



October 29, 2008

Petron Corporation's
Disclosure

Philippine Stock Exchange, Inc. (PSE)
Philippine Stock Exchange Center
Exchange Road, Ortigas Center
Pasig, Metro Manila

Attention: **Atty. Pete M. Malabanan**
Head, Disclosure Department

Gentlemen:

We refer to your request for clarification of a news item appearing in the internet edition of Philippine Daily Inquirer dated Oct. 29, 2008 which we quote below:

“UK investment manager Ashmore group will exercise its right to buy an additional 40% stake in oil refiner Petron Corp. which the Philippine government is selling, the President of Petron said Wednesday. Ashmore currently holds slightly over 50-percent stake in Petron Corp. and has the right of first refusal over the government stake. "It is our right and we intend to exercise it," Eric Recto, Petron President and an Ashmore representative to the oil firm told Reuters.”

We wish to inform you that based on the right of first offer as provided under the Share Purchase Agreement and the notice of PNOC to Ashmore, the latter has until December 6, 2008 within which to opt to buy or not to buy PNOC's 40% stake in Petron or to assign such right to buy to an eligible third party. The exercise of such right depends entirely on the decision of Ashmore. At the moment, Petron has not been informed either by Ashmore or PNOC regarding the exercise of such right. However, as soon as Petron is notified as to how the right of first offer is exercised by Ashmore, we shall accordingly inform the Exchange.

We trust that we have complied with your disclosure requirements.

Very truly yours,

A handwritten signature in black ink, appearing to read "Maglaya", written in a cursive style.

Luis A. Maglaya
Corporate Secretary