MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS OF PETRON CORPORATION (May 15, 2012)

Time and Place

The Annual Meeting of the Stockholders of **PETRON CORPORATION** (the "Company") was held on May 15, 2012 at Isla Ballroom, EDSA Shangri-La Manila Hotel, 1 Garden Way, Ortigas Center, Mandaluyong City. The meeting commenced at about 2:00 p.m.

Quorum Report

The Corporate Secretary of the Company, Atty. Joel Angelo C. Cruz, reported that the notice of the meeting was mailed to all stockholders as of the April 2, 2012 record date in compliance with the by-laws of the Company. Based on the stock transfer agent's certification on the attendance of the meeting, there was at least 87.39% of the total outstanding shares represented. Thus, a quorum was announced.

All the directors of the Company, named below, were in attendance:

Mr. Ramon S. Ang
Mr. Eric O. Recto
Mr. Eduardo M. Cojuangco, Jr.
Atty. Estelito P. Mendoza
Mr. Roberto V. Ongpin
Mr. Bernardino R. Abes
Mr. Ron W. Haddock
Ms. Aurora T. Calderon
Mr. Mirzan Mahathir
Atty. Romela M. Bengzon
Mr. Ferdinand K. Constantino
Atty. Virgilio S. Jacinto
Ms. Nelly Favis-Villafuerte
Mr. Reynaldo G. David (Independent Director)
Chief Justice Artemio V. Panganiban (Independent Director)

Call to Order

There being a quorum, Chairman Ramon S. Ang called the annual meeting of the stockholders to order and presided over the same. Corporate Secretary Atty. Cruz recorded the minutes of the proceedings.

Reading of the Agenda

The Corporate Secretary read the rest of the agenda of the meeting as follows:

(1) Approval of the Minutes of the 2011 Annual Stockholders' Meeting
(2) Presentation of Management Report and Submission of Financial Statements to Stockholders for the Year 2011
(3) Ratification of All Acts of the Board of Directors and Management during the Year 2011
(4) Appointment of External Auditor
(5) Election of the Members of the Board of Directors, including two (2) Independent Directors for 2012
(6) Such other business as may come before the stockholders.

Review and Approval of Minutes of Previous Meeting

The Chairman requested the stockholders to refer to the minutes of the July 12, 2011 Annual Stockholders' Meeting, a copy of which was posted at the registration area of the venue. On motion duly made and seconded and there being no objection, the minutes of the Annual Stockholders' Meeting of July 12, 2011 were approved.

Annual Report and Other Reports of Management

Management Report

Chief Finance Officer Emmanuel E. Eraña delivered the annual report for 2011.

Mr. Eraña began by explaining that, after a robust GDP growth of 7.6 % in 2010, Philippine economic growth slowed, expanding only by 3.7% in 2011, primarily due to lower government spending and weaker exports as developed economies struggled with high debt and anemic growth. The challenging economic environment was coupled with a significant rise in crude oil prices increasing by 36% to average US$106 per barrel in 2011. Fears of supply disruptions due to geopolitical tensions in oil-exporting countries and rising demand for oil caused prices to surge in the first quarter of 2012. The price of Dubai crude for the period averaged US$116 per barrel. These external developments affected the Company's operations which resulted in a 4% drop in its domestic sales volumes. This, however, was partially offset by a 3.7% increase in export volumes. The Company still, however, managed to do better than industry as total sales volumes fell by only 3%.

Despite weak local market conditions, the Company was able to sustain its market leadership through the acquisition of key industrial accounts and its service station expansion program. Its efforts were complemented by its top-of-the-line product and service offerings which include the new Petron Value Card. The Company remains number 1 in all major market segments namely Retail, Industrial and LPG.

Management's drive to implement key initiatives with the recovery of product margins helped the Company sustain income growth for 2011. The Company posted a net income of P8.5 billion, an 8% increase from the previous year, despite weaker demand. For the first quarter of 2012, the Company posted a net income of P2.5 billion amidst significant investments being made on the Refinery Masterplan Phase-2 ("RMP-2").

The Company continued to roll-out other programs to ensure our leadership and viability. On the third year of its network development program, the number of Petron service stations increased by 47% since it started in 2009 allowing the Company to reach previously underserved areas and enhance brand loyalty to the Company's world-class products and services. The Company also increased the number of retail outlets carrying its *Gasul* and *Fiesta* brands which now number 3,900. Together with strong sales to refillers, the expanded network resulted in a 15.6% increase in sales volumes. Accordingly, the LPG market share of the Company rose by 4%.

In the areas of quality management, environmental systems and occupational workplace safety, the Company continued to apply stringent international standards in all its depots and terminals. At the end of the year, 18 facilities had all these three certifications under the Integrated Management System ("IMS") and the rest of the facilities are targeted to be IMS-certified in the very near future. These efforts resulted in the Company being conferred the Safety Milestone Award by the Department of Labor and Employment in all our facilities - the first time that an oil company received this distinction.

And while the Company remained focused on the production of world-class fuel products, it also continued to strengthen its higher margin petrochemicals business. Petrochemicals had a robust revenue stream insulated from local pricing dynamics. In 2011, petrochemicals demonstrated their superior performance making up for only 7% of the total sales volumes of the Company but contributing 13% to total margins.

Mr. Eraña then proceeded to explain that the US$2 billion RMP-2 Project of the Company, which is the centerpiece project of the Company to fully integrate its downstream business, would be completed in mid-2014. This project would enable the Company to digest crude oil from various sources, thus reducing crude costs, lessening reliance on traditional crude sources and increasing petrochemical production thereby giving the Company better margins. The Refinery of the Company would be able to run on full capacity and convert all its fuel oil into higher value "white" products and petrochemicals, and the fuels to be produced would comply with more stringent environmental standards. RMP-2 would also increase the petrochemical production of the Company, including propylene, which could be sent to the newly commissioned polypropylene plant of the Company. It was also reported that the Company was building a power plant that would produce more cost-efficient energy for the current refinery and additional RMP-2 units. The increased production of gasoline and diesel would support the network expansion program of the Company which will require more supply of world-class quality fuels.

Mr. Eraña then informed the stockholders that the Company completed on March 30, 2012 the acquisition of Exxon Malaysia whose assets make up an integrated downstream oil business, marking the Company's first major international venture. The economy of Malaysia was reported to be growing healthily and that the fuel consumption there was two times more than in the Philippines.

Mr. Eraña explained that the strategic projects in 2011 showed the drive and discipline of the organization and highlighted the synergies and benefits derived from being part of the country's largest and most diversified