

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
Makati City

Annual Stockholders' Meeting

23 June 2008

M I N U T E S

of the Annual Meeting of Stockholders of
National Reinsurance Corporation of the Philippines
held on 23 June 2008 at Carlos P. Romulo Auditorium
RCBC Plaza, Podium 4, Tower II, 6819 Ayala Avenue
Makati City

Present:

Stockholders present in person or by proxies owning: 1,330,304,001 shares - 60.97%

Absent:

Stockholders owning: 851,650,599 shares - 39.03%

Total Number of Issued and Outstanding Shares: 2,181,954,600 shares - 100.00%

1. CALL TO ORDER

Atty. Winston F. Garcia, the Chairman of the Board of Directors, called the meeting to order and presided over the same. Mrs. Zenaida L. Salipsip was Secretary of the meeting and recorded the minutes of the proceedings.

2. PROOF OF NOTICE AND CERTIFICATION OF QUORUM

The Secretary of the Meeting certified that copies of the written Notices of the Annual Stockholders' Meeting were sent to the stockholders of the Corporation at their respective addresses as indicated in the corporate records, at least fifteen (15) business days prior to the date of the meeting.

Out of a total of 2,181,954,600 outstanding shares of the Corporation, 1,330,304,001 shares were present or represented by proxies, representing at least 60.97% of the outstanding capital stock of the Corporation. The Secretary confirmed that a quorum existed for the transaction of corporate business.

3. APPROVAL OF MINUTES OF THE MEETING OF THE STOCKHOLDERS HELD ON JULY 23, 2007

Since the matters discussed in the minutes of the annual meeting of the stockholders held on July 23, 2007 have been included in the Definitive Information Statement sent to all stockholders and upon motion made and duly seconded, the stockholders approved the minutes of the annual stockholders' meeting held on July 23, 2007.

4. MESSAGE OF THE CHAIRMAN OF THE BOARD / REPORT OF THE PRESIDENT

The Chairman delivered his Message, of copy of the full text of the Message is hereto attached as Annex "A" and made a part hereof.

Thereafter, the President, Mr. Wilfrido C. Bantayan, presented and discussed the Management Report, a full text of which is appended as Annex "B" and likewise made a part of these minutes.

An open forum followed where the Chairman and the President entertained questions from the floor. The Chairman and the President answered questions pertaining to the cash dividends recently declared by the company and the dividend policy of the company, current value of the shares/capital appreciation, the plan of the company to be a regional company and possible entry of a foreign strategic partner / investor, and the A.M. Best rating of the company.

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There being no further comments on the Management Report, upon motion made and duly seconded, said report was noted and approved by the vote of the majority of the outstanding capital stock.

The Message of the Chairman of the Board and Management Report were duly noted, received and filed with the Secretary in the forms presented to the meeting.

5. RATIFICATION OF THE ACTS OF THE BOARD OF DIRECTORS / OFFICERS

The meeting proceeded with the ratification of the acts of the Board of Directors and Officers of the Corporation performed or undertaken in the year 2007 and until the date of this meeting as they were recorded in the books and records of the Corporation.

There being no comments or objections, upon motion made and duly seconded, the following resolution was formally introduced, seconded and approved by the vote of at least a majority of the outstanding capital stock:

"RESOLVED, that the stockholders of National Reinsurance Corporation of the Philippines (the "Corporation") approve, ratify and confirm, as they do hereby, all the acts, decisions and resolutions of the Board of Directors and Officers made or undertaken in the year 2007 and until the date of this meeting as these are recorded in the books and records of the Corporation."

6. APPOINTMENT OF THE EXTERNAL AUDITORS

The meeting moved to the appointment of the External Auditors of the Corporation for the current year. The Chair informed the stockholders that upon proper recommendation of the Audit Committee, the Board of Directors, at a regular meeting held on June 20, 2008 approved, and recommended for stockholders' ratification the appointment of *Punongbayan & Araullo* as the external auditors of the Corporation for the year 2008. The appointment of *Punongbayan & Araullo* as the independent auditors of the Corporation was then formally presented to the stockholders for approval.

There being no objection, upon motion made and duly seconded, *Punongbayan & Araullo* was appointed as external auditors of the Corporation for the year 2008 and the following resolution was formally introduced and adopted:

"RESOLVED, That the stockholders of National Reinsurance Corporation of the Philippines (the "Corporation") approve, ratify and confirm, as they do hereby, the appointment of Punongbayan & Araullo as the external auditors of the Corporation for the year 2008."

7. PERFORMANCE BONUS OF DIRECTORS

The President advised the stockholders that upon recommendation of the Compensation Committee, the Board of Directors, at a regular meeting held on April 30, 2008, approved the Performance Bonus System to the Officers and Directors of the Corporation. The performance bonus system was in line with the IC Circular 31-2005 and 16-2008 on corporate governance principles and leading practices, under which it is provided that the level of remuneration of directors should be sufficient to attract and retain the quality of directors to run the company successfully. The Performance Bonus System to the Officers and Directors of the Corporation is based on the following criteria:

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a) **Hurdle Rate: 10% Return on Equity (ROE)**

b) **Performance Bonus Rating Factors / Weights / Score:**

Rating Factor	Weight
Net Premiums Written	35%
Underwriting Profit	15%
Expense Ratio	15%
Combined Ratio	35%
Total	100%

c) **Performance Bonus Range / Score (as percentage of profit):**

- Score of over 90% 2.5% net profit.
- Score of over 85% to 90%.... 2.0% of net profit.
- Score of 80% to 85%..... 1.5 % of net profit.
- Score of 75% to 80%..... 1.0% of net profit.

The Chairman advised the stockholders that under Section 30 of the Corporation Code of the Philippines, the Performance Bonus to the Directors shall be subject to the stockholders' approval. In no case shall the total yearly compensation of directors, as such, exceed 10% of the net income before tax of the Corporation during the preceding year.

A brief discussion ensued. Thereafter, upon motion by a stockholder, voting on this item in the agenda was done by ballot. Ballots were thus distributed to the stockholders. After the canvassing of votes, the Chairman announced that out of the total number of shares present at the meeting, stockholders representing 1,000 shares voted against the proposal and the rest of the stockholders voted in favor of the proposal. Thus, with at least 1,330,303,001 shares or at least a majority of the outstanding capital stock of the Corporation voting in favor of the proposal, the Performance Bonus System in accordance with the formula and criteria discussed by the President was deemed ratified and confirmed by the stockholders.

8. ELECTION OF DIRECTORS

The meeting proceeded to the election of directors. Upon directive of the Chairman, the Secretary of the meeting apprised the stockholders of the provisions of the By-laws relating to nomination and election of the members of the Board of Directors. Under SRC Rule 38 (entitled "*Requirements on Nomination and Election of Independent Directors*"), public companies are required to have at least 2 independent directors or at least 20% of its board size, whichever is lesser; provided, further that said public companies may choose to have more independent directors in their boards than as above required. Thus, upon recommendation of the Nomination and Compensation Committee, the Board of Directors, at its regular meeting held on April 30, 2008, approved the election of 3 independent directors.

The Chair announced that the Board of Directors received the following nominations to the Board of Directors for the year 2007-08:

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➤ **For Regular Directors:**

1. Winston F. Garcia
2. Yvonne S. Yuchengco
3. Adelita A. Vergel De Dios
4. Wilfrido C. Bantayan
5. Alfonso L. Salcedo, Jr.
6. Josefina L. Valera
7. Emilio S. De Quiros, Jr.
8. Noel M. Juan

➤ **For Independent Directors:**

9. Romeo L. Bernardo
10. Primitivo C. Cal
11. Rizalino S. Navarro

Considering that there were only eleven (11) nominees to the Board of Directors, the Chair said that they could dispense with the formal balloting procedure and that the election of directors be done by a motion. There being no objections, it was moved and duly seconded, that the eleven (11) nominees to the Board of Directors be deemed elected as directors of the Corporation for the year 2008-09 and until their successors are duly elected and qualified.

Shortly, the Chair declared the following as directors of the Corporation for the year 2008-09 who shall serve as such and until their successors are duly elected and qualified:

➤ **Regular Directors:**

1. **Winston F. Garcia**
2. **Yvonne S. Yuchengco**
3. **Adelita A. Vergel De Dios**
4. **Wilfrido C. Bantayan**
5. **Alfonso L. Salcedo, Jr.**
6. **Josefina L. Valera**
7. **Emilio S. De Quiros, Jr.**
8. **Noel M. Juan**

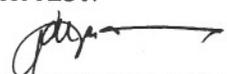
➤ **Independent Directors:**

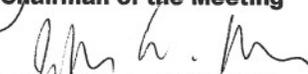
9. **Romeo L. Bernardo**
10. **Primitivo C. Cal**
11. **Rizalino S. Navarro**

9. **ADJOURNMENT**

There being no other matters to be taken up during the meeting, upon motion made and duly seconded, the stockholders' meeting was adjourned.

ATTEST:


WINSTON F. GARCIA
Chairman of the Meeting


ZENAIDA L. SALIPSIP
Secretary of the Meeting

/angie

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