



Ayala Corporation
Makati Central PO Box 1444
Makati City 1254 Philippines

Tel (632) 848 5643
Fax (632) 848 5768
www.ayala.com.ph

December 4, 2014

Securities and Exchange Commission
SEC Building, Mandaluyong City

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

Philippine Stock Exchange, Inc.
3/F Tower One and Exchange Plaza
Ayala Triangle, Ayala Ave., Makati City

Attention: Ms. Janet A. Encarnacion
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

Gentlemen:

Please be informed that our Board of Directors, at its regular meeting held today, approved the following:

1. Declaration of regular cash dividend of ₱2.40 per common share

This cash dividend is for the second semester ending December 31, 2014. The record date is December 18, 2014, and payment date is January 3, 2015.

2. Declaration of annual cash dividend of ₱0.01875 per voting preferred share

This cash dividend is equal to 1.875% of issue price, and will be payable on May 20, 2015 to shareholders of record as of April 23, 2015.

3. Declaration of quarterly cash dividends on our outstanding preferred "B" shares

Each quarterly cash dividend is equal to $\frac{1}{4}$ th of 5.2500% per annum based on the issue price of the preferred "B" series 1 shares. The following are the record and payment dates of the quarterly cash dividends:

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
Record Date	January 21, 2015	April 20, 2015	July 22, 2015	October 21, 2015
Payment Date	February 15, 2015	May 15, 2015	August 15, 2015	November 15, 2015

Each quarterly cash dividend for the preferred “B” series 2 shares is equal to 1/4th of 5.5750% per annum based on its issue price. The following are the record and payment dates of the quarterly cash dividends:

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
Record Date	January 12, 2015	April 7, 2015	July 10, 2015	October 12, 2015
Payment Date	February 5, 2015	May 5, 2015	August 5, 2015	November 5, 2015

4. Setting of 2015 Annual Stockholders’ Meeting

The Annual Stockholders’ Meeting for 2015 is set for April 10, 2015 at 9:00 o’clock in the morning at Ballroom 2 of Fairmont Makati. The record date for the determination of stockholders entitled to notice and to vote at the meeting is February 4, 2015 and the deadlines for the nomination of directors and submission of proxies are February 24, 2015 and March 27, 2015, respectively.

5. The ratification of the approval by our Executive Committee of the top-up placement of 18,779,100 common shares at Php660 per share on November 19, 2014.
6. Amendments to our By-Laws, which the Board approved in the exercise of its power and authority to amend the By-laws as delegated to the Board pursuant to Section 3, Article VIII, of the By-laws. The amendments are:
 - a. Deletion of Section 6, Article I, which provided that “[N]o transfer may be recorded in the stock and transfer book on the dates of stockholders’ meetings and within five (5) working days from the record date.”
 - b. Deletion of the old Section 11, Article III, which prescribed the order of business for regular shareholders’ meetings, and the addition of a new Section 11, Article III, which sets out the scope of the Board’s authority to fix record dates for the exercise of stockholders’ rights;
 - c. Deletion of the second sentence of Section 4, Article III, on the holding of “another meeting” “within ten days” after a stockholders’ meeting is adjourned for lack of quorum;
 - d. Deletion of the provision in Section 8, Article III, for the appointment of tellers to supervise the election of directors. The supervision of the election of directors is now set forth in our Board Charter and Charter of Committee of Inspectors of Proxies and Ballots;
 - e. Deletion of the old Section 11b, Article IV, on the power of the Chairman to vote to break a tie;
 - f. Rewording of renumbered Section 12, Article IV (formerly Section 13), on the Executive Committee, which shall be composed of at least three but not more than five directors;
 - g. Replacement in the renumbered Section 7d, Article IV (formerly section 8d), of the enumeration of officers required to be appointed by the Board with the “officers as the Board may deem necessary;”
 - h. Modification of Section 1, Article VII, to provide the process for the approval of management bonus, which requires action by the Board compensation committee and the Board;
 - i. Addition of provisions or modifications of provisions to enhance good governance, such as (i) the deletion of Section 7, Article IV, which stated that “[A] majority of the directors shall constitute a quorum,” to allow the Board Charter to require a higher number of directors for quorum under certain circumstances, (ii) the changes in Section 8, Article IV, to expressly prescribe requirements for related party transactions, and (iii) the additional sentence in Section 2, Article V, imposing on management the obligation to “inform the Board regularly, promptly and

comprehensively about any issues concerning the Corporation's strategy, risk management and compliance;" and

- j. Correction of typographical and other formal errors as reflected in the attached copy of the By-laws as amended.

Thank you.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'Solomon M. Hermosura', written in a cursive style.

SOLOMON M. HERMOSURA
General Counsel and Corporate Secretary

AMENDED BY-LAWS

OF

**AYALA CORPORATION
(SEC Reg. No. 34218)**

-oooOOOooo-

ARTICLE I

CORPORATE CAPITAL AND SHARES

Section 1 – The authorized capital of the Corporation shall be as provided in the Articles of Incorporation.¹ (As amended on 07 May 1976)

The stockholders of the Corporation shall have preferred right to subscribe to all new issues of its stocks in the event of issue of additional shares of stock or of any increase in capital.

Section 2 – Each stockholder who has fully paid his subscription shall be entitled to a certificate or certificates setting forth the number of shares of stock in the Corporation registered in his name in the books thereof.² Each stock certificate shall be numbered, shall bear the signatures of the President and the Secretary and the seal of the Corporation, and shall be issued in numerical order from the stock certificate book. No certificate shall be issued for fractional shares.

Section 3 – Shares of stock may be transferred, sold, assigned or pledged by written endorsement of the stock certificate on the back and the delivery thereof by the transferor to the transferee, but the Corporation shall continue to consider as the stockholder the person in whose name the certificate was issued until such certificate shall have been surrendered to the Secretary for cancellation and replaced by a new certificate in the name of the transferee.³ (As amended on 4 December 2014).

Section 4 - All certificates so surrendered to the Secretary shall be marked by him with the word "CANCELLED" and the date of cancellation, and shall forthwith be attached to the corresponding stub of the stock certificate book.

Section 5 – Duplicate of lost or destroyed certificates, or new certificates to replace said lost or destroyed certificates, may be issued in accordance with the requirements of existing laws. (As amended on 4 December 2014).

¹ All references to "Articles of Incorporation" in these By-Laws refer to the Articles of Incorporation of Ayala Corporation.

² Corporation Code, Section 64.

³ Corporation Code, Section 63.

ARTICLE II

INVESTMENT OF CORPORATE CAPITAL

Section 1 – The funds of the Corporation other than the sums necessary for current expenses shall be invested as may be directed by the Board of Directors in accordance with the Articles of Incorporation and subject to the limitations provided by existing laws.

Section 2 – All cash of the Corporation shall be deposited in its name in such banks and credit institutions as the Board of Directors may designate.

ARTICLE III

OF THE STOCKHOLDERS

Section 1 – A meeting of the stockholders, duly constituted, represents the entire body of stockholders and its decisions in matters proper for deliberation by it are binding upon absenting or dissenting stockholders. (As amended on 4 December 2014).

Section 2 – The meetings of stockholders may be regular or special, and shall be held at the offices of the Corporation or at any place in Metro Manila designated by the Board of Directors. Regular meetings, also referred to as annual or general meetings, shall be held annually on any date in April of each year as may be determined by the Board of Directors. Special meetings may be held at any time by resolution of the Board of Directors or at the request of stockholders representing at least one-third of the subscribed and outstanding capital, setting forth the purpose of such meeting in the notice. (As amended on 4 December 2014).

Section 3 - Regular or special meeting of stockholders shall be called by written or printed notice. The notice shall be sent to each stockholder by personal delivery or by mail, postal or electronic, addressed to the physical or electronic or e-mail address of the stockholder registered in the books of the Corporation, at least fifteen (15) business days advance of the date for which the meeting is called. The notice shall be deemed to have been given at the time when delivered personally or deposited in the Makati Central Post Office, or sent electronically or by e-mail and addressed as herein provided. (As amended on 18 April 2011.)

Notice of regular or special meeting shall contain, in addition to the date, hour and place of the meeting, a statement of the matters to be transacted at the meeting, and no business other than that specified in the call shall be transacted at such meeting. The notice of the stockholders' meeting shall also set the date, time and place of the validation of proxies, which in no case, shall be less than five (5) business days prior to the stockholders' meeting. (As amended on 18 April 2011.)

The Corporation may also provide information or documents to a stockholder by e-mail or by posting the information or documents on the website of the Corporation or another electronic network; provided that, a separate notice is given to the stockholder of such posting. In case the Corporation provides information or documents by electronic posting, the information or documents shall be deemed delivered or given upon the later of (i) the posting of the information or documents or (ii) the giving of a separate notice to the stockholders of such specific posting. (As amended on 18 April 2011.)

The Corporation shall give notice and provide information or documents electronically, as provided above, only to stockholders who have consented to receive notices, information or

documents by e-mail or electronic transmission. A stockholder shall be deemed to have consented to receiving notices, information or documents electronically if he has provided an e-mail or electronic address to the Corporation and he has not notified the Corporation in writing that he requires notices, information or documents to be given to him in physical paper form. (As amended on 18 April 2011.)

Section 4 – Regular meetings and duly called special meetings shall be constituted and pass resolutions provided over one-half of the stock is present or represented except in cases where the Corporation Law requires a greater number. (As amended on 4 December 2014).

Section 5 – For the election of directors, it is necessary **that the majority** of the **outstanding capital** stock be present or represented. (As amended on 4 December 2014).

Section 6 – Any stockholder entitled to vote may be represented by proxy at any regular or special stockholders' meetings. Proxies shall be in writing and signed and in accordance with the existing laws, rules and regulations of the Securities and Exchange Commission, Duly accomplished proxies must be submitted to the office of the Corporate Secretary not later than seven (7) business days prior to the date of the stockholders' meeting. Validation of proxies shall be conducted at least five (5) business days prior to the date of the stockholders' meeting. (As amended on 18 April 1997).

Section 7 – Each share of stock entitles the person in whose name it is registered in the books of the Corporation to one vote, provided the **share has not been declared delinquent**. (As amended on 4 December 2014).

Section 8 – The election of Directors shall be by ballot and each stockholder entitled to vote may cast the vote to which the number of share he owns entitles him, for as many persons as are Directors to be elected, or he may give to one candidate as many votes as the number of Directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates he may see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of Directors to be elected. (As amended on 4 December 2014).

Section 9 – At the regular meetings, the Board of seven (7) Directors shall be elected who shall hold office for the term of one (1) year or until their successors shall have been elected and qualified.

Section 10 – All stockholders' meeting shall be presided by the Chairman of the Board, or in his absence, by the Chairman of the Executive Committee, or in his absence, by the President, and in case the latter is also absent, by the senior Director, or by the oldest if several became Directors on the same date.

The minutes of the stockholders' meetings shall be signed by the Secretary, with the approval of the Chairman of the meeting.

Section 11 – **The Board of Directors shall fix a record date for the purpose of determining the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action.** (Old Section 11 deleted; new Section 11 was approved by the Board on 4 December 2014)

ARTICLE IV

OF THE BOARD OF DIRECTORS

Section 1 – The Board of Directors is the supreme authority in matters of governance and in managing the regular and ordinary business of the Corporation. Within their chartered authority, the directors acting as a board have the fullest powers to regulate the concerns of the Corporation according to their best judgment. It shall be the Board's responsibility to promote and adhere to the principles and best practices of corporate governance and to foster the long-term success of the Corporation and secure its sustained competitiveness in the global environment in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its shareholders and other stakeholders.

The Board of Directors shall have seven (7) member who shall be elected **individually**⁴ by the Corporation's stockholders entitled to vote at the annual meeting, and shall hold office for one year and until their successors are elected and qualified in accordance with these By-Laws.⁵ (As amended on 4 December 2014).

As a corporation publicly listed in the Philippine Stock Exchange (PSE), the Corporation shall conform with the requirement to have such number of independent directors as may be required by law, and with the procedures for the nomination and election of independent directors as prescribed by law or regulations.

Section 2 – No person shall be elected nor be competent to hold the office of Director of this Corporation unless at least one (1) share of stock of the Corporation shall stand in his name in the books of the Corporation at the time of his election.

Section 3 – No person shall qualify or be eligible for nomination or election to the Board of Directors if he is engaged in any business which competes with or is antagonistic to that of the Corporation. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged.

- a. If he is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any corporation (other than one in which the Corporation owns at least 30% of the capital stock) engaged in a business which the Board, by at least three-fourths (3/4) vote, determines to be competitive or antagonistic to that of the Corporation, or
- b. If he is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any other corporation or entity engaged in any line of business of the Corporation, when in the judgment of the Board, by at least three-fourths (3/4) vote, the laws against combinations in restraint of trade shall be violated by such persons membership in the Board of Directors; or
- c. If the Board, in the exercise of its judgment in good faith, determines by at least three-fourths (3/4) vote that he is the nominee of any person set forth in (a) or (b).

In determining whether or not a person is a controlling person, beneficial owner, or the nominee of another, the Board may take into account such factors as business and family relations.

⁴ ASEAN Corporate Governance Scorecard (ACGS), A.3.3

⁵ ACGS, E.3.11

For the proper implementation of this provision, all nominations for election of Directors by the stockholders shall be submitted in writing to the Board of Directors at least thirty (30) business days before the date of the regular meeting.⁶ (As amended on 01 December 2003).

Section 4 – An Independent Director shall hold no interests or relationships with the Corporation that may hinder his independence from the Corporation or Management which would **materially** interfere with the exercise of independent judgment in carrying out the responsibilities of a Director.

An Independent Director shall submit to the Corporate Secretary a letter of confirmation stating that he holds no interests affiliated with the Corporation, Management or controlling shareholder at the time of his election or appointment and/or re-election as a Director. (As amended on 4 December 2014).

Section 5 – In case any vacancy or vacancies should occur on the Board of Directors during the period between two stockholders' meetings due to death, resignation or other causes, the remaining Directors, if still constituting a quorum, may fill said vacancies by election from among the stockholders, and the stockholders so elected shall act as members of said Board until the new Board of Directors is elected.

Section 6 – The Board of Directors shall designate the days when it shall meet in regular session, but it shall meet at least **six (6) times a year**.⁷ It may be convened in special session by the Chairman or at the request of three (3) Directors. (As amended on 4 December 2014).

Section 7 - The Board of Directors shall have the following duties, powers and attributes, in addition to those assigned to it by the Corporation Code and other sections of these By-Laws:

- a. Determine the period, manner and conditions under which the Corporation shall engage in the kinds of businesses comprised in Article II of the Articles of Incorporation;
- b. Determine the manner in which the corporate capital shall be invested, subject to the provisions of Article II of these By-Laws;
- c. Make rules for the internal regulation of the company;
- d. Create committees and other bodies it may deem advantageous and necessary in running the affairs of the Corporation, as well as appoint advisory Directors who can participate in board deliberations but whose functions shall **be** strictly advisory and non-voting; **and** appoint **officers as the Board may deem necessary**, and fix their duties and powers; (As Amended on 4 December 2014).
- e. Determine the creation of branches, agencies, office departments of any class, under the conditions it may deem convenient;
- f. Decide as to the safekeeping of the funds of the Corporation, open current accounts, fixed deposit accounts and savings accounts with any bank authorized to operate in the Philippines and/or abroad;
- g. Approve the budgets and general expense accounts of the Corporation;

⁶ Charter of the Board of Directors (Board Charter), Section 4.1

⁷ Board Charter, Section 5.1; ACGS, E.3.2

- h. Fix annually the percentage to be written off on all capital expenditures of the Corporation such as buildings, furniture and fixtures, etc. and determine the distribution of profits and dividends.
- i. Submit annually to the annual meeting of stockholders the Balance Sheet, Profit and Loss Statement and Annual Report on the condition of the Corporation;
- j. Call special meetings of stockholders;
- k. Authorize any other person or persons it may deem fit, aside from the Chairman of the Executive Committee, to purchase, sell, or mortgage the real or personal properties of the Corporation;
- l. Authorize any other person or persons it may deem fit, aside from the Chairman of the Executive Committee, to cancel mortgages or pledges executed as securities for loans and bonds when the mortgages have been repaid to the Corporation and when the bonds have been cancelled;
- m. Determine the time and manner of issuance of unissued stocks and treasury shares of the Corporation (As amended on 4 December 2014);
- n. Fix, upon the recommendation of the Chairman of the Executive Committee, the budget of administration expenses;
- o. Determine the manner and conditions under which employees of the Corporation shall be granted pensions, retirement gratuity or life insurance protection;
- p. Institute, maintain, defend, compromise or drop any litigation in which the Corporation or its officers may be interested in as plaintiff or defendant in connection with the business of the Corporation and grant extension of time for the payment or settlement of any indebtedness in favor of the Corporation;
- q. Settle any doubts that may arise relative to the interpretation of these By-Laws and supply any omissions, reporting thereon to the stockholders' General Meeting for such action as it may see fit to take.

Section 8 – Directors and officers may borrow money from the Corporation subject to review and approval to ensure that they are at arm's length, the terms are fair, and they will inure to the best interest of the Corporation and its shareholders, in accordance with the Corporation's Policy on Related Party Transactions.⁸ (As amended on 4 December 2014).

Section 9 – The corporate signature required for contracts, powers of attorney, etc., of all kinds shall be that of the Chairman of the Executive Committee alone, or that of any other person or persons that the Board may designate.

Checks and orders of payment shall be signed by the Chairman of the Executive Committee, or by the President, or by the Chief Finance Officer or Treasurer, or by the persons or persons that the Board may designate.

Section 10 - The Chairman of the Board of Directors shall have the following powers:

- a. To preside at all of stockholders' meetings and meetings of the Board of Directors; and

⁸ Related Party Transaction Policy; ACGS, B.4.4 and B.5.2

- b. To exercise such other powers which are given him by these By-Laws. (As amended on 4 December 2014)

In the absence of the Chairman, the Vice Chairman shall automatically take his place as Acting Chairman of the Board of Directors.

Section 11 – The Chairman of the Executive Committee is the legal representative of the Corporation and has powers:

- a. To execute the resolutions of the stockholders' meetings, of the Board of Directors and of the Executive Committee;
- b. To sign, in accordance with said resolutions, such contracts, instruments and powers of attorney as may be necessary;
- c. To represent the Corporation and vote at the stockholders' meetings all stocks owned by the Corporation in other corporations or companies.

Likewise, the Chairman of the Executive Committee shall manage the business of the Corporation and shall have the following additional powers and duties:

- d. Prepare semi-annually the budget of administration expenses;
- e. Appoint and discharge the employees occupying the positions authorized by the Board of Directors or by the Executive Committee;
- f. Supervise the accounting and cash and sign, with the President and the Chief Finance Officer or Treasurer, the Balance Sheet, Profit and Loss Statement and Annual Reports.
- g. Attend to the correspondence and sign receipts for incoming monies.⁹

With the consent of the Board of Directors, the Chairman of the Executive Committee may delegate to any of the officers of the Corporation any and all powers granted him under this section, provided, however, that such delegation shall not divest the Chairman of the authority to exercise the same powers.¹⁰

Any delegation of powers made by the Chairman of the Executive Committee pursuant to the provisions of the next preceding paragraph should likewise be submitted for ratification and confirmation at the next annual meeting of stockholders.¹¹

Section 12 – The Executive Committee composed of not less than three (3) but not more than five (5) members elected and appointed to the same by the Board shall exercise any of the powers and attributes, allowable by law, of the Board of Directors during the intervening period between the Board's meetings, and shall report all resolutions adopted by it to the Board of Directors at the first meeting that the latter may subsequently hold. (As amended on 4 December 2014)

⁹ Charter of the Executive Committee, Section 3

¹⁰ Charter of the Executive Committee, Section 3

¹¹ Charter of the Executive Committee, Section 3

Section 13 – The Chairman of the Board and the Chairman of the Executive Committee shall receive such remuneration as may be fixed by the Board of Directors each year, aside from that which each one as Director may be entitled to receive.

Section 14 – During the absence or illness of the Chairman of the Executive Committee, the Vice Chairman shall automatically assume his place as Acting Chairman of the Executive Committee and, in the absence of both, the Board of Directors shall designate, who, among its members, shall act as Acting Chairman of the Executive Committee.

Section 15 – The President shall have the powers which may be delegated to him by the Chairman of the Executive Committee, with the consent of the Executive Committee.

Any delegation of powers by the Chairman of the Executive Committee to the President should also be submitted for ratification and confirmation by the stockholders pursuant to the provisions of the last paragraph of Section 10 of this Article.

In the absence of the President, the Acting President, shall be, in this order of precedence, (a) The Chairman of the Executive Committee and (b) the Chairman of the Board of Directors.

Section 16 – The Treasurer or a Vice President (**or Managing Director**) so appointed by the Board of Directors shall have custody of the funds, credit instruments and documents of the Corporation and shall furnish bond, conditioned on the faithful performance of this duties, in a sum to be fixed by the Board of Directors. (As amended on 4 December 2014)

Section 17 – It shall be the duty of the Secretary to prepare and keep the minutes of all meetings of the Board of Directors and stockholders and attend to the correspondence and files of the Corporation, to sign, jointly with the President, all stock certificates, keep and affix the Corporate seal, record all transfers of stock and cancellations and keep all stock certificates transferred, likewise, keep a list in alphabetical order of all stockholders of the Corporation and of their residences and the shares owned by each, and to perform all other duties which may be assigned to him by the Board of Directors.¹²

Section 18 – In case of illness or absence of any officer of the Company, he shall be temporarily replaced by any other officer that the Chairman of the Executive Committee may designate.

Section 19 – Directors sanctioning transactions not authorized in these By-Laws or by statute shall be held personally and jointly liable therefor.

Section 20 - Each Director shall be entitled to receive from the Corporation, pursuant to a resolution of the Board of Directors, fees and other compensation for his services as Director. The Board of Directors shall have the sole authority to determine the amount, form and structure of the fees and other compensation of the Directors. In no case shall the total yearly compensation of Directors exceed one percent (1%) of the net income before income tax of the Corporation during the preceding year.

The compensation and remuneration committee of the Board of Directors shall have the responsibility of recommending to the Board of Directors the fees and other compensation for directors. In discharging this duty, the committee shall be guided by the objective of ensuring that the level of compensation should fairly pay directors for work required in a company of the Corporation's size and scope. (As amended on 18 April 2011.)

¹² ACGS, E.3.7

ARTICLE V OF MANAGEMENT

Section 1 – Management stands as the locus of decision-making for the day-to-day affairs of the Corporation. It determines the Corporation's activities by putting the Corporation's targets in concrete terms and by formulating the basic strategies for achieving these targets.

Section 2 – Management is primarily accountable to the Board of Directors for the operations of the Corporation. As part of its accountability, it is also obligated to provide the Board with complete, adequate information on the operations and affairs of the Corporation in a timely manner. **It shall inform the Board regularly, promptly and comprehensively about any issues concerning the Corporation's strategy, risk management and compliance.**¹³ (As amended on 4 December 2014).

ARTICLE VI OF THE AUDITS

Section 1 – At each general meeting held, the stockholders shall elect the person or persons who are to audit the accounts of the Corporation until the next annual meeting.

Section 2 – No person shall be deemed ineligible to the office of the auditor because he is a stockholder of the Corporation, but said office is incompatible with the office of the Director of the Corporation.

Section 3 – It shall be the duty of the Auditor to audit the books of account of the Corporation whenever he shall see fit, and to report on the annual balance sheet, which later shall be published jointly with his report and for this purpose, all books of accounts, vouchers and other documents of the Corporation relating to its financial administration shall be placed at his disposal when he requests it.

Section 4 – A copy of the balance sheet and the report shall be filed in the offices of the Corporation ten (10) days in advance of the date on which the general meeting is held and shall be open for inspection by the stockholders.

Section 5 – The auditor shall receive such remuneration as the general meeting electing him may determine.

ARTICLE VII OF THE PROFITS AND LIQUIDATION OF THE CORPORATION

Section 1 – The net profits before taxes shall be distributed as follows:

- a. An amount for management bonus to be recommended by the **compensation committee of the Board of Directors and approved by the** Board of Directors, **and**
- b. The balance shall be made available for distribution as dividends to stockholders. (As amended on 4 December 2014).

¹³ Board Charter, Section 6.3

Section 2 – The Board of Directors may deduct from the annual profits any amount which it may see fit to create reserves for any purpose when, in its judgment, said action may be deemed necessary and convenient for the business of the Corporation or to meet contingencies that might arise in the course of business of the Corporation.

Section 3 – At the end of the life of the Corporation, or if it has to liquidate for any reason, the Board of Directors shall exercise the functions of liquidators and the applicable portions of these By-Laws shall continue in force.

Section 4 – The products that may be obtained from the liquidation of the Corporation, after liquidating all of its obligations, shall first be applied to the return of the shares of the stockholders, and the remainder, should there be any, shall be distributed in accordance with the rule established in these By-Laws for distribution of annual profits.

ARTICLE VIII

MISCELLANEOUS AND TRANSITORY PROVISIONS

Section 1 – The seal of the Corporation shall contain the name, principal place of business of the Corporation, and the words “ESTABLISHED” in 1834 and “INCORPORATED IN 1968” and said seal is hereby adopted as corporate seal.

Section 2 – To aid the Board of Directors in the promotion of and adherence to the principles and best practices of good corporate governance, the Manual of Corporate Governance adopted by the Board of Directors on August 26, 2002, and any amendments thereto, and the Charters of the Board of Directors and of the Board Committees shall be supplementary to these By-Laws. (As amended on 4 December 2014).

Section 3 – These By-Laws may be amended, repealed or modified by the affirmative vote of the stockholders owning or representing a majority of the outstanding capital stock and majority of the Directors, at any regular or special meeting duly called for the purpose; Provided, however, that by the affirmative vote of the stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock, the power and authority to amend or repeal these By-Laws or adopt new By-Laws may be delegated to the Board of Directors; Provided, finally, that the delegation of such powers and authority to the Board shall be considered as revoked whenever stockholders owning or representing a majority of the outstanding capital stock shall so vote at a regular or special meeting called for the purpose.¹⁴ (As amended by the stockholders on 18 May 1989, and further amended on 4 December 2014).

Section 4 – The fiscal year and closing of the books of the Corporation shall be on the 31st day of December of each year. (As amended on 14 March 1983).

ADOPTED this 26th day of January 1968 at Makati, Rizal.

(s/t) **J.R. MCMICKING**

(s/t) **ENRIQUE ZOBEL**

(s/t) **JAIME ZOBEL DE AYALA**

(s/t) **SALVADOR J. LORAYES**

¹⁴ ACGS, A.2.1

(s/t) **JAVIER J. NEPOMUCENO**

**MERCEDES Z. MCMICKING
CONSUELO ZOBEL ALGER
GLORIA ZOBEL DE PADILLA
FERNANDO ZOBEL DE AYALA
MA. VICTORIA Z. DE VALLEJO-NAGERA
ALFONSO ZOBEL DE AYALA PFITZ**
By: **AYALA SECURITIES CORPORATION**
(Attorney-in-Fact)

By: **ENRIQUE ZOBEL**
Chairman, Executive Committee