



March 18, 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 today's issue of Business Mirror (Internet Edition) titled "*Petron Needs \$1.5B for PetroFCC Project*" which reported in part that:

"PETRON Corp. the country's largest oil refiner, will need at least \$1.5 billion to finance its capital projects that will help further improve operating efficiency. "We will at least need \$1.5 billion to finance the second phase of our Petro Fluidized Catalytic Cracker [PetroFCC] project that is envisioned to be operational between 2013 and 2014," Nicasio I. Alcantara, Petron chairman and chief executive, said in a press conference. The Petron official said the project will be funded using equity and borrowings. . . "

We wish to verify that in a press conference held yesterday, Petron Chairman and CEO Mr. Nicasio I. Alcantara reported that the company is considering a \$1.5billion 2nd phase Refinery Master Plan. This could include a second petro fluidized catalytic cracking unit (PetroFCC) among other units. This is still being evaluated and we will inform the Exchange of further developments.

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