



03 April 2013

Ms. Janet A. Encarnacion
Head, Disclosure Department
Philippine Stock Exchange
3/F PSE Plaza
Ayala Triangle Plaza
Ayala Ave., Makati City

Dear *Ms. Encarnacion*:

We write in relation to the front page news article published today, 03 April 2013 in the Philippine Daily Inquirer (PDI) entitled "Cases filed vs oil firms, individuals" in relation to the headline story "Shell confirms smuggling", which mentioned the name of Mr. Dennis A. Uy, President and CEO of Phoenix Petroleum Philippines, Inc. together with customs broker, Jorlan Cabanes and several John and Jane Does, in connection with the suit filed by the Bureau of Customs for violation of the Tariff and Customs Code or alleged "oil smuggling and other illegal activities related to the importation of petroleum products" as reported in the article.

For fear that the said article would poison the minds of the reading public, our investors and shareholders, we wish to stress that all of the charges mentioned were **DISMISSED FOR LACK OF MERIT** by the Department of Justice (DOJ). In its Resolution, the DOJ declared that there was no unlawful importation and that Phoenix Petroleum Philippines, Inc. has fully paid the duties, taxes and fees on the subject importation.

We reiterate our disclosure last 27 November 2012 :

"In a resolution dated 16 November 2012 pursuant to a procedural automatic review, the DOJ found no unlawful importations under Section 3601 of the TCCP based on the records submitted by the respondents vis-a-vis the allegations of the BOC. It stated that the shipments subject of the case regularly passed through the customs house according to the standard procedure where the required documents and custom entries were filed and accepted.



Significantly, in the said resolution, DOJ declared that respondents could not be held criminally liable for violation of 3602 of the TCCP as the BOC failed to show that the subject importations were fraudulently made. The documents submitted by the respondents mostly emanated from the complainant BOC which clearly showed that the payment of duties, taxes and fees covering the importations in question and its subsequent release were regular and above board. Complainant BOC failed to refute the charges by clear and convincing proof.”

Unfortunately, the statement with respect to Mr. Uy as presented in the said article is outdated, incomplete and inaccurate. Please note that the complainants who filed these charges against Mr. Uy and who used to be members of the BOC’s Runs After the Smugglers (RATS) group have long been removed from service due to extortion and harassment, and are now facing criminal and civil charges before the Office of the Ombudsman and the regular courts, respectively.

We would like to assure our shareholders and investors that your Company continues to be transparent in all its business transactions and adherent to practices of good corporate governance.

We hope to have clarified the matter from our end.

Thank you and kind regards.

Very truly yours,



Atty. Socorro Ermac Cabreros
Corporate Secretary