



January 20, 2017

THE PHILIPPINE STOCK EXCHANGE, INC.

3/F Tower One & Exchange Plaza

Ayala Triangle, Ayala Avenue

Makati City

Attention : **MR. JOSE VALERIANO B. ZUÑO III**
Head, Disclosure Department

Dear Mr. Zuño:

This refers to your request to clarify the following news articles:

1. "AC Energy eyes P7.489-billion RE investment deal in Indonesia" posted in Business Mirror (Internet Edition) on January 19, 2017, which reported in part that:

"AC Energy Holdings Inc. is expected to seal in the very near future another investment deal involving renewable energy (RE).

The power arm of Ayala Corp., AC Energy President John Eric Francia said, is currently working on another acquisition that would be finalized in the next few weeks.

'We are in the middle of discussions. We can't disclose it because it's not final yet, but we're in the midst of a final transaction,' he said.

Without mentioning firm details, Francia said the deal still involves RE. 'We are building up our RE platform so we're looking for acquisitions in the Philippines.'

Francia said the company is still on active lookout for potential acquisitions.

'It's not hydro, but basically, we're looking to further scale in renewables. We're getting traction in Indonesia, but we'd like to scale up more in the Philippines so we're going to do more RE development here in the Philippines,' he said.

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We confirm that we are in active discussions and in the process of finalizing a renewable energy investment in the Philippines. We will make the appropriate disclosure upon closing of the transaction.

2. "Ayala group sets aside up to 180-B capex for 2017" posted in Manila Times (Internet Edition) on January 20, 2017, which reported in part that:

"THE Ayala group is programming capital expenditure (capex) about P160 billion to P180 billion for this year in a bid to expand its power, infrastructure, industrial or manufacturing, healthcare, and education businesses.

Paolo Maximo F. Borromeo, Ayala Corporation's (AC) head of corporate strategy and development, said this year's capex budget is 'relatively the same' as last year's P174 billion.

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Borromeo said the 2017 capex will be funded by internally generated cash flow and debt, partly through its three-year P20-billion bond offering under shelf registration.

He said Ayala will proceed with its P10 billion bond issue sometime in February this year. The company issued the first tranche of P10 billion worth of bonds last year, due in July 2023.

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5 focus sectors

Borromeo said the group will mainly invest in five focus areas in the next few years — power, infrastructure, industrial or manufacturing, healthcare, and education.

'We're intensive in power and infrastructure, especially power because we just invested in Indonesia. For AC Industrials, we have manufacturing and automotive partnerships. So that's power, infrastructure, health and education — the five focus areas in the next few years,' Borromeo said.

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Borromeo said the group is currently in talks for potential partnership or investment opportunities overseas in the power, semiconductor and water business segments, although he declined to give details.

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We wish to clarify that the stated amounts in the abovementioned news article are only indicative numbers. Ayala will make the appropriate disclosure on its capital expenditure plans for the year once finalized. We confirm the rest of the abovementioned news article.

Very truly yours,



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