

**PHINMA ENERGY CORPORATION**  
**MINUTES OF THE 47<sup>th</sup> ANNUAL MEETING OF THE SHAREHOLDERS**

*Held on 10 April 2017*  
*At the Manila Peninsula Hotel, Makati City*

**1. CALL TO ORDER**

Prior to the meeting, the President and Chief Executive Officer introduced the members of the Board of Directors. The Chairman acknowledged the presence of the Corporation's external auditor, SyCip Gorres Velayo & Co. (SGV), represented by Mr. Wilson Tan (Partner), Mr. Ramon D. Dizon (Partner), Ms. Marydith Miguel (Partner) and Ms. Vivian Cruz-Ruiz (Partner - Head of Assurance), who were present to help answer any question that may be raised in the meeting.

The Chairman called the meeting to order at 2:30 p.m. and presided thereat. The Assistant Corporate Secretary recorded the minutes of the proceedings.

**2. CERTIFICATION OF NOTICE AND QUORUM**

The Assistant Corporate Secretary certified that notices of the meeting were duly sent to all the shareholders of record.

The owners of 2,699,866,076 shares representing 55.26% of the entire issued and outstanding capital stock of the Corporation were present in person or by proxy as attested by Stock Transfer Service, Inc. (STSI), an independent third party stock transfer agent appointed by the Corporation to count and validate the attendance of shareholders. Thus, the Assistant Corporate Secretary certified that a quorum existed for the transaction of business during the meeting.

STSI was represented in the meeting by Mr. Antonio M. Laviña (President), Mr. Michael C. Capoy (Assistant Manager), Mr. Zaldy A. Adana (Securities Processor) and Ms. Kathlyn V. Flaminiano (Securities Processor).

Notices having been duly sent to stockholders and there being a quorum for the transaction of business at the meeting, the Chairman announced that the meeting will proceed to consider the items in the Agenda. The Chairman likewise announced that voting during the meeting shall be done by raising of hands or *viva voce*

All the members of the Board were in attendance at the meeting as follows:

Oscar J. Hilado	Chairman / Compensation Committee Chairman / Executive/Stock Option Committee Member / Nomination Committee Member
Ramon R. del Rosario, Jr.	Vice Chairman / Executive/Stock Option Committee



	Chairman / Nomination Committee Chairman / Compensation Committee Member
Magdaleno B. Albarracin, Jr.	Non-executive Director / Executive/Stock Option Committee Member
Francisco L. Viray	Executive Director / Executive/Stock Option Committee Member / President and CEO
Roberto M. Laviña	Executive Director / Audit Committee Member / Treasurer
Victor J. del Rosario	Non-executive Director / Audit Committee Member
Pythagoras L. Brion, Jr.	Executive Director/SVP & CFO
Ricardo V. Camua	Independent Director / Compensation Committee Member
Guillermo D. Luchangco	Independent Director / Executive/Stock Option Committee Member
David L. Balangue	Independent Director / Audit Committee Chairman / Nomination Committee Member
Corazon dela Paz-Bernardo	Independent Director/Audit Committee Member

Also present at the meeting were the following officers:

Alan T. Ascalon	Vice President – Legal, Assistant Corporate Secretary
Virgilio R. Francisco, Jr.	Senior Vice President
Raymundo A. Reyes, Jr.	Senior Vice President
Rizalino G. Santos	Senior Vice President – Power Business
Mariejo P. Bautista	Senior Vice President - Finance and Controller
Cecille B. Arenillo	Vice President and Compliance Officer
Danilo L. Panes	Vice President - Renewable Energy
Danielle R. del Rosario	Asst. Vice President - Corporate Affairs
Arthur R. Villacorte	Asst. Vice President – Materials Management

### 3. MINUTES OF PREVIOUS MEETING

The Minutes of the Annual Meeting held on 12 April 2016 having been fully disclosed to all shareholders, a motion was made to dispense with the reading of the same and to approve the Minutes as distributed to the shareholders. The motion having been duly seconded and there being no objection to the motion, the approval of the Minutes of the previous Annual Meeting was put to a vote.

A total of 2,699,866,076 shares were voted as follows: 2,699,866,076 shares for the motion; 0 shares against the motion; and 0 shares abstaining. Thus, the motion was carried with respect to the approval of the Minutes of the previous Annual Meeting.



#### 4. ANNUAL REPORT OF MANAGEMENT

The President and Chief Executive Officer introduced the Management Committee of the Corporation. Thereafter, highlights of the Corporation's operations for the year ending December 31, 2016 were reported to the shareholders through an audio-visual presentation. The Senior Vice President and Chief Financial Officer, Mr. Pythagoras L. Brion, Jr., reported the financial results of the Corporation's operations in the year 2016.

Copies of the Annual Report including the audited consolidated financial statements for the year ended 31 December 2016 were distributed to all shareholders prior to the meeting.

No cash dividends were announced during the meeting. Mr. Brion, however, stated that during the Regular Meeting of the Board of Directors held on 16 December 2016, the Corporation declared a special cash dividend equivalent to Php 0.04 per share to all shareholders of record as of 4 January 2017, payable on 16 January 2017. He also further stated that during the Regular Meeting of the Board on 3 March 2017, the Corporation declared a cash dividend of Php 0.04 per share payable on March 31, 2017 to all stockholders of record as of March 17, 2017.

Following the report of Management, the Chairman opened the floor to questions from the shareholders. The questions asked and the responses thereto were as follows:

**Philip Turner:** Nice to see you all again. I have this very good Annual Report and I'm quite impressed with it but I find it difficult to see what I'm looking for. We have more than one kind of generating facilities, some are environmentally friendly some are not so environmentally friendly. We have the oil generation, we have the coal generation, and we have the wind and the sun. What is the proportion in relation to the countless activities to the income in relation to the given growths, what is their relation to total income. Just environmentally friendly and not environmentally friendly.

**Answer:** The wind in Guimaras generates about a 100GwH, the diesel plant has recorded, generated about 66 GwH, and the coal plant generated about 100 GwH, Maibarara generated about 160 GwH. So from there you can see that there is a balance of production from our portfolio. The diesel plants are basically used for peaking and ancillary services and therefore the capacity factor as it stands ranges from about a high of 50% and a low of about 6%.

**Philip Turner:** We have that, a new Environmental Secretary of the government Ms. Lopez, she created a deep crashing in the Mining Industry, does it affect our environment reporting at all? What is your position regarding the situation?

**Answer:** So far we haven't felt any effect on the procurement of ECC for coal plants and I guess if you use the right technology then it will be able to conform to environmental



standards that is set by DENR. We are proud to say that our coal plant in Calaca conforms with the standards of DENR.

A motion was then made to approve the Annual Report of Management including the Audited Financial Statements and to confirm all acts of the Board of Directors and of Management since the last Annual Meeting. The motion having been duly seconded and there being no objection to the motion, the matter was put to a vote.

A total of 2,699,866,076 shares were voted as follows: 2,699,866,076 shares for the motion; 0 shares against; and 0 shares abstaining. Thus, the motion was carried with respect to the approval of the Annual Report of Management and the Audited Financial Statements as well as the confirmation of all acts of the Board of Directors and of Management since the last Annual Meeting.

## 5. ELECTION OF DIRECTORS

The Chairman called upon the Assistant Corporate Secretary who announced the following nominees to the Corporation's Board of Directors, who were pre-qualified and shortlisted by the Nomination Committee:

Oscar J. Hilado		
Ramon R. del Rosario, Jr.		
Magdaleno B. Albarracin, Jr.		
Francisco L. Viray		
Victor J. del Rosario		
Roberto M. Laviña		
Pythagoras L. Brion, Jr.		
Ricardo V. Camua	-	Independent
David L. Balangue	-	Independent
Guillermo D. Luchangco	-	Independent
Corazon Dela Paz-Bernardo	-	Independent

Thereafter, the same persons were nominated to serve as directors until the election and qualification of their successors. As there were no other individuals who had been qualified for the position of Director, a motion was made to close the nominations.

The motion having been duly seconded and there being no objection to the motion, 2,699,866,076 votes which represent 55.26% of the entire issued and outstanding capital stock of the Corporation were cast as follows:

Director's Name	Approving	Dissenting	Abstaining
Oscar J. Hilado	2,699,866,076	0	0
Ramon R. del Rosario, Jr.	2,699,866,076	0	0
Magdaleno B. Albarracin, Jr.	2,699,866,076	0	0
Francisco L. Viray	2,699,866,076	0	0



Victor J. del Rosario	2,699,866,076	0	0
Roberto M. Laviña	2,699,866,076	0	0
Pythagoras L. Brion, Jr.	2,699,866,076	0	0
Corazon Dela Paz - Bernardo	2,699,866,076	0	0
Ricardo V. Camua	2,699,866,076	0	0
David L. Balangue	2,699,866,076	0	0
Guillermo D. Luchangco	2,699,866,076	0	0

Whereupon, the Chairman declared all the above-named individuals as duly elected Directors of the Corporation for the ensuing year and until the election and qualification of their successors.

#### 6. APPOINTMENT OF EXTERNAL AUDITOR

The Chairman announced that the next item on the Agenda is the appointment of the external auditor for the year ending December 31, 2017.

No question having been raised, a motion was made to appoint the firm of SyCip Gorres Velayo and Co., CPAs, as external auditor of the Corporation for the calendar year 2017 as recommended by the Audit Committee and endorsed by the Board of Directors. The motion having been duly seconded and there being no objection to the motion, the matter was put to a vote.

A total of 2,699,866,076 shares were voted as follows: 2,699,866,076 shares for the motion; 0 shares against the motion; and 0 share abstaining. Thus, the motion was carried with respect to the appointment of SyCip Gorres Velayo and Co. as the Corporation's external auditor for the year ending December 31, 2017.

#### 7. OTHER MATTERS

The Chairman asked if there were any other matters or business that the shareholders wished to present for discussion. The matters or questions presented or asked and the responses thereto were as follows:

**Guillermo Gili:** What is the relationship with our geothermal project in Mabini Batangas with the recent earthquakes that happened this week? Are there any relationship with the earthquake?

**Answer:** There is no scientific basis to link earthquakes to geothermal drilling. This was confirmed by Dr. Solidum of PHILVOCS in his press conference with NDRMCC. So, earthquakes, micro-earthquakes might be possible, but these are not discernible by the ordinary human.

**Guillermo Gili:** How much are we spending for holding [in] this place the PHINMA including the TAPET this morning, Board. We hold 2 meetings here, in the morning and this time the PHINMA, how much did we spend, is it 1million, 500 thousand, 700 thousand? How much?

**Answer:** 1 million for the 2 meetings.

**Guillermo Gili:** Ah that's 1 million for the 2 meetings. You know Mr. Chairman this morning I asked for 1 newspaper in the Concierge Area, this time again I asked 1 newspaper in the Concierge Area, but there's no more newspaper. Maybe Mr. Chairman we look for another venue or other places instead of this place. Thank you Mr. Chairman.

**Answer:** That's noted.

**Philip Turner:** The picture in the magazine you gave to the stockholders look, the marvelous one at the back, which showed a wind turbine, is it possible to see them, what is the nearest site where they are? Is it in Europe, the Soviet, or closer?

**Answer:** That's located in Guimaras, San Lorenzo. So if you want to visit it, everyone is welcome to visit it just give us a notice. You have to fly to Iloilo, take a pump boat from one of the ports to the port of Jordan, Guimaras, and then you have a 30 minutes ride from the port of Jordan to the site of the wind turbine.

**Philip Turner:** Is it very isolated?

**Answer:** Not really, it is located in an area wherein there are a few residents and well, first of all Guimaras is not very much populated, it's not really a dead town neither is it a congested one.

**Philip Turner:** In Europe they are talking about using drones to inspect the individual sites with the wind turbines because they are so largely spread, are you thinking about using drones? The artificial kinds, to increase activities around the sites?

**Answer:** So far we have not thought about that, we have an O&M contractor and so far no plans yet. Not yet on the drone.

**Afredo D. Abueg, Jr.:** Good afternoon Sir. I am Mr. Abueg, one of the stockholders. May I just know where the Company, or the PHINMA Energy, is going, because I am trying to look for any targets or direction which the Company will be taking in the coming years. Are we going towards utilization of all air, of getting energy from air? From





geothermal? From diesel or the petroleum or is it other forms of sustainable energy utilization? Because what I've been trying to comment is, 2016 Report is all accomplishments but no target at all. We don't really know where we are going?

**Answer:** We always aim for a balanced portfolio that takes into consideration environment and total cost of the production of power. First of all we aim to be a significant retail electricity supplier. That's one direction we'd like to go. As you must have seen in the report we're already number 2 and with the full implementation of the retail competition and open access, we aim to be a very significant retail electricity supplier. And as such we need our sources of electricity, either owned by us 100%, or owned in partnership with others, or purchased from third parties or purchased from the spot market.

**Afredo D. Abueg, Jr.:** So where is the direction, towards the utilization of the retail business, which is in direct competition with Meralco and other power cooperatives throughout the Philippines?

**Answer:** Yes.

**Afredo D. Abueg, Jr.:** How about the power generation aspect of our business?

**Answer:** In terms of the power generation, the power generation direction is dictated by the need of the retail electricity supply and dictated by policies of the government.

With the Renewable Energy Act in place, despite the fact that the next round of feed-in tariff is not yet clear, we have at the moment 2 live Service Contracts in wind, a 14MW expansion of San Lorenzo, it is also in Guimaras, in the town of Sibunag. All the feasibility and feasibility studies for that project have already been completed. We have another live Service Contract in the north Cagayan, in Aparri and Ballesteros. It is roughly about 240MW of wind. For these 2 wind projects, we're awaiting for 2 important policies of the government. One is the RPS, the Renewable Portfolio Standards, which will now enable us to find out whether we can be competitive in auction environment. Now, there is a pending application for service contracts for solar-wind farms, one in Pangasinan and one in Batangas. These are 45MW each. We signed already the Service Contract for Pangasinan but the DOE, through the Secretary of Energy, still has to sign the Service Contract.

Now, as a result of the excess of coal-fired power plants, as mentioned, which we see to persist until 2026 or 2025, we are not at the moment pursuing any coal-fired project because of this excess capacity. Instead, we are looking at how we can supply the so-called mid-merit and the ancillary services requirement of the System. Therefore, we are looking at the feasibility and economics of putting up small-scale LNG power plant instead. We have already identified 4 possible sites, 2 in Luzon, 2 in the Visayas. I think that at this point in time we don't have to identify all these places.



Well that is, in summary, the direction of this Company.

**Afredo D. Abueg, Jr.:** I am just curious, I've been looking at your windmill project there in Guimaras, I can only see about 3 windmills, or 2 or 3 windmills. While if you've been to Burgos, Ilocos Sur, you see a lot of windmills there. There's some beautiful windmills and other projects in other parts of the country. So it's more or less an experimental project in Guimaras?

**Answer:** No, there's so called micrositing when you do a wind farm. Now our area in San Lorenzo is more or less on a flat hilly portion of the area, and therefore the results of the micrositing which will optimize the output of the wind farm led to an arrangement wherein they're not lined up one after the other just like you see in Ilocos. They are actually arranged like a leaf (President demonstrates the arrangement of the San Lorenzo Wind Farm). So you have to move around when you go to Guimaras to see everything, 27 of that.

8. **ADJOURNMENT**

With no other business to come before the assembly, upon motion duly made, seconded and carried, the Chairman declared the meeting adjourned.

  
**ALAN T. ASCALON**  
Assistant Corporate Secretary

ATTEST:

  
**OSCAR J. HILADO**  
Chairman of the Meeting