

**MINUTES OF THE SPECIAL MEETING  
OF THE STOCKHOLDERS**

**OF**

**ENERGY DEVELOPMENT CORPORATION**

Held on December 12, 2017 at 10:16 A.M.  
At One Rockwell East Tower Function Room  
Rockwell Drive, Rockwell Center, Makati City

**CALL TO ORDER**

The Chairman, Mr. Federico R. Lopez<sup>1</sup>, called the meeting to order and presided over the same. The Corporate Secretary, Atty. Bernadette Ann V. Policarpio, recorded the proceedings.

The Chairman acknowledged the presence of the following directors at the meeting:

FEDERICO R. LOPEZ

RICHARD B. TANTOCO<sup>2</sup>

JONATHAN C. RUSSELL

JOAQUIN E. QUINTOS IV

EDGAR O. CHUA (Independent Director)<sup>3</sup>

FRANCISCO ED. LIM (Independent Director)

MANUEL I. AYALA (Independent Director)<sup>4</sup>

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<sup>1</sup> **Federico R. Lopez** is the Chairman of the Board and CEO, Chairman of the Nominations and Compensation Committee, and Chairman of the Corporate Social Responsibility Committee.

<sup>2</sup> **Richard B. Tantoco** is the President and COO.

<sup>3</sup> **Edgar O. Chua** is the Chairman of the Audit and Governance Committee.

<sup>4</sup> **Manuel I. Ayala** is the Chairman of the Related Party Transactions Committee.

The Treasurer and Chief Finance Officer, Nestor H. Vasay, and other company officers and executives present at the meeting were likewise acknowledged.

## **PROOF OF NOTICE AND CERTIFICATION OF QUORUM**

The Corporate Secretary reported that Notice of the meeting had been sent to all the stockholders as provided in the By-Laws.

The Corporate Secretary announced that there were present, in person and by proxy, stockholders owning at least 26,836,828,377 shares representing at least 95.46% of the outstanding capital stock. (The list of attendees and proxies is available at the office of the Company). She therefore certified that there was a quorum for the transaction of business.

The Corporate Secretary then explained that under the Company's Articles of Incorporation, all common shares and voting preferred shares shall have full voting rights. Section 24 of the Corporation Code provides that except for delinquent stock, every stockholder present at this meeting in person or by proxy is entitled to vote the number of shares in his name as of the record date, October 30, 2017. For all items in the agenda to be approved in the meeting other than the amendment of the Articles of Incorporation, the vote of the stockholders representing at least a majority of the outstanding common and voting preferred shares will be sufficient to approve the matter. For the amendment of the Articles of Incorporation, the affirmative vote by the stockholders representing at least two-thirds of the outstanding common and voting preferred shares will be sufficient to approve the proposed amendment. These voting procedures were discussed in the Information Statement that was distributed to all stockholders prior to the meeting.



## APPROVAL OF PREVIOUS MINUTES

The next item of business was the approval of the minutes of the previous meeting of the stockholders held on May 8, 2017, a copy of which had been earlier distributed to the stockholders and was also made available for viewing in the Company's website.

Upon motion duly made and seconded, and in the absence of any objections raised despite opportunity given by the Chairman, the stockholders representing at least 26,797,791,285 shares or 95.33% of the outstanding capital stock approved the following resolution:

### Resolution No. 6, Series of 2017

"RESOLVED, that the minutes of the Annual Stockholders' Meeting of Energy Development Corporation held on May 8, 2017 be, as they are hereby, approved."

The Corporate Secretary noted that 38,377,783 shares abstained on the motion and no shares voted against it.

## AMENDMENT OF ARTICLES OF INCORPORATION

The next matter on the agenda was the proposal to amend the Company's Articles of Incorporation. Mr. Erudito S. Recio, the Company's Investor Relations Officer, stated that the proposed amendments relate to the Seventh Article of the Company's Articles of Incorporation on the provisions on (i) Voting Preferred Shares, and (i) Pre-emptive Rights of Common Shares, which were also discussed in the Company's Information Statement



distributed to all stockholders' before the meeting. The proposed amendments were explained in detail. A copy of the proposed amendments was provided to all stockholders attending the meeting as they registered their attendance and was flashed on the screen as the matter was being discussed.

Mr. Recio stated that the proposed amendments are intended to reflect the terms of the Shareholders' Agreement entered into by the Company, Red Vulcan Holdings Corporation, Philippines Renewable Energy Holdings Corporation (or "PREHC"), and Philippines Energy Markets B.V. The Shareholders' Agreement was entered into following the tender offer for EDC shares conducted by PREHC and its acquisition of 31.66% of the Company's outstanding voting capital stock. The Company's Board of Directors approved these amendments during its meeting on October 3, 2017.

During the open forum, all comments and questions of the stockholders were addressed by Management and are recorded in Annex "A" of these Minutes.

The Corporate Secretary noted that as discussed in the Company's Information Statement, any stockholder who votes against the proposed amendments to the Articles of Incorporation and By-Laws and who wishes to exercise his appraisal right must make a written demand, within thirty (30) days after the date of the meeting or when the vote was taken, for the payment of the fair market value of his shares. Upon payment, he must surrender his certificates of stock. No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment.



After some discussion, on motion made and duly seconded, the stockholders representing at least 26,797,776,285 shares or 95.33% of the outstanding capital stock approved the following resolution:

**Resolution No. 7, Series of 2017**

**“RESOLVED**, that the Stockholders of Energy Development Corporation (the “Company”) authorize, as it hereby authorizes, the amendment of the SEVENTH Article of the Company’s Articles of Incorporation by amending the provisions on Voting Preferred Shares and Pre-emptive Rights of Common Shares, and that accordingly, the SEVENTH Article of the Articles of Incorporation shall in part read, as follows:

‘SEVENTH: x x x

x x x

Voting Preferred Shares

x x x

6. Pre-emptive Rights

**Holders of the** Voting Preferred Shares shall have no pre-emptive right to purchase or subscribe to any shares of stock of the Corporation of any class and/or series now or hereafter authorized, or reissued from treasury,  **other than:**

**a. any issuance of new or additional Voting Preferred Shares, in which case, holders of Voting Preferred Shares shall have the right to purchase or subscribe to such new or additional Voting Preferred Shares in proportion to the amount of Voting Preferred Shares issued and outstanding**



in their name prior to the time of such issuance;  
and

**b. any issuance of any new class of shares, in which case, holders of Voting Preferred Shares shall have the right to purchase or subscribe to such new or additional shares in proportion to the amount of Common Shares issued and outstanding in their name prior to the time of such issuance.**

7. Transfer Restrictions

After its issuance by original subscription, the Voting Preferred Shares shall not be transferred, conveyed or assigned except as follows:

**a.** Any holder of the Voting Preferred Shares may sell his Voting Preferred Shares back to the Corporation, which shall have the authority to redeem the Voting Preferred Shares at par value within sixty (60) days following written notice from the selling holder of the Voting Preferred Shares.

**b.** In case an individual holder of the Voting Preferred Shares passes away, the Corporation shall have the first option to redeem the Voting Preferred Shares at par value within sixty (60) days following written notice of the individual holder's death being given to the Corporation by his executor/administrator or heirs; failing which, the Voting Preferred Shares of the deceased holder may be conveyed through hereditary succession to his compulsory heirs who must also be Philippine citizens.

In all cases of redemption under the above **two** paragraphs, the Corporation will only exercise its authority or option to redeem the Voting Preferred Shares on the condition that the Corporation first pays in full all cumulative dividends then



outstanding on the Voting Preferred Shares, and on the further condition that the Corporation shall not, as a result of the redemption, reduce the ownership of Filipino citizens in the Corporation to less than the percentage of capital stock required by law. For this purpose, the Corporation shall have the authority to designate qualified Philippine holders to purchase directly from the transferors the Voting Preferred Shares subject to the Corporation's redemption right. Once redeemed by the Corporation, the Voting Preferred Shares shall become treasury shares which may be reissued or resold by the Corporation on the same terms as their original issuance.

#### Non-Voting Preferred Shares

The Non-Voting Preferred Shares shall have the following features, which shall be printed on the relevant stock certificates issued by the Corporation:

x x x

#### Pre-Emptive Rights of Common Shares

Holders of the Common Shares shall have the pre-emptive right to purchase or subscribe to any shares of stock of the Corporation of any class and/or series now or hereafter authorized, or reissued from treasury, in accordance with such procedures and under such terms as may be prescribed by the Board of Directors as part of the issuance or disposition of such Common Shares and subject to the following conditions:

a. In the case of the issuance or disposition of new or additional Common Shares, each holder of Common Shares shall be entitled to subscribe to such number of Common Shares equal to such stockholder's proportionate holding of the total



issued Common Shares prior to such proposed issue; and

b. in the case of the issuance or disposition of a new class of shares, the stockholder shall be entitled to subscribe to such number of shares equal to such stockholder's holding of the total issued Common Shares at the time of such issue of new shares, as a proportion of the total issued and outstanding Common Shares.

The pre-emptive rights of holders set out above will not apply to the issue of:

a. Non-Voting Preferred Shares to any Person as part of a general capital raising to fund further expansion opportunities, refinancing or fund-raising activities of the Corporation;

b. Common Shares pursuant to an executive or employee stock ownership plan up to a limit of three per cent. (3%) of the total issued Common Shares;

c. Voting Preferred Shares to a registered holder of Voting Preferred Shares in order to maintain:

(i) that Person's Voting Percentage to the same level as in effect immediately prior to the issuance of Common Shares which were the subject of pre-emptive rights and in which Red Vulcan participated;

(ii) the proportion between Voting Preferred Shares and Common Shares as in effect immediately prior to the relevant issuance of new shares; or





(iii) that Person's holding of Voting Preferred Shares at such level as is necessary to ensure compliance with the then-prevailing foreign ownership restrictions applicable to the Corporation.

As used in these Articles:

"Person" means a firm, limited partnership, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated organization, joint venture or other entity of whatever nature, in each case whether public or private.

"Voting Percentage" means a Person's holding of Voting Shares expressed as a percentage of the total issued Voting Shares.

"Voting Shares" means the shares of Voting Stock in the Corporation.

"Voting Stock" means, with respect to any Person, capital stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.'

"RESOLVED FURTHER, that Management be authorized to finalize the language of the amendments to the Seventh Article of the Articles of Incorporation, subject to such changes or modification as may be required by the Securities and Exchange Commission;"

"RESOLVED FURTHER, That the directors and officers of the Company, acting singly or jointly, be, as they are hereby empowered, authorized, and directed to sign, execute, deliver, and file the necessary certifications, documents, and papers with



the Securities and Exchange Commission and other government agencies, and to perform any and all acts necessary or appropriate to implement the foregoing resolutions.”

The Corporate Secretary noted that stockholders representing 38,377,783 shares abstained on the motion, while 15,000 shares<sup>5</sup> dissented. Mr. Alfred Reiterer, a shareholder whose shares are lodged with the Philippine Depository Trust Corporation, registered his dissent to the proposed amendment during the proceedings and signified his intention to exercise his appraisal right.

After noting that Mr. Reiterer voted against the proposed amendment to the Seventh Article of the Company’s Articles of Incorporation, the Corporate Secretary reiterated to Mr. Reiterer and the other stockholders present at the meeting that the Corporation Code requires that a dissenting stockholder must make a written demand within thirty (30) days after the meeting for the payment of the fair market value of his shares. Mr. Reiterer then obtained the following address of the Company:

38<sup>th</sup> Floor, One Corporate Centre  
Julia Vargas corner Meralco Avenues  
Ortigas Center, Pasig City 1605  
Metro Manila, Philippines

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<sup>5</sup> This corresponds to the 15,000 lodged shares of Mr. Alfred Reiterer which he registered for his attendance at the Special Stockholders’ Meeting.

## AMENDMENT OF THE BY-LAWS

The next item on the agenda was the proposal to amend the By-Laws. Mr. Recio explained that the proposed amendments are intended to reflect the terms of the same Shareholders' Agreement. The Company's Board of Directors approved these amendments during its meeting on October 3, 2017.

Mr. Recio explained the following proposed amendments to the stockholders:

- (i) Amendment of the existing provisions on Meetings of Stockholders in Article II and inclusion of a new Section 9 on Voting;
- (ii) Amendment of the existing provisions on the Board of Directors in Article IV and inclusion of a new Section 9 on Voting;
- (iii) Amendment of Article V on the Executive Committee by including a new Section 6 on Other Committees;
- (iv) Amendment of Article VIII on Amendments by inserting a reference to Section 9, Article II;
- (v) Amendment of Article X on Subscriptions by inserting a reference to Section 9(b), Article II;
- (vi) Inclusion of a new Article XII to provide for Definitions; and
- (vii) Editorial changes in Articles I, III, IX and in the foregoing provisions for purposes of consistency.

The proposed amendments to the By-Laws were likewise discussed in the Definitive Information Statement distributed to the stockholders before the meeting. A copy of the proposed amendments was also provided to all



stockholders attending the meeting as they registered their attendance and was flashed on the screen as the matter was being discussed.

There being no questions on the matter, the Chairman stated that he would entertain a motion on the matter.

Whereupon, on motion made and duly seconded, the stockholders representing at least 26,727,137,143 shares or 95.07% of the outstanding capital stock approved the following resolution:

**Resolution No. 8, Series of 2017**

**“RESOLVED**, that the Stockholders of Energy Development Corporation (the “Company”) authorize, as it hereby authorizes, the following amendments to the Company’s By-Laws:

- (i) Amendment of the existing provisions on Meetings of Stockholders in Article II and including a new Section 9 on Voting;
- (ii) Amendment of the existing provisions on the Board of Directors in Article IV and including a new Section 9 on Voting;
- (iii) Amendment of Article V on the Executive Committee by including a new Section 6 on Other Committees;
- (iv) Amendment of Article VIII on Amendments by inserting a reference to Section 9, Article II;
- (v) Amendment of Article X on Subscriptions by inserting a reference to Section 9(b), Article II;
- (vi) Inclusion of a new Article XII to provide for Definitions; and



(vii) Editorial changes in Articles I, III, IX and in the foregoing provisions for purposes of consistency;

and that accordingly, Articles I, II, III, IV, V, VIII, IX, X and XII of the Company's By-Laws shall in part read , as follows:

'ARTICLE I  
OFFICE

The Office of the Corporation shall be located at One Corporate Centre, Julia Vargas corner Meralco Avenues, Ortigas Center, Pasig City or at such place in said city as the Board of Directors may from time to time fix.

ARTICLE II  
MEETING OF STOCKHOLDERS

x x x

2. Annual Meeting. The annual meeting of the stockholders of the Corporation shall be held at its principal office or any place within Metro Manila as the Board may determine on the first Tuesday of May of each year, starting in 1977, or should the same fall on a holiday then on the next Business Day, at which time there shall be elected by the stockholders of the outstanding shares of stock of the Corporation, by ballot, a board of eleven (11) directors for the ensuing year, and the stockholders shall transact such other business as shall properly come before them. If the election of directors shall not be held on the day designated therein for any annual meeting or at any adjournment of such meeting, the Board of Directors shall cause the election to be held at a special meeting as soon thereafter as conveniently may be held. x x x



x x x

4. Adjournment of Annual Meeting. Subject to applicable law and Section 6 of this Article II, the stockholders present in person or by proxy may adjourn to such future time as shall be agreed upon by them.

x x x

6. Quorum.

a. The quorum for a meeting of stockholders shall:

(i) for so long as Red Vulcan Holdings Corporation ("Red Vulcan") holds sufficient shares to enable it to appoint at least one (1) director, require Red Vulcan; and

(ii) for so long as the Participation Conditions (as the said term is defined in Article XII) are satisfied, require Philippine Renewable Energy Holdings Corporation ("InvestCo"),

or, in each case, a duly appointed proxy.

b. If a quorum is not present within half an hour of the time appointed for the meeting or if a quorum ceases to be present, the meeting shall automatically be postponed by five (5) Business Days or, if the Corporation is still a public corporation or has outstanding registered securities, by such period as may be required under applicable laws (the "First Postponed Stockholder Meeting").

c. At the First Postponed Stockholder Meeting, the same quorum requirement specified in Section 6(a) applies. If a quorum is not present at the First Postponed Stockholder Meeting, the meeting shall automatically be postponed by five (5) Business Days or, if the Corporation is still a public corporation or has outstanding registered



securities, by such period as may be required under applicable laws (the "Second Postponed Stockholder Meeting"), provided that if InvestCo (or its duly appointed proxy) is not present at the First Postponed Stockholder Meeting and an Event of Default (as the said term is defined in Article XII) has occurred, the provisions of Section 6(e) shall apply.

d. If no quorum is present at the Second Postponed Stockholder Meeting then, notwithstanding Section 6(a) above, the presence of any stockholder (in person or by duly appointed proxy) representing more than fifty per cent. (50%) of the outstanding Voting Shares (as the said term is defined in Article XII) entitled to vote at the Second Postponed Stockholder Meeting (or such higher percentage as may be prescribed by applicable laws) shall constitute a quorum.

e. If InvestCo is not present at a stockholder meeting of which due notice has been given and an Event of Default (as the said term is defined in Article XII) where InvestCo is the defaulting stockholder has occurred, then the presence of any stockholder (in person or by duly appointed proxy) representing more than fifty per cent. (50%) of the outstanding Voting Shares entitled to vote at the First Postponed Stockholder Meeting (or such higher percentage as may be prescribed by applicable laws) shall constitute a quorum.

x x x

9. Voting.

a. Subject to the Stockholder Reserved Matters set out in Section 9(b) below, all stockholders resolutions shall be decided by simple majority of the Voting Shares represented by stockholders present at a duly convened and quorate stockholders' meeting.



b. Subject to Section 9(c) below, the stockholders shall procure, to the extent permitted by applicable laws, that no action is taken or resolution passed by the Corporation and the Corporation shall not take any action in respect of any of the following matters (each a "Stockholder Reserved Matter") without the prior approval of Red Vulcan and, for so long as the Participation Conditions are satisfied, InvestCo:

(i) Any change in the primary purpose of the business of the Corporation as provided in its Articles of Incorporation;

(ii) Any disposition of all or substantially all of the corporate property of the Corporation;

(iii) Any merger or consolidation of the Corporation with another corporation which is not a direct or indirect subsidiary of the Corporation;

(iv) Filing of a voluntary petition for bankruptcy, corporate rehabilitation, liquidation, or any similar act of voluntary insolvency by the Corporation;

(v) The creation, authorization or issue of any shares in the capital of the Corporation other than:

(a) for the funding requirements of the Corporation, under such conditions and procedures as determined by Red Vulcan and InvestCo; or

(b) in respect of Voting Preferred Shares (as defined in Article XII), under such conditions and procedures as determined by Red Vulcan and InvestCo;

(vi) Any change to the dividend policy of the Corporation;





(vii) Any material amendments to the Articles of Incorporation or By-Laws of the Corporation other than:

(a) such amendments as may be required to effect the creation, authorization or issue of any shares in the capital of the Corporation:

(1) for the funding requirements of the Corporation, under such conditions and procedures as determined by Red Vulcan and InvestCo; or

(2) in respect of Voting Preferred Shares, under such conditions and procedures as determined by Red Vulcan and InvestCo;

(b) an amendment to extend the corporate term of the Corporation;

(viii) The replacement of the auditor of the Corporation to a firm other than KPMG, Ernst & Young, Deloitte or PwC;

(ix) Any changes to the tax residency of the Corporation provided that a change of locality within the Philippines shall not be considered a change of tax residency for the purpose of this Section 9; and

(x) If the Corporation is private and delisted, the approval to seek an initial public offering of the Corporation or to seek the admission of the Corporation to trading on any recognized stock exchange.

c. Notwithstanding Section 9(b) above, the prior approval of InvestCo shall not be required in respect of:

*and*

(i) Pre-Approved Projects (as defined in Article XII), subject to the fulfillment of such conditions as may be determined by Red Vulcan and InvestCo; or

(ii) any Stockholder Reserved Matter considered at a stockholders' meeting pursuant to Sections 6(d) and 6(e) of this Article II or amendments of the Articles of Incorporation or By-Laws of the Corporation as set forth in Section 9(b)(vii)(a) and Section 9(b)(vii)(b) of this Article II.

ARTICLE III  
STOCK

1. Certificate of Stock. x x x

x x x Every certificate shall be signed by the President and countersigned by the Secretary, and shall state on its face, its number, and the date of issue, the par value, and the number of shares for which it was issued, and the name of the person in whose favor it was issued. It shall bear the corporate seal.

x x x

4. The following procedure shall be followed for the issuance by the Corporation of new certificate of stock in lieu of those which have been lost, stolen or destroyed:

a. The registered owner of certificates of stock in the Corporation or his legal representative shall file an affidavit in triplicate with the Corporation setting forth  
x x x

b. x x x The notice shall state the name of the corporation, the name of the registered owner and the serial numbers of said certificates, and the number of shares represented by each certificate, and that after the expiration of one year from the date of



the last publication, if no contest has been presented to the Corporation regarding said certificates of stock the right to make such contest shall be barred and the Corporation shall cancel in its books the certificates of stock which have been lost, stolen or destroyed and issue in lieu thereof new certificates of stock, x x x.

ARTICLE IV  
BOARD OF DIRECTORS

1. Appointment and Removal of Directors.

a. The business, property and affairs of the Corporation shall be managed by the Board of Directors who, acting as a collegiate body, may exercise all of the powers in relation to the management of the Corporation.

b. For as long as the Corporation remains a public corporation or has any outstanding registered securities, the Board of Directors shall consist of eleven (11) directors, who shall be stockholders and shall serve until the election and qualification of their successors comprising:

(i) three (3) Independent Directors; and

(ii) with respect to the remaining board seats, such number of InvestCo Directors and Red Vulcan Directors as is equal to the proportion of Voting Shares held by InvestCo and Red Vulcan, respectively, to the total issued Voting Shares held by them.

c. Subject to (x) the limitations on the total number of InvestCo directors under this Section 1, and (y) applicable laws and as long as the Participation Conditions are satisfied, InvestCo shall have the priority over Red Vulcan in the nomination for appointment of up to three (3) non-Filipino directors;



d. Notwithstanding any other provision in the Articles of Incorporation and subject to applicable law, Red Vulcan shall always have the right to appoint at least one (1) director and, for so long as the Participation Conditions are satisfied, InvestCo shall always have the right to appoint at least one (1) director.

x x x

2. Qualifications and Disqualifications. No person shall qualify or be eligible for nomination or election to the Board of Directors if he is, at the time of his or her appointment, a director, observer, employee or consultant of a Competitor, or is not otherwise qualified to be a director under the Articles of Incorporation and By-laws of the Corporation or under applicable law ("Unsuitable Director").

If an InvestCo Director becomes an Unsuitable Director such InvestCo Director becomes aware of circumstances reasonably expected to lead to such InvestCo Director becoming, at any time following his or her appointment, an Unsuitable Director, (i) InvestCo shall promptly notify the Corporation and Red Vulcan in writing, (ii) such InvestCo Director shall not be eligible to attend any meeting of the Board (and each of Red Vulcan and the Corporation may bar such InvestCo Director from attending any such meeting), (ii) InvestCo shall promptly remove such Director from his or her position and (iii) InvestCo shall promptly nominate another Director who is not an Unsuitable Director in its place.

x x x

The foregoing ground for disqualification shall be in addition to such other grounds for disqualification of directors as may be provided by law and applicable regulations, including those provided for under the Code of Corporate Governance, the Corporation Code, the Securities



Regulation Code, as well as those that may be approved by the Board of Directors, the Nominations Committee or such applicable corporate governance committee of the Corporation.

3. Quorum. The directors shall act only as a Board and the individual directors shall have no power as such.

a. A majority of the total number of Directors in the Articles of Incorporation shall be necessary at all meetings to constitute a quorum for the transaction of any business of which:

(i) for so long as Red Vulcan holds sufficient shares to enable it to appoint at least one (1) director, one (1) must be a Red Vulcan Director;

(ii) for so long as the Participation Conditions are satisfied and there is at least one (1) incumbent InvestCo Director who is not an Unsuitable Director, one (1) must be an InvestCo Director.

b. If a quorum is not present within half an hour of the time appointed for the meeting or if a quorum ceases to be present, the meeting shall automatically be postponed by five (5) Business Days (the "First Postponed Board Meeting").

c. At the First Postponed Board Meeting, the same quorum requirement specified in Section 3(a) of this Article IV applies. If a quorum is not present at the First Postponed Board Meeting, the meeting shall automatically be postponed by five (5) Business Days (the "Second Postponed Board Meeting"); provided that, if the InvestCo Director is not present at the First Postponed Board Meeting and an Event of Default (as the said term is defined in Article XII) has occurred where InvestCo is the defaulting stockholder, Section 3(e) of this Article IV shall apply.



d. If no quorum is present at the Second Postponed Board Meeting then, notwithstanding Section 3(a) of this Article IV, a simple majority of the Board shall constitute a quorum at the Second Postponed Board Meeting.

e. If an InvestCo Director is not present at a board meeting and an Event of Default (as the said term is defined in Article XII) has occurred where InvestCo is the defaulting stockholder, then the presence of a simple majority of the Board shall constitute a quorum at the First Postponed Board Meeting.

4. Powers. Subject to the Board Reserved Matters in Section 9 of this Article IV, the Board of Directors shall have the management of the business of the Corporation and such powers and authorities as are, by these By-Laws or by statutes of the Philippines, expressly conferred upon it.

5. Compensation. Directors shall receive compensation for their services as may be fixed by the stockholders from time to time.

6. Meetings.

a. The Board of Directors shall hold meetings at least once every three (3) months and at such other times as circumstances require.

b. For so long as the Participation Conditions are satisfied, if (i) an urgent matter requiring the immediate attention of the Board of Directors arises, or (ii) a material matter arises the consideration of which by the Board of Directors cannot reasonably wait until the next scheduled board meeting, any Director may convene a board meeting by giving notice in writing in accordance with this Section 6.

c. All Directors shall receive written notice of all board meetings.

d. Unless otherwise agreed in writing by at least one (1) Red Vulcan Director and one (1)



InvestCo Director, notice of a board meeting shall be given in writing to each director at least five (5) Business Days prior to the intended date of such board meeting and shall specify a reasonably detailed agenda of the matters to be considered by the directors, be accompanied by any relevant papers and be sent by courier or email.

e. To the extent permitted by and subject to such conditions as may be required by applicable laws, meetings of the directors may consist of a conference between directors some or all of whom are in different places, provided that each director who participates is able to hear each of the other participating directors addressing the meeting and if he so wishes, to address all of the other participating directors simultaneously, whether directly, by telephone or video conference or by any other form of communications equipment or by a combination of those methods; provided that any director attending by telephone, video conference or other form of communications equipment shall confirm to the other participating directors that the former is in a location that is not within the audible range of another person.

f. Except as set forth in this Section 6 of this Article IV, each director shall, in such capacity, have equal rights and privileges to each other director.

x x x

8. Nomination and Election of Independent Directors. In the nomination and election of Independent Directors, the provisions of SRC Rule 38 of the Implementing Rules and Regulations of the Securities Regulations Code, and such other rules and regulations as the Securities and Exchange Commission may from time to time promulgate, shall be observed.

9. Voting.

a. Subject to Section 9(b) of this Article IV and other provisions of the By-Laws, all decisions of the Board shall be taken by simple majority of



the Directors present and voting at a quorate board meeting.

b. Subject to the Section 9(c) of this Article IV, the Board shall procure so far as they lawfully can that no action is taken or resolution passed by the Corporation, and the Corporation shall not take any action in respect of any Board Reserved Matter, without the prior approval of:

(i) at least one (1) Red Vulcan Director; and

(ii) for so long as the Participation Conditions are satisfied, at least one (1) InvestCo Director.

The term "Board Reserved Matter" means each of the following:

(i) Approval of the Corporation's annual budget;

(ii) Approval of any capital expenditure in excess of US\$10 million or equivalent and such capital expenditure is not included in the Corporation's annual budget, or if included in the Corporation's annual budget, the amount exceeds the relevant amount provided for in the Corporation's budget by US\$10 million or more (subject to annual escalation in line with Philippines inflation) but excluding any Pre-Approved Project (as defined in Article XII);

(iii) Any amendment to the FX policy as at 29 September 2017 or the hedging policy as at 29 September 2017;

(iv) The raising of any debt financing (including the issuance of Non-Voting Preferred Shares or other quasi-debt instruments) by the Corporation in the ordinary course of business if the value of the debt, Non-Voting Preferred Shares or quasi-debt will result in the Net





Debt/EBITDA being higher than 3.5x on a LTM and NTM EBITDA basis (assuming all debt facilities are fully drawn) based on the accounting standards applicable as of 29 September 2017, with Net Debt including Non-Voting Preferred Shares and quasi-debt;

- (v) Granting any Encumbrance over the assets of the Corporation not for the benefit of the Corporation other than in the ordinary course of business or in excess of US\$10 million (subject to annual escalation in line with Philippines inflation);
- (vi) The commencement or settlement of any litigation, arbitration or other legal proceedings outside the ordinary course of business exceeding US\$10 million (subject to annual escalation in line with Philippines inflation) by the Corporation;
- (vii) The dissolution of any Committee from time to time;
- (viii) Acquisitions or dispositions of assets or subsidiaries in excess of US\$15 million, in each case excluding acquisitions or dispositions of power, steam and ancillary services; and
- (ix) Removal, appointment or replacement of the Chief Operating Officer, Chief Finance Officer and Head for Corporate Finance ("Key Management"); provided that InvestCo shall act promptly and reasonably in any proposal by Red Vulcan for the removal, appointment or replacement of the Key Management; and
- (x) The Corporation reducing, in any material respect the time dedicated or afforded by any of the Key Management to their respective roles with the Corporation as compared to the time dedicated or afforded by the Key Management in such role as of 29 September 2017.



c. Notwithstanding Section 9(b) of this Article IV, prior approval of at least one (1) InvestCo Director shall not be required in respect of any Board Reserved Matter:

(i) in respect of a Pre-Approved Project (as defined in Article XII), subject to the fulfillment of such conditions as may be agreed upon between Red Vulcan and InvestCo;

(ii) considered at a board meeting pursuant to Section 3(d) and Section 3(e) of Article IV; or

(iii) in respect of an Operational Emergency.

d. Once the Board has passed a resolution, the matter shall be referred to the Corporation for implementation.

e. Red Vulcan shall ensure that, to the extent any decisions are made or resolutions passed in respect of an Operational Emergency (as defined in Article XII), a reasonable description of the relevant Operational Emergency as is available to Red Vulcan is provided to InvestCo as soon as reasonably practicable following any such decision being made.

f. If the Board of Directors fails to approve the annual budget before the start of the fiscal year or a particular cost or capital expenditure line item in the annual budget, which is within the scope of a Board Reserved Matter, the Board shall be deemed to have approved the budget or line item at the amount approved for the previous period, as increased by an amount equal to the then prevailing Philippine Consumer Price Index.

ARTICLE V  
EXECUTIVE COMMITTEE

x x x



2. The Executive Committee shall advise with and aid the officers of the Corporation in all matters concerning its interests and the management of its business and, in between meetings of the Board of Directors, the Executive Committee shall have and may exercise all the powers of the Board of Directors which may be delegated to it by said Board.

x x x

**6. Other Committees.**

**a. For so long as the Participation Conditions are satisfied, InvestCo shall be entitled to appoint one (1) member (the "InvestCo Committee Nominee") to each of the following committees of the Corporation:**

- (i) the Audit and Governance Committee;**
- (ii) the Risk Management Committee;**
- (iii) the Related Party Transaction Committee;**
- (iv) the Operations Committee;**
- (v) the Corporate Social Responsibility Committee;**
- (vi) the Nomination and Compensation Committee; and**
- (vii) any other committee formed by the Board from time to time,**

**(together the "Committees" and each a "Committee").**

**b. The provisions of Section 2 of Article IV shall apply *mutatis mutandis* to this Section 6 of Article V, with all references to the terms "Director" and "InvestCo Director" in Section 2 of Article IV being understood to refer to "InvestCo Committee Nominee" and all references to the term "Board" in Section 2 of Article IV being understood to refer to "Committee".**



ARTICLE VI  
OFFICERS

x x x

ARTICLE VII  
SEAL

x x x

ARTICLE VIII  
AMENDMENTS

**Subject to the Stockholders Reserved Matters in Section 9 of Article II, the** stockholders by the affirmative vote of the majority of the outstanding stock may make, alter or amend the By-Laws at any regular meeting, or any special meeting called for that purpose: Provided, however, that the owners of two-thirds of the subscribed capital stock may delegate to the Board of Directors the power to amend to repeal any by-laws or to adopt new by-laws. Such delegation of power shall be considered as revoked whenever a majority of stockholders shall so vote at a regular or special meeting.

ARTICLE IX  
BANKS, DEPOSITARIES, CHECKS AND DRAFTS

x x x The funds of the **Corporation** shall be disbursed by checks or drafts upon the authorized depositaries of the Corporation signed as the Board of Directors may prescribe.



ARTICLE X  
SUBSCRIPTION

A call for subscription may be made at any time, by the Board of Directors, subject to the Stockholder Reserved Matters set out in Section 9(b) of Article II. All payments made within the period fixed by the Resolution of the Board shall not pay interest.

ARTICLE XI  
FISCAL YEAR

x x x

ARTICLE XII  
DEFINITIONS

The following terms shall have the meaning set out below:

"Business Day" means a day (except a Saturday or Sunday or public holiday) on which commercial banks are generally open for business in the Netherlands, Singapore, the Philippines and New York.

"EBITDA" means earnings before interest, taxes, depreciation, and amortization.

"Encumbrance" means any mortgage, lien, charge, pledge, assignment by way of security, security interest, retention, preferential right or trust arrangement, claim, covenant, easement or other security arrangement or any other arrangement having the same effect (excluding any of the foregoing arising under applicable securities laws or the corresponding transaction agreements);

"Event of Default" means an insolvency event, material breach or change of control under such terms and conditions as may be agreed upon between Red Vulcan and InvestCo.



"Independent Director" means a director that qualifies and has been appointed, nominated or elected as an independent director of the Corporation in accordance and in compliance with the Securities Regulation Code and applicable rules, regulations, circulars and issuances of the Securities and Exchange Commission of the Philippines (including the 2015 Implementing Rules and Regulations of the Securities Regulation Code, the Revised Code of Corporate Governance (SEC Memorandum Circular No. 6, Series of 2009), and the Code of Corporate Governance for Publicly-Listed Companies) and the Philippine Stock Exchange, Inc.

"LTM" means last twelve months.

"NTM" means next twelve months.

"Net Debt" means total debt less total cash and cash equivalents.

"Non-Voting Preferred Shares" means the non-voting preferred shares of the Corporation, as may be issued by the Corporation from time to time.

"Operational Emergency" means a matter which requires immediate or prompt resolution where:

(a) any inaction in respect of such matter is reasonably expected to have a material adverse effect on the business of the Corporation;

(b) any inaction in respect of such matter would be reasonably expected to result in the business of the Corporation being unable to substantially meet its obligations under power purchase agreements; or

(c) such matter relates to a health and safety issue or regulatory compliance matter.

"Preferred Shares" means, collectively, the Voting Preferred Shares, the Non-Voting Preferred Shares and any preferred shares in the capital of the Corporation from time to time.



"Pre-Approved Project" means each of the projects, investments and opportunities that Red Vulcan and InvestCo have determined that the Corporation may undertake.

"Participation Conditions" means (i) there being no subsisting uncured material breach of the undertakings of Red Vulcan to InvestCo and vice versa and (ii) InvestCo directly holding the Required Voting Threshold.

"Person" means a firm, limited partnership, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated organization, joint venture or other entity of whatever nature, in each case whether public or private;

"Required Voting Threshold" means fifteen per cent. (15%) of the total issued Voting Shares subject to such adjustment as may be agreed upon between Red Vulcan and InvestCo from time to time.

"Ultimate Parent" means, with respect to any Person, the ultimate holding company of such Person.

"Voting Preferred Shares" means voting preferred shares of the Corporation, as may be issued by the Corporation from time to time.

"Voting Shares" means the shares of Voting Stock in the Corporation.

"Voting Stock" means, with respect to any Person, capital stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

"Regulatory Condition" means a bona fide consent, clearance, approval or permission necessary to enable a Selling Shareholder, a Buyer or a Third Party to be able to complete a transfer of shares, under (a) the rules or regulations of any stock exchange on which it or any of its Affiliates



are listed or (b) the rules or regulations of any governmental, statutory or regulatory body in those jurisdictions where the Selling Stockholder, the Buyer, the Third Party, the Corporation or their Affiliates carry on business.'

"RESOLVED FURTHER, that Management be authorized to finalize the language of the foregoing amendments to the By-Laws, subject to such changes or modification as may be required by the Securities and Exchange Commission."

"RESOLVED FURTHER, That the directors and officers of the Company, acting singly or jointly, be, as they are hereby empowered, authorized, and directed to sign, execute, deliver, and file the necessary certifications, documents, and papers with the Securities and Exchange Commission and other government agencies, and to perform any and all acts necessary or appropriate to implement the foregoing resolutions."

The Corporate Secretary noted that stockholders representing 70,654,142 shares<sup>6</sup> voted against the motion while 38,377,783 shares abstained on it. Mr. Alfred Reiterer, a shareholder whose shares are lodged with the Philippine Depository Trust Corporation, registered his dissent to the proposed amendments to the By-Laws during the proceedings and signified his intention to exercise his appraisal right.

After noting that Mr. Reiterer voted against the proposed amendments to the Company's By-Laws, the Corporate Secretary reiterated to Mr. Reiterer and the other stockholders present at the meeting that the Corporation Code requires that a dissenting stockholder must make a written demand within

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<sup>6</sup> This includes the 15,000 shares of Mr. Alfred Reiterer.






thirty (30) days after the meeting for the payment of the fair market value of his shares.

## ADJOURNMENT

There being no other item in the agenda, the Chairman inquired if there was any matter that a stockholder wished to take up. All queries raised by the stockholders were addressed by Management and recorded under Annex "B" of these Minutes.

There being no further business to transact on motion duly made and seconded, the meeting was adjourned.

  
**BERNADETTE ANN V. POLICARPIO**  
Corporate Secretary

ATTESTED:

  
**FEDERICO R. LOPEZ**  
Chairman of the Stockholders' Meeting

  
**RICHARD B. TANTOCO**  
President and Chief Operating Officer

**ANNEX "A"**

(Questions & Answers during the Discussion of the Proposed Amendments to the Articles of Incorporation)

- 1. Mr. Alfred Reiterer, a shareholder whose shares are lodged under the Philippine Depository Trust Corporation (acting as Sub-Proxy for Maybank ATR Kim Eng Securities, Inc.) praised the Company for having great corporate governance. After noting that the amendments favor only two groups that control 90% of the Company and that this deprives the minority stockholders of having an Independent Director, he asked the Board why the provisions are amended in such a way, and why not make a tender offer to the remaining stockholders.**

The President/Chief Operating Officer, Mr. Richard Tantoco, thanked Mr. Reiterer for recognizing the Company's adherence to good corporate governance principles.

Mr. Tantoco then explained that because EDC has public debts or outstanding bonds until 2021/2022, the Independent Directors would remain and that despite the changes being implemented today, there would be no changes in the composition of the Board in the next four to five years. He added that EDC is grateful for the inputs to the Company of the Independent Directors who come from different fields.

Mr. Tantoco also clarified that the tender offer was undertaken by Macquarie and GIC who issued the tender offer documents, and it was not by EDC. In the said tender offer documents, Macquarie and GIC mentioned that it is their intention to take the Company private. He added that the timing of when that will happen is still subject of discussion by the Board, which may take place sometime next year.

- 2. Mr. Alfred Reiterer inquired on the rights of the stockholders who object to the amendments.**

Mr. Tantoco explained that the appraisal rights of the minority stockholders are adequately protected by the current rules of the Securities and Exchange Commission since EDC will be required to secure a complete valuation of the business if it goes private.



**3. Mr. Alfred Reiterer asked if there would be a tender offer in 2018.**

Mr. Tantoco clarified that the timing of the tender offer is uncertain, although 2018 is definitely within the target time frame. Since EDC is recovering from the earthquake, it is currently building cash reserves. Several factors such as overall market conditions will also be considered.

**4. Mr. Alfred Reiterer recommended that EDC retain the right of the minority stockholders to decide on the Independent Director.**

Mr. Tantoco took note of Mr. Reiterer's recommendation.

The Corporate Secretary, Atty. Bernadette Ann V. Policarpio, also explained that on the matter of the Independent Directors, there are corporate governance rules that EDC will have to continue to follow even if there is a new investor in the Company and while it remains a public company. As regards the right of stockholders who object to amendments of the charter, she said that the Definitive Information Statement provides the process for the dissenter's right of appraisal. She further explained that the changes in the voting preferred shares are not restrictive, but that these actually expanded the pre-emptive rights of the stockholders which is to their benefit.

**5. Stockholder Mr. Jose T. Ferrer informed the Board of the error in the 2016 Annual Report of the Company, and requested EDC to proofread important facts in the Annual Report before releasing it.**

Mr. Tantoco noted the error and thanked Mr. Ferrer for his observation.

**6. Stockholder Mr. Rommel Songco inquired about the intention behind taking the Company private.**

Mr. Tantoco explained that taking the Company private over time would give it more flexibility in terms of some of the actions that it will take. EDC can then focus on what it has to do.

**7. Mr. Cathrina Anne C. Cerdenia, proxy for F. Yap Securities, Inc., asked about: (i) the intention of the Company to delist, (ii) the tender offer before delisting, and (iii) the Company's plan for those who will not participate in the tender offer.**

Mr. Tantoco stated that based on the tender offer documents released by the EDC investor, there is an intention to delist, although the timing is not yet certain. He explained that the tender offer before delisting is required by law.



Independent Director Francisco Ed. Lim also stated that since the delisting is voluntary, the Company is required under the PSE rules to do a tender offer.

Lastly, Mr. Tantoco explained that shareholders who did not participate in the tender offer will remain with EDC as public shareholders.

- 8. Stockholder Mr. Rommel Songco requested that in the valuation of EDC, there should also be one based on discounted cash flow.**

Mr. Tantoco noted the suggestion and thanked Mr. Songco.

A handwritten signature in black ink, appearing to be 'Ed. Lim', is located in the left margin of the page.

**ANNEX "B"**

(Matters Raised by the Stockholders under Other Matters)

1. **Mr. Alfred Reiterer (Sub-Proxy for Maybank ATR Kim Eng Securities, Inc.), inquired about the plan of EDC for the stockholders who will not participate in the tender offer.**

Mr. Erwin O. Avante explained that there are no concrete plans yet and the matter is yet to be discussed.

*oak*