

**Minutes of the 2015 Annual Meeting of the Stockholders
Of the SPC Power Corporation held on
31 May 2016
At the City Sports Club, Archbishop Reyes Avenue
Cebu Business Park, Cebu City**

PRESENT:

(See attached Record of Attendance)

Also Present:

**Jaime M. Balisacan
Maria Luz L. Caminero
Reynante C. Del Rosario
Corazon L. Gamez
Cesar O. Villegas**

1. Call To Order

The Chairman, Mr. Alfredo L. Henares, called the meeting to order at 10:00 A.M. Atty. Maria Luz L. Caminero, Corporate Secretary, recorded the proceedings of the meeting.

2. Certification of Due Notice and Presence of a Quorum

Atty. Maria Luz L. Caminero, in her capacity as Corporate Secretary certified that the notices were given to stockholders of record as of May 13, 2016 and that with 1,462,601,620 shares equivalent to 97.73% of the total issued and outstanding shares in attendance, represented in person or by proxy, a quorum was present for the transaction of business by the stockholders.

3. Approval of the Minutes of the 2014 Annual Stockholders' Meeting Held on 29 May, 2015

On motion duly made and seconded to dispense with the reading of the subject Minutes and to approve the same based on the copies distributed to all stockholders, the stockholders present/represented by proxy, approved the Minutes.

4. Report of the Chairman and Presentation by the Chief Operating Officer of the Audited Financial Statements as of and for the Year Ended December 31, 2015

The Chairman, Mr. Alfredo L. Henares reported the following highlights of the operation and performance of the: **SPC POWER CORPORATION (SPC), SPC ISLAND POWER CORPORATION (SIPC), KSPC POWER CORPORATION , BOHOL LIGHT CO. INC (BLCI) AND MACTAN ELECTRIC CO. INC. (MECO).**

The operating performance of each plant was presented in terms of capacity, availability and availability sold for the year 2015

The SPC POWER CORPORATION operates the Naga Power Plant Complex, consisting presently of six diesel generating units (CDPP) with a total capacity of 33 MW. The six diesel generating units were available for most part of 2015 following of the completion of the 12,000 running hour PMS.

The capacity, availability and availability sold of CDPP in 2015 has significantly improved compared to 2014. The capacity increased from 9.6 MW in 2014 to 35.3 MW in 2015, most of which was sold to off-takers.

The SPC ISLAND POWER CORPORATION (SPIC), a wholly-owned subsidiary of SPC POWER CORPORATION, operates the PANAY DIESEL POWER PLANT (PDPP) and the BOHOL DIESEL POWER PLANT (BDPP).

THE PDPP complex has two diesel power plants. PDPP1 consists of three diesel generating units with total capacity of 15 MW while pdpp3 consists of five Wartsila diesel generating units with a total capacity of 61.5 MW.

The capacity and availability sold from PDPP1 and PDPP3 in 2015 has also increased compared to the previous year. The capacity increased from 9.4 MW to 14 MW for PDPP1 and from 44.4 MW to 62 MW for PDPP3.

The BOHOL DIESEL POWER PLANT (BDPP) has four diesel generating units with a total dependable capability of 16.2 MW. The capacity, availability, and availability sold from BDPP also increased in 2015. The capacity increased from 10.7 MW 2014 to 16.2 MW in 2015.

The Chairman referred to the graphs on the slide presentation to show THE availability and availability sold of BDPP.

The KEPCO SPC POWER CORPORATION (KSPC) has a 2 X 100MW CFBC COAL fired power plant. The net capacity of both units are maintained high at 93.3 MW each.

The total net generation increased by 3.3%, from 1.35 million MWH in 2014 to 1.39 million MWH in 2015.

The BOHOL LIGHT CO. INC. (BLCI) is an electricity distribution company located in Tagbilaran City, Bohol with a total customer base of 19,642 household and establishments.

The total peak demand in 2015 is 22.38 MW which is 3.83% higher compared to 21.54 MW in 2014. The total energy sales in 2015 is 113.3 Million KWH, which is 7.62% higher compared to 105.27 Million KWH IN 2014.

THE MACTAN ELECTRIC CO. (MECO) is an electricity distribution company located in Lapu-Lapu, Cebu, with a total customer base of 86,348 households and establishments.

The total peak demand is 74.17 MW in 2015 which is 3.01% higher compared to the 72.1MW IN 2014.

The total energy sales in 2015 is 454.74 Million KWH which is 9.56% higher compared to 415.04 Million KWH IN 2014. The load factor likewise increased from 72.1% in 2014 to 74.17% in 2015.

For the proposed projects of SPC, the purchase of Naga Power Plant Complex (NPPC) from PSALM last September 25, 2014 through public bidding was questioned and ruled with finality to be null and void by the Supreme Court. If the NPPC will be put out for bidding again, the Chairman reported that SPC intends to participate in the said bidding.

He also expressed the desire of SPC to pursue businesses in coal-fired power plants, power barges, biomass, hydro and geothermal power projects.

In closing, the Chairman sincerely thanked the directors for their invaluable guidance, and the stockholders, partners and customers for their trust and support.

He also expressed his gratitude to the officers, management and staff for their dedicated efforts and excellent performance in the past year.

Thereafter, he turned over the next presentation to Mr. Rey Del Rosario, CFO, for the report on the financial results of the company as of and for the year ended December 31, 2015.

5. Financial Report of the Company as of and for the year ended 31 December 2015

Mr. Rey del Rosario, Chief Operating Officer, reported the highlights of the financial performance of the Parent Company and its subsidiaries as of the year ended 31 December 2015 as compared to the 2014 financial performance.

Mr. Del Rosario started his report by informing the stockholders that in later months of 2015, a major challenge for SPC unfolded when the Supreme Court declared the Asset Purchase Agreement (APA) and the Land Lease Agreement (LLA) for the sale of the 153.1 MW Naga Power Plant Complex (NPPC) as null and void. This arose more than one year after the Power Sector Assets and Liabilities Management Corporation (PSALM) awarded the purchase of the NPPC to the parent company.

The impacts of the Supreme Court declaration and subsequent resolutions denying the motions for reconsideration filed by the parent company are incorporated and duly noted in the 2015 audited financial statements. Mr. del Rosario said that some of the impact will be discussed in his report.

CONSOLIDATED COMPREHENSIVE INCOME

The group ended 2015 with a consolidated net income of ₱1.51 billion, almost the same as the total consolidated income registered in 2014. While the termination of two Operation and Maintenance Service Contracts (OMSCS) with PSALM put pressure on SPC margins, the consistently good showing by major subsidiaries and affiliates, buoyed by efforts to increase other revenues, positively contributed to the year's performance.

The consolidated net income attributable to equity holders of the parent company translated to earnings per share of ₱0.099, and return on average shareholder's equity of 20.49%.

Total share in the earnings of associates continues to contribute the lion's share of the group's consolidated net income at 75.7%, followed by power generation and power distribution at 21.5% and 2.8% respectively.

Total equity share in the earnings of associates slightly decreased to ₱1,144.8 million in 2015 from ₱1,176.9 million in 2014 due mainly to unrealized foreign exchange losses and absence of non-recurring other income in 2015 as compared to the previous year. Without the unrealized foreign exchange losses resulting from the revaluation of U.S dollar denominated loans, overall equity share in the earnings of associates would have improved by 4.8% to ₱1,233.3 million in 2015.

The decline in the overall equity share in the earnings of associates was offset by modest growth posted by both the power generation and distribution business segments on the back of stronger sales.

CONSOLIDATED REVENUE

Group-wide revenues slightly went up to ₱2,751.9 million in 2015 from ₱2,720.9 million in 2014. Revenues lost from the expired operation and maintenance contracts of the 650-MW Malaya Thermal Power Plant and the 153.1-MW Naga Power Plant Complex were more than offset by higher revenues generated from contracting and selling of electricity to the spot market and contracted distribution utilities, and distribution of purchased power, all of which are the result of robust demand and improved availability of the generation and distribution assets.

CONSOLIDATED COST OF SERVICE

The group was able to rein in the consolidated cost of service which decreased by 1.9% or to ₱2,034.8 million in 2015 from ₱2,074.7 million in 2014.

CONSOLIDATED CONTRIBUTION MARGIN

Since revenues grew faster than the cost of services, consolidated gross margin (the difference between revenues and cost of services) improved by 11.0% or to ₱717.1 million in 2015 from ₱646.1 million in 2014.

CONSOLIDATED ADMINISTRATIVE & GEN. EXPENSES

However, consolidated administrative and general expenses rose by 8.5% or to ₱270.1 million in 2015 from ₱248.9 million in 2014. The increase was due mainly to higher expenses for taxes, licenses and regulatory charges; insurance; and personnel, all of which were moderated by lower provision for doubtful accounts and probable losses from inventory obsolescence.

CONSOLIDATED FINANCIAL POSITION

The consolidated statements of financial position as of December 31, 2015 and 2014:

OVERALL FINANCIAL POSITION

The group's balance sheet and cash position remained strong in 2015.

Consolidated assets as at end-December 2015 stood at ₱9,515.2 million, 8.9% or ₱774.6 million higher than the ₱8,740.6 million level as at end-December 2014 due mainly to increase in cash and cash equivalents, receivables, investments and other non-current assets.

The 8.9% growth in total assets was accompanied by a 27.9% reduction in total liabilities or to ₱1,474.3 million from ₱2,044.5 million.

The current ratio substantially increased to 4.04 as of December 31, 2015 from 2.25 as of December 31, 2014.

Total debt as a percentage of equity also reduced substantially to 18.3% as of December 31, 2015 from 30.5% as of December 31, 2014.

Total stockholder's equity grew by 20.01% to ₱8,040.9 million as of December 31, 2015 from ₱6,696.0 million as of December 31, 2014.

Book value per share jumped to ₱5.37 as of December 31, 2015 from ₱4.47 as of December 31, 2014.

MAJOR SPECIFIC VARIANCES

Specific balance sheet items that registered significant changes in 2015:

TRADE AND OTHER RECEIVABLES

Trade and other receivables increased by 36.1% or to ₱534.6 million as at end-December 2015 from ₱392.6 million as at end-December 2014. This was traced to higher sales resulting from robust demand and the improved availability of generation and distribution assets to meet higher demand.

MATERIALS AND SUPPLIES INVENTORY

Materials and supplies inventory substantially decreased by 61.6% or to ₱285.1 million as at December 2015 from ₱542.7 million as at end-December 2014. The substantial reduction was due to the removal of the carrying value of NPPC inventory which were acquired as a consequence of the APA that was declared null and void by the Supreme Court.

PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments and other current assets also decreased significantly by 72.1% or to ₱32.7 million as at end-December 2015 from ₱117.3 million as at end-December 2014. The decrease is attributed mainly to the following: (i) removal of input tax related to NPPC inventories acquired as a consequence of the APA with PSALM, and (ii) removal of the current portion of advance rental paid under the LLA which is an ancillary contract to the APA with PSALM.

INVESTMENTS IN ASSOCIATES

Investment in associates grew by 9.6% or to ₱5,030.1 million as at end-December 2015 from ₱4,590.0 million as at December 2014. The growth reflected fresh equity share in the earnings of KSPC and MECO amounting to ₱962.6 million and ₱181.7 million, respectively; reduced by cash dividends declared in 2015 by KSPC and MECO amounting to ₱624.2 million and ₱80.0 million, respectively.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment decreased by 43.0% or to 447.5% million in 2015 from ₱784.9 million in 2014. Apart from depreciation, the decrease in these assets was largely accounted for by the write-off of the net book value of NPPC assets acquired through the APA that was declared null and void by the Supreme Court.

OTHER NONCURRENT ASSETS

Other noncurrent assets jumped to ₱1,175.4 million in 2015 from ₱708.0 million in 2014 due mainly to the reclassification of the cost of NPPC fixed assets acquired under the nullified APA into noncurrent receivable pending determination on how the nullified transaction will be settled between the parent company and PSALM.

SHORT-TERM LOAN

Short term loan amounting to ₱180.0 million was fully paid in September 2015 while additional working capital requirements are still unnecessary for the parent company.

CURRENT PORTION OF LONG TERM DEBT

Current portion of long term debt increased to ₱103.8 million as at end-December 2015 from ₱30.0 million in the previous year due to reclassification of balance of long-term debt maturing within one year from December 31, 2015.

DUE NPC/PSALM

Due to NPC/PSALM decreased significantly to ₱167.4 million in 2015 from ₱589.7 million in 2014. This was due mainly to the removal of the cost of unpaid NPPC inventories acquired as a consequence of the APA.

LONG-TERM DEBT, NET OF CURRENT PORTION

Long term debt, net of current portion, decreased by 15.0% or to ₱575.4 million from ₱676.9 million (despite the higher translated level of dollar-denominated borrowings of the parent company as of December 31, 2015) due to continued periodic amortization of loan principal and the reclassification of portion payable within the next twelve months of current liabilities.

APPROPRIATED RETAINED EARNINGS

Appropriated retained earnings increased by ₱400.0 million to ₱1,250.0 million due to additional appropriation approved by the board of the parent company on November 24, 2015 in compliance with the negative covenants provided in the loan agreement with a local bank executed on October 27, 2014. The other balance of the appropriation is intended to partially provide for the construction of a CFBC coal-fired power plant within the years 2016-2020.

UNAPPROPRIATED RETAINED EARNINGS

Unappropriated retained earnings increased by 24.1% or to ₱4,765.8 million as at end-December 2015 from ₱3,839.4 million as at end-December 2014. The increase was due to total comprehensive income attributable to equity holders of the parent company amounting to ₱1,474.5 million; reduced by additional appropriation and declared cash dividends amounting ₱400.0 million and ₱149.7 million, respectively.

CONSOLIDATED CASH FLOWS

Cash flows remain solid and there is ample capacity to level it up as SPC pursues investment opportunities. Cash and cash equivalents increased by 47.5% or to ₱1,940.5 million as at end-December 2015 from the end-December 2014 level of ₱1,315.8 million.

The cash flows generated from operating activities and the cash dividends received from investments allowed the funding of capital expenditures and at the same time pay out generous cash dividends. On March 10, 2015, the board of directors of the parent company approved the declaration of cash dividends amounting to ₱0.10 per share. On March 30, 2016 the board of directors of the parent company again declared cash dividends amounting to ₱0.30 per share which was paid on April 28, 2016.

OUTLOOK

Moving forward, the group will continue to focus on further improving efficiencies and leverage existing business assets to sustain and/improve profitability.

The end goal is to create long-term value for all stakeholders.

6. Director's Fee

On motion duly made and seconded, the Stockholders present /represented by proxy, approved the payment of Directors' fees during the calendar year ending December 31, 2015 in the amount of Php 600,000.00 for a full year of service or pro rata thereof and an extra amount of Php 200,000.00 for the Chairman and that those directors performing executive functions be paid additionally for such services which payment in the aggregate amounts to about Php 12,054,147.00.

7. Ratification of All Acts

The stockholders present/represented by proxy, on motion duly made and seconded, ratified all the actions taken by the Board of Directors and Officers of the Corporation since the last Annual Stockholders Meeting of May 29, 2015.

8. Election of the Members of the Board of Directors

The meeting then proceeded with the election of the members of the Board of Directors in accordance with the Corporation's Articles of Incorporation and By-laws which provide for eleven (11) Board of Directors. The Chairman entertained nominations for said positions who will serve for the term 2016-2017. Thereafter, upon motion duly made and seconded, the following were elected and declared elected as Board of Directors of the Corporation for a period of one (1) year from 2016-2017 and to act as such until their successors shall have been elected , namely:

Dennis T. Villareal
Alfredo L. Henares
Alberto P. Fenix, Jr.
Roberto F. de Ocampo
Enrique L. Benedicto
Ramon Y. Sy
Alfredo S. Ballesteros
Go, Jae-Han
Ahn, Soo-Chan,
Choi, Bong-Joo
Guillermo B. Dabbay, Jr.

Chairman Henares congratulated the newly-elected Board of Directors. He also announced that the Organizational meeting of the newly-elected Board of Directors shall be held immediately after the Annual Stockholders' Meeting.

9. Reappointment for the External Auditor for the Calendar Year 2015

Upon motion duly made and seconded, the Stockholders present/represented by proxy approved the recommendation of the Board to reappoint the auditing firm of Sycip Gorres Velayo & Co. as external auditor of the Corporation for the Calendar Year 2016.

10. Other Matters

Ratification for Mr. Dennis T. Villareal to engage in a power project separate from SPC Power Corporation

Upon motion duly made and seconded, the Stockholders present/represented by proxy approved/ ratified the engagement of Mr. Villareal in a power project separate from SPC Power Corporation.

11. Adjournment

There being no other matters for discussion, the Board adjourned its meeting at 11:30 A.M..

ATTEST:



Alfredo L. Henares
Chairman




Maria Luz L. Caminero
Corporate Secretary

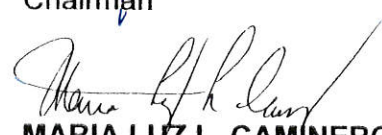
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Record of Attendance

STOCKHOLDER	PROXY	NO. OF SHARES	%
KEPCO Philippines Holdings, Inc.	Go, Jae-Han	568,098,822	37.96
Intrepid Holdings, Inc.	Dennis T. Villareal	321,905,611	21.51
JAD Holdings, Inc.	Dennis T. Villareal	293,201,397	19.59
KV Holdings, Inc.	Dennis T. Villareal	74,749,847	4.99
Cancorp Inc.	Dennis T. Villareal	41,000,000	2.74
Boxboard Containers Corp.	Dennis T. Villareal	41,000,000	2.74
Rowell Plastic Corp.	Dennis T. Villareal	38,864,638	2.60
ALH Management, Inc./ALH	Alfredo L. Henares	23,850,270	1.59
Mali, Ni	Dennis T. Villareal	10,000,000	0.67
Dennis T. Villareal		6,425,501	0.43
Yolanda A. Martirez		517,693	0.03
Alberto P. Fenix, Jr.		855,933	0.06
Corazon L. Gamez		826,797	0.06
Alfredo S. Ballesteros		792,492	0.05
Landmark Holdings Corp.	Dennis T. Villareal	200,000	0.01
Others		40,312,619	2.69
Total (Outstanding– 1,496,551,803)		1,462,601,620	97.73%

ATTESTED BY:


ALFREDO L. HENARES
Chairman


MARIA LUZ L. CAMINERO
Corporate Secretary