



16 October 2014

Ayala Corporation

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THE PHILIPPINE STOCK EXCHANGE, INC.

3F Tower One & Exchange Plaza
Ayala Triangle, Ayala Avenue
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Attention: **MS. JANET A. ENCARNACION**
Head, Disclosure Department

Gentlemen:

This refers to your letter requesting clarification on the news article titled "Ayala Corp. adding P4 billion to debt-servicing funds" posted in BusinessMirror (Internet Edition) on 15 October 2014. The article reported in part that:

"Ayala Corp. dropped its plan to use the proceeds of its preferred-shares sale to augment the company's capital spending, and will channel the money instead to its debt-servicing program.

The company earlier earmarked the proceeds to fund P4 billion worth of projects under AC Infrastructure.

. . . .

The company added a P5-billion BDO Unibank Inc. loan carrying a floating rate to the list of obligations to be paid out of the share-sale proceeds, while revising the composition of the original debts to be paid.

Among the other debts that it will pay off include the P1.46-billion loan from Metropolitan Bank and Trust Co., carrying an interest rate of 6.7 percent; various corporate notes maturing with an interest rate of 6.8 percent at P1.49 billion; and another P5-billion BDO loan carrying a floating interest rate."

We confirm accuracy of the above stated news article. The change in plan is to provide investors more certainty in the use of proceeds. The additional debt that will be refinanced by the preferred shares will help us manage our maturity profile and will allow us to fix some of our floating obligations.

Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Cruzabra', written over a horizontal line.

MA. CECILIA T. CRUZABRA
Treasurer

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