



CIRCULAR FOR BROKERS No. 0231-2003

Philippine Stock Exchange, Inc.

<input checked="" type="checkbox"/>	Disclosures	<input type="checkbox"/>	Stockholders' Meeting	Others: _____
<input type="checkbox"/>	Dividend Notice	<input type="checkbox"/>	SEC / Gov't. Issuance	_____
<input type="checkbox"/>	Stock Rights Notice	<input type="checkbox"/>	Transfer Agent's Notice	_____

Date : **January 29, 2003**
 Company : **VICTORIAS MILLING COMPANY, INC.**

This is in reference to Circular for Brokers No. 2689-2002 dated October 14, 2002 pertaining to the approval by the Securities and Exchange Commission ("SEC") of the amendments to the Articles of Incorporation of Victorias Milling Company, Inc. ("VMC" or the "Company"). This was in regard to the Original Rehabilitation Plan, the First Addendum to the Rehabilitation Plan dated February 5, 1999, the Second Amendment to the Rehabilitation Plan dated July 22, 1999 and the Alternative Rehabilitation Plan.

In relation thereto, the Company, provided the Exchange the following additional information on the salient features of VMC's Rehabilitation Plan:

"x x x

Pursuant to the SEC Orders, VMC filed its application with the SEC for the amendment to its articles of incorporation for the decrease and increase of its capital stock, the certificates, for which, were issued by the SEC on 02 October 2002. In accordance with the approved Rehabilitation Plan, the authorized capital stock of VMC has been reduced initially from Two Billion Seven Hundred Million Pesos (P2,700,000,000.00) divided into Two Hundred Seventy Million (270,000,000) shares with par value of Ten Pesos (P10.00) per share to Four Hundred Ninety Five Million Nine Hundred Fifty Seven Thousand Six Hundred Seventy Pesos (P495,957,670.00) divided into One Hundred Seventy Million Four Hundred Thirty Two Thousand One Hundred Eighty Nine (170,432,189) shares, with a par value of Two & 91/100 (P2.91) per share.

	Before Decrease	After Decrease
Authorized Capital Stock	P2,700,000,000.00	P495,957,670.00
Issued and Outstanding Shares	170,432,189	170,432,189
Listed Shares	170,432,189	170,432,189
Par Value	P10.00	P2.91

Finance / Admin / Membership Tel. No. 634-5112	Compliance & Surveillance Grp. Tel. No. 634-6903	Listings & Disclosure Grp. Tel. No. 636-0122	COO / Automated Trading Grp. Tel. No. 633-1311	Business Dev't Group Tel. No. 634-5089	CEO / Legal Tel. No. 637-8805
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The par value of the share of stock of VMC was then further reduced from Two & 91/100 Pesos (P2.91) to One Peso (P1.00) per share, and simultaneously, thereto, the subscribed capital stock of VMC was increased from One Hundred Seventy Million Four Hundred Thirty Two Thousand One Hundred Eighty Nine Pesos (P 170,432,189.00) divided into One Hundred Seventy Million Four Hundred Thirty Two Thousand One Hundred Eighty Nine (170,432,189) shares at One Peso (P1.00) per share to Four Hundred Ninety Five Million Nine Hundred Fifty Seven Thousand Six Hundred Seventy Pesos (P495,957,670.00) divided into Four Hundred Ninety Five Million Nine Hundred Fifty Seven Thousand Six Hundred Seventy (495,957,670) shares at par value of One Peso (P1.00) per share through a stock split.

	Before Decrease	After Decrease
Authorized Capital Stock	P495,957,670.00	P495,957,670.00
Issued and Outstanding Shares	170,432,189	495,957,670
Listed Shares	170,432,189	495,957,670
Par Value	P2.91	P1.00

Thereafter, VMC's authorized capital stock was increased from Four Hundred Ninety Five Million Nine Hundred Fifty Seven Thousand Six Hundred Seventy Pesos (P495,957,670.00) divided into Four Hundred Ninety Five Million Nine Hundred Fifty Seven Thousand Six Hundred Seventy (495,957,670) shares at a par value of One Peso (P1.00) per share to Two Billion Five Hundred Sixty Three Million Thirty Five Thousand Seven Hundred Eight Pesos (P2,563,035,708.00) divided into Two Billion Five Hundred Sixty Three Million Thirty Five Thousand Seven Hundred Eight (2,563,035,708) shares of common stock at the par value of One Peso (P1.00) per share.

	Before Increase	After Increase
Authorized Capital Stock	P495,957,670.00	P2,563,035,708.00
Issued and Outstanding Shares	495,957,670	495,957,670
Listed Shares	495,957,670	495,957,670
Par Value	P1.00	P1.00

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P h i l i p p i n e S t o c k E x c h a n g e , I n c .

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Thereafter, the issued and outstanding shares increased due to the conversion to equity equivalent to ₱1.1 Billion or 1,100,000,000 shares at ₱1.00 par, thus:

	Before Increase	After Increase
Authorized Capital Stock	₱2,563,035,708.00	₱2,563,035,708.00
Issued and Outstanding Shares	495,957,670	1,595,957,670
Listed Shares	495,957,670	1,595,957,670
Par Value	₱1.00	₱1.00

x x x"

Attached are copies of supplementary information that the Company provided relative to the Rehabilitation Plan.

The Exchange shall inform the Trading Participants and the investing public of further developments on the matter.

For your information.

(Original Signed)
JOSE G. CERVANTES
Senior Vice President

Finance / Admin / Membership	Compliance & Surveillance Grp.	Listings & Disclosure Grp.	COO / Automated Trading Grp.	Business Dev't Group	CEO / Legal
Tel. No. 634-5112	Tel. No. 634-6903	Tel. No. 636-0122	Tel. No. 633-1311	Tel. No. 634-5089	Tel. No. 637-8805

The increase in the issued and outstanding shares is due to the conversion to equity equivalent to P1.1 billion or 1,100,000,000 shares at P1.00 par value per share.

Before the equity conversion the top 20 stockholders are shown below:

Top	Name	Total Shares P10.00 PV	Percentage	
			Before	After
1	Miguel J. Ossorio Pension Foundation, Inc.	58,465,003	34.30	10.66
2	PCD Nominee Corp	20,029,027	11.75	3.65
3	FEBTC TA #401-00012	9,402,190	5.52	1.71
4	First Integrated Capital Sec. (501700)	3,536,360	2.07	0.64
5	North Negros Marketing Co., Inc.	2,496,034	2.05	0.46
6	PCD Nominee Corp	3,029,553	1.78	0.55
7	First Integrated Capital Sec. Inc.	2,973,900	1.74	0.54
8	FEBTC A/C #341-00048	1,763,956	1.03	0.32
9	Liberty Trading/Navigation Co.	1,639,993	0.96	0.30
10	ALRAC INC	1,579,004	0.92	0.29
11	Home Development Mutual Fund	1,446,000	0.88	0.26
12	FEBTC TA #401-0008	1,429,550	0.84	0.26
13	Victorias Insurance Factors Corp.	1,187,964	0.69	0.22
14	Makati Supermarket Corp	1,081,434	0.63	0.20
15	FEBTC A/C #341-00094	988,470	0.58	0.18
16	Asian Finance & Investment Corp. Limited	926,400	0.54	0.17
17	PNB Securities, Inc	889,100	0.52	0.16
18	J F Phil Fund Inc. by FEBTC (Trustee)	821,400	0.48	0.15
19	Nelson W. Seneron	801,000	0.47	0.15
20	Reicon Agricultural Enterprises Inc.	731,040	0.43	0.13

Changes (if any) in percentage holdings of the existing shareholders of the Company.

One of the debt reduction measure of the Approved Rehabilitation Plan, the creditor banks enumerated below, shall convert into equity One Billion One Hundred Pesos P1,100,000,000.00) of the outstanding loan obligation of VMC.

VICTORIAS MILLING COMPANY, INC.
SCHEDULE OF EQUITY CONVERSION

NO.	BANKS	EQUITY CONVERSION (at P1.00 par value)	SHARE (%)
1	AB CAPITAL AND INVESTMENT CORPORATION - TRUST AND INVESTMENT DIVISION	17,224,531	1.08
2	ALL ASIA CAPITAL AND TRUST COMPANY	1,812,345	0.11
3	AUSTRALIA AND NEW ZEALAND BANKING GRP. LTD.	68,201,941	4.27
4	ASIAN BANK / GLOBAL BANK	15,286,084	0.96
5	ASIATRUST DEVELOPMENT BANK	12,735,166	0.80
6	BANK OF COMMERCE	5,219,555	0.33
7	BANQUE NATIONALE DE PARIS	60,212,733	3.77
8	BANK OF THE PHILIPPINE ISLANDS	5,658,157	0.35
9	CHINA BANKING CORPORATION	19,392,096	1.22
10	CITIBANK, N.A.	79,923,801	5.01
11	DEVELOPMENT BANK OF THE PHILIPPINES	63,156,613	3.96
12	DEUTSCHE BANK, A.G.	60,212,733	3.77
13	EAST ASIA (AEA) CAPITAL CORPORATION	4,449,670	0.28
14	EAST WEST BANKING CORPORATION	91,848,503	5.76
15	HONG KONG SHANGHAI BANKING CORP.	24,085,093	1.51
16	IVI CAPITAL	290,837	0.02
17	LAND BANK OF THE PHILIPPINES	75,633,268	4.74
18	METROPOLITAN BANK AND TRUST COMPANY	56,925,725	3.57
19	MULTINATIONAL INVESTMENT BANCORPORATION	1,190,762	0.07
20	PHILIPPINE COMMERCIAL CAPITAL, INC.	5,584,675	0.35
21	EQUITABLE PCI BANK	36,888,836	2.31
22	FIRST E-BANK CORPORATION	1,812,345	0.11
23	PENTA CAPITAL INVESTMENT CORPORATION.	10,439,110	0.65
24	PHILIPPINE VETERANS BANK	18,268,442	1.14
25	PHILBANK / GLOBAL BANK	52,172,787	3.27
26	PHILIPPINE NATIONAL BANK	161,978,996	10.15
27	PHILIPPINE SAVINGS BANK	43,821,503	2.75
28	SECURITY BANK CORPORATION	45,427,294	2.85
29	UNITED COCONUT PLANTERS BANK	33,722,484	2.11
30	EXPORT AND INDUSTRY BANK	26,423,915	1.66
TOTAL EQUITY CONVERSION		1,100,000,000	68.92
EXISTING STOCKHOLDERS		495,957,670	31.08
TOTAL (Paid-Up Capital)		1,595,957,670	100.00

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Procedure(s) for the disposition of old stock certificates to new stock certificates reflecting the new par value and authorized capital stock of the company.

The existing VMC shares with a par value of P10.00 per share will be replaced upon surrender of the old stock certificates, such number of shares of VMC equivalent to the present shares multiplied by two and 91/100 (2.91) shares of the par value of P1.00 per share as a consequence of the reductions in the par value and the stock split.

Timetable of activities in the implementation of the Rehabilitation Plan.

Date	
December 12, 2001	Approval of the Debt Restructuring agreement by the majority of the creditor banks
October 2, 2002	SEC approval of the amendment of VMC Article of Incorporation for the decrease and increase of its capital stock.
December 16, 2002	Special Stockholders' Meeting Election of the Board of Directors Approval of the Quasi Reorganization
120 days after the 1 st meeting of the Board	P300 million Capital infusion

VICTORIAS MILLING COMPANY, INC.

TABLE 1

ACCOUNT TITLE	BEFORE		ADJUSTMENTS		AFTER	
	DR	CR	DR	CR	DR	CR
Capital Stock: Issued @ Outstanding par P10.00 Outstanding par P1.00		1,704,321,890	1,208,364,220	495,957,670 1,100,000,000		1,595,957,670
			Sub-total	1,595,957,670		
Long Term Debt		8,185,983,370	1,100,000,000			7,085,983,370
Additional Paid in Capital		143,892,766	143,892,766			-
Revaluation Increment		3,844,851,037	3,844,851,037			-
Retained Earnings (deficit)	7,618,380,969			5,197,108,023	2,421,272,946	
TOTAL	7,618,380,969	13,879,049,063	6,297,108,023	8,389,023,363	2,421,272,946	8,681,941,040

THE EXCHANGE DOES NOT WARRANT AND HOLDS NO RESPONSIBILITY FOR THE VERACITY OF THE FACTS AND REPRESENTATION CONTAINED IN THIS LETTER. THE LETTER IS DISSEMINATED SOLELY FOR PURPOSES OF INFORMATION.

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