

**MINUTES OF THE ANNUAL MEETING  
OF THE STOCKHOLDERS OF PETRON CORPORATION  
(May 16, 2017)**

**Time and Place**

The Annual Meeting of the Stockholders of **PETRON CORPORATION** (the “Company” or “Petron”) was held on May 16, 2017 at the Ballroom of the Valle Verde Country Club located along Capt. Henry Javier St., Bo. Oranbo, Pasig City. The meeting commenced at about 2:00 p.m.

**Quorum Report**

The Corporate Secretary of the Company, Atty. Joel Angelo C. Cruz, reported that the notice of the meeting was mailed to the stockholders as of the March 28, 2017 record date in compliance with the by-laws of the Company. Based on the stock transfer agent’s certification on the attendance of the meeting, there were more than 78% of the total outstanding shares represented. Thus, a quorum was announced.

Atty. Cruz noted that the Chairman of the Board of Directors held proxies for 78.04% of the outstanding common shares of the Company and would vote in favor of all the corporate actions in the agenda.

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

Mr. Ramon S. Ang (President and Chief Executive Officer)  
Mr. Lubin B. Nepomuceno  
Atty. Estelito P. Mendoza  
Mr. Jose P. de Jesus  
Mr. Eric O. Recto  
Mr. Mirzan Mahathir  
Mr. Ron W. Haddock  
Ms. Aurora T. Calderon  
Atty. Romela M. Bengzon  
Atty. Virgilio S. Jacinto  
Nelly Favis-Villafuerte  
Mr. Reynaldo G. David (Independent Director; Chairman,  
Audit and Risk Management Committee)  
Ret. Chief Justice Artemio V. Panganiban (Independent Director)  
Mr. Margarito B. Teves (Independent Director)

Also present were the following:

Mr. Erich Y. Pe Lim, Investor Relations Manager  
Mr. Darwin P. Virocel, Partner, R.G. Manabat & Co./KPMG

### **Call to Order**

There being a quorum, the chairman of the meeting, Mr. Ramon S. Ang, the President and Chief Executive Officer, called the annual meeting of the stockholders to order and presided over the same. Atty. Cruz explained at the start of the meeting that, under the by-laws of the Company, the President presides over meetings in the absence of the Chairman. Atty. Cruz recorded the minutes of the proceedings.

## **Reading of the Agenda and Explanation of Voting Procedure**

The rest of the agenda of the meeting as follows was presented on the screen for ease of reference of the stockholders:

- (1) Review and approval of the minutes of the previous annual stockholders' meeting;
- (2) Management Report and submission to the stockholders of the financial statements for the year 2016;
- (3) Ratification of all acts of the Board of Directors and Management since the last stockholders' meeting in the year 2016;
- (4) Appointment of an external auditor;
- (5) Election of the Board of Directors for the ensuing term; and
- (6) Such other business as may come before the stockholders.

Atty. Cruz then explained the voting procedure for the meeting. Each common share is entitled to one vote. Preferred shareholders have no voting rights with respect to the agenda items. A simple majority vote of the stockholders holding common shares, where a quorum is present, would be needed for the approval of the minutes of the previous stockholders' meeting, the approval of the management report, the ratification of all acts of the Board of Directors and Management since the last annual stockholder's meeting in 2016, and the appointment of the external auditor of the Company for 2017. In the election of directors, the 15 nominees who get the highest votes shall be deemed duly elected as directors. Under the express provisions of the Company's by-laws, cumulative voting is allowed in the election of directors. Thus, a stockholder may distribute his/her votes per share to as many persons as there are directors to be elected, or he/she may cumulate his/her shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares he/she has, or he/she may distribute them on the same principle among as many candidates as he/she shall see fit; provided, that the

total number of votes cast by him/her shall not exceed the number of shares owned by him/her as shown in the books of the Company multiplied by the whole number of directors to be elected.

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

The Chairman announced that the first item in the rest of the agenda was the approval of the minutes of the May 17, 2016 Annual Stockholders' Meeting, copies of which were made available at the registration area of the venue. On motion duly made and seconded, and there being no objection, the minutes of the Annual Stockholders' Meeting of May 17, 2016 were approved.

Based on the vote canvassing results provided by the SMC Stock Transfer Corporation, the stock transfer agent of the Company, (the "Voting Canvassing Results") this agenda item had the following voting results:

For	7,316,214,430	-	78.039%
Against	0	-	0.000%
Abstain	0	-	0.000%

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

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

The Senior Vice President and Chief Finance Officer of the Company, Mr. Emmanuel E. Eraña, delivered the management report covering operations for 2016 and the first quarter of 2017.

Mr. Eraña commenced his report by explaining that the market remained oversupplied by about 500,000 barrels-per-day. Dubai crude prices dropped USD 10 dollars per barrel in 2016 versus 2015, averaging USD 41 dollars,

resulting in pressure on the margins of the Company as the price differences between crude and finished products were reduced. Towards the end of 2016 and early 2017, oil prices recovered as OPEC and Russia led a production cut of 1.8 million barrels daily to reduce inventories. He explained that, if producers extend production cuts in the second half of 2017, oil prices could be expected to hold its gains, although prices would still be limited by growing production from other non-OPEC countries such as the United States where shale oil production is increasing.

He continued to explain that Philippine oil demand increased by 8.5% in 2016 due to a strong economy. To capture this growth, industry players continued to invest in the retail segment. The Company completed 120 new stations resulting in a network of nearly 2,300 stations. Together with its other programs, the Company's domestic sales grew by 10% which was better than industry.

He informed the stockholders that the Company's sales volumes in the Philippines and Malaysia reached 104 million barrels last year - the first time Petron broke the 100 million mark. This was a 6 % growth from the 98 million sold in 2015. Both markets were driven by double-digit growth in almost all segments. In the Philippines, domestic volumes grew by 10% hitting a record 48.2 million barrels in 2016 – the highest in the history of the Company. Malaysia posted strong gains and an 8% domestic growth. He reported to the stockholders that the Company sustained its good performance in the first quarter of 2017. Sales volumes increased to 26.2 million and he explained that the Company was confident of a better performance in 2017.

Mr. Eraña explained to the stockholders that Petron continued to rank first in all major segments of the market. Its retail business grew despite intense competition as the Company continued its aggressive expansion. It sustained its leadership in the industrial segment with new accounts and a 17% increase in

Jet A-1 sales, capitalizing on the 12% growth in tourism. Its LPG sales grew 16% as 600 new outlets were added. Lubes remained strong with the launch of new, cutting edge automotive lubricants. In Malaysia, the Company's market share continued to improve as the Company becomes the brand of choice.

He explained that, despite higher volume in 2016, revenues were lower at P343.8 billion due to the 23% decline in crude oil prices. The Company's first quarter revenue grew 38%, reflecting sustained volume growth and recovery of oil prices.

The Company hit a consolidated net income of P 10.8 billion pesos in 2016, a 73% increase from the previous year's earnings of P6.3 billion. And its operating income also grew by 31% to P23.8 billion. For the first quarter of 2017, the Company sustained its performance as it posted the highest quarterly income of P5.6 billion, double last year's first quarter earnings.

He proceeded to explain that the Company's strategies and programs, such as the following, resulted in strong results and a position ahead of competition:

- (1) The Company focused on the more profitable segments to optimize margins and it continued to leverage on its extensive retail network of 2,900 stations in the Philippines and Malaysia.
- (2) The Company's *Best Day* and *Fuel Happy* campaigns served as a commitment to interact and listen to customers. The results included upgraded facilities, better customer experience, and increased access to the Company's products and services.

- (3) The upgraded Petron Bataan Refinery allowed a substantially increased production of high-margin fuels and petrochemicals, with diesel and gasoline production increasing by 64% and 132%, respectively, supporting record-high sales.
- (4) The Petron Bataan Refinery has been run at near full capacity of 180,000 barrels-per-day. In the first quarter of 2017, 95% of the Petron Bataan Refinery's capacity was utilized and 171,000 barrels of petroleum products were produced daily.
- (5) The Company continued to lead in fuels innovation. It tested its fuels in the country's first Euro-4 economy run and achieved great results. Of the 70 vehicles in the 300 kilometer run, nearly 70% traveled over 20 kilometers per liter, highlighting the efficiency of Petron fuels. The Company launched Petron Blaze 100 Euro 6, the first and only Euro 6 gasoline in the country which meets the world's best fuel standards. The Company also launched revolutionary fuel products in Malaysia.
- (6) The Company enhanced the Petron Value Card and Petron Miles Card by adding more partners to give customers more benefits and savings.

Mr. Eraña proceeded to explain to the stockholders that the success of the Company allows it to add value to the community. The Company's milestones in this regard include the following:

- (1) The Petron Foundation celebrated its 20th year in 2016, with the graduation of its first batch of *Tulong Aral ng Petron* college scholars, who are now employed at Petron.
- (2) The Company's conservation efforts included the planting 260,000 mangrove propagules and seedlings in 30 locations nationwide.
- (3) Petron clinics served 6,000 people as part of the Company's commitment to look after its communities' welfare.

Mr. Eraña ended his report by thanking the Company's shareholders, business partners, customers, and employees for encouraging the Company to be a more responsible and caring company and assured them that the Company would sustain its leadership in every aspect of its operations.

### ***Open Forum***

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

1. Ms. Beth Vergara of Muntinlupa City congratulated the Company for its strong performance in 2016 and the first quarter of 2017. She asked if this good performance would continue during the rest of the year. Mr. Ang thanked the stockholder and confirmed that the Company was performing very well. He informed the stockholders that, except for April and May 2017, the Company earned about P2 billion per month.

2. Mr. Mel Camilo of Manila inquired about the performance of Petron Malaysia. Mr. Ang informed the stockholders that the Company had the good opportunity to invest at the right time in the Petron Malaysia companies. He then explained that these companies together contribute about US\$150 million EBITDA annually.
3. Mr. Roberto Martin of Paco, Manila asked whether the good performance of the Company could be attributed to the Refinery Master Plan 2 (“RMP-2”). Mr. Ang explained that the RMP-2 was among the factors for the Company’s exceptional performance because the RMP-2 now allows the Company to convert all negative-margin fuel oil into high-margin products and the petcoke it produces as a by-product is used to fuel the boilers that produce power and steam for the Petron Bataan Refinery. He also explained that, with RMP-2’s increased production, the Company continued to expand its retail service station network.
4. Mr. Aquino of Cavite asked how stockholders who had retired or returned from their OFW work could be a Petron dealer. Mr. Ang explained that those interested to be dealers could visit the Petron offices at 40 San Miguel Avenue in Mandaluyong City or email or write and Petron would immediately respond. The Company would review dealership applications and visit proposed areas or, alternatively, recommend available areas for constructing service stations.
5. Mr. Lito Capinpin of San Juan asked how the Company’s shares could be sold. Mr. Ang invited the stockholder to stay with the Company and be part of its growth.

6. Mr. John Lau of Quiapo, Manila asked if Petron was planning to expand its business and sell Euro-5 gasoline to Southeast Asian countries without Euro-5 fuel. Mr. Ang explained that the Company hopes to sell in the Philippines all the fuel products it manufactures. The Philippines' daily fuel consumption stands at about 350,000 barrels per day compared to the 180,000 barrels per day capacity of the Petron Bataan Refinery.
7. Ms. Marivic Villaluz of San Pedro, Laguna inquired why the Company has not declared stock dividends for the past 20 years. Mr. Ang explained to the stockholders that it was more important to receive cash dividends than stock dividends because stock dividends represent only a documentary increase in the number of shares held by a stockholder. He also informed the stockholders that the Company would continue to review how much dividends would be given its stockholders.
8. Mr. Hector Sanvictores asked how much Petron Malaysia operations contribute to Petron's net income. He likewise asked whether Petron intends to expand to other ASEAN countries and if the Petron automotive service centers could also sell tires, batteries and accessories. Mr. Ang informed the stockholders that the Petron Malaysian companies contribute about 25% of the annual income of Petron. He also explained that several Petron service stations have service centers.
9. A stockholder asked on the floor when Petron Value Cardholders could get a P2 discount on their fuel purchases and when Petron would have raffle promotions giving away brand new vehicles. He explained that a competitor company had a raffle promo giving away a brand new car. Mr. Ang told the stockholder to be wary about huge discounts and make sure that the volume of fuel pumped into his vehicle does not fall short of what he actually paid for. He also informed the stockholder that the Company would review raffle promotions giving away brand new cars.

10. Another stockholder asked on the floor how well the Petron stock would perform in 2017 and 2018. Mr. Ang explained that Management does not speculate on the price of the Company's stocks.
11. A stockholder also asked on the floor about the value of his shares and whether the Company was looking into going into the business of other forms of energy. Mr. Ang replied that the amount of cash dividends received by a stockholder depends on the number of shares held by him. He then explained that the Company was not presently looking to deviate from its present business of refining and marketing petroleum products.
12. Another stockholder asked on the floor whether the Company had a strong balance sheet. Mr. Ang assured the stockholder that the Company had a strong balance sheet as evidenced by the confidence of lender banks in providing various facilities to the Company.

There being no further questions or comments raised, the open forum was closed and, on further motion duly made and seconded, the management report, together with the other written reports mailed to the stockholders, were accepted and filed as part of the minutes of the meeting. The following resolution was accordingly passed by the stockholders:

**Resolution No. 1, Series of 2017**

**RESOLVED, That the 2016 Annual Report of Management, the Management Report, including the 2016 financial statements, as well as the other Reports of Management distributed and mailed to the stockholders be, and hereby are, ACCEPTED and FILED as part of the minutes of the present meeting.**

Based on the Vote Canvassing Results, this agenda item had the following voting results:

For	7,306,958,430	-	77.940%
Against	0	-	0.000%
Abstain	9,256,000	-	0.099%

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

The Chairman then proceeded to note that the next item in the agenda was the ratification of all acts of the Board of Directors of the Company and the Management since the last annual stockholders' meeting held in 2016.

Atty. Cruz explained that the material items approved by the Board of Directors or the Executive Committee since the 2016 annual stockholders' meeting include those in the list attached as Annex A-4 to the Definitive Information Statement earlier distributed to the stockholders. He also informed the stockholders that copies of the list were posted at the registration area.

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

**Resolution No. 2, Series of 2017**

**RESOLVED, That all acts, resolutions and proceedings of the Board of Directors and the corporate officers of the Company since the Annual Meeting of the Stockholders of the Corporation on May 17, 2016 as set forth in the minutes of the meetings of the Board of Directors and its board committees be, and hereby are, APPROVED, CONFIRMED and RATIFIED.**

Based on the Vote Canvassing Results, this agenda item had the following voting results:

For	7,306,958,430	-	77.940%
Against	0	-	0.000%
Abstain	9,256,000	-	0.099%

**Appointment of External Auditor**

The Chairman then announced that the next item in the agenda was the appointment of the accounting firm R.G. Manabat & Co., CPAs/KPMG as external auditor of the Company for 2017.

On motion made and duly seconded, the stockholders approved the following resolution:

**Resolution No. 3, Series of 2017**

**RESOLVED, That the appointment of the accounting firm R.G. & Co., CPAs/KPMG as the external auditor of the Corporation for 2017 be, and hereby is, APPROVED.**

Based on the Vote Canvassing Results, this agenda item had the following voting results:

For	7,316,214,430	-	78.039%
Against	0	-	0.000%
Abstain	0	-	0.000%

## **Election of Directors**

The Corporate Secretary proceeded to announce the nomination of the following as directors of the Company:

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

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

The following motions were made and duly seconded: (i) motion to dispense with balloting; (ii) motion to authorize the Chairman to instruct the Corporate Secretary to cast all votes of shareholders properly represented at the meeting in favor of the 15 nominees (except as otherwise expressly instructed in any written proxy given the Chairman); and (iii) motion to declare the 15 nominees as duly elected directors. These motions were all approved.

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

Nominee	IN FAVOR	AGAINST	ABSTAIN	UNCAST	TOTAL
EDUARDO M. COJUANGCO, JR.	7,177,010,473	17,371,748	121,832,209	0	7,316,214,430
RAMON S. ANG	7,306,731,730	9,326,600	156,100	0	7,316,214,430
LUBIN B. NEPOMUCENO	7,185,055,621	9,326,600	121,832,209	0	7,316,214,430
ERIC O. RECTO	7,194,382,221	0	121,832,209	0	7,316,214,430
ESTELITO P. MENDOZA	7,175,164,521	17,371,748	123,678,161	0	7,316,214,430
JOSE P. DE JESUS	7,193,081,069	0	123,133,361	0	7,316,214,430
RON W. HADDOCK	7,193,081,069	0	123,133,361	0	7,316,214,430
AURORA T. CALDERON	7,175,553,221	17,371,748	123,289,461	0	7,316,214,430
MIRZAN MAHATHIR	7,192,692,369	0	123,522,061	0	7,316,214,430
ROMELA M. BENGZON	7,193,081,069	0	123,133,361	0	7,316,214,430
VIRGILIO S. JACINTO	7,183,209,669	9,326,600	123,678,161	0	7,316,214,430
NELLY FAVIS-VILLAFUERTE	7,192,536,269	0	123,678,161	0	7,316,214,430
REYNALDO G. DAVID	7,298,377,682	8,045,148	9,791,600	0	7,316,214,430
ARTEMIO V. PANGANIBAN	7,301,581,338	4,685,392	9,947,700	0	7,316,214,430
MARGARITO B. TEVES	7,306,422,830	0	9,791,600	0	7,316,214,430
<b>TOTAL</b>	<b>108,267,961,151</b>	<b>92,825,584</b>	<b>1,382,429,715</b>	<b>0</b>	<b>109,743,216,450</b>

Pursuant to the foregoing, the following resolution was approved:

**Resolution No. 4, Series of 2017**

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

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

**Adjournment**

There being no further matters raised, and on motion made and seconded, the Chairman adjourned the meeting at about 2:40 p.m. and thanked the stockholders for their attendance and support.

Respectfully submitted:

  
JOEL ANGELO C. CRUZ  
Corporate Secretary 

Approved by:

  
RAMON S. ANG  
Chairman of the Meeting