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PETRON

**Petron Corporation
PCOR**

PSE Disclosure Form 4-29 - Disbursement of Proceeds and Progress Report
References: Memorandum No. 626 - 2007 dated December 20, 2007
Section 4.4 of the Revised Disclosure Rules

Annual Report
 Quarterly Report
 Others -

Subject of the Disclosure

First and Final Progress Report for Quarter Ended March 31, 2015.

Background/Description of the Disclosure

Please see attached First and Final Progress Report for Quarter Ended March 31, 2015 dated April 14, 2015 in relation to the issuance of the Series 2 Preferred Shares of the Company, together with the external auditor's report.

Other Relevant Information

None.

Filed on behalf by:

Name	Jhoanna Jasmine Javier-Elacio
Designation	Legal Manager and Assistant Corporate Secretary



April 14, 2015

THE DISCLOSURE DEPARTMENT
THE PHILIPPINE STOCK EXCHANGE, INC.
Philippine Stock Exchange Center
Exchange Road, Ortigas Complex
Pasig City, Metro Manila

Attention : MS. MARSHA ANGELYN M. RESURRECCION
Head, Issuer Regulation Division

Re : First and Final Progress Report for Quarter ended
March 31, 2015

Dear Madam:

Please be advised that as of March 31, 2015, the total net proceeds from the offering of Petron Preferred Shares Series 2 ("PRF2A" and "PRF2B") amounting to **₱9,898,298,153.11** has been fully utilized. In addition, **₱101,701,846.89** has been disbursed from the Company's own funds to fully redeem the outstanding Petron Preferred Shares ("PPREF") amounting to **₱10,000,000,000.00** last March 5, 2015. The details of the utilization made from the Petron Preferred Shares Series 2 proceeds are as follows:

Preferred Shares Series 2 Gross Proceeds ("PRF2A" and "PRF2B")	Php	10,000,000,000.00
Less: Underwriting Fees, Filing and Processing Fees, Documentary Stamp Tax, Legal and Professional Fees and Other Expenses**		(101,701,846.89)
Net Proceeds		9,898,298,153.11
Add: Financing from Company's own funds		101,701,846.89
Total Funds	Php	10,000,000,000.00
Less: Redemption of Petron Preferred Shares ("PPREF")		(10,000,000,000.00)
Balance	Php	0.00

**Represents actual amount paid net of related input Value Added Tax


ALBERT S. SARTE
Vice President and Treasurer


PETRON CORPORATION

**REPORT OF FACTUAL FINDINGS ON THE
APPLICATION OF PROCEEDS FROM THE OFFERING OF
PERPETUAL PREFERRED SHARES SERIES 2**



R.G. Manabat & Co.
The KPMG Center, 9/F
6787 Ayala Avenue
Makati City 1226, Metro Manila, Philippines

Telephone: +63 (2) 885 7000
Fax: +63 (2) 894 1985
Website: www.kpmg.com.ph
E-mail: ph-inquiry@kpmg.com

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REPORT OF FACTUAL FINDINGS

The Board of Directors and Stockholders

Petron Corporation

SMC Head Office Complex
40 San Miguel Avenue
Mandaluyong City, Philippines

We have performed the procedures agreed with you and enumerated below with respect to the Quarterly Progress Report (the “Progress Report”) on the application of proceeds from the offering of Perpetual Preferred Shares Series 2 (the “Series 2 Preferred Shares”), which comprised of the Series 2A Preferred Shares (PRF2A) and the Series 2B Preferred Shares (PRF2B), of Petron Corporation (the “Company”) on November 3, 2014. The procedures were performed solely to comply with the requirement of the Philippine Stock Exchange (PSE) for the Company to submit an external auditor’s certification on the accuracy of the information being represented by the Company relating to the use of proceeds from the offering whenever a report is submitted to the PSE. Our engagement was undertaken in accordance with Philippine Standard on Related Services (PSRS) 4400, *Engagements to Perform Agreed-upon Procedures Regarding Financial Information*. These agreed-upon procedures are summarized as follows:

1. Obtained the copy of the planned Use of Proceeds from the offering of Series 2 Preferred Shares of the Company in the Offering Prospectus (the “Prospectus”).
2. Obtained the Progress Report and checked its mathematical accuracy.
3. Traced cash disbursements listed in the Progress Report to the disbursement reports generated from SAP Business Intelligence (SAP) and bank statements and other pertinent documents such as memorandum from the Company’s stock transfer agent.
4. Obtained written management representation as to any reallocation (or absences thereof) on the Company’s planned use of proceeds from the offering or of any change in the work program as disclosed in the Prospectus.

The results of the procedures performed are summarized in Annex A, which is an integral part of this report.

The procedures that we performed did not constitute either an audit or review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standard on Review Engagements (PSRE), thus, we do not express any assurance on the use of proceeds from the offering based on the said standards.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with PSA and PSRE, respectively, other matters might have come to our attention that would have been reported to you.



We have no responsibility to update this report for events or circumstances occurring after the date of this report.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. This report relates only to the report on the Company's use of the proceeds from the offering and items specified above and do not extend to any financial statements of the Company taken as a whole.

R.G. MANABAT & CO.

A handwritten signature in black ink, appearing to read 'Ador C. Mejia', written over a circular stamp or seal.

ADOR C. MEJIA

Partner

CPA License No. 0029620

SEC Accreditation No. 0464-AR-2, Group A, valid until March 24, 2016

April 14, 2015

Makati City, Metro Manila



Summary of Results of Agreed-Upon Procedures Performed Annex A

We report the results of our work as follows:

1. With respect to item 1, we obtained the copy of the planned Use of Proceeds from the offering of Series 2 Preferred Shares of the Company in the Prospectus.

We noted from the Prospectus that the net proceeds from the offering will be used by the Company to redeem the P10 billion 2010 Preferred Shares (PPREF) of the Company.

2. With respect to item 2, we found the Progress Report to be mathematically accurate.

After deducting all the related disbursements in connection with the offering such as underwriting fees, filing and processing fees, documentary stamp tax, legal and professional fees and other expenses, the net proceeds of the offering amounted to P9,898,298,153.11.

3. With respect to item 3, we traced the disbursement transactions to the bank statement. We also traced the accounting entries made in recording the disbursement transactions into SAP.

We have obtained the memorandum issued by the SMC Stock Transfer Service Corporation, the Company's stock transfer agent, dated February 26, 2015 informing the Company the total amount to be funded for the redemption of PPREF on March 5, 2015.

We noted that thirty six (36) checks representing P57,640,000 were yet to be presented as at report date.

4. With respect to item 4, we have obtained written management representation and noted that there were no reallocations on the Company's planned use of proceeds from the offering or of any changes in the work program as disclosed in the Prospectus. Such representation was verified to be correct based on the result of work performed above.