



PETRON CORPORATION

(a company incorporated under the laws of the Republic of the Philippines)

OFFER SUPPLEMENT

**Offer in the Philippines of
20,000,000 Series 4 Preferred Shares
with Oversubscription Option of up to 10,000,000 Series 4 Preferred Shares
Under its 50,000,000 Series 4 Preferred Shares Shelf Registration**

**consisting of
Series 4A Preferred Shares (PRF4A): [●]% p.a.
Series 4B Preferred Shares (PRF4B): [●]% p.a.
Series 4C Preferred Shares (PRF4C): [●]% p.a.
at an Offer Price of ₱1,000.00 per Preferred Share
to be listed and traded on the
Main Board of The Philippine Stock Exchange, Inc.**

SOLE ISSUE MANAGER



JOINT LEAD UNDERWRITERS AND JOINT BOOKRUNNERS



SELLING AGENTS

Trading Participants of The Philippine Stock Exchange, Inc.

THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS OFFER SUPPLEMENT IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.

This Offer Supplement is dated March 14, 2023.

Petron Corporation

San Miguel Corporation Head Office Complex
40 San Miguel Avenue
Mandaluyong City, Philippines
Telephone number: (632) 8884-9200
Corporate website: www.petron.com

Petron Corporation (“**Petron**”, the “**Company**” or the “**Issuer**”), a corporation duly organized and existing under Philippine law, prepared the Prospectus dated March 14, 2023 (the “**Prospectus**”) relating to the shelf registration and the offer and sale, in tranches, in the Philippines within the Shelf Period (as defined below) of up to 50,000,000 cumulative, deferrable, non-voting, non-participating, non-convertible, redeemable peso-denominated Perpetual Preferred Shares with a par value of ₱1.00 per share (the “**Series 4 Preferred Shares**”).

The Series 4 Preferred Shares shall be taken from the shelf in tranches within a period of three (3) years from the effective date of the Registration Statement, subject to applicable regulations (the “**Shelf Period**”).

This Offer Supplement dated March 14, 2023 (the “**Offer Supplement**” and as the context may require, the term includes the Prospectus) relates to the first tranche of the Series 4 Preferred Shares (collectively, the “**Offer Shares**”) and the public offer for sale, distribution and issuance by the Company of the Offer Shares (the “**Offer**”). The Offer Shares will be issued at a price of ₱1,000.00 per Preferred Share (the “**Offer Price**”) and listed and traded through The Philippine Stock Exchange, Inc. (“**PSE**”).

The Company has applied with the Securities and Exchange Commission (“**SEC**”) for the issuance of a Permit to Sell the Offer Shares, and expects to receive such permit before commencing with the Offer. The Company will apply for the listing of the Offer Shares in the PSE. However, there is no assurance that such a listing will actually be achieved either before or after the issue date of the Offer Shares or whether such a listing will materially affect the liquidity of the Offer Shares on the secondary market. Such listing will be subject to the Company’s execution of a listing agreement with PSE that may require the Company to make certain disclosures, undertakings and payments on an ongoing basis.

The initial offer and sale of the Series 4 Preferred Shares will be by way of an offer of 20,000,000 Series 4 Preferred Shares. In the event of an oversubscription, the Joint Lead Underwriters and Joint Bookrunners, in consultation with the Company, reserve the right, but do not have the obligation, to increase the Offer Size up to an additional 10,000,000 Series 4 Preferred Shares, subject to the registration requirements of the SEC (the “**Oversubscription Option**”). The Series 4 Preferred Shares are to be issued in three (3) subseries: Series 4A Preferred Shares, Series 4B Preferred Shares, and Series 4C Preferred Shares at the Offer Price. As of December 31, 2022, the Company has issued 20,000,000 preferred shares consisting of (a) 13,403,000 outstanding Preferred Series 3A (the “**Series 3A Preferred Shares**”) and (b) 6,597,000 outstanding Preferred Series 3B (the “**Series 3B Preferred Shares**”, and together with Series 3A Preferred Shares, the “**Outstanding Preferred Shares**”), and has 90,000,000 treasury preferred shares.

The Series 4 Preferred Shares are being offered for sale solely in the Philippines through Bank of Commerce (“**BankCom**”), China Bank Capital Corporation (“**China Bank Capital**”), Philippine Commercial Capital, Inc. (“**PCCI Capital**”), PNB Capital and Investment Corporation (“**PNB Capital**”), and SB Capital Investment Corporation (“**SB Capital**” and together with BankCom, China Bank Capital, PCCI Capital, and PNB Capital, the “**Joint Lead Underwriters and Joint Bookrunners**”), and selling agents named herein.

In the event that the Oversubscription Option is exercised, the Joint Lead Underwriters and Joint Bookrunners, in consultation with the Issuer, have the discretion to allocate the Oversubscription Option of up to 10,000,000 Series 4 Preferred Shares to the Series 4A Preferred Shares, Series 4B Preferred Shares, and the Series 4C Preferred Shares, or to just one (1) or two (2) subseries, at the end of the Offer Period.

The Series 4 Preferred Shares will be listed on the Main Board of the PSE on [June 5, 2023] (“**Listing Date**”) under the trading symbol “**PRF4A**” for the Series 4A Preferred Shares, “**PRF4B**” for the Series 4B Preferred Shares, and “**PRF4C**” for the Series 4C Preferred Shares.

Following the Offer, the Company will have (a) 9,375,104,497 common shares and (b) 40,000,000 preferred shares issued and outstanding, and (c) 70,000,000 treasury preferred shares, if the Oversubscription Option is not exercised. On the other hand, if the Oversubscription Option is exercised in full, the Company will have (a) 9,375,104,497 common shares and (b) 50,000,000 preferred shares issued and outstanding, and (c) 60,000,000 treasury preferred shares.

The holders of the Series 4 Preferred Shares do not have identical rights and privileges with holders of the existing common shares of the Company and are *pari passu* with the existing preferred shares of the Company. Any and all preferred shares of the Company shall have preference over common shares in dividend distribution and in case of liquidation or dissolution. For further discussion on the rights and privileges of the Series 4 Preferred Shares, please refer to the section on “*Description of the Preferred Shares*” of this Offer Supplement.

The declaration and payment of cash dividends on the Series 4 Preferred Shares on each Dividend Payment Date (as defined below) will be subject to the sole and absolute discretion of the Issuer’s Board of Directors (the “**Board**”) to the extent permitted by law, and subject to the covenants (financial or otherwise) in the agreements to which the Company is a party. The declaration and payment of dividends (except stock dividends) do not require any further approval from the shareholders. Some of the Company’s existing loan agreements contain covenants that restrict the declaration or payment of dividends under certain circumstances, such as the occurrence of an event of default under such loan agreements or if such payment would cause an event of default to occur, or if certain financial ratios are not met or payment would cause them not to be met. See “*Description of the Preferred Shares*” of this Offer Supplement.

As and if declared by the Board, cash dividends shall be at a fixed rate of [●] per annum for the Series 4A Preferred Shares, [●] per annum for the Series 4B Preferred Shares, and [●] per annum for the Series 4C Preferred Shares in all cases calculated in respect of each share by reference to the Offer Price thereof for each Dividend Period (as defined below) (each, the “**Initial Dividend Rate**” for the relevant subseries). Subject to the limitations described in this Offer Supplement, cash dividends on the Series 4 Preferred Shares will be payable quarterly in arrears starting [September 5, 2023], and every [March 5], [June 5], [September 5] and [December 5] of each year (each a “**Dividend Payment Date**”) being the last day of each three (3)-month period (a “**Dividend Period**”) following the relevant Listing Date.

Unless the Series 4 Preferred Shares are redeemed by the Issuer on, in respect of the Series 4A Preferred Shares, the 4th anniversary of the Listing Date (the “**Series 4A Step-Up Date**”); in respect of Series 4B Preferred Shares, the 5th anniversary of the Listing Date (the “**Series 4B Step-Up Date**”); and in respect of Series 4C Preferred Shares, the 7th anniversary of the Listing Date (the “**Series 4C Step-Up Date**”), or on the next Business Day in case the relevant Step-Up Date falls on a non-Business Day, the dividends on each subseries will be adjusted as follows:

- (a) For the Series 4A Preferred Shares, the higher of the (a) applicable Initial Dividend Rate; or (b) the simple average of the closing per annum rate of the 5-year BVAL (or if the 5-year BVAL is not available or cannot be determined, any such successor rate as determined by the Bankers Association of the Philippines (“**BAP**”) or the *Bangko Sentral ng Pilipinas* (“**BSP**”)), as published on the website of the Philippine Dealing System Group or, if unavailable, the Philippine Dealing & Exchange Corporation (“**PDEX**”) page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) for the three (3) consecutive Business Days preceding and inclusive of the Series 4A Step-Up Date, plus 3.25% (the “**PRF4A Step-Up Dividend Rate**”);
- (b) For the Series 4B Preferred Shares, the higher of the (a) applicable Initial Dividend Rate; or (b) the simple average of the closing per annum rate of the 7-year BVAL (or if the 7-year BVAL is not available or cannot be determined, any such successor rate as determined by the BAP or the BSP, as published on the website of the Philippine Dealing System Group or, if unavailable, the PDEX page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) for the three (3) consecutive Business Days preceding and inclusive of the Series 4B Step-Up Date, plus 3.25% (the “**PRF4B Step-Up Dividend Rate**”); and

- (c) For the Series 4C Preferred Shares, the higher of the (a) applicable Initial Dividend Rate; or (b) the simple average of the closing per annum rate of the 10-year BVAL (or if the 10-year BVAL is not available or cannot be determined, any such successor rate as determined by the BAP or the BSP, as published on the website of the Philippine Dealing System Group or, if unavailable, the PDEX page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) for the three (3) consecutive Business Days preceding and inclusive of the Series 4C Step-Up Date, plus 3.25% (the “**PRF4C Step-Up Dividend Rate**”).

Provided, that in the event the relevant Step-Up Date falls on a day that is not a Business Day -

- (a) the rate setting will be done on the immediately succeeding Business Day using the average of the relevant BVAL rates for the three (3) consecutive Business Days preceding and inclusive of the said rate setting date; and
- (b) the higher of the applicable initial Dividend Rate and the applicable Step-Up Dividend Rate will be applied commencing on the Step-Up Date (which is the 4th anniversary date of the Series 4A Preferred Shares, the 5th anniversary of the Series 4B Preferred Shares, and the 7th anniversary of the Series 4C Preferred Shares).

(Each of the PRF4A Step-Up Dividend Rate, PRF4B Step-Up Dividend Rate, and the PRF4C Step-Up Dividend Rate being a “**Step-Up Dividend Rate**”). See “*Summary of the Offering*”.

Dividends on the Series 4 Preferred Shares will be cumulative. If for any reason the Issuer’s Board does not declare dividends on the Series 4 Preferred Shares for a Dividend Period, the Issuer will not pay dividends on the Dividend Payment Date for the Dividend Period. However, on any future Dividend Payment Date on which dividends are declared, holders of the Series 4 Preferred Shares must receive the dividends due them on such Dividend Payment Date as well as all dividends accrued and unpaid to the holders of the Series 4 Preferred Shares prior to such Dividend Payment Date. See “*Description of the Preferred Shares*”.

As and if approved by the Board of Directors (or the Executive Committee), the Company may redeem in whole (but not in part), any subseries of the Series 4 Preferred Shares as follows:

- (a) in respect of Series 4A Preferred Shares, two (2) years and six (6) months after Listing Date (the “**Series 4A First Optional Redemption Date**”) or on any Dividend Payment Date thereafter (each of the Series 4A First Optional Redemption Date and the Dividend Payment Dates thereafter, a “**Series 4A Optional Redemption Date**”);
- (b) in respect of Series 4B Preferred Shares, three (3) years after Listing Date (the “**Series 4B First Optional Redemption Date**”) or on any Dividend Payment Date thereafter (each of the Series 4B First Optional Redemption Date and the Dividend Payment Dates thereafter, a “**Series 4B Optional Redemption Date**”); and
- (c) in respect of Series 4C Preferred Shares, five (5) years after Listing Date (the “**Series 4C First Optional Redemption Date**”) or on any Dividend Payment Date thereafter (each of the Series 4C First Optional Redemption Date and the Dividend Payment Dates thereafter, a “**Series 4C Optional Redemption Date**”)

(each Series 4A Optional Redemption Date, Series 4B Optional Redemption Date, and Series 4C Optional Redemption Date, an “**Optional Redemption Date**”), after giving not more than 60 nor less than 30 days’ prior written notice to the intended date of redemption, at a redemption price equal to the relevant Offer Price of the Series 4 Preferred Shares plus all dividends due them on such Optional Redemption Date as well as all Arrears of Dividends after deduction of transfer costs customarily chargeable to stockholders, as applicable, to effect the redemption (the “**Redemption Price**”). Such notice to redeem shall be deemed irrevocable upon issuance thereof.

For the avoidance of doubt, on the applicable Optional Redemption Date, the Issuer has the option to redeem, in whole but not in part, any or all of the subseries.

In the event an Optional Redemption Date which the Issuer has chosen as the date to redeem any or all of the subseries falls on a day that is not a Business Day, the redemption shall be made on the next succeeding day that is a Business Day, without adjustment as to the Redemption Price and the amount of dividends to be paid.

The Issuer may also redeem the Series 4 Preferred Shares, in whole but not in part, at any time prior to any Optional Redemption Date if an Accounting Event or a Tax Event (each as defined below) has occurred and is continuing, having given not more than 60 nor less than 30 days' notice prior to the intended date of redemption. The redemption due to an Accounting Event or a Tax Event shall be made by the Issuer at the Redemption Price which shall be paid within five (5) Business Days of the exercise of the right to redeem the Series 4 Preferred Shares; provided that if the Accounting Event or Tax Event is specific to a subseries, then the foregoing optional redemption may be exercised only with respect to such subseries.

Each Preferred Share has a liquidation right equal to the Offer Price of the Preferred Share plus an amount equal to any dividends declared but unpaid in respect of the previous dividend period and any accrued and unpaid dividends for the then current dividend period to (and including) the date of commencement of the Company's winding up or the date of any such other return of capital, as the case may be (the "**Liquidation Right**").

Upon listing on the PSE, the Issuer reserves the right to purchase the Series 4 Preferred Shares at any time in the open market or by public tender or by private contract at any price through PSE without any obligation to purchase or redeem the other Series 4 Preferred Shares. The Series 4 Preferred Shares so purchased may either be redeemed (pursuant to their terms and conditions as set out in this Offer Supplement) and cancelled or kept as treasury shares, as applicable.

All payments in respect of the Series 4 Preferred Shares are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Government of the Republic of the Philippines (the "**Government**"), including, but not limited to, stamp, issue, registration, documentary, value added or any similar tax or other taxes and duties, including interest and penalties. If such taxes or duties are imposed, the Issuer will pay additional amounts so that the holders of Series 4 Preferred Shares will receive the full amount of the relevant payment which otherwise would have been due and payable, provided, however, that the Issuer shall not be liable for (a) any withholding tax applicable on dividends earned or on any amounts payable to the holders of the Series 4 Preferred Shares, including any additional tax on such dividends imposed by changes in law, rule, or regulation; (b) any income tax (whether or not subject to withholding); percentage tax (such as stock transaction tax), documentary stamp tax or other applicable taxes on the redemption (or receipt of the redemption price) of the Series 4 Preferred Shares or on the liquidating distributions as may be received by a holder of the Series 4 Preferred Shares; (c) any expanded value added tax which may be payable by any holder of the Series 4 Preferred Shares on any amount to be received from the Issuer under the terms and conditions of the Series 4 Preferred Shares; (d) any withholding tax, including any additional tax imposed by change in law, rules, or regulation, on any dividend payable to any holder of the Series 4 Preferred Shares or any entity which is a non-resident foreign corporation; and (e) any applicable taxes on any subsequent sale or transfer of the Series 4 Preferred Shares by any holder of the Series 4 Preferred Shares which shall be for the account of the said holder (or the buyer in case such buyer shall have agreed to be responsible for the payment of such taxes).

In the event payments in respect of the Series 4 Preferred Shares become subject to additional withholding or any new tax as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such tax cannot be avoided by use of reasonable measures available to the Issuer ("**Tax Event**"), the Issuer, having given not more than 60 nor less than 30 days' notice, may redeem the Series 4 Preferred Shares at any time in whole but not in part, at the Offer Price plus all accrued and unpaid dividends, if any; provided that if the Tax Event is specific to a subseries, then the foregoing optional redemption may be exercised only with respect to such subseries. ("**Redemption by reason of Tax Event**"). See "*Summary of the Offering*" and "*Description of the Preferred Shares*".

Documentary stamp tax for the issuance of the Series 4 Preferred Shares and the documentation, if

any, shall be for the account of the Issuer.

In the event an opinion of a recognized accountancy firm authorized to perform auditing services in the Republic of the Philippines has been delivered to the Issuer stating that the Series 4 Preferred Shares may no longer be recorded as equity in the audited consolidated financial statements of the Issuer prepared in accordance with Philippine Financial Reporting Standards (“**PFRS**”), or such other accounting standards which succeed PFRS as adopted by the Issuer for the preparation of its audited consolidated financial statements for the relevant financial year, and such event cannot be avoided by use of reasonable measures available to the Issuer (“**Accounting Event**”), the Issuer having given not more than 60 nor less than 30 days’ notice, may redeem the Series 4 Preferred Shares in whole, but not in part at the Redemption Price; provided that if the Accounting Event is specific to a subseries, then the foregoing optional redemption may be exercised only with respect to such subseries. (“**Redemption by reason of an Accounting Event**”). See “*Summary of the Offering*” and “*Description of the Preferred Shares*”.

The Series 4 Preferred Shares will constitute direct and unsecured subordinated obligations of the Issuer ranking at least *pari passu* in all respects and ratably without preference or priority among themselves. The Series 4 Preferred Shares will be subordinated to the US\$500 million Senior Perpetual Capital Securities of the Company issued in 2018 (the “**2018 SPCS**”), the US\$550 million Senior Perpetual Capital Securities of the Company issued in 2021 (the “**2021 SPCS**”, and together with 2018 SPCS, the “**Capital Securities**”), and any Senior Capital Securities that may be issued by the Company. See “*Summary of the Offering*” and “*Description of the Preferred Shares*”.

The Series 4 Preferred Shares shall be in scripless form. Title to the Series 4 Preferred Shares shall pass by endorsement and delivery to the transferee and registration in the registry of shareholders to be maintained by SMC Stock Transfer Service Corporation, the Registrar and Stock Transfer Agent. Settlement of the Series 4 Preferred Shares in respect of such transfer or change of title of the Series 4 Preferred Shares, including the settlement of documentary stamp taxes, if any, arising from subsequent transfers, shall be similar to the transfer of title and settlement procedures for listed securities in the PSE. See “*Summary of the Offering*”.

The gross proceeds of the Offer shall be ₱20,000,000,000.00 or, should the Joint Lead Underwriters and Joint Bookrunners, in consultation with the Issuer, exercise in full the Oversubscription Option, ₱30,000,000,000.00. The net proceeds from the Offer, after deducting from the gross proceeds the total issue management, underwriting and selling fees, listing fees, taxes and other related fees and out-of-pocket expenses, is estimated to be [●] or, should the Joint Lead Underwriters and Joint Bookrunners, in consultation with the Issuer, exercise in full the Oversubscription Option, [●], and will be used by the Company primarily for the partial redemption of the 2018 SPCS, partial refinancing of Php7B Retail Bonds, refinancing of existing indebtedness and purchase of crude oil.

BankCom, China Bank Capital, PCCI Capital, PNB Capital, and SB Capital acting as Joint Lead Underwriters and Joint Bookrunners, shall receive an estimated fee of 0.45% of the gross proceeds of the Offer, inclusive of any amount that may be paid to the selling agents.

No dealer, salesman or any other person has been authorized to give any information or to make any representation not contained in this Offer Supplement. If given or made, any such information or representation must not be relied upon as having been authorized by the Company, the Joint Lead Underwriters and Joint Bookrunners or the selling agents.

The Company owns land as identified in “*Description of Property*” on page 85 of the Prospectus. In connection with the ownership of private land, the 1987 Philippine Constitution states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens. Pursuant to regulations, for as long as the percentage of Filipino ownership of the Company’s capital stock is at least 60% of (i) the total number of outstanding shares entitled to vote for directors of the Company and (ii) the total number of outstanding shares, whether or not entitled to vote for directors of the Company, the Company shall be considered as a Filipino-owned corporation qualified to own land.

The distribution of this Offer Supplement and the offer and sale of the Series 4 Preferred Shares may,

in certain jurisdictions, be restricted by law. The Company, the Sole Issue Manager, and the Joint Lead Underwriters and Joint Bookrunners require persons into whose possession this Offer Supplement comes, to inform themselves of and observe all such restrictions. This Offer Supplement does not constitute an offer of any securities, or any offer to sell, or a solicitation of any offer to buy any securities of the Company in any jurisdiction, to or from any person to whom it is unlawful to make such offer in such jurisdiction.

This document constitutes the Offer Supplement relating to the Offer described herein. Unless defined in this Offer Supplement, terms used herein shall be deemed to be defined as set forth in the Prospectus. This Offer Supplement contains the final terms of the Offer and must be read in conjunction with the Prospectus and the Share Agreements. Full information on the Issuer and the Offer is only available on the basis of the combination of this Offer Supplement, the Prospectus and the Share Agreements. All information contained in the Prospectus are deemed qualified by, and should be read together with, the disclosures of the Company after March 14, 2023 as filed with the SEC, the PSE, and/or the PDEX. All information contained in the Prospectus are deemed incorporated by reference in this Offer Supplement. In case of any inconsistency between this Offer Supplement and the Prospectus, then the more detailed portions in this Offer Supplement shall at all times prevail.

Unless otherwise stated, the information contained in the Prospectus and this Offer Supplement has been supplied by the Company. The Company (which has taken all reasonable care to ensure that such is the case) confirms that the information contained in the Prospectus and this Offer Supplement are correct, and that there is no material misstatement or omission of fact which would make any statement in the Prospectus and this Offer Supplement misleading in any material respect. The Sole Issue Manager and the Joint Lead Underwriters and Joint Bookrunners have exercised reasonable due diligence required by regulations in ascertaining that all material representations contained in the Prospectus and this Offer Supplement are true and correct and that no material information was omitted, which was necessary in order to make the statements contained in said documents not misleading.

Unless otherwise indicated, all information in the Prospectus and this Offer Supplement is as of the date provided. Neither the delivery of the Prospectus and this Offer Supplement nor any sale made pursuant to the Prospectus and this Offer Supplement shall, under any circumstances, create any implication that the information contained herein is correct as of any date after the date hereof or that there has been no change in the affairs of the Company and its subsidiaries since such date. No representation or warranty, express or implied, is made or given by the Sole Issue Manager and the Joint Lead Underwriters and Joint Bookrunners, the Trustee or the Registry and Paying Agent or their respective affiliates or legal advisers as to the accuracy, completeness or sufficiency of the information contained in this Offer Supplement, and nothing contained in this Offer Supplement is, or shall be relied upon as, a promise, representation or warranty by the Sole Issue Manager and the Joint Lead Underwriters and Joint Bookrunners, the Trustee or the Registry and Paying Agent or their respective affiliates or legal advisers. This Offer Supplement is neither intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by either the Issuer, the Sole Issue Manager and the Joint Lead Underwriters and Joint Bookrunners, the Trustee or the Registry and Paying Agent or their respective affiliates or legal advisers that any recipient of this Offer Supplement should purchase the Offer Shares.

Market data and certain industry forecasts used throughout the Prospectus and the Offer Supplement were obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified and the Company does not make any representation, undertaking or other assurance as to the accuracy or completeness of such information, or that any projections will be achieved, or in relation to any other matter, information, opinion or statements in relation to the Offer. Any reliance placed on any projections or forecasts is a matter of commercial judgment. Certain agreements are referred to in the Prospectus and the Offer Supplement in summary form. Any such summary does not purport to be a complete or accurate description of the agreement and prospective investors are expected to independently review such agreements in full.

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION BUT HAS NOT YET BEEN DECLARED EFFECTIVE. NO OFFER TO BUY THE SECURITIES CAN BE ACCEPTED AND NO PART OF THE PURCHASE PRICE CAN BE ACCEPTED OR RECEIVED UNTIL THE REGISTRATION STATEMENT HAS BECOME EFFECTIVE, AND ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OF COMMITMENT OF ANY KIND, AT ANY TIME PRIOR TO NOTICE OF ITS ACCEPTANCE GIVEN AFTER THE EFFECTIVE DATE. AN INDICATION OF INTEREST IN RESPONSE HERETO INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND. THIS OFFER SUPPLEMENT SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY.

PETRON CORPORATION

By:


RAMON S. ANG
President and Chief Executive Officer

MAR 14 2023

SUBSCRIBED AND SWORN to before me on _____ in Mandaluyong City, Philippines, affiant exhibiting to me his Passport with No. P2247867B expiring on May 21, 2029 as competent evidence of identity.

Doc. No. 128 ;
Page No. 3A ;
Book No. I ;
Series of 2023.



DARYL ANNE E. YANG
Notary Public for Mandaluyong City
40 San Miguel Avenue, 1550 Mandaluyong City
Appointment No. 0652-23
Until December 31, 2024
Attorney's Roll No. 69700
PTR No. 5113010/01-03-2023/Mandaluyong
IBP No. 268625/01-04-2023/Laguna
MCLE Compliance No. VII-0014988/04-06-2022

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DEFINITION OF TERMS

In this Offer Supplement, unless the context otherwise requires, the following terms shall have the meanings set out below.

2018 SPCS	USD500 million Senior Perpetual Capital Securities issued on January 19, 2018
2021 SPCS	USD550 million Senior Perpetual Capital Securities issued on April 19, 2021
APM.....	Malaysian automatic pricing mechanism
Applicant.....	A person, whether natural or juridical, who seeks to subscribe for the Offer of the Series 4 Preferred Shares
ASEAN.....	Association of Southeast Asian Nations
BankCom.....	Bank of Commerce
bbl.....	Barrel
BIR	Philippine Bureau of Internal Revenue
Black Products	Fuel oil and asphalts
BNM.....	Bank Negara Malaysia
bpd	Barrels per day
BSP	<i>Bangko Sentral ng Pilipinas</i>
Business Day	A day, other than a public non-working holiday, Saturday, or Sunday on which the BSP's Philippine Payment and Settlement System (PhilPaSS) and the Philippine Clearing House Corporation (PCHC) (or, in the event of the discontinuance of their respective functions, their respective replacements) are open and available for clearing and settlement, and banks are open for business in Metro Manila, Philippines
BVAL	Bloomberg Valuation Service, the electronic financial information service provider, and when used in connection with the designated page of the Benchmark Rate, the display page so designated on BVAL (or such other page as may replace that page on that service), or such other service as may be nominated as the information vendor, for the purpose of displaying rates or prices to that Benchmark Rate
CBAs.....	Collective bargaining agreements
Chevron.....	Chevron Philippines, Inc.
China Bank Capital.....	China Bank Capital Corporation
CODO.....	Company-owned-dealer-operated service stations

Company, Issuer or Petron	Petron Corporation
CREATE Act.....	Corporate Recovery and Tax Incentives for Enterprises Act
CSA.....	Malaysian Control of Supplies Act, 1961
CTA	Philippine Court of Tax Appeals
CTSG	Corporate Technical Services Group
DENR	Philippine Department of Environment and Natural Resources
Depository Agent.....	Philippine Depository & Trust Corp.
DODO.....	Dealer-owned-dealer-operated service stations
DOE.....	Philippine Department of Energy
DOJ	Philippine Department of Justice
DTI.....	Philippine Department of Trade and Industry
ECC.....	Environmental Compliance Certificate
EIS.....	Environment Impact Statement
EMB.....	Environmental Management Bureau
EMEPMI.....	ExxonMobil Exploration and Production Malaysia Inc.
EMS.....	Environmental Management System
EPF	Malaysian employees' provident fund
EQA.....	Malaysian Environmental Quality Act, 1974
ExxonMobil.....	Sellers of shares in PMRMB, PFISB and POM
FIA.....	Philippine Foreign Investments Act of 1991 (as amended)
GDP.....	Gross domestic product
IMS	Integrated Management System
Innospec.....	Innospec, Limited
ISO	International Organization for Standardization
Joint Lead Underwriters and Joint Bookrunners	BankCom, China Bank Capital, PCCI, PNB Capital, and SB Capital
KLIA.....	Kuala Lumpur International Airport
LGC	Philippine Local Government Code
LGU	Local Government Unit

Listing Date.....	The date when the Series 4 Preferred Shares are listed in the PSE
LPG	Liquefied petroleum gas
LPS	Loss prevention system
LSWR	Low-sulfur waxy residue
MARINA	Philippine Maritime Industry Authority
MBIA.....	Malaysian Biofuel Industry Act, 2007
MDOE.....	Malaysian Department of Environment
MDTCC	Malaysian Ministry of Domestic Trade, Cooperative and Consumerism
Mean of Platts Singapore or MOPS	The daily average of all trading transactions between a buyer and a seller of petroleum products as assessed and summarized by Standard and Poor's Platts, a Singapore-based market wire service
MERALCO	Manila Electric Company
MITI	Malaysian Ministry of International Trade and Industry
MNHPI.....	Manila North Harbour Port Inc.
Mogas 95	Formulated unleaded gasoline fuel with an octane index of 95
MPP.....	Multi-product pipeline
MT	Metric tonnes
NVRC	New Ventures Realty Corporation
Oil Deregulation Law Act.....	Philippine Downstream Oil Industry Deregulation Act of 1998
Ovincor	Overseas Ventures Insurance Corporation Ltd.
PAHL	Petrochemical Asia (HK) Limited
PCERP	Petron Corporation Employees' Retirement Plan
PCCI.....	Philippine Commercial Capital Inc.
PDA	Malaysian Petroleum Development Act, 1974
PDB.....	Petronas Dagangan Berhad
PDEx.....	The Philippine Dealing & Exchange Corp.
PDTC.....	Philippine Depository & Trust Corp.
PetroFCC	Petrofluidized catalytic cracking

Petrogen.....	Petrogen Insurance Corporation
Petronas.....	Petroleum Nasional Berhad
Petron Bataan Refinery.....	The Company's refinery located in Limay, Bataan, Philippines
Petron Malaysia	Collectively, PMRMB, PFISB and POM
Petrophil	Petrophil Corporation
PFC	Petron Freeport Corporation
PFI	Petron Foundation Inc.
PFISB.....	Petron Fuel International Sdn. Bhd.
PFRS.....	Philippine Financial Reporting Standards
Philippine Peso, Peso, PHP or ₱	Philippine Pesos, the legal currency of the Philippines
Philippines.....	Republic of the Philippines
Php7B Retail Bonds	Php7 billion 7-year Series B retail bonds issued on October 27, 2016
PMC	Petron Marketing Corporation
PMRMB.....	Petron Malaysia Refining & Marketing Bhd.
PNB Capital.....	PNB Capital and Investment Corporation
PNOC	Philippine National Oil Company
PNS.....	Philippine National Standards
POGI.....	Petron Oil & Gas International Sdn Bhd.
POGM.....	Petron Oil & Gas Mauritius Ltd.
POM	Petron Oil (M) Sdn. Bhd.
POME.....	Palm oil methyl ester
Port Dickson Refinery	The Company's refinery in Port Dickson, Negeri Sembilan, Malaysia
POS.....	Point of sale
PPI.....	Philippine Polypropylene Inc.
Prospectus.....	The prospectus dated March 14, 2023 and any amendments, supplements and addenda thereto for the offer and sale to the public of the Series 4 Preferred Shares
PSE	The Philippine Stock Exchange, Inc.
PSMA	Malaysian Petroleum (Safety Measures) Act, 1984
PSTPL	Petron Singapore Trading Pte. Ltd.

Qualified Institutional Buyers	Qualified buyers, as defined in Section 10.1 (I) of the Securities Regulation Code (Republic Act No. 8799) and Rule 10.1.3 of the 2015 Implementing Rules and Regulations of the SRC, as amended.
R.A. 8762	Philippine Retail Trade Liberalization Act of 2000
Registrar, Paying Agent or Stock Transfer Agent.....	SMC Stock Transfer Service Corporation
Registration Statement.....	The registration statement filed with the SEC in connection with the offer and sale to the public of the Series 4 Preferred Shares
Revised Corporation Code.....	Republic Act No. 11232, otherwise known as the Revised Corporation Code of the Philippines
RIHL.....	Robinsons International Holdings Limited
Malaysian Ringgit, Ringgit or RM....	Ringgit Malaysia, the legal currency of Malaysia
RON.....	Research Octane Number
RMP-2	Phase 2 of the Refinery Master Plan
RTC	Regional Trial Court
Saudi Aramco.....	Saudi Arabian Oil Company
Saudi CP.....	Saudi Aramco contract prices
SB Capital.....	SB Capital Investment Corporation
SBM.....	Single buoy mooring
SBMI.....	Special Board of Marine Inquiry
SEA BV	SEA Refinery Holdings B.V.
SEA Refinery	SEA Refinery Corporation
SEC	Philippine Securities and Exchange Commission
Shell	Pilipinas Shell Petroleum Corporation
Shell Malaysia	Shell Malaysia Trading Sdn Bhd
SIRIM.....	Standard and Industrial Research Institute of Malaysia
SJS.....	Social Justice Society
SMC	San Miguel Corporation
SMS.....	Safety management system
Sole Issue Manager.....	China Bank Capital
SRC.....	Republic Act No. 8799 otherwise known as the Securities Regulation Code of the Philippines

SSHE.....	Safety, security, health and the environment
Subic Plant.....	The Company's fuel additives blending plant in the Subic Bay Freeport Zone in the Philippines
Tax Code.....	Philippine National Internal Revenue Code of 1997 (as amended)
TCCs	Tax Credit Certificates
TRAIN Law.....	Tax Reform for Acceleration and Inclusion
U.S. dollars, USD or US\$.....	U.S. Dollars, the legal currency of the United States of America
VAT	Value-Added Tax
White Products.....	Diesel, gasoline, jet fuel, kerosene and LPG

SUMMARY OF THE OFFERING

The following do not purport to be a complete listing of all the rights, obligations and privileges of the Offer Shares. Some rights, obligations or privileges may be further limited or restricted by other documents and subject to final documentation. Prospective shareholders are enjoined to perform their own review of the Articles of Incorporation, By-Laws and resolutions of the Board of Directors of the Company, the Company Disclosures, the information contained in the Prospectus, this Offer Supplement, and any other agreements relevant to the Offer. Each prospective shareholder must rely on its own appraisal of the Issuer and the proposed financing and its own independent verification of the information contained herein and any other investigation it may deem appropriate for the purpose of determining whether to participate in the proposed financing and must not rely solely on any statement or the significance, adequacy or accuracy of any information contained herein. The information and data contained herein are not a substitute for the prospective shareholder's independent evaluation and analysis.

The following overview should be read as an Introduction to, and is qualified in its entirety by reference to, the more detailed information appearing elsewhere in this Offer Supplement and in the Prospectus. This overview may not contain all of the information that prospective investors should consider before deciding to invest in Series 4 Preferred Shares. Accordingly, any decision by a prospective investor to invest in the Series 4 Preferred Shares should be based on a consideration of the Prospectus and this Offer Supplement as a whole. Prospective investors are likewise encouraged to consult their legal counsels and accountants in order to be better advised of the circumstances surrounding the Preferred Shares to be offered. Should there be any inconsistency between the summary below and the final documentation, the final documentation shall prevail.

Issuer	Petron Corporation
Instrument	Cumulative, deferrable, non-voting, non-participating, non-convertible, redeemable peso-denominated perpetual preferred shares (" Series 4 Preferred Shares ")
Offer Size	<p>₱20 Billion with an Oversubscription Option of up to ₱10 Billion.</p> <p>20,000,000 Series 4 Preferred Shares (subject to the Oversubscription Option as provided below), to be issued in three (3) subseries: Series 4A Preferred Shares, Series 4B Preferred Shares, and Series 4C Preferred Shares.</p> <p>The Series 4 Preferred Shares will be issued out of the treasury shares of the Company.</p> <p>In the event that Oversubscription Option is exercised, the Joint Lead Underwriters and Joint Bookrunners, in consultation with the Issuer, have the discretion to allocate the Oversubscription Option of up to 10,000,000 Series 4 Preferred Shares to the Series 4A Preferred Shares, Series 4B Preferred Shares, and the Series 4C Preferred Shares, or to just one (1) or two (2) subseries at the end of the Offer Period.</p>
Oversubscription Option	In the event of an oversubscription, the Joint Lead Underwriters and Joint Bookrunners, in consultation with the Issuer, reserve the right, but do not have the obligation, to increase the Offer Size by up to 10,000,000

	Series 4 Preferred Shares, subject to the applicable requirements of the SEC.
Registration and Listing	To be registered with the SEC and listed on the Main Board of the PSE, subject to compliance with SEC regulations and PSE listing rules. Upon listing, the Series 4A Preferred Shares, Series 4B Preferred Shares, and Series 4C Preferred Shares shall be traded under the symbols “PRF4A”, “PRF4B”, and “PRF4C”, respectively.
Use of Proceeds	The net proceeds of the Offer shall be used primarily for the partial redemption of the 2018 SPCS, partial refinancing of the Php7B Retail Bonds, refinancing of existing indebtedness and purchase of crude oil. Please refer to the section on “ <i>Use of Proceeds</i> ” of this Offer Supplement.
Par Value	The Series 4 Preferred Shares shall have a par value of ₱1.00 per share.
Offer Price	The Series 4 Preferred Shares shall be offered at a price of ₱1,000.00 per share.
Offer Period	The Offer Period shall commence at 9:00 a.m. on [May 22, 2023] and end at 12:00 noon on [May 26, 2023]. The Issuer and the Joint Lead Underwriters and Joint Bookrunners reserve the right to extend or terminate the Offer Period with the approval of the SEC and the PSE, as applicable.
Listing Date	On [June 5, 2023], or such other date when the Series 4 Preferred Shares are listed in the PSE.
Dividend Rate	<p>As and if cash dividends are declared by the Board of Directors, cash dividends on the Series 4 Preferred Shares shall be at the fixed rate of:</p> <ul style="list-style-type: none"> • Series 4A Preferred Shares: [●]% per annum; • Series 4B Preferred Shares: [●]% per annum; • Series 4C Preferred Shares: [●]% per annum; <p>in all cases calculated for each share by reference to the Offer Price thereof in respect of each Dividend Period (each, the “Initial Dividend Rate” for the relevant series).</p> <p>Dividend Rate means (a) from the Listing Date up to the Step-Up Date, the Initial Dividend Rate, and (b) from the Step-Up Date until the date the Series 4 Preferred Shares are redeemed, the higher of the Initial Dividend Rate and the Step-Up Dividend Rate. (Please see below relevant definitions.)</p>
Dividend Payment Dates	Cash Dividends will be payable starting [September 5,

	<p>2023], and every [March 5], [June 5], [September 5] and [December 5] of each year, each a “Dividend Payment Date”, being the last day of each 3-month period (a “Dividend Period”) following the Listing Date, as and if declared by the Board of Directors in accordance with the terms and conditions of the Series 4 Preferred Shares.</p> <p>The dividends on the Series 4 Preferred Shares will be calculated on a 30/360-day basis.</p> <p>If the Dividend Payment Date is not a Business Day, dividends will be paid on the next succeeding Business Day, without adjustment as to the amount of dividends to be paid.</p>
Conditions on Declaration and Payment of Cash Dividends	<p>The declaration and payment of cash dividends for each Dividend Period will be subject to the sole and absolute discretion of the Board of Directors of the Issuer, to the extent permitted by applicable laws and regulations, and the covenants (financial or otherwise) in the agreements to which the Issuer is a party. The Board of Directors will not declare and pay dividends for any Dividend Period where payment of such dividends would cause the Issuer to breach any of its covenants (financial or otherwise).</p> <p>If in the opinion of the Board of Directors, the Company will not be in a position to pay in full the dividends on the Series 4 Preferred Shares and the dividends or distributions on any Parity Securities falling due within a six (6)-month period from any Dividend Payment Date, after paying in full an amount equal to all dividends or distributions scheduled to be paid on or before that dividend or distribution payment date on any securities with a right to dividends or distributions ranking in priority to that of the Series 4 Preferred Shares, the Company shall either (a) not declare the dividends on the Series 4 Preferred Shares and defer the payment of such dividends or distributions on any Parity Securities, or (b) pay such dividends on the Series 4 Preferred Shares and the dividends or distributions on any Parity Securities <i>pro rata</i> to the amount of the dividends or distributions scheduled to be paid to them within the said period. The amount scheduled to be paid will include the amount of any dividend or distribution due and payable within the said period and any arrears on past cumulative dividends or any deferred distributions.</p>
Optional Redemption and Purchase	<p>As and if approved by the Board of Directors (or the Executive Committee), the Company may redeem in whole (but not in part), any subseries of the Series 4 Preferred Shares as follows:</p> <p>a. in respect of Series 4A Preferred Shares, two (2) years and six (6) months after Listing Date (the</p>

	<p>“Series 4A First Optional Redemption Date”) or on any Dividend Payment Date thereafter (each of the Series 4A First Optional Redemption Date and the Dividend Payment Dates thereafter, a “Series 4A Optional Redemption Date”);</p> <p>b. in respect of Series 4B Preferred Shares, three (3) years after Listing Date (the “Series 4B First Optional Redemption Date”) or on any Dividend Payment Date thereafter (each of the Series 4B First Optional Redemption Date and the Dividend Payment Dates thereafter, a “Series 4B Optional Redemption Date”); and</p> <p>c. in respect of Series 4C Preferred Shares, five (5) years after Listing Date (the “Series 4C First Optional Redemption Date”) or on any Dividend Payment Date thereafter (each of the Series 4C First Optional Redemption Date and the Dividend Payment Dates thereafter, a “Series 4C Optional Redemption Date”)</p> <p>(each Series 4A Optional Redemption Date, Series 4B Optional Redemption Date, and Series 4C Optional Redemption Date, an “Optional Redemption Date”),</p> <p>after giving not less than 30 nor more than 60 days written notice prior to the intended date of redemption, at a redemption price equal to the Offer Price of the Series 4 Preferred Shares plus all dividends due them on the actual date of redemption as well as all accumulated dividends due and payable, or Arrears of Dividends after deduction of transfer costs customarily chargeable to stockholders, as applicable, to effect the redemption (the “Redemption Price”). Such notice to redeem shall be deemed irrevocable upon issuance thereof.</p> <p>For the avoidance of doubt, on the applicable Optional Redemption Date, the Issuer has the option to redeem, in whole but not in part, any, some, or all of the subseries.</p> <p>In the event an Optional Redemption Date which the Issuer has chosen as the date to redeem any, some, or all of the subseries falls on a day that is not a Business Day, the redemption shall be made on the next succeeding day that is a Business Day, without adjustment as to the Redemption Price and the amount of dividends to be paid.</p> <p>The Issuer shall likewise have the option to redeem, in whole but not in part, any, some, or all of the subseries (a) in the event payments in respect of the Series 4 Preferred Shares become subject to additional withholding or any new tax as a result of certain changes</p>
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	<p>in law, rule or regulation, or in the interpretation thereof, and such tax cannot be avoided by use of reasonable measures available to the Issuer; or (b) in the event an opinion of a recognized accountancy firm authorized to perform auditing services in the Republic of the Philippines has been delivered to the Issuer stating that the Series 4 Preferred Shares may no longer be recorded as equity in the audited consolidated financial statements of the Issuer prepared in accordance with Philippine Financial Reporting Standards (“PFRS”), or such other accounting standards which succeed PFRS as adopted by the Issuer for the preparation of its audited consolidated financial statements for the relevant financial year, and such event cannot be avoided by use of reasonable measures available to the Issuer.</p> <p>Upon listing on the PSE, the Company reserves the right to purchase the Series 4 Preferred Shares at any time in the open market or by public tender or by private contract at any price through the PSE without any obligation to purchase or redeem the other Series 4 Preferred Shares. The Series 4 Preferred Shares so purchased may either be redeemed (pursuant to their terms and conditions as set out in this Offer Supplement) and cancelled or kept as treasury shares, as applicable.</p>
Step-Up Dividend Rate	<p>Unless the Series 4 Preferred Shares shall have been redeemed by the Company as follows:</p> <ol style="list-style-type: none"> a. in respect of Series 4A Preferred Shares, on the 4th anniversary of the Listing Date (the “Series 4A Step-Up Date”); b. in respect of Series 4B Preferred Shares, on the 5th anniversary of the Listing Date (the “Series 4B Step-Up Date”); and c. in respect of Series 4C Preferred Shares, on the 7th anniversary of the Listing Date (the “Series 4C Step-Up Date”) <p>(each, referred to as a “Step-Up Date”), the Initial Dividend Rate shall be adjusted as follows:</p> <ol style="list-style-type: none"> i. for Series 4A Preferred Shares, the higher of the (a) applicable Initial Dividend Rate; or (b) the simple average of the closing per annum rate of the 5-year BVAL (or if the 5-year BVAL is not available or cannot be determined, any successor rate as determined by the Bankers Association of the Philippines (“BAP”) or the <i>Bangko Sentral ng Pilipinas</i> (“BSP”)), as published on the website of the Philippine Dealing System Group or, if unavailable, the PDEX page of Bloomberg (or such successor website or page of the publication agent or

	<p>electronic service provider) for the three (3) consecutive Business Days preceding and inclusive of the Series 4A Step-Up Date, plus 3.25%;</p> <p>ii. for Series 4B Preferred Shares, the higher of the (a) applicable Initial Dividend Rate; or (b) the simple average of the closing per annum rate of the 7-year BVAL (or if the 7-year BVAL is not available or cannot be determined, any successor rate as determined by the BAP or the BSP), as published on the website of the Philippine Dealing System Group or, if unavailable, the PDEX page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) for the three (3) consecutive Business Days preceding and inclusive of the Series 4B Step-Up Date, plus 3.25%; and</p> <p>iii. for Series 4C Preferred Shares, the higher of the (a) applicable Initial Dividend Rate; or (b) the simple average of the closing per annum rate of the 10-year BVAL (or if the 10-year BVAL is not available or cannot be determined, any successor rate as determined by the BAP or the BSP), as published on the website of the Philippine Dealing System Group or, if unavailable, the PDEX page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) for the three (3) consecutive Business Days preceding and inclusive of the Series 4C Step-Up Date, plus 3.25%.</p> <p>(The date of the listing of the Series 4A Preferred Shares, the Series 4B Preferred Shares, and the Series 4C Preferred Shares is referred to as the “Listing Date”. The adjusted rates referred to in (i), (ii), and (iii) are each referred to as a “Step-Up Dividend Rate”.)</p> <p>However, if the Initial Dividend Rate is higher than the applicable Step-Up Dividend Rate, there shall be no adjustment on the Dividend Rate, and the Initial Dividend Rate shall continue to be the Dividend Rate.</p> <p>In the event the relevant Step-Up Date falls on a day that is not a Business Day,</p> <p>a. the rate setting will be done on the immediately succeeding Business Day using the average of the relevant BVAL rates for the three (3) consecutive Business Days preceding and inclusive of the said rate setting date, and</p>
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	<p>b. the higher of the applicable Initial Dividend Rate and the applicable Step-Up Dividend Rate will be applied commencing on the Step-Up Date (which is the 4th anniversary date of the Series 4A Preferred Shares, the 5th anniversary date of the Series 4B Preferred Shares, and the 7th anniversary of the Series 4C Preferred Shares).</p> <p>In the event that BVAL is replaced by a new benchmark rate as determined by the BAP or the BSP, such new benchmark rate shall be adopted for purposes of determining the Dividend Rate (the “New Benchmark Rate”). In the absence of such new replacement benchmark rate as determined by the BAP or the BSP and there is a mandatory directive by the BAP or the BSP to no longer use or apply BVAL, the Company and the Joint Lead Underwriters and Joint Bookrunners shall negotiate to adopt an alternative rate that will serve as the New Benchmark Rate.</p>
No Sinking Fund	The Company is not legally required, has not established, and currently has no plans to establish, a sinking fund for the redemption of the Series 4 Preferred Shares.
Taxation	<p>All payments in respect of the Series 4 Preferred Shares are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Philippine Government, including, but not limited to, stamp, issue, registration, documentary, value added or any similar tax or other taxes and duties, including interest and penalties. If such taxes or duties are imposed, the Company will pay additional amounts so that holders of the Series 4 Preferred Shares will receive the full amount of the relevant payment which otherwise would have been due and payable. Provided, however, that the Company shall not be liable for, and the foregoing payment undertaking of the Company shall not apply to:</p> <ul style="list-style-type: none"> a. any withholding tax applicable on dividends earned by or on any amounts payable to the holders of the Series 4 Preferred Shares, including any additional tax on such dividends imposed by changes in law, rule, or regulation; b. any income tax (whether or not subject to withholding), percentage tax (such as stock transaction tax), documentary stamp tax or other applicable taxes on the redemption of the Series 4 Preferred Shares or on the liquidating distributions as may be received by a holder of Series 4 Preferred Shares; c. any expanded value added tax which may be payable by any holder of the Series 4 Preferred

	<p>Shares on any amount to be received from the Company under the terms and conditions of the Series 4 Preferred Shares;</p> <p>d. any withholding tax, including any additional tax imposed by changes in law, rule, or regulation, on any dividends payable to any holder of Series 4 Preferred Shares or any entity which is a non-resident foreign corporation; and</p> <p>e. any applicable taxes on any subsequent sale or transfer of the Series 4 Preferred Shares by any holder of the Series 4 Preferred Shares which shall be for the account of the said holder (or the buyer in case such buyer shall have agreed to be responsible for the payment of such taxes).</p> <p>All sums payable by the Company to tax-exempt entities shall be paid in full without deductions for taxes, duties, assessments or governmental charges provided said entities present sufficient proof of such tax-exempt status from the tax authorities.</p> <p>Documentary stamp tax and all other costs and expenses for the issuance of the Series 4 Preferred Shares and the documentation, if any, shall be for the account of the Company.</p>
Redemption by reason of a Tax Event	<p>In the event payments in respect of the Series 4 Preferred Shares become subject to additional withholding or any new tax as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer having given not more than 60 nor less than 30 days' notice, may redeem the Series 4 Preferred Shares at any time in whole but not in part, at the Redemption Price; provided that if the Tax Event is specific to a subseries, then the foregoing optional redemption may be exercised only with respect to such subseries. See "<i>Summary of the Offering</i>" and "<i>Description of the Preferred Shares</i>" of this Offer Supplement.</p>
Redemption by reason of an Accounting Event	<p>In the event an opinion of a recognized accountancy firm authorized to perform auditing services in the Republic of the Philippines has been delivered to the Issuer stating that the Series 4 Preferred Shares may no longer be recorded as equity in the audited consolidated financial statements of the Issuer prepared in accordance with PFRS, or such other accounting standards which succeed PFRS as adopted by the Issuer for the preparation of its audited consolidated financial statements for the relevant financial year, and such event cannot be avoided by use of reasonable measures available to the Issuer, the Issuer having given not more than 60 nor less than 30 days' notice, may redeem the</p>

	<p>Series 4 Preferred Shares in whole, but not in part at the Redemption Price; provided that if the Accounting Event is specific to a subseries, then the foregoing optional redemption may be exercised only with respect to such subseries. See “<i>Summary of the Offering</i>” and “<i>Description of the Preferred Shares</i>” of this Offer Supplement.</p>
Form, Title and Registration of the Series 4 Preferred Shares	<p>The Series 4 Preferred Shares shall be in scripless form through the electronic book-entry system of SMC Stock Transfer Service Corporation as Registrar for the Offer and lodged with PDTC as Depository Agent on the Listing Date through PSE Trading Participants nominated by the accepted Applicants. For this purpose, Applicants shall indicate in the proper space provided for in the Application to Purchase forms that will be issued and circulated in connection with the Offer (together with the required documents), the name of the PSE trading participants under whose name their shares will be registered.</p> <p>After the Listing Date, holders of the Series 4 Preferred Shares (the “Shareholders”) may request their nominated PSE Trading Participants to facilitate the conversion of their scripless Series 4 Preferred Shares into stock certificates. Any expense that will be incurred in relation to such issuance of stock certificates shall be for the account of the requesting Shareholder.</p> <p>Legal title to the Series 4 Preferred Shares will be shown in an electronic register of shareholders (the “Registry of Shareholders”) which shall be maintained by the Registrar. The Registrar shall send a transaction confirmation advice confirming every receipt or transfer of the Series 4 Preferred Shares that is effected in the Registry of Shareholders (at the cost of the requesting shareholder). The Registrar shall send (at the cost of the Company) at least once every quarter a Statement of Account to all shareholders named in the Registry of Shareholders, except certificated shareholders and Depository Participants, confirming the number of Series 4 Preferred Shares held by each Shareholder on record in the Registry of Shareholders. Such Statement of Account shall serve as evidence of ownership of the relevant Shareholder as of the given date thereof. Any request by a Shareholder for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting Shareholder.</p>
Selling and Transfer Restrictions	<p>Initial placement and subsequent transfers of interests in the Series 4 Preferred Shares shall be subject to normal selling restrictions for listed securities as may prevail in the Philippines from time to time.</p>

Governing Law	The Series 4 Preferred Shares shall be offered under and governed by the laws of the Republic of the Philippines.
Features of the Series 4 Preferred Shares	
Status	<p>The Series 4 Preferred Shares will constitute the direct and unsecured subordinated obligations of the Company ranking at least <i>pari passu</i> in all respects and ratably without preference or priority among themselves.</p> <p>The Series 4 Preferred Shares will be subordinated to the US\$500 million Senior Perpetual Capital Securities of the Company issued in 2018, the US\$550 million Senior Perpetual Capital Securities of the Company issued in 2021 ("Capital Securities"), and any Senior Capital Securities that may be issued by the Company.</p> <p>The obligations of the Company in respect of the Series 4 Preferred Shares will, in the event of the winding-up of the Company (subject to and to the extent permitted by applicable law), rank:</p> <ul style="list-style-type: none"> a. junior to all unsubordinated obligations of the Company (other than Parity Securities) and any obligation assumed by the Company under any guarantee of, or any indemnity in respect of, any obligation or commitment which rank or are expressed to rank senior to the Series 4 Preferred Shares; b. <i>pari passu</i> with each other and with any Parity Securities of the Company; and c. senior only to the Company's Junior Securities. (as defined below). <p>"Parity Securities" means: (i) any instrument, security (including preferred shares) or obligation issued or entered into by the Company which ranks, or is expressed to rank, by its terms or by operation of law, <i>pari passu</i> with the Series 4 Preferred Shares; (ii) any security guaranteed by, or subject to the benefit of an indemnity entered into by, the Company where the Company's obligations under the relevant guarantee or indemnity rank, or are expressed to rank, <i>pari passu</i> with the Company's obligations under the Series 4 Preferred Shares; and (iii) the Outstanding Series 4 Preferred Shares of the Company issued and outstanding as of the Listing Date.</p> <p>"Junior Securities" means (i) the common shares of the Company; (ii) any instrument, security or obligation issued or entered into by the Company which ranks, or is expressed to rank, junior to the Series 4 Preferred Shares; and (iii) any security guaranteed by, or subject to the benefit of an indemnity entered into by, the</p>

	<p>Company where the Company's obligations under the relevant guarantee or indemnity rank, or are expressed to rank, junior to the Company's obligations under the Series 4 Preferred Shares.</p> <p>The Company is at liberty from time to time without the consent of the holders of the Series 4 Preferred Shares to create and issue additional preferred shares or securities either (a) ranking at least <i>pari passu</i> in all respects with the Series 4 Preferred Shares, or (b) upon such terms as to ranking, distributions, conversion, redemption and otherwise as the Company may determine at the time of the issue.</p>
Dividend Cumulative	<p>Dividends on the Series 4 Preferred Shares will be cumulative. If for any reason the Board of Directors of the Company does not declare a dividend on the Series 4 Preferred Shares for a Dividend Period, the Company will not pay a dividend on the Dividend Payment Date for that Dividend Period. However, on any future Dividend Payment Date on which dividends are declared, Shareholders of the Series 4 Preferred Shares must receive the dividends due them on such Dividend Payment Date as well as any dividends in which the declaration and/or payment have been deferred, in respect of prior Dividend Periods (the "Arrears of Dividends").</p> <p>Shareholders of the Series 4 Preferred Shares shall not be entitled to participate in any other or further dividends beyond the dividends specifically payable on the Series 4 Preferred Shares.</p> <p>The Company covenants that, in the event (for any reason):</p> <ul style="list-style-type: none"> a. any dividends due with respect to any Series 4 Preferred Shares then outstanding for any period are not declared and paid in full when due; b. where there remains Arrears of Dividends; or c. any other amounts payable in respect of the Series 4 Preferred Shares are not paid in full when due, <p>then the Company will not:</p> <ul style="list-style-type: none"> a. declare or pay any dividends or other distributions in respect of Parity Securities and Junior Securities (unless such declaration or payment of dividends or distributions in respect of Parity Securities shall be in accordance with "Conditions on Declaration and Payment of Cash Dividends"), or

	<p>b. repurchase or redeem any Parity Securities or Junior Securities (or contribute any moneys to a sinking fund for the redemption of any Parity Securities or Junior Securities),</p> <p>until any and all amounts described in (a), (b) and (c) have been paid to the Shareholders.</p>
No Voting Rights	Shareholders shall not be entitled to vote at the Company's stockholders' meetings, except as otherwise provided by law.
Non-Participating	Shareholders shall not be entitled to participate in any other or future dividends beyond the dividends specifically payable on the Series 4 Preferred Shares.
Non-Convertible	Shareholders shall have no right to convert the Series 4 Preferred Shares to any other preferred shares or common shares of the Company.
No Pre-emptive Rights	Shareholders shall have no pre-emptive rights to subscribe to any shares (including, without limitation, treasury shares) that will be issued or sold by the Company.
Liquidation Rights	<p>In the event of a return of capital in respect of the Company's winding up or otherwise (whether voluntarily or involuntarily) but not on a redemption or purchase by the Company of any of its share capital, the Shareholders at the time outstanding will be entitled to receive, in Philippine Pesos out of the assets of the Company available for distribution to shareholders, together with the holders of any other securities of the Company ranking, as regards repayment of capital, <i>pari passu</i> with the Series 4 Preferred Shares and before any distribution of assets is made to holders of any class of the securities of the Company ranking after the Series 4 Preferred Shares as regards repayment of capital, liquidating distributions in an amount equal to the Offer Price of the Series 4 Preferred Shares plus an amount equal to any dividends declared but unpaid in respect of the previous dividend period and any accrued and unpaid dividends for the then current dividend period to (and including) the date of commencement of the winding up of the Company or the date of any such other return of capital, as the case may be. If, upon any return of capital in the winding up of the Company, the amount payable with respect to the Series 4 Preferred Shares and any other securities of the Company ranking as to any such distribution <i>pari passu</i> with the Series 4 Preferred Shares is not paid in full, the holders of the Series 4 Preferred Shares and of such other securities will share ratably in any such distribution of the assets of the Company in proportion to the full respective preferential amounts to which they are entitled. After payment of the full amount of the liquidating distribution</p>

	to which they are entitled, the holders of the Series 4 Preferred Shares will have no right or claim to any of the remaining assets of the Company and will not be entitled to any further participation or return of capital in a winding up.
Other Terms of the Offer	
Minimum Subscription to the Series 4 Preferred Shares	Each Application shall be for a minimum of 50 Series 4 Preferred Shares, and thereafter, in multiples of 10 Series 4 Preferred Shares. No Application for multiples of any other number of Series 4 Preferred Shares will be considered.
Eligible Investors	<p>Any natural person of legal age, or any corporation, association, partnership, trust account, fund or entity, regardless of nationality, subject to the Company's right to reject an application or reduce the number of Series 4 Preferred Shares applied for subscription or purchase if the same will cause the Company to be in breach of the Philippine ownership requirements under relevant Philippine laws. In addition, under certain circumstances, the Issuer may reject an application or reduce the number of Series 4 Preferred Shares applied for subscription.</p> <p>Law may restrict subscription to the Series 4 Preferred Shares in certain jurisdictions. Foreign investors interested in subscribing to or purchasing the Series 4 Preferred Shares should inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. Foreign investors, both corporate and individual, warrant that their purchase of the Series 4 Preferred Shares will not violate the laws of their jurisdiction and that they are allowed to acquire, purchase and hold the Series 4 Preferred Shares. For more information relating to restrictions on the ownership of the Series 4 Preferred Shares, see <i>"Regulatory and Environmental Matters"</i>.</p>
Procedure for Application	Applications to Purchase may be obtained from any of the Joint Lead Underwriters and Joint Bookrunners or Selling Agents. All Applications shall be evidenced by the Application to Purchase, duly executed in each case by the Applicant or an authorized signatory of the Applicant and accompanied by two completed specimen signature cards, the corresponding payment for the Series 4 Preferred Shares covered by the Application to Purchase and all other required documents including documents required for registry with the Registrar and Depository Agent (the "Application"). The duly executed Application to Purchase and required documents should be submitted to the Joint Lead

	<p>Underwriters and Joint Bookrunners or Selling Agents on or prior to set deadlines for submission of Applications. If the Applicant is a corporation, partnership, or trust account, the Application must be accompanied by the following documents:</p> <ol style="list-style-type: none"> a certified true copy of the Applicant's latest articles of incorporation and by-laws, general information sheet or equivalent constitutive documents, each as amended to date, duly certified by the corporate secretary (or equivalent officer); a certified true copy of the Applicant's SEC certificate of registration, duly certified by the corporate secretary (or equivalent officer); and a duly notarized corporate secretary's certificate setting forth the resolution of the Applicant's board of directors or equivalent body authorizing (i) the purchase of the Series 4 Preferred Shares indicated in the Application and (ii) the designated signatories authorized for the purpose, including their respective specimen signatures. government-issued identification document(s) ("ID") of each of the authorized signatory/ies, certified as true copy by the Applicant's corporate secretary or assistant corporate secretary. <p>For individual Applicants, each must also submit a photocopy of any one of the following identification documents ("ID"): passport/driver's license, company ID, Social Security System/Government Service and Insurance System ID and/or Senior Citizen's ID or such other ID and documents as may be required in relevant documents or acceptable to the Issuer.</p> <p>An Applicant who is exempt from or is not subject to withholding tax or who claims reduced tax treaty rates must also submit the documents described on page 51 of this Offer Supplement.</p>
<p>Payment for the Series 4 Preferred Shares</p>	<p>The Series 4 Preferred Shares must be paid for in full upon submission of the Application. The purchase price must be paid in full in Pesos upon the submission of the duly completed and signed Application to Purchase and specimen signature card together with the requisite attachments. Payment for the Series 4 Preferred Shares shall be made by manager's check/cashier's check, corporate check or personal check drawn against any <i>Bangko Sentral ng Pilipinas</i> authorized bank or any branch thereof. All checks should be made payable to "Petron Preferred Shares Offer", crossed "Payee's</p>

	<p>Account Only,” and dated on or before the date as the Application. The Applications and the related payments will be received at any of the offices of the Joint Lead Underwriters and Joint Bookrunners or Selling Agents. Applicants submitting their Application to a Joint Lead Underwriter and Joint Bookrunner may also remit payment for their Series 4 Preferred Shares through the Real Time Gross Settlement (“RTGS”) facility of the BSP to the Joint Lead Underwriter and Joint Bookrunner to whom such Application was submitted or via direct debit to their deposit account maintained with such Joint Lead Underwriter and Joint Bookrunner. Cash payments shall not be accepted.</p> <p>Should the Applicant elect to pay through RTGS, the Application should be accompanied by an instruction issued by the Applicant to effect payment through RTGS in an amount equal to the total Offer Price of the Shares applied for, to be effected and fully funded not later than 12:00 noon on [May 26, 2023].</p> <p>Should the Applicant elect to pay by a debit memo or instruction, the Application should be accompanied by a debit memo or instruction issued by the Applicant in an amount equal to the total Offer Price applied for in favor of the Joint Lead Underwriter and Joint Bookrunner to whom the Application is submitted, to be effected no later than 12:00 noon on [May 26, 2023].</p>
Acceptance/Rejection of Applications	<p>The actual number of Series 4 Preferred Shares that an Applicant will be allowed to subscribe for is subject to the confirmation of the Joint Lead Underwriters and Joint Bookrunners. The Company, in consultation with the Joint Lead Underwriters and Joint Bookrunners, reserves the right to accept or reject, in whole or in part, any Application due to any grounds specified in the Underwriting Agreement to be entered into by the Company and the Joint Lead Underwriters and Joint Bookrunners. Applications which were unpaid or where payments were insufficient and those that do not comply with the terms of the Offer shall be rejected. Moreover, any acceptance or receipt of payment pursuant to the Application does not constitute approval or acceptance by the Company of the Application.</p> <p>An Application, when accepted, shall constitute an agreement between the Applicant and the Company for the subscription to the Series 4 Preferred Shares at the time, in the manner and subject to terms and conditions set forth in the Application to Purchase and those described in the Prospectus. Notwithstanding the acceptance of any Application by the Company, the actual subscription by the Applicant for the Series 4 Preferred Shares will become effective only upon listing of the Series 4 Preferred Shares on the PSE and upon the obligations of the Joint Lead Underwriters and Joint</p>

	<p>Bookrunners under the Underwriting Agreement becoming unconditional and not being suspended, terminated or cancelled, on or before the Listing Date, in accordance with the provision of the said agreement. If such conditions have not been fulfilled on or before the periods provided above, all Application payments will be returned to the Applicants without interest.</p>
Refunds for Rejected Applications	<p>In the event that the number of Series 4 Preferred Shares to be allotted to an Applicant, as confirmed by a Joint Lead Underwriter and Joint Bookrunner or Selling Agent, is less than the number covered by its Application, or if an Application is wholly or partially rejected by the Company, then the Company shall refund, without interest, within five (5) Business Days from the end of the Offer Period, all or the portion of the payment corresponding to the number of Series 4 Preferred Shares wholly or partially rejected. All refunds, without interest, shall be made through the Joint Lead Underwriters and Joint Bookrunners, Selling Agent, or Receiving Agent (as applicable) with whom the Applicant has filed the Application within five (5) Business Days from the end of Offer Period.</p> <p>Should the refund be made via a check, an Applicant may retrieve such check refund at the office of the relevant Joint Lead Underwriter and Joint Bookrunner, Selling Agent, or Receiving Agent (as applicable) with whom the Applicant has filed the Application. Refund checks that remain unclaimed after thirty (30) days from the date such checks are made available for pick-up shall be delivered through registered mail, at the Applicant's risk, to the address specified by the Applicant in the Application.</p>
Process of distributing TP allocation among the Series 4A Preferred Shares, the Series 4B Preferred Shares, and the Series 4C Preferred Shares	<p>Mechanics of Distribution</p> <ol style="list-style-type: none"> 1. Upon preparation of the Firm Undertaking report, the Sole Issue Manager, with oversight from representative(s) of the other Joint Lead Underwriters and Joint Bookrunners and under the supervision of a representative from the PSE Listings Department, shall input the number of Offer Shares requested by each Participating TP in a spreadsheet designed for the reservation and allocation of the Offer Shares. 2. The spreadsheet shall distribute the total number of Offer Shares to be allocated to each Participating TP in accordance with the following process: <ol style="list-style-type: none"> a) If the total number of Offer Shares requested by a Participating TP, based on its Firm Undertaking, does not exceed the allocation per TP, the Sole Issue Manager shall fully satisfy the request of such Participating TP. Each TP is assured of not less than the

	<p>Allocation per TP. The balance, if any, shall be re-distributed among those who have signified a commitment to purchase more than the Allocation per TP in their Firm Undertaking until all the Offer Shares allotted for distribution are fully allocated.</p> <p>b) If the total number of Offer Shares requested by a Participating TP exceeds the allocation per TP, Additional Shares may be sourced from the Offer Shares not taken up by the other TPs. The Sole Issue Manager, under the observation of a representative of the PSE Listings Department, shall allocate the Offer Shares to Participating TPs by: (i) fully satisfying the orders of those TPs who have Firm Orders that are less than or equal to the allocation per TP; and (ii) distributing equitably the remaining TP Allocation to other TPs with orders for Additional Shares, but only up to their respective Firm Order.</p> <p>c) The allocation will be done based on the total number of shares, regardless of the series.</p> <p>d) In no case shall any Participating TP be awarded more than the shares indicated in its Firm Undertaking.</p> <p>e) If the aggregate number of Offer Shares requested by all Participating TPs is less than the TP Allocation, the balance shall be returned to the Joint Lead Underwriters and Joint Bookrunners.</p> <p>3. Unless otherwise determined by the Issuer, the final TP allocation shall be distributed among Series 4A, Series 4B, and Series 4C in the same proportion as each Series bears to the TP's aggregate Firm Undertaking, rounded to the prescribed board lot requirement as described in paragraph 10 in the TP Implementing Guidelines.</p> <p>4. All deadlines indicated in these procedures shall be strictly followed.</p>				
Local Small Investors	There will be no allocation to Local Small Investors under the proposed offering.				
Expected Timetable	<p>The timetable of the Offer is expected to be as follows:</p> <table border="1"> <tr> <td>SEC en Banc approval and issuance of Pre-effective letter</td><td>[May 9, 2023]</td></tr> <tr> <td>PSE Board Approval and issuance of Notice of</td><td>[May 17, 2023]</td></tr> </table>	SEC en Banc approval and issuance of Pre-effective letter	[May 9, 2023]	PSE Board Approval and issuance of Notice of	[May 17, 2023]
SEC en Banc approval and issuance of Pre-effective letter	[May 9, 2023]				
PSE Board Approval and issuance of Notice of	[May 17, 2023]				

	Approval	
	Dividend Rate Setting	[May 18, 2023]
	Dividend Rate Announcement	[May 19, 2023]
	Issuance of Permit to Sell and Order of Registration	[May 19, 2023]
	Public Offer Period	[May 22 to May 26, 2023]
	PSE Trading Participants' Submission of Firm Undertaking	[May 24, 2023, 11:00 a.m.]
	Release of Allocation Notices to PSE Trading Participants	[May 25, 2023, 9:00 a.m.]
	Listing Date and commencement of trading on the PSE	[June 5, 2023]
	Any change in the dates included above may be subject to approval of the SEC and PSE, as applicable, and other conditions.	
Sole Issue Manager	China Bank Capital Corporation	
Joint Lead Underwriters and Joint Bookrunners	Bank of Commerce, China Bank Capital Corporation, Philippine Commercial Capital, Inc., PNB Capital and Investment Corporation, and SB Capital Investment Corporation. For more information on the Sole Issue Manager, and the Joint Lead Underwriters and Joint Bookrunners and their underwriting commitments, please see <i>"Plan of Distribution"</i> .	
Selling Agents	Trading Participants of The Philippine Stock Exchange, Inc.	
Depository Agent	Philippine Depository & Trust Corp.	
Registrar/Stock Transfer Agent	SMC Stock Transfer Service Corporation	
Receiving Agent	SMC Stock Transfer Service Corporation	
Counsel to the Issuer	Picazo Buyco Tan Fider & Santos	
Counsel to the Sole Issue Manager and the Joint Lead Underwriters and Joint Bookrunners	SyCip Salazar Hernandez & Gatmaitan	

DESCRIPTION OF THE PREFERRED SHARES

Set forth below is information relating to the Series 4 Preferred Shares. This description is only a summary and is qualified by reference to Philippine law and Petron's Articles of Incorporation and By-laws, copies of which are available at the SEC.

Petron's Share Capital

A Philippine corporation may issue common or preferred shares, or such other classes of shares with such rights, privileges or restrictions as may be provided for in the articles of incorporation and the by-laws of the corporation.

The Company is subject to foreign ownership restrictions on account of its ownership of land. Consequently, foreign ownership in the Company is limited to a maximum of 40% of both the total issued and outstanding capital stock entitled to vote for directors of the Company and the total number of issued and outstanding capital stock, whether or not entitled to vote for directors of the Company.

As of December 31, 2022, the Company had an authorized capital stock consisting of:

- a. 9,375,104,497 common shares with a par value of ₱1.00 per share, which are all issued and outstanding, and
- b. 624,895,503 preferred shares with a par value of ₱1.00 per share, of which 20,000,000 preferred shares are issued and outstanding.

The Series 4 Preferred Shares will be issued out of the treasury shares of the Company. In the event that Oversubscription Option is exercised, the Joint Lead Underwriters and Joint Bookrunners, in consultation with the Issuer, have the discretion to allocate the Oversubscription Option of up to 10,000,000 Series 4 Preferred Shares to the Series 4A Preferred Shares, Series 4B Preferred Shares, and Series 4C Preferred Shares, or to just one (1) or two (2) subseries, at the end of the Offer Period.

The Series 4 Preferred Shares

General Features

The Series 4 Preferred Shares shall have the following features, rights and privileges:

- The Offer Price of the Series 4 Preferred Shares shall be ₱1,000.00 per Preferred Share;
- The Initial Dividend Rate of the Series 4 Preferred Shares shall be at a fixed rate of [●]% per annum for Series 4A Preferred Shares, [●]% per annum for Series 4B Preferred Shares, and [●]%, per annum for Series 4C Preferred Shares, in all cases calculated in respect of each share by reference to the Offer Price thereof in respect of each Dividend Period;
- Cumulative in payment of current dividends as well as any unpaid back dividends;
- Non-convertible into common shares;
- Preference over holders of common stock in the distribution of corporate assets in the event of dissolution and liquidation of the Company and in the payment of the dividend at the rate specified above;
- Subordinated to the Senior Capital Securities;
- Non-participating in any other or further dividends beyond the dividends specifically payable on the Series 4 Preferred Shares;
- Non-voting except in those cases specifically provided by law;
- No pre-emptive rights to any subsequent issue or re-issue of the Company's shares (including, without limitation, treasury shares); and
- Redeemable at the option of the Company under such terms and conditions as specified in this Offer Supplement.

Shareholders do not have identical rights and privileges with holders of the existing common shares and existing preferred shares of the Company.

Features Specific or Particular to the Series 4 Preferred Shares

Following are certain features specific or particular to the Series 4 Preferred Shares.

In General: No Voting Rights

The Series 4 Preferred Shares shall have no voting rights except as specifically provided by the Revised Corporation Code. Thus, Shareholders shall not be eligible, for example, to vote for or elect the Company's Directors or to vote for or against the issuance of a stock dividend. Shareholders, however, may vote on matters which the Revised Corporation Code considers significant corporate acts that may be implemented only with the approval of shareholders, including those holding shares denominated as non-voting in the articles of incorporation. These acts, which require the approval of shareholders representing at least two-thirds (2/3) of the issued and outstanding capital stock of the Company are as follows:

- Amendment of the Company's Articles of Incorporation (the "**Articles**") (including any increase or decrease of capital stock);
- Amendment of the Company's By-laws (the "**By-laws**");
- Sale, lease, exchange, mortgage, pledge or other disposition of all or a substantial part of the Company's assets;
- Incurring, creating or increasing bonded indebtedness;
- Increase or decrease of capital stock;
- Merger or consolidation of the Company with another corporation or corporations;
- Investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which the Company was organized; and
- Dissolution of the Company.

Dividend Policy in Respect of the Series 4 Preferred Shares

As and if dividends are declared by the Board, dividends on the Shares shall be at a fixed rate of [●]% per annum for Series 4A Preferred Shares, [●]% per annum for Series 4B Preferred Shares, and [●]% per annum for Series 4C Preferred Shares, in all cases calculated in respect of each share by reference to the Offer Price thereof in respect of each Dividend Period.

Cash dividends on the Series 4 Preferred Shares will be payable quarterly in arrears starting on [September 5, 2023] and every March [5], June [5], September [5] and December [5] of each year (each a "**Dividend Payment Date**"), each being the last day of each three (3)-month period (a "**Dividend Period**") following the relevant Listing Date. The dividends on the Preferred Shares will be calculated on a 30/360-day basis and will be paid quarterly in arrears on Dividend Payment Date, as and if declared by the Board. If the Dividend Payment Date is not a Business Day, dividends will be paid on the next succeeding Business Day, without adjustment as to the amount of dividends to be paid.

The declaration and payment of cash dividends on each Dividend Period will be subject to the sole and absolute discretion of the Board to the extent permitted by applicable laws and regulations, and subject to the covenants (financial or otherwise) in the agreements to which the Company is a party.

The Board of Directors will not declare and pay dividends for any Dividend Period where payment of such dividends would cause the Issuer to breach any of its covenants (financial or otherwise).

The declaration and payment of cash dividends for each Dividend Period will be subject to the sole and absolute discretion of the Board of Directors of the Issuer, to the extent permitted by applicable laws and regulations, and the covenants (financial or otherwise) in the agreements to which the Issuer is a party.

The Board of Directors will not declare and pay dividends for any Dividend Period where payment of such dividends would cause the Issuer to breach any of its covenants (financial or otherwise).

If in the opinion of the Board of Directors, the Company will not be in a position to pay in full the dividends on the Series 4 Preferred Shares and the dividends or distributions on any Parity Securities falling due within a six (6)-month period from any Dividend Payment Date, after paying in full an amount equal to all dividends or distributions scheduled to be paid on or before that dividend or distribution payment date on any securities with a right to dividends or distributions ranking in priority to that of the Series 4 Preferred Shares, the Company shall either (a) not declare the dividends on the Series 4 Preferred Shares and defer the payment of such dividends or distributions on any Parity Securities, or (b) pay such dividends on the Series 4 Preferred Shares and the dividends or distributions on any Parity Securities *pro rata* to the amount of the dividends or distributions scheduled to be paid to them within the said period. The amount scheduled to be paid will include the amount of any dividend or distribution due and payable within the said period and any arrears on past cumulative dividends or any deferred distributions.

Dividends on the Series 4 Preferred Shares will be cumulative. If for any reason the Board of Directors of the Company does not declare a dividend on the Series 4 Preferred Shares for a Dividend Period, the Company will not pay a dividend on the Dividend Payment Date for that Dividend Period. However, on any future Dividend Payment Date on which dividends are declared, holders of the Series 4 Preferred Shares must receive the dividends due them on such Dividend Payment Date as well as any dividends in which the declaration and/or payment have been deferred, in respect of prior Dividend Periods (the “**Arrears of Dividends**”).

Shareholders shall not be entitled to participate in any other or further dividends beyond the dividends specifically payable on the Series 4 Preferred Shares.

The Company covenants that, in the event (for any reason):

- a. any dividends due with respect to any Series 4 Preferred Shares then outstanding for any period are not declared and paid in full when due;
- b. where there remains Arrears of Dividends; or
- c. any other amounts payable in respect of the Series 4 Preferred Shares are not paid in full when due,

then the Company will not:

- a. declare or pay any dividends or other distributions in respect of Parity Securities and Junior Securities (unless such declaration or payment of dividends or distributions in respect of Parity Securities shall be in accordance with “**Conditions on Declaration and Payment of Cash Dividends**”), or
- b. repurchase or redeem any Parity Securities or Junior Securities (or contribute any moneys to a sinking fund for the redemption of any Parity Securities or Junior Securities),

until any and all amounts described in (a), (b) and (c) have been paid to the holders of the Series 4 Preferred Shares.

Optional Redemption of the Series 4 Preferred Shares

As and if approved by the Board of Directors (or the Executive Committee), the Company may redeem in whole (but not in part), any subseries of the Series 4 Preferred Shares as follows:

- a. in respect of Series 4A Preferred Shares, two (2) years and six (6) months after Listing Date (the “**Series 4A First Optional Redemption Date**”) or on any Dividend Payment Date thereafter

(each of the Series 4A First Optional Redemption Date and the Dividend Payment Dates thereafter, a **“Series 4A Optional Redemption Date”**);

- b. in respect of Series 4B Preferred Shares, three (3) years after Listing Date (the **“Series 4B First Optional Redemption Date”**) or on any Dividend Payment Date thereafter (each of the Series 4B First Optional Redemption Date and the Dividend Payment Dates thereafter, a **“Series 4B Optional Redemption Date”**); and
- c. in respect of Series 4C Preferred Shares, five (5) years after Listing Date (the **“Series 4C First Optional Redemption Date”**) or on any Dividend Payment Date thereafter (each of the Series 4C First Optional Redemption Date and the Dividend Payment Dates thereafter, a **“Series 4C Optional Redemption Date”**)

(each Series 4A Optional Redemption Date, Series 4B Optional Redemption Date, and Series 4C Optional Redemption Date, an **“Optional Redemption Date”**),

after giving not less than 30 nor more than 60 days written notice prior to the intended date of redemption, at a redemption price equal to the Offer Price of the Series 4 Preferred Shares plus all dividends due them on the actual date of redemption as well as all accumulated dividends due and payable, or Arrears of Dividends after deduction of transfer costs customarily chargeable to stockholders, as applicable, to effect the redemption (the **“Redemption Price”**). Such notice to redeem shall be deemed irrevocable upon issuance thereof.

For the avoidance of doubt, on the applicable Optional Redemption Date, the Issuer has the option to redeem, in whole but not in part, any, some, or all of the subseries.

In the event an Optional Redemption Date which the Issuer has chosen as the date to redeem any, some, or all of the subseries falls on a day that is not a Business Day, the redemption shall be made on the next succeeding day that is a Business Day, without adjustment as to the Redemption Price and the amount of dividends to be paid.

The Issuer shall likewise have the option to redeem, in whole but not in part, any, some, or all of the subseries (a) in the event payments in respect of the Series 4 Preferred Shares become subject to additional withholding or any new tax as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such tax cannot be avoided by use of reasonable measures available to the Issuer; or (b) in the event an opinion of a recognized accountancy firm authorized to perform auditing services in the Republic of the Philippines has been delivered to the Issuer stating that the Series 4 Preferred Shares may no longer be recorded as equity in the audited consolidated financial statements of the Issuer prepared in accordance with Philippine Financial Reporting Standards (**“PFRS”**), or such other accounting standards which succeed PFRS as adopted by the Issuer for the preparation of its audited consolidated financial statements for the relevant financial year, and such event cannot be avoided by use of reasonable measures available to the Issuer.

Upon listing on the PSE, the Company reserves the right to purchase the Series 4 Preferred Shares at any time in the open market or by public tender or by private contract at any price through the PSE without any obligation to purchase or redeem the other Series 4 Preferred Shares. The Series 4 Preferred Shares so purchased may either be redeemed (pursuant to their terms and conditions as set out in this Offer Supplement) and cancelled or kept as treasury shares, as applicable.

Step-Up Dividend Rate

Unless the Series 4 Preferred Shares shall have been redeemed by the Company as follows:

- a. in respect of Series 4A Preferred Shares, on the 4th anniversary of the Listing Date (the **“Series 4A Step-Up Date”**);

- b. in respect of Series 4B Preferred Shares, on the 5th anniversary of the Listing Date (the “**Series 4B Step-Up Date**”); and
- c. in respect of Series 4C Preferred Shares, on the 7th anniversary of the Listing Date (the “**Series 4C Step-Up Date**”)

(each, referred to as a “**Step-Up Date**”), the Initial Dividend Rate shall be adjusted as follows:

- i. for Series 4A Preferred Shares, the higher of the (a) applicable Initial Dividend Rate; or (b) the simple average of the closing per annum rate of the 5-year BVAL (or if the 5-year BVAL is not available or cannot be determined, any successor rate as determined by the Bankers Association of the Philippines (“**BAP**”) or the *Bangko Sentral ng Pilipinas* (“**BSP**”)), as published on the website of the Philippine Dealing System Group or, if unavailable, the PDEX page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) for the three (3) consecutive Business Days preceding and inclusive of the Series 4A Step-Up Date, plus 3.25%;
- ii. for Series 4B Preferred Shares, the higher of the (a) applicable Initial Dividend Rate; or (b) the simple average of the closing per annum rate of the 7-year BVAL (or if the 7-year BVAL is not available or cannot be determined, any successor rate as determined by the BAP or the BSP), as published on the website of the Philippine Dealing System Group or, if unavailable, the PDEX page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) for the three (3) consecutive Business Days preceding and inclusive of the Series 4B Step-Up Date, plus 3.25%; and
- iii. for Series 4C Preferred Shares, the higher of the (a) applicable Initial Dividend Rate; or (b) the simple average of the closing per annum rate of the 10-year BVAL (or if the 10-year BVAL is not available or cannot be determined, any successor rate as determined by the BAP or the BSP), as published on the website of the Philippine Dealing System Group or, if unavailable, the PDEX page (of Bloomberg (or such successor website or page of the publication agent or electronic service provider) for the three (3) consecutive Business Days preceding and inclusive of the Series 4C Step-Up Date, plus 3.25%.

(The date of the listing of the Series 4A Preferred Shares, the Series 4B Preferred Shares, and the Series 4C Preferred Shares is referred to as the “**Listing Date**”. The adjusted rates referred to in (i), (ii), and (iii) are each referred to as a “**Step-Up Dividend Rate**”).

However, if the Initial Dividend Rate is higher than the applicable Step-Up Dividend Rate, there shall be no adjustment on the Dividend Rate, and the Initial Dividend Rate shall continue to be the Dividend Rate.

In the event the relevant Step-Up Date falls on a day that is not a Business Day,

- a. the rate setting will be done on the immediately succeeding Business Day using the average of the relevant BVAL rates for the three (3) consecutive Business Days preceding and inclusive of the said rate setting date, and
- b. the higher of the applicable Initial Dividend Rate and the applicable Step-Up Dividend Rate will be applied commencing on the Step-Up Date (which is the 4th anniversary date of the Series 4A Preferred Shares, the 5th anniversary date of the Series 4B Preferred Shares, and the 7th anniversary of the Series 4C Preferred Shares).

In the event that BVAL is replaced by a new benchmark rate as determined by the BAP or the BSP, such new benchmark rate shall be adopted for purposes of determining the Dividend Rate (the “**New Benchmark Rate**”). In the absence of such new replacement benchmark rate as determined by the BAP or the BSP and there is a mandatory directive by the BAP or the BSP to no longer use or apply BVAL, the Company and the Joint Lead Underwriters and Joint Bookrunners shall negotiate to adopt an alternative rate that will serve as the New Benchmark Rate.

Payments on the Series 4 Preferred Shares

All payments in respect of the Series 4 Preferred Shares are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Republic of the Philippines, including but not limited to, stamp, issue, registration, documentary, value added or any similar tax or other taxes and duties, including interest and penalties. If such taxes or duties are imposed, the Company will pay additional amounts so that holders of the Series 4 Preferred Shares will receive the full amount of the relevant payment which otherwise would have been due and payable; provided, however, that the Company shall not be liable for: (a) any withholding tax applicable on dividends earned by or on any amounts payable to the holders of the Series 4 Preferred Shares, including any additional tax on such dividends imposed by changes in law, rule, or regulation; (b) any income tax (whether or not subject to withholding), percentage tax (such as stock transaction tax), documentary stamp tax or other applicable taxes on the redemption of the Series 4 Preferred Shares or on the liquidating distributions as may be received by a holder of Series 4 Preferred Shares; (c) any expanded value added tax which may be payable by any holder of the Series 4 Preferred Shares on any amount to be received from the Company under the Series 4 Preferred Shares; (d) any withholding tax, including any additional tax imposed by changes in law, rule, or regulation, on any dividend payable to any holder of the Share or any entity which is a non-resident foreign corporation; and (e) any applicable taxes on any subsequent sale or transfer of the Series 4 Preferred Shares by any holder of the Series 4 Preferred Shares which shall be for the account of the said holder (or the buyer in case such buyer shall have agreed to be responsible for the payment of such taxes).

All sums payable by the Company to tax-exempt entities shall be paid in full without deductions for taxes, duties, assessments or governmental charges provided said entities present sufficient proof of such tax-exempt status from the tax authorities. See “*Plan of Distribution—Application to Purchase*” of this Offer Supplement for the list of documents required to be submitted as proof of tax-exempt status.

Documentary stamp tax and all other costs and expenses for the issuance of the Series 4 Preferred Shares and the documentation, if any, shall be for the account of the Company.

Early Redemption by reason of a Tax Event

In the event dividend payments become subject to additional or higher withholding or any new tax (including a higher rate of an existing tax) as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such tax cannot be avoided by use of reasonable measures available to the Company, the Company may redeem the Series 4 Preferred Shares at any time in whole, but not in part, having given not more than 60 nor less than 30 days' notice prior to the intended date of redemption, at the Offer Price plus all accrued and Arrears of Dividends, if any. The Redemption Price shall be paid within five Business Days of the exercise of the right to redeem the Series 4 Preferred Share; provided that if the Tax Event is specific to a subseries, then the foregoing optional redemption may be exercised only with respect to such subseries.

Early Redemption by reason of an Accounting Event

In the event an opinion of a recognized accountancy firm authorized to perform auditing services in the Republic of the Philippines has been delivered to the Company stating that the Series 4 Preferred Shares may no longer be recorded as equity in the audited consolidated financial statements of the Company prepared in accordance with PFRS, or such other accounting standards which succeed PFRS as adopted by the Company for the preparation of its audited consolidated financial statements for the relevant financial year, and such event cannot be avoided by use of reasonable measures available to the Company, the Company having given not more than 60 nor less than 30 days' notice, may redeem the Series 4 Preferred Shares in whole, but not in part at the Redemption Price; provided that if the Accounting Event is specific to a subseries, then the foregoing optional redemption may be exercised only with respect to such subseries.

Liquidation Rights in Respect of the Series 4 Preferred Shares

The Series 4 Preferred Shares will constitute the direct and unsecured subordinated obligations of the Company ranking at least *pari passu* in all respects and ratably without preference or priority among themselves with all other Series 4 Preferred Shares issued by the Company and any other Parity Securities issued by the Company. The Series 4 Preferred Shares will be subordinated to the Capital Securities issued in 2018 and 2021.

In the event of a return of capital in respect of the Company's winding up or otherwise (whether voluntarily or involuntarily) but not on a redemption or purchase by the Company of any of its share capital, the obligations of the Company in respect of the Series 4 Preferred Shares will, subject to and to the extent permitted by applicable law, rank: (a) junior to all unsubordinated obligations of the Company (other than Parity Securities) and any obligation assumed by the Company under any guarantee of, or any indemnity in respect of, any obligation or commitment which rank or are expressed to rank senior to the Series 4 Preferred Shares; (b) *pari passu* with each other and with any Parity Securities of the Company; and (c) senior only to the Company's Junior Securities.

The Company is at liberty from time to time without the consent of the Shareholders to create and issue additional preferred shares or securities either (a) ranking at least *pari passu* in all respects with the Series 4 Preferred Shares, or (b) upon such terms as to ranking, distributions, conversion, redemption and otherwise as the Company may determine at the time of the issue.

Shareholders at the time outstanding will be entitled to receive, in Pesos out of the Company's assets available for distribution to shareholders, together with the holders of any other of the Company's shares ranking, as regards repayment of capital, *pari passu* with the Series 4 Preferred Shares and before any distribution of assets is made to holders of any class of the Company's shares ranking after the Series 4 Preferred Shares as regards repayment of capital, liquidating distributions in an amount equal to the Offer Price of the Series 4 Preferred Shares plus an amount equal to any dividends declared but unpaid in respect of the previous dividend period and any accrued and unpaid dividends for the then current dividend period to (and including) the date of commencement of the Company's winding up or the date of any such other return of capital, as the case may be. If, upon any return of capital in the Company's winding up, the amount payable with respect to the Series 4 Preferred Shares and any other of the Company's shares ranking as to any such distribution *pari passu* with the Series 4 Preferred Shares is not paid in full, the holders of the Series 4 Preferred Shares and of such other shares will share ratably in any such distribution of the Company's assets in proportion to the full respective preferential amounts to which they are entitled. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of the Series 4 Preferred Shares will have no right or claim to any of the Company's remaining assets and will not be entitled to any further participation or return of capital in a winding up.

No Pre-emptive Rights

There are no pre-emptive rights extended to holders of Series 4 Preferred Shares over all share issuances of the Company including, without limitation, treasury shares.

Transfer of Shares and Share Register

The Series 4 Preferred Shares shall be in scripless form through the electronic book-entry system of SMC Stock Transfer Service Corporation as Registrar for the Offer and lodged with Philippine Depository & Trust Corporation ("PDTC") as Depository Agent on Listing Date through PSE Trading Participants nominated by the Applicants.

Legal title to the Series 4 Preferred Shares will be shown in an electronic register of shareholders (the "**Registry of Shareholders**") which shall be maintained by the Registrar. The Registrar shall send a transaction confirmation advice confirming every receipt or transfer of the Series 4 Preferred Shares that is effected in the Registry of Shareholders (at the cost of the requesting Shareholder). The Registrar shall

send (at the cost of the Company) at least once every quarter a Statement of Account to all Shareholders named in the Registry of Shareholders confirming the number of Shares held by each Shareholder on record in the Registry of Shareholders. Such Statement of Account shall serve as evidence of ownership of the relevant Shareholder as of a given date thereof. Any request by Shareholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting Shareholder.

Initial placement of the Series 4 Preferred Shares and subsequent transfers of interests in the Series 4 Preferred Shares shall be subject to normal Philippine selling restrictions for listed securities as may prevail from time to time.

After Listing Date, Shareholders may request the Registrar, through their nominated PSE Trading Participant, to (a) open a scripless registry account and have their holdings of the Series 4 Preferred Shares registered under their name ("**name-on-registry account**"), or (b) issue stock certificates evidencing their investment in the Series 4 Preferred Shares. Any expense that will be incurred in relation to such registration or issuance shall be for the account of the requesting Shareholder.

Philippine law does not require transfers of the Series 4 Preferred Shares to be effected on the PSE, but any off- exchange transfers will subject the transferor to a capital gains tax or, to the extent applicable, donor's tax and documentary stamp tax, which taxes may be significantly greater than the stock transfer tax applicable to transfers effected on an exchange. See "*Taxation*". All transfers of shares on the PSE must be effected through a licensed stock broker in the Philippines.

Not convertible into Common Shares or Other Preferred Shares

The Series 4 Preferred Shares shall not be convertible to any common shares or other preferred shares of the Company.

Other Rights and Incidents Relating to the Series 4 Preferred Shares

Following are other rights and incidents relating to the Series 4 Preferred Shares, which may also apply to other classes of Petron's stock.

Directors

Unless otherwise provided by law or the Articles, the Company's corporate powers are exercised, its business is conducted, and its property is controlled by the Board. Petron has 15 directors who are elected by holders of shares entitled to voting rights under the Articles during each annual meeting of the shareholders for a term of one year who shall serve as such until their successors shall have been duly elected and shall have qualified. As mentioned, holders of Series 4 Preferred Shares are not entitled to vote for and elect the Company's Directors.

Petron's By-laws currently disqualify or deem ineligible for nomination or election to the Board any person who is engaged in any business which competes with or is antagonistic to that of the Company. Without limiting the generality of the foregoing, a person shall be deemed so engaged:

- a. If he is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any corporation (other than one in which the Company owns at least 30% of the capital stock) engaged in a business which the Board determines by resolution to be competitive or antagonistic to that of the Company or any of its affiliates and subsidiaries;
- b. If he is an officer, manager, controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of any other corporation or entity engaged in any line of business of the Company or any of its affiliates and subsidiaries, if the Board determines by resolution that the laws against combinations in restraint of trade shall be violated by such person's membership in the Board; and

- c. If the Board, in the exercise of its judgment in good faith, determines by resolution that such person is the nominee of any person set forth in (a) or (b).

The Company conforms to the requirement under the Revised Corporation Code to have independent directors constituting at least 20% of the board. As of the date of this Offer Supplement, the Company has three independent directors, namely, Artemio V. Panganiban, Margarito B. Teves, and Ricardo C. Marquez.

The presence of a majority of the directors shall constitute a quorum for the transaction of business at any meeting. In the absence of a quorum, a majority of the directors present may adjourn any meeting from time to time until a quorum is achieved. Notice of any adjourned meeting need not be given.

Any vacancy other than that caused by the removal by the shareholders, expiration of the term or increase in the number of directors on the Board, may be filled by the affirmative vote of at least a majority of the remaining directors, if still constituting a quorum. Any director elected in this manner shall serve only for the unexpired term of the director replaced.

Shareholders' Meetings

At the annual meeting or at any special meeting of the Company's shareholders, the latter may be asked to approve actions requiring shareholder approval under Philippine law.

Quorum

The Revised Corporation Code provides that, except in instances where the approval of shareholders representing two-thirds (2/3) of the outstanding capital stock is required to approve a corporate act (usually involving the significant corporate acts where even non-voting shares may vote, as identified above) or where the by-laws provide otherwise, a quorum for a meeting of shareholders will exist if shareholders representing a majority of the capital stock are present in person, by proxy, via remote communication, or in absentia.

Voting

At each shareholders' meeting, each holder of common shares shall be entitled to vote in person, or by proxy, via remote communication, or in absentia, all shares held by him, upon any matter duly raised in such meeting. Upon the other hand, holders of preferred shares may vote on matters which the Revised Corporation Code considers significant corporate acts that may be implemented only with the approval or assent of shareholders, including those holding shares denominated as non-voting in the articles of incorporation. See *"Description of the Preferred Share –In General: No Voting Rights"*.

The Company's By-laws provide that proxies shall be in writing and signed and in accordance with the existing laws, rules and regulations of the SEC. Duly accomplished proxies must be submitted to the office of the Corporate Secretary not later than ten (10) business days prior to the date of the stockholders' meeting. Pursuant to the Revised Corporation Code, no proxies shall be valid for a period longer than five (5) years.

Fixing Record Dates

The Board has the authority to fix in advance the record date for shareholders entitled: (a) to notice of, to vote at, or to have their votes voted at, any shareholders' meeting; (b) to receive payment of dividends or other distributions or allotment of any rights; or (c) for any lawful action or for making any other proper determination of shareholders' rights. Under the By-laws, the Board may, by resolution, direct the stock transfer books of the Corporation be closed for a period not exceeding 60 days preceding the date of any meeting of stockholders. The record date shall in no case be more than 60 days nor less than 35 days preceding such meeting of shareholders. In the case of dividend payments, the record date shall not be less than ten (10) business days after dividend declaration date in compliance with applicable regulations of the PSE.

Appraisal Rights

Philippine law recognizes the right of a shareholder to institute, under certain circumstances, proceedings on behalf of the corporation in a derivative action in circumstances where the corporation itself is unable or unwilling to institute the necessary proceedings to redress wrongs committed against the corporation or to vindicate corporate rights, as for example, where the directors themselves are the malefactors.

In addition, the Revised Corporation Code grants a shareholder a right of appraisal in certain circumstances where he has dissented and voted against a proposed corporate action, including:

- An amendment of the articles of incorporation which has the effect of adversely affecting the rights attached to his shares or of authorizing preferences in any respect superior to those of outstanding shares of any class or extension or shortening the term of corporate existence;
- The sale, lease, exchange, transfer, mortgage, pledge or other disposal of all or substantially all of the assets of the corporation;
- The investment of corporate funds in another corporation or business for any purpose other than the primary purpose for which the corporation was organized; and
- A merger or consolidation.

In these circumstances, the dissenting shareholder may require the corporation to purchase his shares at a fair value which, in default of an agreement, is determined by three disinterested persons, one of whom shall be named by the shareholder, one by the corporation, and the third by the two thus chosen. The SEC will, in the event of a dispute, determine any question about whether a dissenting shareholder is entitled to this right of appraisal. The dissenting shareholder will be paid if the corporate action in question is implemented and the corporation has unrestricted retained earnings sufficient to support the purchase of the shares of the dissenting shareholders.

Derivative Rights

Under Philippine law, shareholders have the right to institute proceedings on behalf of the corporation in a derivative action in the event that the corporation itself is unable or unwilling to institute the necessary proceedings to rectify the wrongs committed against the corporation or to vindicate corporate rights as, for example, where the directors themselves are the malefactors.

Accounting and Auditing Requirements/Rights of Inspection

Philippine stock corporations are required to file copies of their annual financial statements with the SEC and the Philippine Bureau of Internal Revenue (“**BIR**”). Corporations whose shares are listed on the PSE are also required to file quarterly and annual reports with the SEC and the PSE. Shareholders are entitled to request copies of the most recent financial statements of the corporation which include a statement of financial position as of the end of the most recent tax year and a profit and loss statement for that year. Shareholders are also entitled to inspect and examine at reasonable hours on a business day the books and records that the corporation is required by law to maintain.

The Board is required to present to shareholders at every annual meeting a financial report of the operations of the corporation for the preceding year. This report is required to include audited financial statements.

USE OF PROCEEDS

The Company estimates that the net proceeds from the Offer shall amount to approximately ₱19,865,545,033 after fees, commissions and expenses. Assuming the oversubscription option is fully exercised, the net proceeds of the Offer shall amount to approximately ₱29,804,351,612 after fees, commissions, and expenses.

Estimated fees, commissions and expenses relating to the Base Offer are as follows:

Underwriting and selling fees for the Series 4 Preferred Shares being sold by the Company	₱90,000,000.00
Taxes to be paid by the Company	₱4,936,842.00
Philippine SEC filing and legal research fee	₱5,618,125.00
PSE filing fee (inclusive of VAT)	₱22,400,000.00
Estimated legal and other professional fees	₱10,000,000.00
Estimated other expenses for publication, marketing, and out-of-pocket expenses of the underwriters and professional advisors	₱1,500,000.00
TOTAL	₱134,454,967.00

Additional estimated fees, commissions and expenses assuming the oversubscription option is fully exercised:

Underwriting and selling fees for the Series 4 Preferred Shares being sold by the Company	₱45,000,000.00
Taxes to be paid by the Company	₱2,468,421.00
Philippine SEC filing and legal research fee	₱2,525,000.00
PSE filing fee (inclusive of VAT)	₱11,200,000.00
TOTAL	₱61,193,421.00

The net proceeds of the Offer shall be used primarily for the partial redemption of the 2018 SPCS, partial refinancing of Php7B Retail Bonds, refinancing of existing indebtedness and purchase of crude oil, as follows:

Purpose	Net proceeds of the Offer (Base Offer)	Net proceeds of the Offer (Assuming Oversubscription if Exercised in full)	Estimated Timing of Disbursement
Partial redemption of the 2018 SPCS	₱14,000 million	₱14,000 million	July 2023
Partial refinancing of the Php7B Retail Bonds	₱4,000 million	₱4,000 million	October 2023
Refinancing of existing indebtedness	₱1,866 million	₱6,804 million	July to December 2023
Purchase of crude oil	-	₱5,000 million	July to December 2023

Partial redemption of the 2018 SPCS

On January 19, 2018, Petron issued US\$500,000,000 Senior Perpetual Capital Securities (“**2018 SPCS**”) with an initial rate of distribution of 4.6% per annum and were listed on the Singapore Stock Exchange (“SGX-ST”) on January 22, 2018.

Subject to corporate approvals to be procured in due course, the Company intends to use ₱14,000,000,000 from the net proceeds of the Offer to partially redeem the 2018 SPCS.

Partial refinancing of the Php7B Retail Bonds

The Series B Retail Bonds are the Company’s ₱7,000,000,000 retail bonds issued on October 27, 2016 with a fixed interest rate of 4.5219% p.a. for a term of seven (7) years maturing on October 27, 2023.

The Series B Bonds will be redeemed at 100% face value.

Refinancing of existing indebtedness

Management will use up to ₱6,804,000,000 from the net proceeds of the Offer to refinance, in whole or in part, existing short-term financial indebtedness of the Company that are maturing within 120 days from Listing Date. The interest rates for these short-term loans are within the range of 4% to 8.5% per annum. The loans that will be repaid were used for working capital requirements of the Company.¹

Any shortfall from the net proceeds of the Offer allotted for payment will be financed from the Company’s internally generated funds.

Purchase of crude oil

The Company will use ₱5,000,000,000 for crude oil importation. To minimize the Company’s risk of potential losses due to volatility of international crude and product prices, Management intends to purchase crude oil taking into consideration the Company’s crude inventories and market conditions, among other purchases.

Pending the above use of proceeds, the Company intends to invest the net proceeds from the Offer in short-term liquid investments including, but not limited to, short-term government securities, bank deposits and money market placements which are expected to earn prevailing market rates. In the event such investments should incur losses, any shortfall will be financed from the Company’s internally generated funds.

UNDERTAKING ON THE USE OF PROCEEDS

No amount of the proceeds is to be used to reimburse any officer, director, employee, or shareholder, for services rendered, assets previously transferred, money loaned or advanced, or otherwise.

Except for the underwriting and selling fees and expenses related to the Offer Shares, no amount of the proceeds will be utilized to pay any other outstanding financial obligations to any of the Sole Issue Manager and the Joint Lead Underwriters and Joint Bookrunners.

¹ Considering the term of these indebtedness for repayment, the Company will identify the specific loans in the Final Offer Supplement.

The foregoing discussion represents a best estimate of the use of proceeds of the Offer based on the Company's current plans and anticipated expenditures. In the event that there is any change in the Company's development plan, including force majeure, market conditions and other circumstances, the Company will carefully evaluate the situation and may reallocate the proceeds for future investments or other uses, and/or hold such funds in investments, whichever is better for the Company's and its shareholders' interest taken as a whole. The Company's cost estimates may also change as these plans are developed further, and actual costs may be different from budgeted costs. For these reasons, timing and actual use of the net proceeds may vary from the foregoing discussion and the Company's management may find it necessary or advisable to alter its plans. In the event of any substantial deviation, adjustment or reallocation in the planned use of proceeds, the Company shall inform the SEC, the PSE and the holders of the Series 4 Preferred Shares in writing at least 30 days before such deviation, adjustment or reallocation is implemented. Any material or substantial adjustments to the use of proceeds, as indicated above, should be approved by the Board or the Executive Committee, and disclosed to the PSE. In addition, the Company shall submit via the PSE's online disclosure system, the Electronic Disclosure Generation Technology ("**EDGE**"), the following disclosures to ensure transparency in the use of proceeds:

- i. any disbursements made in connection with the planned use of proceeds from the Offer;
- ii. quarterly progress report on the application of the proceeds from the Offer on or before the first 15 days of the following quarter;
- iii. annual summary of the application of the proceeds on or before January 31 of the following year; and
- iv. approval by the Board or the Executive Committee of any reallocation on the planned use of proceeds. The actual disbursement or implementation of such reallocation must be disclosed by the Company at least 30 days prior to the said actual disbursement or implementation.

The Company shall submit a certification by the Company's Treasurer and external auditor on the accuracy of the information reported by the Company to the PSE, as well as a detailed explanation for any material variances between the actual disbursements and the planned use of proceeds in the Prospectus, if any, in the Company's quarterly and annual reports as required in items (ii) and (iii) above. Such detailed explanation will state the approval of the Board as required in item (iv) above.

PLAN OF DISTRIBUTION

Petron plans to issue the Series 4 Preferred Shares to institutional and retail investors through a public offering to be conducted through Joint Lead Underwriters and Joint Bookrunners.

Joint Lead Underwriters and Joint Bookrunners

The Joint Lead Underwriters and Joint Bookrunners: Bank of Commerce (“**BankCom**”), China Bank Capital Corporation (“**China Bank Capital**”), Philippine Commercial Capital, Inc. (“**PCCI**”), PNB Capital and Investment Corporation (“**PNB Capital**”), and SB Capital Investment Corporation (“**SB Capital**”), have agreed to distribute and sell the Series 4 Preferred Shares at the Offer Price, pursuant to an Underwriting Agreement to be entered into with Petron (the “**Underwriting Agreement**”). Subject to the fulfillment of the conditions provided in the Underwriting Agreement, the Joint Lead Underwriters and Joint Bookrunners have committed to underwrite the following amounts on a firm basis:

China Bank Capital	₱4,750,000,000.00
BankCom	₱4,750,000,000.00
PNB Capital	₱4,750,000,000.00
SB Capital	₱4,750,000,000.00
PCCI	₱1,000,000,000.00
TOTAL	₱20,000,000,000.00

The Underwriting Agreement may be terminated in certain circumstances prior to payment being made to Petron of the net proceeds of the Series 4 Preferred Shares.

The underwriting and selling fees to be paid by the Company in relation to the Offer shall be equivalent to [0.45%] of the gross proceeds of the Offer. This shall be inclusive of fees to be paid to the Joint Lead Underwriters and Joint Bookrunners and sub-underwriter, if any, and commissions to be paid to the Trading Participants of the PSE, which shall be equivalent to [0.125%] of the total proceeds of the sale of Series 4 Preferred Shares by such Trading Participant.

The Joint Lead Underwriters and Joint Bookrunners are duly licensed by the SEC to engage in underwriting or distribution of the Series 4 Preferred Shares. The Joint Lead Underwriters, and Joint Bookrunners may, from time to time, engage in transactions with and perform services in the ordinary course of its business for Petron or any of its subsidiaries.

BankCom, one of the Joint Lead Underwriters and Bookrunners, is an affiliate of SMC. Petron is a wholly owned subsidiary of SMC. Other than the foregoing, the Joint Lead Underwriters and Joint Bookrunners have no direct relations with Petron in terms of material ownership by either of their respective major stockholder/s, and have no right to designate or nominate any member of the Board of Directors of Petron.

The Joint Lead Underwriters and Joint Bookrunners have no contract or other arrangement with Petron by which it may return to Petron any unsold Series 4 Preferred Shares.

Overview of the Joint Lead Underwriters and Bookrunners

Bank of Commerce has been operating since 1963. In 2008, San Miguel Corporation bought into the bank and became a majority stakeholder through the combined voting stake of San Miguel Corporation Retirement Fund, San Miguel Properties, Inc., and SMC Equivest in the bank. Its Investment Banking Group was established in the first quarter of 2022 following the approval by the BSP in December 2021 of the upgrade of BankCom’s banking license from commercial bank to universal bank, thus allowing it to engage in investment banking activities. In August 2022, BankCom received its SEC license to underwrite securities. The Investment Banking Group underwrites, issue manages, and arranges publicly listed and privately placed securities/instruments.

China Bank Capital is the wholly owned investment banking subsidiary of China Banking Corporation. It was registered and licensed as an investment house in 2015 as a result of the spin-off of China Banking Corporation's Investment Banking Group. The firm offers a full suite of investment banking solutions that enable clients to achieve their fundraising objectives and strategic goals. The company's services include arranging, managing, and underwriting debt and equity transactions, such as bond offerings, corporate notes issuances, initial public offerings and follow-on offerings of common and preferred shares, private placement of securities, structured loans, project finance, real estate investment trusts, and asset securitizations. China Bank Capital also provides financial advisory services, such as deal structuring, valuation, and execution of mergers, acquisitions, divestitures, joint ventures, and other corporate transactions. As of December 31, 2022, it has total assets of ₱3.09 billion and a capital base of ₱3.00 billion.

PCCI was incorporated on September 23, 1975 and is considered as one of the oldest investment banks in the country. PCCI has established a solid track record and expertise in the Philippine capital markets and consequently obtained a license to operate as a trust entity, investment house and securities dealer.

PNB Capital, a wholly-owned subsidiary of the Philippine National Bank, offers a spectrum of investment banking services including loan syndications and project finance, bond offerings, private placements, public offering of shares, securitization, financial advisory and mergers and acquisitions. It was incorporated on July 30, 1997 and commenced operations on October 8, 1997. PNB Capital is licensed by the Philippine SEC to operate as an investment house with a non-quasi-banking license. As of December 31, 2021, it had an authorized capital of ₱2.0 billion and paid-up capital of ₱1.5 billion. PNB Capital is authorized to buy and sell, for its own account, securities issued by private corporations and the Philippine Government. As of December 31, 2021, total assets of PNB Capital were at ₱2.7 billion while total capital was at ₱2.4 billion.

SB Capital is a Philippine corporation organized in October 1995 as a wholly-owned subsidiary of Security Bank Corporation. It obtained its license to operate as an investment house in 1996 and is licensed by the SEC to engage in underwriting and distribution of securities to the public. SB Capital provides a wide range of investment banking services including financial advisory, underwriting of equity and debt securities, project finance, privatizations, mergers and acquisitions, loan syndications and corporate advisory services. SB Capital is also involved in equity trading through its wholly-owned stock brokerage subsidiary, SB Equities, Inc. Its senior executives have extensive experience in the capital markets and were involved in a lead role in a substantial number of major equity and debt issues, both locally and internationally.

Sale and Distribution

The distribution and sale of the Series 4 Preferred Shares shall be undertaken by the Joint Lead Underwriters and Joint Bookrunners who shall sell and distribute the Series 4 Preferred Shares to third party buyers/investors. The Joint Lead Underwriters and Joint Bookrunners are authorized to organize a syndicate of other underwriters, soliciting dealers and/or selling agents for the purpose of the Offer.

Of the [20,000,000] Series 4 Preferred Shares to be offered, [80%] or [16,000,000] Series 4 Preferred Shares are being offered through the Joint Lead Underwriters and Joint Bookrunners for subscription and sale to Qualified Institutional Buyers and the general public. The Company plans to make available [20%] or [4,000,000] Series 4 Preferred Shares for distribution to the respective clients of the [124] Trading Participants of the PSE, acting as Selling Agents. Each Trading Participant shall be allocated [32,250] Series 4 Preferred Shares (the "**Allocation per TP**") (computed by dividing the Series 4 Preferred Shares allocated to the Trading Participants by [124]). Trading Participants may undertake to purchase more than their allocation of [32,250] shares. Any requests for shares in excess of [32,250] may be satisfied via the reallocation of any Series 4 Preferred Shares not taken up by other Trading Participants.

The remainder of [1,000] Series 4 Preferred Shares, plus any Series 4 Preferred Shares allocated to the Trading Participants but not taken up by them, will be allocated first to the Trading Participants who subscribed for their full allotment and indicated additional demand, at the sole discretion of the Joint Lead Underwriters and Joint Bookrunners.

Prior to the close of the Offer Period, any Series 4 Preferred Shares not taken up by the Trading Participants shall be distributed by the Joint Lead Underwriters and Joint Bookrunners directly to their clients and the general public. All Series 4 Preferred Shares not taken up by the Trading Participants, general public and the Joint Lead Underwriters' and Joint Bookrunners' clients shall be purchased by the Joint Lead Underwriters and Joint Bookrunners pursuant to the terms and conditions of the Underwriting Agreement.

Local Small Investors

There will be no allocation to Local Small Investors under the proposed offering.

Allocation Process

Mechanics of Distribution

1. Upon preparation of the Firm Undertaking report, the Sole Issue Manager, with oversight from representative(s) of the Joint Lead Underwriters and Joint Bookrunners and under the supervision of a representative from the PSE Listings Department, shall input the number of Offer Shares requested by each Participating TP in a spreadsheet designed for the reservation and allocation of the Offer Shares.
2. The spreadsheet shall distribute the total number of Offer Shares to be allocated to each Participating TP in accordance with the following process:
 - a) If the total number of Offer Shares requested by a Participating TP, based on its Firm Undertaking, does not exceed the allocation per TP, the Sole Issue Manager shall fully satisfy the request of such Participating TP. Each TP is assured of not less than the Allocation per TP. The balance, if any, shall be re-distributed among those who have signified a commitment to purchase more than the Allocation per TP in their Firm Undertaking until all the Offer Shares allotted for distribution are fully allocated.
 - b) If the total number of Offer Shares requested by a Participating TP exceeds the allocation per TP, Additional Shares may be sourced from the Offer Shares not taken up by the other TPs. The Sole Issue Manager, under the observation of a representative of the PSE Listings Department, shall allocate the Offer Shares to Participating TPs by: (i) fully satisfying the orders of those TPs who have Firm Orders that are less than or equal to the allocation per TP; and (ii) distributing equitably the remaining TP Allocation to other TPs with orders for Additional Shares, but only up to their respective Firm Order.
 - c) The allocation will be done based on the total number of shares, regardless of the series.
 - d) In no case shall any Participating TP be awarded more than the shares indicated in its Firm Undertaking.
 - e) If the aggregate number of Offer Shares requested by all Participating TPs is less than the TP Allocation, the balance shall be returned to the Joint Lead Underwriters and Joint Bookrunners.
3. Unless otherwise determined by the Issuer, the final TP allocation shall be distributed among Series 4A, Series 4B, and Series 4C in the same proportion as each Series bears to the TP's aggregate Firm Undertaking, rounded to the prescribed board lot requirement as described in paragraph 10 below.
4. All deadlines indicated in these procedures shall be strictly followed.

Term of Appointment

The engagement of the Joint Lead Underwriters and Joint Bookrunners shall subsist so long as the SEC Permit to Sell remains valid, unless otherwise terminated pursuant to the Underwriting Agreement.

Manner of Distribution

The Joint Lead Underwriters and Joint Bookrunners shall, at its discretion, determine the manner by which proposals for subscriptions to, and issuances of, the Series 4 Preferred Shares shall be solicited, with the sale of the Series 4 Preferred Shares to be effected only through the Joint Lead Underwriters and Joint Bookrunners.

No shares are designated to be sold to specific persons.

Offer Period

The Offer Period shall commence at 9:00 a.m. on [May 22, 2023] and end at 12:00 noon on [May 26, 2023], or such other date as may be mutually agreed between the Company and the Joint Lead Underwriters and Joint Bookrunners.

Application to Purchase

All Applications to Purchase the Series 4 Preferred Shares shall be evidenced by a duly completed and signed Application to Purchase, together with two fully executed specimen signature cards authenticated by the Corporate Secretary with respect to corporate and institutional investors. The purchase price must be paid in full in Pesos upon the submission of the duly completed and signed Application to Purchase and specimen signature card together with the requisite attachments. Payment for the Series 4 Preferred Shares shall be made by manager's check/cashier's check, corporate check or personal check drawn against any Bangko Sentral ng Pilipinas authorized bank or any branch thereof. All checks should be made payable to "Petron Preferred Shares Offer", crossed "Payee's Account Only," and dated on or before the date of submission of the Application. The Applications and the related payments will be received at any of the offices of the Joint Lead Underwriters and Joint Bookrunners. Applicants submitting their Application to a Joint Lead Underwriter and Joint Bookrunner may also remit payment for their Series 4 Preferred Shares through the RTGS facility of the BSP to the Joint Lead Underwriter and Joint Bookrunner to whom such Application was submitted or via direct debit to their deposit account maintained with such Joint Lead Underwriter and Joint Bookrunner. Cash payments shall not be accepted.

Should the Applicant elect to pay through RTGS, the Application should be accompanied by an instruction issued by the Applicant to effect payment through RTGS in an amount equal to the total Offer Price of the Shares applied for, to be effected and fully funded not later than 12:00 noon on [May 26, 2023].

Should the Applicant elect to pay by a debit memo or instruction, the Application should be accompanied by a debit memo or instruction issued by the Applicant in an amount equal to the total Offer Price applied for in favor of the Joint Lead Underwriter and Joint Bookrunner to whom the Application is submitted, to be effected no later than 12:00 noon on [May 26, 2023].

Corporate and institutional purchasers must also submit a copy of SEC-certified or corporate secretary-certified true copy of the SEC Certificate of Registration, Articles of Incorporation and By-laws, General Information Sheet, or such other relevant organizational or charter documents, and the original or corporate secretary-certified true copy of the duly notarized certificate confirming the resolution of the board of directors and/or committees or bodies authorizing the purchase of the Series 4 Preferred Shares and designating the authorized signatory/ies therefore. Individual Applicants must also submit a photocopy of any one of the following identification documents ("ID"): passport/driver's license, company ID, Social Security System/Government Service and Insurance System ID and/or Senior Citizen's ID or such other ID and documents as may be required by or acceptable to the selling bank.

By virtue of the Philippine National Internal Revenue Code (“**NIRC**”), dividends declared to resident individuals are subject to final tax at the rate of 10%, while dividends declared by a domestic corporation to other domestic corporations and resident foreign corporations are not subject to tax as intercorporate dividends.

A non-resident applicant who is exempt from or is not subject to withholding tax on dividends or who claims reduced tax rates on dividends under existing tax treaties shall, in addition, be required to submit the following requirements to the relevant Joint Lead Underwriters and Joint Bookrunners (together with their Applications) who shall then forward the same to the Registrar and Depository Agent, subject to acceptance by the Company as being sufficient in form and substance:

1. Tax Residency Certificate for the period when the treaty rate is claimed, duly issued by the tax authority of the foreign country in which the income recipient is a resident.
2. Bank documents/certificate of deposit/telegraphic transfer/telex/money transfer evidencing payment/remittance of income.
3. Notarized Special Power of Attorney (SPA) issued by the nonresident taxpayer to his/her authorized representative(s), which shall expressly state the authority to sign the Application Form as well as to file the TTRA or Request for Confirmation.
4. When applicable, proof that shareholding in respect of which dividends are paid is not effectively connected with a permanent establishment of the foreign enterprise in the Philippines.

Depending on the circumstances of the applicant, additional/special requirements may be requested in accordance with existing rules and regulations issued by the Bureau of Internal Revenue (“BIR”).

In case, the non-resident corporate taxpayer wishes to, instead, avail of the benefits of the tax sparing under the NIRC, it will have to submit the following documents:

1. Original copy of apostilled/duly authenticated Tax Residence Certificate issued by the tax authority of the country of domicile.
2. Original apostilled/duly authenticated copy of the non-resident foreign corporation's (“NRFC's”) articles of incorporation or proof of establishment in its country of residence.
3. Original copy of apostilled/duly authenticated SPA issued by NRFC to its authorized representative.

As in request for confirmation/tax treaty relief application, additional/special requirements may be requested in accordance with existing rules and regulations issued by the BIR.

In both cases, an original of the duly notarized undertaking, in the prescribed form, declaring and warranting its tax exempt status, undertaking to immediately notify the Company and the Registrar and Depository Agent of any suspension or revocation of its tax exempt status and agreeing to indemnify and hold the Company, the Registrar and Depository Agent and the Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or reduced withholding of the required tax will have to be submitted.

The Joint Lead Underwriters and Joint Bookrunners shall be responsible for accepting or rejecting any Application or scaling down the amount of Series 4 Preferred Shares applied for. The Application, once accepted, shall constitute the duly executed purchase agreement covering the amount of Series 4 Preferred Shares so accepted and shall be valid and binding on the Company and the Applicant. On the Business Day following the Closing Date, the Joint Lead Underwriters and Joint Bookrunners shall advise all the Selling Agents of any Applications that were rejected and/or scaled-down, with copy to the Company.

Minimum Purchase

A minimum purchase of 50 Series 4 Preferred Shares shall be considered for acceptance. Purchases in excess of the minimum shall be in multiples of 10 Series 4 Preferred Shares.

Refunds

In the event an Application is rejected or the amount of Series 4 Preferred Shares applied for is scaled down, the Joint Lead Underwriters and Joint Bookrunners, upon receipt of such rejected and/or scaled down Applications, shall notify the Applicant concerned that his Application has been rejected or the amount of Series 4 Preferred Shares applied for is scaled down. All refunds, without interest, shall be made through the Joint Lead Underwriter and Joint Bookrunner, Selling Agent, or Receiving Agent (as applicable) with whom the Applicant has filed the Application within five (5) Business Days from the end of Offer Period.

Should the refund be made via a check, an Applicant may retrieve such check refund at the office of the relevant Joint Lead Underwriter and Joint Bookrunner, Selling Agent, or Receiving Agent (as applicable) with whom the Applicant has filed the Application. Refund checks that remain unclaimed after thirty (30) days from the date such checks are made available for pick-up shall be delivered through registered mail, at the Applicant's risk, to the address specified by the Applicant in the Application.

Secondary Market

Petron may purchase the Series 4 Preferred Shares at any time without any obligation to make *pro rata* purchases of Series 4 Preferred Shares from all Shareholders.

Registry of Shareholders

The Series 4 Preferred Shares shall be in scripless form through the electronic book-entry system of SMC Stock Transfer Service Corporation as Registrar for the Offer, and lodged with PDTC as Depository Agent on Listing Date through PSE Trading Participants nominated by the Applicants. Applicants shall indicate in the proper space provided for in the Application to Purchase the name of the PSE Trading Participant under whose name their Series 4 Preferred Shares will be registered and the relevant PSE Trading Participants shall sign the Application to Purchase on the space provided therefor.

Legal title to the Series 4 Preferred Shares will be shown in an electronic register of shareholders (the "**Registry of Shareholders**") which shall be maintained by the Registrar. The Registrar shall send a transaction confirmation advice confirming every receipt or transfer of the Series 4 Preferred Shares that is effected in the Registry of Shareholders (at the cost of the requesting Shareholder). The Registrar shall send (at the cost of the Company) at least once every quarter a Statement of Account to all Shareholders named in the Registry of Shareholders, confirming the number of Series 4 Preferred Shares held by each Shareholder of record in the Registry of Shareholders. Such Statement of Account shall serve as evidence of ownership of the relevant Shareholder as of a given date thereof. Any request by Shareholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting Shareholder.

Expenses

All out-of-pocket expenses, including, but not limited to, registration with the SEC, printing, publication, communication and signing expenses incurred by the Joint Lead Underwriters and Joint Bookrunners in the negotiation and execution of the transaction will be for Petron's account irrespective of whether the transaction contemplated herein is completed. Such expenses are to be reimbursed upon presentation of a composite statement of account. See "*Use of Proceeds*" of the Prospectus for details of expenses.

CAPITALIZATION

The following table sets forth the consolidated capitalization of the Issuer as at December 31, 2022 and as adjusted to give effect to the Offer (assuming the Oversubscription Option is exercised). This table should be read in conjunction with the Issuer's audited condensed consolidated financial statements as at December 31, 2022 included in the Prospectus.

	As at December 31, 2022	
	Actual (audited)	Adjusted¹ for maximum Offer Size of ₱30 Billion
<i>(in ₱ millions)</i>		
Short-term liabilities		
Short-term loans	137,886	137,886
Current portion of long-term debt - net	13,399	13,399
Total short-term debt	151,285	151,285
Long-term liabilities		
Long-term debt – net of current portion	93,662	93,662
Total long-term liabilities	93,662	93,662
Equity		
Equity Attributable to Equity Holders of the Parent:		
Capital stock	9,485	9,485
Additional paid-in capital ²	37,500	64,304
Capital securities	62,712	62,712
Retained earnings	30,357	30,357
Equity reserves	(16,887)	(16,887)
Treasury stock	(18,000)	(15,000)
Total Equity Attributable to Equity Holders of the Parent	105,167	134,971
Non-controlling interests	8,383	8,383
Total Equity	113,550	143,354
Total capitalization³	358,497	388,301

Notes:

¹Adjusted amount as at December 31, 2022 includes proceeds of ₱ 29,804 million of the maximum Offer, after deduction of commissions and expenses.

² Includes excess of offer price over par.

³Total capitalization is the sum of debt and equity.

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www.petron.com

SOLE ISSUE MANAGER
China Bank Capital Corporation
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8751 Paseo de Roxas
Makati City, Philippines

JOINT LEAD UNDERWRITERS AND JOINT BOOKRUNNERS

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Mandaluyong City, Metro Manila

China Bank Capital Corporation
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Makati City, Philippines

Philippine Commercial Capital, Inc.
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Leviste Street, Makati, 1227 Metro Manila

PNB Capital and Investment Corporation
9/F PNB Financial Center
Pres. Diosdado Macapagal Blvd.
Pasay City, Metro Manila, Philippines

SB Capital and Investments Corporation
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to the Issuer

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*to the Sole Issue Manager and the Joint Lead
Underwriters and Joint Bookrunners*

SyCip Salazar Hernandez & Gatmaitan
SyCipLaw Center
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Makati City, 1226 Philippines

INDEPENDENT AUDITORS
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KPMG Center
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Makati City
Philippines

DEPOSITORY AGENT

Philippine Depository & Trust Corp.

29th Floor BDO Equitable Tower
8751 Paseo de Roxas
Makati City
Philippines

**RECEIVING AGENT, REGISTRAR, AND
STOCK TRANSFER AGENT**

SMC Stock Transfer Service Corporation

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Ortigas Center
Mandaluyong City, Metro Manila
Philippines