



OFFICIAL RECEIPT  
Republic of the Philippines  
DEPARTMENT OF FINANCE  
SECURITIES & EXCHANGE COMMISSION  
SEC Building, EDSA, Greenhills  
City of Mandaluyong, 1554



Accountable Form No. 51 Revised 2006	ORIGINAL
DATE March 12, 2015	No. 1245718

PAYOR PILIPINAS SHELL PETROLEUM CORPORATION MAKATI CITY
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NATURE OF COLLECTION	ACCOUNT CODE	RESPONSIBILITY CENTER	AMOUNT
LRF (A0823)	131	CFD	50.00
MISCELLANEOUS INCOME	678	CFD	5,000.00

TOTAL	PHP 5,050.00
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AMOUNT IN WORDS FIVE THOUSAND FIFTY PESOS AND 0/100
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Received <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Treasury Warrant <input type="checkbox"/> Check <input type="checkbox"/> Money Order	Received the Amount Stated Above
Treasury Warrant, Check, Money Order Number	Carolina A. Brown COLLECTING OFFICER
Date of Treasury Warrant, Check, Money Order	O.R. No. 1245718

NOTE: Write the number and date of this receipt on the back of treasury warrant, check or money order received.

# COVER SHEET

1 4 8 2 9

S.E.C. Registration Number

P I L I P I N A S S H E L L P E T R O L E U M  
C O R P O R A T I O N

(Company's Full Name)

1 5 6 V A L E R O S T S A L C E D O V I L L A G E  
M A K A T I C I T Y

(Business Address No. Street City/Town/Province)

ATTY. MA. LOURDES O. DINO

Contact Person

816-65-01

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year

Preliminary Information Statement

2 0 - I S

FORM TYPE

0 4

Month

1 6

Day

Annual General Meeting  
as per By-Laws

Secondary License Type, If Applicable

C F D

Dept. Requiring this Doc.

Amended Articles Number/Section

359

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

**To be accomplished by SEC Personnel concerned**

File Number

LCU

Document I. D.

Cashier

**STAMPS**

PILIPINAS SHELL PETROLEUM CORPORATION  
NOTICE OF ANNUAL STOCKHOLDERS' MEETING

NOTICE IS HEREBY GIVEN that the annual meeting of the stockholders of PILIPINAS SHELL PETROLEUM CORPORATION will be held at the Board Room, 14th Floor, Shell House, 156 Valero Street, Salcedo Village, Makati City at 9:00 A.M. on 12 May 2015, for the following purposes:

**A G E N D A**

- (1) Approval of Minutes of the Annual Stockholders' Meeting held on 5 May 2014
- (2) President's Report
- (3) Audited Accounts
- (4) Approval/Ratification of the Acts of the Board, Board Committees and Management
- (5) Election of Directors
- (6) Appointment of Auditors
- (7) Ratification of the Increase in Authorized Capital Stock
- (8) Any Other Business.

Makati City, 11 March 2015.

FOR THE BOARD OF DIRECTORS

Jannet C. Regalado  
Corporate Secretary

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**WE ARE NOT SOLICITING YOUR PROXY.  
YOU NEED NOT SEND US A PROXY.**

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

Information Statement Pursuant to the  
Securities Regulation Code (SRC) Section 20



1. Check the appropriate box

☒ Preliminary Information Sheet

☐ Definitive Information Sheet

2. Name of Registrant as specified in its Charter:

**Pilipinas Shell Petroleum Corporation**

3. Province, country and other jurisdiction of incorporation or organization:

**Makati City, Philippines**

4. SEC Identification Number:

**14829**

5. BIR Tax Identification Code:

**000-164-757**

6. Address of principal office:

**Shell House, No. 156 Valero Street, Salcedo Village, Brgy. Bel-Air, Makati City 1227**

7. Registrant's telephone number, including area code:

**(632) 816-6501**

8. The Annual Stockholders' Meeting is scheduled on **12 May 2015 at 9:00a.m., Boardroom, 14<sup>th</sup> Floor, Shell House, 156 Valero Street, Salcedo Village, Makati City**

9. Approximate date on which the Information Statement is to be first sent or given to security holders:

**20 April 2015**

11. Securities registered pursuant to Sections 8 and 12 of the SRC

**Not Applicable.**

12. Are any or all *Corporation's* securities listed on the Philippine Stock Exchange?

☐ Yes

☒ No

## **PART I.**

### **INFORMATION REQUIRED IN INFORMATION STATEMENT**

#### **A. GENERAL INFORMATION**

##### **Item 1. Date, Time and Place of Meeting of Security Holders**

- (a) The Annual Stockholders' Meeting (ASM) of Pilipinas Shell Petroleum Corporation ("Corporation") has been set on the date, time and place indicated below:

Date: 12 May 2015

Time: 9:00 a.m.

Place: Boardroom, 14<sup>th</sup> Floor, Shell House, 156 Valero Street, Salcedo Village, Makati City

The mailing address of the principal office of the Corporation is:

Pilipinas Shell Petroleum Corporation  
Shell House, 156 Valero Street, Salcedo Village  
Makati City 1227

The approximate date on which the information statement forms are to be sent or given to the security holders is 20 April 2015. The distribution of the information statement shall be made in CD format. All required permits from the Optical Media Board (OMB) for the distribution of the information statement in CD format have been secured.

**Proxy Solicitation: We are not soliciting for proxy.**

##### **Item 2. Dissenter's Right of Appraisal**

There are no matters or proposed corporate actions which may give rise to a possible exercise by security holders of their appraisal rights under Title X of the Corporation Code of the Philippines.

##### **Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon**

- (a) No current director or officer of the Corporation, or nominee for election as director of the Corporation or any of their associate, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon other than election to office.
- (b) No director has informed the Corporation in writing that he intends to oppose any action to be taken by the Corporation at the meeting.

#### **B. CONTROL AND COMPENSATION INFORMATION**

##### **Item 4. Voting Securities and Principal Holders Thereof**

- (a) No. of Common Shares Outstanding as of 11 March 2015: 691,271,425

Number of Votes Entitled: One (1) vote per share

- (b) All stockholders of record as of 24 March 2015 are entitled to vote at the Annual Stockholders' Meeting.
- (c) Manner of Voting

Article II, Sections 6 and 7 of the Amended By-Laws of the Corporation provides, as follows:

“Section 6. **Voting:** At every meeting of the stockholders of the Company, every stockholder entitled to vote shall be entitled to one vote for each share of stock standing in his name on the books of the Company and may vote either in person or by proxy duly given in writing in favor of another person who need not be a stockholder and presented to the Secretary for inspection and record at or prior to the opening of the meeting provided, however, that at all meetings for the election of Directors the shares of stock shall be voted as provided in the Corporation Law. No proxy bearing a signature which is not legally acknowledged, if unrecognized by the Secretary, shall be recognized at any meeting.

Section 7. **Election of Directors:** The election of Directors shall be held at the Annual Meeting of the stockholders in each year and shall be conducted in the manner provided by the Corporation Law, and with such formalities and machinery as the Officer presiding at the meeting shall then and there determine.”

(d) Security Ownership of Certain Record and Beneficial Owners and Management as of 11 March 2015 (information required by Part IV paragraph (C) of “Annex C” to the extent known by the persons on whose behalf the solicitation is made).

1) Security Ownership of Certain Record and Beneficial Owners (of more than 5%) of Common Shares as of 11 March 2015:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares	Percent
Common	Shell Overseas Investments B.V.  Carel van Bylandtlaan 30, 2596 HR the Hague The Netherlands  - Parent Company	Beneficial and Record Owner	Dutch	463,988,998	67.1%
Common	The Insular Life Assurance Company, Ltd.  The Insular Life Bldg., Ayala Avenue cor. Pasco de Roxas, Makati City  - Shareholder	Beneficial and Record Owner	Filipino	134,702,822	19.5%
Common	Spathodea Campanulata Inc.  General Aviation Center Domestic Airport Compound Pasay City  - Shareholder	Beneficial and Record Owner	Filipino	34,991,752	5.1%

The stockholders who hold more than 5% ownership are:

(i) Shell Overseas Investments B.V.

Shell Overseas Investments B.V. operates as a holding company and is based in The Hague, the Netherlands. It is owned 100% by Shell Petroleum N.V. (SPNV).

The Corporation's Chairman and President, Mr. Edgar O. Chua, and in his absence, Vice President for Finance, Mr. Shaiful B. Zainuddin, are the proxy holders who shall vote the shares of this stockholder.

(ii) The Insular Life Assurance Company Limited

The Insular Life Assurance Company Limited is engaged in carrying out the business of life assurance in all its branches and in particular, the grant or effect of assurances of all kinds for payment of money by way of single payment or by several payments or by way of immediate or deferred annuities upon the death of or upon the attaining a given age by any person or persons or upon the birth or failure of issue or subject to or upon a fixed or certain date irrespective of any such event or contingency

The Chairman, Mr. Vicente R. Ayllon, or President, Mr. Mayo Jose B. Ongsingco, is the proxy holder who shall vote the shares of this stockholder.

(iii) Spathodea Campanulata Inc.

Spathodea Campanulata Inc. is a domestic corporation whose primary purpose is to acquire by purchase, exchange, assignment, gift or otherwise, and hold, own and use for investment or otherwise, and to sell, assign, transfer, exchange, mortgage, pledge, traffic and deal in and with and otherwise to enjoy and dispose of, any bonds, debentures, promissory notes, shares of capital stocks, or other securities or obligation's, created, negotiated or issued by any corporation, association or other entity, foreign or domestic and in real and personal property of all kinds in the same manner and to the extent as a juridical person might, could or would do, and while the owner thereof, to exercise all the rights, powers and privileges of ownership, including the right to receive, collect, and dispose of, any and, all dividends, interest and income, derived therefrom and the right to vote on any shares of the capital stock, and upon any bonds, debentures, or other securities, having voting power as owned, and to issue proxies for said purposes, but only to extent permitted by law, provided it shall not act as brokers or dealers in securities.

Mr. Carlos R. Araneta is the proxy holder who shall vote the shares of this stockholder.

2) Security Ownership of Directors and Management as of 11 March 2015:

TYPE OF CLASS	NAME OF BENEFICIAL OWNER	POSITION	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	NATIONALITY	PERCENTAGE
Common	Edgar O. Chua	Director/Chairman & President	23 (direct)	Filipino	0.0000032%
Common	Shaiful B. Zainuddin	Director/Treasurer/VP- Finance	1 (direct)	Malaysian	0.0000014%
Common	Fernando Zobel de Ayala	Director	1 (direct)	Filipino	0.0000014%
Common	Vicente R. Ayllon	Director	17 (direct)	Filipino	0.0000025%
Common	Carlos R. Araneta	Director	1 (direct)	Filipino	0.0000014%
Common	Mayo Jose B. Ongsingco	Director	3 (direct)	Filipino	0.0000043%
Common	Cesar B. Bautista	Director	1 (direct)	Filipino	0.0000014%
Common	Cesar A. Buenaventura	Director	1 (direct)	Filipino	0.0000014%
Common	Eduard R. Geus	Director/VP – Manufacturing	1 (direct)	Dutch	0.0000014%

Common	Anthony Lawrence D. Yam	Director/VP- Retail	1 (direct)	Filipino	0.00000014%
Common	Sebastian Cortez Quiniones, Jr.	Director	1 (direct)	Filipino	0.00000014%
	Ramon Del Rosario	VP - Communications	None	Filipino	Not Applicable
	Homer Gerrard L. Ortega	VP-Human Resources	None	Filipino	Not Applicable
	Dennis G. Gamab	VP – Trading and Supply	None	Filipino	Not Applicable
	Atty. Jannet C. Regalado	VP-Legal/Corporate Secretary	None	Filipino	Not Applicable
	Atty. Erwin R. Orcio	Assistant Corporate Secretary/Nominee as Corporate Secretary	None	Filipino	Not Applicable
	Atty. Maria Lourdes O. Dino	Nominee as Asst. Corporate Secretary	None	Filipino	Not Applicable
Security Ownership of all Directors and Officers			51		0.0000072%

None of the members of the Corporation's directors and management owns 2.0% or more of the outstanding capital stock of the Corporation.

3) Voting Trust Holders of 5% or More

The Corporation knows of no person holding more than 5% of common shares under a voting trust or similar agreement.

4) Changes in Control

There are no arrangements which may result in a change in control of the registrant.

(e) No change in control of the registrant has occurred since the beginning of its last fiscal year.

**Item 5. Directors and Executive Directors**

(a)(1) Annex "C" Part IV, Paragraph A

(i) Directors and Executive Officers

There are eleven (11) members of the Board, three (3) of whom are independent directors. The members of the Board of Directors are elected at the general meeting of stockholders, and shall hold office for a term of one (1) year or until their successors shall have been elected and qualified. A director who was elected to fill any vacancy holds office only for the unexpired term of his predecessor.

The Officers of the Corporation, unless removed by the Board of Directors, shall serve as such until their successors are elected or appointed.

The following are the incumbent directors and officers of the Corporation:

Name	Age	Citizenship	Position
<b>Edgar O. Chua</b>	58	Filipino	Director/Chairman & President
<b>Fernando Zobel de Ayala</b>	54	Filipino	Independent Director
<b>Cesar A. Buenaventura</b>	85	Filipino	Independent Director
<b>Cesar B. Bautista</b>	77	Filipino	Independent Director
<b>Vicente R. Ayllon</b>	84	Filipino	Director
<b>Mayo Jose B. Ongsingco</b>	63	Filipino	Director
<b>Carlos R. Araneta</b>	69	Filipino	Director
<b>Shaiful B. Zainuddin</b>	49	Malaysian	Director/Treasurer
<b>Anthony Lawrence D. Yam</b>	50	Filipino	Director/VP-Retail
<b>Eduard Geus</b>	49	Dutch	Director/VP-Manufacturing
<b>Sebastian C. Quiniones, Jr.</b>	55	Filipino	Director
<b>Ramon Del Rosario</b>	55	Filipino	VP-Communications
<b>Homer Gerrard L. Ortega</b>	48	Filipino	VP-Human Resources
<b>Dennis G. Gamab</b>	50	Filipino	VP-Trading and Supply
<b>Atty. Jannet C. Regalado</b>	52	Filipino	VP-Legal & Corporate Secretary
<b>Atty. Erwin R. Orocio</b>	45	Filipino	Asst. Corporate Secretary

#### Nominees for Election as Members of the Board of Directors

The names of persons listed below are expected to be nominated as Members of the Board of Directors for the ensuing calendar year.

Messrs. Fernando Zobel de Ayala, Cesar B. Bautista, and Cesar A. Buenaventura, who are all incumbent independent directors, will be nominated anew by stockholder Mr. Edgar O. Chua, who is also the Chairman and President of the Corporation. They have continuously possessed the qualifications and none of the disqualifications of an independent director from the time they were first elected as such. The nominees for independent directors are not related to Mr. Edgar Chua.

In compliance with the Securities & Exchange Commission (SEC) Notice dated October 20, 2006, the Corporation will submit updated Certifications of Qualification for the Independent Directors within thirty (30) days from their election.

Nominations of all directors of the Corporation follow the process and procedures of the Board Nomination Committee approved by the Corporation's Board and submitted to the SEC. The members of the Board Nomination Committee are Messrs. Cesar A. Buenaventura (Independent Director and Chairman of the Nominations Committee), Edgar O. Chua, Homer Gerrard L. Ortega (VP-Human Resources and Non-Voting Member) and Jannet C. Regalado.

#### Final list of nominees for the Board of Directors for 2014 to 2015 is as follows:

The final list of nominees, including the independent directors, as endorsed by the Nomination Committee, to the Board of Directors of the Corporation for the ensuing year are:

<b>Edgar O. Chua (Filipino)</b>	<b>Carlos R. Araneta (Filipino)</b>
<b>Cesar A. Buenaventura (Filipino)</b>	<b>Shaiful B. Zainuddin (Malaysian)</b>
<b>Fernando Zobel de Ayala (Filipino)</b>	<b>Anthony Lawrence D. Yam (Filipino)</b>
<b>Cesar B. Bautista (Filipino)</b>	<b>Sebastian Cortez Quiniones, Jr. (Filipino)</b>
<b>Vicente R. Ayllon (Filipino)</b>	<b>Eduard Rudolf Geus (Dutch)</b>
<b>Mayo Jose B. Ongsingco (Filipino)</b>	

Below are the profiles of current members of the Board of Directors and the new nominees to the Board seats:

*Edgar O. Chua* (58 years old, Filipino) – has been a Director of the Corporation since 1998. He is the current Chairman and President of the Corporation. He is also a director and the President of the various Shell companies in the Philippines. He served the Corporation as: GM – Consumer Markets (Commercial OP East) from 2001 to 2003; GM – Commercial Marketing (ASEAN+) from 1999 to 2000; VP – Marketing from 1998 to 1999; GM – Marketing in 1998; GM of the Shell Company of Cambodia from 1995 to 1997; Energy Demand Analyst, Group Planning for SIPC from 1993 to 1995; Supply Planning & Trading Manager from 1991 to 1993; Lubricants Manager from 1989 to 1991; Consumer Development & Services Manager in 1988; Economics Assistant in the Supply Trading Department from 1986 to 1988; Inventory Management & Manila Movements Assistant from 1985 to 1986; General Auditor in 1985; Internal Auditor from 1983 to 1985. He is a director of joint venture companies wherein the Corporation has investment. He is currently an Independent Director at Energy Development Corporation (EDC) and Integrated Micro Electronics Inc. at IMI (IMI). He also serves in the Advisory Board of Coca-Cola FEMSA Philippines, Globe Telecom, Inc. and Mitsubishi Motors Philippines, Inc. He received a Bachelor of Science in Chemical Engineering degree from the De La Salle University in 1978. He was born on the 9<sup>th</sup> of October 1956.

*Fernando Zobel de Ayala* (54 years old, Filipino) – has been an Independent Director of the Corporation for more than five years. He is the Vice Chairman, President, and COO of Ayala Corporation. He is also: Chairman of Ayala Land, Inc., Manila Water Company, Inc., AC International Finance Ltd., Ayala International Pte Ltd., Ayala DBS Holdings, Inc., Alabang Commercial Corporation, AC Energy Holdings, Inc., and Hero Foundation, Inc.; Co-Chairman of Ayala Foundation, Inc.; Co-Vice Chairman of Mermac, Inc.; Director of Bank of The Philippine Islands, Globe Telecom, Inc., Integrated Micro-Electronics, Inc., LiveIt Investments, Ltd., Asiacom Philippines, Inc., AG Holdings Limited, Ayala International Holdings Limited, AI North America, Inc., Vesta Property Holdings Inc., Honda Cars Philippines, Inc., Isuzu Philippines Corporation and Manila Peninsula; Member of The Asia Society, World Economic Forum, INSEAD East Asia Council, and World Presidents' Organization; Chairman of Habitat for Humanity's Asia-Pacific Capital Campaign Steering Committee; Vice Chairman of Habitat for Humanity International; and Member of the Board of Trustees of Caritas Manila, Pilipinas Shell Foundation, Kapit Bisig para sa Ilog Pasig Advisory Board and National Museum. He received a Bachelor of Arts in Liberal Arts degree from Harvard College in 1982. In 1993, he received a Certificate in International Management (CIM) Programme from INSEAD. He was born on the 14<sup>th</sup> of March 1960.

*Cesar A. Buenaventura* (85 years old, Filipino) – has been an Independent Director of the Corporation for more than five years. He is the Chairman of Buenaventura, Echaz and Partners, Inc. He is the Vice Chairman of DMCI Holdings, Inc. He is a Director of Phil. American Life Insurance Co., PetroEnergy Resources Corporation, Semirara Coal Company, and Manila International Airport Authority. He was founding Chairman of the Pilipinas Shell Foundation Inc. and founding member of the Board of Trustees of the Makati Business Club. He was a recipient of many awards, among which are Management Man of the Year in 1985, Outstanding Fulbright scholar in the field of business by the Fulbright Association in 2008. He was also awarded as one of the Top Alumni Engineering Graduates of the University of the Philippines. In 1991, he was personally granted the award of Honorary Officer of the Order of the British Empire by her Royal Majesty Queen Elizabeth II. He received a Bachelor of Science in Civil Engineering from the University of the Philippines in 1950. In 1954, he received a Master of Science in Civil Engineering from the Lehigh University in Pennsylvania as a Fulbright Scholar. He was born on the 18<sup>th</sup> of December 1929.

*Cesar B. Bautista* (77 years old) – has been an Independent Director of the Corporation for more than five years. has been a Founding Trustee of the Institute of Corporate Director and the Institute of Solidarity for Asia. He is a Director of Steel Asia (Phil) Inc., Philratings Services Inc., D&L Industries, Inc., First Philippine Holdings Corporation, Phinma, Inc. and Maxicare Healthcare Inc. He is also Chairman of CIBI Information Inc. and St. James Ventures, Inc. He was Chairman and President of Unilever (Philippines), Chairman of Biocon (Philippines), International Starch Corp. (an affiliate of U.S. National Starch Corp.) and Director of ABS CBN Communications, Inc., Chartist Insurance Inc., and Bayan Telecommunications, Inc. After his career with Unilever, he also served the government as: Secretary of the Department of Trade and Industry; Chairman of the Board of Investments, the Presidential Economic Monitoring and Mobilization Task Force, Export Development Council, Industry and Development Council, WTO/AFTA Advisory Commission, the National Development Corporation, The Presidential Committee on National Museum Development, Cabinet Committee on Tariff and Related Matters, Economic Growth Areas/Zones; Monetary Board Member, representing the President and the Cabinet Man in charge of Region III. He was also appointed: Ambassador to the United Kingdom, Ireland, Iceland and Permanent Representative to the International Maritime Organization and also as Special Envoy to Europe. Upon his return from Europe, he

was tasked to establish the National Competitiveness Council, the Task Force for Competitive Services & Industries, and appointed to be the country contact to the U.S. Millenium Challenge Corporation. He was also named to represent the country in the ASEAN-ROK Eminent Persons Group, and in the ASEAN Masterplan for Connectivity. He received a Bachelor of Science in Chemical Engineering from the University of the Philippines in 1958. In 1959, he received a Master of Science in Chemical Engineering from the Ohio State University. He completed the graduate management program from IMEDE of Switzerland in 1983. He is the chairman of the International Chamber of Commerce (Phil), the English Speaking Union (U.K), and the competitiveness committee of MAP. He is in the Board of the Foundation for Global Concerns, European IT Services Corp., and Adviser Emeritus to the Secretary of Trade & Industry on Strategic Roadmaps. He is a Multisectoral Governance Councilman of the Armed Forces of the Philippines Transformation. He was born on the 19<sup>th</sup> of December 1937.

*Vicente R. Ayllon* (84 years old, Filipino) – has been a Director of the Corporation since 1985. He is Chairman of the Board and CEO of The Insular Life Assurance Co., Ltd.; Chairman of the Board and President of Insular Life Property Holdings, Inc. (formerly Vigan Realty, Inc.); Chairman of the Board of Insular Investment Corporation, Insular Health Care, Insular Foundation, ILMADECO, Home Credit Mutual Building & Loan Association; Vice Chairman of Union Bank of the Philippines and Mapfre Insular Insurance Corporation; Director of Shell Co. of the Philippines, Ltd., The Palms Country Club and Rockwell Land Corporation. He was also: Chairman of Asian Hospital, Inc., Insular Life Savings & Trust Co., Insular General Insurance Co., Inc., FGU Insurance Corporation, Universal Reinsurance Corporation, Filipinas Life, China Underwriters Life & Gen. Insurance Co. (Hongkong), Asian Institute of Management Council of Presidents, Madrigal Business Park Commercial Estate Association and Tabangao Realty, Inc.; President of Shell Chemical Co. of the Philippines, The Insular Life Assurance Co., Ltd. and Association of Insurers and Reinsurers of Developing Countries; He was Director of Philippine Hoteliers, Inc., Purefoods Corporation, Bank of the Philippine Islands, Ayala Land, Inc., Engineering Equipment, Inc., Filipinas Foundation, Inc., Family Bank, Filinvest Credit Corporation, Insurance Institute for Asia & the Pacific, Globe Telecom (GMCR, Inc.), Keppel Phils. Holding, Inc., Kepphil Shipyard, Inc., Insular Century Hotel, Davao, Araneta Properties, Inc. and LIMRA International; Trustee of Life Underwriting Training Council. He received a Bachelor of Science in Commerce degree from the University of the East in 1952. In 1969, he received a Certificate in International Management from the Waterloo University. He also attended the following courses: Harvard Advance Management Program in the Far East in 1963, Agency Management at the LIAMA in Chicago in 1965 and the Top Management Program at the Asian Institute of Management in 1979. He was born on the 23rd of January 1931.

*Mayo Jose B. Ongsingco* (63 years old, Filipino) – has been a Director of the Corporation since 2002. He is President and Chief Operating Officer of The Insular Life Assurance Co., Ltd. He is also: Chairman of Insular General Insurance Agency, Inc. and Insular Life Employees' Retirement Fund; Vice Chairman of Insular Life Health Care, Inc.; President and Vice Chairman of Insular Life Management & Development Corp.; Vice Chairman, Board & Excom of Home Credit Mutual Building & Loan Assoc. and Vice Chairman Excom of Unionbank of the Philippines; Director of Insular Investment Corporation, Insular Life Foundation, Insular Life Property Holdings, Inc., Mapfre-Insular Insurance Corporation, Pilipinas Shell Petroleum Corporation, Keppel Philippines Holdings, Inc., and Pamplona Realty, Inc. He is also a trustee of the De La Salle College of St. Benilde, DLSU Parents of University Students Organization, DLSU PUSO Foundation and Foundation for Carmelite Scholastics. He received an AB Economics and Bachelor of Science in Commerce degree, major in Accounting (Magna Cum Laude) from the De La Salle University in 1974. In 1977, he received a Master of Business Administration from the University of the Philippines. He also completed an Advance Investment Banking Course from INSEAD in 1996. In 1999, he received a Master of National Security Administration degree from the National Defense College of the Philippines, graduating Class Valedictorian. He also completed the Naval Command and General Staff Course at the Philippine Navy Naval Education & Training Command in 2001. He was born on the 8<sup>th</sup> of May 1951.

*Carlos R. Araneta* (69 years old, Filipino) – has been a Director of the Corporation since 1986. He is a Director of Araneta Properties, Inc. and Chairman of Spathodea Campanulata Inc. He received a Bachelor of Science in Business Administration degree from Boston University in 1967. In 1971, he received a Bachelor of Law degree from the Ateneo de Manila University. He was born on the 24<sup>th</sup> of March 1945.

*Shaiful B. Zainuddin* (49 years old, Malaysian) - joined Shell in 1988 in Retail Development and Network Planning and then undertook various assignments in Shell companies in Malaysia in Finance and LNG business. He spent 4 years in Melbourne as Planning & Appraisal lead for the Oceania Cluster Downstream businesses. Thereafter he returned to Malaysia and took on the role as the Finance Manager of Shell Refining Company in Port Dickson as well as the Cluster Manufacturing, Supply & Distribution FM for Malaysia & Thailand. Shaiful was next appointed as the Controller/Finance Director for Shell Oman Marketing Company, a position he held until 2008. He then assumed role as the DS Finance Implementation Manager for East, Canada, responsible for rolling out the Streamline Finance processes and delivery of the Finance Functional Plan for multiple countries in East region, Canada. In 2011 December he took the Long Term International Assignment here in Manila Philippines as Cluster Controller for Philippines and North Pacific Island and representing PSPC as Vice President for Finance. Shaiful graduated from the University of Kent at Canterbury, B.A. with Honours in Accounting with Computing and also took the Executive Business Leadership Programme in INSEAD Singapore. He was born on January 21, 1966.

*Anthony Lawrence D. Yam* (50 years old, Filipino) - is the Vice-President for Retail Business in Pilipinas Shell. He joined Shell in August 1986 and has served the company as Operational Excellence Manager for the Customer Service Center from mid-2010 to mid-2011. He has been the Retail Pricing Manager from late 2009 to mid-2010, Interim General Manager for LPG Business from May-October 2009 and Retail District Manager for Metro Manila from 2005 to 2009. He was assigned in Vietnam for a cross-posting assignment as General Manager for LPG from 2001-2005. Prior to his cross-posting assignment, he was the Southern Regional Sales Manager for LPG (Phil). from 1997-2001 and has served Shell in various support roles from 1993-1997, that included stints in Corporate Brand, Customer Service Center, Lubricants and Internal Audits. He started his career as a sales representative for Retail from 1986-1993. He received his Bachelor of Science in Industrial Management Engineering minor in Mechanical Engineering degree from the De La Salle University in 1985. He was born on December 20, 1964.

*Sebastian Cortez Quiniones, Jr* (55 years old, Filipino) - is currently the General Manager/Managing Director of Shell Philippines Exploration BV, appointed into the position in 2009. He served as: General Manager Distribution of Philippines and North Pacific Islands from 2001 to 2009-during that period he was also a Director and Chairman of the Board of Pandacan Depot Services, Inc; Vice President Supply of Pilipinas Shell Petroleum Corporation from 2000 to 2001-during that period he was also a Director of the Batangas Bay Carriers, Inc and First Philippines Holding Corporation; Refinery Superintendent of the Pililla Refinery from 1995 to 2000; Operations Shift Manager, Start-up Team member and Process A Manager from 1991 to 1995; Site Focal for STAR BDEP in Shell Internationale Maatschappij BV in the Hague Netherlands from 1989 to 1991; Process Manager of the Shell Tabangao Refinery 1986 to 1989; Refinery Technologist of the Shell Tabangao Refinery from 1981 to 1986. He was a Philippine Science High School scholar, and an NSDB Scholar at the University of the Philippines where he studied Chemical Engineering. He was born on the 10th of January 1960.

*Eduard Rudolf Geus* (49 years old, Dutch) - is the General Manager and Vice-President for Manufacturing of the Corporation since 5 May 2014. He served as: Senior Advisor Refining – Seconded to Statoil Refinery Mongstad, Norway from 2011 to 2013; General Manager Global Operations – Shell WindEnergy Inc., Houston, USA from 2007 to 2011; Business Improvement Leader – Couronnaise de Raffinage, Shell Refinery Petit Couronne, France from 2006 to 2007; Process Unit Manager – Couronnaise de Raffinage, Shell Refinery Petit Couronne, France from 2003 to 2006; Senior Technologist – Couronnaise de Raffinage, Shell Refinery Petit Couronne, France from 2000 to 2003; Distillation and Membrane Technology Technologist – Shell Global Solutions, Amsterdam, The Netherlands from 1996 to 2000; Technologist – Sola Refinery, Norske Shell, Norway from 1993 to 1996; Base Oil Technologist – Shell Internationale Petroleum Maatschappij, The Hague, The Netherlands in 1993. He received a Master's Degree in Chemical Technology from the Technical University Delft, the Netherlands in 1988, and a PhD Degree in Technical Sciences also from the Technical University Delft in 1993. He was born on the 9th of July 1965.

## Final List of Nominees for Appointment as Corporate and By-Laws Executive Officers for 2015 to 2016:

The final list of nominees for appointment as Corporate/By-Laws Executive Officers for the ensuing year are:

Edgar O. Chua*	Chairman & President	Filipino
Shaiful B. Zainuddin*	Vice President – Finance/Treasurer	Malaysian
Homer Gerrard L. Ortega	Vice President – Human Resources	Filipino
Eduard Geus*	Vice President – Manufacturing	Dutch
Dennis G. Gamab	Vice President – Trading and Supply	Filipino
Anthony Lawrence D. Yam*	Vice President – Retail	Filipino
Ramon Del Rosario	Vice President – Communications	Filipino
Jannet C. Regalado	Vice President – Legal	Filipino
Erwin R. Orocio	Corporate Secretary	Filipino
Maria Lourdes O. Dino	Asst. Corporate Secretary	Filipino

\*Member of the Board of Directors

Below are the profiles of incumbent and new nominee/s for appointment as Corporate/By-Laws Executive Officers:

### Other By-Laws Executive Officers (who are not directors/nominees to the Board):

*Homer Gerrard L. Ortega* (48 years old, Filipino) - has been the Vice President for Human Resources since April 2007. He has served the Corporation in several assignments: as HR Change Manager supporting Shell's Retail businesses in Asia/Pacific/Middle East countries (2005-2007); HR Capability Manager also for Shell's Retail businesses in Asia/Pacific/Middle East (2002-2004); Retail Operations Manager (1999-2001); HR Transition Management Team Member (1997-1998); HR Recruitment & Training Adviser (1996-1997); and, Retail Territory Manager (1990-1995). He studied at the University of the Philippines in Diliman, Bachelor of Science in Business Administration and Accountancy (1984-1989); and, became a Certified Public Accountant in 1990. He was born in Quezon City on 13<sup>th</sup> January 1967.

*Dennis G. Gamab* – (50 years old, Filipino) - has been Vice President for Trading and Supply since 2010. He joined the Corporation in 1987 and has served the Corporation as: Vice President for Supply from 2005-2009, Road Transport Manager for the Philippines from 2000 - 2005, Secondary Logistics Economist from 1998 - 2000, Logistics Project Implementor in 1997 - 1998, Poro Installation Manager in 1995 - 1997, crossposting assignment in Dubai 1992 - 1995 as Marine and Lubricants Distribution Head, Bataan Depot Manager 1990 - 1992 and Plant and Transport Assistant and various other Distribution jobs from 1987 - 1990. He received a Bachelor of Science in Mathematics from the University of the Philippines in 1987. He was born on the 12<sup>th</sup> of February 1965.

*Ramon Del Rosario* (55 years old, Filipino) – has been the Vice President for Communications since 19 August 2014. He graduated with a Bachelor of Science degree in Mechanical Engineering from the University of the Philippines in 1980. Following his Bachelor's degree, he took a Masters degree in Business Administration from the Ateneo de Manila Graduate School of Business in 1981. He also took up several trainings in Program Management, Sales Effectiveness, Cultural Awareness, Marketing, Lubricants Business, and other technical courses. He started his career in 1981 as a Commercial Fuels Account Manager in the Corporation before moving progressively to broader and more senior roles. He held various positions in Lubricants, Marketing and Sales, Brand and Market Research, Commercial Fuels, and GSAP. He gained extensive international exposure in his overseas assignments with the Shell Company of Cambodia Ltd., where he held the position of a Marketing and Sales Manager. Prior to his current assignment, he was assigned to Shell's Regional Offices with responsibility over Commercial Transport Marketing Development, Consumer Lubricants, and Sales 1st. In 2007 to 2008, he became the Country Implementation Manager and organized the gap analysis of local processes relative to global Streamline design and policies. He then became the Country Programme Manager in the successful Streamline, Global SAP, Organizational Design, and Connected Applications deployment in the Philippines. He became the Shell Gas (LPG) Philippines Inc. General Manager in 2009 and succeeded in transitioning the LPG business from PSPC to Isla Gas Corporation. Two years after, he became the Chief Executive Officer of Isla LPG Corporation. He was born on 19 July 1959.

*Jannet C. Regalado* (52 years old, Filipino) – has been the General Counsel and Corporate Secretary since 2001. She is the Vice President for Legal and Corporate Secretary of Pilipinas Shell Petroleum Corporation and is concurrently Royal Dutch Shell's Managing Counsel for Global Litigation Asia Pacific covering the Philippines, China, New Zealand, Korea, Japan, Indonesia, Brunei and the Pacific Islands, Malaysia, Singapore, Thailand, India, Pakistan, Vietnam, Laos, Cambodia, and Australia. She is responsible

for managing and supervising a sizeable portfolio of litigation and arbitration in these jurisdictions involving commercial, civil, criminal, tort, environmental & employment matters and deals with a big network of Shell - accredited global law firms. She has served the Company as: Employment and Industrial Relations Manager from 1997 to 2001; Assistant Legal Counsel from 1994 to 1997; Legal Assistant from 1992 to 1994. Prior to joining the Shell Companies in the Philippines (SCIP), she was corporate secretary of First Lepanto Corporation and was a legal counsel at the Carpio, Villaraza and Cruz Law Firm. She graduated with high honors with degrees in Bachelor of Arts in Political Science and Bachelor of Laws from the University of the Philippines (U.P.). During her stint at the University, she was a student leader and very active in intra-university debates and moot court competitions. She is also a faculty member of both the University of the Philippines and the Lyceum College of Law and is active in several legal and professional organizations. She is married to Atty. Reynaldo Regalado of the Regalado, Atienza and Mendoza Law Offices, with whom she has three children. She was born on the 26th of November 1962.

*Erwin R. Orocio* (45 years old, Filipino) – is the Managing Counsel for Downstream. He is also the Assistant Corporate Secretary of the Corporation, first elected as such on 17 April 2012. He also serves as the Corporate Secretary for various Shell companies in the Philippines. He joined the Legal department as a Legal Counsel in November 1997 and has since advised all businesses and functions. Prior to that, he served as managing partner of the Garcia Ines Villacarlos Garcia Recina & Orocio Law Office. He first joined the Corporation as an accountant in 1991 and left in January 1996 to complete his Juris Doctor degree from the Ateneo De Manila School of Law. He graduated from the De La Salle University in 1989 with a Bachelor of Arts (Major in Economics) and Bachelor of Science (Major in Accountancy). He placed 13<sup>th</sup> in the Accounting Board exams of May 1990. He was born on the 9<sup>th</sup> of March 1970.

*Maria Lourdes O. Dino* (33 years old, Filipino) – serves as Legal Counsel for Downstream. She is also the Assistant Corporate Secretary for various Shell Companies in the Philippines. She joined the Corporation's Legal Department in July 2012 and has since managed corporate legal issues and advised several businesses and functions including Manufacturing, Lubricants Supply Chain, and Finance. Prior to joining the Corporation, she was an associate in the Corporate Law & Taxation Team of Jimenez Gonzales Liwanag Bello Valdez Caluya & Fernandez in 2006 and later served as in-house counsel of various multinational companies including PeopleSupport Philippines, Inc. and Maersk GSC ROHQ, advising, collaborating with, and assisting both local and foreign clients on corporate restructuring, corporate due diligence, mergers & acquisitions, securities, regulatory compliance, corporate secretaryship, contract negotiations, immigration law, labor law, and international trade control laws. She finished her Bachelor of Arts Degree in Political Science from the University of the Philippines in three years and graduated Cum Laude in 2001. She then went on to complete her Juris Doctor Degree from the Ateneo de Manila School of Law in 2005. Her memberships include the International Honor Society of Phi Kappa Phi, the International Honor Society in Social Sciences (Pi Gamma Mu), and the Integrated Bar of the Philippines. She was born on the 14th of March 1981.

(ii) Significant Employees

The Corporation values its human resources. It expects each employee to do his share in achieving the Corporation's set goals.

(iii) Family Relationship

None of the Directors and Executive Officers of the Corporation is related up to the fourth civil degree either by consanguinity or affinity.

(iv) Involvement in Certain Legal Proceedings

For the past five years, none of the enumerated Directors or By-Laws' Executive Officers or any of their property is involved in any material pending legal proceedings in any court or administrative agency of the Government, except that, in connection with the leak of petroleum products from the First Philippine Industrial Corporation's white oil pipeline, the West Tower Condominium Corporation filed on 15 October 2011 a complaint for violation of Article 365 of the Revised Penal Code against several directors of the Corporation. The Corporation uses said pipeline to transport its products from the Tabangao refinery to its Pandacan terminal. Preliminary investigation is ongoing

before the Department of Justice with the directors having filed their respective counter-affidavits on the 19th of December 2011.

To the knowledge and/or information of the Corporation, none of the current and nominated directors and officers were involved during the past five (5) years in any bankruptcy proceedings. Neither have they been convicted by final judgment in any criminal proceeding, or subject to any order, judgment or decree of competent jurisdiction, permanently or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, or found in an action by any court or administrative bodies to have violated a securities and commodities law.

(a)(2) Annex "C" Part IV, Paragraph D(1) - Certain Relationships and Related Transactions

The Corporation, in its regular course of trade or business, enters into transactions with affiliated companies. For details on these transactions, please refer to the notes of the 2014 Audited Financial Statements that will be attached to the Definitive Information Statement.

No other transaction was undertaken by the Corporation in which any Director or Executive Officer was involved or had a direct or indirect material interest. During the last two (2) years, there were no transactions to which the Corporation was a party concerning transactions with:

- i. Any director/executive director;
- ii. Any nominee for election as director;
- iii. Any security holder of certain record, beneficial owner or Management; or
- iv. Any member of the immediate family of subpar (a)(2)(i), (ii) or (iii) of this paragraph (iv).

(a)(3) Annex "C" Part IV, Paragraph D(3) - Parent Company

Shell Overseas Investments B.V. owns 67.1% of the total issued and outstanding capital stock of the Corporation as of 11 March 2014.

- (b) No director has resigned or declined to stand for re-election for the Board of Directors since the date of the annual meeting of stockholders due to any disagreement with the Corporation relative to the Corporation's operations, policies and practices.

**Item 6. Compensation of Directors & Executive Officers**

(a) Governing By-Laws Provision:

**Directors.** Article III Section 6 of the Corporation's Amended By-Laws provides:

"Section 6 - Compensation: The Directors as such shall not receive any salary or compensation for their services, but for their attendance for each regular or special meeting of the Board of Directors, they shall receive an honorarium not exceeding such amounts as may be laid down from time to time by the stockholders of the Corporation. Nothing herein contained shall preclude any Director from serving the Company in any other capacity and receiving compensation therefor."

**Officers.** Article IV, Section 4 of the Corporation's Amended By-Laws provides that:

"Section 6 - Compensation: The Board of Directors shall from time to time fix the compensation of the Officers and agents of the Company."

(b) Summary Compensation Table

Name and Principal Position	Year	Salary	Other Variable Pay
1. Edgar O. Chua Chairman and President			
2. Shaiful B. Zainuddin Treasurer/VP - Finance			
3. Ramon Del Rosario VP - Communications			
4. Dennis G. Gamab VP - Trading and Supply			
5. Homer Gerrard Ortega VP - Human Resources			
6. Anthony Lawrence D. Yam VP - Retail			
7. Eduard Geus VP - Manufacturing			
8. Jannet C. Regalado VP - Legal/ Corporate Secretary			
9. Erwin R. Orocio Assistant Corporate Secretary /Incoming Corporate Secretary			
10. Maria Lourdes O. Dino Incoming Asst. Corporate Secretary			
President and By-Laws Officers	Actual 2013	P 67.7 Million	P 33.0 Million
	Actual 2014	P 69.1 Million	P 28.3 Million
	Projected 2015	P 73.4 Million	P 44.1 Million
All Directors as a Group (Honorariums & Retainers)	Actual 2013	P 8.090 Million	
	Actual 2014	P 8.085 Million	
	Projected 2015	*P 8.690 Million	

*\*Projected total annual compensation*

(c) The total annual compensation was all paid in cash. The total annual compensation of officers includes the basic salary, the mid-year bonus and the 13th month pay.

(d) The following amounts were paid to Board Members:

Director's Honorarium for attendance in Board Meetings is Php 75,000.00 per director.

Total Director's Annual Retainer's Fee (Non-Shell Directors only) is Php1,000,000.00 per director.

Honorarium for attendance at Board Committee Meetings (Non-Executive Directors only) is Php40,000.00 per director.

(e) The company has a registered, non-contributory retirement plan. All regular employees are covered by the said retirement plan. The Executive Officers are regular employees of the Corporation.

- (f) The Corporation has no standard arrangement with regard to the remuneration of its existing directors and officers aside from the compensation received as herein stated.
- (g) There are no other actions to be taken with regard to any bonus, profit sharing, pension/retirement plan granting of extension of any option, warrant or right to purchase any securities.

#### **Item 7. Independent Public Accountants**

- (a) The Board Audit Committee, which is composed of Mr. Cesar B. Bautista (Chairman), Cesar A. Buenaventura (Member) and Sebastian Quiniones (Member) recommended the re-appointment of the accounting firm of Isla Lipana & Co. (PriceWaterhouseCoopers - Philippines) [formerly known as Joaquin Cunanan & Co.] as the principal accountants and external auditors of the Corporation. The same accounting firm shall be recommended for re-appointment at the scheduled Board Meeting on 24 March 2015, subject to final approval by the stockholders during the annual meeting, for almost the same remuneration as in the previous year.
- (b) The same accounting firm rendered the same services for the Corporation during the most recent fiscal year. Mr. Roderick M. Danao, Assurance Partner, has been in-charge of auditing the Corporation since 2014. For Y2015, Mr. Roderick M. Danao, Assurance Partner, is proposed to be the officer in-charge of auditing the Corporation.

The Corporation is in full compliance with the five (5) year rotation requirement for External Auditors under Section 68 of the Securities & Regulations Code (SRC). The Corporation's external auditor for 2013 and 2014 was Isla Lipana & Co. (PriceWaterhouseCoopers - Philippines). It was again represented in 2013 by its Assurance Partner, Ms. Blesilda Pestano who had been in charge of auditing the Corporation since 2011. She was replaced by Mr. Roderick M. Danao, Assurance Partner, in 2014.

- (c) Representatives of Isla Lipana & Co. (PriceWaterhouseCoopers - Philippines) for the current year and for the most recently completed fiscal year are expected to be present at the Annual Stockholders' Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.
- (d) During the registrant's two most recent fiscal years or any subsequent interim period,
  - (1) No independent accountant who was previously engaged as the principal accountant to audit the registrant's financial statements, or an independent accountant on whom the principal accountant expressed reliance in its report regarding a significant subsidiary, has resigned (or indicated it has declined to stand for re-election after the completion of the current audit) or was dismissed; and
  - (2) No new independent accountant has been engaged as either the principal accountant to audit the registrant's financial statements or as an independent accountant on whom the principal accountant has expressed or is expected to express reliance in its report regarding a significant subsidiary.

- (e) Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

The accounting firm of Isla Lipana & Co. (PriceWaterhouseCoopers - Philippines) has been the principal accountants and external auditors of the Corporation for the current and previous fiscal years. There are no changes in and disagreements with mentioned accountants on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

- (f) External Audit Fees

##### **1) Audit and Audit-Related Fees**

- i. Audit of the annual financial statements or services that are normally provided in connection with statutory and regulatory filings or engagements:

2014: P 7.0 million pesos  
2015: P 7.0 million pesos

- ii. Other assurance and related services reasonably related to the performance of the audit or review of the financial statements:

2014: None

2015: None

- 2) Tax Fees – Nil
- 3) All Other Fees – Nil
- 4) The Corporation's Board Audit Committee's (BAC) policies and procedures on "External Audit" are as follows:
  - i. Review the external auditor's proposed audit scope, approach and audit fee. Ensure that no unjustified restrictions or limitations have been placed on the scope
  - ii. Review the performance of the external auditors;
  - iii. Consider the independence of the external auditor, including reviewing the range of services provided in the context of all non-audit and consulting services bought by the Corporation from the external audit firm; and
  - iv. Make recommendations to the Board regarding the appointment/re-appointment of the external auditors.

The above are included in the Board Audit Committee and Internal Audit Charters duly approved by the Board and submitted to the SEC.

#### **Item 8. Compensation Plans**

There is no action that will be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

### **C. ISSUANCE AND EXCHANGE OF SECURITIES**

#### **Item 9. Authorization or Issuance of Securities Other than for Exchange**

The Corporation will submit to its stockholders for approval an increase in the Corporation's authorized capital stock after it has been approved by the Corporation's Board of Directors in its regular meeting on 24 March 2015 (the "Capital Increase"). The amount of Capital Increase, the number of shares to be offered for subscription, the subscription price, and other related information shall likewise be proposed for approval before the Board of Directors in the said meeting and accordingly, disclosed in the Definitive Information Statement.

#### **Item 10. Modification or Exchange of Securities**

No action is to be taken with respect to the modification of any class of securities of the registrant, or the issuance or authorization for issuance of one class of securities of the registrant in exchange for outstanding securities of another class.

#### **Item 11. Financial and Other Information**

- (a) The Audited Financial Statements as of 31 December 2014 approved by the Board of Directors in a meeting scheduled on 24 March 2015 will be attached to the Definitive Information Statement for distribution to the stockholders on 20 April 2015 and presented during the Annual Stockholders Meeting on 12 May 2015.

- (b) **Management's Discussion and Analysis**

The financial statements (Statements of Income & Balance Sheets) for the years 2014, 2013 and 2012 are shown in Million Philippine Pesos.

#### **2014 vs. 2013 Financial Condition**

**Cash and Cash equivalents** decreased by 23% from PhP6.1 billion in 2014 to PhP4.7 billion in 2014. PhP7.8 billion cash was generated from operational activities, PhP6 billion cash used for investing (purchase of assets) activities, and PhP3.2 billion used to pay interest and Loan.

**Receivables** decreased by 11% from PhP15.7 billion in 2013 to PhP14 billion in 2014 due to overall price decrease of oil compared to 2014 (108 USD per barrel to average of 61 USD per barrel in Dec 2014)

**Inventories** decreased by 43% from PhP28.5 billion in 2013 to PhP16.3 billion in 2014 due to reduction in production from falling crude prices.

**Prepayments and other current assets** increased by 28% from PhP9.5 billion in 2013 to PhP12.2 billion in 2014 mainly due to increase in input VAT and creditable withholding tax.

**Property and equipment** increased by 26% from PhP14.8 billion in 2013 to PhP18.6 billion in 2014 due to investments in the refinery and as well as the North Mindanao Import Facility.

**Deferred income tax assets** increased by 256% from PhP1.5 billion in 2013 to PhP5.3 billion in 2014 due to the loss suffered during the year.

**Other Assets** decreased by 19% from PhP1.2 billion in 2013 to PhP1.0 billion in 2014 mainly due to pension payment, and increase in depreciation for software asset.

**Account Payable and accrued expenses** increased by 39% from PhP14.3 billion in 2013 to PhP19.9 billion in 2014 that is attributable to the long holidays at end of the year that pushed payment and check pick up in January 2015. We were also granted longer credit terms for some intercompany payables as part of working capital initiatives.

**Short term Borrowings** decreased by 39% from PhP35.5 billion in 2013 to PhP21.6 billion in 2014 due to reclass to current portion by PhP11 billion which is payable by 2015 and partly due to repayment.

**Current portion of loans payable** increased by 100% from Nil balance in 2013 to PhP11 billion in 2014 due to reclass from short term borrowings which becomes payable in 2015.

**Loans payable** increased by 9% from PhP11 billion in 2013 to PhP12 billion in 2014 to meet the working capital requirements.

**Stockholder's Equity** decreased by 69% from PhP12.6 billion in 2013 to PhP3.8 billion in 2014 mainly due to the recorded net loss.

#### **2013 vs. 2012 Financial Condition**

**Cash and Cash equivalents** decreased by 11% from PhP6.9 billion in 2012 to PhP6.2 billion in 2013. PhP4.9 billion cash was used for operational activities, PhP3.4 billion cash used for investing (purchase of assets) activities, and PhP1.6 billion used to pay interest and dividend, offset by PhP9 billion cash borrowed for the above activities.

**Inventories** increased by 5% from PhP27 billion in 2012 to PhP28.5 billion in 2013 due to unplanned refinery shutdown resulting to higher inventory volumes at year-end.

**Prepayments and other current assets** increased by 34% from PhP7.1 billion in 2012 to PhP9.5 billion in 2013 mainly due to increase in input VAT and creditable withholding tax.

**Other Assets** increased by 33% from PhP0.9 billion in 2012 to PhP1.2 billion in 2013 mainly due to pension asset revaluation (PAS 19 on Employee Benefits).

**Account Payable and accrued expenses** decreased by 23% from PhP18.6 billion in 2012 to PhP14.3 billion in 2013 that is attributable to the decrease on importation from SIETCO – when the refinery had to do unplanned shutdown, offset by products being purchased locally.

**Dividend Payable** increased by 10% from PhP0.009 billion in 2012 to PhP0.01 billion in 2013 due to cheques not claimed by shareholders – latter on becoming staled.

**Short term Borrowings** increased by 35% from PhP26.3 billion in 2012 to PhP35.5 billion in 2013 due to increase in refinancing of matured loan during 2013 compared to 2012.

**Stockholder's Equity** decreased by 9% from PhP13.9 billion in 2012 to PhP12.6 billion in 2013 due to the recorded net loss, payment of dividend and slightly offset by revaluation of pension assets (PAS 19 on Employee Benefits).

## **2014 vs. 2013 Results of Operation**

**Net loss after tax** for the year 2014 was registered at PhP(8.5) billion down from the results of 2013 amounting to PhP(0.9) billion. Higher cost of sales over Net sales translated to a negative gross profit margin. Operating expenses also increased in 2014.

**Net sales** increased by 13%, from PhP198.8 billion in 2013 to PhP224.1 billion in 2014. Increased Sales revenues are due to the increased sales volume from 5,309M Liters in YTD Dec 2013 to 5,627M Liters in YTD Dec 2014. These were aided by the success of various national promotions i.e., Coca Cola, Project Bell (SM Advantage Card loyalty program), raffle prize of a trip to the Ferrari Factory, Project Elite – for every PhP1500 purchase of Shell V-Power Nitro and fuels you get free Magnum Ice Cream, and also the increased demand from Power sector.

**Cost of Sales** increase by 20% from PhP187.2 billion in 2013 to PhP225.4 billion in 2014 is mainly due to the increase in the volumes coupled by the higher cost of production compared to the market crude rate.

**Gross profit margin** decreased from PhP11.6 billion in 2013 (6% of net sales) to gross loss of PhP1.3 billion in 2014 (1% of net sales). decrease in margins were due decrease in Supply and Manufacturing business margins due to higher operational costs and unplanned refinery shut downs.

**Operating expenses** increased to PhP9.4 billion in 2014, from PhP8.8 billion in 2013 due to the higher level of operations increasing general and administrative and selling expenses.

**Other non-Operating Income/ (Expense)** decreased to PhP0.02 billion in 2014 from PhP1.2 billion in 2013. This is mainly due to the gain on sale of Shell Gas (LPG) Philippines Inc in 2012 to settlement of claim made to local company in 2013.

**Finance income (expenses)** has decreased from PhP(2.4) billion in 2013 to PhP(1.6) billion in 2014, mainly due to realized foreign exchange gain as compared to realized foreign exchange losses as a result of peso appreciation.

## **2013 vs. 2012 Results of Operation**

**Net income/(loss) after tax** for the year 2013 was registered at PhP(0.9) billion down from the results of 2012 amounting to PhP4.8 billion. Net sales increased in 2013 that translated to a higher gross profit margin. Operating expenses, finance costs and other non-operating expenses also increased in 2013. On a normalized basis however, net income after tax (NIAT) for 2012 was at PhP1.2B, if we take out the contribution of the sale of the LPG business. Similarly during the current year, NIAT would be at PhP0.4B, if we deduct the settlement for claims of a local company – i.e., in October 2013, the local company which bought the Corporation's shares over SGLPI in 2012 filed for claims in relation to the supply chain of SGLPI that was adversely affected by a supervening event. As such, the Corporation entered into a new agreement to settle the claims of the local company amounting to P1.2 billion. The said amount was settled in December 2013.

**Net sales** increased by 5%, from PhP188.8 billion in 2012 to PhP198.8 billion in 2013. Increased Sales revenues are due to the increased sales volume from 5,056M Liters in YTD Dec 2012 to 5,309M Liters in YTD Dec 2013. These were aided by the success of various national promotions i.e., Coca Cola, Project Bell (SM Advantage Card loyalty program), V-Power Trip to Italy Promotion, increase in volumes from deals with PSALM, Therma Marine and also the increased demand from Power sector and the favorable impact of the government's anti-smuggling measures.

**Cost of Sales** increase by 5% from PhP178.1 billion in 2012 to PhP187.2 billion in 2013 is mainly due to the increase in the volumes coupled by the higher average cost of crude by USD3 in 2012 (higher beginning inventory prices/value) vs. 2013 (lower ending inventory price/value).

**Gross profit margin** increased from PhP10.7 billion in 2012 (6% of net sales) to PhP11.6 billion in 2013 (6% of net sales). Increase in margins were due to higher sales volumes and the average crude price being lower in 2013 by USD3 as compared to 2012 prices, offset by steep decrease in Supply and Manufacturing business margins mainly due to unplanned refinery shut down in November.

**Operating expenses** increased to PhP8.8 billion in 2013, from PhP8.5 billion in 2012 due to the higher level of operations increasing general and administrative and selling expenses.

**Other non-Operating Income/ (Expense)** – from other non-operating income in 2012 of PhP4.6 billion, PhP1.1 billion non-operating expense was registered in 2013. This is mainly due to the gain on sale of Shell Gas (LPG) Philippines, Inc. in 2012 vs. settlement of claim made to local company in 2013.

**Finance income (expenses)** has increased from PhP(0.7) billion in 2012 to PhP(2.4) billion in 2013, mainly due to foreign exchange losses as a result of peso depreciation and higher interest charges due to increased borrowings.

#### **2014 vs. 2013 Capital Employed**

**Return on average capital employed** is at -16% for 2014 compared to -2% in 2014. Average capital employed decreased by 3% to PhP53.7 billion in 2014 from PhP55.1 billion in 2013 decrease in inventories and increase in Trade and other payables offset by increase in fixed asset investment and increase in deferred tax asset due to incurred losses as well as increase in input VAT.

**Net working capital** decreased from PhP45.6 billion in 2013 to PhP27.3 billion in 2014, with major decrease in Inventory due to falling crude prices.

**Long term assets** increased by PhP7.4 billion in 2014, owing to an increase in Property, Plant and Equipment (refinery and terminal investments) and Deferred tax assets.

**Net cash flow generated/(used) from operating activities** but before working capital changes amounted to PhP(5.1) billion in 2014, which reflects the net operating loss for the year. Decrease in current assets, increase in liabilities other than provisions, dividends payable, short-term borrowings and loans payable resulted in net cash generated from operating activities to PhP7.4 billion.

#### **2013 vs. 2012 Capital Employed**

**Return on average capital employed** is at -2% for 2013 compared to 11% in 2012. Average capital employed increased by 24% to PhP55 billion in 2013 from PhP44 billion in 2012 that is mainly due to higher short-term borrowings to finance a higher net working capital in 2013.

**Net working capital** increased by PhP8 billion in 2013, mainly due to increase in volume of the inventory, increase in input VAT prepayments and decrease in payables to related parties because of refinery shut down and products being purchased locally.

**Long term assets** increased by PhP0.5 billion in 2013, owing to an increase in Pension plan asset and Property, Plant and Equipment.

**Net cash flow generated/(used) from operating activities** amounted to PhP(5) billion in 2013, which reflects the net operating loss for the year, increase in current assets other than cash, decrease in liabilities other than provisions, dividends payable, short-term borrowings and loans payable.

#### **STATEMENTS OF INCOME:**

	<b>2014</b>	<b>2013</b>	<b>2012 (as restated)</b>
Net Sales	224,085	198,849	188,849
Cost of Sales	-225,394	-187,219	-178,111
Gross profit	-1,309	11,630	10,738
Operating Expenses, net	-9,429	-8,780	-8,481
Income from Operations	-10,738	2,850	2,256
Other non-operating income/ (Expense)	-18	-1,170	4,579
Finance Income (costs), net	-1,629	-2,411	-748
Income/(Loss) Before Provision for Income Tax	-12,385	-731	6,087

Provision for Income Tax	3,896	-181	-1,287
Net Income/(Loss) for the Year	<b>-8,489</b>	<b>-912</b>	<b>4,799</b>
Earnings Per Share	<b>-12.28</b>	<b>-1.32</b>	<b>6.94</b>

**BALANCE SHEETS:**

	2014	2013	2012
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4,722	6,161	6,925
Receivables, net	14,005	15,664	15,538
Inventories, net	16,336	28,514	27,048
Prepayments and other current assets	12,160	9,532	7,089
Total current assets	47,223	59,871	56,600
<b>NON-CURRENT ASSETS</b>			
Long-term receivables, advance rentals and investments	1,390	1,409	1,442
Property, plant and equipment, net	18,631	14,777	14,551
Deferred income tax assets	5,294	1,489	1,480
Other assets	965	1,187	894
Total non-current assets	26,280	18,862	18,367
<b>TOTAL ASSETS</b>	<b>73,503</b>	<b>78,733</b>	<b>74,967</b>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable & accrued expenses	19,893	14,292	18,572
Dividends payable	10	10	9
Short-term borrowings	21,550	35,537	26,316
Current portion of Loans payable	11,000	0	0
Total current liabilities	52,453	49,839	44,897
<b>NON-CURRENT LIABILITIES</b>			
Long-term loans payable	12,000	11,000	11,000
Provisions and other liabilities	5,219	5,334	5,216
Total non-current liabilities	17,219	16,334	16,216
Total Liabilities	69,672	66,173	61,113
<b>STOCKHOLDERS' EQUITY</b>	3,831	12,561	13,853
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>73,503</b>	<b>78,733</b>	<b>74,967</b>

### Key Performance Indicators

	2014	2013	2012
Current Ratio	0.90	1.20	1.26
Earnings per Share	(12.28)	(1.32)	6.94
Debt-to-Equity Ratio	11.63	3.70	2.69
Return on Assets (%)	(11.15)	(1.19)	6.89
Return on Equity (%)	(104)	(5)	34.90

Figures are based on Audited Financial Statements.

Current ratios are computed by dividing current assets over current liabilities.

Earnings per share is computed based on the net income for the year divided by the weighted average number of shares outstanding during the period.

Debt-to-equity ratio resulted by dividing total borrowings (short-term and long-term borrowings) over stockholder's equity.

Return on assets percentage pertains to net income over average total assets while return on equity percentage is computed by dividing net income over average stockholder's equity.

### Known Trends, Demands, Developments, Commitments, Events or Uncertainties that will have a Material Impact on the Issuer's Liquidity

The Corporation has reviewed the known trends, demands, developments, commitments, events or uncertainties during the reporting period and is of the opinion that there are no items which will have a material impact on the issuer's liquidity.

### Capital Expenditures Commitments

For the year 2015, a budget of PhP5 billion has been approved for capital expenditures. Bulk of the capital expenditures will be allocated mainly for the new import facility in North Mindanao, Manufacturing Refinery upgrade to handle Euro IV compliance project, its maintenance work and the expansion of service stations and the support of its retail businesses.

### Any Events that will Trigger Direct or Contingent Financial Obligation that is Material to the Corporation, Including any Default or Acceleration of an Obligation.

There are no material or significant events during the reporting period that will trigger direct or contingent financial obligation that is material to the corporation except for the cases enumerated under the section 'Involvement in Certain Legal Proceedings'. The Corporation, however, is confident that the liability, if any that may result from the outcome of these cases and investigations will not materially affect the financial position or results of the operations of the Corporation.

### All Material Off-Balance-Sheet Transactions, Arrangements, Obligations & Other Relationships of the Corporation with Unconsolidated Entities or Other Persons Created during the Reporting Period

There are no material off-balance-sheet transactions, arrangements, obligations and other relationships of the Corporation with unconsolidated entities or other persons created during the reporting period.

**Known Trends, Events, or Uncertainties that have had or that are Reasonably Expected to have a Material Favourable or Unfavourable Impact on Net Sales/Income from Continuing Operations**

The Department of Energy (DOE) issued Department Circular DC2013-09-0021, mandating standard specifications for gasoline, in line with Republic Act 8749 or the Philippine Clean Air Act of 1999. All oil companies must distribute and sell gasoline blended with 10% ethanol with the following specifications: regular grade with at least a 91 research octane number (green); premium, 95 RON minimum (red); and premium plus, 97 RON minimum (blue). The circular was signed by DOE Secretary Carlos Jericho Petilla last September 19, 2013; retailers have until January 1, 2014 to comply with the new standards.

**Any Significant Elements of Income or Loss that did not arise from the Registrant's Continuing Operations**

There are no material elements of income or loss that did not arise from the registrant's continuing operations during the period.

**Any Seasonal Aspects that had Material Effect on the Financial Condition or Results of Operations**

There are no seasonal aspects that have a material effect on the financial condition or results of operations during the period.

**Seasonal Aspects that has a Material Effect on the Financial statements**

There are no seasonal aspects that have a material effect on the financial statements.

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**(c) Description of the General Nature and Scope of Business**

The Corporation is involved in the manufacture and distribution of fuels, lubricating oils, base oils and bitumen and specialities through its refinery and distribution sites and marketing of the same through nation-wide commercial and retail networks.

The principal products include motor fuels (gasolines), diesel, aviation fuel, fuel oil and a number of industrial and specialty lubricants.

Twenty-two (22) terminals throughout the country ensure the fast and efficient distribution of petroleum products from the Corporation's refinery in Tabangao, Batangas to its various installations and depots and finally to its customers.

Main fuel products and hydrocarbon solvents are transported via lorries and barges. The 110-km Batangas-Manila white oil pipeline (WOPL) which was used as the principal utility in transporting fuel products was shutdown in late 2010 due to a major leak which affected a residential and commercial community in Bangkal, Makati. It remains closed and the subject of a Writ of Kalikasan (Environment Writ) filed before the Supreme Court. Low sulphur fuel oil is transported by barges from the Tabangao refinery. Supply to the rest of the country is transported by coastal tankers, barges and road tankers.

The Shell General Business Principles (SGBP), Code of Conduct and our Commitment and Policy on Health, Safety, Security and Environment (HSSE) & Social Performance (SP) apply to all joint ventures that the Corporation controls.

Pursuant to the SGBP, the Corporation contributes to sustainable development by helping to meet the world's growing energy needs in economically, environmentally and socially responsible ways. The Corporation aims to deliver benefits and reduce its impact through the choices it makes about which projects to invest in, by making more energy efficient products, and by reducing the impact of its operations. Global environmental standards define requirements for the Corporation. These cover areas like responding to oil spills, energy efficiency, continuous venting or flaring of natural gas, air and water emissions from its facilities and handling of waste. The Corporation develops products and services to help meet the need for clean, convenient and affordable energy – for example by producing more cleaner-burning natural gas.

Safety is a top priority in the Corporation. As part of Shell's policies, operations must take a systematic approach to managing environmental impacts, using its Health, Safety, Security and Environment (HSSE) management system. The

Corporation aims to have zero fatalities and to prevent incidents like spills, fires, and accidents that put its people, neighbors and facilities at risk. In 2010, the Corporation continued to strengthen its safety culture. It introduced new, simpler safety policies to make it easier to understand and follow the rules and check if these are being implemented.

The energy the Corporation supplies helps to support economic growth and development. In its operations, the Corporation aims to address social concerns and work to benefit local communities, protecting its reputation as it does business. It aims to encourage economic and social development while reducing any negative impact of its operations. The benefits the Corporation brings to local people can include jobs, tax revenue, contracting and business opportunities and social investment. The Corporation implements various social investment programs throughout the country, primarily through the Pilipinas Shell Foundation, Inc. (PSFI), which was established in August 1982 as an independent non-profit organization.

#### **Amount Spent on Research and Development:**

<b>R &amp; D Costs</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Amount (in Million PhP)	81.30	23,194	21,618

#### **Cost and Effects of Complying with Environmental Laws:**

##### *The Clean Air Act*

In keeping with the worldwide trend for cleaner fuels, the Philippines has been progressively moving towards adopting more stringent fuel quality standards, largely patterned after those enforced in the EU ("Euro Standards"). In 1999, Republic Act 8749, otherwise known as the Philippine Clean Air Act of 1999, was signed into law, providing a legal framework by which air quality in the country could be improved via a combination of fuel specifications and motor vehicle standards. The Implementing Rules and Regulations (IRR) were finalized in 2000.

##### *Emissions from Stationary Sources*

Following the implementation of the Clean Air Act, limits were imposed on sulphur dioxide, nitrogen dioxide and particulate emissions from manufacturing facilities. Continuous emissions monitoring systems (CEMS) were installed in Tabangao in 2001. The Corporation conducts a Relative Accuracy Test Audit of its CEMS as part of the regular self-monitoring reports to the EMB, which is the prescribed method.

##### *Biofuels*

The Biofuels Act of 2006 (Republic Act 9367) was implemented with the aim of reducing dependence on imported fuels. It also aimed to develop and utilize indigenous renewable and sustainable clean energy sources to reduce dependence on imported oil; to mitigate toxic and greenhouse gas (GSG) emissions; to increase rural employment and income; and to ensure the availability of alternative and renewable clean energy without any detriment to the natural ecosystem, biodiversity and food reserves of the country.

The Corporation currently blends diesel with 2% coco methyl ester (CME) and gasoline with 10% ethanol.

##### *Fuel Quality*

In order to meet the significant reduction in aromatics (from 45% to 35%) and benzene (from 4% to 2%) content in gasoline, the Corporation imports gasoline and gasoline components (purchased chiefly from other Shell companies in the region).

#### *Euro IV-Equivalent Specifications*

On September 7, 2010, the Department of Environment and Natural Resources (DENR) issued a Department Order (DAO 2010-23) on Revised Emission Standards for Motor Vehicles Equipped with Compression Ignition and Spark Ignition Engines, mandating compliance of all new passenger and light duty motor vehicles with Euro IV (P) emission limits subject to fuel availability, starting January 1, 2016.

Euro IV vehicle emission technology requires a more stringent fuel quality i.e. 50 ppm sulfur content for both diesel and gasoline. In 2012, the Department of Energy spearheaded discussions on the development of a Euro IV-PH fuel specification to support DENR DAO 2010-23. The Corporation, as a regular permanent member of the Technical Committee on Petroleum Products and Additives (TCPPA), was actively involved and supportive of the development of Euro IV (P) fuel specifications.

The Department of Trade and Industry promulgated and released the Philippine National Standards (PNS) for gasoline and diesel which mandates the introduction of Euro IV-PH fuels not later than January 1, 2016. Modifications to the refinery will be made in order for the asset to produce Euro IV (P)-compliant fuels. Consequently, the Corporation has approved the investment for the upgrading of its Tabangao refinery and is now geared towards the full mobilization of its contractor to ensure the timely completion of the project to meet the required Euro IV implementation deadline.

#### (d) **Securities of the Registrant**

##### 1) **Market Price**

The Corporation is not listed in the Stock Exchange.

##### 2) **Holders**

The top twenty (20) stockholders of the Corporation as of 24 March 2015 are as follows:

<b>Stockholder Name</b>	<b>No. of Shares</b>	<b>Percentage</b>
Shell Overseas Investments B.V.	463,988,998	67.1211%
The Insular Life Assurance Company, Ltd.	134,702,822	19.4862%
Spathodea Campanulata Inc.	34,991,752	5.0619%
Rizal Commercial Banking Corporation	12,538,713	1.8139%
Sagitro, Inc.	4,658,894	0.6740%
Lourdes T. Arroyo, Inc.	3,211,366	0.4646%
Carosal Development Corporation	3,183,000	0.4605%
BPI/MS Insurance Corporation	1,972,022	0.2853%
Severo A. Tuason & Co., Inc.	1,465,692	0.2120%
Ayala Life Assurance, Inc.	1,342,198	0.1942%
Pan Malayan Management & Investment Corporation	1,268,536	0.1835%
Sahara Management and Development Corporation	992,132	0.1435%
Ms. Ma. Lourdes G. Aragon	985,228	0.1425%
Manuel P. De Leon Jr.	817,572	0.1183%
Ms. Narcisa L. Escaler	817,450	0.1183%
Miguel P. De Leon	817,447	0.1183%
Victoria P. De Leon	817,379	0.1182%
Francisco Ortigas Securities, Inc.	812,311	0.1175%
Aboitiz & Company Retirement Plan	805,781	0.1166%
Zarcon Development Corporation	750,000	0.1085%

3) **Dividends**

Cash Dividend (per share)		
Percent/Amount	Record Date	Payment Date
₱7.04 per share	17 April 2012	17 May 2012
₱0.689 per share	16 April 2013	16 May 2013

No dividends were declared in the last fiscal year.

**Dividend Policy**

To the extent feasible, it is the policy of the Corporation to declare its unrestricted retained earnings as dividends to shareholders. The payment of dividends in the future will depend on the Corporation's earnings, cash flow, investment program and other factors.

4) **Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction**

There are no recent sales of unregistered or exempt securities.

(e) **Compliance with leading practice on Corporate Governance**

The Corporation has joined the Institute of Corporate Governance and has since been in close coordination with the Institute for the establishment of a rating measure to determine the level of compliance by the Board and Management with the Corporation's Manual of Corporate Governance. The Board of Directors has approved the establishment of an Evaluation and Monitoring System for compliance with its Manual.

The Corporation has required the Executive Directors as well as the Independent Directors to attend seminars on Corporate Governance. Non-Executive Directors have also attended seminars on Corporate Governance and are much aware of the same.

The Manual of Corporate Governance of the Corporation requires the yearly review of the Manual so as to be able to continually improve the same.

There has been so far no sanctions imposed as a result of violation of the Manual of Corporate Governance. The Corporation is committed to strictly adhere to the requirements of the said Manual.

**Item 12. Mergers, Consolidations, Acquisitions and Similar Matters**

No action will be taken with respect to any transaction involving the following:

- (a) the merger or consolidation of the registrant into or with any other person or of any other person into or with the registrant;
- (b) the acquisition by the registrant or any of its security holders of securities of another person;
- (c) the acquisition by the registrant of any other going business or of the assets thereof;
- (d) the sale or other transfer of all or any substantial part of the assets of the registrant; or
- (e) the liquidation or dissolution of the registrant.

**Item 13. Acquisition or Disposition of Property**

There are no matters or actions to be taken up with respect to acquisition or disposition of any property by the Corporation.

#### **Item 14. Restatement of Accounts**

There are no matters or actions to be taken up with respect to the restatement of any asset, capital, or surplus account of the registrant.

#### **D. OTHER MATTERS**

#### **Item 15. Action with Respect to Reports**

The approval of the stockholders on the following actions will be taken up:

(a) Approval of the Minutes of the Annual Meeting of the Stockholders held on 5 May 2014, with the following points:

- 1) Annual Report of the President;
- 2) Appointment of Auditors;
- 3) Election of Directors; and
- 4) Ratification and approval of the acts of the Board, Board Committees, and Management.

(b) Approval of the Annual Report of the President for the year ending 31 December 2014;

(c) Ratification of all acts of the Board of Directors, Board Committees and Management for the period covering 5 May 2014 through 12 May 2015.

These acts are covered by Resolutions of the Board of Directors duly adopted in the normal course of trade or business including the following:

- i) Approval of contracts in the course of business;
- ii) Approval of investment decisions;
- iii) Treasury matters related to opening of accounts and bank transactions;
- iv) Appointment of Executive Officers;
- v) Appointments to the Nomination, Remuneration, and Audit Committees of the Corporation;
- vi) Endorsement of the nominees in the Board; and
- vii) Appointment of signatories and corresponding amendments;

(d) Election of the Members of the Board of Directors, including Independent Directors, for the ensuing calendar year;

(e) Appointment of External Auditors; and

(f) Increase in Authorized Capital Stock.

#### **Item 16. Matters Not Required to be Submitted**

No action is to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

#### **Item 17. Amendment of Charter, Bylaws or Other Documents**

As previously disclosed via a 17-C Report last 2 March 2015, On 24 February 2015, the Board of Directors of the Corporation directed the Management to progress preparations for a capitalization increase amounting to Eighteen Billion Pesos (Php18,000,000,000.00) to reset the Corporation's gearing to an appropriate level (targeted at 55% by the end of the current fiscal year), which has reached 91% as of 31 December 2014. In so doing, the Corporation may need to amend its Articles of Incorporation to increase its authorized capital stock.

The increase in the Corporation's authorized capital stock shall be presented for approval before the Board of Directors in its regular meeting on 24 March 2015 (the "Capital Increase"). The amount of Capital Increase, the number of shares to be offered for subscription, the subscription price, and other related information shall likewise be proposed for approval by the Board of Directors in the said meeting and accordingly, disclosed in the Definitive Information Statement.

#### Item 18. Other Proposed Action

There are no other actions to be taken up other than those mentioned above.

#### Item 19. Voting Procedures

For the approval of the increase in authorized capital stock and corresponding amendment of the Corporation's Articles of Incorporation, the vote of the stockholders holding at least two-thirds (2/3) of the outstanding capital stock shall be required.

The vote of stockholders representing a majority of the issued and outstanding capital stock entitled to vote ("simple majority") shall be required for the approval of the minutes of the previous stockholders' meeting, the Annual Report of the President, the ratification of all acts of the Board of Directors and Management in 2014, the appointment of the independent external auditor for 2015, and the election of directors for 2015.

The shares shall be voted/cast by "viva voce". Traditionally, the shares are voted by verbal motion and duly seconded during the meeting. A matter is carried and approved when there is no objection from the floor.

The Corporate Secretary and Assistant Corporate Secretary have been authorized to count the votes cast in corporate actions requiring the vote of the shareholders.

#### UNDERTAKING

The Audited Financial Statements as of 31 December 2014 scheduled for presentment to and approval by the Board of Directors on 24 March 2015 will be attached to the Definitive Information Statement for distribution to the stockholders on 20 April 2015.

Upon written request of the stockholders, the Corporation undertakes to furnish said stockholder with a copy of SEC Form 17-A free of charge except for exhibit attached thereto which shall be charged at cost. Any written request for a copy of SEC Form 17-A shall be addressed to the following:

PILIPINAS SHELL PETROLEUM CORPORATION  
Shell House, 156 Valero Street  
Salcedo Village, Makati City

Attention: The Corporate Secretary

#### PART II.

#### SIGNATURE PAGE

*After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct.*

*This report is signed in the City of Makati on 11 March 2014*

By:

  
JANNET C. REGALADO  
Corporate Secretary  
Pilipinas Shell Petroleum Corporation