



April 18, 2016

THE PHILIPPINE STOCK EXCHANGE, INC.

3/F Tower One & Exchange Plaza

Ayala Triangle, Ayala Avenue

Makati City

Attention : **MS. JANET A. ENCARNACION**
Head, Disclosure Department

Dear Ms. Encarnacion:

This refers to your request to clarify the news article titled, "Ayala set to manufacture KTM motorcycles in PH" posted in Inquirer.net on April 16, 2016. The article reported in part that:

"

Ayala will take a 65-percent economic interest in the partnership with KTM, which is envisioned to evolve beyond manufacturing to include the co-development of next-generation motorcycles for the global market, said IMI president Arthur Tan.

The venture will have an initial capitalization of \$2 million, excluding at least P500 million to be initially invested in building the facility, which will start producing around 20,000 motorcycle units per year.

. . . ."

We would like to clarify that we will take a 66% economic interest in the manufacturing of KTM motorcycles. Moreover, the capitalization of the venture is up to P500 million, to build up both a manufacturing facility with a capacity of up to 20,000 motorcycle units per year as well as local distribution operations.

Very truly yours,

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

PAOLO F. BORROMEIO

Group Head, Corporate Strategy and Development

Cc: SECURITIES & EXCHANGE COMMISSION

Attention: Mr. VICENTE GRACIANO P. FELIZMENIO, JR.

Director, Markets and Securities Regulation Department

PHILIPPINE DEALING & EXCHANGE CORPORATION

Attention: Ms. VINA VANESSA S. SALONGA

Head, Issuer Compliance and Disclosure Department