

This Offer Supplement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Offer Supplement constitute an offer to sell or the solicitation of an offer to buy any Bonds nor shall there be any offer, solicitation, or sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.



PETRON

Petron Corporation

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

OFFER SUPPLEMENT

**Offer of ₱18,000,000,000 Fixed Rate Bonds
consisting of**

Series E Bonds: [●]% p.a. due 2025

Series F Bonds: [●]% p.a. due 2027

**to be issued from the
₱50,000,000,000 Fixed Rate Bonds
Under Shelf Registration**

**Offer Price: 100% of Face Value
to be listed in the Philippine Dealing & Exchange Corp.**

SOLE ISSUE MANAGER



Capital and Investment
Corporation

JOINT LEAD BOOKRUNNERS AND JOINT LEAD UNDERWRITERS*



Capital and Investment
Corporation



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.

The date of this Preliminary Offer Supplement is July 5, 2021.

* BDO Capital & Investment Corporation is a subsidiary of BDO Unibank, Inc., which is among the lenders of the bilateral long-term loans that will be repaid with the proceeds of this Offer. See "Use of Proceeds" on page 43 of this Offer Supplement.

PETRON CORPORATION

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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 July 5, 2021 (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 Philippine Peso-denominated fixed rate bonds (the “**Bonds**”) in the aggregate principal amount of ₱50,000,000,000.

The Bonds 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 July 5, 2021 (the “**Offer Supplement**” and as the context may require, the term includes the Prospectus) relates to the first tranche of the Bonds (collectively, the “**Offer Bonds**”) and the public offer for sale, distribution and issuance by the Company of the Offer Bonds (the “**Offer**”). The Offer will have an aggregate principal amount of Eighteen Billion Pesos (₱18,000,000,000). The Offer Bonds will be issued at face-value and listed and traded through the Philippine Dealing & Exchange Corp. (“**PDEX**”).

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

The Offer Bonds will be issued on [●] (the “**Issue Date**”) and will comprise of fixed rate bonds due in 2025 (the “**Series E Bonds**”), and in 2027 (the “**Series F Bonds**”). The Issuer has the discretion to allocate the Offer Bonds between the Series E Bonds and the Series F Bonds based on the book building process.

The Series E Bonds shall have a term of four (4) years from the Issue Date, with a fixed interest rate equivalent to [●]% per annum.

The Series F Bonds shall have a term of six (6) years from the Issue Date, with a fixed interest rate equivalent to [●]% per annum.

Interest on the Offer Bonds shall be payable quarterly in arrears on [●], [●], [●] and [●] of each year with the first Interest Payment Date on [●], for as long as the Offer Bonds remain outstanding, or the subsequent Business Day without adjustment if such Interest Payment Date is not a Business Day. For a more detailed discussion on the interest payments due on the Offer Bonds, see “*Description of the Offer Bonds – Interest*” of this Offer Supplement.

Subject to the consequences of default as may be contained in the Trust Agreement, and unless otherwise redeemed or purchased, with respect to the Series E Bonds, prior to the fourth (4th) anniversary from the Issue Date; and with respect to the Series F Bonds, prior to the sixth (6th) anniversary from the Issue Date, the Offer Bonds will be redeemed at par or 100% of the face value thereof on the relevant Maturity Date. For a more detailed discussion on the redemption of the Offer Bonds, please refer to the discussion under the section “*Description of the Offer Bonds – Redemption and Purchase*” of this Offer Supplement.

It is expected that the Offer Bonds will be delivered in book-entry form against payment thereof to the Philippine Depository & Trust Corp. (“**PDTC**”).

The Company estimates that the net proceeds from the Offer shall amount to approximately ₱17.783 billion, after fees, commissions and expenses. The net proceeds of the Offer shall be used for the redemption of the Company's Series A Bonds, the partial financing of the Power Plant Project, and the payment of existing indebtedness. For a more detailed discussion on the use of proceeds, see "Use of Proceeds" of this Offer Supplement.

BDO Capital & Investment Corporation ("**BDO Capital**") has been appointed as Sole Issue Manager for the Offer, and BDO Capital, China Bank Capital Corporation, Philippine Commercial Capital, Inc., PNB Capital and Investment Corporation and SB Capital Investment Corporation have been appointed as the Joint Lead Bookrunners and Joint Lead Underwriters for the Offer. The Joint Lead Bookrunners and Joint Lead Underwriters will receive an underwriting fee equivalent to [0.35]% of the final aggregate principal amount of the Offer Bonds issued, which is inclusive of any fees to be paid to any Co-lead Underwriters and Selling Agents and in accordance with the terms of the Underwriting Agreement. For a more detailed discussion on the underwriting fees to be received by the Joint Lead Bookrunners and Joint Lead Underwriters, see "*Plan of Distribution*" of this Offer Supplement.

The Company reserves the right to withdraw the offer and sale of the Offer Bonds at any time, and the Sole Issue Manager, and the Joint Lead Bookrunners and Joint Lead Underwriters reserve the right to reject any application to purchase the Offer Bonds in whole or in part and to allot to any prospective purchaser less than the full amount of the Offer Bonds sought by such purchaser. If the Offer is withdrawn or discontinued, the Company shall subsequently notify the SEC and, as applicable, the PDEx. Any of the Joint Lead Bookrunners and Joint Lead Underwriters, Co-lead Underwriters and Selling Agents may acquire for their own account a portion of the Offer Bonds.

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 Bond 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 Bond Agreements. All information contained in the Prospectus are deemed qualified by, and should be read together with, the disclosures of the Company after July 5, 2021 as filed with the SEC, The Philippine Stock Exchange, Inc. ("PSE") and/or the PDEx. All information contained in the Prospectus are deemed incorporated by reference in this Offer Supplement.

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 Joint Lead Bookrunners and Joint Lead Underwriters 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 Bookrunners and Joint Lead Underwriters, 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 Bookrunners and Joint Lead Underwriters, 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 Bookrunners and Joint Lead Underwriters, 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 Bonds.

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 ISSUE PRICE CAN BE ACCEPTED OR RECEIVED UNTIL THE REGISTRATION STATEMENT HAS BECOME EFFECTIVE AND ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OR 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

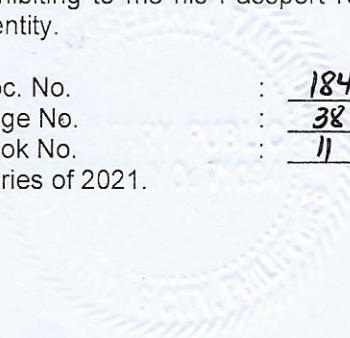
By:




Ramon S. Ang
President and Chief Executive Officer

SUBSCRIBED AND SWORN to before me this JUL 05 2021 in Mandaluyong City, affiant exhibiting to me his Passport No. P2247867B expiring on May 21, 2029 as competent evidence of identity.

Doc. No. : 184 ;
Page No. : 38 ;
Book No. : 11 ;
Series of 2021.




MARIA G. SELDAN N. TAMONDONG
Notary Public for Mandaluyong City
40 San Miguel Avenue, 1550 Mandaluyong City
Appointment No. 0582-21
Until December 31, 2022
Attorney's Roll No. 71094
PTR No. 4581638/1-07-2021/Mandaluyong
IBP No. 150820/1-13-2021/RSM
MCLE Compliance No. VI-0023071/4-24-2019

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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.

Applicable Law.....	Any statute, law, regulation, ordinance, rule, judgment, order, decree, directive, guideline, policy, requirement or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority.
Applicant	A person, whether natural or juridical, who seeks to subscribe to the Offer Bonds and submits a duly accomplished Application to Purchase, together with all requirements set forth therein.
Application to Purchase.....	The application form accomplished and submitted by an Applicant for the purchase of a specified amount of the Series E Bonds and/or Series F Bonds, together with all the other requirements set forth in such application form.
BDO Capital.....	BDO Capital & Investment Corporation.
BIR.....	Philippine Bureau of Internal Revenue.
Bond Agreements.....	Collectively, the Application to Purchase (when executed), the Underwriting Agreement, the Trust Agreement and the Registry and Paying Agency Agreement, and any amendments thereto.
Bondholder	Any person, natural or juridical, whose name appears, at any relevant time, as the registered owner of the Offer Bonds in the Registry of Bondholders.
Bonds.....	Collectively, the fixed rate bonds of up to an aggregate principal amount of ₱50,000,000,000, inclusive of the Offer Bonds, to be issued in one or more tranches within the Shelf Period.
BSP.....	Bangko Sentral ng Pilipinas.
Business Day or Banking Day	A day other than a public non-working holiday, Saturday or Sunday on which banks are generally open for business in Metro Manila.
Capital Stock	With respect to any Person, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the date of the Trust Agreement or issued thereafter, including, without limitation, all Common Stock and preferred stock.
Change in Law or Circumstance ...	Each of the events described as such under “ <i>Description of the Offer Bonds – Redemption by Reason of Change in Law or Circumstance</i> ”.

China Bank Capital	China Bank Capital Corporation.
Code	Philippine Securities Regulation Code (as the same may be amended from time to time).
Co-lead Underwriters	The institutions as may be appointed in such capacity by the Joint Lead Bookrunners and Joint Lead Underwriters and as identified in the Offer Supplement.
Common Stock	With respect to any Person, any and all shares, interests, rights to purchase, warrants, options or other participations in, and other equivalents (however designated, whether voting or non-voting) of such Person's common stock or ordinary shares, whether or not outstanding on the date of the Trust Agreement, and include, without limitation, all series and classes of such common stock or ordinary shares.
Company, Issuer or Petron.....	Petron Corporation.
Consolidated Gross Liabilities	Total interest-bearing liabilities of the Issuer on a consolidated basis consisting of: <ul style="list-style-type: none"> (i) Short-term loans; (ii) Current portion of long-term debt; and (iii) Long-term debt (net), as recognized and measured in its quarterly interim unaudited and year-end audited consolidated financial statements prepared in conformity with PFRS.
Consolidated Net Worth	Total stockholders' equity of the Issuer (including any non-controlling interest) on a consolidated basis, as recognized and measured in its quarterly interim unaudited and year-end audited consolidated financial statements prepared in conformity with PFRS.
Declaration of Default	The declaration given through notice in writing and delivered to the Issuer that the Issuer is in default. Please see " <i>Description of the Offer Bonds – Consequences of Default</i> " and the relevant section(s) of the Trust Agreement.
Default Payment Date	Five (5) Business Days from the receipt of the Declaration of Default. Upon a Declaration of Default, the Issuer must pay all amounts due no later than such date. Please see " <i>Description of the Offer Bonds – Consequences of Default</i> " and the relevant section(s) of the Trust Agreement.
Disqualified Stock	Any class or series of Capital Stock of any Person that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or otherwise, is (a) required to be redeemed prior to the Maturity Date of the Series F Bonds, (b)

redeemable at the option of the holder of such class or series of Capital Stock or any other person at any time prior to the Maturity Date of the Series F Bonds, or (c) convertible into or exchangeable for Capital Stock referred to in paragraphs (a) or (b) above or Indebtedness having a scheduled maturity date prior to the Maturity Date of the Series F Bonds; provided, that (i) any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of a "change of control" occurring prior to the Maturity Date of the Series F Bonds shall not constitute Disqualified Stock if the "change of control" provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in the paragraph *Redemption by Reason of Change of Control* and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Issuer's repurchase of the Offer Bonds as are required to be repurchased pursuant to the paragraph *Redemption by Reason of Change of Control and Circumstance*; and (ii) any class or series of debt securities or preferred stock convertible or exchangeable into Common Stock, the terms of which allow for a cash payment in lieu of Common Stock upon conversion or exchange in the event that the issue or distribution of Common Stock to the holder thereof will cause such Person to violate foreign ownership regulations applicable in the Philippines from time to time, shall not constitute Disqualified Stock provided that any such cash payments are made with the proceeds of the sale of equity interests of such Person to an unaffiliated Person.

Disruption Event Either or both of:

- (a) a material disruption to those payment communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the transactions contemplated by the Trust Agreement (including under the terms and conditions of the Offer Bonds) to be carried out which disruption is not caused by, and is beyond the control of, any of the parties to the Trust Agreement; or
- (b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature or beyond the control of any of the parties to the Trust Agreement) to the treasury or payment operations of a party preventing that party, or any other party, to the Trust Agreement from: (1) performing its payment obligations under the Trust Agreement (including under the terms

and conditions of the Offer Bonds); or (2) communicating with other parties in accordance with the terms of the Trust Agreement (including under the terms and conditions of the Offer Bonds).

Events of Default	Each of the events described as such under “ <i>Description of the Offer Bonds – Events of Default</i> ” and the relevant section(s) of the Trust Agreement.
Governmental Approval	Any authorization, consent, concession, grant, approval, right, franchise, privilege, registration, filing, certificate, license, permit or exemption from, by or with any Governmental Authority, whether given or withheld by express action or deemed given or withheld by failure to act within any specified time period.
Governmental Authority	Any government agency, authority, bureau, department, court, tribunal, legislative body, public official, statutory or legal entity (whether autonomous or not), commission, corporation, or instrumentality, whether national or local, of the Republic of the Philippines.
Guarantee	Any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (b) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided, that the term “Guarantee” shall not include (i) endorsements for collection, and (ii) deposits in the ordinary course of business. The term “Guarantee” used as a verb has a corresponding meaning.
Indebtedness	Any indebtedness for or in respect of: (a) all obligations of such Person for borrowed money; (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments; (c) all obligations of such Person to pay the deferred purchase price of property or services except trade accounts payables arising in the ordinary course of business;

- (d) all obligations of such Person as lessee which are capitalized in accordance with PFRS;
- (e) all Indebtedness of others secured by a Security Interest on any asset of such Person;
- (f) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (g) all obligations in respect of any Disqualified Stock, provided that such Disqualified Stock (i) falls within paragraph (a) of the definition of "Disqualified Stock" or (ii) falls within paragraph (b) of the definition of "Disqualified Stock" and the Person entitled to exercise the option to require redemption of such Disqualified Stock has exercised or given notice to exercise such option or; (iii) falls within paragraph (c) of the definition of "Disqualified Stock"; and has been converted into Indebtedness having a scheduled maturity prior to the Maturity Date of the Series F Bonds;
- (h) all Indebtedness of others Guaranteed by such Person;
- (i) all non-contingent obligations of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit (other than a standby letter of credit), Guarantee or similar instrument; and
- (j) any interest rate swap, currency swap, forward foreign exchange transaction, cap, floor, collar or option transaction or any other treasury transaction or any combination thereof or any other transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and the amount of Indebtedness in relation to any such transaction described in this paragraph (j) shall be calculated by reference to the mark-to-market valuation of such transaction at the relevant time),

and so that where the amount of Indebtedness is to be calculated, no amount shall be taken into account more than once in the same calculation and, where the amount is to be calculated on a consolidated basis in respect of a corporate group, monies borrowed or raised, or other indebtedness, as between members of such group shall be excluded.

Notwithstanding the foregoing, "Indebtedness" shall not include any capital commitments, purchase commitments or similar obligations incurred in connection with the acquisition, development, construction or improvement of real or personal property (including land use rights); provided that such obligation is not reflected on the statement of financial position of the Person or any Subsidiary (contingent obligations referred to in a footnote to

financial statements and not otherwise reflected on the statement of financial position will not be deemed to be reflected on such statement of financial position).

Interest Payment Date	[●] and thereafter, each of [●], [●], [●] and [●] of each year, or the next Banking Day if such date falls on a non-Banking Day, during which any of the Offer Bonds are outstanding.
Issue Date.....	[October 8, 2021], or such other date as the Issuer and the Joint Lead Bookrunners and Joint Lead Underwriters may agree in writing; provided, that such date shall be a date which is within the validity of the Permit to Sell Securities.
Joint Lead Bookrunners and Joint Lead Underwriters.....	Collectively, BDO Capital, China Bank Capital, PCCI, PNB Capital and SB Capital.
Majority Bondholders	(i) With respect to matters relating only to the Series E Bonds, Bondholders representing more than fifty percent (50%) of the outstanding principal amount of the Series E Bonds, (ii) with respect to matters relating only to the Series F Bonds, Bondholders representing more than fifty percent (50%) of the outstanding principal amount of the Series F Bonds, and (iii) with respect to matters affecting all Offer Bonds, Bondholders representing more than fifty percent (50%) of the outstanding principal amount of the Offer Bonds.
Master Certificate of Indebtedness .	For each of the Series E Bonds and Series F Bonds, the bond certificate issued by the Issuer in the name of the Trustee for the benefit of the Bondholders covering the entire principal amount of the relevant series purchased during the Offer Period and to be issued by the Issuer on the Issue Date, which shall be substantially in the form attached as Annex B of the Trust Agreement.
Material Adverse Effect	In the reasonable opinion of the Majority Bondholders, acting in good faith and in consultation with the Issuer, a material adverse effect on (a) the ability of the Issuer to observe and comply with the provisions of and perform its financial obligations under the Offer Bonds or any Bond Agreement; or (b) the validity or enforceability of the Offer Bonds or any Bond Agreement; or (c) the financial condition, business or operations of the Issuer taken as a whole.
Maturity Date	In respect of the Series E Bonds, the fourth (4 th) anniversary of the Issue Date or on [●]. In respect of the Series F Bonds, the sixth (6 th) anniversary of the Issue Date or on [●].
Month.....	The period commencing on a specified day in a calendar month and ending on the numerically corresponding day in the relevant subsequent

calendar month (or if there is no day so corresponding in the calendar month in which such period ends, such period shall end on the last day of such calendar month).

Offer.....	The offer for subscription of the Offer Bonds to eligible investors subject to the terms and conditions in the Prospectus, this Offer Supplement, the Application to Purchase and the other Bond Agreements.
Offer Bonds.....	The SEC-registered Series E Bonds and Series F Bonds to be issued by Petron in the aggregate principal amount of ₱18,000,000,000. As the context may require, the Bonds issued by Petron on the Issue Date pursuant to the Prospectus, this Offer Supplement and the other Bond Agreements.
Offer Period.....	To commence at 9:00 a.m. on [September 27, 2021] and end at 5:00 p.m. on [October 1, 2021], or such other date as may be mutually agreed between the Issuer and the Joint Lead Bookrunners and Joint Lead Underwriters.
Offer Supplement.....	This document so titled and dated July 5, 2021 issued along with and supplementary to the Prospectus and containing the specific terms and conditions of the Offer and the Offer Bonds.
Optional Redemption Dates	In respect of the Series F Bonds, (i) the fourth (4 th) anniversary of the Issue Date, or (ii) the fifth (5 th) anniversary of the Issue Date.
Paying Agent	Philippine Depository & Trust Corp., a corporation with a quasi-banking license duly organized and existing under and by virtue of the laws of the Republic of the Philippines, whose principal obligation is to handle payments of the principal of, interest on, and all other amounts payable on the Offer Bonds, to the Bondholders, pursuant to the Registry and Paying Agency Agreement. The term includes, wherever the context permits, all other Person or Persons for the time being acting as paying agent or paying agents under the Registry and Paying Agency Agreement.
Payment Account.....	The account to be opened and maintained by the Paying Agent with such Payment Account Bank designated by the Issuer and solely managed by the Paying Agent, in trust and for the irrevocable benefit of the Bondholders, into which the Issuer shall deposit the amount of the interest and/or principal payments due on the Outstanding Bonds on a relevant date and exclusively used for such purpose, the beneficial ownership of which shall always remain with the Bondholders.

As used in this definition, the terms “Outstanding Bonds” and “Payment Account Bank” have the

respective meanings given to such terms in the Registry and Paying Agent Agreement.

Payment Date	As the context may require, each Interest Payment Date, the Maturity Date for the relevant series of the Offer Bonds, and/or the relevant Redemption Date.
Payment Default	An event where the Issuer defaults in the payment when due of any amount payable under the Trust Agreement and the Offer Bonds, unless such failure arises solely as a result of an administrative or technical error or a Disruption Event and payment is made within three (3) Business Days after the date such payment is due.
PCCI	Philippine Commercial Capital, Inc.
PDEX.....	Philippine Dealing & Exchange Corp.
PDEX Rules	The applicable rules, conventions, and guidelines of PDEX.
PDS Group-Registered Cash Settlement Banks.....	Banking institutions that provide cash payment services for client investors arising from fixed income securities activities in PDS Group subsidiaries.
PDTC	Philippine Depository & Trust Corp.
Penalty Interest.....	Penalty fee on the defaulted amount(s) at the rate of twelve percent (12%) per annum.
Permit to Sell Securities or Permit to Sell	The Certificate of Permit to Sell or Offer for Sale of Securities issued by the SEC in respect of the Offer.
Permitted Security Interest.....	<ul style="list-style-type: none">i. any Security Interest existing as of the date of the Trust Agreement;ii. any Security Interest over or affecting any asset of any company which becomes a member of the Petron Group after the date of the Trust Agreement, where the Security Interest is created prior to the date on which that company becomes a member of the Petron Group;iii. any Security Interest upon, or with respect to, any of the present or future business, agreement, assets or revenues (including uncalled capital) of the Company:<ul style="list-style-type: none">A. any Indebtedness which (subject to part (B) of this definition below) is not Public Debt; orB. any Public Debt (i) which (x) by its terms does not provide that the Company is an obligor, (y) by its terms does not provide that a guarantee or credit support of any kind is given by the Company and (z)

does not have the legal effect of providing recourse against any of the assets of the Company and (ii) no default with respect to which would permit, upon notice, lapse of time or both, any holders of any other Indebtedness of the Company to declare a default on such other Indebtedness or cause the payment of such other Indebtedness to be accelerated or payable prior to its stated maturity,

which, in either case (either alone or when aggregated with all other present or future business, undertaking, assets or revenues (including uncalled capital) of the Company upon, or with respect to, which Security Interests are subsisting), does not exceed 15% of the consolidated Total Assets of the Petron Group taken as a whole;

- iv. any Security Interest for government-imposed duties, taxes, assessments or fees not yet delinquent or which are being contested in good faith;
- v. any Security Interest arising by operation of law (other than any preference or priority under Article 2244(14)(a) of the Civil Code of the Philippines, as the same may be amended from time to time) on any property or asset of the Company;
- vi. any Security Interest created by the Issuer in the ordinary course of business if:
 - A. such Security Interest is incurred in a manner consistent with industry practice;
 - B. such Security Interest is not created to secure any obligation for borrowed money (whether short-term, medium-term or long-term) of the Company or other Persons; and
 - C. such Security Interest does not impair the use of any assets required for the business operations of the Company.
- vii. any Security Interest incurred or deposits made in the ordinary course of business to secure (or obtain letters of credit that secure) the performance of tenders, statutory obligations, surety or appeal bonds, bonds for release of attachment, stay of execution or injunction, bids, tenders, government contracts and similar obligations if:

- A. such Security Interest is incurred in a manner consistent with industry practice;
 - B. such Security Interest is not created to secure any obligation for borrowed money;
 - C. such Security Interest does not impair the use of any assets required for the business operations of the Company; and
 - D. the aggregate value of all such Security Interest does not exceed US\$150 million (or its equivalent in another currency or currencies); and
- viii. any extension, renewal, supplement, or replacement (or successive extensions, renewals, supplements, or replacements) in whole or in part of any Security Interest referred to in paragraph (i) and (iii), or any Indebtedness secured thereby; provided, that such extension, renewal, supplements, or replacement is limited to all or any part of the same property that secured the Security Interest extended, renewed, supplemented, or replaced (plus any construction, repair, or improvement on such property) and shall secure no larger amount of financial Indebtedness than that existing at the time of such extension, renewal, supplement, or replacement;
- ix. Any Security Interest over or affecting any asset acquired by the Company after the date of the Trust Agreement if:
- A. the Security Interest was not created in contemplation of the acquisition of that asset by the Company;
 - B. the principal amount secured has not been increased in contemplation of, or since the acquisition of that asset by, the Company; and
 - C. the Security Interest is removed or discharged within six (6) months of the date of acquisition of such asset; and
- x. Security Interest created with the prior written consent of the Majority Bondholders.

Person Any individual, firm, corporation, partnership, association, joint venture, tribunal, limited liability company, trust, government or political subdivision or agency or instrumentality thereof, or any other entity or organization.

Petron Group..... At any time, the Company and its Subsidiaries at such time.

PFRS.....	Philippine Financial Reporting Standards.
Philippines.....	The Republic of the Philippines.
Philippine Peso, Peso, PHP or ₱....	Philippine Pesos, the legal currency of the Philippines.
PhilRatings.....	Philippine Rating Services Corporation.
PNB Capital	PNB Capital and Investment Corporation.
Prospectus	The prospectus dated July 5, 2021 and any amendments, supplements and addenda thereto for the offer and sale to the public of the Offer Bonds. As the context may require, the term includes this Offer Supplement.
PSE.....	The Philippine Stock Exchange, Inc.
Public Debt	Any present or future Indebtedness (whether being principal, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stocks, loan stocks or other securities which are for the time being, capable of being quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, and any Guarantee or indemnity of any such Indebtedness.
Purchase Price	In respect of each Offer Bond, an amount equal to the face amount of such Offer Bond, which is payable upon submission of the duly executed Application to Purchase.
Record Date.....	(a) The two (2) Business Days immediately preceding the relevant Payment Date, which shall be the cut-off date in determining the Bondholders entitled to receive interest, principal or any amount due under the Offer Bonds or (b) such other date as the Issuer may duly notify PDTC.
Redemption Date.....	The date when the Offer Bonds (or any series thereof) are redeemed earlier than the relevant Maturity Date in accordance with the terms and conditions of the Offer Bonds.
Registrar.....	Philippine Depository & Trust Corp. The term includes, wherever the context permits, all other Person or Persons for the time being acting as registrar or registrars under the Registry and Paying Agency Agreement.
Registration Statement.....	The registration statement with the SEC in connection with the offer and sale to the public of the Bonds (inclusive of the Offer Bonds).
Registry of Bondholders	The electronic registry book of the Registrar containing the official information on the Bondholders and the amount of the Offer Bonds they respectively hold, including all transfers and assignments thereof

or any liens or encumbrances thereon, to be maintained by the Registrar pursuant to and under the terms of the Registry and Paying Agency Agreement.

Registry and Paying Agency Agreement	Agreement so titled dated [●], and its annexes and attachments, as may be modified, supplemented or amended from time to time, and entered into between the Company and the Registrar and Paying Agent in relation to the Offer Bonds.
RTGS.....	Philippine Payment Settlement System via Real Time Gross Settlement that allows banks to effect electronic payment transfers which are interfaced directly to the automated accounting and settlement systems of the BSP.
SB Capital.....	SB Capital Investment Corporation.
SEC.....	Philippine Securities and Exchange Commission.
Security Interest	Any (a) mortgage, charge, pledge, lien or other security interest or encumbrance or other preferential arrangement of any kind, including, without limitation, any preference or priority under Article 2244(14) of the Civil Code of the Philippines, as the same may be amended from time to time, in each case, to the extent securing payment or performance of an Indebtedness prior to any general creditor of such person; or (b) and the right of a vendor, lessor, or similar party under any conditional sales agreement, capital lease or other title retention agreement, any other right of or arrangement with any creditor to have its claims satisfied out of any property or assets, or the proceeds therefrom, prior to any general creditor of the owner thereof.
Selling Agents.....	[●]
Series E Bonds	The Offer Bonds to be issued by the Issuer, with an aggregate principal amount of ₱[●], having a term beginning on the Issue Date and ending four (4) years from the Issue Date or on [●] 2025, with a fixed interest rate equivalent to [●]% per annum.
Series F Bonds	The Offer Bonds to be issued by the Issuer, with an aggregate principal amount of ₱[●], having a term beginning on the Issue Date and ending six (6) years from the Issue Date or on [●] 2027, with a fixed interest rate equivalent to [●]% per annum.
Sole Issue Manager.....	BDO Capital & Investment Corporation.
Shelf Period	Subject to applicable regulations, a period of three (3) years from the effective date of the Registration Statement within which the Bonds under shelf registration may be offered and sold in tranches.
Subsidiaries	With respect to any Person, more than 50% of the voting power of the outstanding voting stock of which

is owned or controlled, directly or indirectly by another Person and one or more other Subsidiaries of such Person. To be controlled by another means that (i) the controlling entity (whether directly or indirectly, and whether by the ownership of share capital, the possession of voting power, contract or otherwise) has the power to appoint and/or remove all or the majority of the members of the board of directors or other governing body of that controlled company or otherwise controls or has a power to control the affairs and policies of that controlled company and control shall be construed accordingly, and (ii) the controlling entity identifies said controlled company as a subsidiary in its latest available consolidated financial statements.

Tax Code	Philippine National Internal Revenue Code of 1997 (as the same may be amended from time to time), and its implementing rules and regulations as may be in effect from time to time.
Total Assets	With respect to any Person, the total consolidated assets of such Person and its Subsidiaries as determined by reference to the most recently available quarterly or annual consolidated financial statements of such Person and its Subsidiaries prepared in accordance with PFRS.
Trust Agreement	Agreement so titled and dated [●], and its annexes and attachments, as may be modified, supplemented or amended from time to time, and entered into between the Company and the Trustee.
Trustee	Philippine Commercial Capital, Inc. – Trust and Investment Group.
Underwriters	The Joint Lead Bookrunners and Joint Lead Underwriters [and the Co-lead Underwriters for the Offer].
Underwriting Agreement	The Issue Management and Underwriting Agreement dated [●], and its annexes and attachments, as may be modified, supplemented or amended from time to time, and entered into between the Company and the Sole Issue Manager, and Joint Lead Bookrunners and Joint Lead Underwriters in relation to the Offer of the Offer Bonds.

Summary of the Offer

The following summary should be read as an introduction to, and is qualified in its entirety by reference to, the more detailed information appearing elsewhere in the Prospectus and this Offer Supplement, including, but not limited to, the discussion on the “Description of the Offer Bonds” and “Plan of Distribution.” This overview may not contain all of the information that prospective investors should consider before deciding to invest in the Offer Bonds. Accordingly, any decision by a prospective investor to invest in the Offer Bonds should be based on a consideration of the Prospectus, this Offer Supplement and the Bond Agreements as a whole.

<i>Issuer</i>	Petron Corporation
<i>Instrument</i>	Fixed rate bonds constituting the direct, unconditional, unsecured and unsubordinated Philippine Peso-denominated obligations of Petron, to be issued from the ₱50,000,000,000 Bonds under shelf registration with the SEC
<i>Total Issue Size / Principal Amount of the Offer Bonds</i>	₱18,000,000,000
<i>The Offer</i>	<p>Philippine Peso-denominated (four) 4-year fixed rate bonds due 2025 and (six) 6-year fixed rate bonds due 2027 (the “Offer Bonds”) with an aggregate principal amount of ₱18,000,000,000.</p> <p>The Offer Bonds will be issued from the ₱50,000,000,000 fixed rate bonds shelf registration of Petron.</p>
<i>Manner of Distribution</i>	Public offering to eligible investors
<i>Use of Proceeds</i>	Net proceeds will be used for the redemption of the Company’s Series A Bonds, the partial financing of the Power Plant Project, and the payment of existing indebtedness. (Please see “ <i>Use of Proceeds</i> ”).
<i>Form and Denomination of the Offer Bonds</i>	The Offer Bonds shall be issued in scripless form in minimum denominations of ₱50,000 each, and in integral multiples of ₱10,000 thereafter, and traded in denominations of ₱10,000 in the secondary market.
<i>Issue Price</i>	At par (or 100% of face value)
<i>Offer Period</i>	The Offer shall commence at 9:00 AM on [September 27, 2021] and end at 5:00 PM on [October 1, 2021], or on such other date as the Issuer and the Joint Lead Bookrunners and Joint Lead Underwriters may agree upon.
<i>Issue Date of the Offer Bonds</i>	[October 8, 2021]
<i>Maturity Date</i>	<p>Series E Bonds: the 4th anniversary of the Issue Date or on [●], 2025</p> <p>Series F Bonds: the 6th anniversary of the Issue Date or on [●], 2027</p>
<i>Interest Rate</i>	<p>Series E Bonds: [●]% p.a.</p> <p>Series F Bonds: [●]% p.a.</p>

Interest Payment Dates and Interest Payment Computation

Interest payment on the Offer Bonds shall commence on [●] and thereafter, on [●], [●], [●], and [●] of each year, or the next Banking Day if any of such dates falls on a non-Banking Day, without adjustment for accrued interest (each, an “**Interest Payment Date**”).

Interest on the Offer Bonds shall be calculated on a European 30/360-day count basis regardless of the actual number of days in a month. Interest shall be paid quarterly in arrears.

Final Redemption

Unless otherwise earlier redeemed or purchased and cancelled, the Offer Bonds shall be redeemed at par or 100% of face value on their respective Maturity Dates. However, if the relevant Maturity Date is not a Business Day, payment of all amounts due on such date will be made by the Issuer through the Paying Agent, without adjustment for accrued interest, on the succeeding Business Day.

Optional Redemption

The Issuer shall have the right, but not the obligation, to redeem in whole (and not in part), any outstanding Series F Bonds on the dates set out below (each an “**Optional Redemption Date**”).

	Optional Redemption Dates	Optional Redemption Price
Series F Bonds	4 th anniversary of the Issue Date	101.0%
	5 th anniversary of the Issue Date	100.5%

provided that, if the relevant Optional Redemption Date falls on a day that is not a Business Day, then the payment of the optional redemption price shall be made by the Issuer on the next Business Day, without adjustment to the amount of interest and optional redemption price to be paid. For the avoidance of doubt, the Bondholders shall not have any right to cause the Issuer to redeem the Series F Bonds pursuant to this Optional Redemption Option.

The amount payable to the Bondholders upon the exercise of the Optional Redemption by the Issuer shall be calculated, based on the principal amount of the Series F Bonds being redeemed, as the sum of: (i) the accrued interest computed from the last Interest Payment Date up to the relevant Optional Redemption Date; and (ii) the product of the principal amount of the Series F Bonds being redeemed and the Optional Redemption Price in accordance with the above table.

The Issuer shall give no less than thirty (30) nor more than sixty (60) days’ prior written notice to the Trustee and the Registrar and Paying Agent of its intention to redeem the Series F Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Series F Bonds on the Optional Redemption Date stated in such notice.

*Redemption for Taxation
Reasons*

If payments under the Offer Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the relevant Offer Bond series in whole, and not in part only, on any Interest Payment Date (having given not more than sixty (60) nor less than thirty (30) days' notice to the Trustee and the Registrar and Paying Agent) at par (or 100% of face value) and paid together with the accrued interest thereon, subject to the requirements of Applicable Law; provided that, if the Issuer does not redeem the Offer Bonds, then all payments of principal and interest in respect of the Offer Bonds shall be made free and clear of, and without withholding or deduction for, any such new or additional taxes, duties, assessments or governmental charges, unless such withholding or deduction is required by law. In that event, the Issuer shall pay to the Bondholders concerned such additional amount as will result in the receipt by such Bondholders of such amounts as would have been received by them had no such withholding or deduction for new or additional taxes been required.

*Redemption by Reason of
Change in Law or
Circumstance*

Upon the occurrence of a Change in Law or Circumstance, the Issuer shall provide the Trustee, or the Trustee shall procure, an opinion of legal counsel confirming the occurrence of any Change in Law or Circumstance and the consequences thereof, such legal counsel being from a law firm reasonably acceptable to the Trustee. Thereupon, the Trustee, after consultation with the Issuer and, in any case, within five (5) days after receipt of such legal opinion, shall give to the Issuer and all the Bondholders written notice of such Change in Law or Circumstance. Within thirty (30) days from such notice (the "**Cure Period**"), the Issuer shall use reasonable measures available to it to remedy the Change in Law or Circumstance so that the same event shall cease. The Issuer shall also have the option to redeem in whole, but not in part, the Offer Bonds at par (or 100% of face value) and paid together with the accrued interest thereon, exercisable by giving within the Cure Period not more than sixty (60) nor less than thirty (30) (or such shorter period prescribed by Applicable Law, if any) days' notice to the Trustee and the Registrar and Paying Agent.

After the lapse of the Cure Period with the Change in Law or Circumstance continuing and without the Issuer giving notice of exercise of its option to redeem under this Section, the Majority Bondholders may, by notice in writing delivered to the Issuer through the Trustee, declare the Offer Bonds, including the accrued interest thereon, to be immediately due and payable, and upon such declaration, the same shall be immediately due and payable within thirty (30) days after receipt of such notice (or such shorter period prescribed by Applicable Law, if any), without any prepayment penalty.

*Redemption by Reason of
Change of Control*

Upon the occurrence of a Change of Control, Bondholders holding at least two-thirds (2/3) of the outstanding principal amount of the Offer Bonds may require the Issuer to redeem the Offer Bonds at par (or 100% of face value), which shall be

paid together with the accrued interest thereon. Within fifteen (15) days following a Change of Control, the Issuer shall notify the Trustee, which shall, in turn, notify the Bondholders (i) that a Change of Control has occurred and that the Bondholders holding at least two-thirds (2/3) of the outstanding principal amount of the Offer Bonds may require the Issuer to redeem all (but not some) of the Offer Bonds, and (ii) the date set by the Issuer for such redemption (which shall not be earlier than thirty (30) days and no later than sixty (60) days from the date notice is received by the Trustee). The decision of the Bondholders holding at least two-thirds (2/3) of the outstanding principal amount of the Offer Bonds shall be conclusive and binding upon all the Bondholders.

Purchase and Cancellation

The Issuer may purchase the Offer Bonds at any time in the open market or by tender or by contract, in accordance with PDEX Rules, as may be amended from time to time, without any obligation to make *pro rata* purchases from all Bondholders. Offer Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

Upon listing of the Offer Bonds on PDEX, the Issuer shall disclose any such transactions in accordance with the applicable PDEX Rules.

Taxation

Based on law and regulations effective as of the date of this Offer Supplement:

- (1) Interest income on the Offer Bonds to be received by Philippine citizens or resident aliens from the Offer Bonds will be subject to income tax, which is withheld at source, at the rate of 20%.
- (2) Interest income on the Offer Bonds to be received by non-resident aliens engaged in trade or business in the Philippines will be subject to a 20% final withholding tax while that to be received by non-resident aliens not engaged in trade or business will be subject to a 25% final withholding tax.
- (3) Interest income on the Offer Bonds to be received by domestic corporations and resident foreign corporations will be taxed at the rate of 20%.
- (4) Interest income on the Offer Bonds to be received by non-resident foreign corporations will be subject to a 25% final withholding tax.

Bondholders who are exempt from or are not subject to final withholding tax on interest income or are covered by a lower final withholding tax rate by virtue of a tax treaty may claim such exemption or lower rate, as the case may be, by submitting the necessary documents as required by the BIR and the Issuer.

Documentary stamp tax for the primary issue of the Offer Bonds and the execution of the Bond Agreements, if any, shall be for the Issuer's account.

Please see the sections on “*Taxation*” in the Prospectus and “*Description of the Offer Bonds – Payment of Additional Amounts – Taxation*” in this Offer Supplement for a more detailed discussion on the tax consequences of the acquisition, ownership and disposition (e.g., secondary transfer) of the Offer Bonds.

<i>Bond Rating</i>	<p>The Offer Bonds are rated PRS Aaa, with Stable Outlook, by PhilRatings.</p> <p>The rating is subject to regular annual reviews, or more frequently as market developments may dictate, for as long as the Offer Bonds are outstanding.</p>
<i>Bond Listing</i>	The Issuer will list the Offer Bonds on PDEX on the Issue Date.
<i>Transfer of the Offer Bonds</i>	<p>Trading of the Offer Bonds shall be coursed through a PDEX Trading Participant subject to the applicable PDEX Rules and conventions. Transfer and/or settlement of the Offer Bonds shall be performed in accordance with the PDTTC rules and procedures to be set by the Issuer and the Registrar. Upon any assignment, title to the Offer Bonds will pass by recording of the transfer from the transferor to the transferee in the electronic Registry of Bondholders to be maintained by the Registrar.</p> <p>Please see the sections on “<i>Description of the Offer Bonds – Transfers; Tax Status</i>” in this Offer Supplement for a more detailed discussion on transfer of the Offer Bonds.</p>
<i>Own Risk</i>	Investment in the Offer Bonds is not covered by the Philippine Deposit Insurance Corporation. Any loss or depreciation in the value of the assets of the Bondholders resulting from the investment or reinvestment in the Offer Bonds and the regular conduct of the Trustee’s trust business shall be for the sole account of the Bondholder.
<i>Sole Issue Manager</i>	BDO Capital & Investment Corporation
<i>Joint Lead Bookrunners and Joint Lead Underwriters</i>	<p>BDO Capital & Investment Corporation China Bank Capital Corporation Philippine Commercial Capital, Inc. PNB Capital and Investment Corporation SB Capital Investment Corporation</p>
<i>Trustee</i>	Philippine Commercial Capital, Inc. – Trust and Investment Group
<i>Registrar and Paying Agent</i>	Philippine Depository & Trust Corp.
<i>Counsel to the Issuer</i>	Picazo Buyco Tan Fider & Santos
<i>Counsel to the Sole Issue Manager and the Joint Lead Bookrunners and Joint Lead Underwriters</i>	SyCip Salazar Hernandez & Gatmaitan
<i>Governing Law</i>	Philippine law

<i>Indicative Timetable</i>	Filing of the Registration Statement with the SEC	[July 5, 2021]
	Receipt of SEC Permit to Sell	[September 24, 2021]
	Offer Period	[September 27, 2021 to October 1, 2021]
	Issue Date / Settlement Date	[October 8, 2021]
	Listing Date	[October 8, 2021]

Capitalization

The following table sets forth the consolidated capitalization of the Issuer as at March 31, 2021 and as adjusted to give effect to the Offer. This table should be read in conjunction with the Issuer's unaudited condensed consolidated interim financial statements as at March 31, 2021, found in Appendix "A" of the Prospectus.

	As at 31 March 2021	
	Actual (unaudited)	Adjusted for maximum Offer size of ₱18 billion ¹
	<i>(in ₱ millions)</i>	
Short-term liabilities		
Short-term loans	₱76,452	₱76,452
Current portion of long-term debt - net	32,491	32,491
Total short-term liabilities	₱108,943	₱108,943
Long-term liabilities		
Long-term debt – net of current portion	₱85,870	₱103,653
Total Debt	₱194,813	₱212,596
Equity		
Equity Attributable to Equity Holders of the Parent:		
Capital stock	9,485	9,485
Additional paid-in capital	37,500	37,500
Capital securities	36,481	36,481
Retained earnings	29,898	29,898
Equity reserves	(19,749)	(19,749)
Treasury shares	(15,122)	(15,122)
Total Equity Attributable to Equity Holders of the Parent	78,493	78,493
Non-controlling interests	6,637	6,637
Total Equity	₱85,130	₱85,130
Total capitalization²	₱279,943	₱297,726

Notes:

- (1) Adjusted amount as at March 31, 2021 includes proceeds of ₱18 billion from the Offer, after deduction of commissions and expenses.
- (2) Total capitalization is the sum of (i) Total Debt, and (ii) Total Equity.

Description of the Offer Bonds

The following does not purport to be a complete listing of all the rights, obligations, or privileges of the Offer Bonds. Some rights, obligations, or privileges may be further limited or restricted by other documents. Prospective investors are enjoined to carefully review the Articles of Incorporation, By-Laws and resolutions of the Board of Directors of Petron, the information contained in the Prospectus, this Offer Supplement, the Trust Agreement, and the other Bond Agreements or other agreements relevant to the Offer such as the Application to Purchase, and to perform their own independent investigation and analysis of the Issuer and the Offer Bonds. Prospective Bondholders must make their own appraisal of the Issuer and the Offer, and must make their own independent verification of the information contained herein and the other aforementioned documents and any other investigation they may deem appropriate for the purpose of determining whether to participate in the Offer. They 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 investor's independent evaluation and analysis. Prospective Bondholders are likewise encouraged to consult their legal counsel and accountants in order to be better advised of the circumstances surrounding the Offer Bonds.

The shelf registration of up to ₱50,000,000,000 aggregate principal amount of the Bonds was authorized by a resolution of the Executive Committee of the Board of Directors of Petron on July 5, 2021. The Offer Bonds with an aggregate principal amount of ₱18,000,000,000 shall be issued for the first tranche.

The Offer Bonds will be issued on [October 8, 2021] (the “**Issue Date**”) and will comprise of fixed rate bonds due in 2025 (the “**Series E Bonds**”) and in 2027 (the “**Series F Bonds**”). The Issuer has the discretion to allocate the principal amount of the Offer Bonds between the Series E Bonds and the Series F Bonds based on the book building process.

The Offer Bonds shall be offered and sold through a general public offering in the Philippines.

The Offer Bonds shall be governed by a Trust Agreement executed on [●] between the Issuer and Philippine Commercial Capital, Inc. – Trust and Investment Group as Trustee. The Trustee has no interest in or relation to Petron which may conflict with its role as Trustee for the Offer Bonds. The description of the terms and conditions of the Offer Bonds set out below includes summaries of, and is subject to, the detailed provisions of the Trust Agreement.

A Registry and Paying Agency Agreement has been executed on [●] in relation to the Offer Bonds between the Issuer and PDTC as Registrar and Paying Agent. The Registrar and Paying Agent has no interest in or relation to Petron which may conflict with its role as Registrar for the Offer.

Copies of the Trust Agreement and the Registry and Paying Agency Agreement are available for inspection during normal business hours at the specified offices of the Trustee. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of the Trust Agreement and are deemed to have notice of those provisions of the Registry and Paying Agency Agreement applicable to them.

FORM, DENOMINATION AND TITLE

Form and Denomination

The Offer Bonds shall be issued in scripless form. A Master Certificate of Indebtedness representing each of the Series E Bonds and the Series F Bonds shall be issued to and registered in the name of the Trustee for the benefit of the Bondholders.

The Offer Bonds shall be issued in minimum denominations of ₱50,000 each, and in integral multiples of ₱10,000 thereafter, and traded in denominations of ₱10,000 in the secondary market.

Title

Legal title to the Offer Bonds shall be shown in the Registry of Bondholders maintained by the Registrar. A notice confirming the principal amount of the Offer Bonds purchased by each Applicant in the Offer shall be issued by the Registrar to all Bondholders following the Issue Date. Upon any assignment, title to the Offer Bonds shall pass by recording of the transfer from the transferor to the transferee in the electronic Registry of Bondholders. Settlement in respect of such transfer or change of title to the Offer Bonds, including the settlement of any cost arising from such transfer or change, including, but not limited to, documentary stamps taxes, if any, shall be for the account of the relevant Bondholder or the transferee, as applicable.

BOND RATING

The Offer Bonds have been rated PRS Aaa, with Stable Outlook, by PhilRatings. PRS Aaa is the highest rating assigned by PhilRatings. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organization.

The rating is subject to annual review, or more frequently as market developments may dictate, for as long as the Offer Bonds are outstanding. After Issue Date, the Trustee shall monitor the compliance of the Offer Bonds with the regular annual reviews.

TRANSFER OF THE OFFER BONDS**Registry of Bondholders**

The Issuer shall cause the Registry of Bondholders to be kept by the Registrar, in electronic form. The names and addresses of the Bondholders and the particulars of the Offer Bonds held by them and of all transfers and assignments of the Offer Bonds shall be entered into the Registry of Bondholders. Transfers of ownership shall be effected through book-entry transfers in the scripless Registry of Bondholders.

As required by Circular No. 428-04 issued by the BSP, the Registrar shall send each Bondholder a written statement of registry holdings at least quarterly (at the cost of the Issuer), and a written advice confirming every receipt or transfer of the Offer Bonds that is effected in the Registrar's system. Such statement of registry holdings shall serve as the confirmation of ownership of the relevant Bondholder as of the date thereof. Any requests of Bondholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting Bondholder. No transfer of the Offer Bonds may be made during the Closed Period (as defined below).

Initial placement of the Offer Bonds and subsequent transfers of interests in the Offer Bonds shall be subject to applicable prevailing Philippine selling restrictions.

Transfers; Tax Status

Trading of the Offer Bonds will be coursed through a PDEX Trading Participant subject to the applicable PDEX Rules. Trading, transfer and/or settlement of the Offer Bonds shall be performed in accordance with the PDTC rules and procedures to be set by the Issuer and the Registrar and Paying Agent. Upon any assignment of the Offer Bonds, title thereto will pass by recording of the transfer from the transferor to the transferee in the Registry of Bondholders to be maintained by the Registrar.

Settlement in respect of such transfers or change of title to the Offer Bonds, including the settlement of any documentary stamp taxes, if any, arising from subsequent transfers, shall be for the account of the relevant Bondholder or the transferee, as applicable.

Subject to the provisions of the Registry and Paying Agency Agreement, and the relevant rules, conventions and guidelines of PDEX and PDTC, the Bondholders may not transfer their Offer Bonds as follows:

- (a) transfers across Tax Categories on a date other than on Interest Payment Dates that fall on a Business Day; provided, however, that transfers from a tax-exempt Tax Category to a taxable Tax Category on a date other than an Interest Payment Date shall be allowed using the applicable tax rate on PDEX, ensuring the computations are based on the final withholding tax rate of the taxable party to the trade. Should this transaction occur, the tax-exempt person shall be treated as being of the same Tax Category as its taxable counterparty for the interest period within which such transfer occurred; provided, finally, that this restriction shall be in force until a Non-Restricted Trading & Settlement Environment for Corporate Securities is implemented. For purposes hereof, “**Tax Categories**” shall refer to the four (4) final withholding tax categories in the PDEX system covering, particularly, tax-exempt persons, 20% tax-withheld persons, 25% tax-withheld persons, and 30% tax-withheld persons, as such categories may be revised, amended or supplemented by PDEX in accordance with its rules and Applicable Law;
- (b) transfers by Bondholders with deficient documents; and
- (c) transfers during a Closed Period. For purposes hereof, “**Closed Period**” means period during which the Registrar shall not register any transfer or assignment of the Offer Bonds, specifically: (i) the period of two (2) Business Days preceding any Interest Payment Date or the due date for any payment of the Final Redemption Amount of the Offer Bonds; or (ii) the period when any of the Offer Bonds have been previously called for redemption.

Transfers taking place in the Registry of Bondholders after the Offer Bonds are listed on PDEX may be allowed between taxable and tax-exempt entities without restriction and observing the tax exemption of tax-exempt entities, if/and or when so allowed under and in accordance with the relevant rules, conventions and guidelines of PDEX and PDTC.

A Bondholder claiming tax-exempt status is required to submit to the Registry of Bondholders the required tax-exempt documents as detailed in the Registry and Paying Agency Agreement upon submission of the account opening documents to the Registrar and Paying Agent. Please see the sections on “*Description of the Offer Bonds – Tax-Exempt Status or Entitlement to Preferential Tax Rate*” for a detailed discussion on the requirements for claiming a preferential tax status.

Notwithstanding the submission by the Bondholder, or the receipt by the Issuer, the Registrar and Paying Agent, and the Joint Lead Bookrunners and Joint Lead Underwriters of documentary proof of tax-exempt status of a Bondholder, the Issuer may, in its sole and reasonable discretion, determine that such Bondholder is taxable and require the Registrar and Paying Agent to proceed to apply the tax due on the Offer Bonds. Any question on such determination shall be referred to the Issuer.

The Bondholders shall be responsible for monitoring and accurately reflecting their tax status in the Registry of Bondholders. The payment report to be prepared by the Registrar and Paying Agent and submitted to the Issuer in accordance with the Registry and Paying Agency Agreement, which shall be the basis of payments on the Offer Bonds on any Interest Payment Date, shall reflect the tax status of the Bondholders as indicated in their accounts as of the Record Date.

Secondary Trading of the Offer Bonds

The Issuer intends to list the Offer Bonds on PDEX for secondary market trading and, for that purpose, the Issuer has filed an application for such listing. However, there can be no assurance that such a listing will actually be achieved or whether such a listing will materially affect the liquidity of the Offer Bonds on the secondary market. Such listing would be subject to the Issuer’s execution of a listing agreement with PDEX that may require the Issuer to make certain disclosures, undertakings and payments on an ongoing basis.

For so long as any of the Offer Bonds are listed on PDEX, the Offer Bonds will be traded in a minimum board lot size of ₱10,000, and in multiples of ₱10,000 in excess thereof. Secondary market trading in PDEX shall follow the applicable PDEX Rules, including rules, conventions and guidelines governing trading and settlement between Bondholders of different tax status, and shall be subject to the relevant fees of PDEX and PDTC, all of which shall be for the account of the Bondholders.

RANKING

The Offer Bonds shall constitute the direct, unconditional, unsecured and unsubordinated obligations of the Issuer ranking at least *pari passu* and ratably without any preference or priority among themselves and with all its other present and future direct, unconditional, unsecured and unsubordinated obligations other than obligations preferred by law and preferred claims under any bankruptcy, insolvency, reorganization, moratorium, liquidation or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (but not the preference or priority established by Article 2244(14)(a) of the Civil Code of the Philippines).

INTEREST

Interest Payment Dates

The Series E Bonds shall bear interest on its principal amount from and including the Issue Date at the rate of [●]% *per annum*, payable quarterly in arrears starting on [●] as the first Interest Payment Date, and on [●], [●], [●], and [●] of each year at which the Series E Bonds are outstanding as the subsequent Interest Payment Dates, or the subsequent Banking Day, without adjustment for accrued interest, if the relevant Interest Payment Date falls on a non-Banking Day.

The Series F Bonds shall bear interest on its principal amount from and including the Issue Date at the rate of [●]% *per annum*, payable quarterly in arrears starting on [●] as the first Interest Payment Date, and on [●], [●], [●], and [●] of each year at which the Series F Bonds are outstanding as the subsequent Interest Payment Dates, or the subsequent Banking Day, without adjustment for accrued interest, if the relevant Interest Payment Date falls on a non-Banking Day.

The cut-off date in determining the existing Bondholders entitled to receive interest, principal or any other amount due under the Offer Bonds shall be two (2) Business Days prior to the relevant Payment Date or such other date as the Issuer may duly notify PDTC (the "**Record Date**"). The Record Date shall be the reckoning date in determining the Bondholders entitled to receive interest, principal or any other amount due under the Offer Bonds.

Interest Accrual

The Offer Bonds shall cease to bear interest from and including the relevant Maturity Date, as defined in the discussion on "*Final Redemption*" below, unless, upon due presentation, payment of the principal in respect of the Offer Bonds then outstanding is not made, or is improperly withheld or refused, in which case the Penalty Interest (see "*Penalty Interest*" below) shall apply.

Determination of Interest

Interest on the Offer Bonds shall be calculated on a European 30/360-day count basis, regardless of the actual number of days in a month.

REDEMPTION AND PURCHASE

Final Redemption

Unless otherwise earlier redeemed or purchased and cancelled, the Offer Bonds shall be redeemed at par or 100% of face value on their respective Maturity Dates. However, if the relevant Maturity Date is not a Business Day, payment of all amounts due on such date will be made by the Issuer through the Paying Agent, without adjustment for accrued interest, on the succeeding Business Day.

Each Bondholder in whose name the Offer Bonds are registered in the Registry of Bondholders at the close of business on the Record Date preceding the Maturity Date shall be entitled to receive the principal amount of the Offer Bonds. In all cases, repayment of principal shall be remitted to the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

Optional Redemption

The Issuer shall have the right, but not the obligation, to redeem in whole (and not in part), any outstanding Series F Bonds on the dates set out below (each an “**Optional Redemption Date**”).

	Optional Redemption Dates	Optional Redemption Price
Series F Bonds	4 th anniversary of the Issue Date	101.0%
	5 th anniversary of the Issue Date	100.5%

provided, that if the relevant Optional Redemption Date falls on a day that is not a Business Day, then the payment of accrued interest and the optional redemption price shall be made by the Issuer on the next Business Day, without adjustment to the amount of interest and optional redemption price to be paid. For the avoidance of doubt, the Bondholders shall not have any right to cause the Issuer to redeem the Series F Bonds pursuant to this Optional Redemption Option.

The amount payable to the Bondholders upon the exercise of the Optional Redemption by the Issuer shall be calculated, based on the principal amount of Offer Bonds being redeemed, as the sum of: (i) the accrued interest computed from the last Interest Payment Date up to the relevant Optional Redemption Date; and (ii) the product of the principal amount of the Series F Bonds being redeemed and the Optional Redemption Price in accordance with the above table.

The Issuer shall give no less than thirty (30) nor more than sixty (60) days’ prior written notice to the Trustee and the Registrar and Paying Agent of its intention to redeem the Series F Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Series F Bonds on the Optional Redemption Date stated in such notice. Upon receipt by the Trustee of such notice, the Trustee through the Issuer shall secure from the Registrar and Paying Agent an updated list of Bondholders as of the Record Date indicated in the notice from the Issuer and provide written notices to all registered Bondholders of the intended early redemption. Each Bondholder in whose name the Series F Bonds subject of the early redemption are registered in the Registry of Bondholders at the close of business on the relevant Record Date shall be entitled to receive the interest and optional redemption price. The Issuer shall pay the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

Redemption for Taxation Reasons

If payments under the Offer Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the relevant Offer Bond series in whole, and not in part only, on any Interest

Payment Date (having given not more than sixty (60) nor less than thirty (30) days' notice to the Trustee and the Registrar and Paying Agent) at par (or 100% of face value) and paid together with the accrued interest thereon, subject to the requirements of Applicable Law; provided that, if the Issuer does not redeem the Offer Bonds then all payments of principal and interest in respect of the Offer Bonds shall be made free and clear of, and without withholding or deduction for, any such new or additional taxes, duties, assessments or governmental charges, unless such withholding or deduction is required by law. In that event, the Issuer shall pay to the Bondholders concerned such additional amount as will result in the receipt by such Bondholders of such amounts as would have been received by them had no such withholding or deduction for new or additional taxes been required.

Redemption by Reason of Change in Law or Circumstance

Upon the occurrence of a Change in Law or Circumstance (as enumerated below), the Issuer shall provide the Trustee, or the Trustee shall procure, an opinion of legal counsel confirming the occurrence of any Change in Law or Circumstance and the consequences thereof, such legal counsel being from a law firm reasonably acceptable to the Trustee. Thereupon, the Trustee, after consultation with the Issuer and, in any case, within five (5) days after receipt of such legal opinion, shall give to the Issuer and all the Bondholders written notice of such Change in Law or Circumstance. Within thirty (30) days from such notice (the "**Cure Period**"), the Issuer shall use reasonable measures available to it to remedy the Change in Law or Circumstance so that the same event shall cease. The Issuer shall also have the option to redeem in whole, but not in part, the Offer Bonds at par (or 100% of face value) and paid together with the accrued interest thereon, exercisable by giving within the Cure Period not more than sixty (60) nor less than thirty (30) (or such shorter period prescribed by Applicable Law, if any) days' notice to the Trustee and the Registrar and Paying Agent.

After the lapse of the Cure Period with the Change in Law or Circumstance continuing and without the Issuer giving notice of exercise of its option to redeem under this Section, the Majority Bondholders may, by notice in writing delivered to the Issuer through the Trustee, declare the Offer Bonds, including the accrued interest thereon, to be immediately due and payable, and, upon such declaration the same shall be immediately due and payable within thirty (30) days after receipt of such notice (or such shorter period prescribed by Applicable Law, if any), without any prepayment penalty.

The following events shall be considered as changes in law or circumstances ("**Change in Law or Circumstance**") as it refers to the obligations of the Issuer and to the rights and interests of the Bondholders under the Trust Agreement and the Offer Bonds:

- (a) Any government and/or non-government consent, license, authorization, registration or approval now or hereafter necessary to enable the Issuer to comply with its obligations under the Trust Agreement or the Offer Bonds shall be modified, withdrawn or withheld in a manner which will materially and adversely affect the ability of the Issuer to comply with such obligations; or
- (b) Any provision of the Trust Agreement, the Offer Bonds or any of the related documents is or becomes, for any reason, invalid, illegal or unenforceable to the extent that it becomes for any reason unlawful for the Issuer to give effect to its rights or obligations thereunder, or to enforce any provisions of the Trust Agreement, the Offer Bonds or any of the related documents in whole or in part; or any law is introduced or any applicable existing law is modified or rendered ineffective or inapplicable to prevent or restrain the performance by the parties thereto of their obligations under the Trust Agreement, the Offer Bonds or any other related documents; or
- (c) Any concession, permit, right, franchise or privilege required for the conduct of the business and operations of the Issuer shall be revoked, cancelled or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, in such manner as to materially and adversely affect the financial condition or operations of the Issuer; or

- (d) The Republic of the Philippines or any competent authority thereof takes any action to suspend the whole or a substantial portion of the operations of the Issuer and to condemn, seize, nationalize or appropriate (either with or without compensation) the Issuer or any material portion of its properties or assets, unless such act, deed or proceedings are contested in good faith by the Issuer or the same does not materially and adversely affect the financial condition or operations of the Issuer.

Accrued interest on the Offer Bonds to be redeemed under this Section, from the last Interest Payment Date up to the relevant Redemption Date, shall be calculated on the basis of a 360-day year consisting of twelve (12) months of thirty (30) days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of thirty (30) days.

Redemption by Reason of Change of Control

Upon the occurrence of a Change of Control, Bondholders holding at least two-thirds (2/3) of the outstanding principal amount of the Offer Bonds may require the Issuer to redeem the Offer Bonds at par (or 100% of face value), which shall be paid together with the accrued interest thereon. Within fifteen (15) days following a Change of Control, the Issuer shall notify the Trustee, which shall, in turn, notify the Bondholders (i) that a Change of Control has occurred and that the Bondholders holding at least two-thirds (2/3) of the outstanding principal amount of the Offer Bonds may require the Issuer to redeem all (but not some) of the Offer Bonds, and (ii) the date set by the Issuer for such redemption (which shall not be earlier than thirty (30) days and no later than sixty (60) days from the date notice is received by the Trustee). The decision of the Bondholders holding at least two-thirds (2/3) of the outstanding principal amount of the Offer Bonds shall be conclusive and binding upon all the Bondholders.

Accrued interest on the Offer Bonds to be redeemed under this Section, from the last Interest Payment Date up to the relevant Redemption Date, shall be calculated on the basis of a 360-day year consisting of twelve (12) months of thirty (30) days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of thirty (30) days.

Purchase and Cancellation

The Issuer may purchase the Offer Bonds at any time in the open market or by tender or by contract, in accordance with PDEX Rules, as may be amended from time to time, without any obligation to make pro rata purchases from all Bondholders. Offer Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

Upon listing of the Offer Bonds in the PDEX, the Issuer shall disclose any such transaction in accordance with the applicable PDEX disclosure rules.

Payments

The principal of, interests on, and all other amounts payable on the Offer Bonds shall be paid to the Bondholders through the Paying Agent. The Paying Agent shall credit the proper amounts received from the Issuer via RTGS, net of final taxes and fees (if any), to the cash settlement banks of the Bondholders (nominated by the Bondholders in the Application to Purchase or as the Bondholder may notify the Paying Agent in writing), for onward remittance to the relevant cash settlement account of the Bondholder with the cash settlement bank. The principal of, and interest on, the Offer Bonds shall be payable in Philippine Pesos.

In the event that the details of the cash settlement account indicated by the Bondholder in the Application to Purchase are incomplete or erroneous, or the cash settlement account of the Bondholders has been closed, dormant, or inexistent, due to which payments to the Bondholders cannot be effected in a timely manner, the cash settlement bank shall handle such funds in accordance with its own internal procedures until the correction of the cash settlement account is effected and until credit of the relevant cash entitlement is completed. In these cases, the Issuer and the Paying Agent shall not be liable to the relevant Bondholder for any failure or delay in the Bondholder's receipt of such payments.

The Issuer shall ensure that so long as any of the Offer Bonds remain outstanding, there shall at all times be a Paying Agent for the purposes of the Offer Bonds and the Issuer or the Paying Agent may only terminate the appointment of the Paying Agent as provided in the Registry and Paying Agency Agreement. In the event the appointed office of any institution shall be unable or unwilling to continue to act as the Paying Agent, the Issuer shall appoint such other leading institution in the Philippines authorized to act in its place. The Paying Agent may not resign its duties or be removed without a successor having been appointed.

Payment of Additional Amounts – Taxation

Interest income on the Offer Bonds is subject to a withholding tax at rates of between 10% and 25% depending on the tax status of the relevant Bondholder under relevant law, regulation or tax treaty. Except for such withholding tax and as otherwise provided, all payments of principal and interest 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, issue, registration or any similar tax or other taxes and duties, including interest and penalties, if any. If such taxes or duties are imposed, the same shall be for the account of the Issuer; provided however that, the Issuer shall not be liable for the following:

- (a) The withholding tax applicable on interest earned on the Offer Bonds prescribed under the Tax Code, as amended, and its implementing rules and regulations as may be in effect from time to time; provided, further, that all Bondholders are required to provide the Issuer through the Bondholder's Selling Agent or PDEX Trading Participant and endorsed to the Registrar and Paying Agent their validly issued tax identification numbers issued by the BIR.
- (b) Gross Receipts Tax under Section 121 of the Tax Code;
- (c) Taxes on the overall income of any securities dealer or Bondholder, whether or not subject to withholding;
- (d) Value-Added Tax under Sections 106 to 108 of the Tax Code, as amended; and
- (e) Any applicable taxes on any subsequent sale or transfer of the Offer Bonds by any holder which shall be for the account of such holder (or its buyer, as the holder and the buyer may have agreed upon).

Documentary stamp tax for the primary issue of the Offer Bonds and the execution of the Bond Agreements, if any, shall be for the Issuer's account.

Please see the section on "*Taxation*" in the Prospectus for a more detailed discussion on the tax consequences of the acquisition, ownership and disposition of the Offer Bonds.

Tax-Exempt Status or Entitlement to Preferential Tax Rate

An investor who is exempt from the aforesaid withholding tax, or is subject to a preferential withholding tax rate, shall be required to submit the following requirements to the Registrar and Paying Agent, subject to acceptance by the Issuer, as being sufficient in form and substance:

- (a) BIR-certified true copy of a valid, current and subsisting tax exemption certificate, ruling or opinion issued by the BIR and addressed to the relevant applicant or Bondholder, confirming its exemption or its entitlement to the preferential rate, as required under BIR Revenue Memorandum Circular No. 8-2014, including any clarification, supplement or amendment thereto;
- (b) with respect to tax treaty relief, Application Form for Treaty Purposes, Tax Residency Certificate duly issued by the foreign tax authority, and the relevant provision of the applicable tax treaty, along with the other documentary requirements enumerated in BIR Revenue Memorandum Order No. 14-2021;

- (c) a duly notarized undertaking executed by (i) the corporate secretary or any authorized representative of such Applicant or Bondholder, who has personal knowledge of the exemption based on his official functions, if the Applicant purchases, or the Bondholder holds, the Offer Bonds for its account, or (ii) the trust officer, if the Applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Offer Bonds pursuant to its management of tax-exempt entities (*i.e.* Employee Retirement Fund, etc.), declaring and warranting such entity's tax-exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer, the Registrar and the Paying Agent (1) of any suspension, revocation, amendment or invalidation (in whole or in part) of the tax exemption certificate, ruling or opinion issued by the BIR, executed using the prescribed form under the Registry and Paying Agency Agreement; (2) if there are any material changes in the factual circumstances of the Bondholder, including but not limited to its character, nature, and method of operation, which are inconsistent with the basis for its income tax exemption; or (3) if there are any change of circumstance, relevant treaty, law or regulation or any supervening event that may or would result in the interest income of the Offer Bonds being ineligible for exemption or preferential rate, with a declaration and warranty of its tax exempt status or entitlement to a preferential tax rate, and agreeing to indemnify and hold the Issuer, the Registrar and the Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or incorrect withholding of the required tax, provided, that in case of corporate, partnership or trust account investors, such Bondholder shall also submit an original certification from the corporate secretary or an equivalent officer of the investor, setting forth the resolutions of its board of directors or equivalent body authorizing the execution of the undertaking and designating the signatories, with their specimen signatures, for the said purpose; and
- (d) such other documentary requirements as may be reasonably required by the Issuer or the Registrar or Paying Agent, or as may be required under the applicable regulations of the relevant taxing or other authorities; provided, that, the Issuer shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Bondholders on the Interest payments to such Bondholders.

Unless otherwise indicated above, the foregoing requirements shall be submitted, (i) in respect of an initial issuance of Offer Bonds, upon submission of the Application to Purchase to the Joint Lead Bookrunners and Joint Lead Underwriters or Selling Agents (if any) who shall then forward the same to the Registrar; or (ii) in respect of a transfer from a Bondholder to a purchaser, to the Registrar upon submission of the account opening documents.

Failure on the part of the Bondholder to submit the aforementioned document/s within the time prescribed shall result in the application of the regular tax rates.

FINANCIAL RATIO

The Issuer shall procure that the ratio of the Consolidated Gross Liabilities as at the last day of the relevant quarter period to the Consolidated Net Worth as at the last day of the relevant quarter period does not exceed 2.75x to 1.00x.

NEGATIVE PLEDGE

The Issuer covenants and agrees that, unless the Majority Bondholders shall otherwise consent in writing, the Issuer shall not, from the signing date of the Trust Agreement and for as long as the Offer Bonds or any portion thereof remain outstanding, create or have outstanding any Security Interest upon or with respect to, any of the present or future business, agreement, assets or revenues (including any uncalled capital) of the Company to secure any Indebtedness unless the Company, in the case of the creation of the Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

- i. all amounts payable by it under the Offer Bonds are secured by the Security Interest equally and ratably with the relevant Indebtedness; or
- ii. such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided to the satisfaction of the Majority Bondholders;

provided, that the foregoing restriction shall not apply to any Permitted Security Interest as defined in the Trust Agreement and in this Offer Supplement.

EVENTS OF DEFAULT

Each of the following events shall constitute an “**Event of Default**” under the Offer Bonds and the Trust Agreement:

- (a) the Issuer defaults in the payment when due of any amount payable under the Offer Bonds and the Trust Agreement, unless such failure arises solely as a result of an administrative or technical error or a Disruption Event and payment is made within three (3) Business Days after the date such payment is due (a “**Payment Default**”);
- (b) the Issuer fails to perform, comply with, or violates any material provision, term, condition, covenant or obligation contained in the Offer Bonds, the Trust Agreement and the other Bond Agreements (other than by reason of paragraph (a) above), and any such failure, non-compliance or violation is not remediable or, if remediable, continues unremedied for a period of thirty (30) days (or such longer curing period granted to the Issuer by the Majority Bondholders) from the date after written notice thereof shall have been given to the Issuer by the Trustee;
- (c) any representation or warranty which is made or deemed to be made by the Issuer or any of the directors or officers of the Issuer in the Offer Bonds, Trust Agreement, or any other Bond Agreements or otherwise in connection therewith, or in any certificate delivered by the Issuer thereunder or in connection therewith, shall prove to have been untrue or incorrect in any material respect as of the time it was made or deemed to have been made;
- (d) any Indebtedness of the Issuer and/or any of its Material Subsidiaries, whether singly or in the aggregate, in excess of One Billion and Two Hundred Fifty Million Pesos (₱1,250,000,000) or its equivalent in other currencies is not paid on its due date or within any applicable grace period or is declared to be due and payable prior to its stated date of payment (except where liability for payment of that Indebtedness is being contested in good faith by appropriate means);
- (e) a decree or order by a court or other Governmental Authority having jurisdiction over the premises is entered without the consent or application of the Issuer;
 - (1) adjudging the Issuer bankrupt or insolvent;
 - (2) approving a petition seeking a suspension of payments by or a reorganization of the Issuer under any applicable bankruptcy, insolvency or reorganization law;
 - (3) appointing a receiver, liquidator or trustee or assignee in bankruptcy or insolvency of the Issuer or of all or substantially all of the business or assets of the Issuer;
 - (4) providing for the winding-up or liquidation of the affairs of the Issuer;
 - (5) with a view to the rehabilitation, administration, liquidation, winding-up or dissolution of the Issuer; or

- (6) taking other action under Applicable Law which is similar to any of the events mentioned in paragraphs (1) to (5) above (inclusive);

provided, that the issuance of any such decree or order shall not be an Event of Default if the same shall have been dismissed or stayed by injunction or otherwise within ninety (90) days from issuance thereof;

- (f) the Issuer:
 - (1) institutes voluntary proceedings to be adjudicated bankrupt or insolvent or consents to the filing of a bankruptcy or insolvency proceeding against it;
 - (2) files a petition seeking a suspension of payments by it or its reorganization under any applicable bankruptcy, insolvency or reorganization law or consents to the filing of any such petition;
 - (3) seeks or consents to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or of all or substantially all of its business or assets;
 - (4) makes an assignment for the benefit of its creditors or admits in writing its inability to pay its debts generally as they become due;
 - (5) files a petition seeking the winding-up or liquidation of its affairs or consents to the filing of any such petition;
 - (6) takes any other step with a view to its rehabilitation, administration, liquidation, winding-up or dissolution or a suspension of payments by it; or
 - (7) takes other action under Applicable Law which is similar to any of the events mentioned in paragraphs (1) to (6) above (including, without limitation, any out-of-court agreements, informal restructuring agreements, or rehabilitation plans under the Financial Rehabilitation and Insolvency Act (Republic Act No. 10142), as the same may be amended or replaced from time to time);
- (g) final and executory judgment(s) or order(s) are rendered by a court of competent jurisdiction against the Issuer or its properties or assets from which no appeal may be made for the payment of money which will have a Material Adverse Effect and such judgment or order shall continue unsatisfied or undischarged after ninety (90) days;
- (h) the Issuer shall suspend or discontinue all or a substantial portion of its business operations, whether voluntarily or involuntarily for a period of thirty (30) consecutive days, except in cases of (i) strike or lockout, (ii) when necessary to prevent business losses, (iii) shutdowns or regular preventive repairs or (iv) closures due to fortuitous events or force majeure, provided that in any such event of strikes, lockouts, shutdowns or repairs, or closures due to fortuitous events or force majeure events, there is no Material Adverse Effect; and
- (i) any event or circumstance that will have a Material Adverse Effect has occurred.

Notice of Default

The Trustee shall, within five (5) Business Days after receipt of written notice from the Issuer or the Majority Bondholders of the occurrence of an Event of Default, give to all the Bondholders written notice of any such Event of Default, unless the same shall have been cured before the giving of such notice; provided, that in the case of a Payment Default (as described in paragraph (a) of the *"Description of the Offer Bonds – Events of Default,"* the Trustee shall immediately notify the Bondholders upon the occurrence of such Payment Default.

Consequences of Default

- (a) If any one or more of the Events of Default shall have occurred and be continuing after the lapse of the period given to the Issuer within which to cure such Event of Default, if any, or upon the occurrence of such Event of Default for which no cure period is provided, (i) the Trustee upon the written direction of the Majority Bondholders, by notice in writing delivered to the Issuer, or (ii) the Majority Bondholders, by notice in writing delivered to the Issuer and the Trustee, may declare the Issuer in default (“**Declaration of Default**”) and declare the principal of the Offer Bonds then outstanding, together with all accrued and unpaid interest thereon and all amounts due thereunder, to be due and payable not later than five (5) Business Days from the receipt of the Declaration of Default (“**Default Payment Date**”) with a copy to the Registrar and Paying Agent who shall then prepare a payment report in accordance with the Registry and Paying Agency Agreement. Thereupon, the Issuer shall make all payments due on the Offer Bonds in accordance with the Registry and Paying Agency Agreement.
- (b) All the unpaid obligations under the Offer Bonds, including accrued interest, and all other amounts payable thereunder, shall be declared to be forthwith due and payable, whereupon all such amounts shall become and be forthwith due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Issuer.

Penalty Interest

In case any amount payable by the Issuer under the Offer Bonds, whether for principal, interest, or otherwise, is not paid on the relevant due date, the Issuer shall, without prejudice to its obligations to pay the said principal, interest and other amounts, pay a penalty fee on the defaulted amount(s) at the rate of twelve percent (12%) per annum (the “**Penalty Interest**”) from the time the amount fell due until it is fully paid in accordance with the Terms and Conditions and the Offer Bonds and the Trust Agreement.

Payments in the Event of Default

Upon the occurrence of any Event of Default, and provided that there has been a Declaration of Default and acceleration of payment of the Offer Bonds by the Majority Bondholders, then in any such case:

- (a) The Issuer will pay the Bondholders, through the Paying Agent, the whole amount which shall then have become due and payable on such outstanding Offer Bonds with interest at the rate borne by the Offer Bonds on the overdue principal and with Penalty Interest, where applicable, based on the payment report no later than the Default Payment Date. The Issuer also undertakes that it shall give the Trustee written notice of its intention to make any payments under this provision; and
- (b) The Trustee shall have the right to require the Registrar and the Paying Agent, upon demand in writing through the Issuer, to do the following:
 - (i) hold all sums, documents and records held by them in respect of the Offer Bonds on behalf of the Trustee; and/or
 - (ii) deliver all evidences of the Offer Bonds and all sums, documents and records held by them in respect of the Offer Bonds to the Trustee or as the Trustee shall direct in such demand; provided, that such demand shall be deemed not to apply to any documents or records which the Paying Agent or the Registrar is not allowed to release by any law or regulation; and/or
 - (iii) subject to the terms of the Registry and Paying Agency Agreement, apply any money received from the Issuer pursuant to this Section in the order of preference provided in Section 10.4 of the Trust Agreement.

Application of Payments

Any money collected by the Trustee as a consequence of a Declaration of Default and any other funds held by it, subject to any other provision of the Trust Agreement relating to the disposition of such money and funds or to the Registry and Paying Agency Agreement, shall be applied by the Trustee in the order of preference as follows:

- (a) *First:* to the *pro rata* payment to the Trustee, the Registrar and the Paying Agent of the reasonable, actual and documented costs, expenses, fees, and other charges of collection, including reasonable compensation to them, their agents, attorneys, and all reasonable, actual and documented expenses and liabilities incurred or disbursements made by them, without gross negligence or bad faith in carrying out their respective obligations under their respective agreements with the Issuer in connection with the Offer Bonds.
- (b) *Second:* to the payment of all outstanding interest, including any Penalty Interest, in the order of maturity of such interest.
- (c) *Third:* to the payment of the principal amount of the Offer Bonds then due and payable.
- (d) *Fourth:* the remainder, if any, shall be paid to the Issuer, its successors, or assigns, or to whoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

Prescription

Claims in respect of principal and interest or other sums payable hereunder shall prescribe unless the claim is made within ten (10) years (in the case of principal or other sums) or five (5) years (in the case of interest) from the date on which payment becomes due.

Remedies

All remedies conferred by the Trust Agreement to the Trustee and the Bondholders shall be cumulative and not exclusive and shall not be so construed as to deprive the Trustee or the Bondholders of any legal remedy by judicial or extra-judicial proceedings appropriate to enforce the conditions and covenants of the Trust Agreement, subject to “*Ability to File Suit.*”

No delay or omission by the Trustee or the Bondholders to exercise any right or power arising from or on account of any default hereunder shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence thereto; and every power and remedy given by the Trust Agreement to the Trustee or the Bondholders may be exercised from time to time and as often as may be necessary or expedient.

Ability to File Suit

No Bondholder shall have any right by virtue of or by availing of any provision of the Trust Agreement to institute any suit, action or proceeding for the collection of any sum due from the Issuer hereunder on account of principal, interest and other charges, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless (i) such Bondholder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof and the related request for the Trustee to convene a meeting of the Bondholders to take up matters related to their rights and interests under the Offer Bonds in accordance with the provisions on Events of Default (see *Description of the Offer Bonds – Events of Default*); (ii) the Majority Bondholders shall have decided and made the written request upon the Trustee to institute such action, suit or proceeding in its own name; (iii) the Trustee for sixty (60) days after the receipt of such notice and written request shall have neglected or refused to institute any such action, suit or proceeding; and (iv) no directions inconsistent with such notice and written request shall have been given or no waiver of default by the Bondholders has been given, it being understood and intended, and being expressly covenanted by every Bondholder with every other Bondholder and the Trustee, that no one or more Bondholders shall have any right in any manner whatever by virtue of or by availing of any provision of the Trust Agreement to

affect, disturb or prejudice the rights of the holders of any other such Offer Bonds or to obtain or seek to obtain priority over or preference to any other such holder or to enforce any right under the Trust Agreement, except in the manner herein provided and for the equal, ratable and common benefit of all the Bondholders.

Waiver of Default by the Bondholders

The Majority Bondholders may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee, or may on behalf of the Bondholders waive any past default except the Events of Default defined as a Payment Default, insolvency default or closure default, and its consequences. In case of any such waiver, the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereto. Any such waiver by the Majority Bondholders shall be conclusive and binding upon all Bondholders and upon all future holders and owners thereof, irrespective of whether or not any notation of such waiver is made upon the certificate representing the Offer Bonds.

SUBSTITUTION

Substitution of the Offer Bonds is not contemplated.

TRUSTEE; NOTICES

The following discussion is qualified by the more detailed information as contained in the Trust Agreement.

Notice to the Trustee

All documents required to be submitted to the Trustee and all other notices, requests and other communications must be in writing and will be deemed to have been duly given only if delivered personally, or by facsimile transmission, or mailed (first class postage prepaid) or emailed to the Trustee at the following address, facsimile number or email address; and addressed to the individuals named below:

To the Trustee:

PHILIPPINE COMMERCIAL CAPITAL, INC. – TRUST AND INVESTMENT GROUP
6th Floor, PCCI Corporate Center, 118 L.P. Leviste Street, Salcedo Village, Makati City

Attention:	MA. ELIZABETH P. AQUINO/ KATRINA ANN A. TORRES/ MA. CARMEN V. PALANCA
Telephone No.:	(+632) 8284-9700
Facsimile:	(+632) 8814-0163
Email:	tebbie.aquino@pccigroup.com.ph katrina.torres@pccigroup.com.ph maricar.palanca@pccigroup.com.ph

All such notices, requests and other communications will: (i) if delivered personally to the address as provided above, be deemed given upon delivery; (ii) if delivered by facsimile transmission to the facsimile number as provided above, be deemed given upon receipt, in readable form; and (iii) if delivered by mail or email in the manner described above to the address as provided above, be deemed given upon receipt and in case of email if received in readable form (in each case regardless of whether such notice, request or other communication is received by any other Person on behalf of such individual to whom a copy of such notice, request or other communication is to be delivered). The Trustee may from time to time change its address, facsimile number or other information for the purpose of notices hereunder by giving notice specifying such change.

Any notice, report or communication received on a non-working day or after business hours in the place of receipt will only be deemed given on the next working day in that place.

Notice to the Bondholders

The Trustee shall send all notices to Bondholders to their mailing address as set forth in the Registry of Bondholders and the Bond Agreements. Except where a specific mode of notification is provided for herein, notices to Bondholders shall be sufficient when made in writing and transmitted in any one of the following modes: (i) registered mail; (ii) ordinary mail; (iii) by publication for at least once a week for two (2) consecutive weeks in at least two (2) newspapers of general circulation in the Philippines; (iv) personal delivery to the address of record in the Registry of Bondholders; or (v) disclosure through the Online Disclosure System of the PDEX. The Trustee shall rely on the Registry of Bondholders in determining the Bondholders entitled to notice. All notices shall be deemed to have been received (i) ten (10) days from posting if transmitted by registered mail; (ii) fifteen (15) days from mailing, if transmitted by courier; (iii) on the date of last publication, if notice is made by publication; or (iv) on the date of delivery, for personal delivery; or (v) on the date of disclosure, if notice is made by disclosure through the Online Disclosure System of the PDEX.

A notice to the Trustee is notice to the Bondholders. The publication in a newspaper of general circulation in the Philippines of a press release or news item about a communication or disclosure made by the Issuer to the PDEX on a matter relating to the Offer Bonds shall be deemed a notice to the Bondholders of said matter on the date of the first publication or the date of the disclosure, as the case may be.

Binding and Conclusive Nature

Except as provided in the Trust Agreement, all notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained by the Trustee for the purposes of the provisions of the Trust Agreement shall (in the absence of willful default, bad faith or manifest error) be binding on the Issuer and all Bondholders; and (in the absence as referred to above) no liability to the Issuer, the Paying Agent or the Bondholders shall attach to the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions under the Trust Agreement.

Duties and Responsibilities of the Trustee

- (a) The Trustee is appointed as trustee for and on behalf of the Bondholders and accordingly shall perform such duties and shall have such responsibilities as provided in the Trust Agreement. The Trustee shall, in accordance with the terms and conditions of the Trust Agreement, monitor the compliance or non-compliance by the Issuer with all its representations and warranties, and the observance by the Issuer of all its covenants and performance of all its obligations, under and pursuant to the Trust Agreement. The Trustee shall observe due diligence in the performance of its duties and obligations under the Trust Agreement. For the avoidance of doubt, notwithstanding any actions that the Trustee may take, the Trustee shall remain to be the party responsible to the Bondholders, and to whom the Bondholders shall communicate with in respect to any matters that must be taken up with the Issuer.
- (b) The Trustee shall, prior to the occurrence of an Event of Default or after the curing of all such defaults which may have occurred, perform only such duties as are specifically set forth in the Trust Agreement. In case of default, the Trustee shall exercise such rights and powers vested in it by the Trust Agreement, and use such judgment and care under the circumstances then prevailing that individuals of prudence, discretion and intelligence, and familiar with such matters, will exercise in the management of their own affairs.
- (c) None of the provisions contained in these terms, the Prospectus and this Offer Supplement shall require or be interpreted to require the Trustee to expend or risk its

own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

Resignation and Change of Trustee

- (a) The Trustee may at any time resign by giving ninety (90) days' prior written notice to the Issuer of such resignation.
- (b) Upon receipt of such notice of resignation of the Trustee, the Issuer shall immediately appoint a successor Trustee by written instrument in duplicate, executed by its authorized officers, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor Trustee. However, notwithstanding the immediately preceding sentence, in cases where an Event of Default shall have occurred and be continuing, it is the Majority Bondholders, not the Issuer, that shall appoint the successor Trustee. If no successor shall have been so appointed and have accepted appointment within thirty (30) days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor, or any Bondholder who has been a bona fide holder for at least the immediately preceding six (6) months may, for and in behalf of the Bondholders, petition any court of competent jurisdiction for the appointment of a successor. Such court may thereupon after notice, if any, as it may deem proper, appoint a successor Trustee.
- (c) Subject to Section (f) below, a successor Trustee must possess all the qualifications required under pertinent laws.
- (d) In case at any time the Trustee shall become incapable of acting, or has acquired conflict of interest, or shall be adjudged as bankrupt or insolvent, or a receiver for the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its properties or affairs for the purpose of rehabilitation, conservation or liquidation, or for other causes set out in the Trust Agreement, then the Issuer may within thirty (30) days therefrom remove the Trustee concerned, and appoint a successor Trustee, by written instrument in duplicate, executed by its authorized officers, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor Trustee. If the Issuer fails to remove the Trustee concerned and appoint a successor Trustee, any *bona fide* bondholder may petition any court of competent jurisdiction for the removal of the Trustee concerned and the appointment of a successor Trustee. Such court may thereupon after such notice, if any, as it may deem proper, remove the Trustee and appoint a successor Trustee.
- (e) The Majority Bondholders may at any time remove the Trustee for cause, and appoint a successor trustee, by the delivery to the Trustee so removed, to the successor trustee and to the Issuer of the required evidence of the action in that regard taken by the Majority Bondholders.
- (f) Any resignation or removal of the Trustee and the appointment of a successor trustee pursuant to any of the provisions in the Trust Agreement shall become effective upon the earlier of: (i) the acceptance of appointment by the successor trustee as provided in the Trust Agreement; or (ii) the effectivity of the resignation notice sent by the Trustee under the Trust Agreement; provided, however, that after the effectivity of the resignation notice and, as relevant, until such successor trustee is qualified and appointed, the resigning Trustee shall discharge duties and responsibilities solely as a custodian of records for turnover to the successor Trustee promptly upon the appointment thereof by the Issuer.

Successor Trustee

- (a) Any successor Trustee appointed shall execute, acknowledge and deliver to the Issuer and to its predecessor Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the predecessor Trustee shall become effective and such successor Trustee, without further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor in the trusteeship with like effect as if originally named as Trustee in the Trust Agreement. The foregoing notwithstanding, on the written request of the Issuer or of the successor Trustee, the Trustee ceasing to act as such shall execute and deliver an instrument transferring to the successor Trustee, all the rights, powers and duties of the Trustee so ceasing to act as such. Upon request of any such successor Trustee, the Issuer shall execute any and all instruments in writing as may be necessary to fully vest in and confer to such successor Trustee all such rights, powers and duties.
- (b) Upon acceptance of the appointment by a successor Trustee, the Issuer shall notify the Bondholders in writing and/or by publication once in a newspaper of general circulation in Metro Manila, Philippines of the succession of such Trustee to the trusteeship. If the Issuer fails to notify the Bondholders within ten (10) days after the acceptance of appointment by the successor Trustee, the latter shall cause the Bondholders to be notified at the expense of the Issuer.

Reports to the Bondholders

The Trustee shall submit to the Bondholders on or before [●] of each year from the Issue Date until full payment of the Offer Bonds a brief report dated as of December 31 of the immediately preceding year with respect to:

- (a) the property and funds, if any, physically in the possession of the Paying Agent held in trust for the Bondholders on the date of such report; and
- (b) any action taken by the Trustee in the performance of its duties under the Trust Agreement which it has not previously reported and which in its opinion materially affects the Offer Bonds, except action in respect of a default, notice of which has been or is to be withheld by it.

The Trustee shall submit to the Bondholders a brief report within ninety (90) days from the making of any advance for the reimbursement of which it claims or may claim a lien or charge which is prior to that of the Bondholders on the property or funds held or collected by the Paying Agent with respect to the character, amount and the circumstances surrounding the making of such advance; provided, that the remaining unpaid amounts of such advance is at least ten percent (10%) of the aggregate outstanding principal amount of the Offer Bonds at such time.

Inspection of Documents

Upon due notice to the Trustee, the following pertinent documents may be inspected during regular business hours on any Business Day at the principal office of the Trustee:

- (a) Trust Agreement
- (b) Registry and Paying Agency Agreement
- (c) Articles of Incorporation and By-Laws of the Company
- (d) Registration Statement of the Company with respect to the Bonds (including the Offer Bonds) with the Prospectus and this Offer Supplement

MEETINGS OF THE BONDHOLDERS

A meeting of the Bondholders may be called at any time for the purpose of taking any actions authorized to be taken by or in behalf of the Bondholders of any specified aggregate principal amount of Offer Bonds under any other provisions of the Trust Agreement or under the law and such other matters related to the rights and interests of the Bondholders under the Offer Bonds.

The following discussion is qualified by the more detailed information as contained in the Trust Agreement.

Notice of Meetings

The Trustee may at any time call a meeting of the Bondholders, on its own accord or upon the written request by the Issuer, or the Majority Bondholders, for purposes of taking any actions authorized under the Trust Agreement. The meeting may be held at such time and at such place as the Trustee shall determine.

Unless otherwise provided in the Trust Agreement, the Trustee shall give notice of every meeting of the Bondholders (which notice must set forth the time, place, and purpose of such meeting in reasonable detail) to the Issuer and each of the registered Bondholders not earlier than forty-five (45) days nor later than fifteen (15) days prior to the date fixed for the meeting and shall publish such notice once in a newspaper of general circulation; provided, the Trustee shall fix the record date for determining the Bondholders entitled to notice and vote during the meeting, which record date shall not be earlier than forty-five (45) days before the date of the meeting; provided, further, that all reasonable, actual and documented costs and expenses incurred by the Trustee for the proper dissemination of the requested meeting shall be reimbursed by the Issuer within ten (10) days from receipt of the duly supported billing statement, subject to obtaining prior written consent of the Issuer for reasonable, actual and documented costs and expenses in excess of Fifty Thousand Pesos (₱50,000) per occurrence; provided, further, that any meetings of the Bondholders shall be held at such time and place within Metro Manila as the party requesting such meeting may determine.

Failure of the Trustee to Call a Meeting

Failure of the Trustee to call a meeting upon the written request of either the Issuer or the Majority Bondholders within five (5) Business Days from receipt of such request shall entitle the requesting party to send and publish the appropriate notice of Bondholders' meeting and fix the record date for determining the Bondholders entitled to attend and vote in accordance with the provision above. The costs for calling such a meeting shall be for the Trustee's account in case of unjustified failure of the Trustee to call the meeting due to its willful misconduct, fraud, evident bad faith or gross negligence.

Quorum

The presence of Majority Bondholders, personally or by proxy, shall be necessary to constitute a quorum to do business at any meeting of the Bondholders. The Trustee shall determine and record the presence of the Majority Bondholders based on the list of Bondholders prepared by the Registrar in accordance with the Registry and Paying Agency Agreement (which list shall include all information necessary to the performance of the duties and powers of the Trustee under the Trust Agreement, such as, but not limited to, specimen signatures of the Bondholders' authorized signatories). The Registrar shall provide the Trustee through the Issuer with the foregoing list and information at least three (3) Business Days upon receipt of a written request from the Trustee.

Procedure for Meetings

- (a) The Trustee shall preside at all the meetings of the Bondholders, unless the meeting shall have been called by the Issuer or by the Majority Bondholders as provided above in which case the Issuer or the Majority Bondholders calling the meeting, as the case may be, shall move for the election of the chairman and secretary of the meeting. The elected secretary shall take down the minutes of the meeting, covering all matters presented for resolutions by and the results of the votes cast by the Bondholders entitled to vote at the meeting and/or the Person appointed in writing by a public instrument as proxy or agent by any such Bondholder in accordance with the provision below. The elected secretary shall immediately provide the Trustee with a copy of the minutes of the meeting which copy shall be made available at any time to the Issuer and all Bondholders upon receipt of written request.

- (b) Any meeting of the Bondholders may be adjourned from time to time for a period or periods not to exceed in the aggregate one (1) year from the date for which the meeting shall originally have been called, and the meeting so adjourned may be held without further notice. Any such adjournment may be ordered by Persons representing a majority of the aggregate principal amount of the Offer Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting.

Voting Rights

To be entitled to vote at any meeting of the Bondholders, a Person should be a registered holder of the Offer Bonds as reflected in the Registry of Bondholders, or a Person appointed in writing by a public instrument as proxy or agent by any such Bondholder (and, in case of corporate or institutional Bondholders, duly supported by the resolutions of its board of directors or equivalent body authorizing the appointment of the proxy or agent duly certified by its corporate secretary or an authorized officer) for the meeting. Bondholders shall be entitled to one vote for every ₱10,000. The only Persons who shall be entitled to be present or to speak at any meeting of the Bondholders shall be the Persons entitled to vote at such meeting, the Trustee, and any representative of the Issuer and its legal counsel.

Voting Requirement

Except as provided in “*Description of the Offer Bonds – Amendments*”, all matters presented for resolution by the Bondholders in a meeting duly called for the purpose shall be decided or approved by the affirmative vote of the Majority Bondholders (present or represented in a meeting at which there is a quorum). Any resolution of the Bondholders which has been duly approved with the required number of votes of the Bondholders as herein provided shall be binding upon all the Bondholders and the Trustee as if the votes were unanimous.

Role of the Trustee in Meetings of the Bondholders

Notwithstanding any other provisions of the Trust Agreement, the Trustee may make such reasonable regulations (not inconsistent with the Trust Agreement) as it may deem advisable for any meeting of the Bondholders, with regard to proof of ownership of the Offer Bonds, the appointment of proxies by the Bondholders, the election of the chairman and the secretary, the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote and such other matters concerning the conduct of the meeting as it shall deem fit.

Evidence Supporting the Action of the Bondholders

Wherever in the Trust Agreement it is provided that the holders of a specified percentage of the aggregate outstanding principal amount of the Offer Bonds may take any action (including the making of any demand or requests and the giving of any notice or consent or the taking of any other action), the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced by: (i) any instrument executed by the Bondholders in person or by the agent or proxy appointed in writing, or (ii) the duly authenticated record of voting in favor thereof at the meeting of the Bondholders duly called and held in accordance herewith, or (iii) a combination of such instrument and any such record of meeting of the Bondholders.

Non-Reliance

Each Bondholder also represents and warrants to the Trustee that it has independently and, without reliance on the Trustee, made its own credit investigation and appraisal of the financial condition and affairs of the Issuer on the basis of such documents and information as it has deemed appropriate and that it has subscribed to the Issue on the basis of such independent appraisal, and each Bondholder represents and warrants that it shall continue to make its own credit appraisal without reliance on the Trustee. The Bondholders agree to indemnify and hold the Trustee harmless from and against any and all liabilities, damages, penalties, judgments,

suits, expenses and other costs of any kind or nature against the Trustee in respect of its obligations hereunder, except for its gross negligence, fraud, evident bad faith or willful misconduct.

Amendments

The Issuer and the Trustee may, without prior notice to or the consent of the Bondholders or other parties, amend or waive any provisions of the Trust Agreement if such amendment or waiver is of a formal, minor, or technical nature or to correct a manifest error or inconsistency, provided, in all cases that such amendment or waiver does not adversely affect the interests of the Bondholders, *provided, further*, that all Bondholders are notified of such amendment or waiver.

With the consent of the Majority Bondholders, the Issuer, when authorized by a resolution of its board of directors or the executive committee of its board of directors, and the Trustee may, from time to time and at any time, enter into an agreement or agreements supplemental to the Trust Agreement for the purpose of adding any provision to or changing in any manner or eliminating any of the provisions of the Trust Agreement; provided, that no such supplemental agreement shall:

- (a) without the consent of all Bondholders affected thereby: (x) extend the maturity date of the Offer Bonds; or (y) reduce the principal amount of the Offer Bonds; or (z) reduce the rate or extend the time of payment of interest and principal thereon; or
- (b) impair the right of any Bondholder to (y) receive payment of principal of and interest on the Offer Bonds on or after the due dates therefore or (z) to institute suit for the enforcement of any payment on or with respect to such Bondholder;
- (c) affect the rights of some of the Bondholders without similarly affecting the rights of all the Bondholders;
- (d) make any Offer Bond payable in money other than that stated in the Offer Bond;
- (e) subordinate the Offer Bonds to any other obligation of the Issuer;
- (f) amend or modify the provisions of the Terms and Conditions on Taxation, the Events of Default or the waiver of default by the Bondholders;
- (g) make any change or waiver of the conditions under (i) "*Description of the Offer Bonds – Payment of Additional Amounts – Taxation*", (ii) "*Description of the Offer Bonds – Events of Default*" or (iii) "*Description of the Offer Bonds – Waiver of Default by the Bondholders*"; or
- (h) reduce the percentage of the Bondholders required to be obtained under the Trust Agreement for their consent to or approval of any supplemental agreement or any waiver provided for in the Trust Agreement, without the consent of all the Bondholders.

It shall not be necessary to obtain the consent of the Bondholders (i.e., all the Bondholders or Majority Bondholders, as the case may be) for the purpose of approving the particular form of any proposed supplemental agreement but such consent shall be necessary for the purpose of approving the substance thereof.

Any consent given pursuant to this section shall be conclusive and binding upon all Bondholders and upon all future holders and owners of the Offer Bonds or of any Offer Bonds issued in lieu thereof or in exchange therefor, irrespective of whether or not any notation of such consent is made upon the Offer Bonds.

GOVERNING LAW

The Bond Agreements are governed by and are construed in accordance with Philippine law.

VENUE

Any suit, action, or proceeding against the Issuer with respect to the Offer Bonds or the Bond Agreements or on any judgment entered by any court in respect thereof may be brought in any competent court in the Cities of Makati and Mandaluyong, at the option of the plaintiff, and the

parties submit to the exclusive jurisdiction of such courts for the purpose of any such suit, action, proceeding or judgment, the Issuer and Bondholders expressly waiving other venue.

WAIVER OF PREFERENCE

The obligations created under the Bond Agreements and the Offer Bonds shall not enjoy any priority of preference or special privileges whatsoever over any indebtedness or obligations of the Issuer. Accordingly, whatever priorities or preferences that the Bond Agreements may have or confer on any person under Article 2244, paragraph 14 of the Civil Code of the Philippines are hereby absolutely and unconditionally waived and renounced. This waiver and renunciation of the priority or preference under Article 2244, paragraph 14 of the Civil Code of the Philippines shall be deemed automatically revoked if it be shown that an indebtedness of the Issuer for borrowed money or any obligation has a priority or preference under the said provision.

Use of Proceeds

The gross proceeds from the Offer shall be ₱18.00 billion. The Company estimates that the net proceeds from the Offer shall amount to approximately ₱17.783 billion, after fees, commissions and expenses.

EXPENSES

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

	In ₱ millions
Estimated Gross proceeds from the Offer	18,000.00
Less:	
Underwriting fees for the Offer Bonds being sold by the Company	[63.00]
Taxes to be paid by the Company	[135.00]
Philippine SEC filing and legal research fee	[5.11]
Listing application fee	[0.20]
Listing maintenance fee	[0.45]
Rating fee	[4.05]
Trustee fees	[0.13]
Registry and paying agency fees	[0.50]
Estimated legal and other professional fees	[7.80]
Estimated other expenses	[0.55]
Total Estimated Upfront Expenses	216.79
Estimated Net Proceeds from the Offer	17,783.21

Aside from the foregoing one-time costs, Petron expects the following annual expenses related to the Offer Bonds:

1. The Issuer will be charged by the PDEX for the first annual maintenance fee in advance upon approval of the listing and thereafter, the Issuer will pay PDEX an annual maintenance listing fee amounting to ₱[300,000] per annum;
2. The Issuer will pay an annual retainer fee to the Trustee amounting to ₱120,000 per annum;
3. After the Issue Date, a Paying Agency fee amounting to about ₱330,000.00 is payable every Interest Payment Date. The Registrar will charge a monthly maintenance fee based on the face value of the Offer Bonds and number of Bondholders; and
4. The Issuer will pay an annual monitoring fee of ₱280,000 (inclusive of VAT) to PhilRatings.

USE OF PROCEEDS

The net proceeds of the Offer shall be used for (i) the redemption of the Company's Series A Bonds, (ii) the partial financing of the Power Plant Project, and (iii) payment of existing indebtedness, detailed as follows:

Purpose	Estimated Amount	Estimated Timing of Disbursement
Redemption of the Series A Bonds	₱13.000 billion	4Q 2021
Power Plant Project (capital expenditures)	₱3.300 billion	4Q 2021 to 4Q 2022

Existing indebtedness, specifically amortizations of various peso bilateral long-term facilities	₱1.483 billion	4Q 2021
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Estimated Net Proceeds	₱17.783 billion	4Q 2021 – 4Q 2022
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Redemption of Series A Bonds

The Series A Bonds are the Company's ₱13.0 billion retail bonds issued on October 27, 2016 with a fixed interest rate of 4.0032% p.a. for a term of five (5) years maturing on October 27, 2021.

Capital Expenditure: Power Plant Project

The Power Plant Project refers to the Company's construction of a new power plant in its Refinery in Limay, Bataan to increase the capacity of its existing power plant from 140MW to 184MW. The power plant is designed to generate power and steam required by the Refinery, utilizing cheaper feedstock (petcoke) in lieu of more expensive fuel oil. Construction is expected to be completed in the second half of 2022.

Payment of Existing Indebtedness

Amortizations of the following peso bilateral long-term loans of the Company:

<u>Lender</u>	<u>Amount</u>
<i>BDO Unibank, Inc.</i>	
• Interest rate: 5.5276% p.a.	₱535.71 million
• Payment date: October 25, 2021	
<i>Bank of the Philippine Islands</i>	
• Interest rate: 4.5900% p.a.	₱312.50 million
• Payment date: October 27, 2021	
<i>Bank of the Philippine Islands</i>	
• Interest rate: 5.7584% p.a.	₱625.00 million
• Payment date: December 29, 2021	
<i>UnionBank</i>	
• Interest rate: 5.4583% p.a.	₱250.00 million
• Payment date: October 13, 2021	

Any shortfall from the net proceeds of the Offer allotted for payment of any of the foregoing bilateral long-term loans will be financed from the Company's internally generated funds.

BDO Unibank, Inc. is one of the lenders in the long-term loans that may be repaid from the net proceeds of the Offer. BDO Capital, the Sole Issue Manager and one of the Joint Lead Bookrunners and Joint Lead Underwriters is a subsidiary of BDO Unibank, Inc. Except for the foregoing, none of the proceeds of the Offer will be used to repay any loan with any of the Joint Lead Bookrunners and Joint Lead Underwriters.

The Company shall file the appropriate SEC Form 17-C with the SEC and the PSE upon making any disbursement of the proceeds of the Offer, for the aforementioned purposes.

Pending the above and the estimated timing of disbursement of the 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 fees and expenses related to the Offer Bonds, 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 Bookrunners and Joint Lead Underwriters. Please see section on "*Plan of Distribution*".

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 and the Bondholders, through disclosure in PDEx, at least thirty (30) days before such deviation, adjustment or reallocation is implemented.

Plan of Distribution

The Offer Bonds shall be the first tranche to be issued under the ₱50,000,000,000 fixed rate bonds shelf registration of Petron. The Company shall issue the Offer Bonds to institutional and retail investors in the Philippines through a public offering to be conducted through the Joint Lead Bookrunners and Joint Lead Underwriters. The Offer does not include an international offering.

A TOTAL OF ₱18,000,000,000 WORTH OF OFFER BONDS WILL BE TAKEN DOWN FROM THE SHELF. THE REMAINING OFFER BONDS IN THE SHELF IN THE AGGREGATE PRINCIPAL AMOUNT OF ₱32,000,000,000 WILL BE ISSUED IN TRanches WITHIN THE SHELF PERIOD.

JOINT LEAD BOOKRUNNERS AND JOINT LEAD UNDERWRITERS

BDO Capital, China Bank Capital, PCCI, PNB Capital and SB Capital, pursuant to an Issue Management and Underwriting Agreement with Petron dated [●] (the “**Underwriting Agreement**”), have agreed to act as the Joint Lead Bookrunners and Joint Lead Underwriters to distribute and sell the Offer Bonds in the principal amount indicated below at the Issue Price. Subject to the fulfillment of the conditions provided in the Underwriting Agreement, each Joint Lead Bookrunner and Joint Lead Underwriter has committed to underwrite the following amounts on a firm basis:

BDO Capital	[5,500,000,000]
China Bank Capital	[5,500,000,000]
PCCI	[1,000,000,000]
PNB Capital	[3,000,000,000]
SB Capital	[3,000,000,000]
TOTAL	₱[18,000,000,000]

The Underwriting Agreement may be terminated in certain circumstances prior to payment being made to Petron of the net proceeds of the Offer Bonds.

There is no arrangement for the Joint Lead Bookrunners and Joint Lead Underwriters to return to Petron any unsold Offer Bonds.

Petron will pay the Joint Lead Bookrunners and Joint Lead Underwriters an underwriting fee of [0.35]% on the final aggregate principal amount of the Offer Bonds issued, which is inclusive of any commissions and fees to be paid to any Co-lead Underwriters and Selling Agents and in accordance with the terms of the Underwriting Agreement.

The Sole Issue Manager and the Joint Lead Bookrunners and Joint Lead Underwriters have no direct relations with Petron in terms of ownership by either of their respective major shareholder/s and have no right to designate or nominate any member of the Board of Directors of Petron.

For the purpose of complying with their respective commitments under the Underwriting Agreement, the Joint Lead Bookrunners and Joint Lead Underwriters have, under such terms and conditions not inconsistent with the provisions of the Underwriting Agreement, particularly the underwriting commitment of the Joint Lead Bookrunners and Joint Lead Underwriters, entered into agreements with and have appointed the Co-lead Underwriters and Selling Agents for the sale and distribution to the public of the Offer Bonds; provided, that the Joint Lead Bookrunners and Joint Lead Underwriters shall remain solely responsible to the Issuer in respect of their obligations under the Underwriting Agreement entered into by them with the Issuer, and except as otherwise provided in the Underwriting Agreement, the Issuer shall not be bound by any of the terms and conditions of any agreements entered into by the Joint Lead Bookrunners and Joint Lead Underwriters with the Co-lead Underwriters and Selling Agents.

The Underwriters are duly licensed by the SEC to engage in underwriting or distribution of the Offer Bonds. The Sole Issue Manager, and the Joint Lead Bookrunners and Joint Lead Underwriters may, from time to time, engage in transactions with and perform services in the ordinary course of its business for Petron, its parent company, San Miguel Corporation (“**SMC**”), or other members of the SMC Group.

BDO Capital was incorporated in the Philippines in December 1998. BDO Capital is a full-service investment house primarily involved in securities underwriting and trading, loan syndication, financial advisory, private placement of debt and equity, project finance, and direct equity investment. It is duly licensed by the SEC to operate as an investment house and was licensed by the SEC to engage in underwriting or distribution of securities to the public. As of December 31, 2020, it had ₱3.894.36 billion and ₱3.604.12 billion in assets and capital, respectively. It has an authorized capital stock of ₱1.10 billion, of which approximately ₱1.00 billion represents its paid-up capital.

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 Bank’s Investment Banking Group. The firm offers a full suite of investment banking solutions, which include arranging, managing, and underwriting 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 structuring, valuation, and execution of M&A deals, joint ventures, and other corporate transactions.

PCCI was incorporated on July 25, 1980 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 & acquisitions. PNB Capital obtained its license from the Philippine SEC to operate as an investment house in 1997 and is licensed to engage in underwriting and distribution of securities to the public.

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 Offer Bonds shall be undertaken by the Underwriters[and the Selling Agents] who shall sell and distribute the Offer Bonds to third party buyers/investors. Nothing herein shall limit the rights of the Underwriters[and the Selling Agents] from purchasing the Offer Bonds for their own respective accounts.

There are no persons to whom the Offer Bonds are allocated or designated. The Offer Bonds shall be offered to the public at large and without preference.

The obligations of each of the Joint Lead Bookrunners and Joint Lead Underwriters will be several, and not solidary, and nothing in the Underwriting Agreement shall be deemed to create a partnership or joint venture between and among any of the Joint Lead Bookrunners and Joint

Lead Underwriters. Unless otherwise expressly provided in the Underwriting Agreement, the failure by a Joint Lead Bookrunner and Joint Lead Underwriter to carry out its obligations thereunder shall neither relieve the other Joint Lead Bookrunners and Joint Lead Underwriters of their obligations under the same Underwriting Agreement, nor shall any Joint Lead Bookrunner and Joint Lead Underwriter be responsible for the obligation of another Joint Lead Bookrunner and Joint Lead Underwriter.

OFFER PERIOD

The Offer Period shall commence at 9:00 a.m. on [September 27, 2021] and end at 5:00 p.m. on [October 1, 2021], or such other date as may be mutually agreed by the Company and the Joint Lead Bookrunners and Joint Lead Underwriters.

APPLICATION TO PURCHASE

The procedure set out in this section and the succeeding sections should be read together with the more detailed procedure and other conditions set out in the Application to Purchase.

Applicants may purchase the Offer Bonds during the relevant Offer Periods by submitting to the Underwriters [or the Selling Agents] properly completed Applications to Purchase, together with two signature cards, and the full payment of the purchase price of the Offer Bonds in the manner provided in the said Application to Purchase.

Corporate and institutional applicants must also submit, in addition to the foregoing:

- (a) an original notarized certificate of the corporate secretary or an equivalent officer of the Applicant setting forth resolutions of the board of directors, partners or equivalent body (i) authorizing the purchase of the Offer Bonds indicated in the Application to Purchase and (ii) designating the signatories, with their specimen signatures, for the said purposes;
- (b) copies of its Articles of Incorporation and By-Laws and latest amendments thereof, together with the Certificate of Incorporation issued by the SEC or other organizational documents issued by an equivalent government institution, stamped and signed as certified true copies by the SEC or the equivalent government institution, or by the corporate secretary, or by an equivalent officer(s) of the Applicant who is/are authorized signatory(ies);
- (c) two (2) duly accomplished PDTC signature cards containing the specimen signatures of the authorized signatories of the Applicant, validated by its corporate secretary or by an equivalent officer(s) who is/are authorized signatory(ies) (whose authority(ies) and specimen signatures will be submitted to the Registrar);
- (d) BIR Certificate of Registration showing the Applicant's Tax Identification Number ("**TIN**");
- (e) identification document(s) of the authorized signatories of the Applicant, as specified in item (a) of the immediately succeeding paragraph below; and
- (f) such other documents as may be reasonably required by any of the Underwriters or the Registrar in the implementation of its internal policies regarding "know your customer" and anti-money laundering.

Individual applicants must also submit, in addition to accomplished Applications to Purchase and its required attachments:

- (a) identification document ("**ID**") of the Applicant which shall consist of any one of the following valid IDs bearing a recent photo, and which is not expired: Passport, Driver's License, Professional Regulation Commission ID, National

Bureau of Investigation Clearance, Police Clearance, Postal ID, Voter's ID, Barangay Certification, Government Service Insurance System e-Card, Social Security System Card, Senior Citizen Card, Overseas Workers Welfare Administration ID, OFW ID, Seaman's Book, Alien Certification of Registration/Immigrant Certificate of Registration, Government Office and government-owned and controlled corporation ID, e.g., Armed Forces of the Philippines, Home Development Mutual Fund, Certification from the National Council for the Welfare of Disabled Persons, Department of Social Welfare and Development Certification, Integrated Bar of the Philippines ID, company IDs issued by private entities or institutions registered with or supervised or regulated either by the BSP, SEC or the Insurance Commission, or school ID duly signed by the principal or head of the school (for students who are beneficiaries of remittances/fund transfers who are not yet of voting age);

- (b) two (2) duly accomplished PDTC signature cards containing the specimen signature of the Applicant;
- (c) validly issued TIN issued by the BIR; and
- (d) such other documents as may be reasonably required by the Underwriters or the Registrar in implementation of its internal policies regarding "know your customer" and anti-money laundering.

An Applicant who is claiming exemption from any applicable tax, or entitlement to preferential tax rates shall, in addition to the requirements set forth above, be required to submit the following requirements to the relevant Joint Lead Bookrunner and Joint Lead Underwriter or Selling Agent (together with their respective Applications to Purchase), subject to acceptance by the Issuer as being sufficient in form and substance:

- (a) a current and valid BIR-certified true copy of the tax exemption certificate, ruling or opinion issued by the BIR and addressed to the relevant applicant or Bondholder, confirming its exemption or preferential rate, as required under BIR Revenue Memorandum Circular No. 8-2014 including any clarification, supplement or amendment thereto;
- (b) with respect to tax treaty relief, a copy of the duly filed tax treaty relief application with the International Tax Affairs Division of the BIR as required under the BIR Revenue Memorandum Order No. 14-2021; including any clarification, supplement or amendment thereto and, once available, a BIR-certified certificate, ruling or opinion addressed to the relevant applicant or Bondholder confirming its entitlement to the preferential tax rate under the applicable treaty;
- (c) an original of the duly notarized undertaking executed by (1) the corporate secretary or any authorized representative of such applicant or Bondholder, who has personal knowledge of the exemption based on his official functions, if the Applicant purchases, or the Bondholder holds, the Offer Bonds for its account; or (2) the trust officer, if the applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Offer Bonds pursuant to its management of tax-exempt entities (*i.e.*, Employee Retirement Fund, etc.), declaring and warranting such entity's tax-exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer and the Registrar and the Paying Agent of any suspension, revocation, amendment or invalidation (in whole or in part) or revocation of the tax exemption certificate, certificate, ruling or opinion issued by the BIR, executed using the prescribed form under the Registry and Paying Agency Agreement, with a declaration and warranty of its tax exempt status or entitlement to a preferential tax rate, and agreeing to indemnify and hold the Issuer, the Registrar and Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or incorrect withholding of the required tax; and

- (d) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities, which, for purposes of claiming tax treaty withholding rate benefits, shall include evidence of the applicability of a tax treaty and consularized proof of the Bondholder's legal domicile in the relevant treaty state, and confirmation acceptable to the Issuer that the Bondholder is not doing business in the Philippines; provided that the Issuer shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Bondholder on the interest payments to such Bondholder.

Failure on the part of the Bondholder to submit the aforementioned document(s) within the time prescribed shall result in the application of the regular tax rates.

The Purchase Price for each Offer Bond is payable in full upon submission of the duly executed Application to Purchase. Payments of the Purchase Price shall be made in the form of either:

- (a) A Metro Manila clearing cashier's/manager's or corporate check or personal check drawn against a bank account with a BSP-authorized agent bank located in Metro Manila and dated as of the date of submission of the Application to Purchase covering the entire number of the Offer Bonds covered by the same Application. Checks should be made payable to [*];
- (b) Through the RTGS facility of the BSP to the Joint Lead Bookrunner and Joint Lead Underwriter, Co-lead Underwriter or Selling Agent to whom such Application was submitted; or
- (c) Via the appropriate debit or payment instructions made out to the relevant Joint Lead Bookrunner and Joint Lead Underwriter, Co-lead Underwriter or Selling Agent to whom such Application was submitted.

All payments must be made or delivered to the Joint Lead Bookrunner and Joint Lead Underwriter, Co-lead Underwriter or the Selling Agent (if any) to whom the Application to Purchase is submitted.

Completed Applications to Purchase and corresponding payments must reach the Joint Lead Bookrunner and Joint Lead Underwriter, Co-lead Underwriter or the Selling Agent (if any) prior to the end of the Offer Period, or such earlier date as may be specified by the Joint Lead Bookrunner and Joint Lead Underwriter. Acceptance by the Joint Lead Bookrunner and Joint Lead Underwriter, Co-lead Underwriter or the Selling Agent (if any) of the completed Application to Purchase shall be subject to the availability of the Offer Bonds and the acceptance by Petron. In the event that any check payment is returned by the drawee bank for any reason whatsoever or the nominated bank account to be debited is invalid, the Application to Purchase shall be automatically canceled and any prior acceptance of the Application to Purchase shall be deemed revoked.

MINIMUM PURCHASE

A minimum purchase of ₱50,000 shall be considered for acceptance. Purchases in excess of the minimum shall be in multiples of ₱10,000.

ALLOTMENT OF THE OFFER BONDS

If the Offer Bonds are insufficient to satisfy all Applications to Purchase, the available Offer Bonds shall be allotted at the discretion of the Joint Lead Bookrunners and Joint Lead Underwriters, in consultation with the Issuer and subject to the Issuer's right of rejection.

ACCEPTANCE OF APPLICATIONS

Petron and the Joint Lead Bookrunners and Joint Lead Underwriters reserve the right to accept or reject applications to purchase the Offer Bonds, and in case of oversubscription, allocate the Offer Bonds available to the Applicants in a manner they deem appropriate.

REJECTION OF APPLICATIONS

The Joint Lead Bookrunners and Joint Lead Underwriters shall accept, reduce or reject Applications to Purchase on behalf of the Issuer in accordance with the following provisions and the allocation plan. Reasons for rejection may include the following:

- (a) Applications may be rejected if (i) the Purchase Price is unpaid; (ii) payments are insufficient or where checks, as applicable, are dishonoured upon first presentation; (iii) the applications are not received by the Joint Lead Bookrunners and Joint Lead Underwriters on or before the end of the Offer Period; (iv) the number of Offer Bonds subscribed is less than the minimum amount of subscription; (v) the applications do not comply with the terms of the Offer; (vi) the applications do not have sufficient information or are not supported by the required documents; or (vii) after exercising due diligence, judgment and care and upon reasonable determination of the Joint Lead Bookrunners and Joint Lead Underwriters, the Joint Lead Bookrunners and Joint Lead Underwriters have reasons to believe that (1) there exists a legal restriction prohibiting the acceptance or consummation of the transactions in respect of an Application to Purchase, (2) the Application to Purchase and/or the documentary requirements therefor are not in order or are not in accordance with the form prescribed and the terms therein, or (3) the Applicant has misrepresented or supplied false information in the Application to Purchase.
- (b) Applications may be reduced if the Offer is oversubscribed, in which case the number of Offer Bonds covered by the applications shall be reduced *pro rata*.

In the event an Application to Purchase is rejected or the amount of Offer Bonds applied for is scaled down for a particular Applicant, the relevant Joint Lead Bookrunner and Joint Lead Underwriter or the Selling Agent shall notify the Applicant concerned that his/her application has been rejected or that the amount of Offer Bonds applied for is scaled down.

REFUNDS

If any application is rejected or accepted in part only, the application money or the appropriate portion thereof shall be returned without interest to such Applicant through the relevant Joint Lead Bookrunner and Joint Lead Underwriter with whom such Application to Purchase the Offer Bonds was made.

Refunds shall be made, at the option of each Joint Lead Bookrunner and Joint Lead Underwriter, Co-lead Underwriter or the Selling Agent, either (i) through the issuance of check(s) payable to the order of the relevant Applicant and crossed "Payees' Account Only" and mailed or delivered, at the risk of the Applicant, to the address specified in the Application to Purchase, or (ii) through the issuance of instructions for automatic credit payments to the accounts of the relevant Applicants, as indicated in their respective Applications to Purchase.

PAYMENTS

The Paying Agent shall open and maintain a Payment Account, which shall be operated solely and exclusively by the said Paying Agent in accordance with the Registry and Paying Agency Agreement, provided that beneficial ownership of the Payment Account shall always remain with the Bondholders. The Payment Account shall be used exclusively for the payment of the principal and interest on each Interest Payment Date.

The Paying Agent shall maintain the Payment Account for six (6) months from Maturity Date or date of early redemption. Upon closure of the Payment Account, any balance remaining in such

Payment Account shall be returned to the Issuer and shall be held by the Issuer in trust and for the irrevocable benefit of the Bondholders with unclaimed interest and principal payments.

UNCLAIMED PAYMENTS

Any payment of interest on, or the principal of the Offer Bonds which remain unclaimed after the same shall have become due and payable, shall be held in trust by the Paying Agent for the Bondholders at the latter's risk and shall be dealt with in accordance with the relevant provisions of the Registry and Paying Agency Agreement.

PURCHASE AND CANCELLATION

The Issuer may purchase the Offer Bonds at any time in the open market or by tender or by contract without any obligation to make *pro rata* purchases from all Bondholders. Offer Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

Upon listing of the Offer Bonds on PDEX, the Issuer shall disclose any such transactions in accordance with the applicable PDEX disclosure rules.

SECONDARY MARKET

Petron intends to list the Offer Bonds in the PDEX. Petron may purchase the Offer Bonds at any time without any obligation to make *pro rata* purchases of Offer Bonds from all Bondholders.

REGISTRY OF BONDHOLDERS

The Offer Bonds shall be issued in scripless form. A Master Certificate of Indebtedness representing each of the Series E Bonds and Series F Bonds sold in the Offer shall be issued to and registered in the name of the Trustee for the benefit of the Bondholders.

Legal title to the Offer Bonds shall be shown in the Registry of Bondholders to be maintained by the Registrar. The names and addresses of the Bondholders and the particulars of the Offer Bonds held by them and of all transfers of Offer Bonds shall be entered into the Registry of Bondholders. Transfers of ownership shall be effected through book-entry transfers in the scripless Registry of Bondholders.

Initial placement of the Offer Bonds and subsequent transfers of interests in the Offer Bonds shall be subject to applicable prevailing Philippine selling restrictions.

PARTIES TO THE OFFER

THE ISSUER

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Philippine Commercial Capital, Inc.

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