TO CONSULT THEIR OWN INVESTMENT AND TAX ADVISORS IN MAKING THEIR DECISION AS TO WHETHER TO EXECUTE AND DELIVER A CONSENT FORM PURSUANT TO THIS CONSENT SOLICITATION STATEMENT.**

## IMPORTANT DATES FOR THE CONSENT SOLICITATION

Bondholders should take note of the following important dates in connection with this Consent Solicitation. Please note that this schedule is subject to change if the Issuer extends the Expiration Date or otherwise amends the terms of this Consent Solicitation in its sole discretion, as permitted by and in accordance with this Consent Solicitation Statement.

Date	Event
5:00 p.m. (Philippine time) of December 8, 2011	<i>Record Date</i>
December 26, 2011	<i>Commencement of the Consent Solicitation</i>
December 26, 2011 – January 27, 2012	The period during which Record Bondholders may deliver Consents.
5:00 p.m. (Philippine time) of January 12, 2012	<i>Early Bird Deadline</i> – The deadline for a Record Bondholder to deliver Consents pursuant to the Consent Solicitation Statement and be eligible to receive the Early Bird Fee.
5:00 p.m. (Philippine time) of January 27, 2012	<i>Expiration Date</i> – The deadline for a Record Bondholder to deliver Consents pursuant to the Consent Solicitation and be eligible to receive the Consent Fee.
January 31, 2012	The estimated <i>Execution Date</i> – The date on which the Issuer and the Trustee may enter into the Supplemental Agreement.
February 3, 2012	The estimated <i>Consent Payment Date</i> – The date upon which the Proposed Amendment will become effective after the making of the Consent Payments by the Issuer pursuant to the Consent Solicitation.

## SUMMARY OF THE CONSENT SOLICITATION

The following summary is provided solely for the convenience of the Record Bondholders and is qualified in its entirety by reference to the more detailed information contained elsewhere in this Consent Solicitation Statement and any amendments or supplements hereto. Record Bondholders are urged to read this Consent Solicitation Statement and the related Consent Form in their entirety, as each contains important information which Record Bondholders should read carefully before making any decision with respect to the Consent Solicitation conducted hereby.

### **Overview**

The purpose of this Consent Solicitation is to obtain the Consent from Record Bondholders holding at least 51% of the aggregate principal amount of the Bonds to the Proposed Amendment. For a more detailed description of the Consent we are seeking, please refer to the discussion under the heading “*The Proposed Amendment*” below.

### **The Bonds**

8.250% Series A Bonds due 2012, 8.875% Series B Bonds due 2014 and 10.500% Series C Bonds due 2019

### **Consent Solicitation**

The purpose of this Consent Solicitation is to obtain the consent to the Proposed Amendment of Record Bondholders holding at least 51% of the aggregate principal amount of the Bonds.

Section 7.1(k) of the Trust Agreement requires the Issuer to maintain a minimum current ratio of 1:1. The Proposed Amendment would amend Section 7.1(k) of the Trust Agreement by replacing such covenant with a minimum interest coverage ratio, defined as EBITDA/Interest Expense, of 4.75:1.

**The Proposed Amendment will not alter the interest rate or maturity date of the Bonds, the Issuer’s obligation to make principal and interest payments on the Bonds, nor the substantive effect of any other covenant or provision of the Bonds.**

### **Consent Fee**

The Issuer will pay to each Record Bondholder from whom the Trustee has received a validly executed and delivered Consent Form on or before the Expiration Date an amount equal to PHP1.25 for each PHP1,000 of the principal amount of the Bonds in respect of which such Consent Form is given.

### **Early Bird Fee**

The Issuer will pay to each Bondholder from whom the Trustee has received a validly executed and delivered Consent Form on or before the Early Bird Deadline, an additional amount of PHP1.00 for each PHP1,000 of the principal amount of the Bonds in respect of which such Consent Form is given.

### **Consent Payments**

The Early Bird Fee and/or Consent Fee

<b><i>Trust Agreement</i></b>	The Trust Agreement dated March 16, 2009 (as supplemented or amended as of the date hereof) by and between the Issuer and the Trustee.
<b><i>Supplemental Agreement</i></b>	The Supplemental Agreement to be entered into by and between the Issuer and the Trustee to embody the agreement among the Issuer, the Consenting Bondholders and the Trustee on the Proposed Amendment. The Supplemental Agreement will modify the terms of the Trust Agreement solely with respect to the affirmative covenant of the Issuer to maintain a minimum current ratio of 1:1 for the Bonds.
<b><i>Trustee</i></b>	Bank of the Philippine Islands – Asset Management and Trust Group
<b><i>Required Consents</i></b>	The receipt by the Trustee of validly executed and delivered Consent Forms evidencing the Consents of Record Bondholders representing at least 51% of the aggregate principal amount of the Bonds on or before the Expiration Date.
<b><i>Expiration Date</i></b>	This Consent Solicitation will expire at 5:00 p.m. (Philippine time) on January 27, 2012, unless such date is adjusted to an earlier or later date by the Issuer in its sole discretion.
<b><i>Record Date</i></b>	5:00 p.m. (Philippine time) of December 8, 2011
<b><i>Conditions to Issuer's Payment Obligations</i></b>	<p>(i) The Issuer's obligation to pay the Consent Fee to the Consenting Bondholders is subject to the following conditions:</p> <ol style="list-style-type: none"> <li data-bbox="703 1234 1353 1361">(1) the receipt by the Trustee of validly executed and delivered Consent Forms evidencing the Required Consents on or before the Expiration Date;</li> <li data-bbox="703 1402 1353 1462">(2) the execution and delivery by the Issuer and the Trustee of the Supplemental Agreement;</li> <li data-bbox="703 1503 1353 1765">(3) the absence of any law or regulation which would, and the absence of any pending or threatened injunction or other proceeding which (if adversely determined) would, render the Proposed Amendment unlawful or invalid, or enjoin or materially delay the implementation of the Proposed Amendment; and</li> <li data-bbox="703 1805 1353 2033">(4) (A) no change (or development involving a prospective change) shall have occurred in or shall have threatened the Issuer's business, properties, assets, liabilities, financial condition, operations, or results of operations, and (B) no change (or development involving a prospective change) shall have occurred in</li> </ol>

financial markets generally or affecting the Issuer's equity or the Bonds, in each case, which, in the Issuer's reasonable judgment, is or may be adverse to the Issuer or has or may have a material adverse effect upon the contemplated benefits to the Issuer of the Proposed Amendment.

- (ii) The Issuer's obligation to pay Record Bondholders the Early Bird Fee is subject to each of the conditions referred to in items (1) through (4) above, and in addition, to the receipt by the Trustee of validly executed and delivered Consent Forms from such Record Bondholders on or before the Early Bird Deadline.

The foregoing conditions are for the Issuer's sole benefit and the Issuer may, in its sole discretion, waive any of the Conditions, in whole or in part, at any time and from time to time or otherwise amend the terms and conditions of this Consent Solicitation at any time.

***How to Deliver Consents***

Validly completed and executed Consent Forms should be delivered to the Trustee in time for receipt by the latter on or before the Early Bird Deadline (for entitlement to the Early Bird Fee) and Expiration Date (for entitlement to the Consent Fee) in accordance with paragraph 4(c) ("*Procedure for Giving Consents*").

***Irrevocability of Consents***

Consents are irrevocable once delivered.

***Assistance and Information***

Requests for additional copies of this Consent Solicitation Statement and the Consent Form should be directed to the Trustee, the Advisor, the Joint Lead Associates or the Associates at the relevant address, telephone number or email address set out on pages 20 and 21 of this Consent Solicitation Statement.

Any questions regarding the terms of the Consent Solicitation may be directed to the Advisor, the Joint Lead Associates or the Associates at the relevant address, telephone number or email address set out on pages 20 and 21 of this Consent Solicitation Statement. Beneficial owners of the Bonds may also contact their brokers, dealers, commercial banks or trust companies for assistance concerning this Consent Solicitation.

Requests for copies of the Trust Agreement and the form of the Supplemental Agreement may be directed to the Trustee at its address, telephone number or email address set out on page 20 of this Consent Solicitation Statement.

***Income Tax Considerations***

For a summary of certain Philippine income tax consequences in connection with the Consents and the Proposed Amendment, see "*Certain Tax Considerations*."

<b><i>Consequences to Non-Consenting Holders</i></b>	If the Required Consents are obtained and the other conditions are satisfied (or waived) and the Supplemental Agreement becomes operative, all Bondholders will be bound by the terms of the Trust Agreement as amended by the Supplemental Agreement giving effect to the Proposed Amendment, whether or not they deliver Consent Forms.
<b><i>Advisor</i></b>	ING Bank N.V., Manila Branch
<b><i>Joint Lead Associates</i></b>	BDO Capital & Investment Corporation First Metro Investment Corporation
<b><i>Associates</i></b>	BPI Capital Corporation China Banking Corporation The Hongkong and Shanghai Banking Corporation Limited RCBC Capital Corporation SB Capital Investment Corporation Standard Chartered Bank
<b><i>Registrar</i></b>	Philippine Depository & Trust Corp.

## THE BONDS

The terms and conditions of the Bonds are set out in the Trust Agreement and the Prospectus as of March 16, 2009 (the "Prospectus") which was distributed during the offering of the Bonds. Copies of such documents are available for inspection during normal business hours at the offices of the Trustee. Requests for copies of the Trust Agreement may be directed to the Trustee at its address, telephone number or email address set out on page 20 of this Consent Solicitation Statement. The Prospectus may also be downloaded from the Issuer's website at [www.sanmiguelbrewery.com.ph](http://www.sanmiguelbrewery.com.ph).

## THE CONSENT SOLICITATION

### 1. Proposed Amendment

The terms and conditions of the Bonds set out in the Trust Agreement provide that, so long as the Bonds or any portion thereof remains outstanding, the Issuer shall maintain and observe the following financial ratios:

- (i) a minimum current ratio of 1:1; and
- (ii) a maximum debt-to-equity ratio of 3.5:1

For purposes of the foregoing, current ratio means the Issuer's current assets divided by its current liabilities; and debt-to-equity ratio means the Issuer's total indebtedness for borrowed money divided by its total stockholders' equity.

The Issuer intends to retain the maximum debt-to-equity ratio of 3.5:1 and it proposes to replace ONLY the minimum current ratio with a minimum interest coverage ratio of 4.75:1. Interest coverage ratio is defined as:

EBITDA for the Relevant Period

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Interest Expense for the same Relevant Period

The purpose of EBITDA is to understand the earning power of the Issuer after adjusting for non-cash items, such as depreciation and amortization. The EBITDA can provide an estimate to assess the sources of cash to service interest and pay down debt and deleverage the Issuer.

The minimum interest coverage ratio indicates the minimum ratio of earnings before interest, taxes and depreciation to interest expense that must be maintained by the Issuer.

EBITDA means, in respect of any Relevant Period, the net operating income of the Issuer:

- (a) before any provision on account of taxation;
- (b) before any interest, commission, discounts, fees, prepayment penalties or premiums and other finance payments incurred or payable, received or receivable by the Issuer in respect of the Issuer's total indebtedness for borrowed money;
- (c) before any items treated as exceptional or extraordinary items; and
- (d) before any amount attributable to the amortization of intangible assets and depreciation of tangible assets.

Interest Expense means, for any Relevant Period, the aggregate amount of interest, commission, fees, discounts, prepayment penalties or premiums and other finance payments in respect of the Issuer's total indebtedness for borrowed money whether accrued, paid or payable and whether or not capitalized by the Issuer in respect of that Relevant Period:

- (a) including the interest element of leasing and hire purchase payments;

- (b) including any amounts paid, payable or accrued by the Issuer to counterparties under any interest rate hedging instrument; and
- (c) deducting any amounts paid, payable or accrued by counterparties to the Issuer under any interest rate hedging instrument.

The definition of Relevant Period means each period of twelve months ending on the last day of the Issuer's financial year and each period of twelve months ending on the last day of each financial quarter of the Issuer's financial year.

## **2. Purpose of the Consent Solicitation**

The purpose of the Consent Solicitation is to obtain the Required Consents to the Proposed Amendment.

The Required Consents must be obtained to authorize the Issuer and Trustee to enter into the Supplemental Agreement embodying the Proposed Amendment.

## **3. Rationale for the Proposed Amendment**

***More Relevant Ratio.*** Bond investors generally expect that an issuer can meet its maturing obligations through internally generated funds and/or by refinancing or accessing the capital markets. As such, bond investors particularly put great importance on an issuer's debt level and on the stability and predictability of earnings and thus cash flow to meet debt service obligations. In the case of the Issuer, a leverage and coverage ratio is ideal as it will give investors the trend in its financial performance and an indication of its ability to meet financial obligations.

The proposed replacement of the current ratio with an EBITDA/Interest Expense ratio will be more reflective of the Issuer's ability to service its obligations from its operations by showing the extent to which interest is covered by earnings. It is a good complement to the existing leverage ratio, which will be retained.

***Strengthen investor protection covenants.*** The resulting financial covenant package will strengthen investor protection as the leverage and interest coverage ratios effectively limit additional debt unless the Issuer is able to generate enough earnings to service such debt.

***Alignment with Credit Rating Agency Metrics.*** Bond investors usually depend on the independent rating of a bond which indicates the financial strength and the creditworthiness of an issuer. Credit rating agencies generally view the alcoholic beverage industry as a relatively low cyclical, cash flow-generative industry. Cash flows are generally reinvested in the business and/or used to pay down debt or pay dividends to shareholders. Based on the international credit rating agencies' rating criteria, the balance between these considerations is a key rating factor.

Credit rating agencies believe that management's degree of discipline and conservatism in balance sheet management, including approach to acquisitions, debt reduction and shareholder returns, will have an impact on a company's leverage and debt protection ratios and overall financial strength. Credit rating agencies have thus identified credit metrics to measure the foregoing, which generally includes an interest coverage ratio (which reportedly tends to be highly correlated to a company's rating<sup>1</sup>), a leverage ratio and cash flow coverage ratios.

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<sup>1</sup>Global Alcoholic Beverage Rating Methodology, Moody's, September 2009

The proposed interest coverage ratio will thus be consistent with the identified credit metrics used by the credit rating agencies in the assessment of the financial strength of the Issuer.

***Allows for more efficient use of resources.*** In the past two years, the Issuer has kept an average of PHP24 billion in current assets, and in particular, an average of PHP15 billion in cash to support working capital requirements. As the other Bond tranches fall current and are reclassified to form part of the current liabilities, the Issuer will have to maintain sizable cash balances and current assets to comply with the minimum current ratio. While the Issuer expects that it will be able to meet the minimum current ratio through internally-generated funds, pre-funding the maturing obligation<sup>2</sup> and maintaining such significant amount of liquidity will not be an efficient use of the Issuer's resources. As the Issuer has more than 95% of the market and a relatively stable earning capacity, the Issuer generates predictable cash flows to amply service its maturing obligations.

The Issuer's current ratio as of 30 September 2011 is at 1.08:1 and complies with the minimum current ratio requirement under the terms and conditions of the Bonds, notwithstanding that the Series A Bonds maturing in April 2012 have already been reclassified to form part of the Issuer's current liabilities.

Further worth noting is that last October 2011, Philratings reaffirmed the PRS Aaa issue rating of the Bonds. A PRS Aaa-rated debt security is defined as follows: "Obligations rated PRS Aaa are of the highest quality with minimal credit risk. The obligor's capacity to meet its financial commitment on the obligation is extremely strong."

***Consistency of covenants among debt facilities.*** The Issuer is seeking the Proposed Amendment to better align the covenants under the Trust Agreement with the covenants under its long-term US dollar facility agreement.

#### **4. Terms of the Consent Solicitation**

##### **(a) Record Date**

The Record Date for the determination of Bondholders entitled to give Consents and receive the Consent Payments pursuant to this Consent Solicitation is 5:00 p.m. (Philippine time) on December 8, 2011. This Consent Solicitation Statement and the accompanying Consent Form are being sent to all Record Bondholders.

The Issuer reserves the right to establish from time to time any new date as the Record Date and, thereupon, any such new date will be deemed to be the "Record Date" for purposes of this Consent Solicitation. Notice will be provided to the Bondholders in accordance with paragraph 5 below ("Amendments; Public Announcements") if the Record Date is so changed.

##### **(b) Consent Payments**

Subject to the conditions set out under the heading "Conditions to Issuer's Payment Obligations" below, the Issuer shall pay the following Consent Payments no later than the Consent Payment Date:

- (i) a Consent Fee equal to PHP1.25 per PHP1,000 of the principal amount of the Bonds in respect of which a validly executed Consent Form is delivered to the Trustee on or before the Expiration Date (or 0.125% of the principal

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<sup>2</sup>The terms and conditions of the Bonds do not contain a prepayment provision.

amount of such Bonds) shall be paid to the Consenting Bondholder delivering such Consent Form; and

- (ii) in addition to the Consent Fee, an Early Bird Fee equal to PHP1.00 per PHP1,000 of the principal amount of the Bonds in respect of which a validly executed Consent Form is delivered to the Trustee on or before the Early Bird Deadline (or 0.10% of the principal amount of such Bonds) shall be paid to the Consenting Bondholder delivering such Consent Form.

The right to receive a Consent Payment is not transferable with any Bonds. The Issuer will only pay Consent Payments to Record Bondholders who have properly delivered Consent Forms to the Trustee that have been verified by the Registrar and remain in effect at the Expiration Date in accordance with the terms hereof. No other holder of any Bonds will be entitled to receive any Consent Payment.

The Consent Payments will be made through the Record Bondholders' respective settlement banks, consistent with their instructions to the Registrar and Paying Agent for the payment of interest and principal on the Bonds.

The Consent Payments will be computed based on the following formula:

- If the Consent Form is received by the Trustee on or before the Early Bird Deadline:

<p>a) Consent Fee</p> $\frac{\text{Principal amount of Bonds in respect of which the Consent Form is given}}{\text{PHP1,000}} \times \text{PHP1.25}$	x PHP1.25
<p>b) Early Bird Fee</p> $\frac{\text{Principal amount of Bonds in respect of which the Consent Form is given}}{\text{PHP1,000}} \times \text{PHP1.00}$	x PHP1.00

- If the Consent Form is received by the Trustee after the Early Bird Deadline and on or before the Expiration Date:

<p>Consent Fee</p> $\frac{\text{Principal amount of Bonds in respect of which the Consent Form is given}}{\text{PHP1,000}} \times \text{PHP1.25}$	x PHP1.25
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(c) *Procedure for Giving Consents*

Record Bondholders who wish to consent to the Proposed Amendment should complete, sign and date the Consent Form attached hereto as Annex A and deliver the same to the Trustee at the address set forth in the Consent Form, in accordance with the instructions contained herein and therein.

If a Consent Form relates to fewer than all the Bonds or lesser than the principal amount of all the Bonds held of record as of the Record Date by the Record Bondholder executing such

Consent Form, such Record Bondholder must indicate on the Consent Form the aggregate peso amount (in integral multiples of PHP1,000) of such Bonds to which the Consent relates. In the absence of a specified amount or in case the specified amount is higher than the principal amount of the Bonds registered in the Record Bondholder's name in the Register of Bondholders, the Consent Form will be deemed to relate to all Bonds and to the entire principal amount of such Bonds registered in the name of such Record Bondholder as of the Record Date.

**For a Record Bondholder to be eligible to receive the Consent Payments, a Record Bondholder must give his, her or its Consent to the Proposed Amendment by delivering to the Trustee (or procuring the delivery to the Trustee through a Joint Lead Associate or an Associate) a properly completed and executed Consent Form and any other documents required hereunder at the Trustee's address set forth on the Consent Form, on or before the Early Bird Deadline (for entitlement to the Early Bird Fee) or on or before the Expiration Date (for entitlement to the Consent Fee). Delivery of a Consent Form to the Issuer, Advisor, or Registrar shall not be considered valid delivery under this Consent Solicitation Statement, and the Record Bondholder giving such Consent Form shall not be entitled to any Consent Payments.**

Beneficial owners of the Bonds desiring to deliver Consent Forms and whose Bonds are held, as of the Record Date, in the name of a broker, dealer, commercial bank, trust company or other nominee institution, must contact such nominee promptly and instruct such nominee, as the Record Bondholder of such Bonds, to execute and deliver a Consent Form on behalf of such beneficial owner on or prior to the relevant deadlines. Please give sufficient time to allow such person to process your instructions and meet the relevant deadline for delivery of Consent Forms. To ensure timely receipt of your instructions, please check with your broker, dealer, commercial bank, or custodian for clarification as to the processing time required and deliver the appropriate materials well before that time. If such person does not have adequate time to process your instruction, your Consent will not be given effect.

The method of delivery of the documents to the Trustee is at the election and risk of the Bondholder delivering his, her or its Consent. Delivery of such documents will be deemed made only when actually received by the Trustee at the address set forth on the Consent Form. In all cases, sufficient time should be allowed to assure timely delivery. **Thus, while you may choose to have your documents delivered through a Joint Lead Associate or Associate, you must nevertheless ensure that the documents are received by the Trustee before the relevant deadline. Delivery of any Consent Form to a Joint Lead Associate or Associate shall not be considered valid delivery under this Consent Solicitation Statement unless such Consent Form is received by the Trustee on or before the Early Bird Deadline or Expiration Date.**

(d) *Determination of Validity*

The Registrar has the obligation to determine that the person(s) signing the Consent Form were duly authorized to do so based on its records and that such person(s)' signature(s) appearing therein are authentic. In the event of a change in the authorized signatories of any Record Bondholder, such Record Bondholder must ensure that copies, certified by such Record Bondholder's corporate secretary, of the resolutions adopted by such Record Bondholder's board of directors or other appropriate body (or such other documents as the Registrar may reasonably require), together with the relevant specimen signatures of such signatories, are sent to the Trustee's address together with the executed Consent Form.

The Registrar shall notify the Trustee of the results of such determination.

All questions as to the validity, form, eligibility (including time of receipt) and acceptance for payment of any delivered Consent Forms pursuant to any of the procedures described herein and the form and validity (including verification of authorized signatories) of all related documents will be determined by the Trustee, in its sole discretion, which determination will be final and binding. The Trustee reserves the absolute right to reject any or all deliveries of any Consent Forms as it may determine to not be in proper order. A Consent Form will not be deemed to have been validly delivered (for purposes of, among others, the Consent Payments and determination of the Required Consents) until all defects or irregularities in such deliveries of Consents have been cured or waived. Any defect or irregularity in connection with deliveries of Consent Forms must be cured within such time as the Trustee determines, unless waived. None of the Issuer, the Trustee, the Registrar, the Advisor, or any other person will be under any duty to give notification of any defects or irregularities in any deliveries of Consents or will incur any liability for failure to give any such notification.

(e) *Conditions to Issuer's Payment Obligations*

- (i) The Issuer's obligation to pay the Consent Fee to the Consenting Bondholders is subject to the following conditions:
- (1) the receipt by the Trustee of validly executed and delivered Consent Forms evidencing the Required Consents on or before the Expiration Date;
  - (2) the execution and delivery by the Issuer and the Trustee of the Supplemental Agreement;
  - (3) the absence of any law or regulation which would, and the absence of any pending or threatened injunction or other proceeding which (if adversely determined) would, render the Proposed Amendment unlawful or invalid, or enjoin or materially delay the implementation of the Proposed Amendment; and
  - (4) (A) no change (or development involving a prospective change) shall have occurred in or shall have threatened the Issuer's business, properties, assets, liabilities, financial condition, operations, or results of operations, and (B) no change (or development involving a prospective change) shall have occurred in financial markets generally or affecting the Issuer's equity or the Bonds, in each case which, in the Issuer's reasonable judgment, is or may be adverse to the Issuer or has or may have a material adverse effect upon the contemplated benefits to the Issuer of the Proposed Amendment.
- (ii) The Issuer's obligation to pay Record Bondholders the Early Bird Fee is subject to each of the conditions referred to in items (1) through (4) of paragraph 4(e)(i) above, and in addition, to the receipt by the Trustee of validly executed Consent Forms from such Record Bondholders on or before the Early Bird Deadline.
- (iii) If any of the foregoing conditions are not satisfied (or waived by the Issuer) on or prior to the Expiration Date, the Issuer may, in its sole discretion and upon giving notice to the public in accordance with paragraph 5 (*"Amendments; Public Announcements"*) below, allow this Consent Solicitation to lapse or extend the solicitation period and continue soliciting Consents pursuant to this Consent Solicitation. Subject to applicable law, this Consent Solicitation may be abandoned or terminated at any time and for any reason as determined by the Issuer in its sole discretion, in which case, any Consent received prior to such abandonment or termination will be automatically voided.

(f) *Representations and Warranties of Consenting Bondholders*

By delivering a Consent Form pursuant to this Consent Solicitation Statement, a Record Bondholder shall be deemed to acknowledge, represent, warrant and undertake to the Issuer and the Trustee, as of the date such Consent Form is delivered and the Execution Date, that:

- (1) he/she/it has received, reviewed and understood this Consent Solicitation Statement;
- (2) he/she/it has the full power and authority to issue and deliver the Consent Form;
- (3) he/she/it has obtained any and all approvals or consents as may be necessary to execute and deliver the Consent Form to the Trustee; and
- (4) he/she/it understands, acknowledges and agrees to all of the terms and conditions set out in this Consent Solicitation Statement.

(g) *Supplemental Agreement*

Following the Trustee's certification that the Required Consents have been obtained, the Issuer and the Trustee shall, no later than one Business Day from the Trustee's receipt of written notice from the Issuer, execute the Supplemental Agreement embodying the parties' agreement on the Proposed Amendment. The Issuer will make a public announcement of the execution of the Supplemental Agreement via press release at or prior to 5:00 p.m. (Philippine time) of the Execution Date.

The Supplemental Agreement will become effective on the Consent Payment Date.

For the avoidance of doubt, the Issuer reserves the discretion to determine whether or not to execute and deliver the Supplemental Agreement, and the Issuer's receipt of certification by the Trustee that the Required Consents have been obtained will in no event obligate the Issuer to execute the Supplemental Agreement with the Trustee. The Issuer also reserves the discretion to enter into the Supplemental Agreement with the Trustee on any day falling before or after the Expiration Date, for as long as the Required Consents have been obtained.

(h) *Binding Effect on Non-Consenting or Future Bondholders*

From and after the Consent Payment Date, the Proposed Amendment will be conclusive and binding on all Bondholders and all future holders and owners of the Bonds (or of any bonds issued in lieu thereof or in exchange therefor), irrespective of whether or not such Bondholders or future holders and owners have consented to the Proposed Amendment to the Trust Agreement.

**5. Amendments; Public Announcements**

The Issuer may, in its discretion, amend any of the terms and conditions set out in this Consent Solicitation Statement, by giving written notice thereof to the Trustee and making a public announcement thereof by press release on the Business Day next following receipt of such written notice by the Trustee (such press release to be issued not later than 5:00 p.m. (Philippine time) of such following Business Day). Any such amendment shall become effective on the Business Day following the issuance of such press release. Such amendments may include but are not limited to a pretermination or extension of the period during which the Consent Solicitation shall remain open by adjusting either or both the Early Bird Deadline and the Expiration Date to an earlier or later time and date.

If this Consent Solicitation is amended or modified in a manner determined by us to constitute a material change to the Record Bondholders, we may, if appropriate, extend this Consent Solicitation for a period deemed by the Issuer to be adequate to permit the Record Bondholders to deliver their Consents.

The Issuer's interpretation of the terms and conditions of the Consent Solicitation will be final and binding.

## **6. Certain Tax Considerations**

### ***Tax on the Consent Payments***

A Record Bondholder receiving the Consent Payments may be subject to Philippine income tax on the payments received.

Under the Philippine National Internal Revenue Code of 1997, as amended (the "*Tax Code*"), the Consent Payments will, as a rule, form part of the gross income of the Record Bondholder delivering the Consent Form, for purposes of computing the relevant taxable income subject to the following applicable regular income tax rates: (1) variable rates based on net annual taxable income, the highest of which is 32% of net taxable income of individuals that are Philippine citizens, Philippine residents or aliens engaged in trade or business in the Philippines, (2) 25% final withholding tax for non-resident alien individuals not engaged in trade or business within the Philippines, (3) 30% of the net taxable income of domestic corporations and resident foreign corporations, and (4) 30% final withholding tax for non-resident foreign corporations.

### ***Documentary stamp tax***

No documentary stamp tax is imposed in connection with the execution and delivery of the Consent Forms.

*The Issuer*



**SAN MIGUEL BREWERY INC.**  
40 San Miguel Avenue  
Mandaluyong City  
Metro Manila

Requests for assistance or additional copies of this Consent Solicitation Statement and the Consent Form should be directed to the Trustee, the Advisor, the Joint Lead Associates or the Associates at the relevant address, telephone number or email address listed below. Questions concerning the terms of this Consent Solicitation may be directed to the Advisor, the Joint Lead Associates or the Associates at the relevant address, telephone number or email address listed below.

*The Trustee for the Consent Solicitation is:*

**Bank of the Philippine Islands-Asset Management and Trust Group**  
17/F, BPI Building  
Ayala Avenue corner Paseo De Roxas  
Makati City 1226, Philippines  
Attention: The Trust Account Officer - IAM6 (re: SMBI Consent Solicitation)  
Telephone: +632 816-9086  
Email: [bpi.assetmanagement.iam@bpi.com.ph](mailto:bpi.assetmanagement.iam@bpi.com.ph)

*The Advisor for the Consent Solicitation is:*

**ING Bank N.V., Manila Branch**  
20th Floor, Tower One, Ayala Triangle  
Ayala Avenue, Makati City 1226, Philippines  
Attention: Rowena Palmiery-Bayoneta  
Telephone: +632 479-8715  
Email: [rowena.bayoneta@asia.ing.com](mailto:rowena.bayoneta@asia.ing.com)

*The Joint Lead Associates for the Consent Solicitation are:*

**BDO Capital & Investment Corporation**

20th Floor, South Tower  
BDO Corporate Center,  
7899 Makati Avenue  
Makati City, Philippines

Attention:

Noemi T. Villanueva  
Telephone: +632 878-4126 and  
+632 840-7000 local 33165  
Email: [villanueva.noemi@bdo.com.ph](mailto:villanueva.noemi@bdo.com.ph)

Aiban Nina A. Apolinario  
Telephone: +632 840-7000 local 32384  
Email: [apolinario.aiban@bdo.com.ph](mailto:apolinario.aiban@bdo.com.ph)

**First Metro Investment Corporation**

45th Floor GT Tower International  
6813 Ayala Avenue  
Corner H.V. dela Costa St.  
1227 Makati City, Philippines  
Attention: John Wesley M. Peralta  
Telephone: +632 858-7936

Email: [john.wesley.peralta@firstmetro.com.ph](mailto:john.wesley.peralta@firstmetro.com.ph)

*The Associates for the Consent Solicitation are:*

**BPI Capital Corporation**

8th floor BPI Building, Ayala Ave.  
Corner Paseo de Roxas, Makati City 1226  
Philippines  
Attention: Barbara C. Untalan  
Telephone: +632 816-9491  
Email: [bcuntalan@bpi.com.ph](mailto:bcuntalan@bpi.com.ph)

**China Banking Corporation**

CBC Building, Paseo de Roxas cor. Villar  
Makati City, Philippines  
Attention: Rhodora Zamora Canto  
Telephone: +632 885-5526  
Email: [rzcanto@chinabank.ph](mailto:rzcanto@chinabank.ph)

**The Hongkong and Shanghai Banking Corporation Limited**

6th Floor HSBC Centre  
3058 Fifth Avenue West  
Bonifacio Global City, Taguig City 1634  
Philippines

Attention: Maria Corazon D. Purisima  
Telephone: +632 836-7425  
Email: [corriepurisima@hsbc.com.ph](mailto:corriepurisima@hsbc.com.ph)

**RCBC Capital Corporation**

7th Floor Yuchengco Tower, RCBC Plaza  
6819 Ayala Ave cor. Sen Gil Puyat Ave.  
Makati City, Philippines

Attention:

Rey Jose Q. Bumanglag  
Telephone: +632 894-9000 local 2212  
Email: [rjqbumanglag@rcbc.com](mailto:rjqbumanglag@rcbc.com)

Natalie J. Collado  
Telephone: +632 894-9000 local 2213  
Email: [mnjcollado@rcbc.com](mailto:mnjcollado@rcbc.com)

Xavier Y. Zialcita  
Telephone: +632 894-9000 local 2206  
Email: [xyzialcita@rcbc.com](mailto:xyzialcita@rcbc.com)

**SB Capital Investment Corporation**

18<sup>th</sup> Floor Security Bank Centre  
6776 Ayala Avenue, Makati City  
Philippines

Attention: Marvin S. Matias  
Telephone: + 632 888-7353  
Email: [mmatias@securitybank.com.ph](mailto:mmatias@securitybank.com.ph)

**Standard Chartered Bank**

8/F Standard Chartered Bank Building  
6788 Ayala Avenue, Makati City 1226  
Philippines

Attention: Erwein John Catoto  
Telephone: +632 878- 2967  
Email: [Erwein-John.Catoto@sc.com](mailto:Erwein-John.Catoto@sc.com)

*The Registrar for the Consent Solicitation is:*

**PHILIPPINE DEPOSITORY & TRUST CORP.**

37<sup>th</sup> Floor, Tower 1, The Enterprise Center  
6766 Ayala Avenue corner Paseo de Roxas  
Makati City, Philippines

Attention: Ma. Annabelle M. Bautista  
Telephone: +632 884 4409

*The Issuer's Legal Counsel for the Consent Solicitation is:*

**PICAZO BUYCO TAN FIDER AND SANTOS**

18<sup>th</sup>, 19<sup>th</sup> and 17<sup>th</sup> Floors Liberty Center  
104 H.V. Dela Costa Street  
Salcedo Village, Makati City, Philippines

*The Advisor's Legal Counsel for the Consent Solicitation is:*

**SYCIP SALAZAR HERNANDEZ & GATMAITAN**

SyCipLaw Center  
105 Paseo de Roxas  
1226 Makati City, Philippines

To: Bank of the Philippine Islands – Asset Management and Trust Group as Trustee  
17/F, BPI Building  
Ayala Avenue corner Paseo De Roxas, Makati City 1226  
Philippines

Attention: The Trust Account Officer - IAM6 (re: SMBI Consent Solicitation)

From: \_\_\_\_\_  
as Record Bondholder

Date: \_\_\_\_\_

Dear Sirs:

**SAN MIGUEL BREWERY INC.**  
**Consent to the Proposed Amendment**  
**to the Trust Agreement (the “Trust Agreement”) dated March 16, 2009**  
**Governing the 8.250% Series A Bonds due 2012, 8.875% Series B Bonds due 2014**  
**and 10.500% Series C Bonds due 2019**

This is a Consent Form as contemplated by the Consent Solicitation Statement dated December 26, 2011 and issued by San Miguel Brewery Inc. in connection with a proposed amendment to the Trust Agreement. Unless otherwise specifically defined in this Consent Form, capitalized terms used herein have the same meanings given to them in the Consent Solicitation Statement.

The undersigned Record Bondholder hereby gives his, her or its irrevocable consent to the Proposed Amendment, and agrees that Section 7.1(k) of the Trust Agreement, which as of the date of the Consent Solicitation Statement reads as follows:

**“The Issuer hereby covenants and agrees that, for as long as the Bonds or any portion thereof are outstanding, the Issuer shall:...**

**(k) maintain and observe the following financial ratios:**

- (i) a minimum current ratio of 1:1; and**
- (ii) a maximum debt-to-equity ratio of 3.5:1.**

**For purposes hereof, current ratio shall mean the Issuer’s current assets divided by its current liabilities; and debt-to-equity ratio shall mean the Issuer’s total indebtedness for borrowed money divided by its total stockholders’ equity.”**

shall, effective as of the Consent Payment Date, be amended to read as follows (deletions are stricken through and new language is italicized and underscored):

**“The Issuer hereby covenants and agrees that, for as long as the Bonds or any portion thereof are outstanding, the Issuer shall:...**

**(k) maintain and observe the following financial ratios:**

- (i) a ~~minimum current ratio of 1:1~~ minimum interest coverage ratio of 4.75:1; and
- (ii) a maximum debt-to-equity ratio of 3.5:1.

For purposes hereof, ~~current ratio shall mean the Issuer's current assets divided by its current liabilities~~

(A) interest coverage ratio means the Issuer's EBITDA for the Relevant Period divided by its total Interest Expense for the same Relevant Period, where:

(1) EBITDA means, in respect of any Relevant Period, the net operating income of the Issuer:

- (a) before any provision on account of taxation;
- (b) before any interest, commission, discounts, fees, prepayment penalties or premiums and other finance payments incurred or payable, received or receivable by the Issuer in respect of the Issuer's total indebtedness for borrowed money;
- (c) before any items treated as exceptional or extraordinary items; and
- (d) before any amount attributable to the amortization of intangible assets and depreciation of tangible assets;

(2) Interest Expense means, for any Relevant Period, the aggregate amount of interest, commission, fees, discounts, prepayment penalties or premiums and other finance payments in respect of the Issuer's total indebtedness for borrowed money whether accrued, paid or payable and whether or not capitalized by the Issuer in respect of that Relevant Period:

- (a) including the interest element of leasing and hire purchase payments;
- (b) including any amounts paid, payable or accrued by the Issuer to counterparties under any interest rate hedging instrument; and
- (c) deducting any amounts paid, payable or accrued by counterparties to the Issuer under any interest rate hedging instrument; and

(3) Relevant Period means each period of twelve months ending on the last day of the Issuer's financial year and each period of twelve months ending on the last day of each quarter of the Issuer's financial year; and

**(B) debt-to-equity ratio ~~shall~~ means the Issuer's total indebtedness for borrowed money divided by its total stockholders' equity."**

Accordingly, the undersigned Record Bondholder irrevocably authorizes the Issuer and the Trustee to implement the Proposed Amendment and enter into the Supplemental Agreement.

In consideration of it irrevocably giving the foregoing Consent, the undersigned Record Bondholder hereby accepts the offer of the Issuer of a Consent Fee of PHP1.25 per PHP1,000 of the principal amount of the Bonds covered by this Consent Form (subject to valid delivery to the Trustee of this Consent Form on or before the Expiration Date), and an additional Early Bird Fee of PHP1.00 per PHP1,000 of the principal amount of the Bonds covered by this Consent Form (subject to valid delivery to the Trustee of this Consent Form on or before the Early Bird Deadline):

<b>Registry Account Number</b>	
<b>Principal Amount of Bonds Covered by this Consent Form</b>	

Further, the undersigned Record Bondholder confirms that he, she or it has read and understood the provisions of the Consent Solicitation Statement, and acknowledges that by his, her or its execution and delivery of this Consent Form to the Trustee, he, she or it irrevocably and unconditionally agrees to be bound by and adhere to all of the terms and conditions set out in the Consent Solicitation Statement, including, without limitation, the proviso that the Issuer's undertaking to pay the Consent Payments is subject to the fulfillment of the conditions set out in paragraph 4(e) of the Consent Solicitation Statement ("*Conditions to Issuer's Payment Obligations*"), including but not limited to the following: (1) the Trustee's receipt of validly executed and delivered Consent Forms from Record Bondholders on or before the Early Bird Deadline (in the case of the Early Bird Fee) and on or before the Expiration Date (in the case of the Consent Fee), and (2) the Trustee's receipt of validly executed and delivered Consent Forms from Record Bondholders representing at least 51% of the aggregate principal amount of the Bonds on or before the Expiration Date.

The undersigned Bondholder hereby makes the representations and warranties set out in paragraph 4(f) of the Consent Solicitation Statement ("*Representations and Warranties of Consenting Bondholders*").

This Consent Form shall be governed by and construed in accordance with Philippine law.

Sincerely,

<i>Signature Block for Record Bondholders who are natural persons:</i>	<hr/> <p>Name of Record Bondholder:</p> <hr/> <p>Name of Record Bondholder:</p>
<i>Signature Block for Record Bondholders which are juridical entities (e.g., corporations or partnerships) or other entities</i>	<hr/> <p>Name of Record Bondholder:</p> <p>By:</p> <hr/> <p>Position:</p> <hr/> <p>Position:</p>

**IMPORTANT NOTE TO RECORD BONDHOLDER:** In the event of a change in the authorized signatories of any Record Bondholder, such Record Bondholder must ensure that copies, certified by such Record Bondholder's corporate secretary, of the resolutions adopted by such Record Bondholder's board of directors or other appropriate body (or such other documents as the Registrar may reasonably require), together with the relevant specimen signatures of such signatories, are sent to the Trustee's address together with this executed Consent Form.