



October 13, 2011

PHILIPPINE STOCK EXCHANGE, INC.
Disclosure Department
3rd Floor, Philippine Stock Exchange Center
Ayala Triangle, Ayala Avenue
Makati City

Attention: **Ms. Janet A. Encarnacion**
Head, Disclosure Department

Dear Ms. Encarnacion:

We are enclosing herewith, for the information of the Exchange, a copy of the Letter-Advice of Petron Corporation dated October 11, 2011, addressed to the Department of Energy through the Honorable Secretary Jose Rene D. Almendras, which is self-explanatory.

Thank you.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Joel Cruz".

JOEL ANGELO C. CRUZ
AVP - General Counsel &
Corporate Secretary



11 October 2011

DEPARTMENT OF ENERGY
Energy Complex
Merritt Road, Fort Bonifacio
Taguig City, Metro Manila

Attention: Hon. Jose Rene D. Almendras
Secretary



Gentlemen:

The recent trend of rising prices of petroleum products has led to the ongoing discussions in Congress and in media to revisit the Downstream Oil Industry Deregulation Law (RA 8479) and a loud clamor for more government participation in the industry. In fact, a number of bills have been proposed in both Houses of Congress aimed at implementing measures for government to stabilize prices and secure continuous supply of petroleum products in the country.

Petron Corporation for its part extends its full support and cooperation to the thrust of the Government to counter the adverse effects of high oil prices in the Philippine economy. However, Petron believes that reverting back to the regulated regime is not the solution. The recent increases in oil prices are dictated not by the oil companies but by worldwide market forces. The Company believes that deregulation has been most beneficial to the economy as well as to the downstream oil industry and should thus be continued to be implemented by the Government.

Public opinion urging the Government to reinvest in Petron as a means to attain effective participation in the industry has reached us. The Company is open to this idea. In particular, we are ready to offer our refinery assets (the Petron Bataan Refinery Complex in Limay, Bataan) for possible re-acquisition by Government if this will assist in attaining the Government's objectives at this time.

As a way to get the process underway, we are ready to discuss the appointment of a mutually acceptable third party to establish a valuation basis and transaction structure.

Having control of the largest petroleum refining assets in the country will place the Government in a better position to develop and devise comprehensive and long-term programs and solutions. Through this acquisition, the Government will enjoy significant influence on the prices of petroleum products and in securing the supply of petroleum products in the country.

Handwritten signature and date: Oct 12 2011

Thank you.

Very truly yours,

Rh Oct 12, 2011

RAMON S. ANG
Chairman and Chief Executive Officer

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