

COVERSHEET

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S. E. C. Registration Number

P E T R O N
C O R P O R A T I O N
(Company's Full Name)

S M C H E A D O F F I C E C O M P L E X 4 0 S A N
M I G U E L A V E. M A N D A L U Y O N G C I T Y
(Business Adress: No. Street City / Town / Province)

ATTY. JOEL ANGELO C. CRUZ
Contact Person

886-3888
Company Telephone Number

1 2 - 3 1
Month Day
Fiscal Year

SEC FORM 17-A
ANNUAL REPORT FOR 2015
FORM TYPE

0 5 1 7
Month Day
Annual Meeting
(for 2016)

Certificates of Permit to Offer Securities for Sale dated 1994, 1995, 1995 and 2010
Secondary License Type, if Applicable

Dept. Requiring this Doc.

N/A
Amended Articles Number/Section

149,595 (as of December 31, 2015)
Total No. of Stockholders

Total Amount of Debt Outstanding: P211,167 (as of Dec 31, 2015)
Domestic Foreign

To be accomplished by SEC Personnel concerned

Fiscal Numer

LCU

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Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND
SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES



1. For the fiscal year ended December 31, 2015
Date of Report (Date of earliest event reported)
2. SEC Identification Number 31171 3. BIR Tax Identification No. 000-168-801
4. PETRON CORPORATION ("Petron" or the "Company")
Exact name of issuer as specified in its charter
5. Philippines Province, country or other jurisdiction of incorporation
6. (SEC Use Only)
Industry Classification Code:
7. SMC Head Office Complex, #40 San Miguel Avenue, Mandaluyong City 1550
Address of principal office Postal Code
8. (0632) 886-3888; 884-9200
Issuer's telephone number, including area code
9. None
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Stock Outstanding ¹ and Amount of Debt Outstanding (as of December 31, 2015)
Common Stock	9,375,104,497 shares
Preferred Series 2A	7,122,320 shares
Preferred Series 2B	2,877,680 shares
Total Liabilities (as of December 31, 2015)	₱ 211,167 million

¹ On March 5, 2015, the Company redeemed its 100 million preferred shares issued in 2010. These shares were delisted from the Philippine Stock Exchange on March 6, 2015.

11. Are any or all of these securities listed on the Philippine Stock Exchange?

Yes No

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange

Common Stocks
Preferred Stocks
• PRF2A
• PRF2B

12. Check whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);

Yes No

(b) has been subject to such filing requirements for the past 90 days.

Yes No

13. The aggregate market value of the voting stock held by non-affiliates of the Company (*i.e.*, other than San Miguel Corporation, SEA Refinery Corporation, Petron Corporation Employees' Retirement Plan and the directors and executive officers of Petron Corporation) as of December 31, 2015 totaling 2,242,654,831 common shares was ₱15,676,157,268.69 based on the price of ₱6.99 per share as of December 29, 2015, the last trading day of 2015. Petron had a public ownership of 23.85% as of December 31, 2015. The aggregate market value of the voting stock held by non-affiliates of the Company as of February 29, 2016 totaling 2,242,318,931 common shares was ₱20,292,986,325.55 based on the price of ₱9.05 per share as of February 29, 2016, the last trading day of February 2016. Petron had a public ownership of 23.84% as of February 29, 2016. Attached hereto as Annexes A and B are the public ownership reports of the Company as of December 31, 2015 and February 29, 2016, respectively.

DOCUMENTS INCORPORATED BY REFERENCE

None

PART I - BUSINESS AND GENERAL INFORMATION

(A) Description of Business

(1) Business Development

(i) The Company

Petron Corporation (“Petron” or the “Company”) was incorporated in the Philippines in 1966 as “Esso Philippines Inc.” Petron was renamed “Petrophil Corporation” in 1974 when the Philippine National Oil Company (“PNOC”) acquired it. In 1985, Petrophil and Bataan Refinery Corporation (formerly, the “Standard Vacuum Refining Corporation”) were merged with then Petrophil Corporation as the surviving corporation. The Company changed its corporate name to “Petron Corporation” in 1988.

On March 13, 2008, Aramco Overseas Company B.V. (“AOC”), then one of the Company’s major shareholders since 1994, entered into a share purchase agreement with Ashmore Investment Management Limited and subsequently issued a transfer notice to PNOC to signify its intent to sell its 40% equity stake in Petron. PNOC, which then held 40% of Petron’s capital stock, waived its right of first offer to purchase AOC’s interest in Petron. Eventually, SEA Refinery Holdings B.V. (“SEA BV”), a company incorporated in the Netherlands and owned by funds managed by the Ashmore Group, acquired AOC’s 40% interest in Petron in July 2008. Ashmore complied with the requirements of mandatory tender offer under the Code.

On October 6, 2008, PNOC informed SEA BV and Petron of its intent to dispose of its 40% stake in the Company. In December 2008, the 40% interest of PNOC in Petron was purchased by SEA Refinery Corporation (“SRC”), a domestic corporation wholly-owned by SEA BV. In a related development, SEA BV also sold a portion of its interest in Petron equivalent to 10.1% of the issued shares to SRC.

On December 24, 2008, San Miguel Corporation (“SMC”) and SEA BV entered into an Option Agreement (the “Option Agreement”) granting SMC the option to buy the entire ownership interest of SEA BV in its local subsidiary SRC. The option may be exercised by SMC within a period of two (2) years from December 24, 2008. Under the Option Agreement, SMC would have representation in the Board of Directors and the Management of Petron. In the implementation of the Option Agreement, SMC representatives were elected to the Board of Directors and appointed as senior officers on January 8 and February 27, 2009.

At its April 29, 2010 meeting, the Board of Directors endorsed the amendment of the articles of incorporation of the Company (the “Company’s Articles”) and its by-laws (the “Company’s By-laws”) increasing the number of directors from 10 to 15 and quorum from six (6) to eight (8). The same was approved by the stockholders during their annual meeting on July 12, 2010. The amendment was approved by the Securities and Exchange Commission (“SEC”) on August 13, 2010.

On April 30, 2010, SMC notified SEA BV that it would exercise its option to purchase 16,000,000 shares of SRC from SEA BV, which was approximately 40% of the outstanding capital stock of SRC. SRC owned 4,696,885,564 common shares of Petron, representing approximately 50.1% of its issued and outstanding common shares. SMC conducted a tender offer for the common shares of Petron as a result of its intention to exercise the option to acquire 100% of SRC from SEA BV under the Option Agreement. A total of 184,702,538 Petron common shares tendered were crossed at the Philippine Stock Exchange (“PSE”) on June 8, 2010, equivalent to approximately 1.97% of the issued and outstanding common stock of Petron. On June 15, 2010, SMC executed the Deed of Sale for the purchase of the 16,000,000 shares of SRC from SEA BV.

On July 30, 2010, the Petron Corporation Employees' Retirement Plan ("PCERP") bought 2,276,456,097 common shares in Petron comprising 24.025% of the total outstanding capital stock thereof from SEA BV. The purchase and sale transaction was executed on the board of the PSE at the price of ₱7.20 per share.

SMC purchased additional 1,517,637,398 common shares of Petron from SEA BV through a special block sale crossed at the PSE on August 31, 2010. Said shares comprise approximately 16% of the outstanding capital stock of Petron.

On October 18, 2010, SMC also acquired from the public a total of 530,624 common shares of Petron, representing approximately 0.006% of the outstanding capital stock of Petron.

On December 15, 2010, SMC exercised its option to acquire the remaining 60% of SRC from SEA B. V. pursuant to the Option Agreement. With the exercise of the option, SMC became beneficial owner of approximately 68% of the outstanding and issued shares of stock of Petron. As such, on that date, SMC obtained control of SRC and Petron.

On January 24, 2012, PCERP sold 695,300,000 of its common shares in the Company through the PSE. On December 5, 2012, March 27, 2014, and August 19, 2014, PCERP further sold 195,000,000 common shares, 470,000,000 common shares, and 380,000 common shares, respectively, through the PSE. On December 5, 2014, PCERP acquired 195,000,000 PCOR shares through the PSE. PCERP to date holds common shares comprising 7.80% of the outstanding common stock of the Company.

The registered office address of Petron is at the SMC Head Office Complex, 40 San Miguel Avenue, Mandaluyong City.

(ii) Subsidiaries

The direct subsidiaries of the Company as of December 31, 2015 are listed below:

- **New Ventures Realty Corporation** ("NVRC") is a realty firm established on August 24, 1995. NVRC is authorized to acquire and develop land but it does not engage in the subdivision business. Land suitable for use as service station sites, bulk plants or sales offices are purchased by NVRC, which are then leased to Petron for use in the latter's operation. NVRC's wholly-owned subsidiary, Las Lucas Development Corporation, which was acquired in 2003, was later renamed "Las Lucas Construction and Development Corporation" upon approval by the SEC in September 2009. In 2012, NVRC acquired 100% of Parkville Estates and Development Corporation and 60% of Mariveles Landco Corporation. In 2013, NVRC further acquired 100% of South Luzon Prime Holdings Incorporated, MRGVeloso Holdings, Inc. and Abreco Realty Corp.
- **Petrogen Insurance Corporation** ("Petrogen") is a wholly-owned subsidiary of Petron incorporated on August 23, 1996. It serves the insurance requirements of Petron and its allied business partners such as contractors, suppliers and dealers.
- **Overseas Ventures Insurance Corporation Ltd.** ("Ovincor") was incorporated on November 16, 1995 under the laws of Bermuda for the purpose of expediting the reinsurance of Petron's insurable interests as covered by Petrogen. Reinsurance includes the insurance cover for the refinery of Petron in Bataan (the "Petron Bataan Refinery"), the bulk plants and service station properties, petroleum and cargo insurance and performance bonds for Petron contractors and haulers as well.

- **Petron Freeport Corporation** (“PFC”; formerly, “Petron Treats Subic, Inc.”) was incorporated on November 6, 2003. The company is registered with the Subic Bay Metropolitan Authority (“SBMA”) as a Subic Bay Freeport (“SBF”) enterprise. PFC is engaged in the business of importing, transporting, trading and retailing petroleum products and related products. As a registered SBF enterprise, PFC is entitled to tax-free and duty-free importation of raw materials and capital equipment for use solely within SBF. PFC has two (2) divisions - retail and manufacturing. The retail division handles the service station operations (*i.e.*, forecourt, quick-service restaurant, and locators). The manufacturing division is engaged in refining, distilling and manufacturing any and all kinds of petroleum products, oil, gas and other vehicle substances. Direct operations of the retail facilities and the manufacturing plant of PFC allows Petron to deal in the business of purchasing, marketing, distributing and trading petroleum, oil, gas, and related products.
- **Petron Marketing Corporation** (“PMC”) was incorporated on January 27, 2004 with the same business purpose as PFC but operates outside the SBF. PMC is a wholly-owned subsidiary of Petron. As of December 31, 2015, PMC operated some service stations of Petron and held the franchise to 11 fastfood stores. PMC launched *Treats* as the secondary retail store brand found in Petron service stations in 2014.
- **Limay Energen Corporation** (“LEC”) was incorporated on August 23, 2010. LEC became wholly owned by Petron in January 2012. The primary purpose of LEC is to build, operate, maintain, sell and lease power generation plants, facilities, equipment and other related assets and generally engage in the business of power generation and sale of electricity generated by its facilities.
- **Petron Singapore Trading Pte. Ltd.** (“PSTPL”) was established in 2010 as Petron’s trading subsidiary in Singapore. The subsidiary aims to optimize crude procurement and participate in Singapore’s Global Trader Program, which allows the Company access to a wider selection of crude alternatives, resulting in further optimization of Petron’s crude selection.
- **Petron Global Limited** (“Petron Global”) is a holding company incorporated under the laws of the British Virgin Islands acquired by the Company on February 24, 2012.
- **Petron Finance (Labuan) Limited** (“Petron Finance”) is a holding company incorporated under the laws of Labuan, Malaysia acquired by the Company on March 2, 2012.
- **Petrochemical Asia (HK) Limited** (“PAHL”) is a holding company incorporated under the laws of Hong Kong over which the Company obtained control in January 2013.
- **Petron Oil & Gas Mauritius Ltd.** (“POGM”) is a holding company incorporated under the laws of Mauritius acquired by the Company on February 8, 2012.

Petron Oil & Gas International Sdn Bhd (“POGI”) is a subsidiary of POGM incorporated under the laws of Malaysia, which, on March 30, 2012, acquired 65% of the issued and outstanding share capital of Esso Malaysia Berhad (“EMB”), a publicly-listed company in Malaysia, and 100% of the issued and outstanding share capital of ExxonMobil Malaysia Sdn Bhd and ExxonMobil Borneo Sdn Bhd. POGI subsequently acquired an additional 8.4% of the voting shares of EMB in May 2012 pursuant to a mandatory takeover offer. On April 23, 2012, the Companies Commission of Malaysia (“CCM”) issued a certificate for the change of name of ExxonMobil Malaysia Sdn Bhd to “Petron Fuel International Sdn Bhd” (“PFISB”) and of ExxonMobil Borneo Sdn Bhd. to “Petron

Oil (M) Sdn Bhd.” (“POMSB”). Thereafter, on July 10, 2012, the CCM issued a certificate for the change of name of EMB to “Petron Malaysia Refining & Marketing Bhd.” (“PMRMB”).

PMRMB, PFISB and POMSB (collectively, the “Petron Malaysia Companies”) are companies also incorporated under the laws of Malaysia and are engaged in the downstream oil business in Malaysia. The Petron Malaysia Companies’ distribution network includes nine (9) product terminals and one depot. The Petron Malaysia Companies has a network of approximately 565 retail service stations in the country. The rebranding and upgrading of the service stations to the Petron brand was completed in 2015. PMRMB owns and operates the 88,000 bpd Port Dickson Refinery (“PDR”). The PDR produces a range of products, including LPG, naphtha, gasoline, diesel, jet fuel, and low sulfur waxy residue (“LSWR”).

The Petron Malaysia Companies’ fuels marketing business in Malaysia is divided into retail business and commercial sales. The retail business markets fuels and other retail products through its network of service stations located throughout Peninsular and Sabah-East Malaysia. The Petron Malaysia Companies’ commercial sales are divided into four (4) segments: industrial and wholesale, aviation fuels, LPG and lubricants/specialties. The industrial segment sells diesel and gasoline fuels to mini-stations and power plants, as well as to the manufacturing, plantation, transportation and construction sectors while the Malaysian wholesale segment consists of sales, primarily of diesel, gasoline and kerosene, to company-appointed resellers, which sell the Company’s products to industrial customers. The aviation group mainly sells to key airline customers which operate at the Kuala Lumpur International Airport where the product is supplied through the pipeline connected to the Port Dickson Terminal. PMRMB markets LPG in 12-kg and 14-kg cylinders for domestic use. In April 2012, the Petron Malaysia Companies established a lubricants and specialties segment to introduce Petron lubricants and greases into the Malaysian market. Automotive lubricants are sold through the service stations and appointed distributors in Malaysia. PMRMB exports LSWR and naphtha from the PDR.

The above-listed subsidiaries of the Company have no plans of engaging in lines of products or services other than those provided in connection with the promotion and enhancement of the business of the Company.

The Company and its subsidiaries are not subject of any bankruptcy, receivership or similar proceedings.

Operating Highlights

Sales

Sales to the Philippine domestic market grew by 12.2%. The retail sector which accounts for 39% of sales, grew by 11.2%

This growth is attributed to new station builds, aggressive dealer account solicitation, and various marketing programs that attracted more motorists to Petron stations, supported by a robust economy. As of year-end 2015, the Company had a total service station count of close to 2,200 stations. The marketing programs of the Company include its cards programs, namely, *Petron Fleet Card*, *Petron Value Card* and the latest *Super Driver Card* that caters specifically to public utility drivers and various promotions such as the *Avengers Tumbler*, *Free Gas Araw-Araw*, and the *Lamborghini Toy Car*. Sales of LPG, which account for about 10% of sales, grew by about 15.6%. The growth was attributable to the expansion of dealer branch stores and retail outlets, increased participation of the Company in the refiller sector, and acquisition of major industrial accounts (e.g., new malls).

Sales to the industrial sector and other oil companies, about 50% of sales, grew by about 12.4% with increased sales of jet fuel and participation in the distributor/wholesale sector.

Sales of lubricants grew by 6.9% due to increased penetration in non-traditional outlets such as auto-supply stores and various marketing support programs for business partners to promote products at point of sale.

Refining

- **Upgrade to Full Conversion**

The Petron Bataan Refinery Master Plan Phase-2 Upgrade (“RMP-2”) was mechanically completed in 2014. Petron’s biggest project to date upgraded the Petron Bataan Refinery to a full conversion refining complex, where all fuel oil is converted to higher valued products - gasoline, diesel and petrochemicals. This makes the Petron Bataan Refinery comparable to highly complex refineries worldwide. In the first quarter of 2015, RMP-2 facility completed its performance guarantee test run, facilitated together with the process technology licensors, to establish the capabilities of the plant against the guaranteed yields and product qualities. RMP-2 started its full commercial operation in January 2016 after the completion of the test run and stabilization of process units.

- **Seventh Consecutive Integrated Management System (“IMS”) Certification**

The Petron Bataan Refinery sustained its IMS certification for the seventh straight year. It passed the Quality Management System (“QMS”) and Occupational Health/Safety Management System (“OHSMS”) recertification audits and the Environmental Management System (“EMS”) surveillance audit conducted on April 28-30, 2015. TUV SUD PSB Philippines Inc. granted the Petron Bataan Refinery a recertification of its QMS and OHSMS for the period June 5, 2015 to June 4 2018 following compliance by the refinery with the international standards ISO 9001:2008 and BS OHSAS 18001:2007. The body also recertified the compliance by the Petron Bataan Refinery with the international standard ISO 14001:2004 for its EMS certificate valid until July 31, 2017.

Product Supply and Distribution

The Company continues to implement programs to ensure product availability and timely supply such as the program managing station inventory, adequate number of tank trucks and marine vessels and a system that allows nearby depots to support requirements of other depots in case of calamities.

Human Resources

Management recognizes that an organization that is equipped with the right mix of characteristics and skills is key to its progress and successes. With this in mind, the Company implements various human resource programs responsive to the evolving needs of an expanding organization. The Company implements various training and development programs, continues to strengthen the leadership and management succession program to retain and develop critical talents and ensure operational continuity, develops organizational structures that will adapt to expansion initiatives and maximize workforce productivity and cultivates greater employee commitment through optimal rewards for employees’ performance, work life integration programs, and safe working conditions.

Health, Safety and Environment (“HSE”)

The Company’s HSE programs continue to be an important element in the operations of its facilities. HSE programs of the Company include the following:

- **Inspection/Audit/Training.** To ensure safety and emergency preparedness of its various facilities, the Company conducts multifunctional audits and safety inspections of the depots/terminals, service stations and third party LPG filling plants. The Company participates in industry-wide oil spill response exercises through service provider WISE Philippines. Periodic inspections of firefighting equipment, emergency drills and exercises are conducted at the Petron Bataan Refinery and the depots/terminals nationwide to enhance competency and responsiveness in addressing emergencies and disasters. A review of the different depot/terminal operations and procedures is conducted to ensure that safety is always inculcated in these activities. Safety seminars/trainings are also continuously being conducted for various stakeholders in the Company’s operations to ensure that all imbibe a safety mindset.
- **HSE Systems**
 - a. Stations. The Safety Management System for service stations was launched in 2014 with the objective of elevating the level of safety awareness among the service station dealers and their employees and workers.
 - b. Depot/Terminals. Twenty-nine (29) locations had been certified to the IMS that includes ISO 9001:2008, ISO 14001:2004, and ISO18001:2007. Furthermore, all 17 depots with pier facilities are currently compliant with the International Ship and Port Facility Security Code (“ISPS Code”) as certified by the Office of the Transport Security under the DOTC. The ISPS certification is a requirement by the International Maritime Organization of the United Nations for all international vessels calling on international ports and for all ports accepting international vessels. Petron’s shipping ports for both domestic and international vessels are ISPS-certified.
 - c. Refinery. The Petron Bataan Refinery continues to conform with the international standard of Quality (ISO-9001:2008), Environment (ISO-14001:2004), and Health and Safety (OHSAS-18001:2004).

With its annual safety programs, the Company achieved several milestones and recognitions from various government agencies and organizations for the year 2015. From January to December 2015, a total of about 12,406,307 safe man hours were achieved by the Head Office, the Petron Bataan Refinery and the depots and terminals. In October 2015, the World Safety Organization recognized the Company as one of the Concerned Company/Corporation Awardees at its 28th Annual International Environmental and Occupational Safety and Health Professional Development Symposium.

Corporate Social Responsibility (“CSR”)

Alongside the attainment of business goals, the Company also puts equal importance to meeting its social and environmental agenda. Fueling HOPE (*Helping Filipino Children Overcome Poverty Through Education*) is its main guidepost and *Tulong Aral* its flagship program. The Company also implements programs on environmental sustainability and those that cater to communities near Company facilities.

Among the CSR and sustainability activities of Petron in 2015 were the following:

- **Tulong Aral ng Petron.** In partnership with the Department of Social Welfare and Development (“DSWD”), the Department of Education (“DepEd”) the Philippine Business for Social Progress and the World Vision Development Foundation, the Company continued its *Tulong Aral ng Petron* (“Tulong Aral”), a long-term, strategic initiative that helps send poor children to school, keep them there and make sure they learn. Tulong Aral has scholarship programs for elementary, high school and college students.

At the end of 2015, Tulong Aral ng Petron had a total of 2,238 scholars: 944 elementary scholars in 25 partner schools in the National Capitol Region (Caloocan, Malabon, Navotas, Valenzuela, Manila, Pasay, Mandaluyong, Quezon City, Parañaque, Taguig, Pateros, Pasig and Las Piñas) and 504 scholars in eight (8) partner schools in Mindanao (Davao, South Cotabato, Iligan, Jimenez, Misamis Oriental and Zamboanga). In 2015, TAP program was extended to Petron’s major facilities with 442 elementary scholars in the Visayas (Bacolod City, Iloilo, Roxas and Tagbilaran) and 348 in Rosario, Cavite and Mabini, Batangas.

The scholars continued to enjoy the benefits of Petron’s send-a-child to school program, including the provision of books, school supplies, shoes and uniforms; daily meal allowances for children, as well as capability building and livelihood programs for parents.

Three hundred seventy (379) elementary and 76 high school scholars graduated in March 2015. A total of 470 children received scholarships to go to high school in 22 public schools in Metro Manila. For the school year 2015-2016, Petron sponsored an additional 20 college scholars bringing the total number to 61 scholars pursuing different degrees in various academic institutions. Once they graduate, they will have an opportunity to join the Petron family.

- **Other Education-Related Programs**

1. **Petron Schools.** In 2015, Petron builds and turned over a two-classroom Petron School facility at Anibong Elementary School in Tacloban City, which was badly hit by Typhoon Yolanda in 2013. This brings the total number of Petron Schools constructed to 81 since 2002.

Petron also turned over three (3) Silid Pangarap school buildings for the pre-school and kindergarten levels in partnership with AGAPP (Aklat, Gabay, Aruga Tungo sa Pag-angat at Pag-asa) Foundation and San Miguel Foundation. These classrooms also serve as mini-libraries. Since 2011, Petron has so far funded and turned over 22 schools or 44 classrooms in Bataan, Samar, Cavite, Cebu, Negros Oriental, Leyte, Roxas and some parts of Mindanao.

2. **Youth Entrepreneurship.** In the tenth year of the Youth in Entrepreneurship and Leadership Development (“YIELD”) Program, 100 third year students of the Muntinlupa Business High School (“MBHS”) spent their summer at select Petron stations to learn about back office operations and the rudiments of food service. This brings the total number of YIELD graduates since 2005 to 1,100.
3. **Petron ACES.** The Petron Automotive Care Education (“ACE”) program, which was launched in 2015, provides free automotive servicing NC-II technical-vocational education to deserving scholars at the Guzman College of Science and Technology. Once they graduate and get TESDA-certified, they may be hired to work in Petron Car Care Centers. An initial batch of 15 scholars qualified for the first year of the program.

4. **Reading Program.** In 2015, Petron, through its Petron Foundation, continued its partnership with the DepEd and the United States Agency for International Development (“USAID”) in improving basic education. Petron continued to make significant investments through its support to Basa Pilipinas (Read Philippines) which aims to improve the reading skills of 1 million early grades students and provide technical assistance to the DepEd on the language and literacy component for Grades 1 to 3 in Ilocos and Central Visayas.
- **Promotion of Environmental Sustainability**
 1. **Bataan Integrated Coastal Management Program (“BICMP”).** In 2015, Petron sustained its leadership role in the implementation of the Bataan Integrated Coastal Management Program (“BICMP”), a partnership with the Provincial Government of Bataan and the United Nations Development Programme’s Partnerships on Environmental Management for the Seas of East Asia (“PEMSEA”). Its activities included guiding Bataan’s local government units in developing and implementing their respective zoning plans in accordance with the Bataan Coastal Land and Sea Use Zoning Plan and the Bataan Sustainable Development Strategy. One of the highlights for this year was the completion of the State of the Coasts (“SoC”) Report for the province of Bataan, with the support of the PEMSEA Resource Facility. The SoC reporting system is a tool that local governments can use in the monitoring, evaluation and reporting of their integrated coastal management (“ICM”) programs. This provides baseline conditions and priorities to be addressed in an ICM program and helps LGUs to measure and report progress and impacts of their ICM implementation.
 2. **Participation in the National Greening Program.** Also in Bataan, Petron partnered with the Provincial Government, Municipal Government of Limay, PENRO-Bataan, and People’s Organizations SAMASAKA (Samahang Magsasaka Sa Kagubatan Ng Limay, Bataan, Inc.) and AFPAL (Alangan Farmers Producers Association, Inc.) to reforest a total of 300 hectares to protect the watershed of Limay. Through this and along with other tree and mangrove planting activities conducted by Petron Operations personnel nationwide throughout 2015, Petron remained active in its support of DENR’s goal of planting 1.5 billion trees from 2011 to 2016 under the National Greening Program.
 - **Community-Based Programs.** Petron’s community-based programs benefit residents close to Petron facilities. The community-based programs include:
 1. **Sulong KaBarangay Program in Bataan.** The *Sulong KaBarangay* program, a public-private partnership among the local government of Limay, DSWD and Petron. The Samahang Alangan at Lamao para sa Pag-Unlad, Inc. (SALAPI), a group formed through the *Sulong Pangkabuhayan* (livelihood assistance project) in 2012, continued to supply the Petron Bataan Refinery’s rug requirements and has been producing doormats to local markets.
 2. **Livelihood Programs.** A donation of seed money to the Municipality of Rosario in Cavite allowed a total of more than 800 residents to secure loans to start or enhance their livelihood activities.

Petron and the Municipality of Rosario also established the *Tulong Aral* Livelihood Program with 27 mothers of *Tulong Aral* scholars as its first beneficiaries. They were given skills training in rag making and have set-up a cooperative with the help of the Municipality of Rosario. They now supply Petron Rosario depot and the local market with rags.

- **Responding to Crises.** While the country was fortunately spared from any major natural calamity in 2015, Petron continued to live up to its commitment of helping families affected by previous disasters. In partnership with SMC Foundation and Habitat for Humanity Philippines, Petron supported the building of houses to help 85 families devastated in 2013 by super typhoon Yolanda and the Visayas earthquake.

Petron Malaysia

The Petron Malaysia Companies have completed the upgrading of the product terminals to comply with the B7 biodiesel and U97 E4M requirements. This is in line with the government's thrust of providing cleaner and more environment friendly fuels to the consumers. The Petron Malaysia Companies also completed the rebranding and modernization of the more than 100 road tankers which transport products throughout the country. As part of the rebranding program, three (3) card programs, *Petron Miles* loyalty card, Petron Fleet Card with microchip technology and co-branded Petron and Public Bank Visa Card program, were launched.

(2) Business of Petron

(i) Principal products or services and their markets

Petron's principal business involves the refining of crude oil and the marketing and distribution of refined petroleum products. It sells a full range of refined petroleum products including gasoline, LPG, diesel, jet fuel, kerosene, asphalts and petrochemicals (benzene, toluene, mixed xylene, propylene and polypropylene). Exports include naphtha and petrochemicals. When necessary, some refined petroleum products are imported.

The major markets in the petroleum industry are the reseller (service station), industrial, LPG lube trades. Petron sells its products through a nationwide network of service stations, LPG dealerships and lube outlets and to industrial end-users and bulk off-takers.

The Company also continues to expand its non-fuel businesses. It holds franchises of major local food chains, leases space to other consumer services, food kiosks and restaurants to give its customers a one-stop full service experience at the service station. It continues to have a tie-up with San Miguel Group for the San Mig Avenue convenience stores at the stations. In 2014, it re-launched the *Treats* store as the secondary retail store brand found in Petron service stations.

(ii) Percentage of sales or revenues contributed by foreign sales

Below is the summary of the percentage of sales or revenues of domestic and foreign sales of the Company and its subsidiaries from 2013 to 2015:

	Domestic	Exports/International	Total
2013, in million pesos	264,445	199,193	463,638
2013, in percentage	57%	43%	100%
2014, in million pesos	276,731	205,804	482,535
2014, in percentage	57%	43%	100%
2015, in million pesos	213,683	146,495	360,178
2015, in percentage	59%	41%	100%

(iii) Distribution methods of products or services

Petron's bulk petroleum products are refined from crude oil at the Petron Bataan Refinery in Limay, Bataan. From the Petron Bataan Refinery, products are distributed to the various bulk storage terminals and direct consumer accounts nationwide using a fleet of barges and tankers. From the storage depots, bulk products are hauled by tank trucks to service stations and to direct consumer accounts. Products may also be sourced from depots operated by other oil companies with whom Petron has joint operations, rationalization and/or product supply agreements.

Lubes and greases in various packages are transported via container vans to bulk plants and terminals outside Metro Manila. Petron lube distributors are also established to sell these products.

Petron has a nationwide network of LPG retail dealerships and outlets. Service stations also carry *Gasul* products and accessories and lube products.

(iv) New products or services

- **Euro IV Gasoline and Diesel Fuels**

Petron upgraded its gasoline products to meet Euro emission standards and Euro IV-PH fuel limits of PNS QS 008:2012. Its gasoline brands (Super Xtra, Xtra Advance, XCS, and Blaze 100 Euro 4) exceed the Euro IV-PH fuel specifications under the Philippine National Standards ("PNS") for sulfur and benzene.

In October 2015, the Company also implemented Euro IV in Diesel Max and Turbo Diesel. All the diesel brands of the Company meet the stringent requirements of Euro IV emission limits and Euro-IV specifications of PNS QS 004:2012.

- **Development of Petron Brake Fluid DOT 4**

The Company developed a special formulation of brake fluid to meet the performance requirements of the Federal Motor Vehicle Safety Standard No. 116 DOT Specification. Petron Brake Fluid DOT 4 is formulated to provide optimum performance and maximum safety.

- **Engine Oils for Petron Malaysia**

- a. Rev-X Multi-grade 20W-50 API CF

b. Blaze Racing Multi-grade 20W-50 API SL

a. Development of Engine Oils and Transmission Fluids

The Company developed the following specially formulated products to cater the requirements of different automotive original equipment manufacturers:

- a. Petron Fully Synthetic 5W-40 API CJ-4/SN
- b. Petron premium Multi-grade 15W-40 API SN/CF
- c. Petron Fully Synthetic 5W-30 API SN/CF
- d. Petron Dual Clutch Transmission Fluid

(v) Competition

Petron operates in a deregulated oil industry along with more than 90 other industry players. With several players sharing in the market, competition is intense. Retail and depot network expansion, pricing, and various marketing programs are being employed to gain a bigger share of the domestic market. The Company's major competitors in the retail, industrial and lube trades are Shell and Chevron and, in the LPG trade, Liquegas. However, Petron's wider retail and depot network allows it to expand its reach in the domestic market more effectively. Moreover, with its upgraded refinery, Petron now produces more fuels, namely, gasoline, diesel and jet fuel.

(vi) Sources and availability of raw materials and the names of principal suppliers

In 2015, Petron purchased all its term and spot crude requirements through its wholly-owned subsidiary, PSTPL. Majority of the crude purchase was sourced from Saudi Arabian Oil Company ("Saudi Aramco") under a term contract. Another crude, Kuwait export crude, was sourced from Kuwait Petroleum Corp also under a term contract. For its 2016 crude requirements, Petron, through PSTPL, renewed its Crude Oil Supply Agreements with Saudi Aramco and Kuwait Petroleum Corp for the period January to December 2016.

Petron purchased its finished product import requirements in 2015 also through PSTPL. Local spot and term purchase contracts for finished products were also secured from several oil companies. For 2016, aviation gas, asphalt and baseoil contracts were renewed for the period January to December 2016 likewise through PSTPL.

On its requirements for ethanol, the Company continued to support the directive of the Department of energy ("DOE") on prioritization of locally-produced ethanol, complying with the required monthly allocation. Around 43% of the total ethanol requirement of the Company was sourced from various local ethanol producers. The Company is the sole buyer of all the ethanol produced by San Carlos Bioenergy, Inc. pursuant to a 2008 ten-year supply contract. The balance of the Company's ethanol requirements is sourced from other local ethanol producers and imports. Ethanol is blended with gasoline to comply with the current requirement under the Biofuels Act of 2006.

(vii) Dependence on one or a few major customers and identity of any such major customers

Petron and its subsidiaries do not have a single external customer from which sales revenue generated amounted to 10% or more of the total revenue.

(viii) Transactions with and/or dependence on related parties

Petron, certain of its subsidiaries, associates, and joint venture and SMC and its subsidiaries purchase products and services from one another in the normal course of business.

It is the policy of the Company that transactions with related parties are on an arm's length basis in a manner similar to transactions with non-related parties. Related party transactions are made at normal market prices and terms. To ensure that this policy is implemented, the Company undertakes an assessment at each financial year by examining the final position of the related party and the market in which the related party operates.

Described below are transactions of Petron with related parties:

1. Petron entered into a lease agreement with San Miguel Properties, Inc. for office space covering 6,802 square meters. The lease, which commenced on June 1, 2014, is for a period of one year and may be renewed in accordance with the written agreement of the parties.
2. Petron also pays SMC for its share in common expenses such as utilities and management fees for the leased office space.
3. Petron has long-term lease agreements with NVRC covering certain parcels of lands where some of its depots, terminals and service stations are located.
4. Petron partly retails its fuel products through its subsidiaries, PMC, PFC, and PSTPL, as well as lubes through PFSIB.
5. Petron obtains insurance coverage from Petrogen which, in turn, obtains reinsurance coverage from Ovincor and other local reinsurers.
6. Petron made certain advances to PCERP for investment opportunities.
7. Petron has an existing trading agreement with PSTPL for the procurement of crude oil, and trading of finished petroleum products and other materials such as ethanol, coal, and additives.
8. Petron engaged PSTPL to perform the chartering function such as the renewal and negotiation of contract of affreightments and commodity risk management via hedging transactions.
9. Petron provides general management services to PFISB.
10. Petron has existing supply agreements with various SMC subsidiaries. Under these agreements, Petron supplies the bunker, diesel fuel, gasoline and lube requirements of selected SMC plants and subsidiaries.
11. Petron purchase goods and services, such as those related to construction, information technology, shipping and power, from various SMC subsidiaries.
12. NVRC and SMC Powergen Inc. ("SMC Powergen") entered into a sublease agreement for a portion of the lands on which the Petron Bataan Refinery and SMC Powergen's power plant is located.
13. NVRC and SMC subsidiaries entered into various lease agreements for portion of lands located at Limay, Bataan.

(ix) Patents, trademarks, licenses, franchises, concessions, royalty agreements

The Company's intellectual property registrations and applications as of December 31, 2015 are described below.

Approved Trademark Registrations. Petron has trademark registrations for a term of 20 years for its Petrogrease, Gearfluid, Gasulette, Gasulite, Gasulgrille, Gasul, Marinekote, LPG Gasul Cylinder 50 kg., Gasul and Device, LPG Gasul Cylinder 11 kg., Petron STM, Petron Autokote, GEP, Gearkote, Cablekote, REV-X superdiesel Multigrade, "AS" Petron, Grease Solve, Petrokote, Petron 2040, Petron XD3, Petron Old Logo, Hypex, Extra, Petron Old Logo (Tradename), 2T, Turnol, Petromar HD, Spinol, Airlube, Hydrotur, Petromix, Voltran, Stemol, Petrocyl 680, Overglide, Grease Away, Petrokut, Petron Railroad Extra, Rubbex, Petron Dust Stop Oil, Oil Saver, DCL 100, Milrol, Petropen, Petron GST, Petron with XCS, With XCS, Super DC, LPG Gasul Cylinder 2.7 kg. Petromul CSS-1, New Petron Logo, Power Booster, Zerflo, TDH 50, Automatic Transmission Fluid, Petrotherm 32, Petrosine, Petron HDX, Petron TF, Petron, Ropgriz, Ultron and Device, 2T Motorcycle Oil, Lubritop, Antimist, Molygrease, Petron GX and Extra with a car device against a red background.

Petron Gasul 11-kg POL-VALVED Cylinder, Ultron Rallye, Rev-X Trekker, Rev-X Hauler, Rev-X HD, Bull's Eye, Ultron Extra, Sprint 4T, Xpert Diesel Oils, Penetrating Oil, Solvent 3040, Ultron Race, Ultron Touring, Lakbay Alalay, Blaze, Clean 'n Shine, Fuel Hope, Fuel Success, Fuel X Fuel Customer Experience, Pchem, Petron Farm Trac Oil for Farm Equipment, Petron Freeport Corporation, Petron Marketing Corporation, PetronConnects, Treats (for bottled water), Tulong Aral ng Petron & Device, Ultimate Release from Engine Stress, Xpert sa Makina X-tra ang Kita, "Your friend on the Road", Fuel Trust, Fuel Experience, Fuel Drive, Fuel Excellence, Fuel Efficiency, Xtend, Car Care & Logo, Go for the Xtra Miles, e-fuel, Rider, Enduro, Extra, Fiesta Gas with device, Xtra, Fiesta Gas 2.7kg cylinder, Fiesta Gas 5kg cylinder, Fiesta Gas 5kg POL-VALVED. Fiesta Gas 11kg cylinder, Fiesta Gas 11kg POL-VALVED. Fiesta Gas 22kg POL-VALVED, Fiesta Gas 50kg POL-VALVED, Bulilit Station, Bulilit Station (Gasoline Station), How far can you go on one full tank these days?, Fuel Journeys, Petron Lakbay Pinoy, Petron Pinoy Fuels & Device, Petron Pinoy Diesel & Device, Petron Pinoy Regular & Device, Econo, Elite, Pantra, Limay Energen Corporation, Racer Maximum Performance, Petrolene, Petron Value Card and Device, Pstore, Pmart, Pshop, Go Petron! Get Rewards & Benefits, TSI and Device, Footprints Inside a Sphere & Device, Lakbay Alalay Para sa Kalikasan, Everyone's Vision & device, Petron Super Xtra Gasoline, Xtra Advance, Petron Ronnie Mascot in Seatbelt & device, Petron Super Driver, Maxi Gas, Xtra Exceed, Xtra Ultra, Xtra Prime, Xtra Miles, Pinoy HP Gasoline, Xtra Excel, UnliPower Saver Gasoline, Ultramax Gasoline, Ecomax Gasoline, PMax Gasoline, Pharmacy Plus, Triangle Device, Boomerang Device, Ronnie Mascot, and AR Scan, View it & device, Seat Belt Lives, See It & device, Privilege Miles Card & device, Petron Fleet Card & device, Blaze 100 Octane Euro 4 & device, Aim here & device, Focus here & device, AR View & device, AR Focus & device, Pay with Points Save your Cash, AR Spot & device, Scan It & device, Road Safety & device, Miles, Petron Chinese Name (flag type), Petron Chinese Name (long type), Super Tsuper Gift and App, Xtra Advance (inside a rectangle device), Petron Blaze 100, Petron XCS3, Champion Gasoline, Everyone's Shop & Device, Gasulito, REV-X, Petron Blaze Spikers, Thermal Stress Stabilizing System, Dynamic Cleaning Technology, Miles Better, Your Feet Your Rules, Xtra Advance Euro 4 & Device, Petron Super Xtra Gasoline Euro 4 & Device, Diesel Max Euro 4 & Device, Turbo Diesel Euro 4 & device, XCS Euro 4 & device and Fast Gas Fast Prize are registered for a term of 10 years.

Pending Trademark Registration Applications. Petron has pending applications for registration of the following trademarks: Sagip Alalay, Petron Canopy Fascia, Petron XCS3 Triple Action Premium Unleaded, Euro 4 (stylized), Mix & Treats device, Treats Plus & device, Everyone's Treats, Super Treats & device, Accident Insurance & device, Stylized P & device, Towing & Roadside Assistance device, Thermal Control System, Carbon Buster, Diesel Max, Petron PMB, Blu & Device, Blu with Gasul Tank, Puno ng Buhay, Tri-Action, Triple Action Fuel, Blaze Racing, Tri Plus, Tri Activ, Gas Padala and Lakbay Ligtas.

Petron also has registered and pending trademarks in Malaysia, Indonesia, Cambodia, Thailand, Myanmar, Australia, China, United Kingdom, India, Japan, Republic of Korea, Singapore, Hong Kong, China and Saudi Arabia. The Company has filed 176 trademark applications in Malaysia relating to its Malaysian operations. It has obtained copyright protection for the stylized letter “P” and has registered trademarks in Malaysia, including the “*Petron (Class 9)*”, “*Petron Logo*”, “*Gas Miles*”, “*Gasul*”, “*Fiesta Gas*”, “*Energen*”, “*Petron Plus (Class 9)*”, “*Perks*”, “*Miles*”, “*Propel*”, “*XCS*”, “*Petromate*”, “*Hydrotur*”, “*Miles with P-Logo*”, “*MILES with P Logo and ‘Privilege Miles Card’ words*”, “*Petroil*”, “*Fuel Journeys*”, “*Better by Miles*”, “*Petron Cares*”, “*DCL 100*”, “*Petromar*”, “*Energy*”, “*Treats with Crocodile Logo*”, and “*Petron Greenfuel*”, “*Kedai Mart with P logo*”, “*Rider*”, “*Rider 4T*”, “*Petrolaysia*”, “*Prime*”, “*Petron with Canopy Fascia logo*”, “*Petron Racing*”, “*Sprint 4T*”, “*Rev-X Diesel Engine Oils*”, “*Prestige*”, “*Xtra Mile*”, “*Xtra Unleaded*”, “*Treats & Device*”, “*Petron Value Card Rewards & Benefits*”, “*Turbo Diesel*”, “*Diesel Maz*”, “*Blaze Gasoline*”, “*Petron XCS3*”, “*Powerburn 2T & Device*”, “*Racing*”, “*Powerburn*”, “*Petrogrease*”, “*Greaseway*”, “*GEP*”, “*Gearfluid*”, “*Clean ‘n Shine*”, “*ATF*”, “*Treats & Device*”, “*Powered by Petron*”, “*Miles with P Logo & Petrol Word*”, “*Petromar HD*”, “*Petrogrease EP*”, “*Blaze with P Logo and Petrol*”, “*Fuel Trust*”, “*Fuel Success*”, “*Fuel Hope*”, “*Blaze Racing*”, “*Fuel Care*”, “*Treats*”, “*Petron Motorsports*”, “*Fuel Life*”, “*Fueled by Petron*”, “*Miles Better*” and “*Your Fleet Your Rules*”.

Copyrights. Petron has copyrights for its seven (7)-kg LPG container, Gasulito with stylized letter “P” and two (2) flames, Powerburn 2T, Petron New Logo (22 styles), Philippine Card Designs and Malaysian Card Designs, and Petron font. Copyrights are protected during the lifetime of the creator and for 50 years after his death.

Utility Models. Petron has registration for the following utility models: (i) Carbon Buster (process) and (ii) Carbon Buster (composition). The term of the utility model is seven (7) years from date of filing of the application.

(x) Government Approval of Principal Products or Services

Government approval of Petron products and services is not generally required. Petroleum products, both locally refined and imported, however, must conform to specifications under the Philippine National Standards. Importations of petroleum products and additives are reported to the DOE, in accordance with the Downstream Oil Industry Deregulation Act of 1998 and its implementing rules and regulations. Clearances are secured from concerned government authorities for importations of restricted goods. The supply of products or services to government and government agencies undergo a bidding process in accordance with law.

(xi) Effect of existing or probable government regulations on the business

- **Executive Order 890: Removing Import Duties on All Crude and Refined Petroleum Products.** After the ASEAN Trade in Goods Agreement was implemented in 2010, the tariff rate structure in the oil industry was distorted with crude and product imports from ASEAN countries enjoying zero tariff while crude and product imports from outside the ASEAN were levied 3% tariff. To level the playing field, Petron filed a petition with the Tariff Commission to apply the same tariff duty on crude and petroleum product imports, regardless of source. In June 2010, the government approved Petron’s petition and issued Executive Order 890 which eliminated import duties on all crude and petroleum products regardless of source. The reduction of duties took effect on July 4, 2010.
- **Biofuels Act of 2006 (the “Biofuels Act”).** The Biofuels Act and its implementing circulars mandate that gasoline and diesel volumes contain 10% bioethanol and 2% biodiesel/cocomethyl ester (“CME”) components, respectively. To produce compliant fuels, the Company invested in CME injection systems at the Petron Bataan Refinery and the depots. On the bioethanol component, the DOE issued in June 2015 its Circular No. 2015-06-0005 entitled “Amending Department Circular No.

2011-02-0001 entitled Mandatory Use of Biofuel Blend” which currently exempts premium plus gasoline from the 10% blending requirement.

- Renewable Energy Act of 2008 (the “Renewable Energy Act”). The Renewable Energy Act aims to promote development and commercialization of renewable and environment-friendly energy resources (e.g., biomass, solar, wind) through various tax incentives. Renewable energy developers will be given a seven (7)-year income tax holiday, power generated from these sources will be VAT-exempt, and facilities to be used or imported will also have tax incentives.
- Compliance with Euro 4 standards. The DENR issued in September 2010 Administrative Order 2010-23 mandating that, by 2016, all new motor vehicles that would be introduced in the market shall comply with Euro 4 emission limits, subject to Euro 4 fuel availability. In June 2015, the DOE issued Circular 2015 - 06-0004 entitled “Implementing the Corresponding Philippine National Standard Specifications (PNS) for the Euro 4/IV PH Fuels Complying with the Euro 4/IV Emissions” directing all oil companies to adopt Euro4-compliant fuels. With its RMP-2, Petron is now producing Euro 4-compliant fuels ahead of the 2016 mandate.
- LPG Bill. The LPG Bill, currently pending in the Philippine Congress, will mandate stricter standards on industry practices.
- DOE Department Circular 2014-01-0001. The DOE issued Department Circular 2014-01-0001 directed at ensuring safe and lawful practices by all LPG industry participants as evidenced by standards compliance certificates. The circular also mandates that all persons engaged or intending to engage as a refiller of LPG shall likewise strictly comply with the minimum standards requirements set by the DTI and the DOE. The circular imposes penalties for, among others, underfilling, illegal refilling and adulteration.
- Laws on Oil Pollution. To address issues on marine pollution and oil spillage, the Maritime Industry Authority (“MARINA”) mandated the use of double-hull vessels for transporting black products beginning end-2008 and white products by 2011. Petron has been using double-hull vessels in transporting all its products.
- Clean Air Act of 1999 (the “Clean Air Act”). The Clean Air Act established air quality guidelines and emission standards for stationary and mobile equipment. It also included the required specifications for gasoline, diesel and IFO to allow attainment of emission standards. Petron invested in a gasoil hydrotreater plant and an isomerization plant to enable it to produce diesel and gasoline compliant with the standards set by law.
- Anti-Competition Law (the “Philippine Competition Act”). The Philippine Competition Act, approved in July 2015, prohibits anti-competitive agreements, abuses of dominant positions, and mergers and acquisitions that limit, prevent, and restrict competition. To implement the national competition policy and attain the objectives and purposes of the law, the Philippine Competition Commission (“PCC”) was created. Among the powers of the PCC is its power to review mergers and acquisitions based on factors it may deem relevant. The PCC, after due notice and hearing, may impose administrative fines on any entity found to have violated the provisions of the law on prohibited arrangements and prior notification to the PCC of certain mergers and acquisitions. The PCC is empowered to impose criminal penalties on an entity that enters into any anti-competitive agreement and, when the entities involved are juridical persons, on its officers, directors, or employees holding managerial positions who are knowingly and willfully responsible for such violation.

- Cabotage Law. Republic Act No. 10668, approved in July 2015, amended the decades-old Cabotage Law and now allows foreign ships carrying imported cargoes and cargoes to be exported out of the country to dock in multiple ports. Foreign vessels will be allowed to transport and co-load foreign cargoes for domestic trans-shipment. This seeks to lower the cost of shipping export cargoes from Philippine ports to international ports and import cargoes from international ports.

(xii) Estimate of the amount spent during each of the last three fiscal years on research and development activities

The Company's Research and Development ("R&D") is responsible for all product development that complies with government laws and regulations such as the Clean Air Act and the Biofuels Act. Other drivers of product innovations are the requirements of original engine manufacturers and the latest technological trends in the industry.

R&D spent a total of ₱65.21 million in 2015, slightly lower than the previous year's expense of ₱66.22 million. Expenses in 2013 amounted to ₱59.80 million.

(xiii) Costs and effects of compliance with environmental laws

Compliance with the various environmental laws like the Renewable Energy Act, the Biofuels Act, the Clean Air Act, and the Clean Water Act entails costs and additional investments on the part of the Company, resulting in higher production costs and operating expenses. In 2015, the Company spent a total of ₱193.90 million for treatment of wastes, monitoring and compliance, permits and personnel training at the Petron Bataan Refinery.

(xiv) Total number of employees

As of December 31, 2015, the Company had 2,995 employees, with 2,355 employees in the Company (comprising one president, one general manager, 25 vice presidents and assistant vice presidents, 1,494 managerial, professional and technical employees, and 834 rank-and-file employees); 498 employees of the Company's Malaysian operations; eight (8) in PSTPL; and 134 in PMC and PFC. The workforce may further increase in the ensuing 12 months due to the Petron Bataan Refinery expansion project.

Petron has CBAs with its three (3) unions, namely: (i) Bataan Refiners Union of the Philippines ("BRUP"), which is affiliated with the Philippine Transport and General Workers Organization; (ii) Petron Employees Labor Union ("PELU"), and (iii) Petron Employees Association, which is affiliated with the National Association of Trade Unions ("PEA-NATU"). BRUP's CBA covers the period January 1, 2014 to December 31, 2018. PELU's CBA is in effect from January 1, 2014 to December 31, 2018. The PEA-NATU's CBA covers the period from January 1, 2015 to December 31, 2019.

In addition to the statutory benefits, the Company provides medical and life insurance, vacation, sick and emergency leaves, and computer and emergency loans to employees. It has a savings plan pursuant to which an eligible employee may contribute 5-15% of his monthly basic salary. The Company, in turn, contributes a corresponding maximum of 5% to the member-employee's account in the savings plan.

(xv) Major Risks Involved

(i) Risk Management Framework and Process

Petron follows an enterprise-wide risk management framework for identifying, mapping and addressing the risk factors that affect or may affect its businesses.

The Company's risk management process is a bottom-up approach, with each division mandated to conduct regular assessment of its risk profile and formulate action plans for managing identified risks.

As Petron's operation is an integrated value chain, risks emanate from every process and some can cut across divisions. The results of these activities flow up to the Management Committee and eventually the Board through the Company's annual Business Planning process.

Oversight and technical assistance is likewise provided by corporate units with special duties. The Risk and Insurance Management Group is mandated with the overall coordination and development of the enterprise-wide risk management process. The Financial Risk Management Unit of the Treasurers Department is in charge of foreign exchange hedging transactions. The Transaction Management Unit of the Controller's Department provides backroom support for all financial transactions. The Corporate Technical & Engineering Services Group oversees compliance with the domestic and international standards set for health, safety and environment. The Internal Audit Department is tasked with the implementation of a risk-based auditing. Commodity price risk is a major area being managed by the Commodity Risk Management Department ("CRMD") of the Supply Division, under the guidance of the Commodity Risk Management Committee ("CRMC") composed of cross-functional senior and middle management. The CRMC oversees the long-term and short-term commodity hedging program which includes risk assessment, authorized hedging instruments and hedging tenor. Hedging strategies are developed by the CRMD which also monitors commodity risks, sets controls, and ensures that risk management activities stay within the board-approved limits and parameters approved by CRMC. PSTPL executes the hedging strategies involving crude and product imports and exports on behalf of the Company.

(ii) Major Risks

The Company classifies a risk as a major risk if it assesses the risk event to both have a relatively high probability of occurring and a substantial adverse impact on the Company if the risk would occur. The major risks that the Company managed in 2015 were substantially the same as those in the previous year since there were no fundamental changes in the nature of the Company's operations. These risks were the following:

- Foreign exchange risk arising from the difference in the denomination of majority of revenues in Philippine Pesos against that for the bulk of costs in US Dollars. In addition, the Group's exposure to foreign exchange risks also arise from US dollar-denominated sales and purchases, principally of crude oil and petroleum products, of the Petron Malaysia Companies whose transactions are in Malaysian ringgit, which are subsequently converted into US dollar before ultimately translated to equivalent Philippine peso amount using applicable rates for the purpose of consolidation. Changes in the foreign exchange rate would result in the revaluation of key assets and liabilities, and could subsequently lead to financial losses for the Company.
- The risk of substantial disruptions in the Company's operations caused by accidents, process or machinery failure, human error or adverse events outside of human control. This risk could also include delays in the implementation of capital expansion activities. These disruptions may result in injury or loss of life, as well as financial losses should these disruptions lead to product run-outs,

facility shutdown, equipment repair or replacement, insurance cost escalation and/or unplanned inventory build-up.

- Profit margin and cash flow risk arising from fluctuations in the relative prices of input crude oil and output oil and petrochemical products. Changes in output and input prices, particularly when mismatched, may produce significant cash flow variability and may cause disruptions in the Company's supply chain, as well as higher financing expenses.
- Regulatory risk, arising from changes in national and local government policies and regulations that may result in substantial financial and other costs for the Company, either directly or indirectly.

Except as covered by the above mentioned specific risks, the Company has determined that none of the risk factors faced by any of its subsidiaries would be a major risk. These risk factors either have a low probability of occurring or have an insignificant potential impact. Thus, while subsidiary-specific risks were considered in the risk management process, these are considered relatively minor.

(iii) Management of Major Risks

(a) Foreign exchange risk

- The Company hedges its dollar-denominated liabilities using forwards, other derivative instruments and the generation of dollar-denominated sales. It avoids the creation of risk from derivative speculation by limiting the use of derivative instruments up to 100% of the value of the underlying dollar-denominated liabilities net of dollar-denominated assets.
- Dollar-denominated assets and liabilities and the resulting potential foreign exchange losses are recorded on a daily basis through an enterprise resource planning software that monitors financial transactions. This allows real-time awareness and response to contain losses posed by foreign exchange exposure. Such software is also capable of tracking risk exposures arising from other market sensitive financial variables, such as interest rates and commodity prices.

(b) Risk of operational disruptions

- The risk of operational disruptions is most relevant to the refining unit since disruptions in these units can have severe and rippling effects.
- The Refinery Division and the Petron Malaysia Companies have been implementing programs designed to directly promote the avoidance of operational disruptions through effective maintenance practices and the inculcation of a culture of safety and continuous process improvement.
- The Company has a corporate-wide health, safety and environment program that likewise addresses the risk of operational disruptions.
- The Company has complied with and has been certified to be compliant with the strictest international standards for quality management system under ISO 9002:1994 in August 1998; and for environmental management system under ISO 14001:1996 in September 2004 and was upgraded and certified to ISO 14001:2004 in October 2006 up to present for its refinery operations. The refining division is currently implementing and maintaining an IMS composed of Quality Management System (ISO 9001:2008); Occupational Health and Safety Management System (OHSAS or ISO 18001:2007); Environmental Management System (ISO-14001:2004), certified and recertified since July, June and May 2009, respectively, up to present.

- A total of 29 locations currently employ the Integrated Management System that encompasses three (3) major management systems on product quality under ISO 9001:2008, environmental performance under ISO14001:2004 and safety performance under OHSAS 18001:2007.
- Furthermore, a total of 17 locations with pier facility are currently compliant with the ISPS Code-certified by the Office of the Transport Security under the DOTC. ISPS certification is a requirement by the International Maritime Organization of the United Nations for all international vessels calling on international ports and for all ports accepting international vessels. Petron's shipping ports for both domestic and international vessels are ISPS-certified.

(c) Profit margin and cash flow risk

- Margin hedging strategies are used in order to eliminate the risk of profit margin compression due to changes in crude and product prices. A margin hedge simultaneously fixes the future dollar prices of Dubai crude oil and that of a selected product manufactured from the crude. This partially locks in the refining margin of the Company.
- Price exposures are managed through commodity hedging to counter abrupt and significant drops in prices resulting in inventory losses on both crude and petroleum products. Considering that the Company keeps crude and product inventories, any drop in price affects profit margin.
- The Company endeavors to arrange long-term contracts for some of its fuel and petrochemical products whenever these are financially attractive. Long-term sales contracts provide a partial hedge on future cash flow uncertainty.
- The Company uses cash flow projection software that enables it to proactively respond to potential future cash flow imbalances. It likewise maintains access to credit lines in excess of typical requirements so that funds can be readily tapped in case of a cash flow squeeze.

(d) Regulatory risk

- The Company maintains strong lines of communication with its various counterparties in government and in the public arena, in both local and national levels. The Company uses these lines of communication to identify potential risk factors and respond to these in a proactive manner.
- The Company remains compliant with the various environmental standards set by the government.

(B) Description of Property

Petron owns the largest petroleum refinery complex in the Philippines located in Limay, Bataan. This refinery has a crude distillation capacity of 180,000 barrels per day ("BPD"). It has three (3) crude distillation units, (2) vacuum pipestill units, a delayed coker unit, two (2) catalytic cracking units, a continuous catalyst regeneration reformer unit, a semi-regenerative reformer unit, three (3) naphtha hydrotreaters, two (2) kerosene merox treater, three (3) gas oil hydrotreater units, coker gas oil hydrotreater, four (4) LPG treaters, two (2) selective hydroprocessing units, an isomerization unit, benzene, toluene and mixed xylene recovery units, two (2) propylene recovery unit, four (4) sulfur recovery unit, a hydrogen production unit and hydrogen recovery facility, a nitrogen plant, two (2) waste water treatment facilities, four (4) sour water facilities, a desalination facility, eight (8) steam generators, five (5) turbo generators, four (4) cooling towers, a reverse osmosis unit, flare facilities, bulk asphalt receiving facilities, several crude storage tanks, as well as a number of refined petroleum

products storage tanks. It has its own piers and other berthing facilities, one of which can accommodate very large crude carriers.

Petron operates an extensive network of terminals, depots, LPG and aviation plants which are located in Luzon, Visayas and Mindanao. Its terminals are in Limay, Bataan; Mabini, Batangas; and Mandaue City, Cebu. Its depots are located at Aparri, Cagayan; Poro Point, San Fernando, La Union; Navotas, Metro Manila; Rosario, Cavite; Pasacao, Camarines Sur; Puerto Princesa, Palawan; Culasi, Roxas City; Lapuz, Iloilo City; Bacolod City, Negros Occidental; Linao, Tagbilaran City, Bohol; Ormoc City, Leyte; Anibong, Tacloban City; Isabel, Leyte; Tagoloan, Misamis Oriental; Sasa, Davao City; Iligan City, Lanao del Norte; Jimenez, Misamis Occidental; Bawing, General Santos City; Nasipit, Agusan del Norte; and Zamboanga City. Its sales offices are located in Tondo, Manila; Calapan, Oriental Mindoro; San Jose and Mamburao in Occidental Mindoro; Masbate; Bicol; and Amlan, Negros Oriental. Petron has an LPG terminal in Ugong, Pasig City and LPG depots in San Fernando, Pampanga; San Pablo City, Laguna; and Legazpi City, Albay. Among its other installations are the aviation depots at JOCASP-NAIA, Pasay City and Mactan, Cebu; airport installations at Laoag City and Davao City; and an additive plant in Subic, Zambales.

The Company entered into commercial leases with the PNOC for parcels of land occupied by the Petron Bataan Refinery, depots, terminals and some of its service stations. The lease agreements include upward escalation adjustment of the annual rental rates. In 2009, the Company renewed its lease with PNOC (through NVRC) for the continued use of the Petron Bataan Refinery for 30 years starting January 1, 2010 (renewable upon agreement of the parties for another 25 years). In 2015, the Company also entered into another 25-year lease agreement with PNOC effective August 1, 2014 for additional lots near the Petron Bataan Refinery for its expansion projects. Expenses relating to the PNOC leases amounted to ₱161 million in 2015.

Petron anticipates that it may lease desirable lots from NVRC and third parties for development as service stations and for its refinery expansion projects in the next 12 months.

(C) Contingent Liabilities

Petron is involved in certain cases, the material of which are discussed below:

1. Tax Cases

- **Petron Corporation vs. Commissioner of Internal Revenue**
SC-G.R. SP No. 204119-20
Supreme Court
Date Filed: December 2012

Background: In 1998, the Company contested before the Court of Tax Appeals (“CTA”) the collection by the Bureau of Internal Revenue (“BIR”) of deficiency excise taxes arising from the Company’s acceptance and use of tax credit certificates (“TCCs”) worth ₱659 million from 1993 to 1997. In July 1999, the CTA ruled that, as a fuel supplier of companies registered with the BOI, the Company was a qualified transferee for the TCCs. The CTA ruled that the collection by the BIR of the alleged deficiency excise taxes was contrary to law. The BIR appealed the ruling to the Court of Appeals (“CA”).

On March 21, 2012, the CA promulgated a decision in favor of Petron and against the BIR affirming the ruling of the CTA striking down the assessment issued by the BIR for deficiency excise taxes in 1998 based on a finding by the BIR that the TCCs used by Petron as payment were fraudulent. On April 19, 2012, a motion for reconsideration was filed by the BIR, which was denied by the CA in its resolution dated October 10, 2012. The BIR elevated the case to

the Supreme Court through a petition for review on *certiorari* dated December 5, 2012. On June 17, 2013, the Company filed its comment on BIR's petition for review on *certiorari*. Exposure: ₱1,107,542,547.08 plus 20% annual interest and 25% surcharge from April 22, 1998

Relief sought on Appeal: The petition for review on *certiorari* filed by the BIR seeks the reversal of the decision of the CTA in favor of Petron, setting aside the BIR assessment in relation to Petron's payments of excise taxes through TCCs.

Status: The petition for review on *certiorari* filed by the BIR was still pending as of December 31, 2015.

2. Pandacan Cases

a. *Petron Corporation v. The City of Manila, et al.*

Civil Case No. 07-116700

RTC Manila Br. 41

Date Filed: February 8, 2007

CA-G.R. CV No. 100218

Court of Appeals

Date Filed: January 23, 2013

Background: The City Council passed the Manila Comprehensive Land Use Plan and Zoning Regulations of 2006 ("Ordinance No. 8119"), which was approved by Mayor Jose L. Atienza on June 16, 2006. Ordinance No. 8119 reclassified the area of the Pandacan depots from Industrial to High Density Residential/Mixed Use Zone. Ordinance No. 8119 gave non-conforming establishments, including the oil depots, seven (7) years to phase out or relocate.

Shell and Chevron filed their complaint questioning Ordinance No. 8119. The Company, which was not allowed to intervene, filed a separate complaint on February 8, 2007, questioning the validity of the Manila City Ordinance No. 8119.

On August 24, 2012, the Regional Trial Court of Manila ("RTC of Manila") ruled that Section 23 of Ordinance 8119 relating to the reclassification of subject oil terminals had already been repealed by Ordinance 8187; hence any issue pertaining thereto had become moot and academic. The RTC of Manila also declared Section 55 of Ordinance 8119 null and void for being in conflict with the Water Code. Nonetheless, the RTC of Manila upheld the validity of all other provisions of Ordinance 8119. On September 25, 2012, Petron sought clarification and partial consideration of the August 24 decision and prayed for the nullification of the entire Ordinance 8119. In an order dated December 18, 2012, the RTC of Manila denied the motion filed by Petron. As an update, Petron filed a notice of appeal on January 23, 2013. In compliance with the order of the CA dated April 15, 2013, Petron submitted its appellant's brief on July 29, 2013. On December 19, 2013, Petron, through its counsel, received the City of Manila's appellee's brief dated December 12, 2013. Petron filed its appellant's reply brief on February 11, 2014.

Exposure: No monetary claim. Adverse decision would mean closure of the terminals at Pandacan. However, this case apparently has been rendered moot by the Supreme Court's decision in G.R. Nos. 187836 and 187916 discussed below.

Relief sought: Nullification of Ordinance No. 8119

Status: Petron has filed its appellant's brief and reply brief in response to the City of Manila's appellee's brief. The appeal remains pending.

**b. Social Justice Society (“SJS”) v. Alfredo S. Lim
SC G.R. No. 187836 Supreme Court**

Background: This is a petition for prohibition by SJS against Mayor Alfredo S. Lim for nullification of Ordinance No. 8187 which repealed both City Ordinance Nos. 8027 and 8119, effectively allowing the continued operation of the oil depots at Pandacan.

On June 1, 2009, SJS officers filed a petition for prohibition against Mayor Lim before the Supreme Court (“SC”), seeking the nullification of Ordinance 8187. The lawyers of the oil companies have met and would come up with a plan of action, including intervention once the SC directs the City of Manila to comment or gives due course to the petition. There has been no official action from the SC on this latest petition yet. The City filed its Comment on August 13, 2009. Petron filed a motion for leave to intervene dated November 27, 2009 and a comment-in-intervention dated November 27, 2009. The comment-in-intervention was allowed by the SC.

Petron filed a manifestation on November 30, 2010 informing the SC that, without prejudice to its position in the cases, it had decided to cease operation of its petroleum product storage facilities in Pandacan within five (5) years or not later than January 2016 due to the many unfounded environmental issues being raised that tarnish the image of Petron and the various amendments being made to the zoning ordinances of the City of Manila when the composition of the local government changes that prevented Petron from making long-term plans. In a letter dated July 6, 2012 (with copies to the offices of the Vice Mayor and the City Council of Manila), Petron reiterated its commitment to cease the operation of its petroleum product storage facilities and transfer them to another location by January 2016.

This case is consolidated with SC G.R. No. 187916.

Exposure: No monetary claim. Adverse decision would mean closure of the terminals at Pandacan.

Status: The case was decided together with G.R. No. 187916 discussed below.

**c. Jose L. Atienza vs. Mayor Alfredo S. Lim
SC G.R. No. 187916 Supreme Court**

Background: This is the second petition filed against Ordinance 8187. Former Manila Mayor Atienza filed a petition for certiorari for the nullification of Ordinance No. 8187.

On June 5, 2009, former Manila Mayor Jose L. Atienza, represented by the former City Legal Officer, filed his own petition with the SC seeking to stop the implementation of Ordinance 8187. The City of Manila filed its Comment on August 13, 2009.

Petron filed a manifestation on November 30, 2010 informing the SC that, without prejudice to its position in the cases, it had decided to cease operation of its petroleum product storage facilities in Pandacan within five (5) years or not later than January 2016 due to the many unfounded environmental issues being raised that tarnish the image of Petron and the various amendments being made to the zoning ordinances of the City of Manila when the composition of the local government changes that prevented Petron from making long-term plans. In a letter dated July 6, 2012 (with copies to the offices of the Vice Mayor and the City Council of Manila), Petron reiterated its commitment to cease the operation of its petroleum product storage facilities and transfer them to another location by January 2016.

On November 25, 2014, the SC issued a decision (“November 25 Decision”) declaring Ordinance No. 8187 unconstitutional and invalid with respect to the continued stay of the oil terminals in Pandacan. Petron, Shell and Chevron were given 45 days from receipt of the November 25 Decision to submit a comprehensive plan and relocation schedule to the RTC of Manila. On March 10, 2015, acting on a Motion for Reconsideration filed by Shell, a Motion for Clarification filed by Chevron, and a Manifestation filed by the Company the Supreme Court denied Shell’s motion with finality and clarified that “relocation and transfer necessarily include removal of the facilities in the Pandacan terminals and should be part of the required comprehensive plan and relocation schedule.”

On May 14, 2015, the Company filed its submission in compliance with the November 25 Decision.

Exposure: No monetary claim. Adverse decision would mean closure of the terminals at Pandacan.

Status: The Resolution dated March 10, 2015 was declared by the SC as final.

3. Guimaras Oil Spill

a. In the Matter of the Sinking of the MT Solar I

SBMI No. 936-06

Special Board of Marine Inquiry

Background: Petron hired on a “single voyage basis” the vessel MT Solar I owned by Sunshine Maritime Development Corporation (“SMDC”) for the transport of industrial fuel oil from the Petron Bataan Refinery to Zamboanga. Petron, as a shipper of the cargo, conducted inspection of the vessel MT Solar I and likewise, relied on the documents presented by SMDC as carrier. Petron also relied on the implied warranties of SMDC as a carrier with respect to the seaworthiness of the vessel MT Solar I and other statutory/trading certificates issued by MARINA and other pertinent government agencies.

SMDC, taking into consideration the vessel’s trim, stability and draft, declared to Petron that the vessel MT Solar I can safely load approximately 13,500 barrels of cargo as stated in the Fixture Note, Notice of Readiness and Seaworthiness Certificate. On this basis and relying on the declaration of SMDC, Petron loaded the quantity as specified by SMDC. Unfortunately, the vessel MT Solar I sank off Guimaras when it encountered bad weather on or about August 11, 2006.

In September 2006, the Special Board of Marine Inquiry (“SBMI”) was created by the Philippine Coast Guard for the purpose of determining the administrative liability of the crew, owner of the vessel and other involved parties. The SBMI in its initial findings found Petron liable for allegedly overloading the vessel.

On November 21, 2006, Petron filed a memorandum of appeal with the DOTC, elevating the disputed ruling of the SBMI for review. The appeal to the DOTC of the finding of the SBMI that Petron was negligent and responsible for overloading the MT Solar I remained pending as of December 31, 2012.

Exposure: Considering the nature of this investigation, no potential liability exists for Petron at this point.

Relief sought: Reversal of the SBMI's initial finding that Petron was liable for allegedly overloading the vessel.

Status: The matter was still pending with the DOTC as of December 31, 2015.

b. Rogelio Arsenal, Jr., et al. v. SMDC, Petron, et al.

Civil Case No. 09-0394;

RTC Br. 65, Jordan, Guimaras

Oliver S. Chavez, et al. v. SMDC, Petron, et al.

Civil Case No. 09-0395;

RTC Br. 65, Jordan, Guimaras

Background: These are complaints for damages filed on August 6, 2009 by a total of 1,063 plaintiffs who allegedly did not receive any payment from the defendants of their claims for damages arising from the oil spill due to the sinking of MT Solar 1 on August 11, 2006. Total claims for both cases amount to ₱291.9 million (₱286.4 million and ₱5.5 m). The reception of plaintiffs' evidence is on-going.

In the Arsenal case, respondents filed a motion to hear affirmative defenses based on lack of jurisdiction for non-payment of docket fees, prescription and lack of cause of action but it was denied. The respondents went to the CA on a petition for *certiorari*. The respondents filed with the CA a compliance with the resolution requiring submission of pleadings and orders. The complainants filed their comment on the petition and the respondents filed their reply to the said comment. On May 29, 2014, the CA rendered a decision directing the plaintiffs to file their respective affidavits substantiating their claims of indigency. The plaintiffs filed a motion for partial reconsideration of the decision which was denied by the CA on January 30, 2015.

In the Chavez case, the respondents likewise filed the same motion based on the same grounds. The lower court also denied the motion so the respondents went to the CA on a petition for *certiorari*. The CA dismissed the petition for failing to attach the necessary pleadings and orders.

Status: Both the Arsenal and Chavez cases have been remanded to and are now pending with the trial courts.

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"Part II - Securities of the Registrant" follows on next page]*

PART II - SECURITIES OF THE REGISTRANT

(A) Market Price of and Dividends on Registrant’s Common Equity and Related Stockholder Matters

(1) Market Information and Voting Rights of Shares

The common and preferred shares of Petron are traded at the PSE.

Each common share is entitled to one vote.

Preferred shareholders have no voting rights except under instances provided under the Corporation Code of the Philippines, including, but not limited to, the following cases: (i) amendment of the Company’s Articles or the Company’s By-laws, (ii) the extension or shortening of Petron’s corporate term, (iii) a sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property or assets of Petron, (iv) increasing or decreasing capital stock, or (v) a merger or consolidation involving Petron.

As of December 31, 2015, the total number of stockholders of the Company was 149,601. As of December 31, 2014, the total number of stockholders of the Company was 151,189. As of December 31, 2013, the total number of stockholders of the Company was 153,383.

On March 5, 2015, the preferred shares of the Company issued in 2010 (the “PPREF Shares”) were redeemed by the Company in accordance with the approval by the Board of Directors on November 10, 2014. Consistent with the practice and procedure at the PSE and due to the lack of the feature of re-issuability of the preferred shares of the Company at the time of redemption, the PPREF Shares were delisted by the PSE on March 6, 2015.

Common Shares

The price of the common shares of the Company on December 29, 2015, the last trading day of 2015, was ₱6.99 per share. The price of the common shares of the Company on December 29, 2014, the last trading day of 2014, was ₱10.60 per share.

The high and low prices of the common shares for each quarter of the last two (2) fiscal years and for period ended February 2016 are indicated in the table below:

Period	Highest Close		Lowest Close	
	Price (in Peso)	Date	Price (in Peso)	Date
2016				
For period ended February 29, 2016	9.49	February 22	5.36	January 21
2015				
1 st Quarter	10.62	February 20	9.04	January 29
2nd Quarter	10.02	May 15	8.45	June 17
3rd Quarter	10.00	July 31	6.86	September 18
4th Quarter	8.36	November 05	6.75	October 06

2014				
1 st Quarter	14.30	January 24	11.70	March 27 & 28
2nd Quarter	12.82	June 27	11.78	June 10
3rd Quarter	12.80	August 11 & 12	11.60	August 26 September 10, 15, & 16
4th Quarter	12.04	October 09	9.60	December 18

Series 2 Preferred Shares issued in 2014 (“Series 2 Shares”)

On November 3, 2014, Petron issued and listed on the PSE 10 million cumulative, non-voting, non-participating, non-convertible peso-denominated perpetual preferred shares at an offer price of ₱1,000 per share. The preferred shares issue, which reached a total of ₱10 billion, is composed of Series 2A preferred shares amounting to ₱7.12 billion (the “Series 2A Preferred Shares”) and the Series 2B preferred shares amounting to ₱2.88 billion (the “Series 2AB Preferred Shares”). The Series 2A Preferred Shares may be redeemed by the Company starting on the fifth anniversary from the listing date, while the Series 2B Preferred Shares may be redeemed starting on the seventh anniversary from the listing date.

Series 2A Shares

The price of the Series 2A Preferred Shares on December 29, 2015, the last day of 2015 the shares were traded, was ₱1,070.00. The price of the Series 2A Preferred Shares on December 18, 2014, the last day of 2014 the shares were traded, was ₱1,020.00.

The high and low prices of Series 2A Preferred Shares for the last quarter of 2014 beginning their listing on November 3, 2014, each of the quarters of 2015, and for the period ended February 2016 are indicated below:

Period	Highest Close		Lowest Close	
	Price (in Peso)	Date	Price (in Peso)	Date
2016				
For period ended February 29, 2016	1,084.00	February 29	1,020.00	January 22
2015				
1 st Quarter	1,085.00	March 26	1,005.00	January 19
2nd Quarter	1,160.00	April 27	1,050.00	May 8
3rd Quarter	1,120.00	July 15	1,040.00	August 27
4th Quarter	1,080.00	October 1	1,050.00	November 11 & 20; December 2, 4, 7, 9, 10, 14 & 15
2014				
4 th Quarter since listing on November 3, 2014	1,048.00	November 3	1,016.00	November 20

Series 2B Preferred Shares

The price of the Series 2B Preferred Shares on December 21, 2015, the last day of 2015 the shares were traded, was ₱1,065.00. The price of the Series 2B Preferred Shares on December 18, 2014, the last day of 2014 the shares were traded, was ₱1,030.00.

The high and low prices of Series 2B Preferred Shares for the last quarter of 2014 beginning their listing on November 3, 2014, each of the quarters of 2015 and for the period ended February 2016 are indicated below:

Period	Highest Close		Lowest Close	
	Price (in Peso)	Date	Price (in Peso)	Date
2016				
For period ended February 29, 2016	1,100.00	February 29	1,056.00	February 9
2015				
1 st Quarter	1,100.00	March 27	1,016.00	January 30
2nd Quarter	1,170.00	March 15	1,070.00	April 16
3rd Quarter	1,149.00	July 1, 13 & 15	1,075.00	August 26
4th Quarter	1,141.00	October 9	1,050.00	October 22
2014				
4 th Quarter since listing on November 3, 2014	1,050.00	December 3	1,012.00	November 3

(2) Holders

The lists of the top 20 stockholders of the common shares and preferred shares of the Company as of December 31, 2015 are set out below.

Common Shares

Petron Corporation
STOCK TRANSFER MODULE
List of Stockholders
As of Dec 31, 2015

RANK	STOCKHOLDER NAME	Common	TOTAL SHARES	% OF O/S
1	SEA REFINERY CORPORATION	4,696,885,564	4,696,885,564	50.099554 %
2	SAN MIGUEL CORPORATION	1,702,870,560	1,702,870,560	18.163750 %
3	PCD NOMINEE CORP. (FILIPINO)	1,329,995,620	1,329,995,620	14.186462 %
4	PETRON CORPORATION EMPLOYEES RETIREMENT PLAN	731,156,097	731,156,097	7.798911 %
5	PCD NOMINEE CORP. (NON-FILIPINO)	457,012,172	457,012,172	4.874742 %
6	ERNESTO CHUA CHIACO &/OR MARGARET SY CHUA CHIACO	6,000,000	6,000,000	0.063999 %
7	ANSALDO GODINEZ & CO. INC. FAO MARK V. PANGILINAN	5,000,000	5,000,000	0.053333 %
8	SYSMART CORP.	4,000,000	4,000,000	0.042666 %
9	MARGARET S. CHUACHIACO	3,900,000	3,900,000	0.041600 %
10	RAUL TOMAS CONCEPCION	3,504,000	3,504,000	0.037376 %
11	GENEVIEVE S. CHUACHIACO	2,735,000	2,735,000	0.029173 %
12	ERNESSON S. CHUACHIACO	2,732,000	2,732,000	0.029141 %
13	Q - TECH ALLIANCE HOLDINGS, INC.	2,648,500	2,648,500	0.028250 %
14	GENEVIEVE S. CHUA CHIACO	2,490,000	2,490,000	0.026560 %
15	BENEDICT CHUA CHIACO	2,365,000	2,365,000	0.025226 %
16	ANTHONY CHUA CHIACO	2,008,000	2,008,000	0.021418 %
17	SHAHRAD RAHMANIFARD	2,000,000	2,000,000	0.021333 %
18	KRISTINE CHUA CHIACO	1,956,000	1,956,000	0.020864 %
19	CHING HAI GO &/OR MARTINA GO	1,500,000	1,500,000	0.016000 %
20	ERNESSON S. CHUA CHIACO	1,450,000	1,450,000	0.015466 %
TOTAL NO. OF SHARES :		9,375,104,497		
TOTAL NO. OF DISTINCT STOCKHOLDERS :		149,529		
TOTAL NO. OF ACCOUNTS :		149,529		

Preferred Shares

Petron Corporation (PREFERRED)
 STOCK TRANSFER MODULE
 List of Stockholders
 As of Dec 31, 2015

RANK	STOCKHOLDER NAME	Preferred 2-A	Preferred 2-B	TOTAL SHARES	% OF C/S
1	PCD NOMINEE CORPORATION (FILIPINO)	7,095,040	2,750,270	9,845,310	98.453100 %
2	KNIGHTS OF COLUMBUS FRATERNAL ASSOCIATION OF THE PHILS., INC.	3,200	45,440	48,640	0.486400 %
3	PCD NOMINEE CORPORATION (NON-FILIPINO)	14,010	23,100	37,110	0.371100 %
4	MARCELINO R. TEODORO	0	12,500	12,500	0.125000 %
5	FIRST LIFE FINANCIAL CO., INC.	0	7,000	7,000	0.070000 %
6	BEN TIUK SY OR JUDY Y. SY	0	6,400	6,400	0.064000 %
7	REYNALDO GARCIA ALEJANDRO &/OR SYLVIA L. ALEJANDRO	0	5,000	5,000	0.050000 %
8	ALEXANDER T. SOLIS &/OR GINA T. SINFUEGO	0	5,000	5,000	0.050000 %
9	FRANCISCO S. ALEJO &/OR CYNTHIA ALEJO &/OR ANNA MELISSA A. ACOP	0	3,000	3,000	0.030000 %
10	ANTONIO T. CHUA	0	2,500	2,500	0.025000 %
11	R. M. TIONGCO HOLDINGS, INC.	0	2,100	2,100	0.021000 %
12	ENRIQUE DELA LLANA YUSINGCO	0	2,000	2,000	0.020000 %
13	ZENAIDA M. POSTRADO OR RENATO POSTRADO	1,000	1,000	2,000	0.020000 %
14	LORD ALLAN JAY Q. VELASCO	2,000	0	2,000	0.020000 %
15	JUSTINIANO B. PANAMBO, JR.	0	1,920	1,920	0.019200 %
16	RICHARD C. OLETA OR HELEN G. OLETA	0	1,700	1,700	0.017000 %
17	FELIX B. CHAVEZ &/OR AIDA T. CHAVEZ OR IRENE T. CHAVEZ	0	1,500	1,500	0.015000 %
18	MELCHOR T. MACABUHAY	0	1,200	1,200	0.012000 %
19	EVELYN A GESMUNDO OR DOMINADOR A. GESMUNDO JR.	300	720	1,020	0.010200 %
20	BCS REALTY HOLDINGS & DEVELOPMENT CORPORATION	1,000	0	1,000	0.010000 %
TOTAL NO. OF SHARES :		10,000,000			
TOTAL NO. OF DISTINCT STOCKHOLDERS :		66			
TOTAL NO. OF ACCOUNTS :		66			

(3) Dividends

Under the CG Manual, the Company shall declare dividends when its retained earnings exceeds 100% of its paid-in capital stock, except: (a) when justified by definite corporate expansion projects or programs approved by the Board, (b) when the Company is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent and such consent has not been secured, or (c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Company, such as when there is a need for special reserve for probable contingencies.

The Company pays out its dividends on common shares within 30 days after the declaration, to the extent practicable.

On November 3, 2014, the Company issued 7,122,320 Series 2A Preferred Shares and 2,877,680 Series 2B Preferred Shares. The dividend on the Series 2A Preferred Shares is at the fixed rate of 6.30% per annum and on the Series 2B Preferred Shares at the fixed rate of 6.8583% per annum, each as calculated based on the offer price of ₱1,000 per share on a 30/360-day basis and payable quarterly in arrears, whenever approved by the Board of Directors. If the dividend payment date is not a banking day, dividends will be paid on the next succeeding banking day, without adjustment as to the amount of dividends to be paid. Cash dividends have been paid out on the Series 2 Shares in February 2015 since their listing in November 2014.

Dividend Declarations and Payments

2015

On March 17, 2015, the Board of Directors approved a cash dividend of ₱0.05 per share to common shareholders as of the April 1, 2015 record date with a pay-out date of April 16, 2015.

On the same date, the Board of Directors also approved cash dividends of (i) ₱15.75 per share to the shareholders of the Series 2A Preferred Shares for the second and third quarters of 2015 with record dates of April 17, 2015 and July 20, 2015, respectively, and pay-out dates of May 4, 2015 and August 3, 2015, respectively, and (ii) ₱17.14575 per share to the shareholders of the Series 2B Preferred Shares for the second and third quarters of 2015 with record dates of April 17, 2015 and July 20, 2015, respectively, and pay-out dates of May 4, 2015 and August 3, 2015, respectively.

On August 10, 2015, the Board of Directors approved cash dividends of (i) ₱15.75 per share to the shareholders of the Series 2A Preferred Shares for the fourth quarter of 2015 and the first quarter of 2016 with record dates of October 16, 2015 and January 18, 2016, respectively, and pay-out dates of November 3, 2015 and February 3, 2016, respectively, and (ii) ₱17.14575 per share to the shareholders of the Series 2B Preferred Shares for the fourth quarter of 2015 and the first quarter of 2016 with record dates of October 16, 2015 and January 18, 2016, respectively, and pay-out dates of November 3, 2015 and February 3, 2016, respectively,

2014

In 2014, the Board of Directors approved on March 24, 2014 a cash dividend of ₱0.05 per share to common shareholders as of the April 8, 2014 record date with a pay-out date of April 23, 2014.

On May 6, 2014, the Company declared cash dividends of ₱2.82 per share to shareholders of the PPREF Shares as of the record date of May 21, 2014 with a pay-out date of June 5, 2014. On August 6, 2014, the Company declared cash dividends of ₱2.82 per share to shareholders of the PPREF

Shares as of the record date of August 22, 2014 with a pay-out date of September 5, 2014. On November 7, 2014, the Board of Directors approved cash dividends of (i) ₱2.82 per share to the shareholders of the PPREF Shares for the fourth quarter of 2014 and the first quarter of 2015, with respective record dates of November 24, 2014 and February 18, 2015 and pay-out dates of December 5, 2014 and March 5, 2015, (ii) ₱15.75 per share to the shareholders of the Series 2A Preferred Shares as of record date of January 20, 2015 with a pay-out date of February 3, 2015, and (iii) ₱17.14575 per share to the shareholders of the Series 2B Preferred Shares as of the record date of January 20, 2015 with a pay-out date of February 3, 2015.

Under the terms and conditions of the undated subordinated capital securities issued by the Company on February 11 and March 6, 2013 (collectively, the “Capital Securities”), more particularly described below in “*Recent Sales of Unregistered or Exempt Securities Including Recent Issuances of Securities Constituting an Exempt Transaction - US\$750 Million Undated Subordinated Capital Securities*,” the Company cannot declare dividends on any Junior Securities (as defined thereunder), which include the common shares of the Company, or (except on a *pro rata* basis) on any Parity Securities (as defined thereunder), which include the outstanding preferred shares of the Company, in case the payment of all distributions scheduled to be made on the Capital Securities is not made in full by reason of the Company deferring such distributions in accordance with the terms of the Capital Securities.

(4) Recent Sales of Unregistered or Exempt Including Recent Issuances of Securities Constituting an Exempt Transaction

Under the Securities and Regulation Code (the “Code”) and the Amended Implementing Rules and Regulations of the Securities Regulation Code (the “Amended SRC Rules”), securities are not permitted to be sold or offered for sale or distribution within the Philippines unless such securities are approved for registration by the SEC or are otherwise exempt securities under Section 9 of the Code or sold pursuant to an exempt transaction under Section 10 of the Code.

The securities discussed below were offered and/or sold to institutional lenders not exceeding 19 or to not more than 19 non-qualified buyers and/or to any number of qualified buyers as defined in the Code. Thus, the offer and sale of the subject securities qualified as exempt transactions pursuant to Sections 10.1 (k) and 10.1(l) of the Code and Rule 10.1 of the Amended SRC Rules. A confirmation of exemption from the SEC that the offer and sale of the securities in the Philippines qualified as an exempt transaction under the Code was not required to be, and had not been, obtained. In compliance with the Amended SRC Rules, notices of exemption were filed after the issuance of the securities qualifying as exempt transactions.

The securities discussed below were not registered with the SEC under the Code. Any future offer or sale thereof is subject to registration requirements under the Code, unless such offer or sale qualifies as an exempt transaction.

1. ₱20 Billion 7.0% PHP-Denominated Notes Due 2017 Payable in U.S. Dollars

- a. On November 10, 2010, the Company issued the ₱20 Billion 7.0% PHP-Denominated Notes Due 2017 Payable in U.S. Dollars.
- b. The arrangers were Credit Suisse, Deutsche Bank, The Hongkong and Shanghai Banking Corporation Limited and Standard Chartered Bank. The notes were sold to various investors.
- c. The offer price was at 100%.

- d. As the notes described herein were offered to not more than 19 non-qualified buyers and to any number of qualified buyers in the Philippines, the sale of such notes was considered an exempt transaction and no confirmation of exemption from the registration requirements of the Code was required to be filed with the SEC. But, in compliance with the requirements of the Amended SRC Rules, a notice of exemption for the transaction was filed on November 22, 2010. The subject notes were listed on the Singapore Exchange on November 11, 2010.

2. Fixed Rate Corporate Notes

- a. On October 25, 2011, the Company issued Fixed Rate Corporate Notes totaling ₱3.6 billion, broken down into the following series:
 - i. Series A Notes amounting to ₱0.69 billion and having a maturity of seven (7) years from the Issue Date; and
 - ii. Series B Notes amounting to ₱2.91 billion and having a maturity of 10 years from the Issue Date
- b. The arranger was ING Bank NV Manila Branch. The notes were sold to primary institutional lenders not exceeding 19.
- c. The offer price was at 100%.
- d. As the notes described herein were offered to not more than 19 non-qualified buyers and to any number of qualified buyers in the Philippines, the issuance of such notes was an exempt transaction and no confirmation of exemption from the registration requirements of the Code was required to be filed with the SEC.

3. US\$750 Million Undated Subordinated Capital Securities

- a. On February 6, 2013, the Company issued US\$500 million undated subordinated capital securities (the "February 6 Issuance"). On March 11, 2013, the Company further issued US\$250 million undated subordinated capital securities, which were consolidated and formed a single series with, the February 6 Issuance (the "March 11 Issuance").
- b. The joint lead managers were Deutsche Bank AG, Singapore Branch, Standard Chartered Bank, The Hongkong and Shanghai Banking Corporation Limited, and UBS AG, Hong Kong Branch.
- c. The offer price for the February 6 Issuance was at 100% and for the March 11 Issuance was at 104.25% plus an amount corresponding to accrued distributions on the capital securities from, and including, February 6, 2013 to, but excluding, March 11, 2013.
- d. As the capital securities described herein were offered to qualified buyers in the Philippines, the issuances of such securities were considered exempt transactions and no confirmation of exemption from the registration requirements of the Code was required to be filed with the SEC. In compliance with the requirements of the Amended SRC Rules, notices of exemption for the transactions were filed on February 12, 2013 for the February 6 Issuance and on March 19, 2013 for the March 11 Issuance. The capital securities were listed with the Stock Exchange of Hong Kong Limited on February 7, 2013 in relation to the February 6 Issuance and on March 12, 2013 in connection with the March 11 Issuance.

(B) Description of Petron's Shares

The Company's capital stock consists of common shares and preferred shares, all with a par value of ₱1.00 per share.

As of the date of this Annual Report, the outstanding capital stock of the Company is comprised of 9,375,104,497 common shares, 7,122,320 Series 2A Preferred Shares and 2,877,680 Series 2B Preferred Shares. The 100 million PPREF Shares issued by the Company in 2010 were redeemed on March 5, 2015 pursuant to the approval by the Board of Directors on November 7, 2014 and delisted by the PSE on March 6, 2015 consistent with the practice of the PSE in relation to redeemed shares that are not re-issuable at the time of redemption under the issuing company's articles of incorporation.

The Series 2 Preferred Shares, with an aggregate issue value of ₱10 billion, were offered during the period October 20-24, 2014 pursuant to the order of registration and the permit to sell issued by the SEC on October 17, 2014. The Series 2 Preferred Shares were issued and listed on the PSE on November 3, 2014.

Each common share is entitled to one vote.

Preferred shareholders have no voting rights except under instances provided under the Corporation Code of the Philippines, including, but not limited to, the following cases: (i) amendment of the Company's Articles or the Company's By-laws, (ii) the extension or shortening of Petron's corporate term, (iii) a sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property or assets of Petron, (iv) increasing or decreasing capital stock, or (v) a merger or consolidation involving Petron.

(C) Stock Ownership Plan

Petron currently does not have a stock ownership plan or program. In 1994, when Petron's initial public offering was undertaken, a special secondary sale of Petron's shares was offered to its employees. The entitlement of shares at the listing price of ₱9.00 per share was made equivalent to the employee's base pay factored by his/her service years with Petron. Petron's executive officers, except the Chairman, the President and the Vice President for Corporate Planning, were entitled to own Petron shares under this stock ownership plan. Preparatory to the listing of the Company's preferred shares, availment of said shares was offered to employees from February 15 to 19, 2010.

(D) Public Ownership

Based on the report provided by SMC Stock Transfer Services Corporation, the stock transfer agent of the Company, 23.85% of the outstanding common shares of the Company was owned by the public as of December 31, 2015 in compliance with the minimum public ownership set by the PSE and the SEC. Attached as Annex A is the public ownership report of the Company as of December 31, 2015.

PART III - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND OTHER INFORMATION

Results of Operations

2015 vs 2014

Despite the continued decline in global oil prices, Petron Corporation posted a consolidated net income of **₱ 6.27 billion** in 2015, more than double the previous year's **₱ 3.01 billion** mainly due to surge in sales volumes, improved margins and effective risk management.

Consolidated Sales volume surged by 13% to **98.0 million barrels (MMB)** from previous year's 86.5 MMB. Bulk of the growth came from the Philippine operations where total sales reached 62.0 MMB, 20% ahead of last year. Sales to domestic customers grew by 12%, mainly on account of the 11% growth in the Retail Trade, 16% in the LPG business, and substantial increase in Supply sales. The surge in Exports market also contributed to the growth. On a per product basis, gasoline and diesel sales exhibited the most significant improvement.

Net sales plunged by 25% or **₱ 122.36 billion** to **₱ 360.18 billion** prompted by the drop in selling prices as benchmark regional market prices of finished products fell along with the slump in global crude oil prices. During the year, reference crude Dubai averaged US\$50.9/bbl, almost half of US\$96.6/bbl in 2014. The decline in revenues from the lower selling prices was partially tempered by the increase in sales volume.

Cost of Goods Sold (CGS) fell more by 29% to **₱ 328.44 billion** from last year's **₱ 463.10 billion**, also attributed to the cheaper cost of crude and imported products. Gross margins improved due to lower inventory losses and strong product cracks, specially for gasoline..

Part of the CGS was **refinery expenses and fuel** amounting to **₱ 12.53 billion**. This was 6% or **₱ 858 million** lower than previous year's **₱ 13.39 billion** due to cheaper refinery fuel amid higher production run.

Meanwhile, **Selling and Administrative Expenses (OPEX)** of **₱ 13.61 billion** exceeded the **₱ 11.83 billion** incurred in 2014 due to the accrual of retirement expense, depreciation and real property taxes of depots and new service stations, 3rd party terminalling fees with the move-out from Pandacan, increased promotions/advertising activities, higher LPG cylinder purchases as well as increased CSR projects.

Net Financing Costs and Other Charges significantly increased to **₱ 8.21 billion** from **₱ 3.79 billion** a year ago mainly due to marked-to-market (MTM) losses on outstanding commodity hedge positions during the year versus MTM gains in 2014, coupled with the higher cost of foreign currency swap hedges.

Income tax expense grew four-fold to **₱ 3.66 billion** as against **₱ 804 million** in the previous year resulting from higher taxable income in 2015.

2014 vs 2013

Amid the collapse of crude and finished product prices in the second half of 2014, Petron Corporation posted a better-than-expected **consolidated net income of ₱ 3.0 billion**, down by 41% or ₱ 2.1 billion from last year's ₱ 5.1 billion. Higher sales volume, the completion of strategic projects, and pro-active risk-management cushioned the impact of higher priced inventory being sold at lower prices in the second half of the year. The price of benchmark Dubai crude fell by 44% from an average of US\$108 per barrel in June to an average of only US\$60 per barrel in December. This extraordinary development had a negative effect on oil companies around the world.

Combined sales from both Philippine and Malaysian operations increased by 6% to 86.5 million barrels in 2014 versus 81.7 million the previous year. As a result, **Revenues** grew by 4% from ₱ 463.64 billion to **₱ 482.54 billion**. In the Philippine market, sales volumes surged by nearly 9% to 51.5 million barrels as the company made headway in major market segments. Backed by the most extensive network in the country, retail volumes rose by 6%. LPG volumes likewise grew by 5% supported by higher retail and industrial sales.

Accordingly, **Cost of Goods Sold (CGS)** climbed to **₱ 463.10 billion** from last year's ₱ 440.48 billion on account of the 4.8 MMB growth in sales volume tempered by lower cost per liter. The reduction in cost was driven by the cheaper cost of crude and imported products partly offset by the depreciation of the Philippine peso relative to the US dollar from an average of ₱ 42.46 in 2013 to ₱ 44.40 in 2014.

For the Philippine operations, Refinery Expenses including Refinery Fuel, that went into CGS, amounted to **₱ 13.39 billion** exceeding prior year's ₱ 11.34 billion by 18% or ₱ 2.05 billion mainly due to increased fuel consumption with the higher production run.

Selling & Administrative Expenses (OPEX) escalated by 3% from ₱ 11.48 billion to **₱ 11.83 billion** due to increases in rent and insurance expense and higher depreciation due to new stations in the Philippines and Malaysia and rebranded service stations in Malaysia.

Net Financing Costs & Other Income decreased by ₱ 0.95 billion or 20% to **₱ 3.79 billion** traced primarily to unrealized commodity hedging gain versus loss last year; partly offset by the lower interest income with the partial collection of advances to a related party.

Considering the foregoing, **Income tax expense** was reduced to **₱ 0.80 billion** vis-à-vis last year's ₱ 1.85 billion due to the significant decline in income before income tax.

2013 vs. 2012

In 2013, Petron registered a **consolidated net income of ₱ 5.09 billion**, almost three times the ₱ 1.78 billion restated profit a year before. The significant increase in income was brought about by better margins, and the full consolidation of Petron Malaysia (PM) in 2013 versus nine months in 2012.

Revenues grew by 9% or ₱ 38.84 billion to **₱ 463.64 billion** from ₱ 424.80 billion in previous year with the full consolidation of PM. Excluding PM, sales of Petron Philippines (PP) dropped by ₱ 2.11 billion mainly due to lower volumes of LPG and IFO

Sales volume generated in 2013 aggregated to **81.7 million barrels (MMB)**, up by 10% or 7.4MMB from previous year's 74.3MMB essentially due to the full consolidation of PM's 34.4MMB sales volume.

Cost of Goods Sold (CGS) increased to **₱ 440.48 billion** from 2012's ₱ 406.80 billion likewise traced to the full consolidation of PM which contributed 40% (₱ 177.38 billion) to the total CGS. Meanwhile, CGS

of PP dipped by 2% or ₱ 5.49 billion due to lower sales volume coupled with the drop in crude cost (2013: US\$108.42 vs. 2012: US\$111.88).

Refinery Operating Expenses in PP which formed part of CGS went up by 7% or ₱ 0.48 billion to **₱ 6.88 billion** in 2013. The increase was attributed to higher employee cost, with the additional manpower and higher purchased services and utilities, tempered by lower maintenance and repairs.

Selling & Administrative Expenses (OPEX) totaled **₱ 11.48 billion** in 2013, ₱ 1.34 billion more than the ₱ 10.14 billion expenditures in the preceding year brought about by the full consolidation of PM's expenses which added ₱ 3.55 billion to the total OPEX. Similarly, PP's expenditures rose by 4% or ₱ 0.30 billion mainly due to higher employee costs, rental expense, and materials and supplies, partially offset by lower advertising expense and the absence of one-off items in 2013.

Net Financing Costs & Other Charges significantly dropped to **₱ 4.74 billion** from ₱ 5.62 billion in 2012 largely due to higher capitalized interest of the on-going Refinery Master Plan-2 Project and higher interest income. These were partly negated by higher bank charges and unrealized translation losses on US-dollar denominated transactions in 2013 as opposed to the gains recognized in the previous year as the Philippine Peso gradually depreciated this year versus the US dollar.

With the remarkable upsurge in income before income tax, **Income tax expense** increased to **₱ 1.85 billion** in 2013 from ₱ 0.46 billion in 2012.

Financial Condition

2015 vs 2014

Petron's consolidated resources as of December 31, 2015 stood at **₱ 294.27 billion**, 25% or ₱ 97.06 billion lower than end-December 2014 level of ₱ 391.32 billion primarily due to the reduction in cash and cash equivalents, inventories and trade and other receivables.

Cash and cash equivalents decreased by 79% (₱ 71.72 billion) to **₱ 18.88 billion** level traced to the net settlement of loans, payments to vendors, redemption of preferred shares issued by the parent company and a subsidiary, disbursement for interest expense, distributions and dividends.

As the value of outstanding commodity hedges declined amid the slump in global crude oil prices, **financial assets at fair value through profit or loss** also went down by 69% from ₱ 1.63 billion to **₱ 509 million**.

Trade and other receivables - net fell to **₱ 30.75 billion** or by 36% against end-December 2014 level of ₱ 48.34 billion due mainly to the collection of value-added tax (VAT) claims.

Inventories-net aggregated **₱ 30.82 billion**, 42% or ₱ 22.36 billion less than the ₱ 53.18 billion at the end of 2014 attributed to lower volume and price of crude and finished products.

Other current assets rose from ₱ 24.85 billion to **₱ 34.53 billion** on account of the collected VAT credit certificates of Petron Philippines (PP), partly offset by the lower input tax on imported crude and finished products due to cheaper prices.

Available-for-sale financial assets (current and non-current) amounted to **₱ 621 million**, 30% lower than the ₱ 881million balance in December 2014 primarily brought about by the maturity of government securities.

Property, plant and equipment - net went up by 5% or ₱ 7.95 billion to reach **₱ 161.60 billion** essentially due to the additional spending on the RMP-2 Project.

Investment in an associate increased to **₱ 1.81 billion** or by 56% (₱ 652 million) with the Company's additional investment and share in income of its lone associate - Manila North Harbour Port, Inc. (MNHPI).

The unutilized Net Operating Loss Carry-Over (NOLCO) of a subsidiary was reversed during the period which largely contributed to the 13% or ₱ 31 million drop in **deferred tax assets** from ₱ 242 million to **₱ 211 million**.

The weakening of the Malaysian Ringgit (MYR) against the Philippine Peso resulted in the decrease in **Goodwill** from ₱ 8.92 billion to **₱ 7.69 billion**.

Other noncurrent assets - net declined to **₱ 6.73 billion**, 13% or ₱ 1.03 billion below the December 2014 level of ₱ 7.76 billion due to the usage of catalysts and amortization of prepayments.

Short-term loans and liabilities for crude oil and petroleum product importation ended lower by 26% or ₱ 41.67 billion to close at **₱ 115.75 billion** due to settlement of loans coupled with the drop in volume and prices of crude and finished product importations.

Trade and other payables was significantly reduced by 76% (₱ 29.79 billion) to **₱ 9.35 billion** resulting from payments made to various contractors and suppliers.

Derivative liabilities climbed to **₱ 603 million** from the ₱ 98 million level in December 2014 driven by marked-to-market losses on both outstanding commodity hedges and foreign currency forwards.

Income tax payable more than doubled from ₱ 73 million to **₱ 183 million** due mainly to PM's higher income during the period.

Retirement benefits liability increased to **₱ 5.51 billion** from ₱ 2.27 billion as the value of plan assets incurred temporary marked-to-market re-measurement losses.

Deferred tax liabilities rose to **₱ 4.64 billion** from ₱ 3.47 billion largely from recognizing the timing differences of capitalized RMP-2 pre-commissioning expenses.

Asset retirement obligation moved up by 9% to **₱ 1.81 billion** from ₱ 1.66 billion contributed by provisions for additional RMP2 facilities.

Other noncurrent liabilities were down by ₱ 467 million or 34% to end at **₱ 906 million** mainly due to the release of a customer's cash bond as settlement to its outstanding trade obligations to the Parent Company.

Reserve for retirement plan's negative balance increased from ₱ 1.02 billion to **₱ 3.20 billion** due to the MTM re-measurement losses on plan assets.

The negative balance of **other reserves** soared to **₱ 5.56 billion** from end-2014's level of ₱ 2.15 billion due to the impact of foreign exchange translation loss on investment in foreign subsidiaries.

During the year, the Parent Company redeemed its preferred shares issued in 2010 which resulted in the recognition of **Treasury Stock of ₱ 10.00 billion**.

The redemption of preferred shares issued by a subsidiary resulted to the **₱ 15.89 billion** drop in **Non-controlling interests** from end-2014's level of ₱ 16.36 billion to ₱ 471 million.

2014 vs 2013

The consolidated assets of Petron by the end of 2014 amounted to **₱ 391.32 billion, 9%** or **₱ 33.87 billion higher** than end-December 2013 level of **₱ 357.46 billion** mainly due to the increases in cash and cash equivalents and property, plant and equipment partly offset by the reduction in other non-current assets and trade and other receivables.

Cash and cash equivalents increased by 80% or **₱ 40.2 billion** to **₱ 90.6 billion** sourced from collection of receivables and proceeds from issuance of preferred shares.

Financial assets at fair value through profit or loss surged by **₱ 826 million** to **₱ 1.63 billion**, traced to higher marked-to-market gain on outstanding commodity hedges.

Trade and other receivables-net stood lower at **₱ 48.34 billion** (by **₱ 14.50 billion** or 23%), brought about by the collection of receivables from the government of Malaysia and various airline accounts.

Other current assets of **₱ 24.85 billion** registered a 40% hike from December 2013 level emanated from PP's additional excess input VAT on imported raw materials and advance payment of excise taxes.

Property, plant and equipment - net reached **₱ 153.65 billion** in December 2014, **₱ 12.0 billion** higher than December 2013's **₱ 141.65 billion** mark. The 8% increase was attributed to PP's RMP-2 project and network expansion program as well as the refurbishment and rebranding of service stations in Malaysia.

Investment in associates surged to **₱ 1.16 billion** triggered by the additional investment to Manila North Harbour Port, Inc., and the corresponding share in its net income during the year.

Deferred tax assets escalated by 49% (**₱ 80 million**) and settled at **₱ 242 million** on account of temporary differences of PM.

Goodwill decreased by 5% (**₱ 465 million**) to **₱ 8.92 billion** prompted by the depreciation of the ringgit vis-à-vis the US dollar.

Other noncurrent assets-net significantly declined by 63% from **₱ 20.85 billion** to **₱ 7.76 billion** driven by the partial collection of advances to Petron Corporation Employees Retirement Plan as well as the remeasurement in pension asset value.

Short-term loans and liabilities for crude oil and petroleum product importation amounted to **₱ 157.42 billion** and posted a 13% increase from **₱ 138.78 billion** in December 2013 as a result of the additional loan availed by PP, partly reduced by the decline in prices of crude and finished product importations of both PP and PM.

Trade and other payables of **₱ 39.14 billion** increased by 34% from the **₱ 29.29 billion** level as at end of 2013 with the transfer of the maturing retention payable to current liabilities and increased payables to various contractors.

Derivative liabilities of **₱ 98 million** went lower from the **₱ 152 million** level as at end of 2013 influenced mainly by the lower loss on outstanding transactions with embedded derivatives.

Long-term debt inclusive of current portion increased by 9% (**₱ 5.94 billion**) principally due to the newly availed loan of PM and PP to refinance maturing and other long-term obligations.

Income taxes payable of **₱ 73 million** dipped by 62% from **₱ 194 million** in December 2013 traced from lower taxes payable of Petron Malaysia.

Retirement benefits liability substantially increased to **₱ 2.27 billion** as a result of the remeasurement reversal of PP's retirement plan asset into liability.

Deferred tax liabilities-net dropped by **₱ 1.13 billion (25%)** to **₱ 3.47 billion** due largely from the reversal of net pension asset into liability in addition to the provision from the resulting net operating loss and payment of minimum corporate income tax.

Asset Retirement Obligation (ARO) moved-up to **₱ 1.66 billion** from **₱ 1.0 billion** in December 2013 due to the recognition of ARO of the Refinery.

Other noncurrent liabilities declined by 70% to **₱ 1.37 billion** with the reclassification of maturing retention payable to current liabilities partly offset by the increases in dealers' cash bond and cylinder deposit.

Additional paid-in capital of **₱ 19.65 billion** more than doubled the **₱ 9.76 billion** in previous year with the issuance of Series 2 preferred shares in November 2014. Net proceeds will be used in March 2015 to redeem the outstanding preferred shares issued in 2010.

Reserve for retirement plan resulted in negative value of **₱ 1.02 billion** due to the recognition of actuarial losses in the remeasurement of PP's plan asset.

The negative ₱ 2.15 billion Other reserves as of end-December 2014 almost tripled the negative **₱ 721 million** level as of end December 2013 brought about by the increase in translation loss on equity in foreign subsidiaries.

Non-controlling interests ended lower by **₱ 1.56 billion** from **₱ 17.92 billion** to **₱ 16.36 billion** prompted by PGL and PMRMB's payment of dividends to preferred and common stockholders, respectively.

2013 vs 2012

Petron's consolidated assets as of December 31, 2013 stood at **₱ 357.46 billion, 28% (₱ 77.13 billion)** higher than the **₱ 280.33 billion** restated level as at end of December 2012 largely on account of the increases in property, plant and equipment and cash and cash equivalents.

Cash and cash equivalents rose by 87% or **₱ 23.43 billion** to **₱ 50.40 billion** essentially sourced from internally generated funds and proceeds from loans to finance crude and product importations.

Financial assets at fair value through profit or loss of **₱ 806 million** substantially exceeded 2012's **₱ 231 million** level brought about by higher marked-to-market gain on outstanding foreign currency forwards.

Trade and other receivables - net climbed by 15% or **₱ 8.35 billion** to **₱ 62.84 billion** prompted by the increases in PP's receivables from government and customers.

Other current assets of **₱ 17.74 billion** stood higher by 27% from 2012's **₱ 13.95 billion** traced to PP's input VAT.

With the sale of the remaining Petron MegaPlaza units and parking spaces in the second quarter, the company has no **Assets held for sale** as of end-December 2013.

Property, plant and equipment - net surged by 36% (**₱ 37.54 billion**) from **₱ 104.11 billion** to **₱ 141.65 billion** attributed to the company's major capital projects such as Refinery Master Plan (RMP)-2 and network expansion, as well as PM's rebranding of service stations.

The reclassification of Petrochemical Asia (HK) Limited (PAHL) from an associate to a subsidiary resulted in the significant reduction of **Investment in associates** from 2012's P 1.64 billion to **P 885 million**.

Deferred tax assets of **P 162 million** more than doubled the end-December 2012 level of **P 78 million** on account of the temporary differences of PM and PAHL.

Other noncurrent assets-net increased by 12% or **P 2.2 billion** to **P 20.85 billion** basically due to company's higher pension asset since substantial amount of actuarial gain was recorded in 2013.

Short-term loans and liabilities for crude oil and petroleum product importations went up by 11% or **P 14.08 billion** to **P 138.78 billion** owing to both PP and PM's higher liabilities for crude oil and finished product importations.

Trade and other Payables rose by 97% (**P 14.42 billion**) to **P 29.29 billion** brought about by higher liabilities to company's contractors and suppliers.

Derivative Liabilities decreased by 38% from **P 245 million** to **P 152 million** due mainly to the company's lower marked-to-market loss on outstanding foreign currency forwards tempered by the decline in fair value of outstanding transaction with embedded derivatives.

Income tax payable of **P 194 million** went beyond the **P 52 million** level in 2012 basically on account of the taxes payable of PM.

Long-term debt inclusive of current portion increased by 18% (**P 10.17 billion**) to **P 66.19 billion** with the final drawdown of US\$210 million loan in January 2013 to complete the US\$485 million loan secured in 2012.

Retirement benefits liability declined by 17% from **P 983 million** to **P 820 million** mainly from PM's actuarial gain recorded this year.

Deferred tax liabilities moved up by 47% (**P 1.46 billion**) to **P 4.61 billion** due to PP's utilization of minimum corporate income tax and net operating loss carried over from previous year as well as the recognition of deferred tax on retirement's actuarial gain.

Other noncurrent liabilities climbed by 86% (**P 2.10 billion**) to **P 4.54 billion** principally due to additional retention payable to contractors.

Total equity amounted to **P 111.89 billion**, 45% or **P 34.99 billion** higher than the **P 76.90 billion** level in 2012 due to the **P 30.55 billion** undated subordinated capital securities issued during the first quarter of 2013.

Cash Flows

2015 vs 2014

The internally generated cash from operations amounting to **P 21.72 billion** was more than sufficient to cover working capital requirements, interests and taxes. On the other hand, investing and financing activities used up cash of **P 14.59 billion** and **P 66.34 billion**, respectively, reducing the cash balance to **P 18.88 billion** as of end-December 2015. Capital expenditures on RMP-2 project accounted mostly for the net outflow in investing while financing activities included payment of loans, dividends and distributions and redemption of preferred shares.

In Million Pesos	December 31, 2015	December 31, 2014	Change
Operating inflows (outflows)	8,468	(737)	9,205
Investing (outflows)	(14,592)	(3,659)	(10,933)
Financing inflows (outflows)	(66,343)	44,488	21,855

2014 vs 2013

In 2014, funds generated from operations were not enough to support the company's working capital requirements and interest payments. Meanwhile, net investing outflows were largely due to capital expenditures at the Refinery and in Malaysia tempered by the partial collection of advances to PCERP. On the other hand, financing activities provided cash inflows of P 44.49 billion sourced from proceeds from net availment of loans and issuance of preferred shares partly reduced by the payment of dividends and distributions.

2013 vs 2012

Operating activities contributed P 29.02 billion to the company's cash balance. Meanwhile, proceeds from issuance of undated subordinated capital securities and net availment of loans were used to finance the major capital projects at the Refinery and construction of additional service stations.

Discussion of the Company's key performance indicators:

Ratio	December 31, 2015	December 31, 2014	December 31, 2013
Current Ratio	0.9	1.1	1.0
Debt to Equity Ratio	2.8	2.7	2.4
Return on Equity (%)	6.4	2.7	5.4
Interest Rate Coverage Ratio	4.0	2.8	3.2
Assets to Equity Ratio	3.5	3.4	3.2

Current Ratio - Total current assets divided by total current liabilities.

This ratio is a rough indication of a company's ability to service its current obligations. Generally, higher current ratio indicates greater ability of the company to pay currently maturing obligations.

Debt to Equity Ratio - Total liabilities divided by tangible net worth.

This ratio expresses the relationship between capital contributed by creditors and that contributed by owners. It expresses the degree of protection provided by the owners for the creditors. The higher the ratio, the greater the risk being assumed by creditors. A lower ratio generally indicates greater long-term financial safety. Tangible net worth is computed based on total equity less any amount of goodwill and other intangible assets.

Return on Equity - Net income divided by average total stockholders' equity.

This ratio reveals how much profit a company earned in comparison to the total amount of shareholder equity fund in the statements of financial position. A business that has a high return on equity is more likely capable of generating cash internally. For the most part, the higher a company's return on equity compared to its industry, the better.

Interest Rate Coverage Ratio - EBITDA divided by interest expense and other financing charges.

This ratio is used to assess the company's financial stability by examining whether it is profitable enough to pay off its interest expenses. A ratio greater than 1 indicates that the company has more than enough interest coverage to pay off its interest expense.

Assets to Equity Ratio - Total assets divided by total equity (including non-controlling interest).

This ratio is used as a measure of financial leverage and long-term solvency. The function of the ratio is to determine the value of the total assets of the company less any portion of the assets that are owned by the shareholders of the corporation.

BUSINESS ENVIRONMENT

Philippine economic growth decelerated in 2015 but remained healthy. The gross domestic product (“GDP”) expanded year-on-year by 5.8% in 2015, slower than the 6.1% growth rate in 2014. The growth was driven by strong domestic demand, led by robust household consumption, and supported by higher level of investments and increase in government expenditure. The growth on the supply side was mainly attributed to the services and industry sectors.

By industrial origin, services (about 57% of GDP) posted the highest growth at 6.7%, driven by real estate, renting and business activities, and trade. Industry, which accounts for 33% of GDP grew by 6.0%. Manufacturing and construction contributed the most to industry sector expansion. Agriculture remained at relatively the same level with a growth rate of 0.2%.

Economic Growth, in %	2014	2015
GDP	6.1	5.8
GNP	5.8	5.4
By Industry		
Agriculture	1.6	0.2
Industry	7.9	6.0
Services	5.9	6.7
By Expenditure Type		
Household Consumption	5.4	6.2
Government Consumption	1.7	9.4
Capital Formation	5.4	13.6
Exports	11.3	5.5
Imports	8.7	11.9

By type of expenditure, capital formation grew the fastest with 13.6% growth supported by investments in durable equipment and construction. Government expenditure follows with 9.4% growth, underpinned by increase in disbursement for social protection programs, infrastructure projects and other capital outlays. Household consumption grew by 6.2% with improved employment, low inflation and continued support from overseas Filipino worker remittances. Total exports declined with mild growth in exports of goods. However, exports in services or the business process outsourcing sector showed a robust performance.

Philippine Peso (“peso” or “Php” or “₱”) - US Dollar (“dollar” or “US\$”) Exchange Rate

The peso weakened by 2.48% to average Php45.50/US\$ in 2015, reaching Php47 levels in mid-November. Major currencies in Asia also showed weakness against the US dollar due to expectations of the Federal Fund interest rate hike and the devaluation of the Chinese yuan.

Inflation

The rate of increase in prices of commodities and services decelerated in 2015, slowing down to an average of 1.4% from 4.2% in 2014. The low inflation was due to lower prices for food (e.g., corn, oil and rice) and fuel and more affordable prices of housing and other utilities.

Industry Demand

Oil demand in 2015 remained robust with low retail oil prices encouraging travel, strong vehicle sales at almost 23% growth for 2015, and favorable business environment contributing to the growth of industrial sectors which are heavy oil users such as manufacturing and construction.

OIL MARKET

Oil prices plummeted in 2015. Crude prices plunged in 2015 with Dubai dropping to a low of about \$31/barrel (“bbl”) at year-end. This is a drop of about 40% from 2014 year-end price of \$52.9/bbl. Dubai averaged \$50.8/bbl in 2015, 47% lower than 2014 average of \$96.7/bbl. The crude oversupply due to sustained high volume of US shale production, stance of the Organization of the Petroleum Exporting Countries to keep output at 30 million barrels per day, and rising crude inventories, coupled with economic slowdown in Russia, Brazil and China, pulled down prices.

in \$/bbl	2014	2015
Dubai	96.66	50.84
Cracks		
LPG	(25.46)	(14.41)
Mogas 95	14.31	18.33
Kero/Jet	15.85	13.85
Diesel 0.05%S	16.03	13.64
IFO 180	(10.30)	(6.08)

On the other hand, product cracks moved in different directions. Gasoline strengthened as demand was robust due to low retail prices. Liquefied petroleum gas (“LPG”) also gained strength supported by strong demand from residential and petrochemical sectors, an effect of weak LPG prices. Meanwhile, middle distillates kerosene and jet fuel and diesel weakened in 2015 due to lacklustre demand in Asia amid higher regional supplies with the coming on-stream of new middle distillate-focused conversion capacities.

Any event that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

Tax Credit Certificates-Related Matters

In 1998, the BIR issued a deficiency excise tax assessment against the Company relating to the Company’s use of P659 million worth of TCC to pay certain excise tax obligations from 1993 to 1997. The TCCs were transferred to the Company by suppliers as payment for fuel purchases. The Company contested the BIR’s assessment before the CTA. In July 1999, the CTA ruled that, as a fuel supplier of BOI-registered companies, the Company was a qualified transferee of the TCCs and that the collection by the BIR of the alleged deficiency excise taxes was contrary to law. On March 21, 2012, the CA promulgated a decision in favor of the Company and against the BIR affirming the ruling of the CTA striking down the assessment issued by the BIR for deficiency excise taxes in 1998 based on a finding by the BIR that the TCCs used by the Company as payment were fraudulent. On April 19, 2012, a motion for reconsideration was filed by the BIR, which was denied by the CA in a resolution dated October 10, 2012. The BIR elevated the case to the Supreme Court through a petition for review on *certiorari* dated December 5, 2012. On June 17, 2013, the Company filed its comment on the petition for review filed by the BIR. The petition was still pending as of December 31, 2015.

Pandacan Terminal Operations

In November 2001, the City of Manila enacted Ordinance No. 8027 (“Ordinance 8027”) reclassifying the areas occupied by the oil terminals of the Company, Shell and Chevron from industrial to commercial. This reclassification made the operation of the oil terminals in Pandacan, Manila illegal. In December 2002, the Social Justice Society (“SJS”) filed a petition with the Supreme Court against the Mayor of Manila asking that the latter be ordered to enforce Ordinance 8027. In April 2003, the Company filed a petition with the Regional Trial Court (“RTC”) to annul Ordinance 8027 and enjoin its implementation. On the basis of a *status quo* order issued by the RTC, Mayor of Manila ceased implementation of Ordinance 8027.

The City of Manila subsequently issued the Comprehensive Land Use Plan and Zoning Ordinance (“Ordinance 8119”), which applied to the entire City of Manila. Ordinance 8119 allowed the Company (and other non-conforming establishments) a seven (7)-year grace period to vacate. As a result of the passage of Ordinance 8119, which was thought to effectively repeal Ordinance 8027, in April 2007, the RTC dismissed the petition filed by the Company questioning Ordinance 8027.

However, on March 7, 2007, in the case filed by SJS, the Supreme Court rendered a decision (the “March 7 Decision”) directing the Mayor of Manila to immediately enforce Ordinance 8027. On March 12, 2007, the Company, together with Shell and Chevron, filed motions with the Supreme Court seeking intervention and reconsideration of the March 7 Decision. In the same year, the Company also filed a petition before the RTC of Manila praying for the nullification of Ordinance 8119 on the grounds that the reclassification of the oil terminals was arbitrary, oppressive and confiscatory, and thus unconstitutional, and that the said Ordinance contravened the provisions of the Water Code of the Philippines (the “Water Code”). On February 13, 2008, the Company, Shell and Chevron were allowed by the Supreme Court to intervene in the case filed by SJS but their motions for reconsideration were denied. The Supreme Court declared Ordinance 8027 valid and dissolved all existing injunctions against the implementation of the Ordinance 8027.

In May 2009, Manila City Mayor Alfredo Lim approved Ordinance No. 8187 (“Ordinance 8187”), which amended Ordinance 8027 and Ordinance 8119 and permitted the continued operations of the oil terminals in Pandacan.

On August 24, 2012, the RTC of Manila ruled that Section 23 of Ordinance 8119 relating to the reclassification of subject oil terminals had already been repealed by Ordinance 8187; hence any issue pertaining thereto had become moot and academic. The RTC of Manila also declared Section 55 of Ordinance 8119 null and void for being in conflict with the Water Code. Nonetheless, the RTC upheld the validity of all other provisions of Ordinance 8119. The Company filed with the RTC a Notice of Appeal to the Court of Appeals on January 23, 2013. The parties have filed their respective briefs. The appeal remained pending as of December 31, 2015.

With regard to Ordinance 8187, petitions were filed before the Supreme Court seeking its nullification and the enjoinder of its implementation. The Company filed a manifestation on November 30, 2010 informing the Supreme Court that, without prejudice to its position in the cases, it had decided to cease operation of its petroleum product storage facilities in Pandacan within five (5) years or not later than January 2016 due to the many unfounded environmental issues being raised that tarnish the image of the Company and the various amendments being made to the zoning ordinances of the City of Manila when the composition of the local government changes that prevented the Company from making long-term plans. In a letter dated July 6, 2012 (with copies to the offices of the Vice Mayor and the City Council of Manila), the Company reiterated its commitment to cease the operation of its petroleum product storage facilities and transfer them to another location by January 2016. On November 25, 2014, the Supreme Court issued a Decision (“November 25 Decision”) declaring Ordinance 8187 unconstitutional and invalid with respect to the continued stay of the oil terminals in Pandacan. The Company, Shell and Chevron were given 45 days from receipt of the November 25 Decision to submit a comprehensive plan and relocation schedule to the RTC of Manila and implement full relocation of their fuel storage facilities within six (6) months from the submission of the required documents. On March 10, 2015, acting on a Motion for Reconsideration filed by Shell, a Motion for Clarification filed by Chevron, and a Manifestation filed by the Company, the Supreme Court denied Shell’s motion with finality, clarified that relocation and transfer necessarily include removal of the facilities in the Pandacan terminals and should be part of the required comprehensive plan and relocation schedule. On May 14, 2015, the Company filed its submission in compliance with the November 25 Decision.

Guimaras Oil Spill Incident

On August 11, 2006, MT Solar I, a third party vessel contracted by the Company to transport approximately two million liters of industrial fuel oil, sank 13 nautical miles southwest of Guimaras, an island province in the Western Visayas region of the Philippines. In separate investigations by the Department of Justice (“DOJ”) and the Special Board of Marine Inquiry (“SBMI”), both agencies found the owners of MT Solar I liable. The DOJ found the Company not criminally liable, but the SBMI found the Company to have overloaded the vessel. The Company has appealed the findings of the SBMI to the DOTC and is awaiting its resolution. The Company believes that SBMI can impose administrative penalties on vessel owners and crew, but has no authority to penalize other parties, such as the Company, which are charterers.

Other complaints for non-payment of compensation for the clean-up operations during the oil spill were filed by a total of 1,063 plaintiffs who allegedly did not receive any payment of their claims for damages arising from the oil spill. The total claims for both cases amount to P292 million. The cases were still pending as of December 31, 2015.

Any significant elements of income or loss (from continuing operations)

There were no significant elements of income or loss from continuing operations.

Seasonal aspects that has material effect on the FS

There were no seasonal items that have material effect on the financial statement.

All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

There were no off-balance sheet transactions, arrangements and obligations with unconsolidated entities or persons during the reporting period.

Financial Statements

The 2015 audited financial statements of Petron and its subsidiaries and the Statement of Management Responsibility are attached hereto as Annex “C”.

Audit and Audit-Related Fees

For the annual review of the financial statements, consultancy services and other related services, the Company paid KPMG, its external auditor, as well as Uy Singson Abella & Co., Isla Lipana & Co., SGV & Co., and AMC & Associates, the aggregate amount of P9.31 million in 2014 and P16.63 million in 2015. The fees are more particularly set out below:

	2015	2014
Audit fees for professional services - Annual Financial Statement ¹	6,641,400.00	6,324,000.00
Professional fees for due diligence and study on various internal projects	1,794,405.99	694,125.51
Professional fees for tax consulting services	8,190,608.30	2,287,516.99
	16,626,414.29	9,305,642.50

¹ Audit fees are tax-exempt and exclusive of out-of-pocket expenses

In 2010, after the three (3)-year contract with its previous external auditor, the Company appointed KPMG, the current external auditor of SMC. With a common external auditor, the consolidation of results of operations and account balances among the subsidiaries of SMC using a uniform audit approach was facilitated.

For years 2010, 2011, 2012, 2013, 2014 and 2015, KPMG was found to have satisfactorily performed its duties as external auditor of the Company and was endorsed by the Audit and Risk Management Committee for the approval by the Board of Directors. The Board of Directors, finding the recommendation to be in order, endorsed the appointment of KPMG as external auditor for the approval of the stockholders during the annual stockholders' meeting for years 2011, 2012, 2013, 2014 and 2015. KPMG was appointed as external auditor by the stockholders at each such annual stockholders' meeting.

The Audit and Risk Management Committee further endorsed the re-appointment of KPMG as external auditor for 2016, with Mr. Darwin P. Virocel as the new KPMG partner. At its meeting held on March 15, 2016, the Board of Directors, finding the recommendation to be in order, endorsed the re-appointment of KPMG as external auditor for 2016 for the approval of the stockholders at the Annual Stockholders' Meeting. With the new engagement partner of KPMG assigned to the Company for 2016, the Company is not subject to the rule on rotation for the signing partner every five (5) years under the Amended SRC Rules in respect of its engagement of KPMG.

Set out below is the report of the Audit and Risk Management Committee for the year 2015.

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report of the Audit and Risk Committee follows on next page]*

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors
Petron Corporation

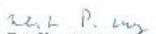
The Audit and Risk Management Committee assists the Board of Directors in its oversight function with respect to the adequacy and effectiveness of internal control environment, compliance with corporate policies and regulations, integrity of the financial statements, the independence and overall direction of the internal audit function, and the selection and performance of the external auditor.

In the performance of our responsibilities, we report that in 2015:

- o We reviewed and discussed with Controllars management the quarterly and annual financial statements of Petron Corporation and Subsidiaries and endorsed these for approval by the Board;
- o We endorsed the re-appointment of R.G. Manabat & Co./KPMG as the company's independent auditors for 2014;
- o We reviewed with R.G. Manabat & Co./KPMG the scope and timing of their annual audit plan, audit methodology, and focus areas related to their review of the financial statements;
- o We reviewed with R.G. Manabat & Co./KPMG, the audit observations and recommendations on the Company's internal controls and management's response to the issues raised;
- o We reviewed with the Internal Audit Head and approved the annual internal audit plan and satisfied itself as to the independence of the internal audit function;
- o We reviewed on a quarterly basis Internal Audit's report on the adequacy and effectiveness of the internal control environment in the areas covered during the period; and
- o We approved Petron's Internal Control Policy which will continuously educate the employees on the importance of internal control systems and procedures for the attainment of their respective business objectives and for its distribution to all offices company-wide, as well as to various Petron Subsidiaries.
- o In consideration for good governance, we recognized the need for a change in partner for Petron's external auditors, KPMG, and accepted Darwin P. Virocel as the new KPMG partner for Petron.

The Audit and Risk Management Committee is satisfied with the scope and appropriateness of the Committee's mandate and that the Committee substantially met its mandate in 2015.


Reynaldo G. David
Chairperson
Independent Director


Estelito P. Mendoza
Director


Artemio V. Panganiban
Independent Director


Aurora T. Calderon
Director


Lubin B. Nepomuceno
Director

Material Commitments for Capital Expenditure

In 2015, the Company spent P15.2 billion in capital investments, P13.4 billion of which was spent for the expansion of the refinery of the Company in Bataan (the “Petron Bataan Refinery”). In addition, service station-related expenditures totaled P0.9 billion while another P0.9 billion was used for other commercial, maintenance and miscellaneous projects.

In 2014, the Company spent P14.4 billion in capital investments, P12.2 billion of which was spent for the expansion of the Petron Bataan Refinery. Meanwhile, service station-related expenditures totaled P0.6 billion and P1.6 billion for other commercial, maintenance and miscellaneous projects.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no changes in and disagreements with accountants on accounting and financial disclosures.

*[Rest of page intentionally left blank;
“Part IV - Management and Certain Security Holders” follows on next page]*

PART IV - MANAGEMENT AND CERTAIN SECURITY HOLDERS

(A) Directors, Executive Officers and Board Committees of the Registrant

(i) Director and Executive Officers

Listed below are the directors and officers of the Company with their respective ages, citizenships, and current and past positions held and business experience for at least the past five (5) years until the date of this Annual Report.

Directors

The following are the incumbent directors of the Company:

Name	Period Served
Eduardo M. Cojuangco, Jr.	January 8, 2009 - present
Ramon S. Ang	January 8, 2009 - present
Lubin B. Nepomuceno	February 19, 2013 - present
Eric O. Recto	July 31, 2008 - present
Estelito P. Mendoza	January 8, 2009 - present ¹
Jose P. de Jesus	May 20, 2014 - present
Ron W. Haddock	December 2, 2008 - present
Aurora T. Calderon	August 13, 2010 - present
Mirzan Mahathir	August 13, 2010 - present
Romela M. Bengzon	August 13, 2010 - present
Virgilio S. Jacinto	August 13, 2010 - present
Nelly Favis Villafuerte	December 1, 2011 - present
Reynaldo G. David (Independent Director)	May 12, 2009 - present
Artemio V. Panganiban (Independent Director)	October 21, 2010 - present
Margarito B. Teves (Independent Director)	May 20, 2014 - present

¹ Previously served as a Director of the Company from 1974 to 1986.

Set out below are the profiles of the Directors of the Company as of the date of this Annual Report.

Eduardo M. Cojuangco, Jr., Filipino, 80 years old, has served as the Chairman of the Company since February 10, 2015 and a Director since January 8, 2009. He is also the Chairman of the Executive and Compensation Committees of the Company. He holds the following positions, namely: Chairman and Chief Executive Officer of San Miguel Corporation (“SMC”); Ginebra San Miguel, Inc. (“GSMI”); San Miguel Pure Foods Company, Inc. (“SMPFC”); Chairman of ECJ & Sons Agricultural Enterprises Inc., Eduardo Cojuangco Jr. Foundation Inc.; and Director of Caiñaman Farms Inc. Mr. Cojuangco was formerly a director of the Manila Electric Company, member of the Philippine House of Representatives (1970-1972), Governor of Tarlac Province (1967-1979) and Philippine Ambassador-Plenipotentiary. He also served as the President and Chief Executive Officer of United Coconut Planters Bank, President and Director of United Coconut Life Assurance Corporation and Governor of the Development Bank of the Philippines. He attended the College of Agriculture at the University of the Philippines - Los Baños and the California Polytechnic College in San Luis Obispo, U.S.A. and was conferred a post graduate degree in Economics, *honoris causa*, from the University of Mindanao, a post graduate degree in Agri-

Business, *honoris causa*, from the Tarlac College of Agriculture, a post graduate degree in Humanities, *honoris causa*, from the University of Negros Occidental-Recoletos, and a post graduate degree in Humanities, *honoris causa*, from the Tarlac State University.

Of the companies in which Mr. Cojuangco currently holds directorships, Petron-parent SMC and Petron-affiliates GSMI and SMPFC are listed with the PSE.

Ramon S. Ang, Filipino, 62 years old, has served as the Chief Executive Officer and an Executive Director of the Company since January 8, 2009 and the President of the Company since February 10, 2015. He is also a member of the Company's Executive and Compensation Committees. He holds the following positions, among others: Chairman of Petron Malaysia Refining & Marketing Berhad ("PMRMB"), Las Lucas Construction and Development Corporation ("LLCDC"), New Ventures Realty Corporation ("NVRC"), and SEA Refinery Corporation ("SRC"); Chairman and Chief Executive Officer of Petron Marketing Corporation ("PMC") and Petron Freeport Corporation ("PFC"); Chairman and President of Mariveles Landco Corporation, Petrochemical Asia (HK) Ltd. ("PAHL"), Philippine Polypropylene Inc. ("PPI") and Robinson International Holdings Ltd.; Director of Petron Fuel International Sdn. Bhd. ("PFISB"), Petron Oil (M) Sdn. Bhd. ("POMSB"), Petron Oil & Gas Mauritius Ltd. ("POGM") and Petron Oil & Gas International Sdn Bhd. ("POGI"); Vice Chairman, President and Chief Operating Officer of SMC; Chairman of San Miguel Brewery Inc. ("SMB"), San Miguel Foods, Inc., The Purefoods-Hormel Company, Inc., San Miguel Yamamura Packaging Corporation, South Luzon Tollway Corporation, Eastern Telecommunications Philippines Inc., Liberty Telecoms Holdings, Inc. ("Liberty Telecoms"), Manila North Harbour Port, Inc. ("MNHPI") and Philippine Diamond Hotel & Resort Inc.; Chairman and Chief Executive Officer of SMC Global Power Holdings Corp.; Chairman and President of San Miguel Properties, Inc., Bell Telecommunication Philippines, Inc., Atea Tierra Corporation, Cyber Bay Corporation and Philippine Oriental Realty Development Inc.; Vice Chairman of GSMI and SMPFC; and President and CEO of Top Frontier Investment Holdings Inc. ("Top Frontier"); Director of other subsidiaries and affiliates of SMC in the Philippines and the Southeast Asia Region. Previously, Mr. Ang was Chief Executive Officer of the Paper Industries Corporation of the Philippines and Executive Managing Director of Northern Cement Corporation, Aquacor Food Marketing, Inc., Marketing Investors Inc., PCY Oil Mills, Metroplex Commodities, Southern Island Oil Mills and Indophil Oil Corporation. Mr. Ang has a Bachelor of Science degree in Mechanical Engineering from the Far Eastern University.

Of the companies in which Mr. Ang currently holds directorships, Petron-parent SMC and Petron-affiliates Liberty Telecoms, GSMI, SMPFC and Top Frontier are also listed with the PSE.

Lubin B. Nepomuceno, Filipino, 64 years old, has served as a Director of the Company since February 19, 2013 and the General Manager of the Company since February 10, 2015. He is also a member of the Company's Executive Committee, Audit and Risk Management Committee and Compensation Committee. He holds the following positions, among others: President and Chief Executive Officer of PMC; Director and Chief Executive Officer of PMRMB; Director of POGI, PFISB, POMSB, LLCDC, NVRC, PFC, PPI, PAHL, Mariveles Landco Corporation, Robinson International Holdings, Ltd. and Petron Singapore Trading Pte. Ltd. ("PSTPL"); Chairman of Petrogen Insurance Corporation ("Petrogen"); Trustee of Petron Foundation, Inc. ("PFI"); Chairman of Overseas Ventures Insurance Corporation Ltd. ("Ovincor"); Director of San Miguel Paper Packaging Corporation and Mindanao Corrugated Fibreboard Inc.; Director of MNHPI and President of Archen Technologies, Inc. Mr. Nepomuceno has held various board and executive positions in the San Miguel Group. He started with SMC as a furnace engineer at the Manila Glass Plant in 1973 and rose to the ranks to become the General Manager of the San Miguel Packaging Group in 1998. He was also formerly the Senior Vice President and General Manager of the Company (September 2009 to February 2013) and the President of the Company (February 2013 to February 2015). Mr. Nepomuceno holds a Bachelor of Science degree in Chemical Engineering and master's degree in Business Administration from the De La Salle University. He also attended the Advanced Management Program at the University of Hawaii, University of Pennsylvania and Japan's Sakura Bank Business Management.

Mr. Nepomuceno does not hold a directorship in any other company listed with the PSE.

Eric O. Recto, Filipino, 52 years old, has served as a Director of the Company since July 31, 2008. He holds the following positions, among others: Chairman of Philippine Bank of Communications (“PBCom”); Chairman and CEO of ISM Communications Corporation (“ISM”), and Vice Chairman of Atok-Big Wedge Corporation (“Atok”); and President and Director of Q-Tech Alliance Holdings, Inc. Mr. Recto was previously the President and Vice Chairman of the Company, the Chairman and Chief Executive Officer of PFI, and a Director of SMC, PMRMB and MERALCO. He was formerly the Undersecretary of the Philippine Department of Finance, in charge of both the International Finance Group and the Privatization Office from 2002 to 2005. He also served as the President of the Company (2008-2013), Vice Chairman of the Company (2013-2014), Chairman of Petrogen and Senior Vice President and Chief Finance Officer of Alaska Milk Corporation (2000-2002) and Belle Corporation (1994-2000). Mr. Recto has a degree in Industrial Engineering from the University of the Philippines and a master’s degree in Business Administration from the Johnson School, Cornell University.

Of the companies in which Mr. Recto currently holds directorships, PBCom, Atok, and ISM are also listed with the PSE.

Estelito P. Mendoza, Filipino, 86 years old, served as a Director of the Company from 1974 to 1986; thereafter, since January 8, 2009. He is a member of the Nomination Committee and the Audit and Risk Management Committee. He is likewise a member of the Board of Directors of SMC, Philippine National Bank (“PNB”) and Philippine Airlines, Inc. He previously served as a Director of MERALCO. He has now been engaged in the practice of law for more than 60 years, and presently under the firm name Estelito P. Mendoza and Associates. He has been consistently listed for several years as a “Leading Individual in Dispute Resolution” among lawyers in the Philippines in the following directories/journals: “The Asia Legal 500”, “Chambers of Asia” and “Which Lawyer?” yearbooks. He has also been a Professorial Lecturer of law at the University of the Philippines and served as Solicitor General, Minister of Justice, Member of the *Batasang Pambansa* and Provincial Governor of Pampanga. He was also the Chairman of the Sixth (Legal) Committee, 31st Session of the UN General Assembly and the Special Committee on the Charter of the United Nations and the Strengthening of the Role of the Organization. He holds a Bachelor of Laws degree from the University of the Philippines (*cum laude*) and Master of Laws degree from Harvard University. He is the recipient on June 28, 2010 of a Presidential Medal of Merit as Special Counsel on Marine and Ocean Concerns and was also awarded by the University of the Philippines Alumni Association its 1975 “Professional Award in Law” and in 2013 its “Lifetime Distinguished Achievement Award”.

Of the companies in which Atty. Mendoza currently holds directorships, Petron-parent SMC and PNB are also listed with the PSE.

Jose P. de Jesus, Filipino, 81 years old has served as a Director of the Company since May 20, 2014. He is also the President and Chief Executive Officer of Nationwide Development Corporation from September 2011 to present. He was the President and Chief Operating Officer of MERALCO (February 2009 to June 2010), the Secretary of the Department of Transportation and Communications (July 2010 to June 2011), the President and Chief Executive Officer of Manila North Tollways Corporation (January 2000 to December 2008), Executive Vice President of the Philippine Long Distance Telephone Company (1993 to December 1999) and the Secretary of the Department of Public Works and Highways (January 1990 to February 1993). He was *Lux in Domino Awardee* (Most Outstanding Alumnus) of the Ateneo de Manila University in July 2012. He is the Chairman of Converge ICT Solutions Inc. and Metroworks ICT Construction Inc., and Director and Vice Chairman of Comclark Network and Technology Corporation. He is also a director of Citra Metro Manila Tollways Corporation, Private Infra Development Corporation, South Luzon Tollway Corporation, Nationwide Development Corporation and KingKing Gold & Copper Mines, Inc. He is a Trustee of Bantayog ng mga Bayani Foundation, Kapampangan Development Foundation and Holy Angel University. Mr. de Jesus earned his Bachelor of Arts degree in

Economics and holds a Master of Arts in Social Psychology from the Ateneo de Manila University. He also finished Graduate Studies in Human Development from the University of Chicago.

Mr. de Jesus does not hold a directorship in any other company listed with the PSE.

Aurora T. Calderon, Filipino, 61 years old, has served as a Director of the Company since August 13, 2010. She is a member of the Audit and Risk Management Committee and the Compensation Committee. She holds the following positions, among others: Senior Vice President and Senior Executive Assistant to the President and Chief Operating Officer of SMC; Director of PMRMB, POGM, POGI, PMC, PFC, PSTPL, SRC, NVRC, LLCDC, Thai San Miguel Liquor Co., Ltd., SMC Global Power Holdings Corp., Rapid Thoroughfares Inc., Trans Aire Development Holdings Corp., Vega Telecom, Inc., Bell Telecommunications Company, Inc., A.G.N. Philippines, Inc. and various subsidiaries of SMC; and Director and Treasurer of Petron-affiliate Top Frontier. She has served as a Director of MERALCO (January 2009-May 2009), Senior Vice President of Guoco Holdings (1994-1998), Chief Financial Officer and Assistant to the President of PICOP Resources (1990-1998) and Assistant to the President and Strategic Planning at the Elizalde Group (1981-1989). A certified public accountant, Ms. Calderon graduated *magna cum laude* from the University of the East in 1973 with a degree in Business Administration major in Accounting and earned her master's degree in Business Administration from the Ateneo de Manila University in 1980. She is a member of the Financial Executives and the Philippine Institute of Certified Public Accountants.

Of the companies in which Ms. Calderon currently holds directorships, Petron-affiliate Top Frontier is also listed with the PSE.

Mirzan Mahathir, Malaysian, 57 years old, has served as a Director of the Company since August 13, 2010. He is the Chairman and Chief Executive Officer of Crescent Capital Sdn Bhd, an investment holding and independent strategic and financial advisory firm based in Malaysia. He currently manages his investments in Malaysia and overseas while facilitating business collaboration in the region. He holds directorships in several public and private companies in South East Asia. He also serves as President of the Asian Strategy & Leadership Institute, Chairman of several charitable foundations and a member of the Wharton School Executive Board for Asia and the Business Advisory Council of United Nations ESCAP. He was formerly the Executive Chairman and President of Konsortium Logistik Berhad (1992-2007), Executive Chairman of Sabit Sdn Bhd (1990-1992), Associate of Salomon Brothers in New York, U.S.A. (1986-1990) and Systems Engineer at IBM World Trade Corporation (1982-1985). Mirzan graduated with a Bachelor of Science (Honours) degree in Computer Science from Brighton Polytechnic, United Kingdom and obtained his master's degree in Business Administration from the Wharton School, University of Pennsylvania, USA.

Mr. Mahathir does not hold any directorship in any other company listed with the PSE.

Ma. Romela M. Bengzon, Filipino, 55 years old, has served as a Director of the Company since August 13, 2010. She holds the following positions, among others: Director of PMC; Managing Partner of the Bengzon Law Firm; and professor at the De La Salle University Graduate School of Business, Far Eastern University Institute of Law MBA-JD Program, the Ateneo Graduate School of Business and Regis University. She was formerly a Philippine government Honorary Trade Ambassador to the European Union, and Chairperson of the Committee on Economic Liberalization and Deputy Secretary General of the Consultative Commission, both under the Philippine Office of the President. A Political Science graduate of the University of the Philippines in 1980 (with honors), she obtained her Bachelor of Laws from the Ateneo de Manila University in 1985.

Atty. Bengzon does not hold any directorship in any other company listed with the PSE.

Virgilio S. Jacinto, Filipino, 59 years old, has served as a Director of the Company since August 13, 2010. He is a member of the Governance and Nomination Committees of the Company. He holds the following positions, among others: Corporate Secretary, Compliance Officer, Senior Vice President and General Counsel of SMC; Corporate Secretary and Compliance Officer of Top Frontier; Corporate Secretary of GSMI and the other subsidiaries and affiliates of SMC; and Director of various other local and offshore subsidiaries of SMC. Mr. Jacinto has served as a Director and Corporate Secretary of United Coconut Planters Bank, a Director of San Miguel Brewery Inc., a Partner of the Villareal Law Offices (June 1985-May 1993) and an Associate of Sycip, Salazar, Feliciano & Hernandez Law Office (1981-1985). Atty. Jacinto is an Associate Professor of Law at the University of the Philippines. He obtained his law degree from the University of the Philippines (*cum laude*) where he was the class salutatorian and placed sixth in the 1981 bar examinations. He holds a Master of Laws degree from Harvard University.

Atty. Jacinto does not hold any directorship in any other company listed with the PSE.

Ron W. Haddock, American, 75 years old, has served as a Director of the Company since December 2, 2008. He holds the following positions, among others: Chairman and Chief Executive Officer of AEI Services, L.L.C.; and member of the board of Alon Energy USA. Mr. Haddock was formerly Honorary Consul of Belgium in Dallas, Texas. He also served as Chairman of Safety-Kleen Systems; Chairman and Chief Executive Officer of Prisma Energy International and FINA, and held various management positions in Exxon Mobil Corporation including as Manager of Baytown Refinery, Corporate Planning Manager, Vice President for Refining, and Executive Assistant to the Chairman; and Vice President and Director of Esso Eastern, Inc. He holds a degree in Mechanical Engineering from Purdue University.

Mr. Haddock does not hold any directorship in any other company listed with the PSE.

Nelly F. Villafuerte, Filipino, 79 years old, has served as a Director of the Company since December 1, 2011. She is a member of the Governance Committee of the Company. She is also a Director of Top Frontier. She is a columnist for the Manila Bulletin and was a former Member of the Monetary Board of the *Bangko Sentral ng Pilipinas* from 2005 until July 2011. She is an author of business handbooks on microfinance, credit card transactions, exporting and cyberspace and a four (4)-volume series on the laws on banking and financial intermediaries (Philippines). Atty. Villafuerte has served as Governor of the Board of Investments (1998-2005), Undersecretary for the International Sector (Trade Promotion and Marketing Group) of the Department of Trade and Industry (“DTI”) (July 1998-May 2000), and Undersecretary for the Regional Operations Group of the DTI (May 2000-2005). She holds a Masters degree in Business Management from the Asian Institute of Management (“AIM”) and was a professor of international law/trade/marketing at the graduate schools of AIM, Ateneo Graduate School of Business and De La Salle Graduate School of Business and Economics. Atty. Villafuerte obtained her Associate in Arts and law degrees from the University of the Philippines and ranked in the top ten in the bar examinations.

Of the companies in which Atty. Villafuerte currently holds directorships, Petron-affiliate Top Frontier is also listed with the PSE.

Reynaldo G. David, Filipino, 73 years old, has served as an Independent Director of the Company since May 12, 2009. He is the concurrent Chairman of the Audit and Risk Management Committee and the Nomination Committee and likewise a member of the Compensation Committee. He has previously held, among others, the following positions: President and Chief Executive Officer of the Development Bank of the Philippines; Chairman of NDC Maritime Leasing Corporation; and Director of DBP Data Center, Inc. and Al-Amanah Islamic Bank of the Philippines. Other past positions include: Independent Director of ISM and ATOK, Chairman of LGU Guarantee Corporation, Vice Chairman, Chief Executive Officer and Executive Committee Chairman of Export and Industry Bank (September 1997-September 2004), Director and Chief Executive Officer of Unicorp Finance Limited and Consultant of PT United

City Bank (concurrently held from 1993-1997), Director of Megalink Inc., Vice President and FX Manager of the Bank of Hawaii (April 1984-August 1986), various directorships and/or executive positions with The Pratt Group (September 1986-December 1992), President and Chief Operating Officer of Producers Bank of the Philippines (October 1982-November 1983), President and Chief Operation Officer of International Corporation Bank (March 1979-September 1982), and Vice President and Treasurer of Citibank N. A. (November 1964-February 1979). A Ten Outstanding Young Men awardee for Offshore Banking in 1977, he was also awarded by the Association of Development Financing Institutions in Asia & the Pacific as the Outstanding Chief Executive Officer in 2007. A certified public accountant since 1964, he graduated from the De La Salle University with a combined Bachelor of Arts and Bachelor of Science in Commerce degrees in 1963 and attended the Advanced Management Program of the University of Hawaii (1974). He was conferred with the title Doctor of Laws, *honoris causa*, by the Palawan State University in 2005 and the title Doctor of Humanities, *honoris causa*, by the West Visayas State University in 2009.

Mr. David does not hold any directorship in any other company listed with the PSE.

Artemio V. Panganiban, Filipino, 79 years old, has served as an Independent Director of the Company since October 21, 2010. He is a member of the Audit and Risk Management Committee. He is a columnist for the Philippine Daily Inquirer and officer, adviser or consultant to several business, civic, educational and religious organizations. He was formerly the Chief Justice of the Supreme Court of the Philippines (2005-2006); Associate Justice of the Supreme Court (1995-2005); Chairperson of the Philippine House of Representatives Electoral Tribunal (2004-2005); Senior Partner of Panganiban Benitez Parlade Africa & Barinaga Law Office (1963-1995); President of Baron Travel Corporation (1967-1993); and professor at the Far Eastern University, Assumption College and San Sebastian College (1961-1970). He is an author of over ten books and has received various awards for his numerous accomplishments, most notably the “Renaissance Jurist of the 21st Century” conferred by the Supreme Court in 2006 and the “Outstanding Manilan” for 1991 by the City of Manila. Chief Justice Panganiban earned his Bachelor of Laws degree (*cum laude*) from the Far Eastern University in 1960, placed sixth in the bar exam that same year, and holds honorary doctoral degrees in law from several universities.

Apart from Petron, he is an independent director of the following listed companies: MERALCO, Bank of the Philippine Islands, First Philippine Holdings Corp., Philippine Long Distance Telephone Co., Metro Pacific Investment Corp., Robinsons Land Corp., GMA Network, Inc., GMA Holdings, Inc., and Asian Terminals, Inc., and a non-executive director of Jollibee Foods Corporation.

Margarito B. Teves, Filipino, 72 years old, has served as an Independent Director of the Company since May 20, 2014 and the Chairman of the Governance Committee of the Company since July 3, 2014. He is also the Managing Director of The Wallace Business Forum and Chairman of Think Tank Inc. He was the Secretary of the Department of Finance of the Philippine government from 2005 to 2010, and was previously the President and Chief Executive Officer of the Land Bank of the Philippines from 2000 to 2005, among others. He was awarded as “2009 Finance Minister of Year/Asia” by the London-based The Banker Magazine. He holds a Master of Arts degree in Development Economics from the Center for Development Economics, Williams College, Massachusetts and is a graduate of the City of London College, with a degree of Higher National Diploma in Business Studies which is equivalent to a Bachelor of Science in Business Economics.

Of the companies in which Mr. Teves currently holds directorships, Petron-parent SMC and Atok are also listed with the PSE.

Board Attendance and Trainings in 2015

In 2015, the Board of Directors had six (6) meetings held on February 10, March 17, May 11, May 19, August 10 and October 27. Eleven (11) directors attended all the board meetings held in 2015, with the remaining four (4) directors attending at least 83.33% of all the board meetings held in 2015.

The schedule of the meetings for any given year is presented to the directors the year before. The Board of Directors was therefore advised of the schedule of the board meetings for 2015 at the board meeting held on October 27, 2015. Should any matter requiring immediate approval by the Board of Directors arise, such matters are reviewed, considered and approved at meetings of the Executive Committee, subject to the Company's by-laws. Special meetings of the Board of Directors may also be called when necessary in accordance with the Company's by-laws.

In keeping abreast of the latest best practices in corporate governance and complying with applicable legal requirements, including SEC Memorandum Circular No. 13 (Series of 2013), all the directors of the Company attended a corporate governance seminar in 2015 conducted by providers duly accredited by the SEC.

The attendance of the directors at the meetings and corporate governance seminars held in 2015 is set out below:

Director's Name	February 10 Special Board Meeting	March 17 Regular Board Meeting	May 11 Regular Board Meeting	May 19 Annual Stockholders' Meeting	May 19 Organizational Meeting	August 10 Regular Board Meeting	October 27 Regular Board Meeting	Attendance at Corporate Governance Seminar in 2015 (Yes/No)
Eduardo M. Cojuangco, Jr.	✓	✓	✓	✓	▼	✓	✓	Yes
Ramon S. Ang	✓	✓	✓	✓	✓	✓	✓	Yes
Estelito P. Mendoza	✓	▼	✓	✓	✓	✓	✓	Yes
Lubin B. Nepomuceno	✓	✓	✓	✓	✓	✓	✓	Yes
Eric O. Recto	▼	✓	✓	✓	✓	✓	✓	Yes
Jose P. De Jesus	✓	✓	✓	✓	✓	✓	✓	Yes
Ron W. Haddock	✓	✓	▼	✓	✓	✓	✓	Yes
Mirzan Mahathir	✓	✓	✓	✓	✓	✓	✓	Yes
Romela M. Bengzon	✓	✓	✓	✓	✓	✓	✓	Yes
Aurora T. Calderon	✓	✓	✓	✓	✓	✓	✓	Yes
Virgilio S. Jacinto	✓	✓	✓	✓	✓	✓	✓	Yes
Nelly Favis-Villafuerte	✓	✓	✓	✓	✓	✓	✓	Yes
Artemio V. Panganiban	✓	✓	✓	✓	✓	✓	✓	Yes
Reynaldo G. David	✓	✓	✓	✓	✓	✓	✓	Yes
Margarito B. Teves	✓	✓	✓	✓	✓	✓	✓	Yes

Legend: ✓ - Present ▼ - Absent

Executive Officers

The following are the current key executive officers of the Company:

Name	Position	Date of Election
Ramon S. Ang	President and Chief Executive Officer	<ul style="list-style-type: none">As President: February 10, 2015 - present;As Chief Executive Officer: January 2009 -present
Lubin B. Nepomuceno	General Manager	February 2015-present
Emmanuel E. Eraña	Senior Vice President and Chief Finance Officer	January 2009-present
Susan Y. Yu	Vice President - Procurement	January 2009-present
Ma. Rowena Cortez	Vice President - Supply	September 2009-present
Albertito S. Sarte	Vice President - Treasurers and Treasurer	August 2009-present
Freddie P. Yumang	Vice President - Refinery	September 2009-present
Archie B. Gupalor	Vice President - National Sales	March 2012-present
Joel Angelo C. Cruz	Vice President - General Counsel & Corporate Secretary and Compliance Officer	April 2010-present; as Vice President: March 2013
Rodulfo L. Tablante	Vice President - Operations	November 2013-present
Julieta L. Ventigan	Vice President - Business Planning and Development	September 2015-present
Dennis S. Janson	Assistant Vice President and Controller	September 2015-present

Set out below are the profiles of the executive officers of the Company who are not directors, as of the date of this Annual Report.

Emmanuel E. Eraña, Filipino, 55 years old, has served as the Senior Vice President and Chief Finance Officer of the Company since January 2009. He holds the following positions, among others: President and Chief Executive Officer of Petrogen, LLCDC and NVRC; President of PFI; Deputy Chairman of Ovincor; and Director of PFC, POGM, PFISB, POMSB and MNHPI. Mr. Eraña held the following positions in the San Miguel Group: as the Vice President and Chief Information Officer (January 2008-December 2009), Executive Assistant to the Chief Financial Officer, Corporate Service Unit (December 2006-January 2008), Chief Finance Officer of SMFBIL/NFL Australia (May 2005-November 2006), Chief Finance Officer of SMPFC (July 2002-May 2005), and Finance Officer (January 2001-June 2002), Finance and Management Services Officer, San Miguel Food Group (2000-2001). Mr. Eraña has a Bachelor of Science degree in Accounting from the Colegio de San Juan de Letran.

Susan Y. Yu, Filipino, 39 years old, has served as the Vice President for Procurement of the Company since January 2009. She is also a Trustee of PFI, Director of Ovincor and Petron Singapore Trading Pte. Ltd. ("PSTPL"). Ms. Yu has served as the Treasurer of Petrogen, Assistant Vice President and Senior Corporate Procurement Manager of San Miguel Brewery Inc., Assistant Vice President and Senior Corporate Procurement Manager of SMC Corporate Procurement Unit (July 2003-February 2008), and Fuel Purchasing and Price Risk Management Manager of Philippine Airlines (May 1997-June 2003). She holds a commerce degree in Business Management from the De La Salle University and a master's degree in Business Administration from the Ateneo de Manila University for which she was awarded a gold medal for academic excellence.

Ma. Rowena O. Cortez, Filipino, 51 years old, has served as the Vice President for Supply of the Company since September 2013, and concurrently the Director for Petron Singapore Trading Pte. Ltd. since June 2013. She is also a Director of PAHL, Robinson International Holdings Ltd., Mariveles Landco Corporation. The various positions she has held in the Company include Vice President for Supply & Operations (July 2010 - August 2013), Vice President for Supply (June 2009 to June 2010) and various managerial and supervisory positions in the Marketing/Sales, and Supply and Operations Divisions of Petron. Ms. Cortez also held various positions at the Phil. National Oil Company - Energy Research and Development Center from 1986 to 1993. She holds a Bachelor of Science degree in Industrial Engineering and a master's degree in Business Administration from the University of the Philippines, Diliman. She also took post graduate courses at the AIM and the University of Oxford in Oxfordshire, UK. She has attended local and foreign trainings and seminars on leadership, market research, supply chain, risk management, petroleum, petrochemicals and energy.

Albertito S. Sarte, Filipino, 49 years old, has served as the Vice President and Treasurer of the Company since August 2009. He is also the Treasurer of most of the Company's subsidiaries. Mr. Sarte served as Assistant Vice President for SMC International Treasury until June 2009. He graduated from the Ateneo de Manila University in 1987 with a Bachelor of Science degree in Business Management and has attended the Management Development Program of the AIM in 1995.

Freddie P. Yumang, Filipino, 58 years old, has served as the Vice President for Refinery of the Company since September 2009. He is also a Director of PPI, Mariveles Landco Corporation, Robinson International Holdings Ltd. and PAHL. He is the lead of the Company's Refinery Master Plan - Phase 2 project and has held various positions in the Company, including Operations Manager and Technical Services Manager, and different supervisory and managerial positions at the Petron Bataan Refinery. Mr. Yumang is currently a director of the National Association of Mapua Alumni and was formerly National Director of the Philippine Society for Mechanical Engineers (2006-2007). He is a Mechanical Engineering graduate of the Mapua Institute of Technology and earned units for a master's degree in Business Administration from the De La Salle University. He also attended the Basic Management and Management Development Programs of the AIM in 1992 and 2002, respectively, in which he received separate awards for superior performance.

Archie B. Gupalor, Filipino, 48 years old, has served as the Vice President for National Sales of the Company since March 2012. He holds the following positions, among others: President and Chief Executive Officer of PFC and Director of PMC, NVRC and LLCDC. Mr. Eraña served the following positions in the San Miguel Group: He has been with the San Miguel Group since 1991. Prior to his appointment in the Company, he held the position of Vice President and General Manager of San Miguel Integrated Sales of San Miguel Foods, Inc. He earned his Bachelor of Science degree in Industrial Psychology at the University of San Carlos and attended several programs here and abroad, including the Executive Management Development Program of the Harvard Business Publishing.

Joel Angelo C. Cruz, Filipino, 55 years old, has served as the Vice President of the Office of the General Counsel of the Company since March 2013 and the Corporate Secretary and Compliance Officer of the Company since April 2010. He holds the following positions, among others: Corporate Secretary and Compliance Officer of Petrogen, Corporate Secretary of LLCDC, NVRC, PMC, and PFC; Corporate Secretary of Petron Global Limited; Assistant Corporate Secretary of MNHPI; and Trustee of PFI. Atty. Cruz was formerly the Assistant Vice President of the Office of the General Counsel, Assistant Corporate Secretary and Legal Counsel of the Company, and Assistant Corporate Secretary of all the Company's subsidiaries. He is a member of the Integrated Bar of the Philippines. Atty. Cruz holds a Bachelor of Arts degree in Economics from the University of the Philippines and a Bachelor of Laws degree from San Beda College. He attended the Basic Management Program of the AIM in 1997 as well as numerous local and foreign trainings and seminars.

Rodolfo L. Tablante, Filipino, 63 years old, has served as the Vice President for Operations of the Company since November 2013. He was the Head of Corporate Technical and Engineering Services Group of the Company from 2009 to 2013. Mr. Tablante was College Instructor and Mechanical Engineering Reviewer in the Cebu Institute of Technology (1975-1978 and 1976-1977, respectively), Process Control Engineer, Operations Planning and Control Head and Plant Operation Superintendent of SMC Mandaue Brewery (1976-1979, 1979-1980 and 1980-1984, respectively), Engineering Manager and Project Manager of SMC - Polo Brewery (1984-1989 and 1989-1992, respectively), Assistant Brewery Consultant, Assistant Vice President, Engineering Manager and Vice President and Engineering Manager of SMC - Corporate Technical Services (1992-2001, 2001-2004 and January 2005-2007, respectively). He was a consultant of SMC from 2007 until December 2009. Mr. Tablante has a Bachelor of Science degree in Mechanical Engineering from the Cebu Institute of Technology and earned units for a master's degree in Mechanical Engineering from the same institute.

Julieta S. Ventigan, Filipino, 56 years old, has served as the Vice President for Business Planning and Development of the Company since September 2015. She previously held the position of Assistant Vice President for Business Planning and Development from October 2010 until August 2015. The various positions she has held in the Company include Head of the Business Planning and Development (August 2010 - September 2010), Manager for Corporate Planning/Business Planning and Analysis (January 2010 - July 2010) and Manager for Corporate Planning/Strategic Planning (April 2003 - December 2009). She has a Bachelor of Science degree major in Economics from the University of the Philippines in Los Baños and a master's degree in Business Administration from the Ateneo Graduate School of Business.

Dennis S. Janson, Filipino, 56 years old, has served as the Assistant Vice President for Controllers and the Controller of the Company since September 2015. He is a Director of PSTPL and the Controller of various subsidiaries of Petron. Other positions he held include Assistant Controller of the Company (August 2014 - August 2015), Manager for Financial Analysis and Compliance Controller (March 2013 - July 2014; January 2010 - September 2011), Finance Head and Chief Finance Officer of Petron Malaysia (October 2011 - February 2013) and Manager for Financial Analysis Planning and Risk Management (November 2008 - December 2009). He is a certified public accountant with a Bachelor of Science degree in Accountancy from the University of San Carlos in Cebu.

Officer Trainings in 2015

All the executive officers of the Company, including the Assistant Corporate Secretary and the Internal Audit Head, completed a corporate governance seminar for year 2015 conducted in accordance with SEC Memorandum Circular No. 20, Series of 2013.

(ii) Board Committees

The Company has Executive, Compensation and Risk Management, Audit, Nomination and Governance Committees constituted in accordance with the principles of good corporate governance and pursuant to the Company's By-Laws.

- **Executive Committee.** The Executive Committee is composed of not less than three (3) members, which shall include the Chairman of the Board of Directors and the President, with two (2) alternate members. The Executive Committee, when the Board of Directors of Directors is not in session, may exercise the powers of the latter in the management of the business and affairs of the Company, except with respect to (a) the approval of any action for which stockholders' approval is also required, (b) the filling of vacancies in the Board of Directors, (c) the amendment or repeal of the by-laws of the adoption of new by-laws; (d) the amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repealable, (e) a distribution of dividends to the stockholders, and (f) such other matters as may be specifically excluded or limited by the Board of Directors.

As of the date of this Annual Report, the Executive Committee is chaired by Mr. Eduardo M. Cojuangco, Jr. with Mr. Ramon S. Ang and Mr. Lubin B. Nepomuceno as members. Atty. Virgilio S. Jacinto and Ms. Aurora T. Calderon are the two (2) alternate members of the Executive Committee.

In 2015, the Executive Committee held six (6) meetings, with attendance as shown below. The resolutions approved by the Executive Committee were passed with the unanimous vote of the committee members in attendance (whether regular members or alternate members) and later presented to and ratified by the Board of Directors at the board meeting held after each approved resolution.

Members	January 28	March 2	June 25	July 22	September 29	October 19
Eduardo M. Cojuangco, Jr.*	*	*	✓	✓	✓	✓
Ramon S. Ang	✓	✓	✓	✓	✓	✓
Lubin B. Nepomuceno	✓	✓	-	✓	✓	✓
Aurora T. Calderon (Alternate Member)	✓	✓	N/A	N/A	N/A	N/A
Virgilio S. Jacinto (Alternate Member)	N/A	N/A	✓	N/A	N/A	N/A

* Effective March 17, 2015

Legend: ✓ - Present - - Absent

- **Nomination Committee.** The Nomination Committee is composed of three (3) directors with an independent director serving as its Chairman and with the Corporate Secretary acting as its secretary.

The Nomination Committee is responsible for pre-screening and shortlisting candidates nominated to become members of the Board of Directors and other appointments that require board approval to ensure that the director-candidates meet the criteria for election, *i.e.*, they have the qualifications and none of the disqualifications set out in the law and in the CG Manual. The Nomination Committee, in consultation with the management committee and the under the supervision of the Board of Directors, also redefines the role, duties and responsibilities of the Chief Executive Officer of the Company by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times. It is also the responsibility of the Nomination Committee to assess the effectiveness of the processes and procedures of the Board of Directors in the election or replacement of directors.

The Nomination Committee is chaired by Mr. Reynaldo G. David, an independent director of the Company, with Atty. Estelito P. Mendoza and Atty. Virgilio S. Jacinto as members.

In 2015, the Nomination Committee held five (5) meetings on February 10, March 17, May 11, August 10 and October 27, with the attendance of the members as follows:

Director's Name	February 10	March 17	May 11	August 10	October 27
Reynaldo G. David	✓	✓	✓	✓	✓
Estelito P. Mendoza	✓	✓	✓	✓	✓
Virgilio S. Jacinto	✓	✓	✓	✓	✓

Legend: ✓ - Present – - Absent

- **Compensation Committee.** The Compensation Committee is composed of five (5) members of the Board of Directors, one of whom is an independent director. The Chairman and the President of the Corporation are included as members but without voting rights. The Chairman of the Board of Directors is the Chairman of the Compensation Committee.

Under the CG Manual, the Compensation Committee is responsible for considering and approving salary structures for individuals in the positions of Vice President (or its equivalent) and above, promotions to positions of Division Head and the salary increases to be granted concurrently with such promotions, and other compensation policy matters such as the adoption, modification and interpretation of corporate benefit plans. The Compensation Committee also ensures that the Company's annual reports, information and proxy statements, and such similar documents disclose the fixed and variable compensation received by its directors and top officers for the preceding fiscal year in accordance with the requirements of the law.

As of the date of this Annual Report, the Compensation Committee was chaired by Mr. Eduardo M. Cojuangco with Mr. Ramon S. Ang (non-voting), Mr. Lubin B. Nepomuceno, Mr. Reynaldo G. David and Ms. Aurora T. Calderon as members. Mr. Ferdinand K. Constantino acted as the advisor to the Compensation Committee.

- **Audit and Risk Management Committee.** The Audit and Risk Management Committee is composed of five (5) members of the Board of Directors, two (2) of whom are independent directors. All the members of the Audit and Risk Management Committee are required to have adequate accounting and finance backgrounds and at least one member with audit experience, in addition to the qualifications of a director. The Chairman of the Audit and Risk Management Committee is further required by the Manual and the Audit and Risk Management Committee Charter to be an independent director.

The Chairman of the Audit and Risk Management Committee is Mr. Reynaldo G. David, an Independent Director of the Company and certified public accountant ("CPA").

The Audit and Risk Management Committee is governed by the Audit and Risk Management Committee Charter, revisions to which to make it compliant with SEC Commission Memorandum Circular No. 4, Series of 2012 were approved by the Board of Directors on November 12, 2012 (the "Audit and Risk Management Committee Charter").

Among the other functions set out in the CG Manual and the Audit and Risk Management Committee Charter, the Audit and Risk Management Committee primarily recommends to the Board each year the appointment of the external auditor to examine the accounts of the Company for that year and performs oversight functions over the Company's internal and external auditors to ensure that they act independently from each other or from interference of outside parties, and that they are given unrestricted access to all records, properties and personnel necessary in the discharge of their respective audit functions. The committee also oversees the Company's risk management framework, policies, processes and activities, reviews the Company's management performance, and reviews and recommends mitigation initiatives.

The Audit and Risk Management Committee is chaired by Mr. Reynaldo G. David, an independent director of the Company and CPA, and its members are former Chief Justice Artemio V. Panganiban (another independent director of the Company), Atty. Estelito P. Mendoza, Mr. Lubin B. Nepomuceno, and Ms. Aurora T. Caderon. Mr. Ferdinand K. Constantino acts as advisor to the committee.

In 2015, the Audit Committee held five (5) meetings on February 10, March 17, May 11, August 10 and October 27. The attendance of the members was as follows:

Members	February 10x	March 17	May 11	August 10	October 27
Reynaldo G. David	✓	✓	✓	✓	✓
Lubin B. Nepomuceno	✓	✓	✓	✓	✓
Estelito P. Mendoza	✓	-	✓	✓	✓
Artemio V. Panganiban	✓	✓	✓	✓	✓
Aurora T. Calderon	✓	✓	✓	✓	✓

Legend: ✓ - Present - - Absent

- **Governance Committee.** The Governance Committee, created by the Board of Directors on July 3, 2014, is composed of three (3) members of the Board of Directors, one of whom is an Independent Director.

Under the CG Manual, the Governance Committee shall assist the Board of Directors in the development and implementation of the corporate governance policies, structures and systems of the Company, including the review of their adequacy and effectiveness and oversee the adoption and implementation of systems or mechanisms for the assessment and improvement of the performance of the Board of Directors, the Directors and the Board Committees, and the evaluation of the compliance by the Company with the CG Manual.

The Governance Committee is also governed by the Governance Committee Charter, which was adopted by the Board of Directors on May 11, 2015.

The Governance Committee is chaired by Mr. Margarito B. Teves, an independent director of the Company, and its members are Attys. Virgilio S. Jacinto and Nelly Favis-Villafuerte.

The Governance Committee held a meeting on May 11, 2015 with all its members present for the review of the Governance Committee Charter.

(3) Significant Employees

There was no significant employee or personnel who was not an executive officer but was expected to make a significant contribution to the business.

(4) Family Relationships

The Company has no director or officer related to any other director or officer up to the fourth degree of consanguinity.

(5) Involvement in Certain Legal Proceedings

The Company is not aware that any one of the incumbent directors and executive officers and persons nominated to become a director and executive officer has been the subject of a bankruptcy petition or a conviction by final judgment in a criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses, or has been by final judgment or decree found to have violated securities or commodities law and enjoined from engaging in any business, securities, commodities or banking activities for the past five (5) years until the date of this Information Statement.

(B) Executive Compensation

Standard Arrangements. Petron's executive officers are also regular employees of the Company and are similarly remunerated with a compensation package comprising of 12 months base pay. They also receive whatever gratuity pay the Board of Directors extends to the managerial, supervisory and technical employees of the Company.

The members of the Board of Directors who are not executive officers are elected for a term of one year. They receive remuneration for 12 months in Director's fees and gas allowance, in addition to compensation on a per meeting participation.

Other Arrangements. There are no other arrangements for which the directors are compensated by the Company for services other than those provided as a director.

Warrants or Options. There are no warrants or options held by directors or officers.

Employment Contract. In lieu of an employment contract, the directors are elected at the annual meeting of stockholders for a one year term until their successors shall have been duly elected and qualified pursuant to the Company's By-Laws. Any director elected in the interim will serve for the remaining term until the next annual meeting of the stockholders.

The aggregate compensation paid or estimated to be paid to the executive officers and directors of the Company during the periods indicated below is as follows (including the estimate for 2016; in millions of pesos):

<i>(a) Name & Principal Position</i>	<i>(b) Year</i>	<i>(c) Salary</i>	<i>(d) Bonus</i>	<i>(e) Other Annual Compensation</i>
Ramon S. Ang President & CEO Lubin B. Nepomuceno General Manager Emmanuel E. Eraña SVP / Chief Finance Officer Freddie P. Yumang Vice President - Refinery Archie B. Gupalor Vice President - National Sales	2016 (est)	82.10	13.73	-
Ramon S. Ang President, effective Feb. 10, 2015 & CEO Lubin B. Nepomuceno General Manager, effective Feb. 10, 2015 Emmanuel E. Eraña SVP / Chief Finance Officer Freddie P. Yumang Vice President - Refinery Archie B. Gupalor Vice President - National Sales	2015	79.87	28.56	-
Ramon S. Ang Chairman Lubin B. Nepomuceno President Emmanuel E. Eraña SVP / Chief Finance Officer Freddie P. Yumang Vice President - Refinery Archie B. Gupalor Vice President - National Sales	2014	71.86	42.35	-
All Other Officers & Directors as a Group Unnamed	2016 (est)	62.70	8.05	-
	2015	58.03	14.87	-
	2014	50.81	19.55	-

(C) Security Ownership of Certain Beneficial Owners and Management as of December 31, 2015

The security ownership of certain record and beneficial owners of more than 5% of the common shares of the Company as of December 31, 2015 is as follows:

• SEA Refinery Corporation	-	50.10%
• San Miguel Corporation	-	18.16%
• PCD Nominee Corporation (Filipino)	-	14.19%
• Petron Corporation Employees' Retirement Plan	-	7.80%

SEA Refinery Corporation is wholly-owned by SMC. SMC thus holds an aggregate 68.26% ownership of the common shares of the Company.

The Company had no beneficial owner under the PCD Nominee Corporation that held no more than 5% of the common shares of the Company.

*[Rest of page intentionally left blank;
the security ownership of the directors and executive officers
follows on next page]*

The security ownership of directors and executive officers as of February 29, 2016 is as follows:

Directors

Title of Class	Name of Record Owner	Citizenship	Amount and Nature of Beneficial Ownership	Direct (D) or Indirect (I)	Percentage of Ownership
Directors					
Common	Eduardo M. Cojuangco, Jr.	Filipino	1,000	D	0.00%
Series 2A Preferred			-	-	N.A.
Series 2B Preferred			-	-	N.A.
Common	Ramon S. Ang	Filipino	1,000	D	0.00%
Series 2A Preferred			-	-	N.A.
Series 2B Preferred			-	-	N.A.
Common	Estelito P. Mendoza	Filipino	1,000	D	0.00%
Series 2A Preferred			-	-	N.A.
Series 2B Preferred			-	-	N.A.
Common	Lubin B. Nepomuceno	Filipino	5,000	D	0.00%
Series 2A Preferred			2,500	I	0.00%
Series 2B Preferred			-	-	N.A.
Common	Eric O. Recto	Filipino	1	D	0.00%
Series 2A Preferred			14,000	I	0.00%
Series 2B Preferred			-	-	N.A.
Common	Jose P. De Jesus	Filipino	500 / 100,000	D / I	0.00%
Series 2A Preferred			-	-	N.A.
Series 2B Preferred			-	-	N.A.
Common	Mirzan Mahathir	Malaysian	1,000	D	0.00%
Series 2A Preferred			-	-	N.A.
Series 2B Preferred			-	-	N.A.
Common	Ron W. Haddock	American	1	D	0.00%
Series 2A Preferred			-	-	N.A.
Series 2B Preferred			-	-	N.A.
Common	Romela M. Bengzon	Filipino	1,000	D	0.00%
Series 2A Preferred			-	-	N.A.
Series 2B Preferred			-	-	N.A.
Common	Aurora T. Calderon	Filipino	1,000	D	0.00%
Series 2A Preferred			-	-	N.A.
Series 2B Preferred			-	-	N.A.
Common	Virgilio S. Jacinto	Filipino	1,000	D	0.00%
Series 2A Preferred			-	-	N.A.
Series 2B Preferred			-	-	N.A.
Common	Nelly Favis-Villafuerte	Filipino	1,000	D	0.00%
Series 2A Preferred			-	-	N.A.
Series 2B Preferred			-	-	N.A.
Common	Reynaldo G. David	Filipino	1,000	D	0.00%
Series 2A Preferred			-	-	N.A.
Series 2B Preferred			-	-	N.A.
Common	Artemio V. Panganiban	Filipino	1,000	D	0.00%
Series 2A Preferred			-	-	N.A.
Series 2B Preferred			-	-	N.A.
Common	Margarito B. Teves	Filipino	500	D	0.00%
Series 2A Preferred			-	-	N.A.
Series 2B Preferred			-	-	N.A.

Officers

Title of Class	Name of Record Owner	Citizenship	Amount and Nature of Beneficial Ownership	Direct (D) or Indirect (I)	Percentage of Ownership
Executive Officers					
Common	Emmanuel E. Eraña	Filipino	180,000	I	0.00%
Series 2A Preferred			2,000	I	0.00%
Series 2B Preferred			-	-	N.A.
Common	Susan Y. Yu	Filipino	530,000	I	0.00%
Series 2A Preferred			10,500	I	0.00%
Series 2B Preferred			-	-	N.A.
Common	Albertito S. Sarte	Filipino	850,000	I	0.00%
Series 2A Preferred			5,000	I	0.00%
Series 2B Preferred			-	-	N.A.
Common	Rowena O. Cortez	Filipino	8,580	D	0.00%
Series 2A Preferred			600	I	0.00%
Series 2B Preferred			-	-	N.A.
Common	Freddie P. Yumang	Filipino	73,600	I	0.00%
Series 2A Preferred			3,000	I	0.00%
Series 2B Preferred			-	-	N.A.
Common	Archie B. Gupalor	Filipino	3,000	D	0.00%
Series 2A Preferred			-	-	N.A.
Series 2B Preferred			-	-	N.A.
Common	Joel Angelo C. Cruz	Filipino	-	-	N.A.
Series 2A Preferred			400	I	0.00%
Series 2B Preferred			-	-	N.A.
Common	Rodulfo L. Tablante	Filipino	-	-	N.A.
Series 2A Preferred			-	-	N.A.
Series 2B Preferred			-	-	N.A.
Common	Dennis S. Janson	Filipino	163 / 15,000	D / I	N.A.
Series 2A Preferred			-	-	N.A.
Series 2B Preferred			-	-	N.A.
Common	Julieta L. Ventigan	Filipino	2,100 / 94,900	D / I	N.A.
Series 2A Preferred			1,000	-	N.A.
Series 2B Preferred			-	-	N.A.
Directors and Executive Officers as a Group		Common	1,873,345		0.02%
		Series 2A Preferred	39,000		0.55%
		Series 2B Preferred	0		0.00%

As of February 29, 2016, the directors and executive officers of the Company owned 1,873,345 common shares and 39,000 Series 2A Preferred Shares for a total of 1,912,345 shares or 0.02% of the Company's total outstanding capital stock. No one of the directors and executive officers of the Company directly owns 5% or more of the outstanding capital stock of the Company.

(2) Voting Trust Holders of 5% or more

The Company is not aware of any person holding 5% or more of the Company's outstanding shares under a voting trust agreement.

(3) Changes in Control

The Company is not aware of any change in control or arrangement that may result in a change in control of the Company since the beginning of its last fiscal year.

(D) Certain Relationships and Related Transactions

The major stockholders of the Company as of December 31, 2014 were as follows:

• SEA Refinery Corporation	-	50.10%
• San Miguel Corporation	-	18.16%
• Petron Corporation Employees' Retirement Plan	-	7.80%

The basis of control is the number of the percentage of voting shares held by each.

The Company had no transactions or proposed transactions with any of its directors or officers.

Related party transactions are discussed under Part I(A)(2)(viii) (*Transactions with and/or dependence on related parties*).

*[Rest of page intentionally left blank;
"Part IV - Corporate Governance" follows on next page]*

PART IV - CORPORATE GOVERNANCE

Among the Top Publicly-Listed Companies

From 2005 until 2011, the Institute of Corporate Directors (“ICD”), in collaboration with the SEC, the PSE, and the Ateneo School of Law, consistently recognized the Company as among the top publicly-listed companies with good corporate governance.

Beginning 2012, Philippine publicly-listed companies have been evaluated using the ASEAN Corporate Governance Scorecard (“ACGS”) developed by the ASEAN Capital Markets Forum in preparation for the ASEAN integration in 2015. The ACGS, which is based on international best practices in corporate governance, assesses publicly-listed companies using publicly available information.

The Company has consistently placed in the top 50 Philippine publicly-listed companies with good corporate governance since the launch of the use of the ACGS in 2012.

Annual Corporate Governance Report

For a discussion on the corporate governance of the Company, please refer to the report “Annual Corporate Governance Report for 2012 (Consolidated Changes for 2015)” attached as Annex D.

*[Rest of page intentionally left blank;
“Part V - Exhibits and Schedules” follows on next page]*

PART V - EXHIBITS AND SCHEDULES

Exhibits and Reports on SEC Form 17-C

Below is a list of the annexes to this SEC Form 17-A and the reports on SEC Form 17-C and the press releases submitted to the SEC in 2015 until the date of this report.

Annexes

1. Annex A - Public Ownership Report as of December 31, 2015
2. Annex B - Public Ownership Report as of February 29, 2016
3. Annex C - 2015 Audited Financial Statements, with the Index to Financial Statements and the Supplementary Schedules (Petron and Subsidiaries)
4. Annex D - Annual Corporate Governance Report for 2012 (Consolidated Changes for 2015) (with Secretary's Certificate)

Reports on SEC Form 17-C

The following reports on SEC Form 17-C were made for year 2015 until the date of this Annual Report:

Disclosure Date	Item Description
February 12, 2015	<p>Matters approved at the board meeting held:</p> <ol style="list-style-type: none"> 1. Election of Mr. Eduardo M. Cojuangco, Jr. as Chairman of both the Board of Directors and the Compensation Committee 2. Election of Mr. Ramon S. Ang as President resulting in his holding of the positions of President and Chief Executive Officer 3. Election of Mr. Lubin B. Nepomuceno as General Manager
February 26, 2015	Notice of redemption of the preferred shares issued by the Company in 2010
March 17, 2015	<p>Matters approved at the board meeting held:</p> <ol style="list-style-type: none"> 1. Annual Stockholders' Meeting <ol style="list-style-type: none"> a. Date: May 19, 2015 b. Record date: April 1, 2015 c. Closing of books: April 2-13 2. Cash dividend for common shareholders 3. Cash dividends for preferred shareholders 4. Amendment of the Articles of Incorporation to add a re-issuability feature of the preferred shares and submission of the same for ratification at the Annual Stockholders' Meeting on May 19, 2015 5. Election of Mr. Eduardo M. Cojuangco, Jr. as Chairman of the Executive Committee 6. Appointment of Mr. Samuel S. Candido as Assistant Vice President - Refinery Technical Services
March 26, 2015	Response to the request for clarification by the Philippine Stock Exchange on the news article entitled "Petron reigns in spending, seeks cheaper obligation"
May 12, 2015	<p>Matters approved at the board meeting held:</p> <ol style="list-style-type: none"> 1. Year-to-date March 2015 Financial Performance Report 2. Endorsement of the re-appointment of R.G. Manabat & Co./KPMG (formerly, "Manabat Sanagustin & Co.") as external auditor of the Company for the year 2015

	<p>3. Approval of the change in the name of the Audit Committee to “Audit and Risk Management Committee” and the revision of the Audit Committee Charter</p> <p>4. Approval of the Governance Committee Charter</p> <p>Media release on performance also submitted.</p>										
<p>May 19, 2015</p>	<p>Matters approved at the annual stockholders’ and organizational meetings held:</p> <p>A. Annual Stockholders’ Meeting</p> <ol style="list-style-type: none"> 1. Amendment of the Articles of Incorporation of the Company (provision of a re-issuability feature of the Company’s preferred shares) 2. Appointment of R.G. Manabat & Co. as independent external auditor of the Company for year 2015 3. Election of the following as directors of the Company for 2015-2016: <ol style="list-style-type: none"> 1. Eduardo M. Cojuangco, Jr. 2. Ramon S. Ang 3. Lubin B. Nepomuceno 4. Estelito P. Mendoza 5. Jose P. De Jesus 6. Eric O. Recto 7. Mirzan Mahathir 8. Ron W. Haddock 9. Romela M. Bengzon 10. Aurora T. Calderon 11. Virgilio S. Jacinto 12. Nelly Favis-Villafuerte <p style="text-align: center;">Independent Directors</p> <ol style="list-style-type: none"> 1. Reynaldo G. David 2. Artemio V. Panganiban 3. Margarito B. Teves <p>B. Organizational Meeting</p> <ol style="list-style-type: none"> 1. Appointment of the following as members of the board committees: <ol style="list-style-type: none"> (i) Executive Committee <table data-bbox="665 1522 1299 1680" style="margin-left: 40px;"> <tr> <td>Eduardo M. Cojuangco, Jr.</td> <td>- Chairman</td> </tr> <tr> <td>Ramon S. Ang</td> <td>- Member</td> </tr> <tr> <td>Lubin B. Nepomuceno</td> <td>- Member</td> </tr> <tr> <td>Aurora T. Calderon</td> <td>- Alternate Member</td> </tr> <tr> <td>Virgilio S. Jacinto</td> <td>- Alternate Member</td> </tr> </table> 	Eduardo M. Cojuangco, Jr.	- Chairman	Ramon S. Ang	- Member	Lubin B. Nepomuceno	- Member	Aurora T. Calderon	- Alternate Member	Virgilio S. Jacinto	- Alternate Member
Eduardo M. Cojuangco, Jr.	- Chairman										
Ramon S. Ang	- Member										
Lubin B. Nepomuceno	- Member										
Aurora T. Calderon	- Alternate Member										
Virgilio S. Jacinto	- Alternate Member										

(ii) Audit Committee

Reynaldo G. David	- Chairman
Lubin B. Nepomuceno	- Member
Estelito P. Mendoza	- Member
Artemio V. Panganiban	- Member
Aurora T. Calderon	- Member
Ferdinand K. Constantino	- Advisor

(iii) Compensation Committee

Eduardo M. Cojuangco, Jr.	- Chairman
Ramon S. Ang	- Member
Lubin B. Nepomuceno	- Member
Reynaldo G. David	- Member
Aurora T. Calderon	- Member
Ferdinand K. Constantino	- Advisor

(iv) Nomination Committee

Reynaldo G. David	- Chairman
Estelito P. Mendoza	- Member
Virgilio S. Jacinto	- Member

(v) Governance Committee

Margarito B. Teves	- Chairman
Virgilio S. Jacinto	- Member
Nelly Favis-Villafuerte	- Member

2. Election of the following as officers of the Company for 2015-2016:

Eduardo M. Cojuangco, Jr.	- Chairman
Ramon S. Ang	- President & Chief Executive Officer
Lubin B. Nepomuceno	- General Manager
Emmanuel E. Eraña	- Senior Vice President & Chief Finance Officer
Susan Y. Yu	- VP, Procurement
Maria Rowena O. Cortez	- VP, Supply
Freddie P. Yumang	- VP, Refinery
Archie B. Gupalor	- VP, National Sales
Efren P. Gabrillo	- VP, Controllers & Controller
Albert S. Sarte	- VP, Treasurers and Treasurer
Joel Angelo C. Cruz	- VP - General Counsel & Corporate Secretary/Compliance Officer
Rodolfo L. Tablante	- VP, Operations

	<p>Jaime O. Lu - VP and Operations Manager, Petron Malaysia</p> <p>Julieta L. Ventigan - AVP, Business Planning & Development</p> <p>Nathaniel R. Orillos - AVP, Refinery Production</p> <p>Nolan L. Rada - AVP, Reseller Trade</p> <p>David M. Mahilum - AVP, Refinery Production B</p> <p>Rolando R. Evangelista - AVP, Power Plant & Utilities</p> <p>Dennis M. Floro - AVP, Supply</p> <p>Ma. Rosario D. Vergel de Dios - AVP, Human Resources</p> <p>Conrado S. Rivera, Jr. - AVP, Industrial Trade</p> <p>Mary Ann M. Neri - AVP, Marketing</p> <p>Andrew S. Fortuno - AVP, Operations</p> <p>Magnolia Cecilia D. Uy - AVP, Market Planning, Research and Sales Information</p> <p>Charmaine V. Canillas - AVP, Corporate Affairs Department</p> <p>Fernando S. Magnayon - AVP, LPG, Lubes and Greases</p> <p>Samuel S. Candido - AVP, Refinery Technical Services</p> <p>Myrna C. Geronimo - AVP & Chief Finance Officer, Petron Malaysia</p> <p>Jhoanna Jasmine M. Javier-Elacio - Assistant Corporate Secretary</p>																														
July 1, 2015	<p>Filing of Certificates of Attendance of the following directors at the Corporate Governance Seminars:</p> <ol style="list-style-type: none"> 1. Former Chief Justice Artemio V. Panganiban (advice of attendance received on June 29, 2015) 2. Mr. Eric O. Recto (advice of attendance received on June 30, 2015) 																														
August 7, 2015	<p>Filing of Certificates of Attendance of the following directors and officers at the Corporate Governance Seminar held on August 5, 2015:</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Position</th> </tr> </thead> <tbody> <tr> <td>1. Lubin B. Nepomuceno</td> <td>Director / General Manager</td> </tr> <tr> <td>2. Mirzan Mahathir</td> <td>Director</td> </tr> <tr> <td>3. Romela M. Bengzon</td> <td>Director</td> </tr> <tr> <td>4. Nelly Favis-Villafuerte</td> <td>Director</td> </tr> <tr> <td>5. Reynaldo G. David</td> <td>Director</td> </tr> <tr> <td>6. Margarito B. Teves</td> <td>Director</td> </tr> <tr> <td>7. Emmanuel E. Eraña</td> <td>SVP and Chief Finance Officer</td> </tr> <tr> <td>8. Susan Y. Yu</td> <td>VP, Procurement</td> </tr> <tr> <td>9. Albertito S. Sarte</td> <td>VP, Treasurers and Treasurer</td> </tr> <tr> <td>10. Rowena O. Cortez</td> <td>VP, Supply</td> </tr> <tr> <td>11. Freddie P. Yumang</td> <td>VP, Refinery</td> </tr> <tr> <td>12. Archie B. Gupalor</td> <td>VP, National Sales</td> </tr> <tr> <td>13. Efren P. Gabrillo</td> <td>VP, Controllers and Controller</td> </tr> <tr> <td>14. Joel Angelo C. Cruz</td> <td>VP, General Counsel and Corporate</td> </tr> </tbody> </table>	Name	Position	1. Lubin B. Nepomuceno	Director / General Manager	2. Mirzan Mahathir	Director	3. Romela M. Bengzon	Director	4. Nelly Favis-Villafuerte	Director	5. Reynaldo G. David	Director	6. Margarito B. Teves	Director	7. Emmanuel E. Eraña	SVP and Chief Finance Officer	8. Susan Y. Yu	VP, Procurement	9. Albertito S. Sarte	VP, Treasurers and Treasurer	10. Rowena O. Cortez	VP, Supply	11. Freddie P. Yumang	VP, Refinery	12. Archie B. Gupalor	VP, National Sales	13. Efren P. Gabrillo	VP, Controllers and Controller	14. Joel Angelo C. Cruz	VP, General Counsel and Corporate
Name	Position																														
1. Lubin B. Nepomuceno	Director / General Manager																														
2. Mirzan Mahathir	Director																														
3. Romela M. Bengzon	Director																														
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14. Joel Angelo C. Cruz	VP, General Counsel and Corporate																														

	<p>15. Rodolfo L. Tablante 16. Dennis S. Janson 17. Ronaldo T. Ferrer 18. Jhoanna Jasmine M. Javier-Elacio</p>	<p>Secretary/Compliance Officer VP, Operations Assistant Controller Head, Internal Audit Assistant Corporate Secretary</p>
August 10, 2015	<p>Matters approved at the board meeting held:</p> <ol style="list-style-type: none"> 1. 1st Semester 2015 Financial Statements 2. Cash dividend for preferred shareholders 3. Appointment of Mr. Dennis S. Janson as Assistant Vice President and Controller and Mr. Rolando B. Salonga as Assistant Vice President - Operations effective September 1, 2015 <p>Media release on performance also submitted.</p>	
October 27, 2015	<p>Matters approved at board meeting held:</p> <ol style="list-style-type: none"> 1. Year-to-date September 2015 Financial Statements 2. Appointment of Ms. Julieta L. Ventigan as Vice President - Business Planning and Development effective September 1, 2015 <p>Media release on performance also submitted.</p>	
October 27, 2015	<p>Filing of Certificates of Attendance of the following director and officer at the Corporate Governance Seminar held on October 26, 2015:</p> <ol style="list-style-type: none"> 1. Mr. Jose P. De Jesus 2. Ms. Julieta L. Ventigan 	
November 11, 2015	<p>Filing of Certificates of Attendance of the following director and officer at the Corporate Governance Seminar held on November 11, 2015:</p> <ol style="list-style-type: none"> 1. Mr. Ramon S. Ang 2. Atty. Estelito P. Mendoza 3. Ms. Aurora T. Calderon 4. Atty. Virgilio S. Jacinto 	
December 7, 2015	<p>Filing of Certificates of Attendance of the following director and officer at the Corporate Governance Seminar held on December 4, 2015:</p> <ol style="list-style-type: none"> 1. Mr. Eduardo M. Cojuangco, Jr. 2. Mr. Ron W. Haddock 	
February 22, 2016	<p>Response to the request for clarification by the Philippine Stock Exchange on the news article entitled “Petron sees P18B net profit” posted in Inquirer.net on February 18, 2016</p>	

March 1, 2016	Response to the correspondence of the Philippine Stock Exchange dated February 26, 2016 requesting for comments and/or clarifications of the Company on the issues raised by Villanueva Gabionza & Dy Law Offices, counsel of Harbour Centre Port Terminal, Inc., regarding the interest of the Company in Manila North Harbour Port, Inc.
March 15, 2016	Matters approved at the board meeting held: <ul style="list-style-type: none"> 1. 2015 Financial Statements 2. Endorsement of the Re-Appointment of R.G. Manabat & Co. as external auditor of the Company for year 2016 3. Cash dividend for common shareholders 4. Cash dividends for Series 2 preferred shareholders 5. Annual Stockholders' Meeting <ul style="list-style-type: none"> a. Date: May 17, 2016 b. Record date: March 31, 2016 c. Closing of books: April 1-7, 2016 <p>Media release on performance also submitted.</p>

Press Releases

The following press releases were made for year 2015 until the date of this Annual Report:

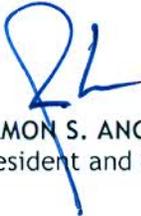
Disclosure Date	Item Description
March 17, 2015	"Petron Posts Better-Than-Expected Income In 2014, Sales Volumes Surge 6%"
May 11, 2015	"Petron Sales Volumes Grow By 10% in First Quarter of 2015"
August 10, 2015	"Petron Posts ₱3.2 Billion Income in 2 nd Q 2015, Up 300% from Last Year"
October 27, 2015	"Petron Posts ₱5.1-B Income in First Nine Months of 2015, Up 58% from Last Year"
March 15, 2016	"Amid Weak Oil Prices, Petron Income More Than Doubles to ₱6.3 Billion in 2015"

*[Rest of page intentionally left blank;
signature page follows on next page]*

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Mandaluyong on April 11, 2016.

By:



RAMON S. ANG
President and Chief Executive Officer



LUBIN B. NEPOMUCENO
General Manager



EMMANUEL E. ERAÑA
Senior Vice President and Chief Finance Officer



DENNIS S. JANSON
Assistant Vice President and Controller



JOEL ANGELO C. CRUZ
Vice President - General Counsel
& Corporate Secretary

APR 12 2016

SUBSCRIBED AND SWORN to before me this ___ of April 2015 at Mandaluyong City, affiants exhibiting to me their Competent Evidence of Identity as follows:

Name	Passport Number	Date of Issue (mm-dd-yy)	Place of Issue
Ramon S. Ang	XX0492943	2-22-13	DFA, Manila
Lubin B. Nepomuceno	EB5027219	3-29-12	DFA, Manila
Emmanuel E. Eraña	EC2176330	9-23-14	DFA NCR Central
Dennis S. Janson	EB6526183	10-10-12	Philippine Embassy, KL, Malaysia
Joel Angelo C. Cruz	EB6976457	12-19-12	DFA, Manila

Doc. No. 76 ;
Page No. 17 ;
Book No. II ;
Series of 2016.


DONVIC P. QUEZON
Notary Public for Mandaluyong City
40 San Miguel Avenue, 1550 Mandaluyong City
Appointment No. 0382-16
Until December 31, 2017
Attorney's Roll No. 56728
PTR No. 2616741/1-4-16/Mandaluyong
Lifetime IBP No. 08324
MCLE Compliance No. IV-00112013-25-13



PCOR
PUBLIC OWNERSHIP REPORT

Report Date: December 31, 2015

Computation of Public Ownership

Number of Issued Common Shares	9,375,104,497
Less: Number of Treasury Common Shares, if any	0
Number of Outstanding Common Shares	9,375,104,497

Less:

A. Directors

Name	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
Ramon S. Ang	1,000		1,000	0.0000%
Eduardo M. Cojuangco, Jr.	1,000		1,000	0.0000%
Estelito P. Mendoza	1,000		1,000	0.0000%
Jose P. de Jesus	500	100,000	100,500	0.0011%
Aurora T. Calderon	1,000		1,000	0.0000%
Margarito B. Teves	500		500	0.0000%
Eric O. Recto	1		1	0.0000%
Ron W. Haddock	1		1	0.0000%
Mirzan Mahathir	1,000		1,000	0.0000%
Reynaldo G. David	1,000		1,000	0.0000%
Romela M. Bengzon	1,000		1,000	0.0000%
Virgilio S. Jacinto	1,000		1,000	0.0000%
Lubin B. Nepomuceno	5,000		5,000	0.0001%
Artemio V. Panganiban	1,000		1,000	0.0000%
Nelly Favis-Villafuerte	1,000		1,000	0.0000%

B. Officers

Name	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
Emmanuel E. Erana		180,000	180,000	0.0019%
Rowena O. Cortez	8,580		8,580	0.0001%
Rodulfo L. Tablante			0	0.0000%
Dennis S. Janson	163	15,000	15,163	0.0002%

Archie B. Gupalor	3,000		3,000	0.0000%
Susan Y. Yu		530,000	530,000	0.0057%
Freddie P. Yumang		73,600	73,600	0.0008%
Albertito S. Sarte		600,000	600,000	0.0064%
Joel Angelo C. Cruz			0	0.0000%
Julieta L. Ventigan	2,100	9,000	11,100	0.0001%

C. Principal / Substantial Stockholders

Name	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
SEA Refinery Corporation	4,696,885,564		4,696,885,564	50.10%
Petron Corporation Employees' Retirement Fund (PCERP)	731,156,097		731,156,097	7.80%
San Miguel Corporation	1,702,870,560		1,702,870,560	18.16%

D. Affiliates

Name	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
	0	0	0	0

E. Government

Name	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
None	0	0	0	0

F. Banks

Name	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
None	0	0	0	0

G. Employees

Name	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
None	0	0	0	0

H. Lock-Up Shares

Name	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
	6,947,023	0	6,947,023	0.0741%

I. Others

Name	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
	0	0	0	0

Number of Listed Common Shares *	9,375,104,497
Total Number of Non-Public Shares	7,139,396,689
Total Number of Shares Owned by the Public	2,235,707,808
Public Ownership Percentage	23.85%

* As indicated in the PSE website



PCOR
PUBLIC OWNERSHIP REPORT

Report Date: February 29, 2016

Computation of Public Ownership

Number of Issued Common Shares	9,375,104,497
Less: Number of Treasury Common Shares, if any	0
Number of Outstanding Common Shares	9,375,104,497

Less:

A. Directors

Name	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
Ramon S. Ang	1,000		1,000	0.0000%
Eduardo M. Cojuangco, Jr.	1,000		1,000	0.0000%
Estelito P. Mendoza	1,000		1,000	0.0000%
Jose P. de Jesus	500	100,000	100,500	0.0011%
Aurora T. Calderon	1,000		1,000	0.0000%
Margarito B. Teves	500		500	0.0000%
Eric O. Recto	1		1	0.0000%
Ron W. Haddock	1		1	0.0000%
Mirzan Mahathir	1,000		1,000	0.0000%
Reynaldo G. David	1,000		1,000	0.0000%
Romela M. Bengzon	1,000		1,000	0.0000%
Virgilio S. Jacinto	1,000		1,000	0.0000%
Lubin B. Nepomuceno	5,000		5,000	0.0001%
Artemio V. Panganiban	1,000		1,000	0.0000%
Nelly Favis-Villafuerte	1,000		1,000	0.0000%

B. Officers

Name	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
Emmanuel E. Erana		180,000	180,000	0.0019%
Rowena O. Cortez	8,580		8,580	0.0001%
Rodulfo L. Tablante			0	0.0000%
Dennis S. Janson	163	15,000	15,163	0.0002%

Archie B. Gupalor	3,000		3,000	0.0000%
Susan Y. Yu		530,000	530,000	0.0057%
Freddie P. Yumang		73,600	73,600	0.0008%
Albertito S. Sarte		850,000	850,000	0.0091%
Joel Angelo C. Cruz			0	0.0000%
Julieta L. Ventigan	2,100	94,900	97,000	0.0010%

C. Principal / Substantial Stockholders

Name	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
SEA Refinery Corporation	4,696,885,564		4,696,885,564	50.10%
Petron Corporation Employees' Retirement Fund (PCERP)	731,156,097		731,156,097	7.80%
San Miguel Corporation	1,702,870,560		1,702,870,560	18.16%

D. Affiliates

Name	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
	0	0	0	0

E. Government

Name	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
None	0	0	0	0

F. Banks

Name	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
None	0	0	0	0

G. Employees

Name	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
None	0	0	0	0

H. Lock-Up Shares

Name	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
	7,139,748	0	7,139,748	0.0762%

I. Others

Name	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
	0	0	0	0

Number of Listed Common Shares *	9,375,104,497
Total Number of Non-Public Shares	7,139,925,314
Total Number of Shares Owned by the Public	2,235,179,183
Public Ownership Percentage	23.84%

* As indicated in the PSE website