



March 24, 2008

ATTY. PETE M. MALABANAN
Head, Disclosure Department
Philippine Stock Exchange, Inc. (PSE)
Philippine Stock Exchange Center
Exchange Road, Ortigas Center
Pasig City

Dear Atty. Malabanan:

We refer to your letter requesting for clarification on the article that came out in the March 20 issue of the Philippine Star titled "*Saudis get out of Petron for \$550 million*" which reported in part that:

"Aramco Overseas BV has sold its 40 percent stake in oil refiner Petron Corp. to London-based investment fund Ashmore Group for about \$550 million, according to a memo obtained by Reuters yesterday . . . The agreement will be paid in two installments, according to the memo: an initial payment of \$200 million at closing, and the remaining \$350 million payable within 12 months. . ."

We wish to clarify that the Philippine National Oil Company (PNOC) has 60 days to evaluate its options with regard to the subject \$550-million transaction, including the exercise of its right of first offer. PNOC has announced that it will hire a third party financial advisor to make an independent valuation and advise the government on this matter as reported in major dailies today.

With the foregoing, we hope we have complied with your disclosure requirements.

Thank you.

Very truly yours,

A handwritten signature in black ink that reads "V. A. Ruivivar".

Virginia A. Ruivivar
Public Affairs Manager