



Ayala Corporation
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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:

We are pleased to advise that the Securities and Exchange Commission ("SEC") has issued a pre-effective order in connection with the re-issuance and offering of Ayala Corporation's ("Ayala") new series of up to 30,000,000 Preferred Class "B" shares (the "Shares") for an aggregate amount of ₱15 Billion. The base offering will be for ₱10 Billion with an oversubscription option of ₱5 Billion (the "Offer").

The Shares will be offered at ₱500.00 per share with a fixed quarterly dividend rate based on the closing 5-year PDST-R2 benchmark plus a spread that will be determined based on the book building undertaken by the underwriters for the offer. The final dividend rate and the size of the Offer is expected to be set on Monday, 20 October 2014. The Shares are structured as perpetual equity securities that have preference in the payment of dividends. If the Shares are not redeemed at the end of the 5th year from date of issue, then the dividend yield shall be reset to the higher of either: (a) the original dividend yield; or (b) the closing 5-year PDST-R2 bid yield for each of three (3) consecutive days ending on (and including) the Initial Rate Re-Setting 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 closing 10-year PDST-R2 bid yield for each three (3) consecutive days ending on (and including) the Final Rate Re-Setting Date, plus 3.00% p.a.. Dividends on the Shares will be cumulative. The Shares shall be non-convertible and shall have no voting and pre-emptive rights. The Offer remains subject to fulfillment of the conditions stated in the pre-effective order and the issuance by the Securities and Exchange Commission of: (a) the order rendering effective the registration statement filed for the Offer; and (b) the corresponding permit to offer the Shares for sale to the public.

Subject to the foregoing, the Offer is scheduled for October 23 to 29, 2014 with the Shares being scheduled to be issued on November 5, 2014. Ayala has applied for the Shares to be traded on the Philippine Stock Exchange on issue date. Proceeds of the issue will be utilized by Ayala solely to refinance certain peso denominated debt obligations described in the Prospectus for the Offer. Ayala expects to apply the proceeds toward such pre-payments within 12 months from the Issue Date. To the extent that the net proceeds exceed the loan repayment, such excess will be used for the general working capital of Ayala. Correspondingly, if the net proceeds are less than the above total, Ayala will satisfy the balance from internally generated funds and/or other credit facilities including bank borrowings as Ayala considers commercially favorable at the relevant time.

Prospective investors are encouraged to review the prospectus prepared by Ayala for the Offer and consult their respective tax and other advisors when considering a purchase of the Shares.

BPI Capital Corporation has been engaged as the Issue Manager and Lead Underwriter for the Offer. BPI Capital Corporation, BDO Capital Corporation and First Metro Investment Corporation are Joint Lead Underwriters from whom copies of the prospectus with details of the Shares and the Offer may be obtained.

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, BUT HAS NOT YET BECOME EFFECTIVE. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS COMMUNICATION SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY.

Thank you.

Very truly yours,



MA. CECILIA T. CRUZABRA
Treasurer

