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Preliminary Offering Circular Supplement dated January 29, 2013 to the
Preliminary Offering Circular dated January 22, 2013



Petron Corporation

*(a company incorporated under the laws
of the Republic of the Philippines)*

US\$ Undated Subordinated Capital Securities

Issue price: %

This preliminary offering circular supplement dated January 29, 2013 relates only to the offering described above (the “Offer”) and must be read together with the preliminary offering circular dated January 22, 2013 (the “Preliminary Offering Circular”) relating to the Offer.

Unless otherwise defined, capitalized terms used in this preliminary offering circular supplement shall have the meanings given to them in the Preliminary Offering Circular.

Footnote (8) in the table under the heading “Other Financial And Operating Data” in the sections of “Summary Financial Information” on pages 8-9 and “Selected Financial Information” on pages 59-60 in the Preliminary Offering Circular has been revised, and the table has been amended and restated as follows:

Other Financial and Operating Data

	(Audited)				(Unaudited)		
	As of and for the years ended December 31,				As of and for the nine months ended September 30,		
	2009	2010	2011	2011⁽¹⁾	2011	2012⁽²⁾	2012⁽¹⁾
	(in millions of ₱ except sales volume and ratios)			(in millions of US\$)	(in millions of ₱ except sales volume and ratios)		(in millions of US\$)
Sales volume ('000 bpd).....	121	132	128	—	126	194	—
Net debt ⁽³⁾	—	42,876	66,638	1,591	—	97,994	2,340
Ratio of total debt to equity.....	—	1.6	1.5	—	—	1.6	—
Ratio of net debt to equity.....	—	0.8	1.1	—	—	1.3	—
EBITDA ⁽⁴⁾	13,687	15,968	18,553	443.0	15,727	9,719	232.1
Capital expenditures ⁽⁵⁾	1,928	4,417	19,070	455.3	10,635	22,407	535.0
Total debt ⁽⁶⁾	—	86,860	90,461	2,160.0	—	119,621	2,856.3
Ratio of EBITDA to net interest expense ⁽⁷⁾	3.4	4.6	5.0	—	5.4	2.0	—
Ratio of net adjusted debt to EBITDA ⁽⁸⁾	—	2.8	3.2	—	—	5.1	—

- (1) For the reader's convenience, certain amounts in Philippine Pesos have been translated to U.S. dollars at a rate of ₱ 41.88 = US\$1.00, the weighted average rate quoted on the PDS for the purchase of U.S. dollars with Philippine Pesos on September 30, 2012.
- (2) The Company's Malaysian operations have been consolidated into the Company's consolidated financial statements since the second quarter of 2012.
- (3) Net debt represents the sum of short-term loans, current portion of long-term debts—net and long-term debts—net of current portion, less cash and cash equivalents.
- (4) The Company defines EBITDA as net income before net financing charges, tax expense and depreciation and amortization. Net financing charges include interest income, interest expense, foreign exchange gains/losses, bank charges, amortization of transaction costs and marked to market on freestanding currencies. EBITDA is not a standard measure of the Company's financial condition or liquidity under PFRS. EBITDA should not be considered in isolation or construed as an alternative to net income or any other performance measures derived in accordance with PFRS or as an alternative to cash flow from operating activities or as a measure of the Company's liquidity. The Company has included EBITDA because it believes it is a useful supplement to net income in measuring its operating performance. Other companies in the industry may calculate EBITDA differently or may use it for different purposes than the Company does, limiting its usefulness as a comparative measure. The table below provides a reconciliation of net income to EBITDA.
- (5) Capital expenditures represents the sum of purchases of property, plant and equipment and of intangible assets, net of disposals.
- (6) Total debt consists of the sum of short-term loans, current portion of long-term debts-net and long-term debts-net of current portion.
- (7) Net interest expense represents interest expense and other financing charges less interest income.
- (8) Net adjusted debt represents short-term loans, plus current portion of long-term debts—net and long-term debts—net of current portion as of the period-end date, less cash and cash equivalents as of the period-end date. For the purpose of calculating this ratio, (A) for each of the years ended December 31, 2010 and 2011, short-term loans are calculated as the average of the monthly closing balances of short-term loans for the twelve months then ended and (B) for the nine months ended September 30, 2012, short-term loans are calculated as (x) the average of the monthly closing balances of short-term loans of the Company for the twelve months then ended including (y) (i) the monthly closing balances of short-term loans for the "Exxon Malaysia Entities" (as defined below) for the period from October 2011 to February 2012 less (ii) inter-company eliminations between or among the Exxon Malaysia Entities as if the Exxon Malaysia Entities were consolidated under a single holding company. Exxon Malaysia Entities refers to ExxonMobil Malaysia Sdn. Bhd, ExxonMobil Borneo Sdn. Bhd and Esso Malaysia Berhad. For the years ended December 31, 2010 and 2011, the ratio of net adjusted debt to EBITDA represents net adjusted debt as of the period-end date as described above divided by EBITDA for the corresponding year then ended. For the nine months ended September 30, 2012, the ratio of net adjusted debt to EBITDA represents net adjusted debt as of the period-end date as described above divided by EBITDA for the twelve months ended September 30, 2012 (calculated as the sum of (A) (x) EBITDA of the Company for the nine months ended September 30, 2012 plus EBITDA of the Company for the year ended December 31, 2011 less (y) EBITDA of the Company for the nine months ended September 30, 2011 and (B) (x) EBITDA of the Exxon Malaysia Entities for the three months ended March 31, 2012 and (y) EBITDA of the Exxon Malaysia Entities for the three months ended December 31, 2011. EBITDA of the Exxon Malaysia Entities is calculated as the sum of EBITDA of each of the Exxon Malaysia Entities less inter-company eliminations between or among the Exxon Malaysia Entities as if the Exxon Malaysia Entities were consolidated under a single holding company. The method of calculation of EBITDA solely in relation to the Company's adjusted net debt to EBITDA ratio for the nine months ended September 30, 2012 is different from and not comparable with the method of calculation of EBITDA and related items as set out elsewhere in the offering circular.

	For the years ended December 31,				For the nine months ended September 30,		
	(Audited)				(Unaudited)		
	2009	2010	2011	2011 ⁽¹⁾	2011	2012	2012 ⁽¹⁾
	(in millions of ₱)			(in millions of US\$)	(in millions of ₱)		(in millions of US\$)
Net income	4,259	7,924	8,485	202.6	7,600	932	22.3
Add:							
Net financing charges	4,348	2,130	3,775	90.1	2,909	4,981	118.9
Tax expense	1,492	2,374	2,636	62.9	2,513	178	4.3
Depreciation and amortization	3,588	3,540	3,657	87.3	2,705	3,628	86.6
EBITDA	13,687	15,968	18,553	443.0	15,727	9,719	232.1

- (1) For the reader's convenience, certain amounts in Philippine Pesos have been translated to U.S. dollars at a rate of ₱ 41.88 = US\$1.00, the weighted average rate quoted on the PDS for the purchase of U.S. dollars with Philippine Pesos on September 30, 2012.