



Ayala Corporation
Makati Central PO Box 1444
Makati City 1254 Philippines

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

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 the Executive Committee of our Board of Directors, in the exercise of its authority set forth in our By-Laws, has approved the re-issuance and offering of up to 30,000,000 of a new and separate series of our Preferred Class "B" shares for an aggregate amount of up to P15 Billion under the following indicative general terms and conditions.

This new series of Preferred Class "B" shares will be offered at P500.00 per share with a fixed quarterly dividend rate. The approval has authorized the setting of the benchmark rate prior to the issue date that shall be based on either the 5-year or 7-year PDST-R2 benchmark plus a spread to be determined at such time.

As with the currently outstanding series of our Preferred "B" shares, the shares for this series are structured as perpetual equity securities that have preference in the payment of dividends. If the shares are not redeemed at the end of either the 5th or 7th year from date of issue, being the Optional Redemption Dates, then the dividend yield shall be reset to the higher of either: (a) the original dividend yield; or (b) the 5 or 3-year PDST-R2 prevailing on the respective relevant Optional Redemption Date, plus a spread. If the shares are not redeemed at the end of the 10th year, the dividend yield shall reset to the higher of either: (a) the adjusted dividend rate; or (b) the then prevailing 10-year PDST-R2, plus a spread. Payment of current dividends shall be cumulative. This series of the Preferred shares shall be non-convertible and shall have no voting and pre-emptive rights.

This series of the Preferred Class "B" shares will be listed on the Philippine Stock Exchange, Inc. (PSE) and Ayala will apply to use a stock symbol that will readily distinguish this series from the currently outstanding series of Preferred Class "B" shares that remain listed on the PSE and currently trade under the symbol: ACPB.

BPI Capital Corporation will be the Issue Manager for the Issue.

The offer of this new series of Preferred Class "B" shares is subject to regulatory approvals. A Registration Statement covering the shares will accordingly be filed with the Securities and Exchange Commission together with such applications to be filed with the PSE to allow the listing and trading of the new series of Preferred Class "B" shares on the PSE on the issue date.

Thank you.

Very truly yours,



Delfin C. Gonzalez, Jr.
Managing Director and Chief Finance Officer

