

**NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES**  
**Makati City**

Annual Stockholders' Meeting

22 June 2009

**M I N U T E S**

**Minutes of the Annual Meeting of Stockholders of  
National Reinsurance Corporation of the Philippines  
held on 22 June 2009, at 3:00 p.m.  
at the Carlos P. Romulo Auditorium, RCBC Plaza, Podium 4, Tower II  
6819 Ayala Avenue, Makati City**

**Present:**

Stockholders present in person	4,865,500 shares	0.225%
Stockholders represented by proxies	1,253,959,400 shares	58.06%
Total Number of Shares Present in Person and/or Represented by Proxies	1,258,824,900 shares	58.29%
<b><u>Absent Shares:</u></b>	900,852,700 shares	41.71%
Total Number of Outstanding Shares	2,159,677,600 shares	

**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. The Corporate Secretary, Atty. Noel A. Laman, was Secretary of the meeting and recorded the minutes of the proceedings.

**2. PROOF OF NOTICE AND CERTIFICATION OF QUORUM**

The Chairman then asked the Corporate Secretary as to whether the Notice of today's meeting has been sent to all stockholders of record of the Corporation. The Corporate Secretary responded in the affirmative. He certified that copies of the Notices of today's Annual Stockholders' Meeting were transmitted either by personal delivery or registered mail to all stockholders of record 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.

At this point a stockholder (hereinafter referred to as the "Stockholder") rose, complaining that last year, he failed to receive a copy of the "report" in relation to the annual stockholders' meeting; similarly, that he also did not receive a copy of the "report" for this year's annual stockholders' meeting. He alleged that his stockbroker, *RTG & Co., Inc.*, likewise, failed to be furnished with a copy of the Notice of the annual stockholders' meeting, the Definitive Information Statement and other reports.

In response, the Chairman requested the Stockholder to address his questions at the appropriate time of the meeting when his queries would be properly heard. He then requested the Stockholder to take his seat and assured him that he would be given ample time to pose his questions at the appropriate time/portion of the meeting. The Chairman added that his question on the proof of service of Notice of today's annual stockholders' meeting was directly addressed to the Corporate Secretary and that the Stockholder was not yet formally recognized by the Chair. Nonetheless, the Stockholder invoked his right, under Section 74 of the *Corporation Code of the Philippines*, and insistently repeated his line of questioning, at which point, the Chairman declared the Stockholder to be out of order, and henceforth, called the sergeant-at-arms of the *Carlos P. Romulo Auditorium* to escort him out of the meeting. This conduct of the Stockholder was considered by the Chairman as

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disruptive of the continuance of a peaceful holding of the annual stockholders' meeting of the Corporation; hence, he directed anew the sergeant-at-arms to escort the Stockholder out of the meeting.

The Chairman requested all stockholders to observe proper decorum during the meeting and assured them that all their questions would be heard and properly responded at the proper time of the meeting. The sergeant-at-arms at this point politely escorted the Stockholder out of the meeting.

In continuance of the meeting, the Chairman asked the Corporate Secretary as to whether there was a quorum for the transaction of corporate business. The Corporate Secretary declared that out of a total of 2,159,677,600 shares outstanding and entitled to vote, stockholders owning at least 4,865,500 shares were present in person and 1,253,959,400 shares were represented by proxies, all said shares representing at least 58.29% of the total outstanding capital stock entitled to vote of the Corporation. Thus, the Secretary certified that a quorum existed for the transaction of corporate business.

**3. APPROVAL OF MINUTES OF THE MEETING OF THE STOCKHOLDERS HELD ON JUNE 23, 2008**

Upon inquiry of the Chairman, the Corporate Secretary certified that each stockholder was given a copy of the Minutes of the Annual Stockholders' Meeting held on June 23, 2008. The Chairman opened the floor for any motion to approve or disapprove the Minutes of the Annual Stockholders' Meeting held on June 23, 2008. A stockholder moved that since copies of the Minutes of the Annual Meeting of the Stockholders held on June 23, 2008 have been previously distributed to all the stockholders present or represented at today's meeting, that said minutes be deemed approved by the stockholders owning at least a majority of the outstanding capital stock. The Chairman then opened the floor for any objection to the motion.

There being no objection, and the motion having been duly seconded, the Chairman declared that the Minutes of the Annual Meeting of the Stockholders held on June 23, 2009 were deemed approved.

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

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

Thereafter, the President, Mr. Roberto B. Crisol, presented the President's Report, delivering information on Underwriting Operations, Investments and Income, Projects and Activities, Corporate Governance, and Outlook for 2009.

Upon conclusion of the report of the President, the Chairman opened the floor for any question regarding said report. A stockholder stood to extend his congratulations to the Board of Directors and Management of PhilNaRe for generating profit for the year 2008, although, he noted a decrease in Net Income from ₱609,413,356.00 in 2007 to ₱94,443,421.00 in 2008.

Said stockholder then inquired if the position of Atty. Winston F. Garcia as Chairman of the Board of Directors of PhilNaRe would not conflict with his current position as President and Chief Executive Officer of the GSIS. The Chairman explained that PhilNaRe is a reinsurance company while GSIS is an insurance company; PhilNaRe accepts all insurance underwritings from all insurance companies and that GSIS is the biggest contributor to the reinsurance placements to PhilNaRe, comprising more than 1/3 of the total reinsurance placements; there is no competing business between PhilNaRe and GSIS because GSIS is doing an

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insurance business or transacting an insurance business while PhilNaRe is engaged in carrying on the business of reinsurance of whatever kind and nature; hence, both entities are engaged in different activities or businesses. In sum, the Chairman confirmed that there is no conflict of interest with his current positions as Chairman of the Board of PhilNaRe and President/CEO of GSIS; the truth of the matter is that the two positions even complement each other. GSIS owns more than 24% of the outstanding shares of PhilNaRe, and that the participation of GSIS in PhilNaRe is as a major stakeholder; as the President and CEO of the GSIS, it is the legal responsibility and duty of the Chairman to protect the interest of GSIS in PhilNaRe.

The same stockholder suggested that PhilNaRe should be audited by the *Commission on Audit* (COA). In response, the Chairman said that COA audits government owned and controlled corporations; since the interest of the government in PhilNaRe is less than 50%, PhilNaRe cannot be audited by COA. The Chairman stressed that PhilNaRe is a publicly listed company, and COA has no jurisdiction of auditing a private company.

A short discussion also ensued on the issue of the CTPL; the Chairman confirmed that the participation of the GSIS in the CTPL is intended for the protection of the public; the proposal is for the GSIS to insure all motor vehicles under the CTPL; in turn, the GSIS will reinsure the risk to private reinsurance companies.

Another suggestion coming from the same stockholder was for the external auditors of PhilNaRe to delete the word "*Opinion*" in their financial report of PhilNaRe. The Chairman noted said suggestion.

There being no further comments on the Management Report, upon motion made and duly seconded, said report was duly noted and approved by the stockholders. However, one stockholder registered his abstention from voting on the President's Report which abstention was duly noted by the Chairman.

The full text of the President's Report is appended hereto as Annex "B" and likewise made a part of these minutes.

**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 2008 and until the date of this meeting as they were recorded in the books and records of the Corporation. One stockholder registered his abstention from voting on the issue which abstention was noted anew by the Chair.

There being no further 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 2008 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 Chairman informed the stockholders that upon proper recommendation of the Audit Committee, the Board of Directors, at a regular meeting held on March 31, 2009, approved, and recommended for stockholders' ratification the appointment of

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*Punongbayan & Araullo* as the external auditors of the Corporation for the year 2009. The appointment of *Punongbayan & Araullo* ("P&A") as the independent auditors of the Corporation was then formally presented to the stockholders for approval. It was disclosed that Mr. Leonardo Cuaresma, Jr. of P&A shall be the partner-in-charge of PhilNaRe's account for the current fiscal year

There being no objection, upon motion made and duly seconded, *Punongbayan & Araullo* was appointed as external auditors of the Corporation for the year 2009, and the following resolution was formally introduced, seconded 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 2009."**

**7. ELECTION OF DIRECTORS**

The meeting proceeded to the election of members of the Board of Directors of the Corporation for the year 2009-2010. Upon directive of the Chairman, the Corporate Secretary informed the stockholders of the provisions of the By-laws relating to the nomination and election of the members of the Board of Directors. He said that Article Sixth of the Amended Articles of Incorporation of *National Reinsurance Corporation of the Philippines* provides for eleven (11) seats in the Board of Directors. Under *SRC Rule 38*, public companies are required to have at least two (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.

The Corporate Secretary also made known that upon recommendation of the *Nomination and Compensation Committee*, the Board of Directors, at its regular meeting held on February 17, 2009, approved the election of three (3) independent directors for the year 2009-2010. The *Nomination and Compensation Committee* received eight (8) nominees for Regular Directors and three (3) nominees for Independent Directors. Said Committee has prepared a Final List of Candidates for Independent Directors in accordance with *SRC Rule 38 (Nomination and election of Independent Directors)*. There would only be one election for both the Regular and Independent Directors. The Corporate Secretary also said that in accordance with Section 24 of the *Corporation Code of the Philippines*, every stockholder is entitled to vote in person or by proxy the number of stock standing in his own name on the stock books of the Corporation as of the "Record Date" which "Record Date" had been fixed by the Board on May 11, 2009, and in the manner set forth in said Section 24 of the *Corporation Code*.

At this point, the Chairman announced that the Board of Directors and *Nomination and Compensation Committee* received the names of eleven (11) candidates to the Board of Directors of the Corporation for the year 2009-2010, to wit:

• **For Regular Directors:**

1. Winston F. Garcia
2. Adelita A. Vergel De Dios
3. Roberto B. Crisol
4. Yvonne S. Yuchengco
5. Alfonso L. Salcedo, Jr.
6. Jose Teodoro K. Limcaoco
7. Josefina L. Valera
8. Noel M. Juan

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• **For Independent directors:**

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

Considering that there were no other valid nominations, the Chairman said that if there would be no objection, the actual balloting and voting would be dispensed with, and election would be done through a motion. The Chairman then entertained a motion to the foregoing. Following the statement of the Chairman, it was moved and duly seconded, that the following stockholders be elected as directors of the Corporation for year 2009-2010:

• **For Regular Directors:**

1. Winston F. Garcia
2. Adelita A. Vergel De Dios
3. Roberto B. Crisol
4. Yvonne S. Yuchengco
5. Alfonso L. Salcedo, Jr.
6. Josefina L. Valera
7. Jose Teodoro K. Limcaoco
8. Noel M. Juan

• **For Independent Directors:**

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

There being no objections, and upon motion duly made and seconded, the Chairman then declared the following eleven (11) candidates as Regular Directors and Independent Directors of *National Reinsurance Corporation of the Philippines* for the year 2009-10:

• **For Regular Directors:**

1. Winston F. Garcia
2. Adelita A. Vergel De Dios
3. Roberto B. Crisol
4. Yvonne S. Yuchengco
5. Alfonso L. Salcedo, Jr.
6. Jose Teodoro K. Limcaoco
7. Josefina L. Valera
8. Noel M. Juan

• **For Independent Directors:**

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

On behalf of the Board of Directors and the Management of *PhilNaRe*, the Chairman conveyed an expression of gratitude and gave special thanks to the outgoing director, Mr. Emilio S. de Quiros, Jr., who has made invaluable services and contribution to the Board and *PhilNaRe*, particularly in the area of information technology.

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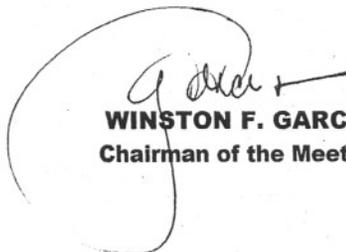
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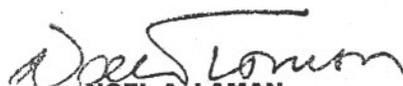
At this juncture, a stockholder inquired as to when the proposal of GSIS to insure all motor vehicles under the CTPL will commence. In response, the Chairman disclosed that there is a preliminary injunction issued by the Court of Appeals and they are awaiting for a resolution on the matter.

**8. 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

  
**NOEL A. LAMAN**  
Secretary of the Meeting