

MINUTES OF THE
REGULAR MEETING OF THE STOCKHOLDERS OF
PILIPINAS SHELL PETROLEUM CORPORATION
HELD AT THE BOARD ROOM, 14TH FLOOR, SHELL HOUSE
156 VALERO STREET, SALCEDO VILLAGE, MAKATI CITY
ON 12 MAY 2015

Present:

Stockholders	No. of Shares Voted in Person	No. of Shares Voted by Proxy	Percentage
SOI B.V.		463,988,998	67.12%
Insular Life Assurance Company, Ltd.		134,702,822	19.49%
Joaquin R. Buenaflor	282,169		0.04%
Jose Antonio M. Ortoll	172,096		0.02%
Ma. Beatriz M. Ortoll	172,095		0.02%
Javier L. Velasquez		126,173	0.02%
Teresa V. Fernandez		126,173	0.02%
Anita Isabel V. Alejandrino		126,172	0.02%
Juan L. Velasquez		126,172	0.02%
Rosario Ma. L. Herbosa	82,383		0.01%
Antonio A. Albert	57,714		0.02%
Ma. Lourdes Villa-Cabuang	13,530		0.00%
Federico A. Acosta	6,069		0.00%
Amy Gustilo-Lopez	3,423		0.00%
Angela G. Lopez		3,240	0.00%
Louise G. Lopez	2,284		0.00%
Edgar O. Chua	23		0.00%
Vicente R. Ayllon	17		0.00%
Mona Lisa Dela Cruz	3		0.00%
Amb. Cesar B. Bautista	1		0.00%
Fernando Zobel de Ayala	1		0.00%
Cesar A. Buenaventura	1		0.00%
Anthony Lawrence D. Yam	1		0.00%
Eduard Geus	1		0.00%
Sebastian Quiniones, Jr.	1		0.00%
Shaiful B. Zainuddin	1		0.00%
Total:	791,813	599,199,750	
Grand Total:		599,991,563	86.78%

Attending:

- Ms. J. C. Regalado, Corporate Secretary and Vice-President for Legal
- Mr. E. R. Orocio, Asst. Corporate Secretary and Managing Counsel-Downstream
- Ms. M. L. O. Dino, Legal Counsel
- Mr. D.G. Gamab, Vice-President for Trading and Supply
- Mr. R. Del Rosario, Vice-President for Communications
- Mr. Homer Gerrard L. Ortega, Vice-President for Human Resources
- Mr. M. B. Vergel De Dios, Business Manager for Commercial Fuels Philippines
- Mr. R. F. Jabal, Internal Communications Manager

736. The attendees were asked to take their seats for the Safety Briefing conducted by the Real Estate Department. During the Safety Briefing, the attendees were advised of the emergency procedures that will be implemented to help them to respond appropriately in case an emergency occurs during the meeting.

The attendees were then requested to stand up for the national anthem.

737. **Quorum**

The Corporate Secretary certified that the Notices for this annual meeting of stockholder had been duly served on stockholders, and that out of a total of 691,271,425 shares outstanding, 599,991,563 were present in person or by proxy.

Mr. E. O. Chua, President, was voted to the Chair.

738. **Approval of the Minutes of the Regular Stockholders' Meeting Dated 5 May 2014**

On motion duly made and seconded, the Stockholders adopted the following resolution:

“**RESOLVED**, that the Minutes of the Regular Meeting of the Stockholders held on 5 May 2014 be, as it is hereby, approved.”

739. **President's Report**

The President rendered his report attached herewith as Annex “A”.

The president emphasized that the Board and Management are expecting a reversal of the USD240M losses suffered by the company from the recent oil

price plunge should oil prices continue to go up. He stressed that the company has been doing quite well despite the many challenges that the business constantly faces such as challenging external market including low oil prices as well as events impacting the supply chain including typhoons, trucks bans, and the two destroyed bridges in Tabangao, Batangas where the refinery sits. This is partly due to the fact that the company also benefits from the low oil prices, which led to lower working capital. Fuel customers are also seen upgrading from mainstream fuel to premium, which attracts higher margins.

Mr. Albert congratulated the Management and opined that despite the oil price decreases, the resulting inventory loss and the challenges discussed, Management is clearly doing a fantastic job. It was also noted that lower products made premium products more attractive to customers.

The President then discussed the Pandacan Depot closure. He highlighted the fact that the pipeline connected to the said depot used to transport products more efficiently has been closed for three (3) years, thus, the Pandacan closure will not have a major impact on the company's supply operations. The President likewise emphasized that the Batangas depot has already been upgraded to take in products previously stocked in Pandacan. The company is likewise making arrangements to ensure efficient transportation and supply of products to other places previously catered to by the Pandacan depot and looking at potential alternative depot sites. Given the foregoing, the President concluded that despite the Pandacan closure, the company remains competitive.

The heads of the different departments proceeded to render their respective reports.

740. **Presentation of the Audited Financial Statements Ending 31 December 2014**

The Chairman and President presented to the stockholders the company's Audited Financial Statements for the year ending 31 December 2014.

741. **Ratification of the Acts of the Board of Directors and Officers**

On motion duly made and seconded, the following resolution was adopted:

“**RESOLVED**, that all acts of the Board of Directors, Management, and the officers, acting within the scope of their delegated authority, for the period from 5 May 2014 to 12 May 2015, be confirmed and ratified.”

742. **Election of Directors**

The Chairman announced that the Nomination Committee has come up with the short and final list of candidates for election to the Board. There are eleven (11) seats in the Board. The list includes the independent directors as required by law.

The Chairman requested the Secretary to read the names of the candidates. The Secretary read the lists of candidates as follows:

Fernando Zobel de Ayala (Independent Director)
Cesar B. Bautista (Independent Director)
Cesar A. Buenaventura (Independent Director)
Vicente R. Ayllon
Mona Lisa Bautista Dela Cruz
Carlos R. Araneta
Edgar O. Chua
Shaiful B. Zainuddin
Sebastian C. Quiniones, Jr.
Anthony Lawrence D. Yam
Eduard R. Geus

On motion duly made and seconded, it was resolved that the nominations be closed and the Secretary be authorized to accumulate the votes present or represented and to cast all said votes in favour of the stockholders nominated to the Board.

Accordingly, the following resolution was adopted:

“RESOLVED, that the following be declared as the duly elected members of the Board of Directors, to serve as such until their successors shall have been duly elected and qualified:

Fernando Zobel de Ayala (Independent Director)
Cesar B. Bautista (Independent Director)
Cesar A. Buenaventura (Independent Director)
Vicente R. Ayllon
Mona Lisa Bautista Dela Cruz
Carlos R. Araneta
Edgar O. Chua
Shaiful B. Zainuddin
Sebastian C. Quiniones, Jr.
Anthony Lawrence D. Yam
Eduard R. Geus

743. **Recognition/Appreciation of Mr. Ongsingco**

The Chairman announced that, Mr. Ongsingco, by virtue of his retirement from Insular Life Assurance Company Ltd., has stepped down as a director of the Corporation, and has been succeeded by Ms. Mona Lisa Bautista Dela Cruz, the new President of said company.

First elected on 10 September 2002, Mr. Ongsingco has ably served as a director of the Corporation for more than 12 years, helping see the company weather the many challenges and grow in resiliency.

744. **Appointment of External Auditor for Y2015**

The Chairman asked from the floor for a motion for the re-appointment of the accounting firm of Isla Lipana & Co. (Pricewaterhouse Coopers) as auditor of the company.

On motion duly made and seconded, the following resolution was adopted:

“**RESOLVED**, that Isla Lipana & Co. (PriceWaterhouseCoopers - Philippines) [formerly known as Joaquin Cunanan & Co.], be appointed as the auditors of the Corporation for the calendar year 01 January 2015 – 31 December 2015 under such terms and conditions as the Board of Directors may consider reasonable.”

745. **Ratification of the Increase in Authorized Capital Stock/P 18Bn Rights Issue**

The Chairman reminded the stockholders of the company's earlier letter drawing attention to the proposed increase in the Corporation's capital structure.

The Board has previously approved the strengthening of the Corporation's capital structure to enable it to continue to operate sustainably and as one of the essential prerequisites to be able to fulfil its IPO obligations under the deregulation law.

For this purpose, the Board has previously approved the following:

- a) The increase in the Corporation's Authorized Capital Stock by 1.5Bn shares, from 1Bn shares to 2.5Bn shares, with a par value of P 1/share;

- b) The issuance of up to 900M shares thru a Stock Rights Issue to existing shareholders as of Record Date of 12 May 2015, in proportion to their shareholdings, rounded to the nearest whole share, at the price of P 20/share;
- c) Shareholders must manifest intention to subscribe on or before 29 May 2015;
- d) Shareholder who manifested their intention to subscribe must pay for their subscription on or before 22 June 2015;
- e) Shareholders who fail to manifest their intention to subscribe by 29 May 2015 shall be deemed to have waived their pre-emptive rights and the untaken shares shall be offered to manifesting shareholders in proportion to their shareholdings as of Record Date; and
- f) The amendment of the Corporation's Articles Of Incorporation for this purpose.

Printouts of the full resolutions have been circulated to the stockholders and the details of how to exercise pre-emptive rights, if approved, will be available immediately after Stockholders' Meeting. For the shareholders not present, the details of how to exercise their rights will be mailed via express courier to them.

On motion duly made and seconded, the following resolutions were adopted:

“RESOLVED, that as a result of weak refining margins, ongoing major capital projects and inventory losses due to declining oil price in 2014, the current capital structure is no longer robust and will need to be strengthened for the Corporation to be able to continue to operate on a standalone basis. In addition, strengthening the capital structure is one of the essential prerequisites for the Corporation to be able to fulfil the IPO obligation of the Downstream Oil Deregulation Act of 1998.

“RESOLVED FURTHER, that in connection with the foregoing, the Corporation is hereby authorized to issue up to Nine Hundred Million (900,000,000) shares via a stock rights offer to existing shareholders of the Corporation as of 12 May 2015 (the “Record Date”) in proportion to their shareholdings, rounded-off to the nearest whole share, at an Offer Price of Twenty Pesos (Php20.00) per share.

“RESOLVED FURTHER, that shares subscribed pursuant to the Offer must be manifested and paid in cash on or before the following dates:

Manifestation Deadline: 29 May 2015
Payment Deadline: 22 June 2015;

“RESOLVED FURTHER, that shareholders who fail to manifest their intention to subscribe and/or pay for their subscriptions on the above-mentioned dates shall be deemed to have waived their pre-emptive right and the untaken shares shall be offered to shareholders who opted to subscribe to additional shares, in proportion to their shareholdings as of Record Date, rounded-off to the nearest whole share;

“RESOLVED FURTHER, that the Corporation shall increase its authorized capital stock from ONE BILLION PESOS (Php 1,000,000,000.00) to TWO BILLION FIVE HUNDRED MILLION PESOS (Php2,500,000,000.00) divided into TWO BILLION FIVE HUNDRED MILLION (2,500,000,000) SHARES with a par value of One Peso (Php1.00) per share;

“RESOLVED FURTHER, that the Seventh Article of the Articles of Incorporation shall be amended to read as follows:

SEVENTH: That the capital stock of the said corporation is PESOS: TWO BILLION FIVE HUNDRED MILLION PESOS (Php2,500,000,000.00), Philippine currency, divided into TWO BILLION FIVE HUNDRED MILLION shares of a par value of One Peso (P1.00) per share.

“RESOLVED FINALLY, that the following Officers and/or any of their authorized representatives, be as they are hereby authorized to perform any and all acts and execute any and all documents to implement the foregoing resolutions:

Chairman & President
Treasurer
Corporate Secretary.”

746. **Other Matters**

Upon inquiry from Mr. Ortoll, the Chairman explained that the company has indeed been taking steps towards its plan to make an initial public offering (IPO) in accordance with the Deregulation Law. The Chairman further

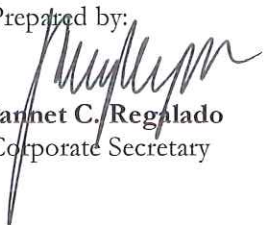
emphasized that before the company can launch an IPO, three (3) basic requirements must be present:

- a) Favorable equity market conditions,
- b) Favorable financial performance of the Corporation, and
- c) Favorable capital structure of the Corporation.

The Chairman announced that the company is in the process of engaging a financial adviser to help navigate through the above-mentioned requirements. He stated that should market conditions continue to be favorable, the first requirement is satisfied; should the gearing ratio of the company lower to at least 55% through the proposed Rights Issue, the third requirement shall be addressed. Barring low crude prices in 2016 that may impact the company's financial performance, the company's IPO may happen in said year.

747. There being no further business to transact, the meeting was adjourned, upon motion duly made and seconded.

Prepared by:


Janet C. Regalado
Corporate Secretary

Attested By:


Edgar O. Chua
Chairman