

# E EI CORPORATION

## MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING

Held at the Yuchengco Institute for Advanced Studies, 5<sup>th</sup> Floor, Tower 2, RCBC Plaza, Makati City, Metro Manila at 2:00 p.m., **July 04, 2014**.

PRESENT : F. T. BERBA, JR.  
R. J. L. CASTILLO  
H. Y. DEE  
R. F. DE OCAMPO  
F. G. ESTRADA  
M. T. NERA  
W. E. SANCHEZ

ALSO PRESENT : F. G. VILLAFUERTE

ABSENT : J. K. G. BELMONTE  
A. T. YUCHENGCO

Ms. Helen Y. Dee, Vice-Chairperson, presided over the meeting. The Corporate Secretary, Atty. Villafuerte, took down the minutes.

1. Certification of Sending of Notices and Quorum.

Ms. Dee inquired on the proof of Notice of Meeting to the Stockholders and Atty. Villafuerte replied that the requisites for Notice to Stockholders have been duly complied with; the Company has caused the mailing of Notices of Meeting by ordinary mail to stockholders with Metro Manila, P.O. Box and provincial mail addresses and by ordinary air mail to stockholders with foreign addresses. Atty. Villafuerte also informed the body of the existence of a quorum for the meeting. The Stockholders present during the meeting, either in person or by proxy, represented 753,076,346 shares or 72.67% of total shares issued and outstanding.

2. Approval of the Minutes of the Annual Stockholders' Meeting held on June 26, 2013.

On motion duly made and seconded, the reading of the Minutes of the meeting of the prior year was dispensed with and considered approved.

3. Annual Report and Review of Operations by the Chief Executive Officer.

Mr. R. J. L. Castillo, President & Chief Executive Officer, reported to the stockholders as follows:

(Please refer to the 2013 Annual Report)

After the CEO's report, Ms. Dee asked the body if there are any comments or questions.

Mr. Philip Turner: Madam Chairman, Philip Turner, a stockholder. All the national news today talk about a China slowdown. Will this have any impact on EEI?

Mr. R.J. L. Castillo: Mr. Turner, we are not affected by any slowdown in China. Our projects are in the Middle East and here in the Philippines.

Mr. Philip Turner: There's one thing I don't quite understand. It says here Sec. 33, the earnings of the subsidiaries are not declared as dividends to the Company. Can you explain what the situation is?

Mr. R.J. L. Castillo: May I ask our CFO, Atty. De Castro, to respond to Mr. Turner's question.

Atty. L.R. De Castro: Good afternoon, we do declare dividends every year and is paid out every quarter.

Mr. Philip Turner: It says, "The Group's retained earnings include accumulated earnings of subsidiaries amounting Php3.0 billion, Php2.5 billion and Php2.1 billion in 2013, 2012 and 2011, respectively, which are not declared as dividends to the Parent Company. What does this mean?"

Atty. L.R. De Castro: When we do need funds for the parent company we can always declare dividends from the subsidiaries and thereby minimize borrowings at the Parent Company, hence, also we do flow back to the subsidiaries in terms of additional investment so that they will have the required funding for their projects.

Mr. Philip Turner: We have here a yearly book says one and a half billion payable for payment of dividends to stockholders. Why is EEI's dividend low?

Atty. L.R. De Castro: Sir actually if you look at the ratio of the dividend payout, we paid out more than 20% of our net income for 2014. Being a very capital intensive company, as you know, construction is very very capital intensive; we have to buy equipment for example. Most of the funding also that we internally generate we flow back in to the company to bring bigger shareholder value for the stockholders. We need funds for the operation of the Company so we earmarked the dividend payout to Php0.20 per share or 20% of our net earnings.

Mr. Philip Turner: Not the unrestricted retained earnings. The restricted retained earnings you need and use for the Company. The unrestricted is for dividends for stockholder.

Mr. R.J. L. Castrillo: May I respond to Mr. Turner, we do not restrict our retained earnings as we are a public company. If you look at our capitalization, retained earnings is a significant number in relation to our paid up capital which is necessary for us to be able to operate as our working capital requirements is more than Php 4 billion. So we try to keep and conserve our money that we earned, and we paid out dividend to the tune of 20% of our net earnings.

Mr. Philip Turner: The Php0.20 a year dividend is a small amount. I hope you can look at trying to increase the cash dividend to all stockholders. I do suggest to the parent company if you could have some additional diversitification.

Mr. R.J. L. Castillo: We will take note of that, sir.

Mr. Jose T. Ferrer: Good afternoon, this is regarding your entry to power generation. I understand that EEI has a 15MW peaking power plant in Davao. I know majority of power plant operators are making money; for example Aboitiz has divested its business in shipping industry just to concentrate in power generation. I hope you can allocate more capital to power generation.

Mr. R.J. L. Castillo: Yes that is precisely why we invested on a 15MW power plant to get our feet wet on this business. Just for your further information, we have another small investment in a green power project in the Visayas. We are actually looking at the possibility of getting more involved in the power industry.

Mr. Jose T. Ferrer: Thank you.

4. Approval of the Annual Report and Ratification of the Actions of the Board of Directors and Officers.

On motion duly made and seconded, the Annual Report as well as the official acts performed by the Board of Directors and Officers of the Corporation relative to the conduct and management of the business of the Corporation for the past fiscal year were ratified.

5. Election of Directors.

Ms. Dee informed the body that pursuant to Art. IV of the Revised By-Laws of the Corporation, the Nominations Committee had received, evaluated and endorsed to the Board nominations for the position of Director.

The following stockholders were nominated for election as Director of the Corporation:

JUAN KEVIN G. BELMONTE  
ROBERTO JOSE L. CASTILLO

HELEN Y. DEE

3

FRANCISCO G. ESTRADA  
MEDEL T. NERA  
WILFRIDO E. SANCHEZ  
ALFONSO T. YUCHENGCO

Nominated for Independent Director are:

FILEMON T. BERBA, JR.  
ROBERTO F. DE OCAMPO

There being only 9 nominees to fill up 9 positions and upon motion duly made and seconded, the Corporate Secretary was instructed to vote in favor of the nine (9) nominees the shares present either in person or by proxy except those with negative instruction, if any.

The following were declared duly elected:

JUAN KEVIN G. BELMONTE  
FILEMON T. BERBA, JR. (Independent Director)  
ROBERTO JOSE L. CASTILLO  
ROBERTO F. DE OCAMPO (Independent Director)  
HELEN Y. DEE  
FRANCISCO G. ESTRADA  
MEDEL T. NERA  
WILFRIDO E. SANCHEZ  
ALFONSO T. YUCHENGCO

6. Amendment of Third Article of the Articles of Incorporation to indicate complete principal address of the Corporation.

In February this year, the Securities and Exchange Commission issued M.C. No. 6, Series of 2014, requiring companies to amend their Articles of Incorporation to indicate their complete principal address, instead of just Metro Manila or the name of a particular city. To comply with this requirement, the Board of Directors approved to amend the Articles accordingly in the meeting just before the Stockholders' Meeting. Stockholders' approval was requested to put the amendment into effect.

Upon motion duly made and seconded, the Third Article of the Articles of Incorporation was amended, to read as follows :

“The principal office address of the Corporation shall be at No. 12 Manggahan Street, Bagumbayan, Quezon City, Metro Manila, Philippines.”

7. Appointment of External Auditors.

Ms. Dee informed the body that the Board of Directors, upon the recommendation of the Audit Committee, has approved to endorse to

On motion duly made and seconded, the appointment of Sycip Gorres and Velayo (SGV) as External Auditor was approved.

8. Adjournment.

There being no other matters to discuss, the meeting adjourned at 2:45 p.m.

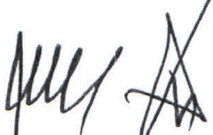
  
**FERDINAND G. VILLAFUERTE**  
Corporate Secretary

**ATTESTED BY:**

**ALFONSO T. YUCHENGCO**  
Chairman

**HELEN Y. DEE**  
Vice Chairperson

**ROBERTO JOSE L. CASTILLO**  
Director

  
**MEDEL T. NERA**  
Director

  
**FILEMON T. BERBA, JR.**  
Independent Director

  
**WILFRIDO E. SANCHEZ**  
Director

  
**ROBERTO F. DE OCAMPO**  
Independent Director

**FRANCISCO G. ESTRADA**  
Director

  
**JUAN KEVIN G. BELMONTE**  
Director