

**MINUTES OF THE ANNUAL MEETING
OF THE STOCKHOLDERS OF PETRON CORPORATION
(May 17, 2016)**

Time and Place

The Annual Meeting of the Stockholders of **PETRON CORPORATION** (the “Company” or “Petron”) was held on May 17, 2016 at the Ballroom of the Valle Verde Country Club located along Capt. Henry Javier St., Bo. Oranbo, Pasig City. The meeting commenced at about 2:00 p.m.

Quorum Report

The Corporate Secretary of the Company, Atty. Joel Angelo C. Cruz, reported that the notice of the meeting was mailed to the stockholders as of the March 31, 2016 record date in compliance with the by-laws of the Company. Based on the stock transfer agent’s certification on the attendance of the meeting, there were more than 79.56% of the total outstanding common shares represented. Thus, a quorum was announced.

Atty. Cruz noted that the Chairman of the Board of Directors held proxies for 79.56% of the outstanding common shares of the Company and would vote in favor of the all the corporate actions in the agenda.

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

Mr. Eduardo M. Cojuangco, Jr. (Chairman of the Board)
Mr. Ramon S. Ang (President and Chief Executive Officer)
Mr. Lubin B. Nepomuceno
Atty. Estelito P. Mendoza
Mr. Eric O. Recto
Mr. Jose P. de Jesus
Mr. Ron W. Haddock
Ms. Aurora T. Calderon
Atty. Romela M. Bengzon
Atty. Virgilio S. Jacinto
Mr. Reynaldo G. David (Independent Director; Chairman,
Audit Committee)
Ret. Chief Justice Artemio V. Panganiban (Independent Director)
Mr. Margarito B. Teves (Independent Director)

Call to Order

There being a quorum, the Chairman of the Board, Mr. Eduardo M. Cojuangco, Jr., called the annual meeting of the stockholders to order and presided over the same. Atty. Cruz recorded the minutes of the proceedings.

Reading of the Agenda and Explanation of Voting Procedure

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

- (1) Review and approval of the minutes of the previous annual stockholders' meeting;
- (2) Management Report and submission to the stockholders of the financial statements for the year 2015;
- (3) Ratification of all acts of the Board of Directors and Management since the last stockholders' meeting in the year 2015;
- (4) Appointment of an external auditor;
- (5) Election of the Board of Directors for the ensuing term; and
- (6) Such other business as may come before the stockholders.

Atty. Cruz then explained the voting procedure for meeting. Each common share is entitled to one vote. Preferred shareholders have no voting rights with respect to the agenda items. A simple majority vote of the stockholders holding common shares, where a quorum is present, would be needed for the approval of the minutes of the previous stockholders' meeting, the approval of the management report, the ratification of all acts of the Board of Directors and Management since the last annual stockholder's meeting in 2015, and the appointment of the external auditor of the Company for 2016. In the election of directors, the 15 nominees who get the highest votes shall be deemed duly elected as directors. Under the express provisions of the Company's by-laws cumulative voting is allowed in the election of directors. Thus, a stockholder may distribute his votes per share to as many persons as there are directors to be elected, or he/she may cumulate his/her shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares he/she has, or he/she may distribute them on the same principle among as many candidates as he/she shall see fit; provided, that the total number of votes cast by him/her shall not exceed the number of shares owned by him/her as shown in the books of the Company multiplied by the whole number of directors to be elected.

Review and Approval of Minutes of Previous Meeting

The Chairman announced that the first item in the rest of the agenda was the approval of the minutes of the May 19, 2015 Annual Stockholders' Meeting, copies of which were made available at the registration area of the venue. On motion duly made and seconded, and there being no objection, the minutes of the Annual Stockholders' Meeting of May 19, 2015 were approved.

Annual Report and Other Reports of Management

Management Report

The Senior Vice President and Chief Finance Officer of the Company, Mr. Emmanuel E. Eraña, delivered the management report covering operations for 2015 and the first quarter of 2016.

Mr. Eraña commenced by describing the business environment during the period. He explained that the market was oversupplied by 1.5 million barrels per day, further pushing down oil prices. The OPEC, which pumps a third of the world's oil, produced 32 million barrels per day in 2015, nearly 2 million barrels more than 2014 in an effort to ease out high-cost oil producers and gain market share. The shale oil boom in the United States contributed to the supply glut. From only 6 million barrels per day in 2011, the US produced an average of 9 million barrels per day in 2015. Meanwhile, the global economy, notably in China and Europe, also slowed down, leading to weaker fuel demand. All these factors weighed on prices, hurting margins of oil companies worldwide. The benchmark Dubai crude fell by nearly 50%, from an average of US\$97 dollars per barrel in 2014 to only US\$51 dollars last year. In January 2016, Iran raised its crude oil exports by 500,000 barrels a day, and will add another 500,000 barrels in the next six (6) months. In the same month, oil prices hit a 12-year low, with Dubai averaging at US\$26 per barrel.

He continued to explain that, in the Philippines, competition intensified in the retail segment, with around 7,600 stations nationwide at the end of 2015. Petron remained, however, as the leader in the retail sector with 2,200 stations or about 30% of the total industry count. The government imposed stringent fuel specifications and required oil companies to sell Euro 4 fuels in January 2016. Beyond compliance, Petron marked industry firsts when it launched its locally-

produced Euro 4 gasoline products in June 2015 and diesel products in October 2015, ahead of the mandate.

He proceeded to explain that Petron also had to continue improving its supply chain and distribution network to serve higher demand for fuels. The Company pursued strategic investments and further expanded its market presence with 2015's infrastructure boom, growing tourism industry, and increasing demand in transportation fuels.

On the Company's sales performance, Mr. Eraña informed the stockholders that, amid the challenges in 2015, Petron delivered strong results with its consolidated Philippine and Malaysian sales reaching 98 million barrels, 13% higher than 2014's 86.5 million, driven by Petron's aggressive market expansion and strategic investments, and the solid growth in both economies. Sales in the Philippines surged by 20% to 62 million barrels in 2015 from 51.4 million the previous year. Major business segments in retail, industrial, and LPG contributed to this volume growth. Petron's exports also continued to grow. Malaysian sales rose 35 to 36.1 million barrels, driven by growth in key sectors such as retail gasoline and commercial trade. In the first quarter of 2016, this upward trend was sustained as consolidated volumes reached 25.3 million barrels, 2.1 million more than last year's 23.2 million. In the Philippines and Malaysia, Petron sold 8% and 12% more, respectively. This strong performance further cemented the leadership of Petron in the local oil industry with substantial growth across all its major business segments. Petron remained number one in retail, industrial, and LPG. It also maintained its leadership in aviation. Last November 2015, Petron gained the trust and confidence of many APEC-member countries including the US Government which chose Petron to fuel Air Force One during the APEC Economic Summit. In Malaysia, Petron continued to expand its market as the newest and 3rd largest player in a dynamic economy.

Mr. Eraña explained that strong growth in sales partially offset lower sales revenues in 2015 which declined to P360.2 billion from P482.5 billion the previous year, mainly caused by the drop in oil prices. Despite the robust sales volume, the revenue for the first quarter of 2016 dropped by 11% with the continuing oil price slide. Crude averaged US\$31 in the first three months of 2016, 40% less than the US\$52-average over the same period in 2015.

He continued to report that the Company ended the year outperforming expectations. Petron's net income reached P6.3 billion in 2015, more than double the previous year. Despite weak prices, the differential between crude and finished products remained strong and production of higher-value products improved, supporting refining margins. For the first quarter of 2016, Petron already posted a net income of P2.8 billion, almost half of its 2015 full-year profit, and ten-fold over its net income during the same period last year. If this is sustained, he explained that the company would deliver better 2016 results.

He proceeded to report that the strong network of service stations of the Company continued to dominate the profitable retail market. More service stations nationwide were inaugurated and hundreds more are in the pipeline. There were about one million Petron Value Card holders last year to complement the company expansion program and bring more value to our loyal customers. Petron opened over 400 new branch stores and retail outlets of Petron Gasul and Fiesta Gas, bringing customer touch points to over 8,000. In the high-margin lube business, Petron presence in non-traditional outlets now stands at 94%. By strengthening Petron's presence, not only does it reach underserved markets, it also fuels progress in communities throughout the country.

He explained that Petron's market expansion enables it to take full advantage of the benefits of the US\$2-billion Refinery Master Plan - Phase 2 ("RMP-2"). Last year, the RMP-2 was completed and commissioned. In January 2016, RMP-2 began full commercial operations. The company sales performance

in 2015 was supported by increased production at the Bataan Refinery, which was higher by 40% compared to 2014. Utilization rate reached 144 thousand barrels per day or 80% of total refining capacity of 180 thousand barrels. In the first semester of the year, its utilization rate has hit 90%. Additionally, the Company saved about US\$1.05 per barrel last year with the use of less expensive crude blends translating to P2.5 billion. A long-term competitive advantage, RMP-2 is our answer to volatile industry cycles.

Mr. Eraña explained that the Company introduced innovative fuels with the launch of the more environment-friendly Blaze 97 Euro 4M and, recently, Blaze 100 Euro 4M, which deliver better power, better engine protection and better mileage. Barely four years after Petron entered the Malaysian market, it accomplished its rebranding and upgrading program of 550 stations to Petron thus giving the Company the distinction of having the newest service stations in Malaysia. To further strengthen our presence, the Company added 30 new Petron stations to its network.

In the Philippines and in Malaysia, the Company embarked on a strategic marketing program to create ways to constantly improve customer experience with Petron's personal touch. Last year, Petron launched the "Best Day at Petron" and "Fuel Happy" campaigns to highlight its personalized customer service, innovative products and services, and exciting rewards through our loyalty programs. Through these campaigns, Petron boosted sales volumes at its service stations, grow the number of loyal customers through increased cards membership, and further differentiate the Petron brand from competition.

As the Company reaches new levels of growth, Mr. Eraña informed the stockholders that it brings meaningful and lasting benefits to its communities. This year, most graduates from its first batch of *Tulong Aral ng Petron* scholars are now gainfully employed in Petron. Last year, Petron opened four (4) school buildings in the Visayas, bringing our total schools to 103. To augment the

services provided by *barangay* health centers in our communities, Petron Clinics in Bataan and Manila have been serving over 10,000 residents every year. Soon, the Company would open a Petron Clinic in Cavite.

Mr. Eraña continued to inform the stockholders that, in uncertain times, Petron remained bold, innovative, and agile which made it more competitive, relevant, and future-ready than at any time in its history.

He ended his report by thanking the shareholders for their continued trust and support and assuring them that Petron would continue to build on its gains, take on the toughest challenges, and deliver greater value for its investors, customers, communities and nation as a whole.

Open Forum

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

1. Mrs. Clarissa Paredes of Quezon City noted the reported increase in the net income of the Company in 2015 and the first quarter of 2016 and asked what the stockholders could expect for 2016. The Chairman replied that the stockholders would reap the benefits if the optimal operations of the Company were sustained the entire 2016.

2. Ms. Glenda Carreon of Taguig asked if the RMP-2 has been fully commissioned. The Chairman confirmed that the RMP-2 has been fully commissioned and informed the stockholders that it achieved its target capacity in January 2016.

3. Mr. Oliver Lacsina of Malolos, Bulacan asked if the fuels of Petron are all Euro 4-compliant. The Chairman confirmed that all fuel products of Petron are Euro-4 compliant.

4. Mr. Abraham Bastillaga inquired about the Company's investment in Malaysia. Mr. Ramon S. Ang, President and Chief Executive Officer, informed the stockholders that the Petron Malaysian companies are performing well and achieved more or less US\$150 million EBITDA for 2015.

5. Mr. Chito Manlapaz of Pampanga asked about the availability of Petron scholarships for dependents of stockholders. Mr. Ang replied that interested stockholders may file their applications for a Petron scholarship.

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

Resolution No. 1, Series of 2016

RESOLVED, That the 2015 Annual Report of Management, the Management Report, including the 2015 Financial Statements, as well as the other Reports of Management distributed and mailed to the stockholders be, and hereby are, ACCEPTED and FILED as part of the minutes of the present meeting.

Ratification of all Acts of the Board of Directors and Management

The Chairman then proceeded to note that the next item in the agenda was the ratification of all acts of the Board of Directors of the Company and the Management since the last annual stockholders' meeting held in 2015.

Atty. Cruz explained that the material items approved by the Board of Directors or the Executive Committee since the 2015 annual stockholders' meeting include those in the list attached as Annex A-4 to the Definitive Information Statement earlier distributed to the stockholders. He also informed the stockholders that copies of the list were posted at the registration area.

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

Resolution No. 2, Series of 2016

RESOLVED, That all acts, resolutions and proceedings of the Board of Directors and the corporate officers of the Company since the Annual Meeting of the Stockholders of the Corporation on May 19, 2015 as set forth in the minutes of the meetings of the Board of Directors and its board committees be, and hereby are, APPROVED, CONFIRMED and RATIFIED.

Appointment of External Auditor

The Chairman then announced that the next item in the agenda was the appointment of the accounting firm R.G. Manabat & Co., CPAs/KPMG as external auditor of the Company for 2016.

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

Resolution No. 3, Series of 2016

RESOLVED, That the appointment of the accounting firm R.G. & Co., CPAs/KPMG as the external auditor of the Corporation for 2016 be, and hereby is, APPROVED.

Election of Directors

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

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

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

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

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

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

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

The following resolution was thus approved:

Resolution No. 4, Series of 2016

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. Eduardo M. Cojuangco, Jr.
Mr. Ramon S. Ang
Mr. Lubin B. Nepomuceno
Mr. Eric O. Recto
Atty. Estelito P. Mendoza
Mr. Jose P. de Jesus**

Mr. Ron W. Haddock
Ms. Aurora T. Calderon
Mr. Mirzan Mahathir
Atty. Romela M. Bengzon
Atty. Virgilio S. Jacinto
Atty. Nelly Favis-Villafuerte
Ret. Chief Justice Artemio V. Panganiban (independent)
Mr. Reynaldo G. David (independent)
Mr. Margarito B. Teves (independent)

Other Matters

Upon query by the Chairman on any matter that any stockholder may wish to raise, three stockholders took the floor (but did not give their names) and discussed the following points:

1. The first stockholder commended the Board of Directors for the commitment of Petron in building a stronger nation. She further expressed her confirmation that Petron was not only in the business of oil but in the business of fueling lives like hers.

2. The second stockholder asked how she could deal with her lodged shares. Atty. Cruz explained that her shares are in the custody of a stockbroker and could approach Mr. Ike Yusingco, who heads the Petron stock transfer agent and who was at the meeting, for her concern.

3. The third stockholder explained that she was a regular traveler who uses restrooms in company service stations. She requested that attention be given to the upkeep of certain restrooms in the Bicol area. She proceeded to state that Petron is all over the Philippines and it would be nice if Petron had decorations for the Christmas season. Mr. Ang thanked the stockholder for her comment and explained that Petron provides the use of its restrooms for free so many people

stop by Petron service stations. He informed the stockholder that her concern would be addressed.

Adjournment

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

Respectfully submitted:


JOEL ANGELO C. CRUZ
Corporate Secretary 

Approved by:


EDUARDO M. COJUANGCO, JR.
Chairman of the Board