



## **PETRON CORPORATION**

### **Shareholders' Information Guide**

This information guide was prepared for the benefit of Petron shareholders. It provides answers to the most common questions asked by shareholders. It aims to give shareholders a basic understanding on the trading and transfer of ownership of shares. It also outlines the appropriate course of action regarding certain specific concerns about shareholdings.

#### **Questions regarding investment in Petron shares**

##### **What is a stock transfer agent?**

The stock transfer agent is a registered company that is retained by Petron Corporation to maintain and manage the stock and transfer book of the company. As such, it is responsible for recording the shares ownership of Petron's stockholders and effecting the changes in ownership of the shares by cancelling stock certificates for shares sold by the stockholder and issuing stock certificates for shares of stock bought by the new owner. The transfer agent also handles the preparation and delivery of notices and dividend payments to the stockholders. The stock transfer agent of Petron is Stock Transfer Service, Inc.. Its office is located at the 8F Phinma Plaza, 39 Plaza Drive, Rockwell Center, Makati City. They can be contacted thru telephone number 898-7555 and fax number 898-7597.

##### **Where are Petron shares of stock traded?**

Petron Corporation is a publicly-listed company. Its shares of stock are traded at the Philippine Stock Exchange (PSE). Trading is done from Monday to Friday except on holidays from 9:00 a.m. to 12 noon. PSE has two main trading floors. One is located at Tower 1 Exchange Plaza, Ayala Avenue cor. Paseo de Roxas, Makati City Ayala Triangle Tower and another at the PSE Centre, Textite Towers, Exchange Road, Ortigas Center, Pasig City. To facilitate trading outside Metro Manila, the PSE established off-floor terminals in some areas in Visayas, Mindanao and Luzon. The following are the areas and stock brokers which operate off-floor terminals outside Metro Manila:

##### ***ATR-Kim Eng Securities Inc.***

Rm. 206 Cebu Holdings Center, Cebu Business Park, Cebu City  
Tel. No. 032-231-1324  
Fax No. 032-232-1282  
Contact Person: Cheryl Lim

Door #7 MT Aquino Building, JP Cabaguio Ave., Davao City  
Tel. No. 082-224-2860 to 61  
Fax No. 082-224-2863  
Contact Person: Miguel Aquino

***Abacus Securities Corporation***

5/F First Abacus Financial Center  
Samar Loop cor. Panay Road, Cebu Business Park, Cebu City  
Tel. No. 032-254-4938  
Fax No. 032-254-4936  
Contact Person: Jack T. Huang

GB Cam Building, Monteverde St. Davao City  
Tel. No. 082-224-0970  
Fax No. 082-224-0972  
Contact Person: Solomon P. Lina

***Angping & Associates Securities, Inc.***

G/F Gloretta Building  
Tindalo Ave. Bacolod City

***R. Coyiuto Securities, Inc.***

96 Laperal Bldg., Session Rd., Baguio City  
Tel. No. 074-442-4736  
Fax. No. 072-442-2465  
Contact Person: Eduardo Pollarco

***Regina Capital Development Corp.***

2/F B&C Square Building, Iznart St., Iloilo City  
Tel. No. 033-337-4096, 033-336-8140  
Fax No. 033-337-4096  
Contact Person: Joseph Kuan Ken

J.R. Borja Pabayo St., Cagayan de Oro City  
Tel. No. 088-227-2161-67  
Contact Person: Abigail Lai

Unit 401 De Leon Bldg., Session Rd., Baguio City  
Tel No. 074-446-9338  
Contact Person: Rowena C. Tabanda

**How can I buy additional shares or sell my shares?**

An investor wishing to buy or sell Petron shares may do so through a stockbroker licensed by the PSE. For queries, the PSE may be reached through its telephone number 688-7600 and more information may be gathered via its website

[www.pse.com.ph](http://www.pse.com.ph). Authorized stockbroker guide prospective clients through the intricacies of the stock market and inform them of various requirements needed to open trading accounts. Shares for trading are lodged by brokers with the Philippine Depository and Trust Corporation (PDTC) which in turn forwards the stock certificates to the transfer agent for verification and clearing. Buying stockholders have the option of maintaining shares ownership in scripless or certificated formats.

Depending on the price of the stocks, PSE sets a minimum number of shares (board lot) that an individual can buy. For Petron the board lot is 1,000 shares.

### **Where can I see the closing price of Petron shares at the end of the trading day?**

The closing price is posted at Petron's website-[www.petron.com](http://www.petron.com). This can also be found in most broadsheet newspapers.

### **What are the fees and charges involved in a trade?**

#### **For a buy transaction:**

- the stockbroker charges a commission of 0.25% to 1.5% of the gross value of the transaction plus 12% VAT
- clearing fee of .0001% of the gross proceeds
- 1/200 of 1% of the value of the stock for PSE transaction fee
- cost of the new stock certificate of P100.00 plus 12% VAT
- cost of the Documentary Stamp Tax which amounts to P1.00 for every P200.00 or fractional part thereof, on the par value of the stock. In the case of Petron, the par value is P1.00 per share.

#### **For a sell transaction**

- the stockbroker charges a commission of 0.25% to 1.5% of the gross value of the transaction plus 12% VAT
- clearing fee of .0001% of the gross proceeds
- 1/200 of 1% of the value of the stock for PSE transaction fee
- tax of 0.005% of the gross value
- cancellation of the stock certificate which cost P20.00 plus 12% VAT

### **Are there instances when the shares I bought at the stock exchange are not recorded under my name?**

Stock certificates can be registered in the name of the buyer or in the name of the stock brokerage company if he prefers the scripless format. If the buyer wants the shares recorded in his name and a stock certificate issued to him, he must inform the stockbroker at the time the buy order is placed. Some investors who trade frequently prefer to have their stock certificates registered in the name of a

trusted stock brokerage company. This is to facilitate settlement, reduces paper work and provides some degree of confidentiality regarding an investor's trading behavior. The stock broker maintains a subsidiary record for purposes of identifying the owners of the shares recorded under its name. Dividends issued are paid to the stock brokerage company which subsequently credits the same to the respective accounts of the beneficiary shareholders.

### **What are dividends?**

Dividends payments are channels of distributing profits are by a corporation to its shareholders and may be in the form of cash, stock or property. Cash dividends are paid in the form of checks. Stock dividends are payments of dividends in the form of additional shares. A stock certificate is issued to cover the additional number of shares.

The Board of Directors of the Corporation is empowered to declare dividends and sets the record date for the dividend payment which serves as the cut-off date for shareholders entitled to receive dividends. The record date for cash dividend should not be less than 10 calendar days and not more than 30 calendar days from the date of declaration. The payment date for cash dividend has been fixed by the PSE to be not more than 18 trading days from the record date. Since it takes several days for transactions at the stock exchange to be recorded at the books of the corporation, the stock exchange sets an ex-dividend date or ex-date which is three (3) trading days before the record date. A shareholder who sells his shares at the stock exchange before the ex-date will no longer be entitled to the dividends. Likewise, a buyer at the stock exchange on or after the ex-date will not be entitled to the dividends.

For stock dividend declaration, the corporation must secure the approval of the stockholders within 45 days from declaration if the stock dividends are to be released from unissued capital stock and 30 days if the stock dividend is from an increase in authorized capital stock. The record date should not be less than 10 calendar days or not more than 30 calendar days after all clearances and approvals by the Securities and Exchange Commission have been secured. Payment date shall be within 18 trading days from the record date.

The dividends are sent to the shareholder's address indicated in the stock and transfer books of the Corporation maintained with the stock transfer agent. For shareholders of record who acquired their shares through the stock loan program of the GSIS and the SSS will receive their dividends thru the said agencies.

### **What is Petron's dividend policy?**

Petron's dividend policy is to declare dividends equivalent to at least twenty five (25%) of its unappropriated net income for the previous year either in the form of

cash, stocks or property as may be decided by the Board of Directors. Accordingly, the actual amount of any future dividend will depend on the Company's results of operations, earnings, cash needs and other factors in a given year.

The Board of Directors of Petron has declared the following cash dividends:

<b>Year</b>	<b>Amount/shares</b>
1995	P0.30
1996	0.30
1997	0.30
1998	-----
1999	0.20
2000	-----
2001	-----
2002	0.15
2003	0.20
2004	0.20
2005	0.10
2006	0.10
2007	0.10

Cash dividends from 2002 onwards are subject to 10% withholding tax.

Stock dividends were declared in 1995 -25%, 1996-25% and 20% in 1997.

#### **What is the current value of my shares?**

The following shows a simple computation of the breakeven price of Petron shares versus its Offer Price in 1994 of P 9.00/share:

**Given: Offer price = P 9.00**  
**Current price = P 6.30 (as of October 11, 2007)**  
**Minimum subscribed no. of shares = 1,600**  
**Initial Investment = 1,600 x P9.00 = P14,400.00**  
**Stock Dividends issued**  
 1995= 25%  
 1996= 25%  
 1997= 20%

**Break even price** =  $\frac{\text{Offer Price}}{1 + \text{dividend rate}}$

$$= \frac{9.00 / 1.25}{1.20}$$



together with his stock certificate(s) and photocopies of two valid identification papers. Upon establishing the identity of the shareholder, the stock transfer agent will effect the correction on the stock certificate and in the books of the Corporation.

For shareholders with changes in civil status and who intend that their new surnames be reflected on their stock certificate(s) and in the records, the same requirements should be complied with together with the inclusion of a photocopy of the marriage certificate.

For those who acquired their shares by availing of the stock investment loan program of the Social Security System (SSS) or Government Service Insurance System (GSIS), whose names on the stock certificates are preceded by SSS FAO or GSIS FAO, their records may be corrected by submitting the requirements mentioned above including proofs of full payment of the loan (receipt or certification from the agencies).

### **How do I transfer ownership of my shares to another person?**

Ownership of shares can be transferred through the facilities of the stock exchange. The shareholder sells his shares through a stockbroker accredited by the Philippine Stock Exchange (PSE). The person to whom the shareholder wants to transfer the ownership buys the shares through the same stockbroker. This is what is referred to as a cross transaction. The stocks are transferred at the current trading price. The stockbroker charges the normal fees for selling and buying transaction.

Transfer of ownership can also be effected outside the facilities of PSE by executing a Deed of Absolute Sale by and between the seller and the buyer. This entails the payment of a capital gains tax computed as follows: 10% for the first P100,000.00 net capital gains realized on the sale, and 20% for the amount exceeding P100,000.00. Payment to the BIR shall be effected by the selling shareholder himself. Petron's stock transfer agent will record in the Corporation's book the name of the new owner of the shares, cancel the previous stock certificate and issue a new one in favor of the new owner. The required documents are (1) the duly endorsed stock certificate, (2) deed of absolute sale, (3) certificate of payment of capital gains tax issued by the BIR and (4) written instructions from the previous owner to transfer ownership of the shares to a designated person. A fee of P100 plus 12% VAT is charged by the transfer agent for the cost of the new stock certificate and P20.00 plus 12% VAT for the cancellation of the old stock certificate.

### **What should I do if my stock certificate gets lost?**

The main concern of a shareholder if his certificate gets lost is to ensure that it is not traded. The concern becomes immediate if the shareholder has endorsed the

stock certificate by indicating his signature at the back of the stock certificate. The owner should immediately submit a written request to Stockholder Services, Public Affairs Department or to Petron's stock transfer agent to prevent any unauthorized transfer of ownership through the lost certificate.

Lost stock certificates will be replaced only after the shareholder has submitted (1) an Affidavit of Loss stating the circumstances of the loss and (2) proof of publication of a Notice of Loss in a newspaper of general circulation once a week for three consecutive weeks. The Notice of Loss should contain the name of the shareholder, name of the corporation issuing the stock certificate, stock certificate number and the number of shares. The lost stock certificate will be cancelled in the books and a replacement certificate will be issued after one year from the date of the last publication, provided that no one has contested the shareholder's ownership of the subject shares. Even before the lapse of one year, a new certificate may be issued provided a one-year surety bond in favor of Petron and issued by a bonding company accredited by Petron is submitted by the shareholder. The surety bond should be for an amount twice the highest price at which the Company shares were traded at the PSE on the date of receipt of the request for replacement of the certificates. An amount of P100 plus 12% VAT is charged to cover the cost of every replacement certificate and P20 plus 12%VAT for the cancellation of each lost certificate.

### **What are the requirements for the transfer of shares of stock of a deceased shareholder of Petron Corporation in favor of heir(s)?**

The transfer of shares of a deceased shareholder of Petron Corporation in favor of his heirs may be done extra-judicially (out of court) or judicially (through court proceedings).

For extra-judicial settlement where the deceased shareholder left no will, the following documents are required:

- Death Certificate, certified true and correct by the civil registrar.
- Deed of Extra-judicial Partition or an Affidavit of Adjudication (if there is only one heir and decedent left no debts) stamped "Received" by the Register of Deeds showing the date it was filed.
- Official Receipt for the payment of estate tax due on the estate of the deceased stockholder and BIR Certificate of Payment of estate tax due; or if no estate tax is due, the BIR Certificate of Exemption.
- Affidavit of Publication executed by the publisher of a newspaper of general circulation stating that the required notice of extra-judicial partition or affidavit of adjudication has been published for three consecutive weeks.
- Two-year heirs bond issued by a bonding company accredited by Petron in an amount equivalent to the total value of the number of shares at the time of death if the heirs wish for the immediate release

of the new stock certificate. Otherwise, the stock certificate will be retained in the custody of Petron for two years.

For judicial settlement of the estate:

If the deceased stockholder left a Last Will and Testament, the following documents, certified true and correct by the duly appointed administrator or executor, are required:

- Last Will and Testament
- Court order appointing an administrator for the estate
- Court order admitting Last Will and Testament to probate, and
- Court order authorizing the disposition of Petron shares, subject of the Last Will and Testament.

If the deceased shareholder did not leave a Last Will and Testament, the following documents, certified true and correct by the appointed administrator, are required:

- Court order appointing the administrator
- Court order authorizing disposition of Petron shares.

All stock certificates in the name of the deceased stockholder must be surrendered to Petron's transfer agent for cancellation, after which, new stock certificates will be issued in the name of the heirs.

Should you have further clarification or need assistance with respect to your investment in Petron, please contact:

Stokholder Services , Public Affairs Department  
Petron Corporation  
Petron MegaPlaza, 358 Sen. Gil Puyat Avenue  
Makati City 1200  
Tel No. (632) 886-3888  
Fax No. (632)886-3064