



CIRCULAR FOR BROKERS No. 3310-2002

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	_____

Posted December 18, 2002

Date : **December 18, 2002**
 Subject : **VICTORIAS MILLING COMPANY, INC.**

This is in reference to the news article entitled "SC suspends deadline for VMC stockholders to surrender stocks" published in the December 5, 2002 issue of the BusinessWorld. The article reported that "The rehabilitation of Victorias Milling Co., Inc. (VMC) faces a slight setback, as the Supreme Court First Division issued an order to suspend the deadline for the stockholders to surrender their old stock certificates. In compliance with the High Tribunal's decision, the Securities and Exchange Commission (SEC) suspended the Dec. 2 deadline set for VMC shareholders to surrender their old stock certificates. The Supreme Court issued the order, while it is considering the urgent motion for issuance of temporary restraining order filed by the present VMC management against the SEC-appointed VMC management committee (mancom) last November. The VMC petitioners complained the mancom members and its appointed chief operating officer Arthur Aguilar violated the rights of stockholders. They questioned the SEC decision to allow VMC to increase and decrease its capital stock, even if two-thirds of the stockholders and the VMC board of directors did not approve it. x x x"

Victorias Milling Company, Inc., in a letter to the Exchange dated December 17, 2002, stated that:

"x x x

We confirm that in its Order dated 29 November 2002, the Securities and Exchange Commission (SEC) suspended the 2 December 2002 deadline fixed by Victorias Milling Company, Inc. (VMC) for the surrender of the old stock certificates of VMC stockholders. Said suspension order was in compliance with the order of the First Division of the Supreme Court in G.R. No. 153580, entitled 'Victorias Milling Co., Inc. et al. vs. Management Committee of Victorias Milling Co., Inc. et at.', which thus reads

'x x x. Considering the urgent motion dated November 12, 2002 of the petitioners for the issuance of a temporary restraining order, the Court Resolves to:

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- (a) require the respondents to COMMENT thereon within ten (10) days from receipt notice hereof; and
- (b) meanwhile DIRECT the Securities and Exchange Commission to SUSPEND the December 2, 2002 deadline to surrender old stock certificates, until further orders from this Court.'

Accordingly, the SEC issued its Order of the same date, which reads as follows:

'In compliance to the resolution of the First Division of the Supreme Court dated 29 November 2002, in *Re: Victorias Milling Co., Inc. et al., Petitioners, vs. Management Committee of Victorias Milling Co., Inc., et al., Respondents*, G.R. No. 153580, which we quote:

- '(a) x x x
- (b) meanwhile **DIRECT** the Securities and Exchange Commission to SUSPEND the December 2, 2002 deadline to surrender old stocks certificates, until further orders from this Court.'

the December 2, 2002 deadline set for the surrender of old stock certificates to VMC by VMC stockholders to comply (said deadline being the end of sixty (60) days from the approval by the Commission of its application for Increase/Decrease in Capital Stock) is being deemed **SUSPENDED**.

'SO ORDERED.

'Mandaluyong City, Metro Manila.

'November 29, 2002.'

The article misleadingly describes the issuance of the Supreme Court resolution and SEC order as a 'slight setback' since what is actually being suspended by the aforementioned resolution and order is the deadline for the surrender of old stock certificates in exchange for new stock certificates

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which would reflect the resulting shares and par value thereof pursuant to the changes in the capital stock of VMC approved by the SEC on 2 October 2002. The setting of 2 December 2002 as deadline for the surrender of the old certificates in exchange for new certificates was merely for administratively purposes, and to facilitate any future transactions by the stockholders involving the shares. With the order of suspension, the deadline set earlier by the VMC Mancom for VMC stockholders to surrender their old stock certificates was not only suspended, but also indefinitely extended.

Moreover, the present management of VMC is being undertaken by the VMC Mancom through its duly designated Chief Operating Officer, Mr. Arthur N. Aguilar, pursuant to its mandate under SEC Order dated 28 August 1997 in SEC Case No. 07-97-5693.

Please note that neither the Supreme Court resolution nor the SEC order specifically enjoin or annul any other aspect of the implementation of the rehabilitation plan for VMC, including the changes in the existing VMC stockholders' shares pursuant to the decrease and increase of VMC's capital stock, which was already effected as of 2 October 2002 in the books of the Corporation.

x x x"

For your information.

(Original Signed)
TRISHA M. ZAMESA
Head, Disclosure Department

Noted by:

(Original Signed)
JOSE G. CERVANTES
Senior Vice President

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