



May 13, 2008  
Petron Corporation's Disclosure

**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:

Pursuant to PSE and SEC's disclosure requirements, attached is the company's official statement on PNOC's decision to waive its right of first offer with respect to the sale of Aramco's 40% stake in Petron.

Very truly yours,

A handwritten signature in black ink, appearing to read "V. A. Ruvivar".

**VIRGINIA A. RUVIVAR**  
Public Affairs Manager



13 May 2008

## **PETRON TO FOCUS ON GROWTH INITIATIVES AS PNOC APPROVES ASHMORE PURCHASE OF AOC STAKE**

Energy industry leader Petron Corporation said there will be no change in its business strategy and it will continue to focus on its growth initiatives following the decision by the Philippine National Oil Company (PNOC) to approve the transfer of the 40 percent share held by Aramco Overseas Company (AOC) to Ashmore, a global asset management company listed on the London Stock Exchange with assets totaling some US\$36.5 billion.

"Petron is a strong stand-alone company with solid fundamentals. We have undisputed industry leadership in the Philippines with the largest distribution and marketing network and world-class products and services. That will not change with the new share ownership structure," Petron Chairman and CEO Nicasio Alcantara said. "With PNOC's decision, we will continue to move forward with initiatives that will enable Petron to achieve even higher growth."

Petron recently commissioned the country's first petrochemical feedstock units, namely a Petro Fluidized Catalytic Cracker (PetroFCC) and a Propylene Recovery Unit (PRU), as part of its long-term diversification strategy. The PetroFCC and the PRU enable the Petron refinery to convert black products into high-value fuels such as diesel and gasoline, as well as produce the petrochemical feedstock propylene. A Benzene-Toluene-Xylene (BTX) unit, currently under construction, will produce additional petrochemical feedstocks.

PNOC has announced that it chose not to exercise its right of first offer for the AOC shares, citing two main considerations. One is the government's long-standing policy of privatization of state-owned commercial assets and the second is the cost to the government if it were to make such a purchase, particularly at a time when it has more pressing priorities such as food security and essential infrastructure projects.

PNOC's decision effectively allows AOC and Ashmore to proceed with the transaction. Ashmore offered AOC US\$550 million for its 40% stake in Petron in mid-March. The approval of the sale to Ashmore by AOC triggers a mandatory tender offer by Ashmore for some of the shares held by the public as stipulated by the Securities Regulation Code.

Mr. Alcantara added, "While our partnership with AOC is changing, it is not ending. We will retain our strong commercial ties with Aramco since our crude oil supply arrangement remains in place."

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Mr. Alcantara reiterated that Ashmore's intention to buy AOC's shares is a strong vote of confidence in the company's operations and growth prospects, and the Philippines as an investment destination.

"We look forward to working with Ashmore representatives so we can immediately look at synergies that can enhance Petron's business especially in the petrochemical sector. In this regard, we see unique opportunities in Ashmore's wide network of global business relationships," Mr. Alcantara concluded.

Ashmore is a leading investor in emerging markets, focusing exclusively on developing economies. It has been a long-time investor in the Philippines, with holdings in power-generation, telecommunications, and utilities.

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About Petron Corporation

Petron Corporation is the largest oil refining and marketing company in the Philippines. Its 180,000 barrel-per-day oil refinery produces a full range of petroleum products to supply nearly 40% of the country's total fuel requirements. Through more than 1,250 service stations nationwide -- the largest service station network in the country -- we retail gasoline, diesel and kerosene to motorists. Petron is dedicated and passionate about its vision to be the leading provider of total customer solutions in the energy sector and its derivative businesses. Please visit us at [www.petron.com](http://www.petron.com) for more information.

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