

## PRESS RELEASE

# **PCGG FILES MOTION WITH SC SEEKING TO RECOVER PHP17.65B WORTH OF SMC SHARES**

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The new Presidential Commission on Good Government (PCGG) through the Office of the Solicitor General (OSG) filed a motion with the Supreme Court on June 27, 2011, seeking to compel San Miguel Corporation (SMC) to deliver to the government PhP17.65 Billion worth of SMC shares pursuant to a final and executory Supreme Court Resolution.

PCGG contends in its motion that these sequestered shares, estimated to represent 4% of the outstanding capital stock of SMC, were unlawfully converted from common shares to treasury shares pursuant to an aborted sale in 1986.

These shares are separate and distinct from the 20% holdings being contested by the Republic and Ambassador Eduardo Cojuangco.

### **History**

On March 26, 1986, one month after the EDSA People Power Revolution, the Coconut Industry Fund Holding Companies through the United Coconut Planters Bank (the "UCPB Group") which owned 31% of the total stock of SMC, sought to sell 33,133,266 SMC shares to Andres Soriano III, Neptunia Corporation Limited, and Anscor-Hagedorn Securities, Inc. (the "SMC Group") for a total purchase price of PhP3,313,326,600.00 (at PhP100 per share) payable in 4 installments. These shares are generally referred to as the "CIIF Block." (These shares, by 1989, had increased from 33,133,266 shares to 175,274,960 shares owing to the declaration and issuance of stock dividends.)

Shortly after the first installment of PhP500 Million was paid by the SMC Group, the PCGG sequestered the CIIF Block of shares. As a consequence of the sequestration, the SMC Group withheld further payments and the shares went into litigation.

In 1990, the SMC and UCPB Groups entered into a compromise agreement where they agreed to treat the initial downpayment of PhP500 Million as full payment for a block of 5 million shares. The 5 million shares had, by then, increased to 26,450,000 shares as a result of the issuance of stock dividends.

The SMC and UCPB Groups filed a petition with the Sandiganbayan for the approval of their compromise agreement. The OSG opposed the compromise agreement on the ground that the compromise involved coconut levy funds—which are prima facie public funds in character, and therefore, beyond the disposition of private individuals. The Sandiganbayan did not approve the compromise agreement.

In a series of Resolutions dated July 23, 1991, October 25, 1991 and March 18, 1992, the Sandiganbayan ordered SMC to deliver to PCGG the 26,450,000 shares, including all cash and stock dividends which had accrued to said shares. These Sandiganbayan resolutions became final and executory after the Supreme Court dismissed the petition of SMC on September 14, 2000 and affirmed the said rulings.

In September 2003, the PCCG, through then Chairperson Haydee Yorac, sent a letter to SMC demanding compliance with the Supreme Court and Sandiganbayan resolutions directing the delivery of the shares to PCGG, as well as the cash and stock dividends that would have accrued had the shares not been converted to treasury shares. SMC refused to comply with the Yorac demand.

On the basis of SMC's refusal to comply with a lawful, final and executory ruling of the court, the PCGG and OSG filed a motion with the Supreme Court to compel delivery of said shares to the government.

Taking into consideration stock and cash dividends issued on other shares, and at the present publicly traded rate of Php120 per share, the subject SMC shares is estimated to be worth PhP17.65 Billion. (This estimate does not factor in the cash dividends that would have been owing to the Republic, if the shares were not converted into treasury shares.)

“We are merely seeking to implement a final and executory Decision of the Supreme Court and the Sandiganbayan, thus we are confident of obtaining affirmative relief,” PCGG Chairman Andres Bautista said. “In doing so, we are upholding the rule of law and protecting the integrity of our court processes. The Court decided this matter a long time ago. It's about time that the Republic gets back what rightfully belongs to it—in trust for the Filipino coconut farmer.”