



November 9, 2007

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:

We have received a copy of the Decision dated October 30, 2007 in Petron Corporation v. Commissioner of Internal Revenue, CTA Case No. EB Case No. 238. The Decision directs Petron to pay P580 million, exclusive of interest and surcharge for excise tax liabilities on account of cancelled tax credit certificates. It is worth noting that two Justices dissented from the majority opinion.

Petron shall appeal the said Decision to the Supreme Court within the prescribed period.

Petron believes that it had complied with the requirements of the law for the transfer of the tax credit certificates and had even secured all necessary government approvals to effect the transfer and the use of the TCC to pay for its own tax liabilities. Petron had no part in the issuance of questionable TCCs.

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