



March 29, 2017

Securities and Exchange Commission

SEC Building, Mandaluyong City

Attention: **Director Vicente Graciano P. Felizmenio, Jr.**
Director, Markets & Securities Regulation Department

The Philippine Stock Exchange, Inc.

3/F Tower One and Exchange Plaza

Ayala Triangle, Ayala Avenue, Makati City

Attention: **Mr. Jose Valeriano B. Zuño III**
Head, Disclosure Department

Philippine Dealing and Exchange Corporation

37/F Tower 1, The Enterprise Center

6766 Ayala Ave. cor. Paseo de Roxas, Makati City

Attention: **Ms. Vina Vanessa S. Salonga**
Head, Issuer Compliance and Disclosure Department

Mesdames/Gentlemen:

Please be informed that AYC Holdings, Ltd. ("AYCH"), a wholly owned subsidiary of Ayala Corporation ("Ayala") held through AC International Finance Ltd. ("ACIFL"), will transfer its 50.6% ownership in Integrated Micro-Electronics, Inc. ("IMI") to AC Industrial Technology Holdings, Inc. ("AC Industrials"), also a wholly owned subsidiary of Ayala, through a special block sale of IMI shares, subject to the approval of the Philippine Stock Exchange. This transaction was granted exemptive relief from the application of the mandatory tender offer rules by the Securities and Exchange Commission on March 21, 2017 on the ground that the change in the form of Ayala's ownership of the IMI shares is by no means a takeover by a third party and will not affect the management and control of IMI.

IMI is the 21st largest electronics manufacturing service provider and the 6th largest automotive electronic manufacturing services provider in the world based on revenues, with technological and management expertise in automotive, telecom, and industrial electronics, among others.

AC Industrials currently holds Ayala's interests in automotive distributorship which include a 13 percent stake in Honda Cars Philippines, Inc. ("HCPI"), a 15 percent stake in Isuzu Philippines Corp. ("IPC"), a 100% stake in Honda Cars Makati, Inc. ("HCMI"), a 100% stake in Isuzu Automotive Dealers, Inc. ("IADI"), a 100% stake in Automobile Central Enterprise Inc. ("ACEI") and a 100% stake in Adventure Cycle Philippines Inc. ("ACPI"). HCMI and IADI respectively own and operate 11 full-service Honda car dealerships and 8 full-service Isuzu dealerships nationwide. ACEI is the official Philippine importer and distributor of Volkswagen vehicles. AC Industrials also manufactures KTM motorcycles and, through ACPI, is the official distributor of KTM motorcycles in the Philippines.

This transaction consolidates Ayala's existing assets in manufacturing and vehicle distribution and dealership under AC Industrials, creating a platform to execute on Ayala's vision to assemble a portfolio of businesses that own, develop, enable, manufacture, and commercialize automotive and other industrial technologies across various platforms to capture opportunities in the domestic and global markets.

The transaction will have no impact to Ayala's consolidated financial statements as this is just a transfer within the Group from one wholly owned subsidiary to another.

Very truly yours,

A handwritten signature in black ink, appearing to be 'PB' followed by a horizontal line.

PAOLO F. BORRROMEO

Group Head, Corporate Strategy and Development