

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

**Time and Place**

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

**Quorum Report**

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

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

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

### **Call to Order**

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

### **Reading of the Agenda**

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

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

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

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

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

### ***Management Report***

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

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

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

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

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

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

And while the Company remained focused on the production of world-class fuel products, it also continued to strengthen its higher margin petrochemicals business. Petrochemicals had a robust revenue stream insulated from local pricing dynamics. In 2011, petrochemicals demonstrated their

superior performance making up for only 7% of the total sales volumes of the Company but contributing 13% to total margins.

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

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

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

conglomerate, the San Miguel Group. He further explained that the milestones of the Company in 2011 would have positively effect not only the Company but the oil industry in general. Management aims to sustain the leadership of the Company in the industry through commitment to excellence, total customer satisfaction, and safe and sustainable operations.

The Chief Finance Officer ended his report by thanking the stockholders for their confidence and their continued support for the Company.

### *Open Forum*

The Chairman thereafter announced an open forum during which stockholders could raise queries or concerns or give their proposals. Written questions were submitted and read.

The first question was on the benefit of the recent acquisition by the Company of the downstream business of Exxon in Malaysia. The Chairman explained that, with the acquisition of such integrated downstream business, the Company had extended its businesses outside the Philippines. The Company now owns and operates the Port Dickson Refinery, product terminals and a network of approximately 550 retail service stations in Malaysia.

The next question raised was on the status of the RMP-2 and the network expansion program. The Chairman replied that the construction of the RMP-2 was on schedule and expected to be completed in 2014. The completion of the RMP2 would enable the Company to increase its capability to process heavier crudes and convert fuel oil into a broader range of products and petrochemical products. On the network expansion program, he explained that, as of end December 2011, the Company had built about 700 new stations thereby bringing the number of its service stations to about 2,000.

The next question related to the offer for the sale of the Refinery to the government. Mr. Ang emphasized that the Company is not selling the Refinery. He explained that he just raised the thought on the sale when asked how else the Company could help the government since the acquisition of the Refinery would allow the government to closely monitor importations and collect appropriate taxes and duties.

The following question asked was the effect on the Company of the recent numerous decreases in gas retail prices. The Chairman explained that the Company was not always able to increase retail prices even when the price of crude oil went up. The high cost of inventory of such crude oil resulted in lower margins.

Another question related to the requirements to qualify for a retail dealership. Mr. Ang explained that the primary requirement for operating a service station was finding a good location that the Company could buy or lease long-term.

The next question was in connection with the reported acquisition by the San Miguel Group of Philippine Airlines. Mr. Ang replied that Philippine Airlines was already an existing client and the Company would continue to sell to it at competitive prices.

Comments from the stockholders related to providing assistance for reconciling the records of their shares and receiving dividend payments. The stockholders were advised to approach the stock transfer agent, SMC Stock Transfer Services Corporation, whose representatives were present at the meeting. The Chairman also suggested that the stockholders concerned visit the Office of the Corporate Secretary of the Company.

A suggestion was also raised that arrangements be made for the delivery of LPG. The Chairman explained that an LPG delivery scheme was already in place but any further assistance on the matter may be brought to the attention of the Company.

Following the close of the open forum and on motion duly made and seconded, the Annual Report for 2011, together with the other written reports mailed to the stockholders and the Chairman's Report, were accepted and filed as part of the minutes of the meeting. The following resolution was accordingly passed by the stockholders:

**Resolution No. 01, S'12**

**RESOLVED, That the 2011 Annual Report of Management, the Management Report, including the 2011 Financial Statements, as well as the other Reports of Management distributed and mailed to the stockholders be, and hereby are, ACCEPTED and FILED as part of the minutes of the present meeting.**

**Ratification of all Acts of the Board  
of Directors and Management in 2011**

The Chairman then proceeded to explain that the next item in the agenda was the ratification of all acts of the Board of Directors of the Company (the "Board") and the Management for 2011.

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



---

**Resolution No. 02, S'12**

**RESOLVED, That all previous acts of the Board of Directors and the Management of the Corporation from the last annual meeting of the stockholders of the Corporation on July 12, 2011 to the present be, and hereby are, APPROVED, CONFIRMED and RATIFIED.**

**Appointment of Independent External Auditor**

The Chairman then apprised the stockholders that, during the meeting of the Board held on May 10, 2012, the Board approved and endorsed for stockholders' approval the appointment of the accounting firm Manabat Sanagustin & Co., CPAs/KPMG as independent external auditor of the Company for 2012. This would be the third year of its engagement by the Company.

Accordingly, the stockholders approved the following resolution:

**Resolution No. 04, S'12**

**RESOLVED, That the appointment of the accounting firm Manabat Sanagustin & Co., CPAs/KPMG as the independent external auditor of the Corporation for 2012 be, and hereby is, APPROVED.**

### Election of Directors

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

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

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

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

(iii) motion to declare the fifteen (15) nominees as duly elected directors. These motions were all approved.

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

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

The following resolution was thus approved:

**Resolution No. 05, S'12**

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

**Mr. Ramon S. Ang  
Mr. Eduardo M. Cojuangco, Jr.  
Mr. Roberto V. Ongpin  
Mr. Mirzan Mahathir**

**Atty. Estelito P. Mendoza**  
**Mr. Bernardino R. Abes**  
**Mr. Eric O. Recto**  
**Mr. Ron W. Haddock**  
**Atty. Romela M. Bengzon**  
**Ms. Aurora T. Calderon**  
**Mr. Ferdinand K. Constantino**  
**Atty. Virgilio S. Jacinto**  
**Ms. Nelly Favis-Villafuerte**  
**Ret. Chief Justice Artemio V. Panganiban (independent)**  
**Mr. Reynaldo G. David (independent)**

### **Other Matters**

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

### **Adjournment**

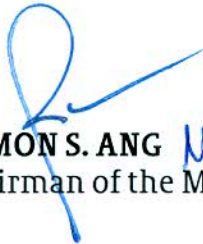
Accordingly, the Chairman, on motion duly made, adjourned the meeting at about 2:45 p.m., and thanked the stockholders for their attendance and support.


Respectfully submitted:



**JOEL ANGELO C. CRUZ**  
Corporate Secretary 

Approved by:



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