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PRESS STATEMENT (03/09)

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PETROCORP MICRONESIA ANNOUNCES FURTHER REDUCTIONS IN FUEL PRICES

PetroCorp Micronesia announced further reductions in the wholesale prices of kerosene, diesel and gasoline products across three States effective today. The largest price decreases are for diesel fuel, however price reductions also apply to all products purchased directly from the Corporation at their terminals.

"When PetroCorp assumed operations from Mobil last year, the difference between Guam and FSM gasoline pump prices was around \$1-45 per gallon. The difference is now only \$0.75 per gallon. Our decision to reduce diesel prices of between eighty and ninety cents a gallon are driven by lower international prices and a number of efficiency initiatives that we have implemented. It has taken some time for prices in the diesel market to fall and we thank our customers for their patience. We look forward to their continued support while we work through the next phase of initiatives" says the Corporations Chairman Mr. William Hawley.

International prices have remained volatile, and although there are signs that the global economic crisis may have bottomed, world oil demand continues to contract.

"At the end of the day there is very little that we can do to influence the international market price for fuel. What is within our control is the ability to try and stabilize domestic energy prices in the FSM so that consumers and businesses can budget effectively and plan accordingly. We have been able to do this over the last four months, and because diesel prices have settled lower than anticipated we have passed on price reductions. We will continue to do this as long as it is commercially sustainable" says Chairman Hawley.

Since commencing operations, PetroCorp have worked with State Governments to consolidate and gain efficiency improvements for petroleum distribution within the FSM, and these improvements are now flowing through to consumers in Yap, Pohnpei and Chuuk. In Kosrae, a final agreement was reached with the State Government for a ten year operating lease of the fuel farm in Okat. On the 1st April 2009, PetroCorp commenced operations, servicing the utility, aviation and marine markets. The

Corporation now operates a single national petroleum procurement and distribution regime in all four States of the FSM.

"Without the strong support that we continue to receive from all State and National Leadership, the Corporation would not have been able to achieve our Leaders vision of a unified operation. To have achieved this within ten months of commencing operations is truly amazing, and is testimony to the commitment for this change by the Governors of each State. We are assessing the efficiency gains that we can pass on to consumers in Kosrae, and have maintained the prices that were in place when we assumed the operations some forty-five days ago." says Chairman Hawley.

Since commencement, PetroCorp has reduced the wholesale price of fuel by over forty-five percent. The new prices effective today are expected to have further positive effects on many business operations within the economy. The general public can therefore expect these savings to be passed through to various local goods and services over coming months.

Ends

For more information please contact the Commercial Manager, Mr. Maderson Ramon at +691 320 6364 or on petrocorp@fsmpc.com.