



October 15, 2007

Petron Corporation's
Disclosure

PHILIPPINE STOCK EXCHANGE, INC. (PSE)
Philippine Stock Exchange Center
Exchange Road, Ortigas Center
Pasig City

Attention: **Atty. Pete M. Malabanan**
Head, Disclosure Department

Gentlemen:

Petron Corporation has filed a Complaint before the Regional Trial Court against the Provincial Treasurer of Bataan seeking to enjoin the sale of Petron properties for alleged non-payment of realty taxes for the period 1994 up to the first half of 2007 in the amount of P1.7 Billion.

In this connection, Petron is contesting before the Local Board of Assessment Appeals that the revised assessment made against it by the Provincial Assessor and the corresponding notice of delinquency issued by the Provincial Treasurer are unjust, excessive and without basis. Petron has been religiously paying the real property taxes on its properties at the Refinery based on previous assessments made or approved by the Province and has been issued the corresponding receipts therefor.

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

Very truly yours,

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

Luis A. Maglaya
Corporate Secretary