



April 22, 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:

In a Decision dated April 16, 2008, the 2nd Division of the Supreme Court reversed the ruling of the Regional Trial Court of Malabon City which, in May 2003, ordered Petron to pay P10,204,916.17 as and for business taxes to the Municipality of Navotas for the sale of diesel out of its Navotas Depot for the period 1997 to 2001.

The Supreme Court upheld the position of Petron that under the Local Government Code, local government units, as in the case of Navotas municipality, are not allowed to impose taxes, fees or charges on petroleum products. The Court further noted that oil is a political commodity and "it can be reasonably presumed that if municipalities, cities and provinces were authorized to impose business taxes on manufacturers and retailers of petroleum products, the resulting losses to these enterprises would be passed on to the consumers, triggering the chain of increases that normally accompany the increase in oil prices".

We trust that we have sufficiently complied with your disclosure requirements.

Very truly yours,

A handwritten signature in black ink, appearing to read "Luis A. Maglaya".

**Luis A. Maglaya**  
Corporate Secretary