

1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	Compliant	Company did not request for exemption.	
2. Company respects intellectual property rights.	Compliant	For example: The company only procures original and licensed IT products.	

Optional: Principle 14

1. Company discloses its policies and practices that address customers' welfare		Identify policies, programs and practices that address customers' welfare or provide link/reference to a document containing the same.	
2. Company discloses its policies and practices that address supplier/contractor selection procedures		Identify policies, programs and practices that address supplier/contractor selection procedures or provide link/reference to a document containing the same.	

Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.

Recommendation 15.1

1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	For Example: Strategic Planning Session conducted annually.	
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Compliant	Annual performance appraisal that rewards employees on the basis of the company's performance.	
2. Company has policies and practices on health, safety and welfare of its employees.	Compliant	Life Insurance Coverage, Medical Insurance Coverage, Provision of Safety Apparels, Retirement Plan. (See Annex 21)	
3. Company has policies and practices on training and development of its employees.	Compliant	Professional Conventions, Seminars and Trainings. Highly specialized training such as WESM, SAP, Contracting. (See Annex 22)	
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant	See attached Uniform Code of Conduct. (See Annex 23)	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	(See Annex 24)	
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Compliant	Uniform and Code of Conduct Whistle Blowing Policy at www.spcpowergroup.com (See Annex 25)	
Recommendation 15.3			

1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	Compliant	See website link at http://www.spcpowergroup.com/corporate-governance/companys-policies/	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Compliant	See website link at http://www.spcpowergroup.com/corporate-governance/companys-policies/ Compliance Officer: Maria Luz L. Caminero Phone: 02.810-4450 Email: complaint@spcpower.com See whistle-blowing policy	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	See website link at http://www.spcpowergroup.com/corporate-governance/companys-policies/	

Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

Recommendation 16.1

1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Compliant	Public Library Feeding Programs Tree Planting (See Annex 26)	
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Optional: Principle 16

1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development		Identify or provide link/reference to policies, programs and practices to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development.	
2. Company exerts effort to interact positively with the communities in which it operates		Identify or provide link/reference to policies, programs and practices to interact positively with the communities in which it operates.	

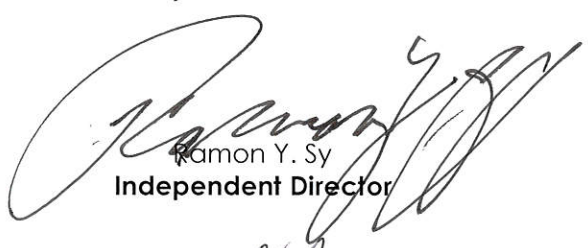
SIGNATURES


Alfredo L. Henares
Chairman of the Board


Dennis T. Villareal
Chief Executive Officer


Roberto F. De Ocampo
Independent Director


Enrique L. Benedicto
Independent Director


Ramon Y. Sy
Independent Director


Sergio R. Ortiz-Luis, Jr.
Independent Director

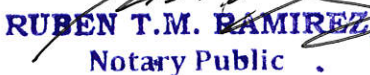

Maria Luz L. Caminero
Compliance Officer


Remigio Michael A. Ancheta II
Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAY 24 2019 day of May 2019, affiant(s) exhibiting to me their Passport No/s., as follows

Name	Passport No.	Date of Issue	Place of Issue
Alfredo L. Henares	EC6872847	Feb. 19, 2016	DFA NCR East
Dennis T. Villareal	P8767960A	Feb. 17, 2018	DFA Manila
Roberto F. De Ocampo	EC6721113	Feb. 10, 2016	DFA NCR Central
Enrique L. Benedicto	P9540542A	Nov. 14, 2018	DFA Cebu
Ramon Y. Sy	P0411558B	Jan. 25, 2019	DFA NCR South
Sergio R. Ortiz-Luis, Jr.	EC6362062	Jan. 11, 2016	DFA Manila
Maria Luz L. Caminero	EC6691715	Feb. 15, 2016	DFA Manila
Remigio Michael A. Ancheta II	N02-97-342413	June 2, 2018	Makati City

Doc. No. 147
Page No. 31
Book No. 929
Series of 2019.


RUBEN T.M. RAMIREZ
Notary Public

Until December 31, 2019
BFP No. 058333/ 1-3 CY.2019
ROLL No. 28947/ MCLE 5/ 6-8-17
PTR NO. MKT. 7333572 / 1-3-18 APPT. NO. M-127
ROOM 104 PENINSULA COURT BUILDING 8735
PASEO DE ROXAS COR. MAKATI AVE. MAKATI CITY



presents this

CERTIFICATE OF ATTENDANCE

to

Atty. Remigio Michael A. Ancheta II


for attending the training program

BEST PRACTICES IN CORPORATE HOUSEKEEPING

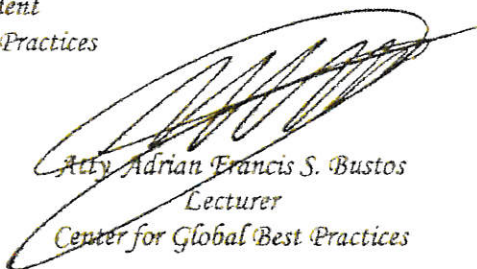
held on May 17 & 18, 2018 at

***EDSA SHANGRI-LA HOTEL
MANDALUYONG CITY, PHILIPPINES***

given this 18th day of May 2018


Henry Beliz Aquende
Founder & President
Center for Global Best Practices


Prof. Instan A. Catindig
Course Director & Lecturer
Center for Global Best Practices


Atty. Adrian Francis S. Bustos
Lecturer
Center for Global Best Practices



CENTER FOR
GLOBAL BEST PRACTICES
(SEC Provider Accreditation Number CG2013-007)

presents this

CERTIFICATE OF ATTENDANCE

to

Atty. Maria Luz L. Caminero

for attending the training program

BEST PRACTICES IN CORPORATE HOUSEKEEPING

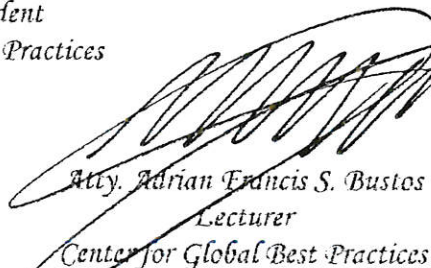
held on May 17 & 18, 2018 at

**EDSA SHANGRI-LA HOTEL
MANDALUYONG CITY, PHILIPPINES**

given this 18th day of May 2018


Henry Belleza Aquende
Founder & President
Center for Global Best Practices


Prof. Tristan A. Cayindig
Course Director & Lecturer
Center for Global Best Practices


Atty. Adrian Francis S. Bustos
Lecturer
Center for Global Best Practices



The Philippine Stock Exchange, Inc.

presents this

CERTIFICATE OF PARTICIPATION

to

MARIA LUZ CAMINERO

for attending the

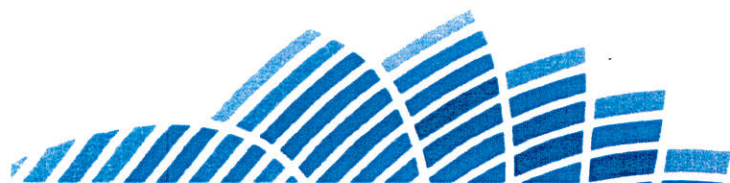
2018 ANNUAL LISTING AND DISCLOSURE RULES SEMINAR

held on December 4-5, 2018 at the PSE Tower, 5th Avenue corner 28th Street

Bonifacio Global City, Taguig City.


JANET A. ENCARNACION
Head, Disclosure Department


ROEL A. REFRAN
Chief Operating Officer



**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS
OF**

SPC POWER CORPORATION

Held at the SPC Conference Room, 7th Floor, Citibank Center
8741 Paseo de Roxas, Makati City
On November 20, 2017 (2:00 P.M.)

PRESENT:

ALFREDO L. HENARES
DENNIS T. VILLAREAL
ALBERTO P. FENIX, JR.
RAMON Y. SY
ENRIQUE L. BENEDICTO
ROBERTO F. DE OCAMPO
SERGIO R. ORTIZ-LUIS, JR.
GO, JAE-HAN
AHN, SOON-CHAN
GUILLERMO P. DABBAY, JR.

ALSO PRESENT:

JAIME M. BALISACAN
MA. LUZ L. CAMINERO
CORAZON L. GAMEZ
ANTONIO T. CORPUZ
CESAR O. VILLEGAS
REMIGIO MICHAEL A. ANCHETA II

1. Call to Order

The Chairman, Mr. Alfredo L. Henares, called the meeting to order at 2:10 p.m. The Corporate Secretary, Atty. Ma. Luz L. Caminero, recorded the proceedings of the meeting.

2. Quorum Certification

Ms. Caminero certified that with all ten (10) Directors present, there was a quorum to transact business.

3. Minutes of Previous (August 14, 2017) Meeting

The Board reviewed the draft of the minutes of its meeting of August 14, 2017 attached to the agenda folder.

Upon motion duly made and seconded, without any objection, the Board approved the minutes of its meeting on August 14, 2017.

4. Matters Arising from Previous Meeting

Ms. Caminero informed the Board that matters arising from the previous meeting were included in the agenda.

5. Operations Report

Mr. Cesar O. Villegas presented the respective performances of the four (4) power plants and informed the Board that (a) demand declined due to the July 6, 2017 Leyte earthquake, and it only started to recover in September, 2017; (b) the plant capacities decreased due to maintenance operations after the Leyte earthquake; and (c) revenue declined because of the Leyte earthquake with total revenue of 4 plants from January to October 2017 at Php781.5 Million (net of fuel).

6. Update on PB 104

Mr. Villegas informed the Board that PB 104 was temporarily moored at Ubay, Bohol and the proposed permanent mooring site was at Loon, Bohol. He said that PB 104 was undergoing rehabilitation to provide emergency power to Bohol island in case of "islanding operation," in addition to the capacity of Bohol Diesel Power Plant (BDPP).

Replying to the questions of Mr. Go, Jae-Han, Mr. Villegas said that PB 104 could serve the ASPA market and the WESM, and it could also supply the peaking power requirements of Bohol.

Ms. Caminero requested board approval for the filing of applications with the Energy Regulatory Commission (ERC) for the approval of the separate Interim Power Supply Agreements (IPSAs) of the Corporation with Bohol Light Company, Inc. (BLCI), Bohol I Electric Cooperative, Inc. (BOHECO I), and Bohol II Electric Cooperative, Inc. (BOHECO II).

Upon motion duly made and seconded, without any objection, the Board approved the following resolutions:

RESOLVED that the Corporation authorize the filing of (a) applications with the Energy Regulatory Commission (ERC) for the approval of its Interim Power Supply Agreements (IPSAs) with Bohol Light Company, Inc. (BLCI), Bohol I Electric Cooperative, Inc. (BOHECO I), and Bohol II Electric Cooperative, Inc. (BOHECO II), and (b) related actions and legal remedies.

RESOLVED further that the Corporation authorize the President, Mr. Dennis T. Villareal, or his authorized representative(s) to represent the Corporation in the ERC applications, related actions, and legal remedies.

RESOLVED finally that the Corporation authorize Ancheta & Associates Attorneys-at-Law or any of its lawyers and/or Atty. Benjamin P. Lozada III to represent the Corporation in the ERC applications, related actions, and legal remedies with power to act on behalf of the Corporation in matters covered by pre-trial conferences and to enter into compromise agreements.

7. Update on Naga Power Plant

Ms. Caminero recalled that the Supreme Court decision in the *Osmeña v. PSALM, et al.* declared null and void SPC's right to top the bid of the highest bidder of the Naga Power Plant, and consequently annulled the Asset Purchase Agreement and the Land Lease Agreement between PSALM and SPC.

She informed the Board that (a) as of August 9, 2017, PSALM and SPC met to determine the timeline for the turnover of the Naga Power

Plant to PSALM and the return of the bid price of SPC; (b) on October 9, 2017, PSALM wrote SPC requesting documents to support its claim and SPC referred the matter to its counsel; and (c) on November 3, 2017, PSALM requested SPC access to the plant for the conduct of ocular inspection on November 17, 2017 by the representatives of PSALM and Therma Power Visayas, Inc. (TPVI), and that SPC granted such request.

The Board noted the report.

8. Interim Consolidated Financial Statements as of and for the Nine Months Ended September 30, 2017

Mr. Jaime M. Balisacan presented the financial statements attached to the agenda folder:

- a. Consolidated Statement of Comprehensive Income for the Nine Months Ended September 30, 2017 and 2016
 1. Net income for the period is Php1,202,603,038 or an 18.6 % decrease (equivalent to Php275,303,557) as compared to previous period mainly due to the Leyte earthquake.
 2. KEPCO SPC's income tax holiday ended in February 2017.
 3. MECO was directed to refund customers for over-recoveries from 2012 to 2015.
 4. SPC Island Power Corporation, BLCI, and SPC had decreases in revenues because of the Leyte earthquake.
- b. Consolidated Statements of Financial Position as of September 30, 2017 and December 31, 2016
 1. Total current assets for the period is Php3.04 Billion or 24.9% increase versus previous period.
 2. Total noncurrent assets for the period is Php8.34 Billion or 4.4% increase versus previous period.
 3. Total current liabilities for the period is Php1.078 Billion or 27.7% increase versus previous period.
 4. Total noncurrent liabilities for the period is Php794.46 Million or 19.5% increase versus previous period. Amount due to NPC/PSALM has substantially increased by 2109.7% because of delayed payments of fuel and building up of fuel stocks.
 5. Total liabilities increased by 24.1% mainly because of higher trade and other payables due to PSALM.
- c. Consolidated Statements of Cash Flows for Nine Months Ended September 30, 2017 and 2016
 1. Cash and cash equivalents at end of period is Php2.034 Billion versus Php2.266 Billion of previous period.
- d. Consolidated Statements of Changes in Stockholders' Equity for Nine Months Ended September 30, 2017 and 2016
- e. Statements of Comprehensive Income by Company for Nine Months Ended September 30, 2017 and 2016.

- f. Statements of Financial Position by Company as of September 30, 2017.

9. Projected Consolidated Financial Statements as of and for the Year Ending December 31, 2017

Mr. Balisacan presented the following matters attached to the agenda folder:

a. Summary of Major Assumptions

1. Closing Forex Rate Used: January–September 2017 (average actual) = Php50.308/US\$; October–December 2017 (projected) = Php51.00/US\$.
2. Operating Costs and Expenses:
 - a. January to September 2017 is based on actual; October – December 2017 is projected.
 - b. Management to recommend to SGV to reverse the Asset Retirement Obligation (ARO) of Php11.8 Million and its treatment as income due to the purchase of all the lots underlying the Bohol Diesel Power Plant; No adjustments for other ARO.
 - c. No additional provision for doubtful accounts and probable inventory losses/obsolescence.
3. Cebu Diesel Power Plant (CDPP1): SPC continues to operate and maintain the CDPP1; income generated from CDPP1 accrues to SPC; and the Php1.143 Billion that was paid to PSALM for the acquisition of NPPC is assumed uncollected as of end-December 2017.
4. Long-Term Debt
 - a. Principal prepayment of Php505,555,556 on October 28, 2017.
 - b. Reversal of Php400,000,000 previously appropriated retained earnings in 2015 (for compliance with loan covenant) due to the prepayment of long-term debt.
5. Fuel Deliveries
 - a. Additional cash requirements of Php151,989,361 to stockpile fuel oil (last quarter).
6. PB 104
 - a. Provision for cash requirements in the last quarter of 2017 based on committed expenses as of September 30, 2017 and estimated remaining requirements for the year 2017 with a total amount of Php78,072,278.
7. Cash Dividends Received by SPC (Parent Company)
 - a. KSPC – Php552,743,821 actually declared in June 2017; Php428,400,000 projected for Dec. 2017
 - b. MECO – Php59,999,933 actually declared in July 2017; Php20 Million projected for Dec. 2017

- c. SIPC – Php499,999,900 projected; Php500 Million excess in 2016 to be declared to avoid IAET
 - d. SMPC – Php1,439,971 projected; Php3.6 Million excess in 2016 to be declared to avoid IAET
 - e. BLCI – Php5,984,999 partially declared in Aug. 2017; Php8,977,498 projected for Dec. 2017
 - f. SLCI – Php2 Million projected; Php5 Million excess in 2016 to be declared to avoid IAET
 - g. SECI – Php7,999,998 projected; Php20 Million excess in 2016 to be declared to avoid IAET
8. Cash Dividends Declared by SPC: Actual declaration in May 2017 was Php598.6 Million; Any additional declaration in 2017 is not yet considered.
9. Other major assumptions: Possible reclassification of balance sheet and income statement accounts after the audit of SGV is not yet considered; merit increases, year-end bonuses and directors' fees are assumed to be the same as last year's; and cash proceeds from disposal of excess/obsolete inventories and other non-performing assets are not yet considered.
- b. Projected Consolidated Statements of Comprehensive Income
 - c. Projected Consolidated Statements of Financial Position
 - d. Projected Consolidated Statements of Cash Flows
 - e. Projected Consolidated Statements of Changes in Stockholders' Equity
 - f. Projected Consolidated Statements of Comprehensive Income by Company
 - g. Projected Consolidated Statements of Financial Position by Company
- h. List of Items/Assumptions Requiring BOD Resolution/Approval:
- 1. Reversal of retained earnings appropriated in 2015 amounting to Php400 Million for compliance with loan covenant.
 - 2. Review of the following existing appropriation of retained earnings:
 - a. On December 3, 2014, the SPC Board approved an additional appropriation of Php50 Million out of the unappropriated retained earnings of SPC thereby increasing the total appropriation to Php850 Million as of December 31, 2015. The appropriation was for the construction of a new CFBC Coal-Fired Power Plant with a capacity of 2x100MW upon acquisition of the NPPC.
 - b. On March 30, 2016, the SPC Board approved the reversal of appropriation amounting to Php850 Million and the appropriation of retained earnings by the same amount for the construction of a CFBC Coal-Fired Power Plant of at least 300MW in the province of Cebu or in the Visayas region within the years 2016-2020.
 - 3. Disposition of projected excess earnings as of December 31, 2017 amounting to Php1.9 Billion.

10. Declaration of Cash Dividends

Mr. Balisacan presented the projected excess earnings of SPC as a Parent Company as of December 31, 2017 in the amount of Php1,945,521,250 which could be subjected to IAET.

He said that Management Committee recommended additional appropriation for new projects in the amount of Php500,000,000 and declaration of cash dividends in the amount of Php598,620,000, which would leave a projected balance of excess earnings of Php846,900,000, which could be cured until end of 2018.

He clarified that:

1. Per projected results of operations, the total balance of cash and cash equivalents as at end-2017 is estimated at Php1.309 Billion versus two-month working capital requirements of around Php95 Million only.
2. The projected cash balance as at end-2017 does not include collection of receivable from PSALM amounting to Php1.143 Billion, which is the amount paid for NPPC.

Mr. Alberto P. Fenix, Jr. moved to (a) reverse the November 24, 2015 appropriation of retained earnings amounting to Php400 Million; (b) appropriate Php500 Million for renewable energy projects; (c) declare cash dividends of Php0.40/share or the equivalent of Php598,620,000; and (d) maintain the Php850 Million appropriation for the construction of a new power plant in the province of Cebu or in the Visayas Region within the years 2016-2020.

Replying to Mr. Ahn, Soon-Chan's question, Mr. Henares said that the Corporation is considering a hydro power plant project in Palawan or an in-island power plant in Bohol.

Mr. Henares also said that in a resolution approved on March 30, 2016, the Board appropriated Php850 Million for a power plant to be constructed in Cebu or in the Visayas Region.

Mr. Ahn, Soon-Chan asked if the Php1.143 Billion refund from PSALM could also be declared as dividends this year. Mr. Henares commented that the Board could not consider for now what the Corporation has not yet received.

Upon motion duly made and seconded, without any objection, the Board approved the following resolutions:

RESOLVED that the Corporation authorize the reversal of retained earnings appropriated in 2015 amounting to Php400 Million for compliance with its loan covenant and the reinstatement of the same amount as unappropriated retained earnings.

RESOLVED further that the Corporation appropriate Php500 Million for the construction of two run-of-river hydro electric power plant projects in Palawan with a

capacity of 15.8 MW to commence within the years 2018-2019.

RESOLVED further that the Corporation be authorized to declare cash dividends in the amount of PhP0.40 per share with the following reckoning dates for the entitlement of and payment to the stockholders:

Record date - December 6, 2017
Payment date - December 14, 2017

RESOLVED finally that the Corporation maintain the amount of Php850 Million as appropriation for the construction of a new CFBC-Fired power plant of at least 300 MW in the Province of Cebu or in the Visayas Region within the years 2018-2021.

11. Approval of Directors' Fees

Mr. Fenix moved for the approval of Director's fee for CY2017 in the amount of Php600,000, which is the same amount as last year's, and an additional Php200,000 for the Chairman.

Upon motion duly made and seconded, without any objection, the Board approved the amount of Php600,000 as Director's fee and an additional amount of Php200,000 for the Chairman for CY 2017.

12. Proposed 2018 Budget of SPC (Parent Company)

Mr. Balisacan discussed the following:

- a. Summary of Major Assumptions which include operating costs and expenses, projected cash dividends from and budgets of subsidiaries/affiliates.
- b. Projected 2018 Operating Plan for SPC and SIPC Plants
- c. SPC Proposed CY2018 Budget – Proforma Income Statements
- d. 2018 CAPEX Budget

Mr. Dennis T. Villareal moved to approve the proposed budget.

Upon motion duly made and seconded, without any objection, the Board approved the proposed budget for CY2018 as recommended by management.

13. Election of Corporate Secretary and Designation of Compliance Officer

Ms. Caminero informed the Board that Mr. Reynante del Rosario, who already resigned, was the Compliance Officer of the Corporation, and that such position could only be occupied by an officer with a rank of a Senior Vice-President. Considering that she was being considered as the new Compliance Officer, she had to resign her position as Corporate Secretary because the rules would not allow her to hold both positions. She said that management recommended Atty. Remigio Michael A.

Ancheta II as the new Corporate Secretary and requested for her designation as the new Compliance Officer.

The Board accepted Ms. Caminero's resignation as Corporate Secretary.

Mr. Roberto F. De Ocampo nominated Mr. Ancheta as the new Corporate Secretary.

Upon motion duly made and seconded, without any objection, the Board appointed Mr. Remigio Michael A. Ancheta II as the new Corporate Secretary of the Corporation, and Ms. Ma. Luz L. Caminero as the new Compliance Officer of the Corporation.

14. Designation of Bank Signatories

Management requested the Board to designate a new bank signatory to replace Mr. Del Rosario who already resigned.

Upon motion duly made and seconded, without any objection, the Board designated Mr. Alberto P. Fenix, Jr. to replace Mr. Reynante Del Rosario as one of the authorized signatories of the bank accounts of the Corporation.

15. Other Matters

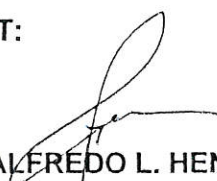
No other matter was discussed.

16. Adjournment

The meeting was adjourned at 4:30 p.m.

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ATTEST:



ALFREDO L. HENARES
Chairman




DENNIS T. VILLAREAL
Director



ALBERTO P. FENIX, JR.
Director

RAMON Y. SY
Director



ENRIQUE L. BENEDICTO
Director



ROBERTO F. DE OCAMPO
Director



SERGIO R. ORTIZ-LUIS, JR.
Director



GO, JAE-HAN
Director



AHN, SOON-CHAN
Director



GUILLERMO P. DABBAY, JR.
Director



REMIGIO MICHAEL A. ANCHETA II
Corporate Secretary

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS
OF
SPC POWER CORPORATION**

Held at the SPC Conference Room, 7th Floor, Citibank Center
8741 Paseo de Roxas, Makati City
On November 28, 2018 (3:00 P.M.)

PRESENT:

ALFREDO L. HENARES
DENNIS T. VILLAREAL
ALBERTO P. FENIX, JR.
RAMON Y. SY
SERGIO R. ORTIZ-LUIS, JR.
ENRIQUE L. BENEDICTO
GO, JAE-HAN
AHN, SOON-CHAN
SHIN, DONG-WOO
ROBERTO F. DE OCAMPO
GUILLERMO P. DABBAY, JR.

ALSO PRESENT:

MA. LUZ L. CAMINERO
JAIME M. BALISACAN
CESAR O. VILLEGAS
CORAZON L. GAMEZ
ANTONIO T. CORPUZ
REMIGIO MICHAEL A. ANCHETA II
MISHELLE ANNE R.
RUBIO-AGUINALDO
JAMES ROY N. VILLAREAL
CHO, SUNG-HWAN
CHUNG, KEEYONG

1. Call to Order

The Chairman, Mr. Alfredo L. Henares, called the meeting to order at 3:10 p.m. The Corporate Secretary, Mr. Remigio Michael A. Ancheta II, recorded the proceedings.

2. Quorum Certification

Mr. Ancheta certified that proper notices of the meeting were sent to all Directors. He also certified the presence of ten (10) Directors who constitute a quorum to transact business of the Board.

3. Minutes of Previous (May 28, 2018) Meeting

SVP for Finance, Mr. Jaime M. Balisacan, confirmed the "availability rates" as reported at page 4 of the minutes.

He also corrected the term "current revenue rate" mentioned in page 5 of the minutes. The term should be "project IRR," and the sentence, as corrected, should read: "Mr. Ahn Soon Chan asked about the project IRR. Mr. Villegas replied that SPC is still looking at 18% IRR."

Upon motion duly made and seconded, without any objection, the Board unanimously approved the minutes of its meeting on May 28, 2018, as corrected.

4. Matters Arising from Previous Meeting

Mr. Ancheta informed the Board that matters arising from the previous meeting were included in the present agenda, including updates on the return of the Naga Power Plant Complex (NPPC) and on new projects.

5. Consolidated Financial Statements as of and for Nine (9) Months Ended September 30, 2018

Mr. Balisacan reported that there had been a significant improvement on the performance of the Group (SPC, KSPC, MECO, SIPC, SMPC, BLCI, SECI, SLCI) in the third quarter of 2018, pushing the consolidated net income in the first nine months of 2018 to P1,582.5 million, 31.6% higher compared to the same nine-month period last year. Earnings per share reached P1.04 in the nine months to September 2018 as compared to P0.79 in the same nine-month span last year. Return on equity was computed at 16.07% versus 13.05% the year before. Equity share in the earnings of investee companies accounted for 68% of the consolidated net income in the first nine months of 2018. Power generation and power distribution contributed 30% and 2%, respectively.

Pertaining to the same nine-month periods of 2018 and 2017, Mr. Balisacan also reported on, among other things: (i) 2.5% increase in consolidated assets; (ii) 46.1% reduction in total liabilities; (iii) 10.4% increase in total stockholders' equity; (iv) 15.2% increase in unappropriated retained earnings; and (v) 122.0% increase in cash and cash equivalents.

He explained that the major sources of cash and cash equivalents in the first nine months of 2018 were as follows: (i) net cash provided by operating activities, P176.8 million; (ii) cash dividends received from investee companies, P1,115.4 million; (iii) Bid Price returned by PSALM, P1,143.2 million. He also said that the major applications of funds for the same period were as follows: (i) payment of cash dividends, P612.5 million, and (ii) new additions to property, plant, and equipment, P65.8 million.

The details are contained in the "Management's Discussion and Analysis of Financial Conditions and Results of Operations as of and for Nine Months Ended September 30, 2018 and 2017" attached to the agenda folder.

He also discussed the highlights in the following:

- (i) Consolidated Statements of Financial Position as of September 30, 2018 and December 31, 2017;
- (ii) Consolidated Statements of Comprehensive Income for Three Months Ended September 30, 2018 and 2017;
- (iii) Consolidated Statements of Comprehensive Income for Nine Months Ended September 30, 2018 and 2017;
- (iv) Consolidated Statements of Changes in Stockholders' Equity for Nine Months Ended September 30, 2018 and 2017; and
- (v) Consolidated Statements of Cash Flows for Nine Months Ended September 30, 2018 and 2017.

The Board noted the reports.

6. Projected Financial Statements as of and for the Year Ending December 31, 2018

6.a Parent Company

Mr. Balisacan discussed the Parent Company's Projected Financial Statements as of and for the year ending December 31, 2018 and relevant matters:

- (i) Summary of Selected Major Assumptions
- (ii) Projected Statements of Income
- (iii) Projected Statement of Financial Position
- (iv) Projected Statements of Cash Flows
- (v) Projected Improperly Accumulated Earnings
- (vi) Summary of Items Requiring Board Action or Approval

The Board discussed and acted on the items requiring board action, thus –

Directors Fees

Upon motion duly made and seconded, the Board unanimously approved the amount of Six Hundred Thousand Pesos (P600,000) as year-end Director's fee for each member of the Board of Directors, and an additional Two Hundred Thousand Pesos (P200,000) for the Chairman.

SPC Foundation

Upon motion duly made and seconded, the Board unanimously agreed to write off P6,919,279 as receivables from SPC Foundation as of September 30, 2018.

Reversal of Outstanding Appropriations and New Appropriation

Upon motion duly made and seconded, the Board unanimously approved the following:

WHEREFORE, there is a need to reverse the appropriation of P850.0 million from retained earnings as of December 31, 2017, which amount was intended for the construction of a CFBC coal-fired power plant with a capacity of at least 300 MW, as a consequence of the return of the Naga Power Plant Complex to the Power Sector Assets and Liabilities Management Corporation (PSALM) pursuant to the Supreme Court decision dated September 28, 2015 in G.R. No. 212686, the Memorandum of Agreement dated July 9, 2018 with PSALM, and the Certificate of Turnover dated July 13, 2018 with PSALM;

WHEREFORE, there is a need to reverse the appropriation of P500.0 million from retained earnings as of December 31, 2017, intended for two (2) run-of-river hydro-electric power plant projects, by reason of the unsuccessful conclusion of final studies and negotiations on the projects;

WHEREFORE, there is a need to appropriate the amount of P1.5 billion out of the Corporation's unappropriated retained earnings for the acquisition of an energy corporation and for the construction of a power plant to supply the long-term aggregated baseload demand of three distribution utilities;

NOW THEREFORE, BE IT RESOLVED that the Corporation reverse, as it hereby reverses, the appropriation of P850.0 million for the construction of a CFBC coal-fired power plant with a capacity of at least 300 MW;

RESOLVED further that the Corporation reverse, as it hereby reverses, the appropriation of P500.0 million for two run-of-river hydro-electric power plant projects;

RESOLVED finally that the Corporation appropriate P1.5 billion out of its unappropriated retained earnings for the following projects: (a) P1.0 billion for the acquisition of 100% ownership interest of PHINMA Energy Corporation in PHINMA Renewable Corporation, and (b) P0.5 billion for the construction of a power plant to supply the aggregated baseload demand of Bohol Light Company, Inc. (BLCI), Bohol I Electric Cooperative, Inc. (BOHECO I), and Bohol II Electric Cooperative, Inc. (BOHECO II), from years 2024 to 2033.

Declaration of Dividends

Upon motion duly made and seconded, the Board unanimously approved the payment of cash dividends of P0.40 per share to stockholders of record as of December 12, 2018 to be paid on or before December 19, 2018.

6.b Consolidated

Mr. Balisacan discussed the Group's Projected Consolidated Financial Statements as of and for the year ending December 31, 2018 and relevant matters:

- (i) Summary of Selected Major Assumptions
- (ii) Projected Consolidated Statements of Comprehensive Income
- (iii) Projected Consolidated Statements of Financial Position
- (iv) Projected Consolidated Statements of Cash Flow
- (v) Projected Consolidated Statements of Changes in Stockholders' Equity
- (vi) Projected Consolidated Statements of Comprehensive Income by Company
- (vii) Projected Consolidated Statements of Financial Position by Company

The Board noted the reports.

7. Approval of Proposed 2019 OPEX and CAPEX Budgets for PB 104

SVP for Operations, Mr. Cesar O. Villegas, presented the proposed 2019 OPEX and CAPEX budgets for Power Barge (PB) 104.

Upon motion duly made and seconded, the Board unanimously approved the CY 2019 budget for Power Barge (PB) 104 in the amounts of P718,913,456 for operating expenses and P32,179,151 for capital expenditures.

Mr. Villegas also presented the Parent Company's proforma income statements for the year ending December 31, 2019 and 2018.

8. Declaration of Cash Dividends

This was discussed under agenda item no. 6.

9. Appointment of Mr. James Roy N. Villareal as Assistant Vice President

The Chairman introduced Mr. James Roy N. Villareal to the Board, and submitted his appointment as Assistant Vice President of the Corporation for Board approval.

Upon motion duly made and seconded, the Board unanimously appointed Mr. James Roy N. Villareal as Assistant Vice President of the Corporation.

10. Other Matters

a. PHINMA

Upon motion duly made and seconded, the Board unanimously authorized the Executive Committee to decide on all matters regarding the acquisition of 100% ownership interest of PHINMA Energy Corporation in PHINMA Renewable Corporation, including the decision to bid and the amount thereof.

b. UCPB

Upon motion duly made and seconded, the Board unanimously approved the following resolution –

RESOLVED that in connection with the establishment of accounts of the Corporation with the UNITED COCONUT PLANTERS BANK (the Bank), with office address at UCPB Corporate Offices, 7907 Makati Avenue, Makati City, Philippines, that:

1. The Corporation is hereby authorized to apply for and obtain with the Bank the following accommodations:

- a. DOMESTIC BILLS PURCHASE/DOMESTIC BILLS PURCHASE – MANAGER'S CHECK LINE in the aggregate principal amount of TEN MILLION PESOS (PhP10,000,000.00), Philippine Currency; and
- b. OMNIBUS LINE in the aggregate principal amount of TWO HUNDRED FIFTY MILLION PESOS (PhP250,000,000.00), Philippine Currency,

as well as the temporary excesses or permanent increases thereon as may be approved by the Bank from time to time, under such terms and conditions as the Bank may require.

2. The Corporation hereby authorizes SPC ISLAND POWER CORPORATION, SPC MALAYA CORPORATION, BOHOL LIGHT COMPANY, INC. and SPC LIGHT COMPANY, INC. (collectively, the Nominee) to avail themselves of the Corporation's STANDBY LETTER OF CREDIT LINE under the OMNIBUS LINE.

3. The Corporation is hereby authorized to act as surety to guarantee the payment of the loan obligations of the Nominee with the Bank.
4. The Corporation hereby authorizes any two of the following designated corporate officers, in joint capacities with full power of substitution, to sign, execute, and deliver, for and on behalf of the Corporation, any and all documents and instruments, including, but not limited to, the loan or credit instruments, promissory notes and other evidence of indebtedness, mortgages, assignments and other collateral documents, suretyship agreements, deeds of assignments or conveyances, special powers and letters of attorney, and waivers, including authority to the Bank to disclose to third parties information about the Corporation and its transactions with the Bank, and to do any and all acts necessary, pertinent and incidental to, or required by the Bank in the above transactions:

NAME	DESIGNATION OF OFFICER	SPECIMEN SIGNATURE
DENNIS T. VILLAREAL	President & Director	
ALFREDO L. HENARES	Chairman, Treasurer & Director	

5. The Corporation hereby approves, confirms, and ratifies any and all acts that the designated officers/authorized signatories, or their substitutes, shall lawfully do or cause to be done, or has done or caused to be done, including entering into any and all subsequent renewals, amendments, conversions, increases, extensions or restructurings of the said credit accommodation/s with the Bank.

c. Authority to Process Importer's Accreditation/Registration

Upon motion duly made and seconded, the Board unanimously approved the following resolution –

WHEREAS, there is a need for **SPC Power Corporation** to apply for importer's accreditation or registration due to importation of pieces of equipment and materials from abroad;

NOW, THEREFORE, BE IT RESOLVED that SPC Power Corporation is hereby authorized to apply for importer's accreditation or registration;

RESOLVED FURTHER that the Corporation hereby designate either JAIME M. BALISACAN or VICTORIO B. NAVAL to be its authorized representatives and signatories for its importer's accreditation or registration and all related transactions and instruments;

RESOLVED FINALLY that the Corporation hereby authorize JAIME M. BALISACAN or VICTORIO B. NAVAL to sign the Import Entry Declarations for its incoming importations.


11. Adjournment

The Board adjourned at 4:37 p.m.

ATTEST:



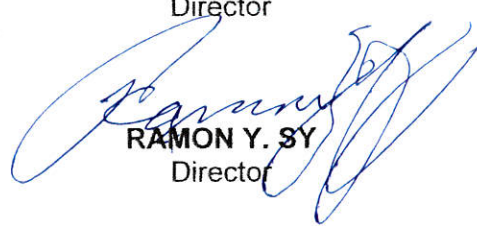
ALFREDO L. HENARES
Chairman



DENNIS T. VILLAREAL
Director



ALBERTO P. FENIX, JR.
Director



RAMON Y. SY
Director



SERGIO R. ORTIZ-LUIS, JR.
Director

ENRIQUE L. BENEDICTO
Director

GO, JAE-HAN
Director

AHN, SOON-CHAN
Director

SHIN, DONG-WOO
Director

ROBERTO F. DE OCAMPO
Director



REMIGIO MICHAEL A. ANCHETA II
Corporate Secretary

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS
OF
SPC POWER CORPORATION**

Held at the SPC Conference Room, 7th Floor, Citibank Center
8741 Paseo de Roxas, Makati City
On November 28, 2018 (3:00 P.M.)

PRESENT:

ALFREDO L. HENARES
DENNIS T. VILLAREAL
ALBERTO P. FENIX, JR.
RAMON Y. SY
SERGIO R. ORTIZ-LUIS, JR.
ENRIQUE L. BENEDICTO
GO, JAE-HAN
AHN, SOON-CHAN
SHIN, DONG-WOO
ROBERTO F. DE OCAMPO
GUILLERMO P. DABBAY, JR.

ALSO PRESENT:

MA. LUZ L. CAMINERO
JAIME M. BALISACAN
CESAR O. VILLEGAS
CORAZON L. GAMEZ
ANTONIO T. CORPUZ
REMIGIO MICHAEL A. ANCHETA II
MISHELLE ANNE R.
RUBIO-AGUINALDO
JAMES ROY N. VILLAREAL
CHO, SUNG-HWAN
CHUNG, KEEYONG

1. Call to Order

The Chairman, Mr. Alfredo L. Henares, called the meeting to order at 3:10 p.m. The Corporate Secretary, Mr. Remigio Michael A. Ancheta II, recorded the proceedings.

2. Quorum Certification

Mr. Ancheta certified that proper notices of the meeting were sent to all Directors. He also certified the presence of ten (10) Directors who constitute a quorum to transact business of the Board.

3. Minutes of Previous (May 28, 2018) Meeting

SVP for Finance, Mr. Jaime M. Balisacan, confirmed the "availability rates" as reported at page 4 of the minutes.

He also corrected the term "current revenue rate" mentioned in page 5 of the minutes. The term should be "project IRR," and the sentence, as corrected, should read: "Mr. Ahn Soon Chan asked about the project IRR. Mr. Villegas replied that SPC is still looking at 18% IRR."

Upon motion duly made and seconded, without any objection, the Board unanimously approved the minutes of its meeting on May 28, 2018, as corrected.

4. Matters Arising from Previous Meeting

Mr. Ancheta informed the Board that matters arising from the previous meeting were included in the present agenda, including updates on the return of the Naga Power Plant Complex (NPPC) and on new projects.

5. Consolidated Financial Statements as of and for Nine (9) Months Ended September 30, 2018

Mr. Balisacan reported that there had been a significant improvement on the performance of the Group (SPC, KSPC, MECO, SIPC, SMPC, BLCI, SECI, SLCI) in the third quarter of 2018, pushing the consolidated net income in the first nine months of 2018 to P1,582.5 million, 31.6% higher compared to the same nine-month period last year. Earnings per share reached P1.04 in the nine months to September 2018 as compared to P0.79 in the same nine-month span last year. Return on equity was computed at 16.07% versus 13.05% the year before. Equity share in the earnings of investee companies accounted for 68% of the consolidated net income in the first nine months of 2018. Power generation and power distribution contributed 30% and 2%, respectively.

Pertaining to the same nine-month periods of 2018 and 2017, Mr. Balisacan also reported on, among other things: (i) 2.5% increase in consolidated assets; (ii) 46.1% reduction in total liabilities; (iii) 10.4% increase in total stockholders' equity; (iv) 15.2% increase in unappropriated retained earnings; and (v) 122.0% increase in cash and cash equivalents.

He explained that the major sources of cash and cash equivalents in the first nine months of 2018 were as follows: (i) net cash provided by operating activities, P176.8 million; (ii) cash dividends received from investee companies, P1,115.4 million; (iii) Bid Price returned by PSALM, P1,143.2 million. He also said that the major applications of funds for the same period were as follows: (i) payment of cash dividends, P612.5 million, and (ii) new additions to property, plant, and equipment, P65.8 million.

The details are contained in the "Management's Discussion and Analysis of Financial Conditions and Results of Operations as of and for Nine Months Ended September 30, 2018 and 2017" attached to the agenda folder.

He also discussed the highlights in the following:

- (i) Consolidated Statements of Financial Position as of September 30, 2018 and December 31, 2017;
- (ii) Consolidated Statements of Comprehensive Income for Three Months Ended September 30, 2018 and 2017;
- (iii) Consolidated Statements of Comprehensive Income for Nine Months Ended September 30, 2018 and 2017;
- (iv) Consolidated Statements of Changes in Stockholders' Equity for Nine Months Ended September 30, 2018 and 2017; and
- (v) Consolidated Statements of Cash Flows for Nine Months Ended September 30, 2018 and 2017.

The Board noted the reports.

6. Projected Financial Statements as of and for the Year Ending December 31, 2018

6.a Parent Company

Mr. Balisacan discussed the Parent Company's Projected Financial Statements as of and for the year ending December 31, 2018 and relevant matters:

- (i) Summary of Selected Major Assumptions
- (ii) Projected Statements of Income
- (iii) Projected Statement of Financial Position
- (iv) Projected Statements of Cash Flows
- (v) Projected Improperly Accumulated Earnings
- (vi) Summary of Items Requiring Board Action or Approval

The Board discussed and acted on the items requiring board action, thus –

Directors Fees

Upon motion duly made and seconded, the Board unanimously approved the amount of Six Hundred Thousand Pesos (P600,000) as year-end Director's fee for each member of the Board of Directors, and an additional Two Hundred Thousand Pesos (P200,000) for the Chairman.

SPC Foundation

Upon motion duly made and seconded, the Board unanimously agreed to write off P6,919,279 as receivables from SPC Foundation as of September 30, 2018.

Reversal of Outstanding Appropriations and New Appropriation

Upon motion duly made and seconded, the Board unanimously approved the following:

WHEREFORE, there is a need to reverse the appropriation of P850.0 million from retained earnings as of December 31, 2017, which amount was intended for the construction of a CFBC coal-fired power plant with a capacity of at least 300 MW, as a consequence of the return of the Naga Power Plant Complex to the Power Sector Assets and Liabilities Management Corporation (PSALM) pursuant to the Supreme Court decision dated September 28, 2015 in G.R. No. 212686, the Memorandum of Agreement dated July 9, 2018 with PSALM, and the Certificate of Turnover dated July 13, 2018 with PSALM;

WHEREFORE, there is a need to reverse the appropriation of P500.0 million from retained earnings as of December 31, 2017, intended for two (2) run-of-river hydro-electric power plant projects, by reason of the unsuccessful conclusion of final studies and negotiations on the projects;

WHEREFORE, there is a need to appropriate the amount of P1.5 billion out of the Corporation's unappropriated retained earnings for the acquisition of an energy corporation and for the construction of a power plant to supply the long-term aggregated baseload demand of three distribution utilities;

NOW THEREFORE, BE IT RESOLVED that the Corporation reverse, as it hereby reverses, the appropriation of P850.0 million for the construction of a CFBC coal-fired power plant with a capacity of at least 300 MW;

RESOLVED further that the Corporation reverse, as it hereby reverses, the appropriation of P500.0 million for two run-of-river hydro-electric power plant projects;

RESOLVED finally that the Corporation appropriate P1.5 billion out of its unappropriated retained earnings for the following projects: (a) P1.0 billion for the acquisition of 100% ownership interest of PHINMA Energy Corporation in PHINMA Renewable Corporation, and (b) P0.5 billion for the construction of a power plant to supply the aggregated baseload demand of Bohol Light Company, Inc. (BLCI), Bohol I Electric Cooperative, Inc. (BOHECO I), and Bohol II Electric Cooperative, Inc. (BOHECO II), from years 2024 to 2033.

Declaration of Dividends

Upon motion duly made and seconded, the Board unanimously approved the payment of cash dividends of P0.40 per share to stockholders of record as of December 12, 2018 to be paid on or before December 19, 2018.

6.b Consolidated

Mr. Balisacan discussed the Group's Projected Consolidated Financial Statements as of and for the year ending December 31, 2018 and relevant matters:

- (i) Summary of Selected Major Assumptions
- (ii) Projected Consolidated Statements of Comprehensive Income
- (iii) Projected Consolidated Statements of Financial Position
- (iv) Projected Consolidated Statements of Cash Flow
- (v) Projected Consolidated Statements of Changes in Stockholders' Equity
- (vi) Projected Consolidated Statements of Comprehensive Income by Company
- (vii) Projected Consolidated Statements of Financial Position by Company

The Board noted the reports.

7. Approval of Proposed 2019 OPEX and CAPEX Budgets for PB 104

SVP for Operations, Mr. Cesar O. Villegas, presented the proposed 2019 OPEX and CAPEX budgets for Power Barge (PB) 104.

Upon motion duly made and seconded, the Board unanimously approved the CY 2019 budget for Power Barge (PB) 104 in the amounts of P718,913,456 for operating expenses and P32,179,151 for capital expenditures.

Mr. Villegas also presented the Parent Company's proforma income statements for the year ending December 31, 2019 and 2018.

8. Declaration of Cash Dividends

This was discussed under agenda item no. 6.

9. Appointment of Mr. James Roy N. Villareal as Assistant Vice President

The Chairman introduced Mr. James Roy N. Villareal to the Board, and submitted his appointment as Assistant Vice President of the Corporation for Board approval.

Upon motion duly made and seconded, the Board unanimously appointed Mr. James Roy N. Villareal as Assistant Vice President of the Corporation.

10. Other Matters

a. PHINMA

Upon motion duly made and seconded, the Board unanimously authorized the Executive Committee to decide on all matters regarding the acquisition of 100% ownership interest of PHINMA Energy Corporation in PHINMA Renewable Corporation, including the decision to bid and the amount thereof.

b. UCPB

Upon motion duly made and seconded, the Board unanimously approved the following resolution –

RESOLVED that in connection with the establishment of accounts of the Corporation with the UNITED COCONUT PLANTERS BANK (the Bank), with office address at UCPB Corporate Offices, 7907 Makati Avenue, Makati City, Philippines, that:

1. The Corporation is hereby authorized to apply for and obtain with the Bank the following accommodations:

- a. DOMESTIC BILLS PURCHASE/DOMESTIC BILLS PURCHASE – MANAGER'S CHECK LINE in the aggregate principal amount of TEN MILLION PESOS (PhP10,000,000.00), Philippine Currency; and

- b. OMNIBUS LINE in the aggregate principal amount of TWO HUNDRED FIFTY MILLION PESOS (PhP250,000,000.00), Philippine Currency,

as well as the temporary excesses or permanent increases thereon as may be approved by the Bank from time to time, under such terms and conditions as the Bank may require.

2. The Corporation hereby authorizes SPC ISLAND POWER CORPORATION, SPC MALAYA CORPORATION, BOHOL LIGHT COMPANY, INC. and SPC LIGHT COMPANY, INC. (collectively, the Nominee) to avail themselves of the Corporation's STANDBY LETTER OF CREDIT LINE under the OMNIBUS LINE.

3. The Corporation is hereby authorized to act as surety to guarantee the payment of the loan obligations of the Nominee with the Bank.
4. The Corporation hereby authorizes any two of the following designated corporate officers, in joint capacities with full power of substitution, to sign, execute, and deliver, for and on behalf of the Corporation, any and all documents and instruments, including, but not limited to, the loan or credit instruments, promissory notes and other evidence of indebtedness, mortgages, assignments and other collateral documents, suretyship agreements, deeds of assignments or conveyances, special powers and letters of attorney, and waivers, including authority to the Bank to disclose to third parties information about the Corporation and its transactions with the Bank, and to do any and all acts necessary, pertinent and incidental to, or required by the Bank in the above transactions:

NAME	DESIGNATION OF OFFICER	SPECIMEN SIGNATURE
DENNIS T. VILLAREAL	President & Director	
ALFREDO L. HENARES	Chairman, Treasurer & Director	

5. The Corporation hereby approves, confirms, and ratifies any and all acts that the designated officers/authorized signatories, or their substitutes, shall lawfully do or cause to be done, or has done or caused to be done, including entering into any and all subsequent renewals, amendments, conversions, increases, extensions or restructurings of the said credit accommodation/s with the Bank.

c. Authority to Process Importer's Accreditation/Registration

Upon motion duly made and seconded, the Board unanimously approved the following resolution –

WHEREAS, there is a need for **SPC Power Corporation** to apply for importer's accreditation or registration due to importation of pieces of equipment and materials from abroad;

NOW, THEREFORE, BE IT RESOLVED that SPC Power Corporation is hereby authorized to apply for importer's accreditation or registration;


RESOLVED FURTHER that the Corporation hereby designate either JAIME M. BALISACAN or VICTORIO B. NAVAL to be its authorized representatives and signatories for its importer's accreditation or registration and all related transactions and instruments;

RESOLVED FINALLY that the Corporation hereby authorize JAIME M. BALISACAN or VICTORIO B. NAVAL to sign the Import Entry Declarations for its incoming importations.

11. Adjournment

The Board adjourned at 4:37 p.m.

ATTEST:



ALFREDO L. HENARES
Chairman



ALBERTO P. FENIX, JR.
Director



SERGIO R. ORTIZ-LUIS, JR.
Director

GO, JAE-HAN
Director

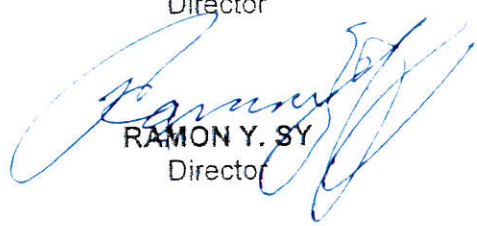
SHIN, DONG-WOO
Director



REMIGIO MICHAEL A. ANCHETA II
Corporate Secretary



DENNIS T. VILLAREAL
Director



RAMON Y. SY
Director

ENRIQUE L. BENEDICTO
Director

AHN, SOON-CHAN
Director

ROBERTO F. DE OCAMPO
Director

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS
OF**

SPC POWER CORPORATION

Held at the SPC Conference Room, 7th Floor, Citibank Center
8741 Paseo de Roxas, Makati City
On November 20, 2017 (2:00 P.M.)

PRESENT:

ALFREDO L. HENARES
DENNIS T. VILLAREAL
ALBERTO P. FENIX, JR.
RAMON Y. SY
ENRIQUE L. BENEDICTO
ROBERTO F. DE OCAMPO
SERGIO R. ORTIZ-LUIS, JR.
GO, JAE-HAN
AHN, SOON-CHAN
GUILLERMO P. DABBAY, JR.

ALSO PRESENT:

JAIME M. BALISACAN
MA. LUZ L. CAMINERO
CORAZON L. GAMEZ
ANTONIO T. CORPUZ
CESAR O. VILLEGAS
REMIGIO MICHAEL A. ANCHETA II

1. Call to Order

The Chairman, Mr. Alfredo L. Henares, called the meeting to order at 2:10 p.m. The Corporate Secretary, Atty. Ma. Luz L. Caminero, recorded the proceedings of the meeting.

2. Quorum Certification

Ms. Caminero certified that with all ten (10) Directors present, there was a quorum to transact business.

3. Minutes of Previous (August 14, 2017) Meeting

The Board reviewed the draft of the minutes of its meeting of August 14, 2017 attached to the agenda folder.

Upon motion duly made and seconded, without any objection, the Board approved the minutes of its meeting on August 14, 2017.

4. Matters Arising from Previous Meeting

Ms. Caminero informed the Board that matters arising from the previous meeting were included in the agenda.

5. Operations Report

Mr. Cesar O. Villegas presented the respective performances of the four (4) power plants and informed the Board that (a) demand declined due to the July 6, 2017 Leyte earthquake, and it only started to recover in September, 2017; (b) the plant capacities decreased due to maintenance operations after the Leyte earthquake; and (c) revenue declined because of the Leyte earthquake with total revenue of 4 plants from January to October 2017 at Php781.5 Million (net of fuel).

6. Update on PB 104

Mr. Villegas informed the Board that PB 104 was temporarily moored at Ubay, Bohol and the proposed permanent mooring site was at Loon, Bohol. He said that PB 104 was undergoing rehabilitation to provide emergency power to Bohol island in case of "islanding operation," in addition to the capacity of Bohol Diesel Power Plant (BDPP).

Replying to the questions of Mr. Go, Jae-Han, Mr. Villegas said that PB 104 could serve the ASPA market and the WESM, and it could also supply the peaking power requirements of Bohol.

Ms. Caminero requested board approval for the filing of applications with the Energy Regulatory Commission (ERC) for the approval of the separate Interim Power Supply Agreements (IPSAs) of the Corporation with Bohol Light Company, Inc. (BLCI), Bohol I Electric Cooperative, Inc. (BOHECO I), and Bohol II Electric Cooperative, Inc. (BOHECO II).

Upon motion duly made and seconded, without any objection, the Board approved the following resolutions:

RESOLVED that the Corporation authorize the filing of (a) applications with the Energy Regulatory Commission (ERC) for the approval of its Interim Power Supply Agreements (IPSAs) with Bohol Light Company, Inc. (BLCI), Bohol I Electric Cooperative, Inc. (BOHECO I), and Bohol II Electric Cooperative, Inc. (BOHECO II), and (b) related actions and legal remedies.

RESOLVED further that the Corporation authorize the President, Mr. Dennis T. Villareal, or his authorized representative(s) to represent the Corporation in the ERC applications, related actions, and legal remedies.

RESOLVED finally that the Corporation authorize Ancheta & Associates Attorneys-at-Law or any of its lawyers and/or Atty. Benjamin P. Lozada III to represent the Corporation in the ERC applications, related actions, and legal remedies with power to act on behalf of the Corporation in matters covered by pre-trial conferences and to enter into compromise agreements.

7. Update on Naga Power Plant

Ms. Caminero recalled that the Supreme Court decision in the *Osmeña v. PSALM, et al.* declared null and void SPC's right to top the bid of the highest bidder of the Naga Power Plant, and consequently annulled the Asset Purchase Agreement and the Land Lease Agreement between PSALM and SPC.

She informed the Board that (a) as of August 9, 2017, PSALM and SPC met to determine the timeline for the turnover of the Naga Power

Plant to PSALM and the return of the bid price of SPC; (b) on October 9, 2017, PSALM wrote SPC requesting documents to support its claim and SPC referred the matter to its counsel; and (c) on November 3, 2017, PSALM requested SPC access to the plant for the conduct of ocular inspection on November 17, 2017 by the representatives of PSALM and Therma Power Visayas, Inc. (TPVI), and that SPC granted such request.

The Board noted the report.

8. Interim Consolidated Financial Statements as of and for the Nine Months Ended September 30, 2017

Mr. Jaime M. Balisacan presented the financial statements attached to the agenda folder:

- a. Consolidated Statement of Comprehensive Income for the Nine Months Ended September 30, 2017 and 2016
 1. Net income for the period is Php1,202,603,038 or an 18.6 % decrease (equivalent to Php275,303,557) as compared to previous period mainly due to the Leyte earthquake.
 2. KEPCO SPC's income tax holiday ended in February 2017.
 3. MECO was directed to refund customers for over-recoveries from 2012 to 2015.
 4. SPC Island Power Corporation, BLCI, and SPC had decreases in revenues because of the Leyte earthquake.
- b. Consolidated Statements of Financial Position as of September 30, 2017 and December 31, 2016
 1. Total current assets for the period is Php3.04 Billion or 24.9% increase versus previous period.
 2. Total noncurrent assets for the period is Php8.34 Billion or 4.4% increase versus previous period.
 3. Total current liabilities for the period is Php1.078 Billion or 27.7% increase versus previous period.
 4. Total noncurrent liabilities for the period is Php794.46 Million or 19.5% increase versus previous period. Amount due to NPC/PSALM has substantially increased by 2109.7% because of delayed payments of fuel and building up of fuel stocks.
 5. Total liabilities increased by 24.1% mainly because of higher trade and other payables due to PSALM.
- c. Consolidated Statements of Cash Flows for Nine Months Ended September 30, 2017 and 2016
 1. Cash and cash equivalents at end of period is Php2.034 Billion versus Php2.266 Billion of previous period.
- d. Consolidated Statements of Changes in Stockholders' Equity for Nine Months Ended September 30, 2017 and 2016
- e. Statements of Comprehensive Income by Company for Nine Months Ended September 30, 2017 and 2016.

- f. Statements of Financial Position by Company as of September 30, 2017.

9. Projected Consolidated Financial Statements as of and for the Year Ending December 31, 2017

Mr. Balisacan presented the following matters attached to the agenda folder:

a. Summary of Major Assumptions

1. Closing Forex Rate Used: January–September 2017 (average actual) = Php50.308/US\$; October–December 2017 (projected) = Php51.00/US\$.
2. Operating Costs and Expenses:
 - a. January to September 2017 is based on actual; October – December 2017 is projected.
 - b. Management to recommend to SGV to reverse the Asset Retirement Obligation (ARO) of Php11.8 Million and its treatment as income due to the purchase of all the lots underlying the Bohol Diesel Power Plant; No adjustments for other ARO.
 - c. No additional provision for doubtful accounts and probable inventory losses/obsolescence.
3. Cebu Diesel Power Plant (CDPP1): SPC continues to operate and maintain the CDPP1; income generated from CDPP1 accrues to SPC; and the Php1.143 Billion that was paid to PSALM for the acquisition of NPPC is assumed uncollected as of end-December 2017.
4. Long-Term Debt
 - a. Principal prepayment of Php505,555,556 on October 28, 2017.
 - b. Reversal of Php400,000,000 previously appropriated retained earnings in 2015 (for compliance with loan covenant) due to the prepayment of long-term debt.
5. Fuel Deliveries
 - a. Additional cash requirements of Php151,989,361 to stockpile fuel oil (last quarter).
6. PB 104
 - a. Provision for cash requirements in the last quarter of 2017 based on committed expenses as of September 30, 2017 and estimated remaining requirements for the year 2017 with a total amount of Php78,072,278.
7. Cash Dividends Received by SPC (Parent Company)
 - a. KSPC – Php552,743,821 actually declared in June 2017; Php428,400,000 projected for Dec. 2017
 - b. MECO – Php59,999,933 actually declared in July 2017; Php20 Million projected for Dec. 2017

- c. SIPC – Php499,999,900 projected; Php500 Million excess in 2016 to be declared to avoid IAET
 - d. SMPC – Php1,439,971 projected; Php3.6 Million excess in 2016 to be declared to avoid IAET
 - e. BLCI – Php5,984,999 partially declared in Aug. 2017; Php8,977,498 projected for Dec. 2017
 - f. SLCI – Php2 Million projected; Php5 Million excess in 2016 to be declared to avoid IAET
 - g. SECI – Php7,999,998 projected; Php20 Million excess in 2016 to be declared to avoid IAET
8. Cash Dividends Declared by SPC: Actual declaration in May 2017 was Php598.6 Million; Any additional declaration in 2017 is not yet considered.
9. Other major assumptions: Possible reclassification of balance sheet and income statement accounts after the audit of SGV is not yet considered; merit increases, year-end bonuses and directors' fees are assumed to be the same as last year's; and cash proceeds from disposal of excess/obsolete inventories and other non-performing assets are not yet considered.
- b. Projected Consolidated Statements of Comprehensive Income
 - c. Projected Consolidated Statements of Financial Position
 - d. Projected Consolidated Statements of Cash Flows
 - e. Projected Consolidated Statements of Changes in Stockholders' Equity
 - f. Projected Consolidated Statements of Comprehensive Income by Company
 - g. Projected Consolidated Statements of Financial Position by Company
- h. List of Items/Assumptions Requiring BOD Resolution/Approval:
- 1. Reversal of retained earnings appropriated in 2015 amounting to Php400 Million for compliance with loan covenant.
 - 2. Review of the following existing appropriation of retained earnings:
 - a. On December 3, 2014, the SPC Board approved an additional appropriation of Php50 Million out of the unappropriated retained earnings of SPC thereby increasing the total appropriation to Php850 Million as of December 31, 2015. The appropriation was for the construction of a new CFBC Coal-Fired Power Plant with a capacity of 2x100MW upon acquisition of the NPPC.
 - b. On March 30, 2016, the SPC Board approved the reversal of appropriation amounting to Php850 Million and the appropriation of retained earnings by the same amount for the construction of a CFBC Coal-Fired Power Plant of at least 300MW in the province of Cebu or in the Visayas region within the years 2016-2020.
 - 3. Disposition of projected excess earnings as of December 31, 2017 amounting to Php1.9 Billion.

10. Declaration of Cash Dividends

Mr. Balisacan presented the projected excess earnings of SPC as a Parent Company as of December 31, 2017 in the amount of Php1,945,521,250 which could be subjected to IAET.

He said that Management Committee recommended additional appropriation for new projects in the amount of Php500,000,000 and declaration of cash dividends in the amount of Php598,620,000, which would leave a projected balance of excess earnings of Php846,900,000, which could be cured until end of 2018.

He clarified that:

1. Per projected results of operations, the total balance of cash and cash equivalents as at end-2017 is estimated at Php1.309 Billion versus two-month working capital requirements of around Php95 Million only.
2. The projected cash balance as at end-2017 does not include collection of receivable from PSALM amounting to Php1.143 Billion, which is the amount paid for NPPC.

Mr. Alberto P. Fenix, Jr. moved to (a) reverse the November 24, 2015 appropriation of retained earnings amounting to Php400 Million; (b) appropriate Php500 Million for renewable energy projects; (c) declare cash dividends of Php0.40/share or the equivalent of Php598,620,000; and (d) maintain the Php850 Million appropriation for the construction of a new power plant in the province of Cebu or in the Visayas Region within the years 2016-2020.

Replying to Mr. Ahn, Soon-Chan's question, Mr. Henares said that the Corporation is considering a hydro power plant project in Palawan or an in-island power plant in Bohol.

Mr. Henares also said that in a resolution approved on March 30, 2016, the Board appropriated Php850 Million for a power plant to be constructed in Cebu or in the Visayas Region.

Mr. Ahn, Soon-Chan asked if the Php1.143 Billion refund from PSALM could also be declared as dividends this year. Mr. Henares commented that the Board could not consider for now what the Corporation has not yet received.

Upon motion duly made and seconded, without any objection, the Board approved the following resolutions:

RESOLVED that the Corporation authorize the reversal of retained earnings appropriated in 2015 amounting to Php400 Million for compliance with its loan covenant and the reinstatement of the same amount as unappropriated retained earnings.

RESOLVED further that the Corporation appropriate Php500 Million for the construction of two run-of-river hydro electric power plant projects in Palawan with a

capacity of 15.8 MW to commence within the years 2018-2019.

RESOLVED further that the Corporation be authorized to declare cash dividends in the amount of Php0.40 per share with the following reckoning dates for the entitlement of and payment to the stockholders:

Record date - December 6, 2017
Payment date - December 14, 2017

RESOLVED finally that the Corporation maintain the amount of Php850 Million as appropriation for the construction of a new CFBC-Fired power plant of at least 300 MW in the Province of Cebu or in the Visayas Region within the years 2018-2021.

11. Approval of Directors' Fees

Mr. Fenix moved for the approval of Director's fee for CY2017 in the amount of Php600,000, which is the same amount as last year's, and an additional Php200,000 for the Chairman.

Upon motion duly made and seconded, without any objection, the Board approved the amount of Php600,000 as Director's fee and an additional amount of Php200,000 for the Chairman for CY 2017.

12. Proposed 2018 Budget of SPC (Parent Company)

Mr. Balisacan discussed the following:

- a. Summary of Major Assumptions which include operating costs and expenses, projected cash dividends from and budgets of subsidiaries/affiliates.
- b. Projected 2018 Operating Plan for SPC and SIPC Plants
- c. SPC Proposed CY2018 Budget – Proforma Income Statements
- d. 2018 CAPEX Budget

Mr. Dennis T. Villareal moved to approve the proposed budget.

Upon motion duly made and seconded, without any objection, the Board approved the proposed budget for CY2018 as recommended by management.

13. Election of Corporate Secretary and Designation of Compliance Officer

Ms. Caminero informed the Board that Mr. Reynante del Rosario, who already resigned, was the Compliance Officer of the Corporation, and that such position could only be occupied by an officer with a rank of a Senior Vice-President. Considering that she was being considered as the new Compliance Officer, she had to resign her position as Corporate Secretary because the rules would not allow her to hold both positions. She said that management recommended Atty. Remigio Michael A.

Ancheta II as the new Corporate Secretary and requested for her designation as the new Compliance Officer.

The Board accepted Ms. Caminero's resignation as Corporate Secretary.

Mr. Roberto F. De Ocampo nominated Mr. Ancheta as the new Corporate Secretary.

Upon motion duly made and seconded, without any objection, the Board appointed Mr. Remigio Michael A. Ancheta II as the new Corporate Secretary of the Corporation, and Ms. Ma. Luz L. Caminero as the new Compliance Officer of the Corporation.

14. Designation of Bank Signatories

Management requested the Board to designate a new bank signatory to replace Mr. Del Rosario who already resigned.

Upon motion duly made and seconded, without any objection, the Board designated Mr. Alberto P. Fenix, Jr. to replace Mr. Reynante Del Rosario as one of the authorized signatories of the bank accounts of the Corporation.

15. Other Matters

No other matter was discussed.

16. Adjournment

The meeting was adjourned at 4:30 p.m.

[This portion was intentionally left blank.]

ATTEST:

ALFREDO L. HENARES
Chairman

DENNIS T. VILLAREAL
Director

ALBERTO P. FENIX, JR.
Director

RAMON Y. SY
Director

ENRIQUE L. BENEDICTO
Director

ROBERTO F. DE OCAMPO
Director

SERGIO R. ORTIZ-LUIS, JR.
Director

GO, JAE-HAN
Director

AHN, SOON-CHAN
Director

GUILLERMO P. DABBAY, JR.
Director


REMIGIO MICHAEL A. ANCHETA II
Corporate Secretary

Board of Directors Self-Evaluation

	Considerations	5 Very Good	4 Good	3 Ave.	2 Fair	1 Poor
1	board has full and common understanding of the roles and responsibilities of a board					
2	board members understand the Company's mission- vision and put to practice its stated values					
3	structural pattern (board, officers, committees, executive and staff) is clear					
4	board has clear goals and actions resulting from relevant and realistic strategic planning					
5	board attends to policy-related decisions which effectively guide operational activities of staff					
6	board receives regular reports on finances/budgets, products/program performance and other important matters					
7	board effectively represents the Company to its customers, other stakeholders like the government, community in which its operations are located					
8	board meetings facilitate focus and progress on important organizational matters					
9	board regularly monitors and evaluates progress toward strategic goals and product/ program performance					
10	board regularly evaluates the chief executive					
11	board has approved comprehensive personnel policies which have been reviewed by a qualified professional					
12	each member of the board feels involved and interested in the board's					

	work				
13	all necessary skills, stakeholders and diversity are represented on the board				

Please list the three to five points on which you believe the board should focus its attention in the next year. Be as specific as possible in identifying these points.

1.

2.

3.

4.

5.