



January 14, 2015

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:

As of date hereof, we hereby submit our progress report on our use of the proceeds generated from the re-issuance of our Preferred Class "B" Series 2 Shares (ACPB2), as follows:

AC Preferred Class "B" Series 2 (ACPB2) Offering Proceeds		13,500,000,000.00
Less: ACPB2 related disbursements		
SEC Registration Fees	4,355,625.00	
Documentary Stamp Tax	10,125,000.00	
PDTC-Registry Lodgement fee	122,900.00	
Underwriting and Selling Fees	50,825,248.10	
Professional Expenses	10,506,493.16	
Other Related Expenses	354,478.40	76,289,744.66
Net Proceeds		13,423,710,255.34
Less: Debt Servicing		
Bank Loan - Metrobank (inclusive of interest)	1,479,912,833.33	
Bank Loan - BDO (inclusive of interest)	5,036,458,333.33	
Corporate Note - Various Lenders (inclusive of interest)	1,526,318,749.98	8,042,689,916.64
Balance of Proceeds as at January 14, 2015		5,381,020,338.70

We have likewise attached SGV's Certification on the accuracy of the above information.

Ayala Corporation

34F Tower One Ayala Triangle
Ayala Avenue Makati City 1226
Philippines

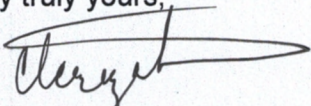
Tel +632 908 3000

Fax +632 848 5768

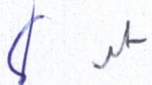
www.ayala.com.ph

Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Cruzabra', with a long horizontal flourish extending to the right.

MA. CECILIA T. CRUZABRA
Treasurer

Handwritten initials or a signature in blue ink, consisting of a stylized 'J' followed by a cursive 'it'.

REPORT ON FACTUAL FINDINGS

The Stockholders and the Board of Directors
Ayala Corporation
32nd Floor, Tower One, Ayala Triangle
Ayala Avenue, Makati City

We have performed the procedures agreed with you and enumerated below with respect to the attached Progress Report as of January 14, 2015 on the use of proceeds generated from the re-issuance of Preferred Class "B" Series 2 Shares (ACPB2) of Ayala Corporation (the "Company") on November 5, 2014. The procedures were performed solely to enable the Company to comply with the Philippine Stock Exchange Inc.'s (PSE) requirement to submit an external auditor's certification on the information being presented by the Company relating to the application of proceeds. Our engagement was undertaken in accordance with the Philippine Standard on Related Services (PSRS) 4400, *Engagement to Perform Agreed-upon Procedures Regarding Financial Information*, applicable to agreed-upon procedures engagements. These agreed-upon procedures and results thereof are summarized as follows:

1. We obtained the copy of the Planned Use of Proceeds from the re-issuance and offering of Preferred Class "B" Series 2 Shares of the Company.
2. We obtained the Progress Report (the "Progress Report") and checked its mathematical accuracy.
3. On a test basis, we traced the disbursements indicated in the Progress Report to supporting documents such as check vouchers, bank statements and official receipts.

We report our findings below:

1. We obtained a copy of the Planned Use of Proceeds from the re-issuance and offering of Preferred Class "B" Series 2 Shares (the Plan) of the Company.
2. We obtained the Progress Report (the "Progress Report") dated January 14, 2015 and checked its mathematical accuracy. No exceptions were noted.
3. On a test basis, we traced the expenses and debt servicing disbursements indicated in the Progress Report to their respective supporting documents. On the samples selected, we noted that the expenses indicated in the Progress Report are inclusive of value added taxes (VAT) and withholding taxes, while the debt servicing disbursements includes principal and interest payments. We further noted that on Corporate Note – Various Lenders disbursements amounting to ₱1,526,318,749.98 includes penalties amounting to ₱11,175,000.00. Per inquiry with Management, these penalties are payments for early redemption of the notes.

On the samples selected, we traced the expenses and debt servicing disbursements net of VAT and withholding taxes to the bank statements and official receipts, no exceptions were noted.

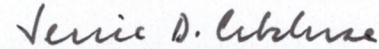
Because the above procedures do not constitute either an audit or a review made in accordance with Philippine Standards on Auditing or Philippine Standards on Review Engagement, we do not express any assurance on the accounts of the Company or its financial statements, taken as a whole.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with PSA or PSRE, other matters might have come to our attention that would have been reported to you.

We have no responsibility to update this report for events or circumstances after the date of this report.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. This report relates only to the report on the Company's application of proceeds from the offering and items specified above do not extend to any financial statements of the Company, taken as a whole.

SYCIP GORRES VELAYO & CO.



Jessie D. Cabaluna

Partner

CPA Certificate No. 36317

SEC Accreditation No. 0069-AR-3 (Group A),

February 14, 2013, valid until February 13, 2016

Tax Identification No. 102-082-365

BIR Accreditation No. 08-001998-10-2012,

April 11, 2012, valid until April 10, 2015

PTR No. 4225155, January 2, 2014, Makati City