

21 July 2020

Securities and Exchange Commission

Secretariat Building, PICC Complex
Roxas Blvd, Metro Manila

The Philippine Stock Exchange, Inc.

Disclosure Department
6/F PSE Tower, 28th Street corner 5th Avenue
BGC, Taguig City, Metro Manila

Philippine Dealing & Exchange Corp.

29/F BDO Equitable Tower
8751 Paseo de Roxas, Makati City 1226

Attention: Hon. Vicente Graciano P. Felizmenio, Jr.
Director, Market and Securities Regulation Department
Securities and Exchange Commission

Ms. Janet A. Encarnacion
Head, Disclosure Department
The Philippine Stock Exchange, Inc.

Atty. Marie Rose M. Magallen-Lirio
Head, Issuer Compliance and Disclosure Department (ICDD)
Philippine Dealing & Exchange Corp.

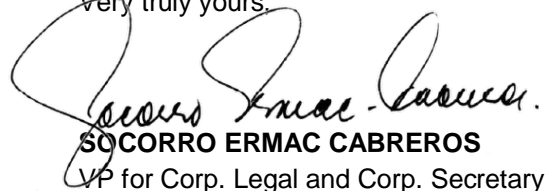
Sir and Mesdames:

We refer to our previous disclosure dated 7 July 2020 regarding our filing with the Securities and Exchange Commission of a Notice of Offer of the Notice of Offer of the Fourth Series of Commercial Papers under the PHP10 Billion Commercial Papers Program ("CP Series D") of P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.

In relation thereto, please be advised that the CP Series D shall be issued at a discount to face value of 5.00% per annum. Copies of the Issue Supplement and the Information Memorandum relating to the offer of the CP Series D are attached herewith as Annex "A" and Annex "B", respectively.

Thank you and warm regards.

Very truly yours,



SOCORRO ERMAC CABREROS
VP for Corp. Legal and Corp. Secretary

Final Issue Supplement dated 20 July 2020

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.
Issue of up to ₱2,000,000,000 with an oversubscription option of up to
₱1,500,000,000 CP Series D
under the ₱10,000,000,000
Commercial Papers Program

This document constitutes the Issue Supplement relating to the issue of Commercial Papers described herein. Unless otherwise defined herein, capitalized terms used herein shall have the definitions set forth in the Master Trust Indenture dated 13 December 2018 by and among P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. and PHILIPPINE NATIONAL BANK TRUST BANKING GROUP.

This Issue Supplement comprises the final terms of the Commercial Papers and must be read in conjunction with the Terms and Conditions. In case of any inconsistencies between the Terms and Conditions and this Issue Supplement, the Issue Supplement shall prevail. Full information on the Issuer and the offer of the CP Series D is only available on the basis of the combination of Issue Supplement, the Prospectus dated 13 December 2018 (the "Prospectus") and the Information Memorandum dated 20 July 2020 (the "IM" and, together with the Prospectus, collectively the "Selling Materials").

1. Issuer	:	P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.
2. (a) CP Series	:	CP Series D
(b) Subseries (if any)	:	Not applicable
3. Aggregate Principal Amount		
(a) CP Series	:	CP Series D: up to ₱2,000,000,000 with an oversubscription option of up to ₱1,500,000,000
(b) Subseries (if any)	:	Not applicable
4. Discount Rate	:	Fixed discount rate of 5.00% per annum
5. Issue Price	:	Discount to face value
6. (a) Offer Period	:	10:00 a.m. of 21 July 2020 until 5:00 p.m. 23 July 2020
(b) Issue Date	:	29 July 2020 (or the immediately succeeding Business Day if such date is not a Business Day) or such other date as may be agreed upon by the Issuer and the Sole Issue Manager
7. Net Proceeds	:	Approximately ₱3,280,015,570 (assumes the Offer is fully subscribed and the Oversubscription Option is fully exercised)
8. Use of Proceeds	:	Primarily to finance working capital requirements of the Issuer for the regular importation of fuels and lubricants, as set out in page 24 of the IM.

9. Denomination	:	₱100,000 each, as a minimum, and in multiples of ₱10,000 thereafter
10. (a) Maturity Date	:	360 days from Issue Date or 24 July 2021
(b) Maturity Value	:	100% of face value
11. Listing	:	The Issuer intends to list the CP Series D on the PDEX on Issue Date.
12. Method of distribution	:	Public offer
13. Sole Issue Manager	:	PNB CAPITAL AND INVESTMENT CORPORATION
13. Underwriters/Arrangers	:	PNB CAPITAL AND INVESTMENT CORPORATION (Arranger)
14. Selling Agents	:	Not applicable
15. Trustee	:	PHILIPPINE NATIONAL BANK TRUST BANKING GROUP
16. Registrar and Paying Agent	:	PHILIPPINE DEPOSITORY & TRUST CORP.
17. Issuer Rating	:	<p>PRS Aa minus (corp.), with a Stable Outlook,¹ as assigned and reconfirmed by Philippines Rating Services Corp. (“PhilRatings”) in 20 July 2020.</p> <p>The rating is subject to annual review, or more frequently as market developments may dictate, for as long as the relevant Commercial Paper Series is outstanding.</p>
18. Governing Law	:	Philippine law

INVESTMENT CONSIDERATIONS

There are significant risks associated with the Commercial Papers, including counterparty risk, country risk, price risk and liquidity risk. In making an investment decision, a prospective purchaser must rely on their own investigation, examination and analysis of the Issuer and the terms of the Commercial Papers, including, without limitation, the merits and risks involved, an assessment of the Issuer’s creditworthiness, such prospective purchaser’s own determination of the suitability of any such investment with particular reference to its own investment objectives and experience, and any other factors which may be relevant to it in connection with such investment. The Issuer does not make any representation to any prospective purchaser regarding the legality of participating in the Commercial Papers Program under any law or regulation. Each person should be aware that it may be required to bear the financial risks of any participation in the Commercial Papers Program for an indefinite period of time. Prospective purchasers should consult their own counsel, accountants or other

¹ A “Stable Outlook” is defined as “the rating is likely to be maintained or to remain unchanged in the next twelve months.”

advisors as to legal, tax, business, financial and related aspects of the purchase of the Commercial Papers, among others. Investing in the Commercial Papers involves certain risks. Any decision to invest in the Commercial Papers must be based on the information contained in the Selling Materials.

Signed:

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.

By:


MA. CONCEPCION F. DE CLARO
Chief Finance Officer



P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.

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

**Up to ₱2 Billion with an oversubscription option of up to
₱1.5 Billion CP Series D**
to be issued under the ₱10 Billion Commercial Papers Program
and listed in the Philippine Dealing & Exchange Corp.
Issue Price: Discount to face value

Sole Issue Manager, Lead Arranger and Sole Bookrunner



THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS INFORMATION MEMORANDUM IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.

The date of this Information Memorandum is July 20, 2020

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.

Stella Hizon Reyes Road,
Bo. Pampanga, Lanang
Davao City, Philippines
Telephone No. +6382 235 8888

P-H-O-E-N-I-X Petroleum Philippines, Inc. (“**Phoenix**”, the “**Issuer**”, or the “**Company**”) is offering for public distribution and sale in the Philippines (the “**Offer**” or “**Offering**”) commercial papers with an aggregate principal amount of up to Two Billion Pesos (₱2,000,000,000) with an oversubscription option of up to One Billion Five Hundred Million Pesos (₱1,500,000,000) (the “**CP Series D**”). The CP Series D shall be issued on July 29, 2020 (the “**Issue Date**”), or such other date as may be agreed upon by the Issuer and the Sole Issue Manager, Lead Arranger and Sole Bookrunner.

The CP Series D is the fourth series of the Ten Billion Pesos (₱10,000,000,000) commercial papers program of Phoenix (the “**Commercial Papers Program**”), which was rendered effective by the Securities and Exchange Commission (“**SEC**”) pursuant to SEC MSRD Order No. 36 (series of 2018) on December 18, 2018. On the same date, the SEC issued a corresponding certificate of permit to offer securities for sale allowing the issuance and reissuance of the Commercial Papers, in whole or in part, in one or more series, within a three (3) year period commencing from December 18, 2018.

The CP Series D shall be issued at a fixed discount rate of 5.00% per annum and shall have a term ending three hundred sixty (360) days from the Issue Date (or on July 24, 2021) (the “**Maturity Date**”). Subject to the consequences of default as contained in the Master Trust Indenture, and unless otherwise redeemed prior to the Maturity Date, the CP Series D will be redeemed at par (or 100% of face value) and the CP Series D shall be repaid in full on the Maturity Date (or the subsequent Banking Day¹ if such day falls on a day that is not a Banking Day without adjustment on the principal amount to be repaid).

The CP Series D shall constitute the direct, unconditional, unsecured and unsubordinated obligations of Phoenix and shall at all times rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of Phoenix, other than obligations preferred by law. The CP Series D shall effectively be subordinated to the right of payment to, among others, all of Phoenix’s secured debts to the extent the value of the assets securing such debt and all of its debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code of the Philippines (the “**Civil Code**”) without a waiver of preference or priority.

The Company has appointed Philippine Depository & Trust Corp. (“**PDTC**”) as the registrar of the CP Series D. It is intended that upon issuance, the CP Series D shall be issued in scripless form, with PDTC maintaining the electronic registry of the holders of the CP Series D (the “**CP Series D Holders**”). The CP Series D shall be listed on PDEX.

Assuming that the Offer is fully subscribed and the oversubscription option is fully exercised, the net proceeds of the Offer are estimated to be at least ₱3,280,015,570 after deducting fees, commissions and expenses relating to the issuance. Net proceeds of the CP Series D are intended to be used to finance working capital requirements of the Issuer for the regular importation of fuels and lubricants (see the section entitled “*Use of Proceeds of this Information Memorandum*”). The Sole Issue Manager, Lead Arranger and Sole Bookrunner shall receive an issue management, arrangement and selling fee of 0.60% on the final aggregate nominal principal amount of the CP Series D.

The CP Series D shall be offered to the public at a discount to face value through the Sole Issue

¹The term “Banking Day” shall mean a day, other than Saturday, Sunday and public holidays, on which facilities of the Philippine banking system are open and available for clearing and banks are generally open for the transaction of business in the city of Makati.

Manager, Lead Arranger and Sole Bookrunner named herein. The CP Series D shall be issued in denominations of ₱100,000 each, as a minimum, and in multiples of ₱10,000 thereafter, and traded in denominations of ₱10,000 in the secondary market.

The Issuer has a rating of PRS Aa minus (corp.), with a Stable Outlook,² as assigned by PhilRatings on July 20, 2020. The factors considered by PhilRatings in assigning this rating are: (i) continuous growth of the Company's retail presence and market leadership, especially among independent oil players; (ii) significant growth potential given the entry into other related or complementary business ventures; (iii) improving sales volume, which, however, is offset by rising costs, expenses and finance charges; and (iv) declining coverage ratios in relation to debt servicing. PhilRatings also took into consideration the increasing economic uncertainty and the immediate adverse impact of the community quarantine attributable to the COVID-19 pandemic on the Company's business. The rating is not a recommendation to buy, sell, or hold securities, and may be subject to revision, suspension, or withdrawal at any time by the rating agency concerned.

The Company reserves the right to withdraw any offer and sale of the CP Series D at any time. The Company, in consultation with the Sole Issue Manager, Lead Arranger and Sole Bookrunner, reserves the right to reject any application to purchase the CP Series D, in whole or in part, and to allot to any prospective purchaser less than the full amount of the CP Series D sought to be purchased by such purchaser. If the relevant offer is withdrawn or discontinued, the Company shall subsequently notify the SEC and, as applicable, the PDEx. The Lead Sole Issue Manager, Lead Arranger and Sole Bookrunner may acquire for their own account a portion of the CP Series D.

The Offer will be conducted exclusively in the Philippines and pursuant to requirements under Philippine laws, rules and regulations that may be different from those of other countries and jurisdictions. No action has been or will be taken by the Issuer or any person on behalf of the Issuer to permit an offering of the CP Series D in any jurisdiction other than the Philippines, where action for that purpose is required. Accordingly, the CP Series D may not be offered or sold, directly or indirectly, nor may any offering material relating to the CP Series D be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable laws, rules and regulations of any such country or jurisdiction.

The Company currently does not have a minimum dividend policy; the payment of dividends in the future will depend upon the earnings, cash flow and financial condition of the Company and other factors.

All information contained in this Information Memorandum are deemed qualified by, and should be read together with, the all disclosures, reports and filings of the Company as filed with SEC, the Philippine Stock Exchange PSE ("PSE") and/or PDEx (collectively, the "Company Disclosures") pursuant to the Revised Corporation Code, the Securities Regulation Code, and the disclosure rules of PDEx. The Company Disclosures are incorporated or deemed incorporated by reference in this Information Memorandum. Copies of the Company Disclosures may be viewed at the website of the Company at www.phoenixfuels.ph. The Company Disclosures contain material and meaningful information relating to the Company and investors should review all information contained in the Information Memorandum and the Company Disclosures incorporated or deemed incorporated herein by reference.

Unless the context clearly indicates otherwise, any reference to the Company refers to Phoenix on a consolidated basis, including its consolidated subsidiaries and associates. The information contained in this Information Memorandum has been supplied by Phoenix, unless otherwise stated herein. Phoenix confirms that, as of the date of this Information Memorandum, the information contained herein (and the Prospectus dated December 13, 2018 issued in connection with the Commercial Papers Program

² A "Stable Outlook" is defined as "the rating is likely to be maintained or to remain unchanged in the next twelve months."

(the “**Prospectus**”), taken together) relating to the Company, its operations and those of its affiliates and subsidiaries which are material in the context of the issue and offering of the CP Series D (including all material information required by the applicable laws of the Republic of the Philippines), is true and that there is no material misstatement or omission of facts which would make any statement in this Information Memorandum misleading in any material respect and that Phoenix hereby accepts full and sole responsibility for the accuracy of the information contained in this Information Memorandum and the Prospectus (the “**Selling Materials**”).

Phoenix confirms that it has made all reasonable inquiries in respect of the information, data and analysis provided to it by its advisors and consultants or which is otherwise publicly available for inclusion into the Selling Materials. Phoenix, however, has not independently verified any such publicly available information, data or analysis.

Moreover, market data and certain industry data used throughout the Selling Materials, as applicable, were obtained from market research, publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information are not guaranteed. Similarly, industry forecasts and market research, while believed to be reliable, have not been independently verified, and Phoenix nor the Sole Issue Manager, Lead Arranger and Sole Bookrunner does not make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Unless otherwise indicated, all information in a Selling Material is as of the date of the relevant Selling Material. Neither the delivery of the relevant Selling Material nor any sale made pursuant to the Offer shall, under any circumstance, create any implication that the information contained or referred to herein is accurate as of any date subsequent to the date hereof or that there has been no change in the affairs of Phoenix since such date. The Sole Issue Manager, Lead Arranger and Sole Bookrunner does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in the Selling Materials.

No dealer, salesman or other person has been authorized by Phoenix and/or the Sole Issue Manager, Lead Arranger and Sole Bookrunner to give any information or to make any representation concerning the Offer and the CP Series D other than as contained in any of the Selling Materials. If given or made, any such information or representation must not be relied upon as having been authorized by Phoenix and/or the Sole Issue Manager, Lead Arranger and Sole Bookrunner. The Selling Materials do not constitute an offer of any securities of Phoenix, or an offer to sell or a solicitation of an offer to buy any of the securities of Phoenix in any jurisdiction, to or from any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

Before making an investment decision, investors must rely on their own examination of the Company and the terms of the CP Series D, including the risks involved (see the section entitled “*Risks Factors of the Prospectus*”). These risks include:

- risks related to the Company’s business;
- risks relating to the Philippines; and
- risks relating to the Commercial Papers.

The contents of the Selling Materials are not to be considered as definitive legal, business, investment, or tax advice. Each person or prospective purchaser of the CP Series D receiving a copy of the Selling Materials acknowledges that s/he or it has not relied on the Sole Issue Manager, Lead Arranger and Sole Bookrunner, or any person who controls it, or any director, officer, employee, agent, affiliate or adviser of the Sole Issue Manager, Lead Arranger and Sole Bookrunner, in connection with her/his or its investigation of the accuracy of such information or investment decision. In making an investment decision, a prospective purchaser must rely on her/his or its own investigation, examination and analysis

of the Company and the terms of the CP Series D, including, without limitation, the merits and risks involved, an assessment of the Company's creditworthiness, such prospective purchaser's own determination of the suitability of any such investment with particular reference to her/his or its own investment objectives and experience, and any other factors which may be relevant to her/his or it in connection with such investment. Neither Phoenix nor the Sole Issue Manager, Lead Arranger and Sole Bookrunner makes any representation to any prospective purchaser regarding the legality of participating in the Offer under any law or regulation. Each person should be aware that it may be required to bear the financial risks of any participation in the Offer for an indefinite period of time. Prospective purchasers should consult their own counsel, accountants or other advisors as to legal, tax, business, financial and related aspects of the purchase of the CP Series D, among others. Investing in the CP Series D involves certain risks. Any decision to invest in the CP Series D must be based on the information contained in the Selling Materials.

The financial information included in this Information Memorandum has been derived from the unaudited consolidated financial statements of Phoenix and its subsidiaries. Unless otherwise indicated, the description of the Company's business activities in this Information Memorandum is presented on a consolidated basis. Financial information in this Information Memorandum has been prepared in accordance with Philippine Financial Reporting Standards ("PFRS"), unless otherwise indicated.

In this Information Memorandum, references to "Pesos" or "P" are to the lawful currency of the Philippines. This Information Memorandum contains translations of certain amounts into U.S. Dollars at specified rates solely for the convenience of the reader. In addition, unless otherwise indicated, US Dollar/Philippine Peso exchange rates referred to in this Information Memorandum are Bangko Sentral ng Pilipinas ("BSP") reference exchange rates for the indicated period or on the applicable date, as relevant. No representation is made that the Peso, U.S. Dollar, or other currency amounts referred to herein could have been or could be converted into Pesos, U.S. Dollars, or any other currency, as the case may be, at this rate, at any particular rate or at all. Figures in this Information Memorandum have been subject to rounding adjustments. Accordingly, figures shown for the same item of information may vary and figures which are totals may not be an arithmetic aggregate of their components.

This Information Memorandum includes forward-looking statements. Phoenix has based these forward-looking statements largely on its current expectations and projections about future events and financial trends affecting its business. The words "believes," "may," "will," "estimates," "continues," "anticipates," "intends," "expects" and similar words are intended to identify forward-looking statements. In light of these risks and uncertainties associated with forward-looking statements, investors should be aware that the forward-looking events and circumstances discussed in this Information Memorandum might not occur. Phoenix's actual results could differ substantially from those anticipated in Phoenix's forward-looking statements.

Phoenix is organized under the laws of the Philippines. Its principal office address is Stella Hizon Reyes Road, Bo. Pampanga, Lanang, Davao City, Philippines, with telephone number +6382 235 8888.

Any inquiries regarding this Information Memorandum should be addressed to P-H-O-E-N-I-X Petroleum Philippines, Inc. (Attention: Office of the Corporate Secretary) at Stella Hizon Reyes Road, Bo. Pampanga, Lanang, Davao City, Philippines, with telephone number +6382 235 8888.

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ("SEC"), WHICH REGISTRATION STATEMENT HAS BEEN RENDERED EFFECTIVE PURSUANT TO SEC MSRD ORDER NO. 36 (SERIES OF 2018). IN ADDITION, A CERTIFICATE OF PERMIT TO OFFER SECURITIES FOR SALE RELATING TO THE SECURITIES HAS BEEN ISSUED BY THE SEC ON DECEMBER 18, 2018.

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FORWARD-LOOKING STATEMENTS

All statements contained in this Information Memorandum that are not statements of historical fact constitute “forward-looking statements.” This Information Memorandum contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- known and unknown risks;
- uncertainties and other factors which may cause actual results (financial or otherwise), performance or achievements of Phoenix to be materially different from any expected future results, performance or achievements expressed or implied by such forward-looking statements or other projections.;
- expectations and projections of Phoenix or its management of future operating performance and business prospects;
- the Company’s expected financial condition and results of operations, business, plans and prospects;
- the Company’s business strategy, its revenue and profitability (including, without limitation, any financial or operating projections or forecasts), planned projects and other matters discussed in this Information Memorandum regarding matters that are not historical facts; and
- performance or achievements expressed or implied by forward-looking statements or other projections.

The words “believe”, “expect”, “anticipate”, “estimate”, “project”, “foresee”, “may”, “plan”, “intend”, “will”, “shall”, “should”, “would” and similar words identify forward-looking statements. However, these words are not the exclusive means of identifying forward-looking statements. Such forward-looking statements are based on assumptions regarding the present and future business strategies and the environment in which Phoenix will operate in the future.

Significant factors that could cause some or all of the assumptions not to occur or cause actual results, performance or achievements to differ materially from those in the forward-looking statements include, among other things:

- Changes in the prices of petroleum products and raw materials used by Phoenix;
- General economic and business conditions in the Philippines, Asian or global economies;
- Terms on which Phoenix finances its working capital and capital expenditure requirements;
- The ability of Phoenix to successfully implement its strategies;
- Any future political instability in the Philippines, Asia or other regions;
- Industry risk (including accidents, natural disasters) in the areas in which Phoenix, its subsidiaries and affiliates operate;
- Changes in government regulations, including those pertaining to regulation of the oil industry, zoning, tax, subsidies, operational health, safety and environmental standards or licensing requirements in the Philippines, Asia and other regions;
- Changes in interest rates, inflation rates and in the value of the Philippine Peso;
- Changes in foreign exchange control regulations in the Philippines;
- Increasing competition in the industries and segments in which Phoenix, its subsidiaries and affiliates operate;
- Holding company structure; and
- Changes in availability and supply of petroleum products and other raw materials used by Phoenix, its subsidiaries and affiliates.

Prospective purchasers of the CP Series D are urged to consider these factors carefully in evaluating the forward-looking statements. Should one or more of these uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated or projected as well as from historical results. Specifically, but without limitation, revenues could decline, costs could increase,

capital costs could increase, capital investments could be delayed and anticipated improvements in performance might not be realized fully or at all. Although Phoenix believes that the expectations of its management as reflected by such forward-looking statements are reasonable based on information currently available to it, no assurances can be given that such expectations will prove to have been correct. Accordingly, prospective purchasers are cautioned not to place undue reliance on the forward-looking statements herein. In any event, the forward-looking statements included herein are made only as of the date of this Information Memorandum or the respective dates indicated herein, and Phoenix and the Sole Issue Manager, Lead Arranger and Sole Bookrunner expressly disclaim any obligation or undertaking to release, publicly or otherwise, any updates or revisions to such forward-looking statements contained herein to reflect subsequent events or circumstances.

The Sole Issue Manager, Lead Arranger and Sole Bookrunner does not take any responsibility for, or give any representation, warranty, or undertaking in relation to any such forward-looking statements.

COMPANY OVERVIEW

The Company is engaged in the business of trading refined petroleum products, lubricants and other chemical products, operation of oil depots and storage facilities and allied services. Its operations started in Southern Mindanao and soon expanded in the islands of Luzon and Visayas. Its products and services are distributed and marketed under the PHOENIX Fuels Life™ trademark. With a market share of 7.06% of the Philippine oil market as of December 30, 2019, the Company is the largest independent oil company in the Philippines that is engaged in all aspects of the local downstream oil industry.

The Company's operations are divided between trading, and terminalling and hauling services. Under trading, the Company offers its refined petroleum products and lubricants to retailers and industrial customers. The Company sells its products through its network of retail service stations and has a total of 660 opened retail service stations as of March 31, 2019. The retail service stations are classified as company-owned-dealer-operated service stations ("CODO"), which account for 49.1% of the stations, dealer-owned-dealer-operated service stations ("DODO"), which account for 50.3% of the stations, and company-owned-company-operated service stations ("COCO"), which account for the remaining 0.6%. For CODOs, the Company buys or leases the land and owns the retail service station structures and equipment, but are operated by a third-party dealer. For DODOs, a third-party dealer buys or leases the land, builds the retail service station structure according to Company specifications, leases the retail service station equipment from the Company, and operates the DODOs. For COCOs, the Company buys or leases the land, owns the retail service station structures and equipment, and operates the stations. Its main areas of retail operations are in Luzon and Mindanao which account for 48.8% and 37.7%, respectively, of the retail service stations established as of March 31, 2020, while its Visayas operations account for the remaining 13.5% of the network.

The Company's terminalling and hauling services involve leasing of storage space in its terminal depot, hauling and into-plane services (hauling of Jet A1 fuel to airports and refueling of aircraft) in 16 airports, including Davao, Cagayan de Oro, General Santos City, Cotabato City, Ozamis City, Pagadian City, Zamboanga City, Dumaguít, Bacolod, Kalibo, Iloilo, Caticlan, Tacloban, Cebu Mactan, Mindoro and Ninoy Aquino International Airport. The Company manages the majority of Cebu Pacific's into-plane service requirements nationwide. In 2019, it likewise started serving the JetA1 needs of Philippine Airlines and Air Asia in the Philippines.

The Company presently has a nationwide network of depots and retail service stations. Its industrial customers include air, land and sea transport companies and other industrial users.

Since its commercial operations in 2002, the Company has expanded rapidly and developed into the fourth largest oil company in the Philippines as of December 31, 2019. The Company has achieved these on the back of strong compounded annual sales volume growth of approximately 38.1% since its public listing in 2007. As of March 31, 2020, the Company had a market capitalization of ₱14,343 million, based on the Company's common share closing price of ₱10.20 on March 31, 2020, the last trading day of the said month.

As at December 31, 2017, 2018 and 2019, the Company's total assets were ₱44,166 million, ₱64,660 million and ₱86,957 million, respectively. For the years ended December 31, 2017, 2018 and 2019, the Company's total revenues were ₱44,543 million, ₱88,611 million and ₱97,823, respectively, and net profit was ₱1,521 million, ₱2,767 million and ₱1,495, respectively.

Recent Developments

The following are some of the significant developments involving the Company since December 13, 2018:

On December 20, 2018, the Company redeemed all of its issued and outstanding PNXP Preferred Shares at a redemption price of ₱100 per share.

On December 27, 2018, the Company issued the first series of the Commercial Papers Program (CP Series A) with an aggregate principal amount of ₱7,000,000,000.

On January 7, 2019, the stockholders of the Company representing a majority of the Corporation's issued and outstanding capital stock assented to the issuance by the Company of perpetual preferred shares of up to ₱5,000,000,000, at an issue price of ₱1,000 per share, by way of public offering, subject to registration with the SEC and listing with the PSE.

In February 2019, Phoenix Vietnam Pte. Ltd. ("**PVPL**") acquired 75% equity interest in Origin LPG (Vietnam) Limited Liability Company ("**Origin Vietnam**"), a company engaging in liquefied petroleum gas ("**LPG**") marketing and distribution in Vietnam. The remaining 25.0% equity interest is retained by Cong Ty TNHH Cong Nghiep ("**CNI**"), a local Vietnamese company specializing in the fabrication of pressurized vessels, as the joint venture partner of PVPL. PVPL is wholly-owned by PNX Energy International Holdings Pte Ltd ("**PEIH**"), which is a wholly owned subsidiary of the Company.

On February 28, 2019, the Company entered into a Memorandum of Understanding (the "**MOU**") with Philippine National Oil Co. ("**PNOC**") and CNOOC Gas and Power. The MOU provides that the three companies shall explore and discuss business opportunities and cooperation in relation to their equity investments in Tanglwan and other companies relating to the project, PNOC facilities, market development, PNOC banked gas, and future energy projects.

On June 5, 2019, the Company redeemed 500,000 preferred shares. The said preferred shares form part of the 2,000,000 preferred shares issued by the Company on December 5, 2018 through private placement.

On August 5, 2019, the Company issued the second series of the Commercial Papers Program (CP Series B) with an aggregate principal amount of ₱3,500,000,000.

On August 23, 2019, the board of directors of the Company approved the investment of ₱4,900,000,000 worth of corporate funds in Duta, Inc. over a period of three (3) years.

On September 24, 2019, the board of directors of the Company approved the additional investment of USD12.6 million in PNX Petroleum Singapore Pte. Ltd., a wholly-owned subsidiary of the Company, to support its trading operations.

On October 21, 2019, the SEC issued an order rendering the Registration Statement, which was filed in relation to public offer and sale of up to 7,000,000 preferred shares. On the same day, the SEC issued a corresponding permit to offer securities for sale covering the offer and sale of up to 7,000,000 preferred shares. The application to list the said preferred shares was approved by the board of directors of the PSE on October 9, 2019.

On November 6, 2019, as approved and ratified by the board of directors of the Company, the remaining 1,500,000 preferred shares out of the 2,000,000 preferred shares issued by the Company on December 5, 2018 through private placement were fully redeemed.

On November 7, 2019, the 7,000,000 preferred shares were issued and listed with the PSE under trading symbol "PNX4".

On November 22, 2019, the board of directors of the Company approved and authorized the creation of a new wholly-owned subsidiary and the investment of ₱57,000,000 in whole or in part as initial capitalization of said new subsidiary to manage, administer, conduct, own, invest, hold and/or operate road transport business. The board of directors also approved the transfer and assignment of its current road transfer unit operations to a new corporation to maximize its efficiency and expansion.

On December 11, 2019, the Company issued the third series of the Commercial Papers Program (CP Series C) with an aggregate principal amount of ₱3,000,000,000.

In December 2019, Phoenix LPG Philippines, Inc. (“**Phoenix LPG**”), a subsidiary of the Company engaged in the selling and distribution of LPG products and services, signed a conversion deal with GDR Taxi, one of the biggest taxi fleets in Iloilo City and nearby provinces, to convert over 200 registered fuel-powered vehicles of GDR Taxi to auto gas-powered cars. Phoenix LPG partnered with Clean Vehicle Solutions Limited (CLEVA)—a Hong Kong-based company that specializes in fuel delivery, installation, and maintenance of LPG equipment—to use its Prins Technology for the auto LPG conversion project with GDR Taxi. As of 16 December 2019, Phoenix LPG had converted 48 out of the 215 GDR taxi units into auto LPG-powered vehicles. These taxis are the pilot batch of the auto LPG conversion project of Phoenix LPG using the new technology.

On December 16, 2019, Phoenix Pilipinas Gas and Power, Inc., a wholly-owned subsidiary of the Company executed a memorandum of agreement with Mesa Natural Gas Solutions, LLC with a goal to make available in the Philippines generator sets that can run on raw wellhead gas, LNG, CNG and propane rich LPG, with the corresponding commissioning, training, and technical support from the USA.

On December 18, 2019, the Company in a disclosure to the Philippine Stock Exchange, Inc. confirmed the news report in Business World (Online Edition) published on December 18, 2019, that the Company and CNOOC Gas and Power have requested the Department of Energy to suspend its proposal to build an LNG import terminal in view, among others, of the recent acquisition of Chevron Malampaya LLC’s stake in the Malampaya consortium by Udenna Corporation.

On January 27, 2020, the board of directors of the Company authorized the assignment and transfer of 72 CODO retail stations, worth ₱700,000,000, as part of the capital investment in PPMI as previously approved by the board on June 24, 2019. On the same date, the board of directors approved the amendment of the Company’s articles of incorporation extending the corporate term of the Company from 50 years from and after the date of incorporation to perpetual existence as allowed in the Revised Corporation Code. The board of directors also approved the amendment of the Company’s by-laws changing the schedule of the annual meeting of stockholders from last Friday of March every year to last Friday of April of each year.

On March 16, 2020, in compliance with the directive from the SEC to submit report on risks and impact of COVID-19 on business operations, the Company disclosed that it has implemented regular temperature checks, strict travel restrictions, quarantine and continued monitoring for anyone who exhibits flu-like symptoms or has been exposed to risks, and regular cascade of the latest updates and reminders. In light of the mobility restrictions then imposed by the government, the Company implemented flexible work arrangements and postponed all previously-arranged gatherings.

On March 23, 2020, the Company issued a press release regarding its execution of a 3-month exclusive contract with Global Business Power Corporation (“**GBP**”) to supply fuel to two of GBP’s power plants in Toledo City, Province of Cebu.

On April 24, 2020, the Company issued a press release regarding FamilyMart’s launch of rolling stores and intended delivery service to make FamilyMart’s products more accessible.

On June 2, 2020, the stockholders of the Company approved, among others, the investment of ₱4,900,000,000 of corporate funds in Duta, Inc. over the period of three (3) years. The stockholders also approved the amendments to the Company’s articles of incorporation and by-laws as approved by the board on January 27, 2020.

On June 30, 2020, the Company issued a press release regarding the Company's repositioning of its portfolio towards high growth, high margin businesses as the Company diversifies its core petroleum operations. In particular, the Company said that retail will be a major force driving its business going forward. To this end, the Company said that it is building its capabilities in the retail business and planned to further expand its retail portfolio with high growth, high margin brands over time.

On July 1, 2020, the Company issued a press release regarding the completion by the Company's subsidiary, Phoenix Asphalt Philippines Inc., of the construction of the first phase of its asphalt plant in Calaca, Batangas. The press release further provided that the asphalt plant was fully operational to supply quality bitumen products to contractors in the Philippines.

Strengths

The Company believes that its principal competitive strengths which contribute to its success include the following:

- Largest independent oil player;
- Rapid and sustainable network expansion;
- Strategic import terminal, depot and retail service station locations;
- Integrated supply chain and logistics infrastructure;
- Diverse and value-driven products and service experience in both retail and commercial segments;
- Experienced management team and employees; and
- Strong brand recall.

Strategy Pillars

The Company's principal strategies are set out below:

- Strengthen the brand;
- Grow position in markets with strong structural, macro drivers;
- Improve operational efficiency and drive synergies across the Group;
- Invest in future growth and innovation through partnerships and acquisition of new businesses that have growth potential and synergies with its portfolio;
- Enhance the quality of its cash flow generation.

RISKS OF INVESTING

Before making an investment decision, prospective CP Series D Holders should carefully consider all of the information set forth in this Information Memorandum and, in particular, prospective CP Series D Holders should evaluate the risks associated with an investment in the Commercial Papers. See section entitled "*Risk Factors*" of the Prospectus for a more detailed discussion on the risk factors. These risks include:

Risks Relating to the Company's Business and Operations

Internal Factors

1. The growth of the Company is dependent on the successful execution of its expansion plans;
2. The Company depends on experienced, skilled and qualified key personnel and senior management, and its business and growth prospects may be disrupted if their services are lost;
3. Any significant disruption in operations or casualty loss at the Company's storage and distribution facilities could affect its business and results of operations and result in potential liabilities;

4. The business requires significant capital expenditures and financing, which are subject to a number of risks and uncertainties, that may affect the leverage position and profitability of the company if it depends heavily on debt financing;
5. If the number or severity of claims for which the Company is insured increases, or if it is required to accrue or pay additional amounts because the cost of damages and claims prove to be more severe than its insurance coverage, the Company's financial condition and results of operations may be materially affected;
6. The Company's controlling shareholder may have interests that may not be the same as those of other shareholders;
7. The Company may fail to integrate acquired businesses properly, which could adversely affect the Company's results of operations and financial condition;
8. The Company's public float is below 20%; and
9. The Company from time to time considers business combination alternatives.

External Factors

1. Volatility of the price of petroleum products may have a material adverse effect on the Company's business, results of operations and financial condition;
2. The Company's business, results of operations and financial condition may be affected by intense competition in the downstream oil industry;
3. Regulatory decisions and changes in the legal and regulatory environment could increase the Company's operating costs and affects its business, results of operations and financial condition;
4. The Company currently benefits from income tax holidays on the operation of certain depots. If the Company did not have the benefit of income tax holidays, its profitability will be affected, as it will have to pay income tax at the prevailing rates;
5. The Company may be affected by the Comprehensive Tax Reform Program;
6. The Company's exposure to costs and liabilities arising from compliance with safety, health, environmental and zoning laws and regulations may adversely affect its business, results of operations and financial condition;
7. The Company's business, financial condition and results of operations may be impacted by the fluctuations in the value of the Philippine Peso against the U.S. Dollar;
8. Existing and future claims against the Company and its subsidiaries, or directors or key management may pose as a reputational risk to the Company and its business;
9. The Company relies primarily on a small number of suppliers for a significant portion of its petroleum products;
10. Failure to respond quickly and effectively to product substitution or government-mandated product formulations may adversely affect the Company's business and prospects; and
11. Changes in applicable accounting standards may impact the Company's businesses, financial condition and results of operations.

Risks Relating to the Philippines

1. The Company's business and sales may be negatively affected by slow growth rates and economic instability globally and in the Philippines;
2. Political instability, acts of terrorism, military conflict, or changes in laws or government policies in the Philippines could destabilize the country and may have a negative effect on the Company;
3. The occurrence of natural or man-made catastrophes or major power outages may materially disrupt the Company's operations;
4. If foreign exchange controls were to be imposed, the Company's ability to access foreign currency to purchase petroleum, petroleum products, raw materials, equipment and other imported products could be affected; and
5. Territorial and other disputes with China and a number of Southeast Asian countries may disrupt the Philippine economy and business environment.

Risks Relating to the Commercial Papers

1. The Company cannot guarantee that there will be an active or liquid trading market for the Commercial Papers;
2. The Company may be unable to redeem the Commercial Papers;
3. The holder of the Commercial Papers may face a possible gain or incur a loss when they decide to sell the Commercial Papers;
4. The Issuer may not be able to retain its credit rating; and
5. The Commercial Papers have no preference under Article 2244(14) of the Civil Code.

ADDITIONAL RISKS

In addition, prospective CP Series D Holders should carefully consider and evaluate the following additional risks associated with an investment in the Commercial Papers:

Risks Relating to the Company's Business and Operations

Internal Factors

Failure to respond quickly and effectively in identifying and importing the relevant alternative fuels in line with market demands or governmental regulations may adversely affect the Company's business and prospects

Any potential increase in oil prices and environmental concerns could make it more attractive for the Company's customers to switch to alternative fuels such as natural gas, ethanol and palm oil methyl ester fuel blends. If alternative fuels become more affordable and available than petroleum products, customers may shift from petroleum to these alternative fuels not offered by the Company, resulting in lower sales volumes. In addition, in recent years, the Philippine government has enacted regulations mandating the inclusion of a specified percentage of alternative fuels in gasoline and diesel fuels sold or distributed by every oil company in the Philippines, and these types of requirements may be increased in the future. As the Company imports all of its product requirements, in the event that the Company does not respond quickly and effectively to identifying and importing the relevant alternative fuels in line with market demands or governmental regulations, its business and prospects may be adversely affected.

The Company continues to explore possible investments in alternative fuels to complement its current product portfolio and to enable the Company to adapt to possible changes in consumer preferences. The Company remains abreast of the shift in landscape of both local and international fuel markets, and thus aims to be at the forefront of providing alternative fuel sources to traditional gasoline via its Vietnam and Philippine investments in LPG. This will allow the Company to remain highly competitive not only in the fuel oil category but in other significant product categories as well in anticipation of shifts in market demand.

The Company's expansion plans will place additional pressure and demands on the Company's management and key-in house operating divisions

Rapid growth in the Company's trading and terminalling and hauling operations will place additional pressure and demands on its management team, marketing team, in-house project management division and its financial reporting and information systems. The Company's continued expansion will also require the Company to maintain the consistency of its products and the quality of its services to ensure that its business does not suffer as a result of any deviations, whether actual or perceived.

There is no assurance that the Company will be able to effectively and efficiently manage the growth of its operations, recruit and retain qualified personnel, and integrate new properties into its operations.

Any failure to effectively and efficiently manage its expansion may materially and adversely affect the Company's ability to capitalize on new business opportunities, which in turn may have a material adverse effect on its business, financial condition, results of operations and prospects.

In order to manage and support its growth, the Company continues to improve its existing operation, administrative and technological systems and its financial and management controls, and recruits, trains and retains qualified management personnel as well as other administrative sales and marketing personnel.

External Factors

The products that the Company handles are hazardous and could result in spills and/or environmental damage

As part of the Company's terminalling and hauling services involving the leasing out of storage space in its terminal depots and hauling and into-plane services, the terminalling and hauling of certain types of materials that the Company handles such as petroleum is subject to the risk of leaks and spills, causing environmental damage. While the Company believes it does not handle or store these hazardous chemicals in quantities above specified limits, there can be no assurance that it has not in the past or will not in the future violate applicable environmental regulation or result in an oil leak and spill which causes environmental damage, each of which may subject the Company to fines and penalties or result in the closure or temporary suspension of its operations and may have a material adverse effect on the Company's business and results of operations.

The Company closely monitors the compliance of its terminalling and hauling services with the applicable laws, rules and regulations. The Company has established standard operating procedures and safety policies how to handle hazardous materials and continuously conducts trainings for its employees to cascade these procedures and safety policies to the whole organization.

The Company is subject to joint venture and partnership risks

The Company may enter into joint ventures, alliances or partnerships in respect of its business and operations. For example, the Company entered into a joint venture agreement with TIPCO Asphalt and PhilAsphalt Development Corporation in January 2018. More recently, the Group had also (a) entered into a memorandum of understanding with CNOOC Gas and Power Group Co. Ltd., a subsidiary of China National Offshore Oil Corporation, the largest offshore oil and gas company in China and also one of the largest independent oil and gas exploration and production companies in the world ("**CNOOC Gas and Power**"), for the construction of an integrated liquefied natural gas (LNG) import and regasification terminal in the Philippines with the aim of entering into a formal joint venture agreement and (b) entered into a joint venture with CNI for the marketing and distribution of LPG in Vietnam. Going forward, as part of its plans to reduce capital investment, the Company aims to also gradually model its trading operations using a strategic partnership model alongside the existing CODO and DODO models.

Joint ventures, alliances and partnerships may involve special risks associated with the possibility that the joint venture partner may (i) have economic or business interests or goals that are inconsistent with that of the Company, (ii) take actions contrary to the Company's interests, (iii) be unable or unwilling to fulfil its obligations under the joint venture agreement or (iv) experience financial difficulties. There can be no assurance that the Company's best commercial interests and business philosophy will be consistent with its major joint venture partners. There is also a possibility that such partners or joint venture partners may enter into the same or similar businesses that the Company currently operates. As a result, the Company may face increasing competition which may adversely affect its business and results of operations. A serious dispute with the Company's partners or joint venture partners or the early termination of the Company's partnership or joint venture agreements could adversely affect the Company's business, financial condition and results of operations and would divert resources and

management's attention. In addition, any actual or perceived deterioration in the reputation of the Company's partners or joint venture partners could have an adverse impact on the Company's business operations, profitability and prospects.

The Company carefully considers each potential joint venture and/or partnership and undertakes a thorough assessment of thereof, including its financial, technical and legal aspects before committing to any agreement with another party. The Company also continuously monitors its existing joint venture and/or partnership contracts to ensure compliance with the terms of a particular joint venture and/or partnership as well as harmonious relations between the partners.

The Company's franchisees may not be willing or able to renew their franchise agreements with the Company

The Company offers franchising options, through dealership agreements, that provide accredited partners the right to operate Phoenix retail gasoline stations. These agreements have a typical duration between five to 10 years (renewable under certain conditions). The Company's franchisees who have entered into such agreements to operate one or several retail gasoline stations may be unwilling or unable to renew their franchise agreements with the Company for a number of reasons, including low sales volume, high rental costs, lack of profitability or a desire to retire. If the Company's franchisees cannot, or decide not to, renew their agreements with the Company, the Company will have to find a replacement franchisee to operate their retail gasoline stations or otherwise operate them themselves. If a substantial number of franchises are not renewed, the Company's business, results of operations and financial condition could be adversely affected.

The Company has an experienced sales and marketing team that actively markets to its existing and new financially capable prospective franchisees/partners. In addition, the Company aims to also gradually model its trading operations using strategic partnerships instead of merely relying on the existing CODO and DODO models.

The Company may not be able to obtain suitable locations for its oil depots and the quality of the locations of the Company's current oil depots may decline

The success of the Company's terminalling and hauling services depends in large part on the locations of its oil depots and import terminals. As demographic and economic patterns change, current locations may not continue to be attractive or profitable. Possible decline in locations and the infrastructures therein where the Company's oil depots or import terminals are currently situated could result in reduced attractiveness and revenue in such locations. In addition, desirable locations for new openings or for the relocation of existing oil depots or import terminals may not be available at an acceptable cost when the Company identifies a particular opportunity or due to geographical constraints, and the Company may face competition for the same or nearby locations. Furthermore, the Company may relocate or establish oil depots or import terminals in new areas in anticipation of future developments which ultimately do not materialize. The occurrence of one or more of these events could adversely affect the Company's business, results of operations and financial condition.

As of date, the Company's oil depot location and quality are sufficient for the needs of its business and their capacity is able to service the current and future requirements of the Company. Moreover, the Company consistently exerts efforts to diversify its oil depot locations to lessen the impact of unsatisfactory locations.

The Company depends on third-party operators for a significant number of its projects and operations

A portion of the Company's growth strategy depends upon third-party owners/operators, and future arrangements with these third parties may be less favorable. The terms of the relevant dealership agreements and franchise agreements that the Company enters into are influenced by contract terms

offered by its competitors, among other things. The Company is unable to provide assurance that any of its current arrangements will continue or that it will be able to enter into future collaborations, renew agreements or enter into new agreements in the future on terms that are as favorable to the Company as those that exist today.

Development activities that involve the Company's co-investment with third parties may result in disputes that could increase project costs, impair project operations or increase project completion risks. Partnerships, joint ventures, and other business structures involving the Company's co-investment with third parties which it has entered into or acquired generally include some form of shared control over the operations of the business and create added risks, including the possibility that other investors in such ventures could become bankrupt or otherwise lack the financial resources to meet their obligations, or could have or develop business interests, policies or objectives that are inconsistent with those of the Company. Actions by another investor may present additional risks of project delay, increased project costs or operational difficulties following project completion. Such disputes may also be more likely to occur in difficult business environments.

The Company has numerous third-party owners/operators. Hence, in case of the termination of any of its current agreements with them, its potential negative impact to the Company is minimal.

Existing or future claims against the Company and its subsidiaries, or joint ventures, or directors or key management may have an unfavorable impact on the Company and its business

From time to time, the Company, its subsidiaries, or joint ventures or directors or key management officers may be subject to litigation, investigations, claims and other proceedings. Legal proceedings could cause the Company to incur unforeseen expenses, occupy a significant amount of management's time and attention, and negatively affect the Company's business operations and financial position. Further, legal proceedings could continue for a prolonged period of time and be time-consuming and it is difficult for the Company to predict the possible losses, damages or expenses arising from such legal proceedings. An unfavorable outcome in these or other legal proceedings could have a material adverse effect on the reputation, business, financial position and results of operations and cash flows of the Company.

For a description of certain legal proceedings involving the Company and/or its directors and officers, please refer to the section entitled "*Legal Proceedings*" starting on page 51 of this Information Memorandum.

In particular, the Petition for Review filed by the Petitioner against Dennis A. Uy remains pending with the Supreme Court. As of the date of this Information Memorandum, the Supreme Court has yet to issue a resolution directing Dennis A. Uy to comment on the Petition for Review. In the event that the Supreme Court issues such a resolution directing Dennis A. Uy to comment on the Petition for Review and thereafter issues a ruling granting the Petition for Review, Dennis A. Uy could be subject to trial in respect of the alleged violations of the Tariff and Customs Code of the Philippines. While the Company will continue to assert the same defenses for Dennis A. Uy, there can be no assurances that there will be a favorable outcome in the proceedings or that there will be no future appeals in the proceedings from the other parties. In the event that Dennis A. Uy is convicted of the alleged violations of the Tariff and Customs Code of the Philippines, he could be subject to a monetary fine ranging from ₱600 to ₱5,000 and imprisonment for a period ranging from six months to two years and consequentially, may also lose his eligibility as President and CEO of the Company. Other court cases typical and customary in the course of business operations of every company such as those, among others, involving collection, B.P. 22, qualified theft and reckless imprudence have been filed by the Company and/or its subsidiaries against its employees and/or third parties. The Company, notes, however, that these proceedings have no material and adverse effect on the financial condition or the business of the Company and/or its subsidiaries.

Volcanic eruptions like the Taal Volcano eruption in January 2020 which affected the Southern Luzon Region, including areas where the Company operates its import terminal, may affect the Company's supply chain and logistic capability in Luzon.

In January 2020, the Taal Volcano eruption blanketed certain towns in Batangas and Cavite with heavy ashfall and displaced thousands of residents and disrupted business operations in the Southern Luzon region and nearby areas, including the Company's import terminal located within the affected region.

During the height of the volcanic activity, the Company reduced its activities relating to its import terminal to ensure the safety of its employees. In general, however, disruptions to the operations of the Company's import terminal located within the Southern Luzon Region were minimal in view of the regular maintenance and safety checks being implemented.

In case of potential disruptions due to volcanic activities, the Company has a business continuity plan to eliminate or minimize any impact on its import terminal operations. For transport, it has three alternate routes in case the main route to its terminal and depot becomes unavailable for whatever reason. For product sourcing, it has likewise identified other supply points outside the area where it can obtain products and serve the market needs at minimal disruption. The Company has also identified other depots outside the area, which may be leased for alternative long-term storage should the need arise.

The coronavirus outbreak and other adverse public health developments may adversely affect the Company's business and operations

In December 2019, an outbreak of the COVID-19 disease, caused by a novel coronavirus (SARS-CoV-2) was first reported to have surfaced in Wuhan, the People's Republic of China, later resulting in millions of confirmed cases and hundreds of thousands of fatalities globally, with thousands of confirmed cases and more than a thousand fatalities in the Philippines. In March 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. As of the hereof, the COVID-19 disease has continued to spread globally, with the number of reported cases and related deaths increasing daily, and in many countries, exponentially.

In a move to contain the COVID-19 outbreak, on March 12, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six months from March 17, 2020 (at midnight) and imposed an enhanced community quarantine ("ECQ") throughout the island of Luzon until April 12, 2020, unless earlier lifted or extended as circumstances may warrant. On March 24, 2020, Republic Act No. 11469, otherwise known as the "Bayanihan to Heal As One Act", was signed into law, declaring a state of national emergency over the entire country, and authorizing the President of the Philippines to exercise certain powers necessary to address the COVID-19 pandemic. On April 7, 2020, the Office of the President of the Philippines released a memorandum extending the ECQ over the entire Luzon island until April 30, 2020. On May 1, 2020, the Government further extended the ECQ over, among others, certain portions of Luzon, including Metro Manila, until May 15, 2020, while easing restrictions in other parts of the country. On May 11, 2020, the Inter-Agency Task Force of Emerging Infectious Disease ("IATF") placed high-risk local government units under modified ECQ ("MECQ") from May 16, 2020 until May 31, 2020, where certain industries were allowed to operate under strict compliance with minimum safety standards and protocols. On May 27, 2020, the IATF reclassified various provinces, highly urbanized cities and independent component cities depending on the risk-level. Meanwhile, on May 28, 2020, the Philippine Government placed Metro Manila under general community quarantine ("GCQ") until June 15, 2020, allowing for the partial reopening of certain businesses and public transportation while continuing to limit general movements. These measures have caused disruption to businesses and economic activities, and their impacts on businesses continue to evolve. On June 16, 2020, the Philippine Government extended until June 30, 2020 the GCQ over, among others, Metro Manila, and imposed ECQ until June 30, 2020 in

the City of Cebu following the rise of COVID-19 cases in the city. On July 1, 2020, the Philippine Government further extended the GCQ over Metro Manila and the ECQ over the City of Cebu until July 15, 2020. On July 16, 2020, the GCQ over Metro Manila was further extended until July 31, 2020, while MECQ was imposed in the City of Cebu until July 31, 2020.

The Philippine Government expects the country's gross domestic product to fall by 2% to 3.4% due to the economic effects of the outbreak, and the resulting domestic shutdowns, reduced tourism, disrupted trade and manufacturing and financial market spillovers. On May 7, 2020, the National Economic Development Authority reported that the Philippine economy had slowed down for the first time in 22 years, contracting 0.2% in the first quarter of 2020, from a 5.6% growth rate in the first quarter of 2019.

The outbreak of the COVID-19 and other adverse public health developments, such as the outbreak of avian influenza, severe acute respiratory syndrome, or SARS, Zika virus and Ebola virus could materially and adversely affect the Company's business and results of operations. These may include, temporary closures of our facilities or premises, hospitalization or quarantine of our employees, delay or suspension of supplies from our suppliers, disruptions or suspension of our operational activities, labor shortage due to restrictions on our employees' ability to travel. While the Company continues to closely monitor the COVID-19 outbreak in the Philippines, the Company has adjusted its business practices and operations to minimize the negative effects of COVID-19. Its recent actions in light of COVID-19 include:

(a) Ensuring the safety of people and workplace

Terminals and depots have remained operational under reduced hours with staff on rotating nine-day shifts. Meanwhile, about two-thirds of the operations outside of the terminals and depots have been on a work-from-home arrangement, while the remainder has been maintained as skeletal force under similar rotating shifts. In June 2, 2020, the Company announced a work-from-home arrangement for most of the employees for the remainder of 2020. The Company has also been providing employees with regular health and well-being check-ups. Travel has also been restricted.

(b) Keeping operations business-as-usual

As early as the first week of March, the Company has activated its business continuity plans, including safety protocols. As of date, there has been no disruptions to operations at the terminals/depots and offices. During ECQ, all of the Company's supply chain remained operational and about 90% of its network running.

There is no certainty that such measures will be sufficient or that we will not be required to incur additional and substantial expenses to address the effects of COVID-19 on our operations.

In addition, it is possible that the continued spread of COVID-19 could cause a global economic slowdown or recession. The deterioration of the regional economy and financial markets in general may have a material adverse effect on the Company's business, financial condition and results of operations. Furthermore, there is significant uncertainty relating to future developments of the outbreak of the COVID-19 and what actions the Philippine Government will take. The impacts of the outbreak of the COVID-19 on our results of operations are highly uncertain.

Risks Relating to the Philippines

The oil smuggling situation in the Philippines

Smuggling and illegal trading activities of petroleum products have affected the domestic petroleum market. These activities have translated to lower sales prices and volumes for legitimate market players in the domestic market.

According to Federation of Philippine Industries, since the enactment of Republic Act No. 10963, otherwise known as the “Tax Reform for Acceleration and Inclusion Act”, which imposes higher excise taxes on oil, the country’s revenue losses due to oil smuggling have increased by about 30%.

In 2019, the Bureau of Internal Revenue (“BIR”) rolled out its fuel marking program as part of the government’s efforts to curtail oil smuggling.

The Company’s financial condition and results of operations may be affected if the Philippine Government is unable to properly enforce and regulate the domestic oil market.

SUMMARY OF FINANCIAL INFORMATION

The following table sets forth financial and operating information of the Company. The information set out below should be read in conjunction with, and is qualified in its entirety by reference to, the relevant consolidated financial statements of the Company, including the notes thereto. The summary financial data as of March 31, 2020 and 2019 and December 31, 2019, 2018 and 2017 were derived from the Company's unaudited and audited consolidated financial statements, including the notes thereto, which are included in this Information Memorandum and from the Company's 2019 annual report.

The consolidated financial statements as of December 31, 2019, 2018 and 2017 were audited by Punongbayan&Araullo. The consolidated financial information of the Company as of and for the three months ended March 31, 2020 and 2019 have not been audited by the Company's independent auditor. As a result, the consolidated financial statements of the Company as of and for the three months ended March 31, 2020 and 2019 should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit. Potential investors must exercise caution when using such data to evaluate the Company's financial condition and results of operations. The Company's financial information included in this Information Memorandum were prepared in accordance with the Philippine Financial Reporting Standards ("PFRS"). The summary financial information set out below does not purport to project the results of operations or financial condition of the Company for any future period or date. The Sole Issue Manager, Lead Arranger and Sole Bookrunner and any of its affiliates, directors, officers and advisers disclaim all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of any financial information of the Company.

Balance Sheet Data	As at March 31	As at December 31		
(Amounts in ₱ Thousands)	2020	2019	2018	2017
	Unaudited	Audited	Audited	Audited
<u>ASSETS</u>				
CURRENT ASSETS				
Cash and cash equivalents	5,776,852	9,810,770	7,889,709	1,831,558
Trade and other receivables – net	16,217,335	15,973,134	15,030,715	7,705,308
Inventories – net	10,438,397	11,679,617	11,135,494	12,416,237
Due from related parties	72,570	1,987	937,904	518,005
Restricted deposits	55,065	54,462	52,719	51,282
Input value-added tax – net	2,332,816	2,905,879	1,517,537	1,773,091
	828,738	-	-	-
Prepayments and other current assets	2,639,588	1,931,536	695,699	610,271
Total Current Assets	₱38,361,361	₱42,357,385	₱37,259,777	₱24,905,752
NON-CURRENT ASSETS				
Property, plant and equipment — net	26,260,375	27,378,865	18,715,994	13,399,980
Right-of-Use Assets - net	1,617,702	1,142,726	-	-
Investment properties	1,908,849	1,908,973	1,739,021	1,114,780
Intangible assets — net	301,870	310,278	328,054	295,458
Investment in joint ventures	1,439,279	1,432,710	455,436	-
Goodwill — net	4,632,397	4,632,397	4,418,843	3,990,667
Deferred tax assets — net	265,446	155,781	147,485	235,996
Other non-current assets	5,907,567	7,638,262	1,595,668	223,467
Total Non-current Assets	₱42,333,485	₱44,599,992	₱27,400,501	₱19,260,348
TOTAL ASSETS	₱80,694,846	₱86,957,377	₱64,660,279	₱44,166,100

LIABILITIES AND EQUITY				
LIABILITIES				
CURRENT LIABILITIES				
Interest-bearing loans and borrowings	37,734,613	38,143,059	26,309,487	16,796,874
Trade and other payables	6,622,024	11,841,661	7,434,839	3,584,624
Derivative Financial Liabilities	0	311,020	-	-
Lease Liabilities	127,705	153,361	-	-
Income tax payable	54,045	49,872	99,381	3,671
Total Current Liabilities	₱44,538,387	₱50,498,973	₱33,843,707	₱20,385,169
NON-CURRENT LIABILITIES				
Interest-bearing loans and borrowings	11,650,684	11,753,129	13,590,520	11,374,560
Lease liabilities	1,255,339	1,096,852	-	-
Deferred tax liabilities — net	804,398	748,399	631,776	225,027
Other non-current liabilities – net	929,386	937,269	620,602	497,806
Total Non-current Liabilities	₱14,639,807	₱14,535,649	₱14,842,899	₱12,097,393
TOTAL LIABILITIES	₱59,178,194	₱65,034,622	₱48,686,606	₱32,482,562
EQUITY				
Capital stock	1,119,904	1,119,904	1,112,004	1,456,538
Additional paid-in capital	12,042,788	12,042,788	7,233,692	5,709,303
Revaluation reserves	832,687	806,869	852,439	(736,458)
Retained earnings	7,449,622	7,876,464	6,812,482	5,254,155
Non-controlling interest	71,650	76,730	(36,945)	-
Total Equity	₱21,516,651	21,922,755	₱15,973,673	₱11,683,538
TOTAL LIABILITIES AND EQUITY	₱80,694,846	86,957,377	₱64,660,279	₱44,166,100

Income Statement Data	For the three months		For the years ended		
	ended March 31		December 31		
(Amounts in ₱ Thousands, except Earnings per share)	2020	2019	2019	2018	2017
	Unaudited	Unaudited	Audited	Audited	Audited
Revenues	21,894,397	24,092,632	97,823,109	88,610,768	44,542,982
Cost and Expenses	21,715,434	23,071,473	93,329,353	84,580,715	42,552,132
Other Charges	418,199	555,087	2,651,519	656,323	61,359
Profit Before Tax	(239,236)	466,071	1,842,237	3,373,730	1,929,490
Tax Expense	(24,585)	51,401	347,659	606,588	408,067
Net Profit	(214,651)	414,671	1,494,578	2,767,142	1,521,423
Other Comprehensive Income-net	24,123	(28,824)	4,130	858,536	6,051
Total Comprehensive Income	(190,528)	385,847	1,498,708	3,625,678	1,527,473
Basic Earnings per share	(0.27)	0.24	0.61	1.72	1.11
Diluted Earnings per share	(0.27)	0.24	0.61	1.72	1.10

SUMMARY OF THE OFFERING

The Offer relates to the fourth series of the Commercial Papers Program with an aggregate principal amount of up to Two Billion Pesos (₱2,000,000,000), with an oversubscription option of up to One Billion Five Hundred Million Pesos (₱1,500,000,000). The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing in the Information Memorandum, the Master Trust Indenture dated December 13, 2018 between the Issuer and the Trustee and the relevant issue supplement. The CP Series D is part of the Issuer's Commercial Papers Program. For a detailed discussion on the Commercial Papers Program, please refer to the section entitled "Overview of the Commercial Papers Program" in pages 28 to 32 of the Prospectus).

Issuer	: P-H-O-E-N-I-X Petroleum Philippines, Inc. (" Phoenix " or the " Issuer ")
Issue	: The fourth series under the Issuer's up to Ten Billion Pesos (₱10,000,000,000) Commercial Papers Program (the " CP Series D ").
Issue Amount	: Aggregate principal amount of up to Two Billion Pesos (₱2,000,000,000) with an oversubscription option of up to One Billion Five Hundred Million Pesos (₱1,500,000,000).
Oversubscription Option	: The Sole Issue Manager, Lead Arranger and Sole Bookrunner has the right, in consultation with the Issuer, to increase the offer size of up to Two Billion Pesos (₱2,000,000,000) worth of CP Series D by up to an additional One Billion Five Hundred Million Pesos (₱1,500,000,000) worth of CP Series D (the " Oversubscription Option CP Series D ") to cover oversubscriptions, if any (the " Oversubscription Option "). In the event that the Oversubscription Option is exercised, the Issue Manager, Lead Arranger and Sole Bookrunner, in consultation with the Issuer, shall have exclusive rights and priority toward the offer and sale of any Oversubscription Option CP Series D.
Use of Proceeds	: The net proceeds of the Issue are intended to be used to finance working capital requirements of the Issuer for the regular importation of fuels and lubricants.
Issue Price	: The CP Series D will be issued at a discount to face value.
Form and Denomination	: The CP Series D shall be issued in scripless form in denominations of ₱100,000 each, as a minimum, and in multiples of ₱10,000 thereafter.
Sole Issue Manager, Lead Arranger and Sole Bookrunner	: PNB Capital and Investment Corporation (" PNB Capital ")
Offer Period	: The Offer shall commence at 10:00 a.m. on July 21, 2020 and end at 5:00 p.m. on July 23, 2020, or on such other date as the Issuer and PNB Capital may agree upon.
Issue Date	: July 29, 2020 or the immediately succeeding Business Day, if such Issue Date is not a Business Day, or such other date as may be agreed upon by the Issuer and PNB Capital.

Maturity Date	: Three hundred sixty (360) days from Issue Date or July 24, 2021; provided that, in the event that such Maturity Date falls on a day that is not a Business Day, the Maturity Date shall be the immediately succeeding Business Day.
Discount Rate	: The CP Series D will be issued at a fixed discount rate of 5.00% per annum. The Discount Rate shall be computed on a true-discount basis.
Final Redemption	: The CP Series D will be repaid in full (or 100% of face value) on the Maturity Date. If the principal repayment on the CP Series D is due on a day that is not a Business Day, the principal repayment date shall be made on the immediately succeeding Business Day. No additional interest will be paid in such case.
Redemption for Taxation Reasons	: If payments under the CP Series D become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the CP Series D in whole, but not in part, (having given not more than sixty (60) nor less than thirty (30) days' prior written notice to the Trustee) at par or 100% face value.
Status	: The CP Series D shall constitute the direct, unconditional, unsecured and unsubordinated Peso-denominated obligations of the Issuer and shall at all times rank pari passu and ratably without any preference or priority amongst themselves and at least pari passu with all other present and future unsecured obligations of the Issuer, other than obligations mandatorily preferred by law. The CP Series D shall effectively be subordinated to the right of payment to, among others, all of Issuer's secured debts to the extent the value of the assets securing such debt and all of its debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code without a waiver of preference or priority.
Negative Pledge	: The CP Series D shall have the benefit of a negative pledge on all existing and future assets of the Issuer, subject to certain permitted liens.
Taxation	: Except: (i) tax on a CP Series D Holder's interest income on the CP Series D which is required to be withheld by the Issuer, and (ii) capital gains tax/income tax, documentary stamp tax and other taxes on the transfer of CP Series D (whether by assignment or donation), if any and as applicable, which are for the account of the CP Series D Holder, all payments of principal and interest will be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Republic of the Philippines or any political subdivision, agency or instrumentality thereof, including, but not limited to, issue, registration, or any similar tax or other taxes and duties, including interest and penalties. If such taxes or duties are imposed, the same shall be for the account of the Issuer; provided, however, that the Issuer shall not be liable for, and will not gross-up the payments of interest on the principal amount of the CP Series D so as to cover any final withholding tax applicable on interest earned on the CP Series D prescribed under the

National Internal Revenue Code of 1997, as amended, and its implementing rules and regulations.

Documentary stamp tax on the original issue of the CP Series D and the documentation, if any, shall be for the Issuer's account.

A CP Series D Holder who is exempt from or is not subject to final withholding tax on interest income may claim such exemption by submitting to the PNB Capital, together with its Application to Purchase:

- Certified true copy of the (dated no earlier than required to be considered valid under applicable tax regulations at the relevant time) current and valid original tax exemption certificate, ruling or opinion issued by the BIR confirming the exemption or preferential rate. For this purpose, a tax exemption certificate or ruling shall be deemed "valid, current and subsisting" if it has not been more than 3 years since the date of issuance thereof;
- A duly notarized undertaking (in the prescribed form and substance by Phoenix) declaring and warranting that the same CP Series D Holder named in the tax exemption certificate described in (a) above, is specifically exempt from the relevant tax or is subject to a preferential tax rate for the relevant tax, undertaking to immediately notify Phoenix and the Registrar of any suspension or revocation of its tax exemption certificates or preferential rate entitlement and agreeing to indemnify and hold Phoenix, the Registrar and the Paying Agent free and harmless against any claims, actions, suits and liabilities resulting from the non-withholding of the required tax; and
- Such other documentary requirements as may be required by Phoenix, the Registrar or the Paying Agent under the applicable regulations of the relevant taxing or other authorities, which for purposes of claiming tax treaty withholding rate benefits shall include a duly accomplished Certificate of Residence for Tax Treaty Relief (CORTT) Form prescribed in Revenue Memorandum Order No. 8-17, evidence of the applicability of a tax treaty provision, a consularized proof of the CP Series D Holder's legal domicile in the relevant treaty state, and confirmation acceptable to the Issuer that the Commercial Paper Holder is not doing business in the Philippines; provided further that, upon submission of reasonable evidence of exemption or preferential rate entitlement of the Applicant to the Registrar, all sums payable by Phoenix to tax exempt entities shall be paid in full without deductions for taxes, duties, assessments or government charges from and to the extent which the CP Series D Holder has adequately evidenced exemption.

The tax treatment of a CP Series D Holder may vary depending upon such person's particular situation and certain holders may be subject to special rules not discussed above. This summary does not purport to address all the aspects that may be important and/or relevant to a CP Series D Holder. CP Series D Holders are advised to consult their own tax advisers on the ownership and disposition of the CP Series D, including the applicability and effect of any state, local or foreign tax laws.

Purchase and Cancellation	: The Issuer may at any time purchase any of the CP Series D in the open market or by tender or by contract at market price, without any obligation to make pro-rata purchase (and the CP Series D Holders shall not be obliged to sell) from all CP Series D Holders. Any CP Series D so purchased shall be redeemed and cancelled, and may be reissued as part of any subsequent series of the Commercial Papers Program. Upon listing of the CP Series D on PDEX, the Issuer shall disclose any such transactions in accordance with the applicable PDEX disclosure rules.
Issuer Rating	: The Issuer has a rating of PRS Aa minus (corp.) with a Stable Outlook ³ as assigned by Philippines Ratings Services Corp. on July 20, 2020. The rating is subject to annual review, or more frequently as market developments may dictate, for as long as the relevant Commercial Paper Series is outstanding.
Registrar and Paying Agent	: Philippine Depository & Trust Corp.
Trustee	: PNB Trust Banking Group
Listing	: The Issuer intends to list the CP Series D on the PDEX on Issue Date.
Governing Law	: Philippine Law

Plan of Distribution of the CP Series D

See section entitled “*Plan of Distribution*” of the Prospectus for a complete discussion on the plan of distribution of the Commercial Papers, in general. The following discussion is intended to supplement such discussion in relation to the offer and sale of the CP Series D.

The Company plans to offer for sale the CP Series D to institutional and retail investors in the Philippines through a general public offering to be conducted by the Sole Issue Manager, Lead Arranger and Sole Bookrunner.

PNB Capital, pursuant to an Issue Management Agreement with the Company dated July 20, 2020 (the “**IMA**”), has agreed to act as the Lead Arranger for the Offer and as such, distribute and sell the CP Series D at the issue price, and has also committed to underwrite, on a best efforts basis, the CP Series D with a face value of up to Two Billion Pesos (₱2,000,000,000), subject to the satisfaction of certain conditions and in consideration for certain fees and expenses. In addition, the Issuer has granted the Issue Manager, Lead Arranger and Sole Bookrunner the right, in consultation with the Issuer, to increase the offer size of up to Two Billion Pesos (₱2,000,000,000) worth of CP Series D by up to an additional One Billion Five Hundred Million Pesos (₱1,500,000,000) worth of CP Series D (the “**Oversubscription Option CP Series D**”) to cover oversubscriptions, if any (the “**Oversubscription Option**”). In the event that the Oversubscription Option is exercised, the Issue Manager, Lead Arranger and Sole Bookrunner, in consultation with the Issuer, shall have exclusive rights and priority toward the offer and sale of any Oversubscription Option CP Series D.

³ A “Stable Outlook” is defined as “the rating is likely to be maintained or to remain unchanged in the next twelve months.”

The Sole Issue Manager, Lead Arranger and Sole Bookrunner shall receive an issue management, arrangement and selling fee of 0.60% on the final aggregate nominal principal amount of the CP Series D.

Any unsold CP Series D or CP Series D subject of rejected applications shall be returned to Phoenix. The IMA may be terminated in certain circumstances prior to payment being made to Phoenix of the net proceeds of the Offer.

The Issue Manager, Lead Arranger and Sole Bookrunner

The Issue Manager, Lead Arranger and Sole Bookrunner is duly licensed by the SEC to engage in underwriting or distribution of the CP Series D. The Issue Manager, Lead Arranger and Sole Bookrunner may, from time to time, engage in transactions with and perform services in the ordinary course of its business with Phoenix, its affiliates and subsidiaries, or other members of the Udenna Group.

PNB Capital is duly licensed by the SEC to engage in underwriting and distribution of securities. It was incorporated in July 30, 1997 and commenced operations in October 8, 1997. PNB Capital provides investment banking services such as underwriting of equity and debt securities, loan syndication, project finance, private placement and financial advisory. PNB Capital is authorized to buy and sell for its own account, securities issued by private corporations and the Government.

The Issue Manager, Lead Arranger and Sole Bookrunner has no direct relations with Phoenix in terms of ownership by either of their respective major stockholder/s, and has no right to designate or nominate any member of the Board of Directors of Phoenix.

Sale and Distribution

The distribution and sale of the CP Series D shall be undertaken by the Issue Manager, Lead Arranger and Sole Bookrunner who shall sell and distribute the CP Series D to third party buyers/investors. PNB Capital shall not appoint a syndicate of underwriters or sub-underwriters for the Offer. Nothing herein shall limit the right of the Issue Manager, Lead Arranger and Sole Bookrunner from purchasing the CP Series D for its own account.

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

Offer Period

The Offer Period shall commence at 10:00 a.m. on July 21, 2020 and end at 5:00 p.m. on July 23, 2020 or on such other date as the Issuer and Issue Manager, Lead Arranger and Sole Bookrunner may agree upon.

Application to Purchase

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

Applicants may purchase the CP Series D during the Offer Period by submitting to the Issue Manager, Lead Arranger and Sole Bookrunner properly completed Applications to Purchase, together with two signature cards and the required attachments, and the full payment of the purchase price of the CP Series D in the manner provided in the Application to Purchase.

Commercial Paper Holders claiming exemption from any applicable tax shall submit the following documentary requirements as proof of its tax-exempt status to the Registrar:

- (a) A certified true copy of the (dated no later than required to be considered valid under the applicable tax regulations at the relevant time) current and valid original tax exemption certificate, ruling or opinion issued by the BIR confirming the exemption or preferential rate. For this purpose, a tax exemption certificate or ruling shall be deemed “valid, current and subsisting” if it has not been more than 3 years since the date of issuance thereof;
- (b) A duly notarized undertaking (in the prescribed form) declaring and warranting that the same Commercial Paper Holder named in the tax exemption certificate, ruling or opinion described in (a) above, is specifically exempt from the relevant tax or is subject to a preferential tax rate for the relevant tax, and undertaking to immediately notify the Issuer and the Registrar and Paying Agent of any suspension or revocation of its tax exemption certificates or preferential rate entitlement and agreeing to indemnify and hold the Issuer and Registrar and Paying Agent free and harmless against any claims, actions, suits and liabilities resulting from the non-withholding of the required tax; and
- (c) Such other documentary requirements as may be reasonably required by the Issuer or the Registrar or Paying Agent under the applicable regulations of the relevant taxing or other authorities, which for purposes of claiming tax treaty withholding rate benefits shall include a duly accomplished Certificate of Residence for Tax Treaty Relief (CORTT) Form prescribed in Revenue Memorandum Order No. 8-17, evidence of the applicability of a tax treaty provision, a consularized proof of the Commercial Paper Holder’s legal domicile in the relevant treaty state, and confirmation acceptable to the Issuer that the Commercial Paper Holder is not doing business in the Philippines.

Completed Applications to Purchase and corresponding payments must reach the Issue Manager, Lead Arranger and Sole Bookrunner prior to the end of the Offer Period, or such earlier date as may be specified by the Issuer and the Issue Manager, Lead Arranger and Sole Bookrunner . Acceptance by the Issue Manager, Lead Arranger and Sole Bookrunner of the completed Application to Purchase shall be subject to the availability of the CP Series D and the acceptance by Phoenix. In the event that any check payment is returned by the drawee bank for any reason whatsoever, the Application to Purchase shall be automatically canceled and any prior acceptance of the Application to Purchase is deemed revoked.

Minimum Purchase

A minimum purchase of ₱100,000.00 shall be considered for acceptance. Purchases in excess of the minimum shall be in multiples of ₱10,000.00.

Allotment of the CP Series D

If the CP Series D are insufficient to satisfy all Applications to Purchase, the available CP Series D shall be allotted in accordance with the chronological order of submission of properly completed Applications to Purchase on a first-come, first-served basis, subject to Phoenix’s right of rejection.

Acceptance of Applications

Phoenix and the Issue Manager, Lead Arranger and Sole Bookrunner reserve the right to accept or reject Applications to Purchase the CP Series D. In case of oversubscription, Issue Manager, Lead Arranger and Sole Bookrunner, in consultation with the Issuer, shall have the right allocate the CP Series D available to the applicants in a manner it deems appropriate.

Rejection of Applications

The Issue Manager, Lead Arranger and Sole Bookrunner shall accept, reduce or reject Applications to Purchase on behalf of the Issuer in accordance with the following provisions and the allocation plan. Reasons for rejection may include the following:

- (a) Applications may be rejected if (i) the Offer Price is unpaid; (ii) payments are insufficient or where checks, as applicable, are dishonoured upon first presentation; (iii) the applications are not received by the Issue Manager, Lead Arranger and Sole Bookrunner on or before the end of the Offer Period; (iv) the number of CP Series D subscribed is less than the minimum amount of subscription; (v) the applications do not comply with the terms of the Offer; or (vi) the applications do not have sufficient information or are not supported by the required documents.
- (b) Applications may be reduced if the Offer is oversubscribed and the Oversubscription Option CP Series D are insufficient to cover such oversubscription, in which case the number of CP Series D covered by the applications shall be reduced *pro rata*.

In the event an Application to Purchase is rejected or the amount of CP Series D applied for is scaled down for a particular applicant, the Issue Manager, Lead Arranger and Sole Bookrunner shall notify the applicant concerned that his/her application has been rejected or that the amount of CP Series D applied for is scaled down.

Refunds

If any application is rejected or accepted in part only, the purchase price or the appropriate portion thereof shall be returned without interest to such applicant through the Issue Manager, Lead Arranger and Sole Bookrunner from whom such application to purchase the CP Series D was made.

Refunds shall be made, at the option of the Issue Manager, Lead Arranger and Sole Bookrunner either (i) through the issuance of check(s) payable to the order of the relevant applicant and crossed "Payees' Account Only" and mailed or delivered, at the risk of the applicant, to the address specified in the Application to Purchase, or (ii) through the issuance of instructions for automatic credit payments to the accounts of the relevant applicants, as notified by the applicant to the Issue Manager, Lead Arranger and Sole Bookrunner.

USE OF PROCEEDS

Following the offer and sale of the CP Series D, and assuming that the Offer is fully subscribed and the Oversubscription Option is fully exercised, the Company expects that the gross proceeds of the Offer shall amount to approximately ₱3,333,333,333, while the net proceeds of the Offer shall amount to approximately ₱3,280,015,570 after deducting the applicable fees, commissions and expenses.

Net proceeds from the Offer are estimated as follows:

		Total
Face value of the CP Series D		₱3,500,000,000
Discount (based on a fixed discount rate of 5.00% and assuming true discount computation)		166,666,667
Gross Proceeds		3,333,333,333
Less:		
Documentary Stamp Tax	₱26,250,000	
Issue Management, Arrangement and Selling Fee	22,105,263	
Estimated Professional Expenses & Agency fees	4,462,500	
Marketing/Printing/Photocopying Costs and out-of-pocket expenses	500,000	
Total Estimated Expenses		53,317,763
Estimated net proceeds to Company		<u>₱3,280,015,570</u>

Expenses incurred in connection with the Offer, including documentary stamp tax, fees of the Trustee, and the Registrar and Paying Agent will be for the account of the Issuer.

The net proceeds of the Offer amounting to approximately ₱3,280,015,570 shall be used primarily to finance working capital requirements of the Issuer for the regular importation of fuels and lubricants, as set out in the schedule presented below.

No.	Item	Estimated Cargo Cost (in Php)*	%	Timing of Disbursement
1	Importation of Fuels	477,360,000.00	15%	August
2	Importation of Fuels	185,640,000.00	6%	August
3	Importation of Fuels	71,910,000.00	2%	August
4	Importation of Fuels	185,640,000.00	6%	August
5	Importation of Fuels	318,240,000.00	10%	August
6	Importation of Fuels	397,800,000.00	12%	September
7	Importation of Fuels	477,360,000.00	15%	September
8	Importation of Fuels	47,940,000.00	1%	September
9	Importation of Fuels	47,940,000.00	1%	September
10	Importation of Fuels	119,850,000.00	4%	September
11	Importation of Fuels	131,835,000.00	4%	September
12	Importation of Fuels	185,640,000.00	6%	September
13	Importation of Fuels	71,910,000.00	2%	September
14	Importation of Fuels	397,800,000.00	12%	October
15	Importation of Fuels	163,150,570.00	5%	October
TOTAL		3,280,015,570.00	100%	

**Final cargo cost will depend on prevailing FX and fuel price during the period. Cargo amounts will also change depending on the economics of our supply chain (e.g. splitting one order to 2 shipments to accommodate freight costs).*

In case the net proceeds of the Offer will not be sufficient, the balance will be financed from the Company's internally generated funds.

Pending the above use of proceeds, the Company intends to invest the net proceeds of the Offer in short-term liquid investments including, but not limited to, short-term government securities, bank deposits and money market placements which are expected to earn prevailing market rates. In the event such investments should incur losses, any shortfall will be financed from the Company's internally generated funds.

Except for the purposes stated in the preceding paragraphs, there are no other current plans for the proceeds or any significant portion thereof. The proceeds shall not be used to reimburse any of the officers, directors, employees or other shareholders for services rendered, assets previously transferred, loans, advances or otherwise.

The Company undertakes that it will not use the net proceeds from the Offer for any purpose, other than as discussed above. Any material or substantial deviation/adjustment/reallocation in the planned use of proceeds shall be approved by the Company's Board of Directors and the Company shall seek approval of the SEC within 30 days prior to its implementation.

DETERMINATION OF OFFER PRICE

The CP Series D shall be issued at a discount to face value. Below is an illustration of the computation of the Offer Price for the CP Series D.

Sample Offer Price Computation - CP Series D	
Days per year	360
Taxes on interest	20%
CP Series D	
Issue Date	07/29/2020
Maturity Date	07/24/2021
Tenor (Days)	360
Discount Rate	5.00%
<i>in ₱</i>	
Face Value	3,500,000,000
Less: Issue Discount	- 166,666,667
Tax on Discount	33,333,333
Cost	3,366,666,667
Offer Price	96.1905%

DESCRIPTION OF CP SERIES D

The CP Series D shall be governed by the terms and conditions applicable to each series of the Commercial Papers. For purposes of this section, the term “Commercial Papers” shall be deemed to include “CP Series D”, and the term “Commercial Paper Holders” shall be deemed to include “CP Series D Holders”.

*The following is a description of certain terms and conditions of the Commercial Papers (the “**Terms and Conditions**”). This description of the Terms and Conditions of the Commercial Papers set forth herein does not purport to be complete and is qualified in its entirety by reference to the agreements relating to the Commercial Papers, copies of which are available for inspection at the offices of the Trustee. The Terms and Conditions set out in this section will, subject to amendment, be set out in the Master Trust Indenture between the Issuer and the Trustee.*

Prospective investors are enjoined to carefully review the Company’s Articles of Incorporation, By-Laws, and resolutions of its Board of Directors, the information contained in this Information Memorandum, the Master Trust Indenture, and other agreements relevant to the Offer such as the Application to Purchase, and perform their own independent investigation and analysis of the Issuer and the Commercial Papers. Prospective purchasers of the Commercial Papers are likewise encouraged to consult their legal counsels and accountants in order to be better advised of the circumstances surrounding the Commercial Papers.

GENERAL

The CP Series D are constituted by a Master Trust Indenture executed on December 13, 2018 (the “**Master Trust Indenture**”) between the Issuer and PNB Trust Banking Group and the relevant issue supplement to be issued by the Issuer in respect of the CP Series D (the “**Trustee**”, which term shall, wherever the context permits, include all other persons or companies for the time being acting as trustee or trustees under the Master Trust Indenture). The description of the Terms and Conditions of the Commercial Papers set out below includes summaries of, and is subject to, the detailed provisions of the Master Trust Indenture and the Master Registry and Paying Agency Agreement executed on December 13, 2018 (the “**Master Registry and Paying Agency Agreement**”) among the Issuer, Philippine Depository & Trust Corp. (“**PDTC**”), in its capacity as registrar (the “**Registrar**”) and the paying agent (the “**Paying Agent**”).

PDTC has no interest in or relation to Phoenix which may conflict with its roles as Registrar and as Paying Agent of the Commercial Papers. PNB Trust Banking Group has no interest in or relation to Phoenix which may conflict with its role as Trustee for the Commercial Papers. PNB Trust Banking Group is an affiliate of PNB Capital and Investment Corporation, the Sole Issue Manager for the CP Series D.

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

1. Form, Denomination and Title

(a) Form and Denomination

The Commercial Papers shall be issued in scripless form, in minimum denominations and multiples to be set by the Issuer, in consultation with the Sole Issue Manager for each Commercial Paper Series.

The CP Series D will be traded in denominations of ₱10,000 in the secondary market.

(b) Title

Legal title to the Commercial Papers shall be shown on and recorded in the Register of Commercial Paper Holders maintained by the Registrar. A notice confirming the principal amount of the Commercial Papers purchased by each applicant shall be issued by the Registrar to all Commercial Paper Holders following the relevant Issue Date. Upon any assignment, title to the Commercial Papers shall pass by recording the transfer from a transferor to the transferee in the Register of Commercial Paper Holders. Settlement in respect of such transfer or change of title to the Commercial Papers, including the settlement of any cost arising from such transfers, including, but not limited to, documentary stamps taxes, if any, shall be for the account of the relevant Commercial Paper Holder or the transferee, as applicable.

(c) Issuer Credit Rating

The Company has a rating of PRS Aa minus (corp.), with Stable Outlook,⁴ as assigned by PhilRatings on July 20, 2020.

In coming up with the rating, PhilRatings considered the following factors: (i) continuous growth of the Company's retail presence and market leadership, especially among independent oil players; (ii) significant growth potential given the entry into other related or complementary business ventures; (iii) improving sales volume, which, however, is offset by rising costs, expenses and finance charges; and (iv) declining coverage ratios in relation to debt servicing. PhilRatings also took into consideration the increasing economic uncertainty and the immediate adverse impact of the community quarantine attributable to the COVID-19 pandemic on the company's business.

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

2. Register and Secondary Trading

(a) Register of Commercial Paper Holders

The Issuer shall cause the Register of Commercial Paper Holders to be kept by the Registrar, in electronic form, at the specified office of the Registrar.

A Master Certificate of Indebtedness representing the Commercial Papers issued with respect to the relevant Commercial Paper Series shall be issued to and registered in the name of the Trustee, on behalf of the Commercial Paper Holders. Legal title to the Commercial Papers shall be shown in the Register of Commercial Paper Holders to be maintained by the Registrar. Initial placement of the Commercial Papers and subsequent transfers of interests in the Commercial Papers shall be subject to applicable Philippine selling restrictions prevailing from time to time.

The names and addresses of the Commercial Paper Holders and the particulars of the Commercial Papers held by them and of all transfers of Commercial Papers shall be entered

⁴ A "Stable Outlook" is defined as "the rating is likely to be maintained or to remain unchanged in the next twelve months."

into the Register of Commercial Paper Holders. Transfers of ownership shall be effected through book-entry transfers in the scripless Register of Commercial Paper Holders.

As required by Circular No. 428-04 issued by the BSP, the Registrar shall send each Commercial Paper Holder a written statement of registry holdings at least quarterly (at the cost of the Issuer) and a written advice confirming every receipt or transfer of the Commercial Papers that is effected in the Registrar's system (at the cost of the Issuer). Such statement of registry holdings shall serve as the confirmation of ownership of the relevant Commercial Paper Holder as of the date thereof. Any requests of Commercial Paper Holders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting Commercial Paper Holder. No transfers of the Commercial Papers may be made during the period commencing the Record Date.

(b) Transfers; Tax Status

Subject to the compliance with all procedures set forth under the Master Registry and Paying Agency Agreement, and as the same may be amended by the Registrar with notice to the Issuer, as well as payment by the relevant Commercial Paper Holder of the proper fees, if any, to PDEX and/or the Registrar, a transfer or assignment of Commercial Papers may generally be done at any time. The Registrar, however, shall not reflect any transfers in the relevant Registry accounts where the same are restricted transfers on the Commercial Papers as follows:

- (i) transfers between persons of varying tax status;
- (ii) transfers by Commercial Paper Holders with deficient documents;
- (iii) transfers during a Closed Period;
- (iv) except as otherwise contemplated under the terms and conditions, none of the Commercial Paper Holders shall have the right to require the Issuer to redeem and repay any and all of the Commercial Papers before the Maturity Date. Transfers of the Commercial Papers to a person other than the Issuer shall not constitute pre-termination.

As used herein, the term "Closed Period" means the periods during which the Registrar shall not register any transfer or assignment of the Commercial Papers, specifically the period of two (2) Business Days preceding the due date for any payment of the principal amount of the Commercial Papers.

A Commercial Paper Holder claiming tax-exempt status is required to submit a written notification of the sale or purchase to the Registrar, including the tax status of the transferor or transferee, as appropriate, together with the supporting documents specified under Master Registry and Paying Agency Agreement upon submission of Account Opening Documents to the Registrar.

Applicants claiming exemption or preferential rate from any applicable tax shall also be required to submit the following documentary proof of its tax-exempt or preferential status together with the Application to Purchase:

- (i) Certified true copy of the (dated no earlier than required to be considered valid under applicable tax regulations at the relevant time) current and valid original tax exemption certificate, ruling or opinion issued by the BIR confirming the exemption or preferential rate. For this purpose, a tax exemption certificate or ruling shall be deemed "valid, current and subsisting" if it has not been more than 3 years since the date of issuance thereof;

- (ii) A duly notarized undertaking (in the prescribed form) declaring and warranting that the same Commercial Paper Holder named in the tax exemption certificate described in (a) above, is specifically exempt from the relevant tax or is subject to a preferential tax rate for the relevant tax, undertaking to immediately notify Phoenix and the Registrar of any suspension or revocation of its tax exemption certificates or preferential rate entitlement and agreeing to indemnify and hold Phoenix, the Registrar and the Paying Agent free and harmless against any claims, actions, suits and liabilities resulting from the non-withholding of the required tax; and
- (iii) Such other documentary requirements as may be reasonably required by the Issuer or the Registrar or Paying Agent under the applicable regulations of the relevant taxing or other authorities, which for purposes of claiming tax treaty withholding rate benefits shall include a duly accomplished Certificate of Residence for Tax Treaty Relief (CORRT) Form prescribed in Revenue Memorandum Order No. 8-17, evidence of the applicability of a tax treaty provision, a consularized proof of the Commercial Paper Holder's legal domicile in the relevant treaty state, and confirmation acceptable to the Issuer that the Commercial Paper Holder is not doing business in the Philippines.

(c) Registrar

For transfers and record updates, notices and communication with the Registrar may be made thru the following:

Philippine Depository & Trust Corp.
29th Floor, BDO Equitable Tower
8751 Paseo de Roxas, Makati City

Telephone no:	(632) 8884-4425
Fax no:	(632) 8230-3346
E-mail:	baby_delacruz@pds.com.ph
Attention:	Josephine Dela Cruz, Director

(d) Secondary Trading of the Commercial Papers

The Issuer intends to list each Commercial Paper Series on PDEX for secondary market trading. Secondary market trading on PDEX shall follow the applicable PDEX rules, conventions, and guidelines governing trading and settlement between Commercial Paper Holders of different tax status and shall be subject to the relevant fees of PDEX and PDTC.

The CP Series D will be traded in a minimum board lot size of ₱10,000 as a minimum, and in multiples of ₱10,000 in excess thereof for as long as any of the Commercial Paper are listed on PDEX.

3. Ranking

The Commercial Papers shall constitute the direct, unconditional, unsecured and unsubordinated obligations of Phoenix and shall at all times rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of Phoenix, other than obligations preferred by law. The Commercial Papers shall effectively be subordinated to the right of payment to, among others, all of Phoenix's secured debts to the extent the value of the assets securing such

debt and all of its debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code without a waiver of preference or priority.

4. Interest

The Commercial Papers is a discounted security. Interest shall be discounted from the face value of the Commercial Papers, accrued and payable on the relevant Maturity Dates (as defined in the discussion on “*Final Redemption*”). The Discount Rate shall be calculated on a true-discount basis based on the actual number of days to maturity and on the basis of a 360-day year consisting of twelve (12) months of thirty (30) days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of thirty (30) days.

5. Final Redemption, Purchase and Reissuance

(a) Final Redemption

Unless otherwise earlier redeemed, or previously purchased and cancelled, the Commercial Papers shall be repaid in full (or 100% of face value) on the relevant Maturity Date, unless, upon due presentation, payment of the principal in respect of the Commercial Papers then outstanding is not made, is improperly withheld or refused, in which case the Penalty Interest (see “*Penalty Interest*”) shall apply. However, if the Maturity Date is not a Business Day, payment of all amounts due on such date will be made by the Issuer through the Paying Agent, without adjustment for accrued interest, on the succeeding Business Day.

The cut-off date in determining the existing Commercial Paper Holders entitled to receive interest, principal amount or any amount due under each Commercial Paper Series shall be two (2) Business Days prior to the relevant Maturity Date (the “**Record Date**”). No transfers of the Commercial Papers may be made commencing on the Record Date.

(b) Purchase and Cancellation

The Issuer may at any time purchase any of the Commercial Papers in the open market or by tender or by contract at market price, without any obligation to purchase (and the Commercial Paper Holders shall not be obliged to sell) Commercial Papers pro-rata from all Commercial Paper Holders. Any Commercial Papers so purchased shall be redeemed and cancelled. Upon listing of each Commercial Paper Series on PDEX, the Issuer shall disclose any such transactions in accordance with the applicable PDEX disclosure rules.

(c) Redemption for Taxation Reasons

If payments under the Commercial Papers become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the relevant Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the Commercial Papers in whole, but not in part, (having given not more than sixty (60) nor less than thirty (30) days’ prior written notice to the Trustee) at par plus accrued interest, net of applicable withholding taxes.

(d) Change in Law or Circumstance

The following events shall be considered as changes in law or circumstances (“**Change in Law or Circumstance**”) as it refers to the obligations of the Issuer and to the rights and interests of

the Commercial Paper Holders under the Master Trust Indenture and the Commercial Papers:

- (i) Any government and/or non-government consent, license, authorization, registration or approval now or hereafter necessary to enable the Issuer to comply with its obligations under the Master Trust Indenture or the Commercial Papers shall be modified in a manner which, in the reasonable opinion of the Trustee, shall materially and adversely affect the ability of the Issuer to comply with such obligations, or shall be withdrawn or withheld.
- (ii) Any provision of the Master Trust Indenture or any of the related documents is or shall become, for any reason, invalid, illegal or unenforceable to the extent that shall become for any reason unlawful for the Issuer to give effect to its rights or obligations hereunder, or to enforce any provisions of the Master Trust Indenture or any of the related documents in whole or in part, or any law shall be introduced to prevent or restrain the performance by the parties hereto of their obligations under the Master Trust Indenture or any other related documents.
- (iii) Any concessions, permits, rights, franchise or privileges required for the conduct of the business and operations of the Issuer shall be revoked, canceled or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, in such manner as to materially and adversely affect the financial condition or operations of the Issuer.
- (iv) The Republic of the Philippines or any competent authority thereof takes any action to suspend the whole or a substantial portion of the operations of the Issuer and to condemn, seize, nationalize or appropriate (either with or without compensation) the Issuer or any material portion of its properties or assets, unless such act, deed or proceedings are contested in good faith by the Issuer.

If any one or more of the events enumerated as a Change of Law or Circumstance shall occur and be continuing for a period of thirty (30) days, the Majority Commercial Paper Holders, by notice in writing delivered to the Issuer through the Trustee, after the lapse of the said thirty (30) day period, may declare the outstanding principal of the Commercial Papers, including all accrued interest, net of applicable withholding taxes, and other charges thereon, if any, to be immediately due and payable, and upon such declaration the same shall be immediately due and payable, without any prepayment penalty, anything contained in the Master Trust Indenture or in the Commercial Papers to the contrary notwithstanding, subject to the notice requirements under the discussion on *Notice of Default* in the Terms and Conditions of the Commercial Papers.

(e) Reissuance

Issuer reserves the right during the validity of the Registration Statement for the Commercial Papers to (a) issue additional Commercial Papers; or (b) reissue (i) Commercial Papers that mature and are repaid on the relevant Maturity Date; or (ii) Commercial Papers that are repurchased by the Issuer on the open market (PDEX) prior to the relevant Maturity Date, *provided that*, at any time during the three (3)-year validity of the Registration Statement, there will be no more than ₱10,000,000,000 in aggregate principal amount of Commercial Papers outstanding and none of the Commercial Papers will have a maturity date of 365 days or more; *provided that*, at the maturity date of any Commercial Papers outstanding, the Issuer may re-offer and reissue any of the Commercial Papers for another term of not more than 365 days; *provided further*, that any and all relevant taxes, including, but not limited to, documentary stamp tax on the indebtedness, shall be paid by the Issuer for each issuance and reissuance of the Commercial Papers.

6. Payments

The principal of and all other amounts payable on the Commercial Papers shall be paid to the Commercial Paper Holders by crediting of the cash settlement accounts designated by each of the Commercial Paper Holders. The principal of the Commercial Papers shall be payable in Philippine Pesos.

7. Payment of Additional Amounts; Taxation

Interest income on the Commercial Papers is subject to a final withholding tax at rates of between twenty percent (20%) and thirty percent (30%) depending on the tax status of the relevant Commercial Paper Holder under relevant law, regulation or tax treaty. Except for such final withholding tax and as otherwise provided, all payments of principal and interest are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of Republic of the Philippines, including, but not limited to, issue, registration or any similar tax or other taxes and duties, including interest and penalties, if any. If such taxes or duties are imposed, the same shall be for the account of the Issuer; provided however that, the Issuer shall not be liable for the following:

- (a) The withholding tax applicable on interest income earned on the Commercial Papers prescribed under the Tax Code, as amended, and its implementing rules and regulations as may be in effect from time to time. An investor who is exempt from the aforesaid withholding tax, or is subject to a preferential withholding tax rate shall be required to submit the following requirements to the Registrar, subject to acceptance by the Issuer as being sufficient in form and substance:
 - (i) certified true copy of the tax exemption certificate, ruling, or opinion issued by the BIR confirming the exemption or preferential rate. For this purpose, a tax exemption certificate or ruling shall be deemed “valid, current and subsisting” if it has not been more than 3 years since the date of issuance thereof;
 - (ii) a duly notarized undertaking, in the prescribed form, declaring and warranting its tax exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer of any suspension or revocation of the tax exemption certificates or preferential rate entitlement, and agreeing to indemnify and hold the Issuer and the Registrar free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding of the required tax; and
 - (iii) such other documentary requirements as may be required by Phoenix, the Registrar or the Paying Agent under the applicable regulations of the relevant taxing or other authorities which for purposes of claiming tax treaty withholding rate benefits, shall include a duly accomplished Certificate of Residence for Tax Treaty Relief (CORTT) Form prescribed in Revenue Memorandum Order No. 8-17, evidence of the applicability of a tax treaty and consularized proof of the Commercial Paper Holder’s legal domicile in the relevant treaty state, and confirmation acceptable to the Issuer that the Commercial Paper Holder is not doing business in the Philippines; provided further that all sums payable by the Issuer to tax exempt entities shall be paid in full without deductions for taxes, duties assessments, or government charges, subject to the submission by the Commercial Paper Holder claiming the benefit of any exemption of reasonable evidence of such exemption to Phoenix, the Registrar, and the Lead Arranger/relevant selling agent (if any);
- (b) Gross Receipts Tax under Section 121 of the Tax Code;

- (c) Taxes on the overall income of any securities dealer or Commercial Paper Holder, whether or not subject to withholding;
- (d) Value-added Tax under Sections 106 to 108 of the Tax Code, and as amended by Republic Act No. 9337; and
- (e) Any applicable taxes on any subsequent sale or transfer of the Commercial Papers by any Commercial Paper Holder which shall be for the account of such Commercial Paper Holder (or its buyer, as the holder and the buyer may have agreed upon).

Documentary stamp tax for the primary issue of the Commercial Papers and the execution of the Commercial Paper Agreements, if any, shall be for the Issuer's account. As used herein, the term "Commercial Paper Agreements" shall mean the Master Trust Indenture, the Master Registry and Paying Agency Agreement, the relevant underwriting agreement, and the relevant Master Certificate of Indebtedness (inclusive of the Terms and Conditions), including any amendment or supplement thereto.

See the section entitled "*Philippine Taxation*" of the Prospectus for a more detailed discussion on the tax consequences of the acquisition, ownership and disposition (e.g. secondary transfer) of the Commercial Papers.

8. Financial Ratios

The Issuer shall ensure that, for as long as any of the Commercial Papers remain outstanding, and unless the Majority Commercial Paper Holders otherwise consents, a ratio of its total Financial Indebtedness to Total Equity ratio does not exceed of 3.0:1.0 as referenced to its consolidated audited financial statements as of its fiscal year ended 31 December and consolidated interim financial statements as of 31 March, 30 June and 30 September of each year.

9. Negative Covenants

For as long as any of the Commercial Papers remain outstanding, the Issuer covenants that it shall not, without the prior written consent of the Commercial Paper Holders who hold, represent or account for more than fifty percent (50%) of the aggregate principal amount of the Commercial Papers then outstanding (the "**Majority Commercial Paper Holders**"), sell all or substantially all of its assets or businesses, permit any indebtedness for borrowed money to be secured by or to benefit from any mortgage, pledge, lien or encumbrance constituted on any of the Issuer's properties for the purpose of securing its or its Affiliate's obligation (a "**Lien**") in favor of any creditor or class of creditors without providing the Commercial Paper Holders with a Lien, the benefit of which is extended equally and ratably among them to secure the Commercial Papers; provided however that, this restriction shall not prohibit "Permitted Liens," which are:

- (a) Liens for taxes, assessments or governmental charges or levies, including custom duties, which are being contested in good faith;
- (b) Liens arising by operation of law (except any preference or priority under Article 2244, paragraph 14(a) of the Civil Code of the Philippines) on any property or asset of the Issuer or a Subsidiary, including, without limitation, amounts owing to a landlord, carrier, warehouseman, mechanic or material man or other similar liens arising in the ordinary course of business or arising out of pledges or deposits under workers' compensation laws, unemployment, insurance and other social security laws;

- (c) Liens incurred or deposits made in the ordinary course of business to secure (or obtain letters of credit that secure) the performance of tenders, statutory obligations or regulatory requirements, performance or return of money bonds, surety or appeal bonds, bonds for release of attachment, stay of execution or injunction, bids, tenders, leases, government contracts and similar obligations) and deposits for the payment of rent;
- (d) Liens created by or resulting from any litigation or legal proceeding which is effectively stayed while the underlying claims are being contested in good faith by appropriate proceedings and with respect to which the Issuer has established adequate reserves on its books in accordance with Philippine Accounting Standards (“**PAS**”)/Philippine Financial Reporting Standards (“**PFRS**”);
- (e) Liens arising from leases or subleases granted to others, easements, building and zoning restrictions, rights-of-way and similar charges or encumbrances on real property imposed by applicable Law or arising in the ordinary course of business that are not incurred in connection with the incurrence of a debt and that do not materially detract from the value of the affected property or materially interfere with the ordinary conduct of business of the Issuer or its Subsidiary;
- (f) Liens incidental to the normal conduct of the business of the Issuer or its Subsidiary or ownership of its properties and which are not incurred in connection with the incurrence of a debt and which do not impair the use of such property in the operation of the business of the Issuer or its Subsidiary or the value of such property for the purpose of such business;
- (g) Liens upon tangible personal property acquired in the ordinary course of business after the date hereof (by purchase or otherwise) granted by the Issuer or its Subsidiary to the vendor, supplier, any of their affiliates or lessor of such property;
- (h) Liens arising from financial lease, hire purchase, conditional sale arrangements or other agreements for the acquisition of assets entered into in the ordinary course of business on deferred payment terms to the extent relating only to the assets which are subject of those arrangements, subject to such financial leases, hire purchase, conditional sale agreements or other agreements for the acquisition of such assets on deferred payment terms;
- (i) Liens arising over any asset to secure: (i) the payment of the purchase price or cost of leasehold rights of such asset; (ii) the payment of the cost and expenses for the development of such asset pursuant to any development made or being made by the Issuer or its Subsidiary in the ordinary course of business; (iii) the payment of any indebtedness in respect of borrowed money (including extensions and renewals thereof and replacements therefor) incurred for the purpose of financing the purchase, lease or development of such asset; or (iv) the rediscounting of receivables of the Issuer or its Subsidiary;
- (j) Rights of set-off arising in the ordinary course of business between the Issuer or its Subsidiary and its suppliers, clients or customers;
- (k) Netting or set-off arrangement entered into by the Issuer or its Subsidiary in the ordinary course of business of its banking arrangements for the purpose of netting debt and credit balances; and

- (l) Any Lien to be constituted on the assets of the Issuer or its Subsidiary after the date of the Master Trust Indenture, which is disclosed in writing by the Issuer or its Subsidiary to the Trustee prior to the execution of the Master Trust Indenture.

10. Events of Default

The Issuer shall be considered in default under the Commercial Papers and the Master Trust Indenture in case any of the following events (each an “**Event of Default**”) shall occur and is continuing:

(a) Payment Default

The Issuer fails to pay when due and payable any amount which the Issuer is obliged to pay to the Commercial Paper Holders under the Master Trust Indenture and the Commercial Papers, and such failure, if due to causes other than the willful misconduct or gross negligence of the Issuer, is not remedied within five (5) Business Days from receipt by the Issuer of written notice of such non-payment from the Trustee.

(b) Representation/Warranty Default

Any representation and warranty of the Issuer hereof or any certificate or opinion submitted pursuant hereto proves to have been untrue, incorrect or misleading in any material respect as and when made and the circumstances which cause such representation or warranty to be incorrect or misleading continue for not less than fourteen (14) days (or such longer period as the Majority Commercial Paper Holders shall approve) after receipt of written notice from the Commercial Paper Holders to that effect.

(c) Other Default

The Issuer fails to perform or violates any other provision, term of the Master Trust Indenture and the Commercial Papers, and such failure or violation is not remediable or, if remediable, continues to be unremedied after the applicable grace period, or in the absence of such grace period, after thirty (30) days from the date of occurrence of the said violation with respect to the covenant to maintain the prescribed financial ratio, (particularly a Debt to Equity Ratio of 3:1 and within ten (10) Business Days from the date of the occurrence of said violation, with respect to any other covenant or obligation; provided that, the Events of Default constituting insolvency initiated by the Issuer or closure default, or a violation of a negative covenant shall not be remediable.

(d) Cross Default

The Issuer violates any material term or condition of any contract executed by the Issuer with any bank, financial institution or other person, corporation or entity for the payment of borrowed money which constitutes an event of default under said contract, or in general, violation of any, law or regulation which violation, if remediable, is not remedied by the Issuer within ten (10) Business Days from receipt of notice by the Trustee to the Issuer, or which violation is otherwise not contested by the Issuer, and the effect of such violation results in the acceleration or declaration of the whole financial obligation to be due and payable prior to the stated normal date of maturity; and which violation shall, further, in the reasonable opinion of the Trustee, adversely and materially affect the performance by the Issuer of its obligations under the Master Trust Indenture and the Commercial Papers; provided however that, no event of default shall occur under this paragraph unless the aggregate amount of indebtedness in respect of which one or more of the events above mentioned has/have occurred equals or exceeds ₱500,000,000.

(e) Insolvency Default

The Issuer becomes insolvent or unable to pay its debts when due or commits or permits any act of bankruptcy, which term shall include, but shall not be limited to: (i) filing of a petition in any bankruptcy, reorganization (other than a labor or management reorganization), winding-up, suspension of payment or liquidation proceeding, or any other proceeding analogous in purpose and effect; (ii) appointment of a trustee or receiver of all or a substantial portion of its properties; (iii) making of an assignment for the benefit of its creditors; (iv) the admission in writing by the Issuer of its inability to pay its debts; or (v) the entry of any order or judgment of any court, tribunal or administrative agency or body confirming the bankruptcy or insolvency of the Issuer or approving any reorganization (other than a labor or management reorganization), winding-up, liquidation or appointment of trustee or receiver of the Issuer or a substantial portion of its property or assets.

(f) Judgment Default

Any final judgment, decree or arbitral award for the sum of money, damages or for a fine or penalty in excess of ₱500,000,000 or its equivalent in any other currency is entered against the Issuer and the enforcement of which is not stayed, and is not paid, discharged or duly bonded within thirty (30) calendar days after the date when payment of such judgment, decree or award is due under the applicable law or agreement.

(g) Writ and Similar Process Default

Any judgment, writ, warrant of attachment, injunction, stay order, execution or similar process shall be issued or levied against any material part of the Issuer's assets and such judgment, writ, warrant or similar process shall not be released, vacated or fully bonded within thirty (30) calendar days after its issue or levy.

(h) Closure Default

The Issuer voluntarily suspends or ceases operations of a substantial portion of its business for a continuous period of thirty (30) calendar days except in the case of strikes or lockouts or when necessary to prevent business losses or when due to fortuitous events or *force majeure*.

11. Notice of Default

The Trustee shall, within ten (10) Business Days after receiving notice, or having knowledge of, the occurrence of any Event of Default under any of the Commercial Papers, give to the Commercial Paper Holders written notice of such default known to it, unless the same shall have been cured before the giving of such notice; provided that, in the case of payment default, as described in the section *Payment Default* in the Terms and Conditions of the Commercial Papers, the Trustee shall immediately notify the Commercial Paper Holders upon the occurrence of such payment default. The existence of a written notice required to be given to the Commercial Paper Holders hereunder shall be published in a newspaper of general circulation in Metro Manila for two (2) consecutive days, further indicating in the published notice that the Commercial Paper Holders or their duly authorized representatives may obtain an important notice regarding the Commercial Papers at the principal office of the Trustee upon presentation of sufficient and acceptable identification.

12. Consequences of Default

- (a) If any one or more of the Events of Default shall have occurred and be continuing, and has not been waived in writing by the Majority Commercial Paper Holders, the Trustee may on its own, or upon the written direction of the Majority Commercial Paper

Holders whose written instructions/consents/letters shall delivered to the Issuer, with a copy furnished to the Paying Agent and Registrar, or the Majority Commercial Paper Holders, by notice in writing delivered to the Issuer and the Trustee, with a copy furnished to the Paying Agent and Registrar, declare the Issuer in default (“**Declaration of Default**”) and declare the principal of the Commercial Papers, including all accrued interest, net of applicable withholding taxes, and other charges thereon, if any, to be immediately due and payable, and upon such declaration the same shall be immediately due and payable, without presentment, demand, protest, or further notice of all kinds, all of which are hereby expressly waived by the Issuer. A copy shall be furnished to the Paying Agent who shall then prepare a payment report in accordance with the Master Registry and Paying Agency Agreement. Thereupon the Issuer shall make all payments due on the Commercial Papers in accordance with the Master Registry and Paying Agency Agreement.

- (b) This provision, however, is subject to the condition that, except in the case of a Writ and Similar Process Default, the Majority Commercial Paper Holders, by written notice to the Issuer and the Trustee may, during the prescribed curing period, if any, rescind and annul such Declaration of Default made by the Trustee pursuant to a consequence of default, and the consequences of such declaration, upon such terms, conditions and agreement, if any, as they may determine; provided that, no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair any right consequent thereon. Any such rescission and annulment of a Declaration of Default shall be conclusive and binding upon all the Commercial Paper Holders and upon all future holders and owners of the Commercial Papers.
- (c) At any time after any Declaration of Default under any Commercial Papers, and such declaration has not been waived by the Majority Noteholders, the Trustee may, with notice in writing to the Issuer:
 - (i) require the Registrar and the Paying Agent to deliver all sums, documents, and records held by them in respect of the Commercial Papers to the Trustee or as the Trustee shall direct in such notice, provided that, such notice shall be deemed not to apply to any document or record which the Paying Agent or Registrar is not obliged to release by any law or regulation or contract (including the RPAA); and
 - (ii) require the Issuer to make all subsequent payments in respect of the Commercial Papers to the order of the Trustee and with effect from the issue of any such notice until such notice is withdrawn, proviso (i) above and the Issuer’s positive covenant to pay principal and interest, net of applicable withholding taxes, on the Commercial Papers, more particularly set forth in the Master Trust Indenture, shall cease to have effect.

13. **Penalty Interest**

In case any amount payable by the Issuer under any of the Commercial Papers, whether for principal, interest, or otherwise, is not paid when due, the Issuer shall, without prejudice to its obligations to pay the said principal, interest, net of applicable withholding taxes, and other amounts, pay penalty interest to the Commercial Paper Holders on the defaulted amount(s) at the rate of twelve percent (12%) per annum (the “**Penalty Interest**”) from the time the amount falls due until it is fully paid.

14. Payment in the Event of Default

The Issuer covenants that upon the occurrence of any Event of Default under any of the Commercial Papers shall have occurred and be continuing, and has not been remedied or waived by the Majority Commercial Papers Holders, then, in any such case, the Issuer shall pay to the Commercial Paper Holders, through the Paying Agent, and provided that there has been a Declaration of Default and acceleration of payment pursuant to “Consequences of Default”, the whole amount which shall then have become due and payable on all such outstanding Commercial Papers with interest at the rate borne by the Commercial Papers on the overdue principal, net of applicable withholding taxes, and with Penalty Interest as described above, and in addition thereto, the Issuer shall pay to the Trustee such further amounts as shall be determined by the Trustee to be sufficient to cover the cost and expenses of collection, including reasonable compensation to the Trustee, its agents, attorneys and counsel, and any reasonable expenses or liabilities incurred without negligence or bad faith by the Trustee hereunder.

The Issuer shall reimburse the Trustee all reasonable costs and expenses incurred in connection with enforcing payment of principal and/or interest on the Commercial Papers upon the occurrence of an Event of Default. Notwithstanding any contrary provision, any such costs incurred by the Trustee shall not require the prior approval of the Issuer.

15. Application of Payments

Any money collected or delivered to the Paying Agent, and any other funds held by it, subject to any other provision of the Master Trust Indenture and the Master Registry and Paying Agency Agreement relating to the disposition of such money and funds, shall be applied by the Paying Agent in the order of preference as follows: (a) to the pro-rata payment to the Trustee, the Paying Agent, and the Registrar of the costs, expenses, fees, and other charges of collection, including reasonable compensation to them, their agents, attorneys and counsel, and all reasonable expenses and liabilities incurred or disbursements made by them, without gross negligence or bad faith; (b) to the payment of the Penalty Interest, net of withholding taxes, in the order of the maturity of the relevant Commercial Papers; (c) to the payment of the principal amount of the Commercial Papers then due and unpaid, which payment shall be made pro-rata among the Commercial Paper Holders; and (d) the remainder, if any, shall be paid to the Issuer, its successors or assigns, or to whoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct. Except for any interest and principal payments, all disbursements of the Paying Agent in relation to the Commercial Papers shall require the conformity of the Trustee. The Paying Agent shall deliver to the Trustee and the Issuer a certification of the funds to be applied for payment, and a schedule of payments to be made in accordance with the conditions.

16. Prescription

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

17. Remedies

All remedies conferred by the Master Trust Indenture and these Terms and Conditions to the Trustee and the Commercial Paper Holders shall be cumulative and not exclusive and shall not be so construed as to deprive the Trustee or the Commercial Paper Holders of any legal remedy by judicial or extra judicial proceedings appropriate to enforce the conditions and covenants of the Master Trust Indenture, subject to the discussion on *Ability to File Suit* in the Terms and Conditions of the Commercial Papers.

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

18. Ability to File Suit

No Commercial Paper Holder shall have any right by virtue of or by availing of any provision of the Master Trust Indenture to institute any suit, action or proceeding for the collection of any sum due from the Issuer hereunder on account of principal, interest, net of applicable withholding taxes, and other charges, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless (i) such Commercial Paper Holder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof and the related request for the Trustee to convene a meeting of Commercial Paper Holders to take up matters related to their rights and interests under the Commercial Papers; (ii) the Majority Commercial Paper Holders shall have decided and made the written request upon the Trustee to institute such action, suit or proceeding in the latter's name; (iii) the Trustee, for sixty (60) days after the receipt of such notice and request shall have neglected or refused to institute any such action, suit or proceeding; and (iv) no directions inconsistent with such written request shall have been given under a waiver of default by the Commercial Paper Holders, it being understood and intended, and being expressly covenanted by every Commercial Paper Holder with every other Commercial Paper Holder and the Trustee, that no one or more Commercial Paper Holders shall have any right in any manner whatever by virtue of or by availing of any provision of the Master Trust Indenture to affect, disturb or prejudice the rights of the holders of any other such Commercial Papers or to obtain or seek to obtain priority over or preference to any other such holder or to enforce any right under the Master Trust Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all the Commercial Paper Holders.

19. Waiver of Default by the Commercial Paper Holders

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

20. Trustee; Notices

(a) Notice to the Trustee

All documents required to be submitted to the Trustee pursuant to the Master Trust Indenture and this Information Memorandum and all correspondence addressed to the Trustee shall be delivered to:

To the Trustee:	PNB Trust Banking Group
Attention:	Josephine E. Jolejole
Designation:	Head, Fiduciary Services Division
Subject:	Phoenix Commercial Papers Series D
Address:	Trust Banking Group – Fiduciary Services Division Philippine National Bank 3F PNB Financial Center President Diosdado Macapagal Boulevard, Pasay City, Philippines
Telephone:	(632) 8573-4657
Facsimile:	(632) 8526-3379

All documents and correspondence not sent to the above-mentioned address shall be considered as not to have been sent at all.

Any requests for documentation or certification and other similar matters must be communicated by the Commercial Paper Holder to the Trustee in writing and shall be subject to review, acceptance and approval by the Trustee. Upon such acceptance and approval, the Commercial Paper Holder shall pay to the Trustee upfront a fee of ₱1,500 (the “**Activity Fee**”) plus the costs of legal review, courier and the like. The Activity Fee may be adjusted from time to time, at the discretion of the Trustee.

In the absence of any applicable period stated elsewhere in these Conditions, written requests shall be reviewed and, if accepted and approved, addressed by the Trustee within ninety (90) days from receipt. This period may be extended should the Trustee be unable to review and address the requests for causes not attributable to the Trustee.

(b) Notice to the Commercial Paper Holders

The Trustee shall send all Notices to Commercial Paper Holders to their mailing address as set forth in the Register of Commercial Paper Holders. Except where a specific mode of notification is provided for herein, notices to Commercial Paper Holders shall be sufficient when made in writing and transmitted in any one of the following modes: (i) registered mail; (ii) surface mail; (iii) by one-time publication in a newspaper of general circulation in the Philippines; or (iv) personal delivery to the address of record in the Register of Commercial Paper Holders. The Trustee shall rely on the Register of Commercial Paper Holders in determining the Commercial Paper Holders entitled to notice. All notices shall be deemed to have been received (i) ten (10) days from posting if transmitted by registered mail; (ii) fifteen (15) days from mailing, if transmitted by surface mail; (iii) on date of publication or (iv) on date of delivery, for personal delivery.

The publication in a newspaper of general circulation in the Philippines of a press release or news item about a communication or disclosure made by Issuer to the Philippine SEC or the PSE on a matter relating to the Commercial Papers shall be deemed a notice to Commercial Paper Holders of said matter on the date of the first publication.

(c) Binding and Conclusive Nature

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

Indenture.

21. Duties and Responsibilities of the Trustee

- (a) The Trustee is hereby appointed as trustee for and on behalf of the Commercial Paper Holders and accordingly shall perform such duties and shall have such responsibilities as expressly provided in the Master Trust Indenture.
- (b) The Trustee shall, in accordance with the terms and conditions of the Master Trust Indenture, monitor the compliance or non-compliance by the Issuer with all its representations and warranties, and the observance by the Issuer of all its covenants and performance of all its obligations under and pursuant to the Master Trust Indenture. The Trustee shall not be presumed to have knowledge of any Event of Default.
- (c) The Trustee shall, prior to the occurrence of an Event of Default or after the curing of all such defaults which may have occurred, perform only such duties as are specifically set forth in the Master Trust Indenture.
- (d) In case of default, the Trustee shall exercise such rights and powers as are specifically set forth in the Master Trust Indenture and use such judgment and care under the circumstances then prevailing that an individual of prudence, discretion and intelligence, and familiar with such matters exercise in the management of their own affairs.
- (e) The Trustee, in the performance of its duties, shall exercise such rights and powers vested in it by the Master Trust Indenture, with the care, prudence and diligence necessary under the circumstances then prevailing that a prudent man, acting in like capacity and familiar with such matters, would exercise in the conduct of an enterprise of like character and with similar aims, and use such judgment and care under the circumstances then prevailing that individuals of prudence, discretion, and intelligence, and familiar with such matters, exercise in the management of their own affairs.
- (f) The Trustee shall submit to the Commercial Paper Holders a brief report within ninety (90) days from the making of any advance for the reimbursement of which it claims or may claim a lien or charge which is prior to that of the Commercial Paper Holders on the property or funds held or collected by the Paying Agent with respect to the character, amount, and the circumstances surrounding the making of such advance; provided that such advance remaining unpaid amounts to at least 10% of the aggregate outstanding principal amount of the Commercial Papers at such time.
- (g) The Trustee may, from time to time, request the Issuer to submit certifications of its officers, reports of its external auditors, and other documents relating to the Issuer's ability to comply with its obligations under the Commercial Papers and the Master Trust Indenture, as well as to examine such records of the Issuer as may be related to the Issuer's obligations under the Commercial Papers and the Master Trust Indenture.

The request shall be reasonable, made not less than 72 hours prior to the intended date of examination, and shall be in writing addressed to the Issuer and including in reasonable detail the purpose for such request and the intended use of the requested documents or information. The Issuer may require the Trustee, its directors, officers, employees, representatives, agents, partners, consultants, and advisors to hold in confidence such documents and information furnished to the Trustee pursuant to said request or to limit the use thereof for the purpose intended, as stated in the request; provided that such requirement or limitation shall not apply if the same conflicts with

the duties and responsibilities of the Trustee under any provision of the Master Trust Indenture or conflicts with any Law.

- (h) The Trustee shall hold on behalf of the Commercial Paper Holders the Master Certificate of Indebtedness for the total issuance.
- (i) Unless a fixed period is otherwise specified in the Master Trust Indenture and in the absence of a period specifically agreed to by the Trustee and the Issuer and in the case of notices required to be sent by the Trustee to Commercial Paper Holders, the Trustee must act promptly in the sending of such notices but in any case shall have a period of not more than thirty (30) days to complete the sending of all such notices in the manner allowed by the Master Trust Indenture.
- (j) Notwithstanding the above, the Trustee, on its own discretion, may send notices or disclose to the Commercial Paper Holders any fact, circumstance or event, which would have the effect of effectively reducing the principal amount of the Commercial Papers then outstanding, including changes in Laws.
- (k) For the avoidance of doubt, the Trustee shall perform such other powers and functions as provided for elsewhere in the Master Trust Indenture.

22. Resignation and Change of Trustee

- (a) The Trustee may at any time resign by giving thirty (30) days' prior written notice to the Issuer and to the Commercial Paper Holders of such resignation.
- (b) Upon receipt of such notice of resignation of the Trustee, the Issuer shall immediately appoint a successor Trustee by written instrument in duplicate, executed by its authorized officers, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor Trustee. However, notwithstanding the immediately preceding sentence, in cases where an Event of Default shall have occurred and be continuing, it is the Majority Commercial Paper Holders, not the Issuer, that shall appoint the successor Trustee. If no successor shall have been so appointed and have accepted appointment within thirty (30) days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor, or any Commercial Paper Holder who has been a bona fide holder for at least six (6) months (the "**Bona Fide Commercial Paper Holder**") may, for and in behalf of the Commercial Paper Holders, petition any such court for the appointment of a successor. Such court may thereupon after notice, if any, as it may deem proper, appoint a successor Trustee. Subject to Section (e) below, a successor Trustee must possess all the qualifications required under pertinent laws.
- (c) In case at any time the Trustee shall become incapable of acting, or has acquired conflicting interest, or shall be adjudged as bankrupt or insolvent, or a receiver for the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its properties or affairs for the purpose of rehabilitation, conservation or liquidation, then the Issuer may within thirty (30) days therefrom remove the Trustee concerned, and appoint a successor Trustee, by written instrument in duplicate, executed by its authorized officers, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor Trustee. If the Issuer fails to remove the Trustee concerned and appoint a successor Trustee, any Bona Fide Commercial Paper Holder may petition any court of competent jurisdiction for the removal of the Trustee concerned and the appointment of a successor Trustee. Such court may thereupon after such notice, if any, as it may deem proper, remove the

Trustee and appoint a successor Trustee. Subject to Section (e) below, a successor Trustee must possess all the qualifications required under pertinent laws.

- (d) The Majority Commercial Paper Holders may at any time remove the Trustee for cause, and, with prior consultation with the Issuer, except in an Event of Default, appoint a successor Trustee, by the delivery to the Trustee so removed, to the successor Trustee and to the Issuer of the required evidence under the provisions on Evidence Supporting the Action of the Commercial Paper Holders in the Terms and Conditions of the Commercial Papers. For the avoidance of doubt, the Commercial Papers Holders shall have the sole discretion to appoint a successor trustee for the Commercial Papers by vote of the Majority Commercial Papers Holders. Such removal shall take effect thirty (30) days from receipt of such notice by the Trustee.
- (e) Any resignation or removal of the Trustee and the appointment of a successor Trustee pursuant to any provisions of the Master Trust Indenture shall become effective upon the earlier of: (i) acceptance of appointment by the successor Trustee as provided in the Master Trust Indenture; or (ii) effectivity of the resignation notice sent by the Trustee under the Master Trust Indenture (the “**Resignation Effective Date**”); provided however that, until such successor Trustee is qualified and appointed, the resigning Trustee shall continue to discharge its duties and responsibilities solely as custodian of records for turnover to the successor Trustee promptly upon the appointer thereof by the Issuer; provided finally that, such successor Trustee possesses all the qualifications as required by pertinent laws.

23. Successor Trustee

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

24. Reports to the Commercial Paper Holders

- (a) The Trustee shall submit to the Commercial Paper Holders on or before February 28 of each year from the relevant Issue Date until full payment of the relevant Commercial Paper Series a brief report dated as of December 31 of the immediately preceding year with respect to:
 - (i) the property and funds, if any, physically in the possession of the Paying Agent held in trust for the Commercial Paper Holders on the date of such report; and

- (ii) any action taken by the Trustee in the performance of its duties under the Master Trust Indenture which it has not previously reported and which in its opinion materially affects the Commercial Papers, except action in respect of a default, notice of which has been or is to be withheld by it.
- (b) The Trustee shall submit to the Commercial Paper Holders a brief report within ninety (90) days from the making of any advance for the reimbursement of which it claims or may claim a lien or charge which is prior to that of the Commercial Paper Holders on the property or funds held or collected by the Paying Agent with respect to the character, amount and the circumstances surrounding the making of such advance; provided that, such advance remaining unpaid amounts to at least ten percent (10%) of the aggregate outstanding principal amount of the Commercial Papers at such time.
- (c) The following pertinent documents may be inspected during regular business hours on any Business Day at the principal office of the Trustee:
 - (i) Master Trust Indenture
 - (ii) Master Registry and Paying Agency Agreement
 - (iii) Articles of Incorporation and By-Laws of the Company
 - (iv) Registration Statement of the Company with respect to the Commercial Papers

25. Meetings of the Commercial Paper Holders

A meeting of the Commercial Paper Holders may be called at any time for the purpose of taking any actions authorized to be taken by or in behalf of the Commercial Paper Holders of any specified aggregate principal amount of Commercial Papers under any other provisions of the Master Trust Indenture or under the law and such other matters related to the rights and interests of the relevant Commercial Paper Holders.

(a) Notice of Meetings

The Trustee may at any time call a meeting of the Commercial Paper Holders, or the holders of at least twenty-five percent (25%) of the aggregate outstanding principal amount of Commercial Papers may direct in writing the Trustee to call a meeting of the Commercial Paper Holders, to take up any allowed action, to be held at such time and at such place as the Trustee shall determine. Notice of every meeting of the Commercial Paper Holders, setting forth the time and the place of such meeting and the purpose of such meeting in reasonable detail, shall be sent by the Trustee to the Issuer and to each of the registered Commercial Paper Holders not earlier than forty-five (45) days nor later than fifteen (15) days prior to the date fixed for the meeting. All reasonable costs and expenses incurred by the Trustee for the proper dissemination of the requested meeting shall be reimbursed by the Issuer within ten (10) days from receipt of the duly supported billing statement.

(b) Failure of the Trustee to Call a Meeting

In case at any time, the Issuer, pursuant to a resolution of its board of directors or executive committee, or the holders of at least twenty-five percent (25%) of the aggregate outstanding principal amount of the Commercial Papers shall have requested the Trustee to call a meeting of the Commercial Paper Holders by written request setting forth in reasonable detail the purpose of the meeting, and the Trustee shall not have mailed and published, in accordance with the notice requirements, the notice of such meeting, then the Issuer or the Commercial Paper Holders in the amount above specified may determine the time and place for such meeting and may call such meeting by mailing and publishing notice thereof.

(c) Quorum

The Trustee shall determine and record the presence of the Majority Commercial Paper Holders, personally or by proxy. The presence of the Majority Commercial Paper Holders, personally or by proxy, shall be necessary to constitute a quorum to do business at any meeting of the Commercial Paper Holders.

(d) Procedure for Meetings

- (i) The Trustee shall preside at all the meetings of the Commercial Paper Holders, unless the meeting shall have been called by the Issuer or by the Commercial Paper Holders, in which case the Issuer or the Commercial Paper Holders calling the meeting, as the case may be, shall in like manner move for the election of the chairman and secretary of the meeting.
- (ii) Any meeting of the Commercial Paper Holders duly called may be adjourned for a period or periods not to exceed in the aggregate of one (1) year from the date for which the meeting shall originally have been called and the meeting as so adjourned may be held without further notice. Any such adjournment may be ordered by persons representing a majority of the aggregate principal amount of the Commercial Papers represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting.

(e) Voting Rights

To be entitled to vote at any meeting of the Commercial Paper Holders, a person shall be a registered holder of one or more Commercial Papers or a person appointed by an instrument in writing as proxy by any such holder as of the date of the said meeting. Commercial Paper Holders shall be entitled to one (1) vote for every ₱10,000 interest. The only persons who shall be entitled to be present or to speak at any meeting of the Commercial Paper Holders shall be the persons entitled to vote at such meeting and any representatives of the Issuer and its legal counsel.

(f) Voting Requirement

Except as provided under the provisions on *Amendment* in the Terms and Conditions of the Commercial Papers, all matters presented for resolution by the Commercial Paper Holders in a meeting duly called for the purpose shall be decided or approved by the affirmative vote of the Majority Commercial Paper Holders present or represented in a meeting at which there is a quorum except as otherwise provided in the Master Trust Indenture. Any resolution of the Commercial Paper Holders which has been duly approved with the required number of votes of the Commercial Paper Holders as herein provided shall be binding upon all the Commercial Paper Holders and the Issuer as if the votes were unanimous.

(g) Role of the Trustee in Meetings of the Commercial Paper Holders

Notwithstanding any other provisions of the Master Trust Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of the Commercial Paper Holders, in regard to proof of ownership of the Commercial Papers, the appointment of proxies by registered holders of the Commercial Papers, the election of the chairman and the secretary, the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidences of the right to vote and such other matters concerning the conduct of the meeting as it shall deem fit. The minutes of each meeting and any resolution

made thereat shall be taken by the Trustee or such other Person appointed by the Majority Commercial Paper Holders during the meeting.

26. Evidence Supporting the Action of the Commercial Paper Holders

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

27. Non-Reliance

Each Commercial Paper Holder also represents and warrants to the Trustee that it has independently and, without reliance on the Trustee, made its own credit investigation and appraisal of the financial condition and affairs of the Issuer on the basis of such documents and information as it has deemed appropriate and that it has subscribed to the Issue on the basis of such independent appraisal, and each Commercial Paper Holder represents and warrants that it shall continue to make its own credit appraisal without reliance on the Trustee. The Commercial Paper Holders agree to indemnify and hold the Trustee harmless from and against any and all liabilities, damages, penalties, judgments, suits, expenses and other costs of any kind or nature against the Trustee in respect of its obligations hereunder, except for its gross negligence or wilful misconduct.

28. Amendments

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

The Issuer and the Trustee may amend the Terms and Conditions of the Commercial Papers with notice to every Commercial Paper Holder following the written consent of the Majority Commercial Paper Holders (including consents obtained in connection with a tender offer or exchange offer for the Commercial Papers) or a vote of the Majority Commercial Paper Holders at a meeting called for the purpose. However, without the written consent of each Commercial Paper Holder affected thereby, an amendment may not:

- (a) reduce the percentage of principal amount of the Commercial Papers outstanding that must consent to an amendment or waiver;
- (b) reduce the interest / discount rate of or extend the time for payment of interest on the Commercial Papers;
- (c) reduce the principal of or extend the Maturity Date of the Commercial Papers;
- (d) impair the right of any Commercial Paper Holder to receive payment of principal of and interest on such Commercial Paper Holder's Commercial Papers on or after the due dates therefore or to institute suit for the enforcement of any payment on or with

respect to such Commercial Paper Holder;

- (e) reduce the amount payable upon the redemption or repurchase of the Commercial Papers under the Terms and Conditions or change the time at which the Commercial Papers may be redeemed;
- (f) make the Commercial Papers payable in money other than that stated in the Commercial Papers;
- (g) subordinate the Commercial Papers to any other obligation of the Issuer;
- (h) release any security interest that may have been granted in favor of the Commercial Paper Holders;
- (i) amend or modify the Payment of Additional Amounts, Taxation, the Events of Default of the Terms and Conditions or the Waiver of Default by the Commercial Paper Holders;
- (j) make any change or waiver of this Condition;
- (k) affect the rights of some of the Commercial Paper Holders without similarly affecting the rights of all the Commercial Paper Holders; or
- (l) reduce the percentage of the Commercial Paper Holders required to be obtained under the Master Trust Indenture for their consent to or approval of any supplemental agreement of any waiver provided for in the Master Trust Indenture, without the consent of all Commercial Paper Holders.

It shall not be necessary for the consent of the Commercial Paper Holders under this condition to approve the particular form of any proposed amendment, but it shall be sufficient if such consent approves the substance thereof. After an amendment under this condition becomes effective, the Issuer shall send a notice briefly describing such amendment to the Commercial Paper Holders in the manner provided in the paragraph entitled *Notice to the Commercial Paper Holders* in the Terms and Conditions of the Commercial Papers. Any consent given pursuant to this section shall be conclusive and binding upon all Commercial Paper Holders and upon all future holders and owners thereof or of any Commercial Papers issued in lieu thereof or in exchange therefor, irrespective of whether or not any notation of such consent is made upon the Commercial Papers.

29. Governing Law

The Terms and Conditions are governed by and are construed in accordance with Philippine law.

30. Venue

Any suit, action, or proceeding against the Issuer with respect to the Commercial Papers or the Terms and Conditions or on any judgment entered by any court in respect thereof may be brought in any competent court in the City of Makati, and the parties submit to the exclusive jurisdiction of such courts for the purpose of any such suit, action, proceeding or judgment, the Issuer and Commercial Paper Holders expressly waiving other venue.

31. Waiver of Preference

The obligation created under the Terms and Conditions of the Commercial Papers shall not enjoy any priority of preference or special privileges whatsoever over any indebtedness or obligations of the Issuer. Accordingly, whatever priorities or preferences that this instrument may have or any person deriving a right hereunder may have under Article 2244, paragraph 14 of the Civil Code are hereby absolutely and unconditionally waived and renounced. This waiver and renunciation of the priority or preference under Article 2244, paragraph 14 of the Civil Code shall be revoked if it be shown that an indebtedness of the Issuer for borrowed money has a priority or preference under the said provision.

32. **Certain Defined Terms**

The following sets forth the respective definitions of certain terms used in this Terms and Conditions of the Commercial Papers. Except as otherwise provided and where context indicates otherwise, defined terms in this Terms and Conditions of the Commercial Papers have the meanings ascribed to them in the Master Trust Indenture.

- (a) **Affiliate** means any corporation, directly or indirectly controlled by the Issuer, whether by way of ownership of at least twenty percent (20%) of the total issued and outstanding capital stock of such corporation, or the right to elect at least twenty percent (20%) of the number of directors in such corporation, or the right to control the operation and management of such corporation by reason of contract or authority granted by said corporation to the Issuer.
- (b) **Bankruptcy** means, with respect to a Person, (a) that such Person has (i) made an assignment for the benefit of creditors; (ii) filed a voluntary petition in bankruptcy; (iii) been adjudged bankrupt, or insolvent; or had entered against such Person an order of relief in any bankruptcy or insolvency proceeding; (iv) filed a petition or an answer seeking for such Person any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation or filed an answer or other pleading admitting or failing to contest the material allegations of a petition filed against such Person in any proceeding of such nature; or (v) sought, consented to, or acquiesced in the appointment of a trustee, receiver or liquidator of such Person or of all or any substantial part of such Person's properties; (b) sixty (60) days have elapsed after the commencement of any proceeding against such Person seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation and such proceeding has not been dismissed; or (c) sixty (60) days have elapsed since the appointment without such Person's consent or acquiescence of a trustee, receiver or liquidator of such Person or of all or any substantial part of such Person's properties and such appointment has not been vacated or stayed or the appointment is not vacated within sixty (60) days after the expiration of such stay.
- (c) **Current Liabilities** means the aggregate (as of the relevant date of calculation) of all liabilities of the Issuer falling due on demand or within one (1) year, including that portion of Long Term Debt which falls due within one (1) year (but excluding the current portion of any provision for estimated liability for land and property development) and such other liabilities as would be determined as such under the Philippine Financial Reporting Standards.
- (d) **Financial Indebtedness** means with respect to the Issuer and its Subsidiaries:
 - (i) All financial obligations or other obligations of the Issuer and its Subsidiaries for borrowed money evidenced by a promissory note or other instrument or for the deferred purchase price of property (excluding suppliers' credit) or services;

- (ii) All financial obligations or other obligations of any other corporation, person or other entity, the payment or collection of which the Issuer and its Subsidiaries has guaranteed (except by reason of endorsement for collection in the ordinary course of business) or otherwise, including, without limitation, liability by way of agreement to purchase, to provide funds for payment, or to supply funds to such person or entity;
- (iii) All financial obligations or other obligations of any other corporation, person or other entity for borrowed money evidenced by a promissory note or other instrument or for the deferred purchase price of property or services secured by (or for which the holder of such financial obligations has an existing right, contingent or otherwise to be secured) any Lien upon or in property (including without limitation, accounts receivables and contract rights) owned by the Issuer or any Subsidiary, whether or not the Issuer or any Subsidiary has assumed or become liable for the payment of such financial obligation or obligations;
- (iv) All financial obligations arising from any currency swap, or interest rate swap, cap or dollar arrangement or any other derivative instrument; and
- (v) Capitalized lease obligations of the Issuer and its Subsidiaries.
- (e) **Lien** means any mortgage, charge, pledge, lien, security interest or encumbrance constituted on any of the Issuer's properties, for the purpose of securing its or any of its Subsidiaries' and Affiliates' obligations.
- (f) **Long Term Debt** means the aggregate (as of the relevant date of calculation) of all those component parts of the liabilities of the Issuer which fall due or whose final payment is due on a date more than one (1) year after the relevant date for calculation, exclusive of reserve for land development and deferred credits, i.e., unearned income and/or unrealized gains.
- (g) **Majority Commercial Paper Holders** means the Commercial Paper Holders of more than fifty percent (50%) in principal amount, of the relevant Commercial Paper Series then outstanding.
- (h) **Subsidiary** means an entity from time to time of which a person owns directly more than 50% of the share capital or of which such person may nominate or appoint a majority of the members of the board of directors of such other body performing similar functions in such entity.
- (i) **Total Liabilities** means the aggregate (as of the relevant date for calculation) of Current Liabilities and Long-Term Debt.
- (j) **Total Stockholders' Equity** means the aggregate (as of the relevant date for calculation) of the par value of the outstanding common stock, preferred stock, capital surplus, retained earnings appraisal surplus arising from past appraisal and any further appraisal surplus arising from subsequent independent certified appraisal of the property, plant and equipment of the Issuer effected in compliance with the Philippine Financial Reporting Standards, and any reserve for expansion projects, less treasury stocks.

LEGAL PROCEEDINGS

As set forth below, the Company is involved in ongoing legal cases, the outcome of which may or may not have a material adverse effect on its operations and profitability. While the final outcomes of these legal proceedings are dependent on the discretion of the judicial authority, the Company believes it has strong legal grounds in each of these legal proceedings to sustain its own contentions. In certain cases, the Company has made provisions in its financial statements for possible liabilities arising from adverse results of these legal proceedings.

Legal proceedings involving the Company

As of the date of this Information Memorandum, neither the Company nor any of its subsidiaries is a party to, nor are their properties the subject of, any material pending legal proceeding that could be expected to have a material adverse effect on the Company's business, financial condition and results of operations.

Legal proceedings involving the Company's directors and officers

Violation of the Tariff and Customs Code of the Philippines

In May 2011, the Philippines' Bureau of Customs (the "**BOC**") filed before the Philippines' Department of Justice (the "**DOJ**") a complaint against Dennis A. Uy, the Company's President and Chief Executive Officer and other respondents for an alleged violation of Sections 3602, 2501(l)(1) &(5), 1801, 1802 and 3604 of Presidential Decree No. 1464 (as amended), otherwise known as the Tariff and Customs Code of the Philippines. In November 2012, the DOJ dismissed the case due to lack of probable cause against all respondents. In April 2013, the DOJ, upon motion for reconsideration filed by the BOC, reversed its earlier resolution and recommended the filing of criminal complaints against the respondents. The DOJ filed 25 criminal complaints against Dennis A. Uy, President and CEO of the Company, for alleged violations of the Tariff and Customs Code of the Philippines, 22 of which were filed with the Regional Trial Court of Davao City while the other three complaints were filed with the Regional Trial Court of Batangas City.

With respect to the complaints filed with the Regional Trial Court of Batangas City, Dennis A. Uy filed an Omnibus Motion for the Determination of Lack of Probable Cause on 2 September 2013. The Regional Trial Court of Batangas City granted the motion on 17 September 2013, dismissing all three complaints. In response to this, the DOJ filed a Motion for Reconsideration with Motion for Inhibition of Judge Ruben A. Galvez, but was subsequently denied on 6 December 2013. As no appeal was filed therefrom, the Regional Trial Court of Batangas City issued a Certificate of Finality certifying that the Orders dated 6 December 2013 and 17 September 2013 were already final and executory on 7 July 2014.

With respect to the complaints filed with the Regional Trial Court of Davao City, the Regional Trial Court of Davao City ordered the dismissal of the criminal cases against Dennis A. Uy on 14 October 2013. The subsequent Motion for Reconsideration of the Plaintiff was also denied in an Order dated 18 August 2014. In response to the order, the Petitioner filed with the Court of Appeals in Cagayan de Oro City a Petition for Certiorari (the "**Petition for Certiorari**") under Rule 65 of the Rules of Court on 27 October 2014.

On 12 October 2016, the Court of Appeals dismissed the Petition for Certiorari, and Dennis A. Uy received a copy of the Decision on 24 October 2016. The Petitioner then filed a Motion for Reconsideration (the "**Motion for Reconsideration**") with the Court of Appeals and Dennis A. Uy received a copy of the Motion for Reconsideration on 10 November 2016. On 25 January 2017, the Court of Appeals dismissed the Motion for Reconsideration, upholding its previous decision. On 27 March 2017, the Petitioner filed the Petition for Review and Dennis A. Uy received a copy of the Petition for Review on 4 April 2017. As of the date of this Information Memorandum, the Supreme

Court has yet to issue a resolution directing the respondents, including Dennis A. Uy, to comment on the Petition for Review.

Others

Several complaints of Grave Coercion, Robbery and Libel were filed against the Sales Team of South Mindanao and other officers, including all the members of the Board of Directors except for Domingo T. Uy, Paul G. Dominguez and Carolina Inez Angela S. Reyes, in relation to the Company's closure and takeover of six Phoenix Fuel Stations in Davao City. These complaints were dismissed by the Davao City Prosecutor's office.

Other court cases typical and customary in the course of the business operations of the Company such as those, among others, involving collection, qualified theft, breach of contract and reckless imprudence, tax and regulatory matters have been filed by and against the Company, by and against its employees/directors/officers and/or third parties, the results of which will not significantly affect the financial standing of the Company.

Except for the above, to the best of the Company's knowledge, there has been no occurrence during the past five years up to the date of this Information Memorandum of any of the following events:

- (a) Any insolvency or bankruptcy petition filed by or against the Company or any of its directors or officers or any business of which such person was a director, general partner or executive officer either at the time of the insolvency, bankruptcy and any other similar proceedings or within two years prior to that time;
- (b) Any conviction by final judgment in a criminal proceeding, domestic or foreign or any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offences;
- (c) Any final and executory order, judgment or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting involvement in any type of business, securities, commodities or banking activities; and
- (d) Any final and executory judgment by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC, or comparable foreign body or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, for violation of a securities or commodities law.

Further, neither the Company nor any of its officers and directors have become the subject of legal proceedings for suspension of payments or other debt relief within the past five years, or otherwise been unable to pay their debts as they mature or have made or threatened to make an assignment for the benefit of, or a composition or arrangement with, creditors or any class thereof, or shall declare a moratorium on indebtedness.

FINANCIAL INFORMATION

The following pages set forth the Company's unaudited consolidated financial statements for the period ended March 31, 2020 and 2019 and the Company's audited consolidated financial statements as at December 31, 2019, 2018, and 2017.