

## **A. SORIANO CORPORATION**

### **ANNUAL MEETING OF STOCKHOLDERS**

Place: Manila Peninsula Hotel

Date: April 15, 2015

Time: 10:00 A.M.

The annual meeting of stockholders was held at the place, date and time indicated above.

#### **I. CALL TO ORDER**

The Chairman, Mr. Andres Soriano III, called the meeting to order, and requested the Assistant Corporate Secretary, Atty. Joshua L. Castro, to certify to the proof of notice of meeting.

#### **II. PROOF OF NOTICE**

The Assistant Corporate Secretary certified that in accordance with the Corporation Code of the Philippines and the By-Laws of the Corporation, printed copies of the Notice of Annual Meeting of the Stockholders and Information Statement were sent by mail and by special messenger service starting March 19, 2015 to all stockholders of record as of March 13, 2015 at their respective addresses of record.

#### **III. QUORUM**

At the request of the Chairman, the Assistant Corporate Secretary certified that 2,235,475,280 shares, or 89.42% of the issued and outstanding capital stock of the Corporation were represented at the meeting in person and by proxy. There was, therefore, a quorum.

#### **IV. APPROVAL OF MINUTES OF PREVIOUS MEETING**

The minutes of the previous Annual Stockholders Meeting held on April 23, 2014 have been available for examination by the stockholders at the office of the Corporate Secretary for the past year. Also, copies of the minutes were posted in the registration area of the present meeting.

On motion duly made and seconded, the minutes of the Annual Stockholders' Meeting held on April 23, 2014, were approved.

#### **V. PRESENTATION OF THE CHAIRMAN AND CEO'S MESSAGE TO STOCKHOLDERS**

The Chairman delivered his message to the stockholders, quoted in full as follows:

Fellow stockholders, ladies and gentlemen, good morning and welcome to our annual meeting.

We would like to begin with a look at the national environment where your Company operates. The Philippine growth is still relatively strong compared with that of other regional and developed economies. GDP ended 2014 at 6.1%, with strong consumer demand despite a slowdown in spending for government services, agriculture and manufacturing sectors. Inflation remained at a healthy level of 4.1%.

The economy though needs much more direct foreign capital investment for job creation and reasonable employment levels to be attained. The Government must structure incentives and initiatives to increase the level of investments in manufacturing, agriculture and tourism sectors. It has to fast track the much delayed PPP infrastructure projects and further open the economy to foreign investors.

Your Company performed satisfactorily in 2014, achieving a consolidated net income of P2 billion, 50% better than last year's net profit of P1.36 billion from higher consolidated revenues of P4.3 billion against P3.5 billion of 2013.

Anscor's financial assets contributed gains from the sale of marketable securities amounting to P1.7 billion, 52% ahead of last year's P1.10 billion.

Our core investments in traded shares—which include Aboitiz Power Corporation, Aboitiz Equity Ventures, International Container Terminal Services, Inc., iPeople and other marketable equity holdings, generated a dividend income of P260.9 million, for a 9.6% increase from the P238.0 million of 2013. Interest income of P96.4 million was slightly better than that of the previous year.

The improved market prices of equity funds and bonds managed by third parties experienced a slight decline in the market value of investments to a negative P10.2 million from a loss of P103 million in 2013.

The value of Anscor's foreign currency-denominated investments improved, offset by the Group's dollar-denominated loans, resulting in a consolidated foreign exchange loss of P10.0 million against a gain of P32.7 million in 2013.

Share in the earnings of our operating investments amounted to P147.1 million, 36% below last year's P229 million as the favorable performances of Phelps Dodge International Philippines, Inc. and Cirrus Medical Staffing, Inc. were offset by our share in the losses of AG&P and Seven Seas Resorts and Leisure, Inc.

On November 20, 2014, your Company declared cash dividends of P0.25 per share to stockholders of record as of December 5, 2014 for the anticipated results for the year. These cash dividends were paid last January 7.

We were pleased to conclude last December, the acquisition of General Cable's 60% stake in Phelps Dodge for P3.0 billion; this increased Anscor's ownership to 100%.

Existing accounting standards compelled us to revalue Anscor's original 40% holding in Phelps Dodge. This led to an accounting gain of P700 million which we offset by providing valuation allowances mainly to AG&P, Predictive Technologies, Inc., Prople Limited and Tayabas Geothermal Power.

Your Company's book value per share at year end increased to P11.94 from P10.82.

Copies of the 2014 Annual Report in CD format have been distributed by mail or courier to you, so allow me to summarize briefly the performance of your Company's subsidiaries and affiliates for the year 2014.

Sales and net income hit all-time highs for Phelps Dodge. Revenues rose across all business sectors: commercial, industrial, manufacturing and energy with Phelps Dodge's net sales reaching P6.6 billion, a 14% increase over 2013 revenues while its net income grew 23% to P535.5 million in 2014.

New product lines continue to drive PDP's growth. Access to high-quality high-voltage lines, and a reputation for reliable engineering services, enabled PDP to secure significant volume of orders. Its ability to offer a variety of standard and new product lines and new business solutions has made Phelps Dodge a leader in the country's wire and cable industry.

Phelps Dodge continues to expand its customer base and an effective partnership between Phelps Dodge and its dealers has been established.

On December 19, 2014, Phelps Dodge entered into three contracts with General Cable-- trademark licensing, technical assistance and distributor and representative agreements. The trademark agreement grants a perpetual and exclusive license to use the Phelps Dodge brand. The Technical Agreement provides for support services from qualified resource persons from General Cable. The distribution agreement grant Phelps Dodge's exclusive rights to market and sell all General Cable products within the Philippines.

With the memory of typhoon Yolanda receding, Amanpulo again drew interest from foreign guests. The Resort reported an 8% increase in revenue, from P445 million in 2013 to P480.1 million in 2014 at an occupancy rate of 34.4%. The major contributor to the higher revenue was the combined management and handling fees from villa operations that increased by 20%. Room revenue also benefited from the depreciation of the peso by an average of 10.5%.

The second batch of the Resort's renovated casitas was completed last November 2014, as was the replacement of the roofs of all casitas, the beach club and the main clubhouse.

Gross operating profit amounted to P57.0 million, at par with that of last year. This was lessened by higher depreciation and management fees to Aman which rose to P36 million in 2014 from P20 million in 2013. Last year's net loss of P16 million increased to P32 million in 2014.

Seven Seas completed paving the runway and the construction of seawall on the eastern side of the island; plugging the east reef hole, and expanding the laundry and housekeeping stations. The Resort also extended and completely renovated the kitchen of the beach club. Work on the last two villas was started in February and once completed in next June, will result in an inventory of 103 casitas comprised of the original 40 casitas and 63 casitas that are in the 16 private villas.

In 2014, Amanpulo was named by the World Travel Awards as the 'Leading Resort in the Philippines'.

Demand for temporary health-care staff in the United States grew throughout 2014.

For 2014, Cirrus Medical Staffing, Inc. reported P1.2 billion in consolidated revenue, a 6% increase over that of 2013. Sales were underpinned by growth in Travel Nursing, and the International and Direct-Hire divisions.

Regulatory changes in Medicare reimbursements continue to contribute to the decline in the Travel Therapy business.

Consolidated operating income of Cirrus was P52 million, compared to an operating loss of P14 million in 2013. Improved profitability was driven by a 10% increase in gross margins and a reduction in overhead expenses.

Cirrus expects greater demand for its services and productivity improvements to significantly benefit the business in the coming years.

AG&P revenues grew by 75% to US\$214 million in 2014, as the Bechtel Gladstone LNG project was completed and the Ichthys LNG project gathered momentum.

Despite growth in revenues, AG&P's 2014 gross profit of US\$46 million was 3% below and operating expenses were higher by 18% in 2013. In addition, AG&P terminated the incubation of Energy City, a domestic LNG project which resulted in a US\$7.0 million write down of capitalized project expenses. AG&P secured new modularization work for the Yamal LNG project in Russia, that began in late 2014.

The focus for 2015 will be on completing the Ichthys project; finishing the first modules for the Yamal LNG Project; achieving greater operational efficiencies; and building a sales pipeline. On the financial side, AG&P needs to improve its balance sheet and better the commercial terms with its existing customers. 2015 is a critical year for

AG&P. Anscor will closely monitor the management and operations of this affiliate through its representation on the Board of Directors.

For its fiscal year June 1, 2013 to May 31, 2014 Enderun Colleges posted a consolidated net income of P64 million on revenues of P456 million. Enderun's EBITDA was P120.4 million, 26% higher than that of the previous year.

In 2014, it paid cash dividends of P60 million of which P12 million accrued to Anscor.

Enderun's student population has grown to over 1,100 full-time college and certificate students.

Revenues of Enderun's continuing education unit rose 11% year-on-year to P64.5 million. The school's Food & Beverage unit has also grown significantly with revenues finishing 42% higher to P77 million from P55 million in 2013.

The College recently established a hotel management and consultancy arm, Enderun Hospitality Management (EHM). Through EHM, Enderun now manages five hotel properties and provides consultancy services to two other hotels in the Philippines.

As with the other Colleges in the country, the implementation of the Government's mandated K to 12 Basic Education Program will take effect this academic year, and will impact the 2016 results. Management at Enderun has been preparing for this and will try to minimize its effect at various levels.

Consolidated full-year revenues for Prople Limited trebled from P168 million in 2013 to P538 million in 2014. This was a direct result of Prople's acquisition in November 2013 of 100% of the non-audit business of US-based Kellogg and Andelson Accountancy Corporation (K&A).

Prople's profit performance improved with consolidated operational EBITDA reaching P65 million and net income of P16 million, excluding the one-time closing costs associated with the acquisition.

Prople serves over 5,500 clients from operations located in six cities worldwide with a staff complement of 375.

2014 was a good year for KSA Realty Corporation with gross rental income reaching over P900 million. Net income rose to a high of P690 million, resulting in cash dividends of P800 million, of which P91.4 million accrued to Anscor.

KSA successfully renewed more than 90% of expiring leases. Occupancy rate remained at 98% and average rental yield increased by 8%.

To maintain its reputation as one of the Central Business District's premier addresses, KSA undertook an upgrading project of P400 million to update the common areas of this 15-year old building, and other facilities.

Predictive Edge Technologies is an early stage technology company that currently has eight patents awarded. Its subsidiary, Behavior Matrix LLC, is a world class emotional and behavior platform for companies and organizations to uniquely understand their audiences using advanced mathematics, analytical algorithms and big data gathering.

In 2014, Behavior Matrix achieved sales of \$2 million up from \$641,000 in the prior year.

Through the Andres Soriano Foundation (ASF), we continue to undertake community-development programs in the isolated and disadvantaged areas of North-eastern Palawan. Some of our notable projects include protecting marine sanctuaries, setting up bio gas plants, providing potable water and health care services to communities, a learning program for preschoolers, a vocational-technical scholarship and livelihood training.

Sustained by its many partners and donors, we also offer assistance to cancer patients and victims of natural disasters.

I would like to make special mention of our efforts for the victims of Typhoon Yolanda. For its aid and rehabilitation efforts, ASF received nearly P10 million in cash and in-kind donations. More than 3,000 relief packs were distributed, families were helped to rebuild partially damaged homes and school buildings. ASF built 300 core shelter units for indigent families whose houses were totally damaged in the Barangays of Algeciras, Concepcion and Manamoc.

Growing our businesses is vital to Anscor's long-term success. We keep a tight watch on our existing portfolio of businesses and new opportunities.

2014 was marked by an increase in revenue, containment of expenses, and improved business margins and profitability of most of our operating units.

The stronger outlook for both the Philippine and the global economies drive us to grow and improve our businesses to increase shareholders' value.

In closing, we express our appreciation to our shareholders for their trust and continued confidence; our gratitude to our board of directors for the support and guidance to management; and a heartfelt thanks to our employees for their dedication and loyalty.

Thank you and again, good morning.

**VI. APPROVAL OF 2014 ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2014, AND RATIFICATION OF ALL ACTS, CONTRACTS, INVESTMENTS AND RESOLUTIONS OF THE BOARD OF DIRECTORS AND MANAGEMENT SINCE THE LAST ANNUAL MEETING AS SET FORTH IN THE MINUTES BOOK, ANNUAL REPORT, THE AUDITED FINANCIAL STATEMENTS, OR AS DISCLOSED IN REPORTS TO THE SECURITIES AND EXCHANGE COMMISSION (SEC) AND PHILIPPINE STOCK EXCHANGE (PSE)**

After delivering his message, the Chairman announced that the Board declared a cash dividend of P.10 per share to stockholders of record as of May 6, 2015, payable on May 29, 2015. He then entertained questions from stockholders. After which, the Chairman moved for the approval of the 2014 Annual Report and audited Financial Statements as of December 31, 2014, as well as the ratification of all acts, contracts, investments and resolutions of the Board of Directors and Management since the last annual meeting as set forth in the minutes book, the Annual Report, the audited Financial Statements, or as disclosed in reports to the SEC and PSE.

The motion was duly seconded, and the following resolutions were approved:

RESOLVED, That the 2014 Annual Report and the Audited Financial Statements as of December 31, 2014, of the Corporation are hereby approved:

RESOLVED, FURTHER, That all acts, contracts, investments and resolutions of the Board of Directors and Management since the last annual meeting as set forth in the minutes book, annual report, the audited financial statements, or as disclosed in reports to the Securities and Exchange Commission and Philippine Stock Exchange, be as they are hereby approved, ratified and confirmed.

**VII. ELECTION OF THE MEMBERS OF THE BOARD OF DIRECTORS**

The meeting then proceeded to the election of the members of the Board of Directors for the ensuing year. The Chairman requested the Corporate Secretary to inform the stockholders of the nominations received.

The Assistant Corporate Secretary said that pursuant to Section 3(a) of Article IV of the By-Laws of the Corporation, the following were nominated on or before the March 1, 2015 deadline of submission of nominations:

1. Mr. Andres Soriano III
2. Mr. Eduardo J. Soriano
3. Mr. Ernest K. Cuyegkeng
4. Mr. Jose C. Ibazeta
5. Mr. John L. Gokongwei Jr.
6. Mr. Oscar J. Hilado
7. Mr. Roberto R. Romulo

There being no other nominees, the Chairman moved that the Assistant Corporate Secretary be directed to cast the votes of the stockholders present in person and by proxy, except for those who have given specific instructions otherwise in their proxies, in favor of the above-named nominees.

The motion was duly seconded and there being no objection, the motion was carried. The Chairman directed the Assistant Corporate Secretary to cast the votes of the stockholders present in person and by proxy, except those who have given specific instructions otherwise in their proxies, in favor of the gentlemen nominated. The Chairman declared the above-named nominees as the duly elected Directors of the Corporation for the ensuing year. Among the newly elected members of the Board, Messrs. Oscar J. Hilado and Roberto R. Romulo are independent Directors.

#### **VIII. APPOINTMENT OF EXTERNAL AUDITORS**

On motion duly made and seconded, it was unanimously approved to appoint SyCip, Gorres, Velayo & Co. to be the Company's External Auditors for the ensuing year.

#### **XI. ADJOURNMENT**

There being no other matter to consider, the meeting, on motion duly made and seconded, was adjourned.

Makati City, April 15, 2015.

  
**JOSHUA L. CASTRO**  
Assistant Corporate Secretary

**APPROVED:**

  
**ANDRES SORIANO III**  
Chairman