

**MINUTES OF THE ANNUAL MEETING  
OF THE STOCKHOLDERS OF PETRON CORPORATION  
(May 20, 2014)**

**Time and Place**

The Annual Meeting of the Stockholders of **PETRON CORPORATION** (the “Company”) was held on May 20, 2014 at the Ballroom of the Valle Verde Country Club located along Capt. Henry Javier St., Bo. Oranbo, Pasig 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 the stockholders as of the April 8, 2014 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 77.08% of the total outstanding shares represented composed of about 77.86% of the outstanding common shares and about 3.76% of the outstanding preferred shares. Thus, a quorum was announced.

Atty. Cruz noted that the Chairman held proxies for 77.80% of the outstanding common shares of the Company. He further explained that the preferred stockholders were entitled to vote on item 6 of the agenda on the approval of the proposed amendment of the Articles of Incorporation of the Company to indicate a specific principal office address in compliance with Memorandum Circular No. 6, Series of 2014 issued by the Securities and Exchange Commission (“SEC”).

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

Mr. Ramon S. Ang (Chairman)  
Mr. Lubin B. Nepomuceno (President)  
Mr. Eric O. Recto  
Mr. Ron W. Haddock  
Ms. Aurora T. Calderon  
Mr. Mirzan Mahathir  
Atty. Romela M. Bengzon  
Atty. Virgilio S. Jacinto  
Atty. Nelly Favis-Villafuerte  
Mr. Reynaldo G. David (Independent Director; Chairman,  
Audit Committee)  
(Ret.) Chief Justice Artemio V. Panganiban (Independent Director)

Also present were the following nominees for election as directors:

Mr. Jose P. de Jesus  
Mr. Margarito B. Teves (Independent Director)

### **Call to Order**

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

### **Reading of the Agenda**

The Chairman read the rest of the agenda of the meeting as follows:

- (1) Approval of the Minutes of the 2013 Annual Stockholders' Meeting
- (2) Presentation of Management Report and Submission of Financial Statements to Stockholders for the Year 2013
- (3) Ratification of All Acts of the Board of Directors and Management Since the Last Stockholders' Meeting in the Year 2013
- (4) Approval by the Stockholders of the Amendments of Articles of Incorporation (Indication of Complete Principal Office)
- (5) Appointment of External Auditor

- (6) Election of the Members of the Board of Directors, including three (3) Independent Directors, for 2014
- (7) Such other business as may come before the stockholders.

### **Review and Approval of Minutes of Previous Meeting**

The Chairman announced that the first item in the rest of the agenda was the approval of the minutes of the May 21, 2013 Annual Stockholders' Meeting, copies of which were made available 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 May 21, 2013 were approved.

### **Annual Report and Other Reports of Management**

#### ***Management Report***

The Senior Vice President and Chief Finance Officer of the Company, Mr. Emmanuel E. Eraña, delivered the management report for 2013.

Mr. Eraña began by explaining that the oil refiners in the region experienced less price volatility in 2013 compared to 2012, with average monthly fluctuations only going as high as US\$6 per barrel compared to US\$13 in 2012 due to weak demand growth and ample crude supply. Such reduced volatility resulted in more predictable and stable margins for oil companies.

Mr. Eraña then explained that Philippine fuel consumption in 2013 increased by 6% resulting from higher economic activity brought about by the highest growth rate of the Philippines. In 2013, Philippines' GDP reached 7.2%, mainly driven by manufacturing, construction and higher government spending despite major natural and man-made disasters.

Mr. Eraña proceeded to inform the stockholders that, against this backdrop, the Company focused on the following initiatives to ensure Petron's long-term growth and profitability: (i) continued implementation of programs to sustain industry leadership, such as the expansion of the Company's retail service station network; (ii) concentration on market segments and products that would yield more margins for the Company; (iii) optimization of the supply chains to ensure that products get to customers in the fastest, safest and most cost-effective way; and (iv) conduct of operations in a safe and environmentally-friendly manner while contributing to host communities.

He reported that, with the programs in place and full consolidation of Petron Malaysia, the Company's volumes reached 81.5 million barrels, 10% higher than 2012, translating to a corresponding 9% increase in the Company's revenues which reached P463.6 billion. In the first quarter of 2014, the Company sustained its growth as sales volumes and revenues grew by 4% and 12%, respectively. Sales increased in the high-margin retail sector with consolidated volumes rising by 6%.

Mr. Eraña further reported that the Company maintained its number one position in all major segments, namely, retail, industrial and LPG and remained the undisputed leader in the oil industry with an overall market share of 36.7% in 2013. In Malaysia, the Company retained its strategic position as the third largest player in a high-growth market.

With better refining margins and higher sales volumes, the Company registered a consolidated net income of Php 5.1 billion, significantly higher than 2012. In the first quarter of 2014, profits reached Php 2.23 billion, slightly higher than in 2013.

Mr. Eraña then proceeded to discuss the milestones and achievements of the Company in 2013.

The Refinery Master Plan – Phase 2 project (“RMP-2”) of the Company reached 95% completion at the end of 2013. He explained that the RMP-2 would (i) provide the Company flexibility to refine crude oil from various sources, thus, lowering costs; (ii) significantly increase production of higher-margin products such as gasoline, diesel and petrochemicals; (iii) allow the Company to locally produce fuels that meet and even exceed global standards, thereby improving air quality; and (iv) provide employment for Filipino engineers and skilled professionals. The RMP-2 would be a source of national pride since it would make the Petron Refinery a world-class facility owned and operated by a Filipino company. Once completed, the Petron Refinery would be one of the most advanced refineries in the region. More importantly, the RMP-2 would help ensure supply securities resulting in a lessened dependence on fuel imports. Full commercial operation of the RMP-2 is expected in 2015 upon satisfactory completion of performance guarantee tests.

Mr. Eraña proceeded to inform the stockholders that the Company continued to expand its retail network nationwide. In 2013, 200 new Petron service stations were built and 800 new LPG outlets were opened. This retail network expansion opens business opportunities especially in rural areas and brings Petron’s world-class products and services to more customers, resulting in spurred progress across the country. Since 2009, Petron has built 1,100 service stations bringing the total count to 2,200, the most extensive in the country. *Gasul* and *Fiesta* LPG products are available in nearly 7,000 outlets.

He explained that the Company also introduced revolutionary products for better engine performance. The Company launched *Blaze 100 Euro 4* in 2013 – two years ahead of the government mandate to comply with the Euro 4 globally-accepted fuel standard. The Company also developed *Super Xtra*, an ethanol-blended gasoline that is reasonably priced and efficient, and *Carbon Buster*, a product designed to clean engines of public utility vehicles.

He also reported that the Company was fast-tracking its Logistics Master Plan to further integrate the Company's extensive supply chain and strengthen its logistical capabilities. Five additional vessels with bigger capacity are expected to further service the Company's primary distribution needs to deliver products from the Petron Refinery to various storage facilities. Existing facilities are being upgraded and new storage tanks are being constructed in strategic locations, such as the new storage tanks at the Joint Oil Company Aviation Storage Plant in Pasay City and the Navotas Depot, which have a combined capacity of 30,000 barrels, to service the increasing jet fuel requirements of the aviation sector. The tank truck fleet of the Company is also being modernized, with 22 new trucks deployed in 2013 bringing to a total of 90 brand new trucks to the fleet since 2009. GPS systems in nearly 90% of the fleet have been installed to ensure timely and accurate monitoring of product deliveries. Twenty-four of the Company's 31 facilities were certified under the globally-recognized Integrated Management Systems – a confirmation that the facilities of the Company comply or even exceed international standards in the areas of quality, workplace safety and environment management.

He then proceeded to report on the Malaysian operations. The Company continued to strengthen its foothold in the regional oil and gas markets. In February 2014, Philippine President Benigno Simeon C. Aquino III inaugurated the Company's first new build Petron Malaysia service station. Also, the retail network in Malaysia is being enhanced. About 300 service stations were

upgraded and several stations were opened as the Company shifted its focus from business consolidation to expansion.

Mr. Eraña explained that the Company's net worth or value grew substantially over the past few years. Its consolidated net worth of Php 112 billion more than doubled in the last four (4) years, largely driven by major capital projects. He then explained that this growth would allow the Company to deliver enhanced long-term shareholder value.

As the Company continues to invest and grow its business, Mr. Eraña emphasized that the Company translated its success into more opportunities for education and livelihood, especially in communities that the Company serves. He reported that the Company recently celebrated the graduation of 900 scholars under the Company's flagship *Tulong Aral ng Petron* program. On its 12<sup>th</sup> year, this program has sent over 8,600 scholars in all school levels up to college. In 2013, the Company built its 80<sup>th</sup> Petron school in Compostela Valley.

He also reported that company personnel in areas hit by major disasters stayed at their posts to ensure fuel supply. The Company's Zamboanga operations continued amid the armed conflict in September 2013. The Company established makeshift stations in completely isolated areas in Bohol during the earthquake in 2013. In Leyte and Samar, the Petron stations were the only ones operational in the aftermath of Typhoon Yolanda. The Company immediately conducted relief operations in 88 areas hard-hit by the Bohol earthquake and Typhoon Yolanda, benefitting over 25,000 people. and it distributed 20,000 relief bags of rice, food items, water and medicine.

Mr. Eraña ended the report by reassuring the stockholders of the continued innovation, expansion and growth of the Company that would enable it to create greater value for its shareholders, customers, communities and the

nation as a whole. He also thanked the stockholders for their continued support and assured them that, together, the Company and the stockholders would go the extra mile.

### ***Open Forum***

The Chairman thereafter announced an open forum during which stockholders could raise queries or concerns or give their proposals. Among the questions raised and matters discussed are set out below.

1. Mr. Henry Pelayo asked about the status of the RMP-2. The Chairman explained that the project was so far within the budget and targeted to be completed within a month after the original schedule. He further explained that, for a project of the magnitude of RMP-2, the Management of the Company should be commended for managing the budget and completion schedule.

2. The next question was with regard to the Company's ability to comply with the Euro 4 standards mandated by the Department of Environment and Natural Resources ("DENR") to take effect in January 2016. The Chairman confirmed that the Company would be able to comply with the DENR mandate since the RMP-2 project would enable the Petron Refinery to produce fuels compliant with Euro 4 standards.

3. The next question was from Mr. Ronaldo Cordova. He asked where the Company would transfer the Pandacan terminal. The Chairman answered that the Company had begun the transfer of its depot to several locations, including Limay, Rosario and Navotas.

4. The next question sought clarification on why the Company's income in 2013 increased to P5.1 billion. The Chairman explained that, as discussed during the Management presentation, crude oil prices in 2013 were less volatile.

5. The next question related to the Network Expansion Program of the Company. The Management was also asked if an interested stockholder could be a dealer. The Chairman informed the stockholders that more than 200 new service stations were built in 2013, with the aim of reaching about 5,000 service stations in the coming years. He also explained that all interested dealers, including stockholders, were welcome to apply to be dealers and he invited them to visit the Petron offices to inquire about the requirements and qualifications for a dealership.

6. The Management was then asked if oil smuggling was still rampant. The Chairman confirmed that oil smuggling still existed though reports indicated that its incidence had decreased.

7. The Company was then asked about its performance in the first few months of 2014. The Chairman answered that the first quarter of 2014 was good. He explained that, after the commissioning of the RMP-2, the Company would eventually perform much better.

8. The Management was asked about its relief and rehabilitation efforts in calamity-stricken areas. The Chairman explained that the Company helped families and areas affected by Typhoons Ondoy and Sendong and by high tides in Navotas. The Chairman emphasized that Petron would always be ready to assist in times of calamity.

9. It was raised that the Company was reported to have inaugurated its first station in Malaysia. An update on Petron's retail business in Malaysia was also requested. The Chairman explained that, since the rebranding of the service stations in Malaysia to the Petron brand, volume increased by approximately 20%. He also explained that, coupled with the re-branding, the refurbishment of the service station facilities and the provision of value-added services such as cleaning of vehicles while gassing up, contributed to the increase in sales volume.

10. The next question was raised from the floor by Ms. Mary Jane Narciso. A similar query was also raised from the floor by Ms. Renata Gomez and other stockholders. They asked why the dividends became lower when the San Miguel Group bought into the Company. One stockholder also asked why the dividend declared was only Php 0.05 when the audited financial statements indicated that the Company had earnings per share at Php 0.28. Another stockholder also sought clarification on the distributions on the undated subordinated capital securities of the Company which were indicated in the financial statements to have reduced the earnings per share of the Company.

The Chairman explained the dividends are restricted by the present needs of the Company but assured the stockholders that San Miguel Corporation, the majority owner of the Company, would itself push for higher dividends as soon as the Company is able to support such increased dividend declaration.

Mr. Eraña also explained that a substantial part of the earnings of the Company and proceeds raised from its fund-raising activities for the past four (4) years were being used to defray costs of capital projects of the Company, such as the RMP-2. He further explained that, once the commissioning of the RMP-2 is completed, the Company is expected to eventually earn more and, thus, be able to declare higher dividends.

On the distributions on the undated subordinated capital securities of the Company, Mr. Eraña informed the stockholders that the Company issued perpetual securities in 2013 as part of its fund-raising efforts for the RMP-2. Holders of the perpetual securities are paid distributions as a return on their investment.

11. Ms. Til Escover spoke from the floor. She explained that she bought her shares during the initial public offering of the Company and informed the Management that she initially had apprehensions on how Petron could compete in Malaysia. She explained that she was impressed with the discussion of Mr. Ang on the performance of Petron in Malaysia. She also said that it was important for Philippine companies to be competitive in the ASEAN region.

12. Another stockholder spoke from the floor and commented that the good performance of the Company in 2014 was indicative of good management.

13. Another stockholder asked the Audit Committee to be vigilant in the review of the financial statements of the Company. He also asked Management to consider holding the meeting at the San Miguel Head Office. Another stockholder also requested the Company to have the information statement delivered earlier and thanked Mr. Enrique Yusingco, General Manager of SMC Stock Transfer Services Corporation (the stock transfer agent of the Company) and Ms. Charmaine V. Canillas, Assistant Vice President – Corporate Affairs of the Company, for their help and assistance.

Following the close of the open forum and on motion duly made and seconded, the Annual Report for 2013, together with the other written reports mailed to the stockholders and the Chairman's Report, were accepted and filed as

part of the minutes of the meeting. The following resolution was accordingly passed by the stockholders:

**Resolution No. 1, Series of 2014**

**RESOLVED, That the 2013 Annual Report of Management, the Management Report, including the 2013 Financial Statements, as well as the other Reports of Management distributed and mailed to the stockholders be, and hereby are, ACCEPTED and FILED as part of the minutes of the present meeting.**

**Ratification of all Acts of the Board of Directors and Management**

The Chairman then proceeded to note that the next item in the agenda was the ratification of all acts of the Board of Directors of the Company and the Management since the last annual stockholders' meeting held in 2013.

Upon motion made and seconded, the following resolution was accordingly passed:

**Resolution No. 2, Series of 2014**

**RESOLVED, That all acts, resolutions and proceedings of the Board of Directors and the corporate officers of the Company since the Annual Meeting of the Stockholders of the Corporation on May 19, 2013 as set forth in the minutes of the meetings of the Board of Directors and its board committees be, and hereby are, APPROVED, CONFIRMED and RATIFIED.**

**Approval of the Amendment of Articles of Incorporation  
(Indication of Complete Principal Office)**

The Chairman then announced that the next item on the agenda is the amendment of the Company's Articles of Incorporation. The Corporate Secretary explained that the SEC issued Memorandum Circular No. 6, Series of 2014, requiring the companies to indicate a specific principal office in its articles of incorporation. In compliance with this new legal requirement and in furtherance of full corporate disclosure and transparency, the Board of Directors, in its meeting on May 6, 2014 endorsed the amendment of the Third Article of the Company's Articles of Incorporation to extend indicate a specific principal office address. The same proposed amendment must be approved by the stockholders holding at least 2/3 of the outstanding capital stock of the Company.

Upon motion made and seconded, the following resolution was accordingly passed:

**Resolution No. 4, Series of 2014**

**RESOLVED, that Article Third of the Articles of Incorporation of the Corporation be amended to read as follows:**

**'THIRD. - The place where the principal office of the Corporation is to be established or located is at the San Miguel Head Office Complex, 40 San Miguel Avenue, Mandaluyong City, Metro Manila, Republic of the Philippines. Branch offices may be established anywhere in the Philippines or abroad.'**

**RESOLVED, FURTHER, that the President, Corporate Secretary and other proper officers of the Corporation be authorized and empowered to sign, execute, deliver, submit or cause the submission of a copy of the Amended Articles of Incorporation of the Corporation duly certified by a majority of the directors and the Corporate Secretary and/or the Assistant Corporate Secretary to the Securities and Exchange Commission, to sign, execute and deliver any and all other documents, and to do any and all acts necessary and proper to give effect to the foregoing resolutions.**

**Appointment of Independent External Auditor**

The Chairman then apprised the stockholders that, during the meeting of the Board of Directors held on May 6, 2014, the Board of Directors approved and endorsed for stockholders' approval the appointment of the accounting firm R.G. Manabat & Co., CPAs/KPMG (formerly, "Manabat Sanagustin & Co.") as independent external auditor of the Company for 2014.

Accordingly, the stockholders approved the following resolution:

**Resolution No. 5, Series of 2014**

**RESOLVED, That the appointment of the accounting firm R.G. & Co., CPAs/KPMG (formerly, "Manabat Sanagustin & Co.") as the independent external auditor of the Corporation for 2014 be, and hereby is, APPROVED.**

### **Election of Directors**

The Corporate Secretary then announced the nomination of the following as directors of the Company:

Mr. Ramon S. Ang  
Mr. Eduardo M. Cojuangco, Jr.  
Mr. Lubin B. Nepomuceno  
Mr. Eric O. Recto  
Atty. Estelito P. Mendoza  
Mr. Jose P. de Jesus  
Mr. Ron W. Haddock  
Ms. Aurora T. Calderon  
Mr. Mirzan Mahathir  
Atty. Romela M. Bengzon  
Atty. Virgilio S. Jacinto  
Atty. Nelly Favis-Villafuerte  
Ret. Chief Justice Artemio V. Panganiban (independent)  
Mr. Reynaldo G. David (independent)  
Mr. Margarito B. Teves (independent)

As explained in the Information Statement mailed to the stockholders, a stockholder may vote such number of shares for as many persons as there are directors to be elected, or he/she may cumulate his/her shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares he/she has, or he/she may distribute them on the same principle among as many candidates as he/she shall see fit; provided, that the total number of votes cast by him/her shall not exceed the number of shares owned by him/her as shown in the books of the Company multiplied by the whole number of directors to be elected.

The following motions were made and duly seconded: (i) motion to dispense with the actual counting of ballots, (ii) motion to authorize the Chairman to instruct the Corporate Secretary to cast all votes of shareholders properly represented at the meeting in favor of the 15 nominees (except as

otherwise expressly instructed in any written proxy given the Chairman); and (iii) motion to declare the 15 nominees as duly elected directors. These motions were all approved.

As instructed, the Corporate Secretary cast all shares duly represented at the meeting, except as otherwise expressly instructed in a written proxy given the Chairman, in favor of the 15 nominees. With the required votes being obtained by the nominees, the Chairman declared the following persons as duly elected directors of the Company:

Mr. Ramon S. Ang  
Mr. Eduardo M. Cojuangco, Jr.  
Mr. Lubin B. Nepomuceno  
Mr. Eric O. Recto  
Atty. Estelito P. Mendoza  
Mr. Jose P. de Jesus  
Mr. Ron W. Haddock  
Ms. Aurora T. Calderon  
Mr. Mirzan Mahathir  
Atty. Romela M. Bengzon  
Atty. Virgilio S. Jacinto  
Atty. Nelly Favis-Villafuerte  
Ret. Chief Justice Artemio V. Panganiban (independent)  
Mr. Reynaldo G. David (independent)  
Mr. Margarito B. Teves (independent)

The following resolution was thus approved:

**Resolution No. 6, Series of 2014**

**RESOLVED, That the following persons are hereby declared as the duly elected directors of the Corporation, to serve for a term of one (1) year or until their successors shall have been duly elected and qualified in accordance with the by-laws of the Company:**

**Mr. Ramon S. Ang**  
**Mr. Eduardo M. Cojuangco, Jr.**  
**Mr. Lubin B. Nepomuceno**  
**Mr. Eric O. Recto**  
**Atty. Estelito P. Mendoza**  
**Mr. Jose P. de Jesus**  
**Mr. Ron W. Haddock**  
**Ms. Aurora T. Calderon**  
**Mr. Mirzan Mahathir**  
**Atty. Romela M. Bengzon**  
**Atty. Virgilio S. Jacinto**  
**Atty. Nelly Favis-Villafuerte**  
**Ret. Chief Justice Artemio V. Panganiban (independent)**  
**Mr. Reynaldo G. David (independent)**  
**Mr. Margarito B. Teves (independent)**

**Other Matters**

The Secretary informed the Chairman that there were no other matters to be discussed.

**Adjournment**

Accordingly, the Chairman, on motion duly made, adjourned the meeting at about 2:45 p.m., and thanked the stockholders for their attendance and support.

Respectfully submitted:

**JOEL ANGELO C. CRUZ**  
Corporate Secretary

Approved by:

**RAMON S. ANG**  
Chairman of the Meeting