



Ayala Corporation

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October 22, 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:

We are pleased to advise that the Securities and Exchange Commission ("SEC") has issued a Certificate of Permit to Offer Securities for Sale in connection with the offer and re-issuance of a new series of Ayala Corporation's ("Ayala") Preferred Class "B" shares (the "Offer"). A summary of the key terms and conditions of the Offer and the Shares is provided below.

The Offer

Ayala, through the Underwriters and Selling Agents named herein, is offering by way of a re-issuance of 20,000,000 cumulative, non-voting, perpetual, peso-denominated Preferred Class "B" Shares, with an Oversubscription Option of up to an additional 10,000,000 Preferred Class "B" Shares with a par value of P100.00 per Share (the "**Shares**"), in and as a separate and distinct series from the outstanding 5.25% Preferred Class "B" Shares of Ayala issued on November 15, 2013, and at an offer price of P500.00 per Share (the "**Offer Price**").

Dividend Rate

The Shares will be, subject to the Dividend Payment Conditions (see below), bear cumulative non-participating dividends based on the Offer Price, payable quarterly in arrears on the relevant Dividend Payment Date (as defined below) at the rate of 5.5750% per annum from the Issue Date, as may be subsequently adjusted on a Rate Re-Setting Date (as defined below). Dividends will be calculated on a 30/360-day basis.

Rate Re-Setting Dates Unless such date is a Redemption Date, the Dividend Rate will be re-set on the following dates:

- (a) the Dividend Payment Date of the 20th Dividend Period (the “**Initial Rate Re-Setting Date**”) indicatively on the 5th anniversary of the Issue Date;
- (b) the Dividend Payment Date of the 40th Dividend Period (the “**Final Rate Re-Setting Date**”), indicatively on the 10th anniversary of the Issue Date.

Dividend Rate Adjustments On and from a Rate Re-Setting Date, the Dividend Rate for all following Dividend Periods (as defined below), shall be the higher of:

- (a) the prevailing Dividend Rate on such Re-Setting Date; or
- (b) the sum of:
 - (i) the relevant Reference Rate; and
 - (ii) the Step Up Spread.

In each case, the resulting Dividend Rate, as re-set, shall be expressed in increments rounded up (but not down) to the nearest 1/16th.

Reference Rate The per annum rate that is the simple average of three (3) closing per annum rates as shown on the PDEX page (or such successor page) of Bloomberg (or such successor electronic service provider), as relevant:

- (a) for the Initial Rate Re-Setting Date, 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; or
- (b) for the Final Rate Re-Setting Date, the closing 10-year PDST-R2 bid yield for each three (3) consecutive days ending on (and including) the Final Rate Re-Setting Date.

Step-Up Spread As relevant, the fixed per annum rate to be used for calculating any Dividend Rate Adjustments being:

- (a) at the Initial Rate Re-Setting Date: 1.75% per annum; or
- (b) at the Final Rate re-Setting Date: 3.00% per annum.

Conditions for the Declaration and Payment of Dividends Ayala has full discretion over the declaration and payment of dividends on the Shares, to the extent permitted by law.

Ayala's Board of Directors will not declare and pay dividends on any Dividend Payment Date where (a) payment of the Dividend would cause Ayala to breach any of its financial covenants; or (b) the unrestricted retained earnings available to Ayala for distribution as dividends are not sufficient to enable Ayala to pay the dividends in full on all other classes of Ayala's outstanding shares that are scheduled to be paid on or before any Dividend Payment Date and that have an equal right and priority to dividends as the Shares.

If the unrestricted retained earnings available for distribution as dividends are, in Ayala's Board for Directors' opinion, not sufficient to enable Ayala to pay both dividends on the Shares and the dividends on other shares that have an equal right and priority to dividends as the Shares, in full and on the same date, then Ayala may: first, pay in full, or to set aside an amount equal to, all dividends scheduled to be paid on or before that dividend payment date on any shares with a right to dividends ranking higher in priority to that of the Shares; and second, to pay dividends on the Shares and any other shares ranking equally with the Shares as to participation in such retained earnings *pro rata* to the amount of the cash dividends scheduled to be paid to them. The amount

scheduled to be paid will include the amount of any dividend payable on that date and any arrears on any past cumulative dividends on any shares ranking equal in priority with the Shares to receive dividends.

The profits available for distribution are, in general and with some adjustments, equal to Ayala's accumulated, realized profits less accumulated, realized losses.

If for any reason Ayala's Board does not declare a dividend on the Shares for a dividend period, Ayala will not pay a dividend on the Dividend Payment Date for that dividend period. However, on any future Dividend Payment Date on which dividends are declared, Shareholders must receive the Dividends due them on such Dividend Payment Date as well as all Dividends accrued and unpaid to the Shareholders prior to such Dividend Payment Date.

Shareholders shall not be entitled to participate in any other or further dividends beyond the dividends specifically payable on the Shares.

See discussion under "Description of the Preferred Shares."

**Dividend Payment
Dates**

Dividends will be payable on February 5, May 5, August 5, and November 5 of each year (each a "**Dividend Payment Date**"), being the last day of each 3-month dividend period (a "**Dividend Period**"), as and if declared by Ayala in accordance with the terms and conditions of the Shares. If the Dividend Payment Date is not a Banking Day, Dividends will be paid on the next succeeding Banking Day, without adjustment as to the amount of dividends to be paid.

**Payment on the
Shares**

All payments of dividends and any other amounts under the Shares shall be paid by Ayala in Philippine Pesos. On the relevant payment dates, the Paying Agent shall make available to Shareholders, checks drawn against the Payment Settlement Account in the amount due to each Shareholder of record as of the relevant Record Date, either (i) for pick-up by the Shareholder or its duly authorized representative at the office of the Paying Agent or (ii) delivery via courier or, if courier service is unavailable for deliveries to the address of the relevant Shareholder, via mail, at the Shareholder's risk, to the address of the Shareholder appearing in the Register of Shareholders.

**Optional Redemption
and Purchase**

Ayala has the option, but not the obligation, to redeem all (but not part) of outstanding Shares (having given not less than thirty (30) days' notice by publication in two national newspapers) on:

- (a) any Rate Re-Setting Date; or
- (b) any Dividend Payment Date after the Final Rate Re-Setting Date.

Exercise of Ayala's redemption option shall be completed by payment of a redemption price equal to the Issue Price plus any accrued and unpaid dividends after deduction for any taxes and customary transfer costs to effect the redemption (the "**Redemption Payment**"). Administrative costs and expenses, including the cost of checks used, supplies, paying agent services, courier and mailing costs in relation to effecting the redemption shall be for the sole account of Ayala. The Redemption Payment shall be made to Shareholders as of the record date set by Ayala for such redemption.

Subject to compliance with law, Ayala may purchase the Shares at any time at any price either through the PSE, by public tender or through negotiated transactions.

Any Shares redeemed or purchased by Ayala shall be recorded as treasury stock of Ayala and may be re-issued in the future at such terms and at such time as Ayala may determine.

**Early Redemption
Due to Occurrence of
a Tax Event**

If payments become subject to additional withholding or any new tax as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such tax cannot be avoided by use of reasonable measures available to Ayala, Ayala may redeem the Shares in whole, but not in part, on any Dividend Payment Date (having given not less than thirty (30) nor more than sixty (60) days' notice by publication in two national newspapers) at the Issue Price plus all accrued and unpaid dividends, if any.

**Early Redemption
Due to Changes in
Accounting Treatment
of the Shares**

If an Accounting Event occurs that will result in a change in accounting treatment of the Shares, the Issuer may redeem the Shares in whole, but not in part, on any Dividend Payment Date (having given not more than 60 nor less than 30 days' prior notice) at the Offer Price plus all accrued and unpaid dividends, if any.

An Accounting Event shall occur if in the opinion of Ayala with due consultation with its independent auditors, at the relevant time there is a change in applicable accounting standards that result in more than an insubstantial risk that either the Shares or the funds raised through the issuance of the Shares may no longer be recorded as "equity" to the full extent as at the Issue Date pursuant to PFRS, or such other accounting standards, which succeed PFRS, as adopted in the Philippines, applied by the Issuer for drawing up its financial statements for the relevant financial year.

No Sinking Fund

Ayala has not established, and currently does not intend to establish, a sinking fund for the redemption of the Shares.

Taxation

All payments in respect of the Shares are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of Republic of the Philippines, including but not limited to, documentary stamp, issue, registration, value-added or any similar tax or other taxes and duties, including interest and penalties. If such taxes or duties are imposed, Ayala will pay additional amounts so that Shareholders will receive the full amount of the relevant payment which otherwise would have been due and payable. Provided, however, that Ayala shall not be liable for:

- (a) the final withholding tax applicable to dividends earned by Shareholders as prescribed under the National Internal Revenue Code of 1997, as amended, and relevant regulations;
- (b) expanded value added tax which may be payable by any Shareholder on any amount to be received from Ayala under the terms and conditions of the Shares; and
- (c) any withholding tax on any amount payable to any Shareholder or any entity which is a non-resident foreign corporation.

Any documentary stamp tax for the recording of the Shares in the name of an investor under the Offer shall be paid for by Ayala. After the Issue Date, taxes generally applicable to a subsequent sale of the Shares by any Shareholder, including receipt by such Shareholders of a Redemption Payment, shall be for the account of the said Shareholder.

See the discussion under "Taxation."

Liquidation Rights

In the event of a return of capital in respect of Ayala's winding up or otherwise (whether voluntarily or involuntarily) (but not on a redemption or purchase by Ayala of any of its share capital), the Shareholders at the time outstanding will be entitled to receive, in Pesos out of Ayala's assets available for distribution to Shareholders, together with the holders of any other of Ayala's shares ranking, as regards repayment of capital, *pari passu* with the Shares and before any distribution of assets is made to holders of any class of Ayala's shares ranking junior to the Shares as regards repayment of capital, liquidating distributions in an amount of ₱500.00 per Share plus an amount equal to any dividends declared but unpaid in respect of the previous dividend period and any accrued and unpaid dividends for the then-current dividend period to (and including) the date of commencement of Ayala's winding up or the date of any such other return of capital, as the case may be. If, upon any return of capital in Ayala's winding up, the amount payable with respect to the Shares and any other of Ayala's shares ranking as to any such distribution *pari passu* with the Shares are not paid in full, the Shareholders and holders of such other shares will share rateably in any such distribution of Ayala's assets in proportion to the full respective preferential amounts to which they are entitled. After payment of the full amount of the liquidating distribution to which they are entitled, the Shareholders will have no right or claim to any of Ayala's remaining assets and will not be entitled to any further participation or return of capital in a winding up.

Form, Title and Registration of the Shares

The Shares are recorded in scripless form through the electronic book-entry system of PDTC as Registrar for the Offer, and will be lodged with PDTC as Depository Agent on Issue Date through PSE Trading Participants nominated by the accepted Applicants. For this purpose, Applicants shall indicate in the proper space provided for in the Application Form the name of the PSE Trading Participant under whose name their Shares will be registered.

After Issue Date, Shareholders may request the Registrar, through their nominated PSE Trading Participant, to (a) open a scripless registry account and have their holdings of the Shares registered under their name ("name-on-registry account"), or (b) issue stock certificates evidencing their investment in the Preferred Shares. Any expense that will be incurred in relation to such registration or issuance shall be for the account of the requesting Shareholder.

Legal title to the Shares will be shown in an electronic register of shareholders (the "**Registry of Shareholders**") which shall be maintained by the Registrar. The Registrar shall send a transaction confirmation advice confirming every receipt or transfer of the Shares that is effected in the Registry of Shareholders (at the cost of the requesting Shareholder). The Registrar shall send (at the cost of Ayala) at least once every quarter a Statement of Account to all Shareholders named in the Registry of Shareholders, except certificated Shareholders and Depository Participants, confirming the number of Shares held by each Shareholder on record in the Registry of Shareholders. Such Statement of Account shall serve as evidence of ownership of the relevant Shareholder as of a given date thereof. Any request by Shareholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting Shareholder.

Status of the Shares in the Distribution of Assets in the Event of Dissolution	The Shares will constitute the direct and unsecured subordinated obligations of Ayala ranking at least <i>pari passu</i> in all respects and rateably without preference or priority among themselves, with all other preferred shares issued by Ayala.
Selling and Transfer Restrictions	Initial placement of the Shares and subsequent transfers of interests in the Shares shall be subject to applicable selling restrictions and registration requirements for equity securities as may prevail in the Philippines from time to time.
Title and Transfer	Legal title to the Shares shall pass by endorsement and delivery to the transferee and registration in the Registry of Shareholders to be maintained by the Registrar. Settlement of the Shares on the PSE including liability for the settlement of transaction and documentary stamp taxes, if any, arising from such transfers, will be subject to the requirements and procedures for the transfer of title and settlement for listed securities in the PSE.
Governing Law	The Shares will be issued pursuant to, and terms and conditions of the Shares will be governed by, the laws of the Republic of the Philippines.
Offer Period	The Offer Period shall commence at 9:00 a.m. on October 23, 2014 and end at 5:00 p.m. on October 29, 2014. Ayala and the Underwriters reserve the right to extend or terminate the Offer Period with the approval of the SEC and the PSE.
Minimum Subscription to the Shares	Each Application shall be for a minimum of one hundred (100) Shares, and thereafter, in multiples of ten (10) Shares. No Application for multiples of any other number of Shares will be considered.
Eligible Investors	The Shares may be owned or purchased by any person, partnership, association or corporation regardless of nationality, provided that at any time, at least 60% of the outstanding capital stock of Ayala shall be owned by citizens of the Philippines or by partnerships, associations or corporations at least 60% of whose outstanding capital stock and whose voting stock or voting power is owned and controlled by citizens of the Philippines. In addition, under certain circumstances Ayala may reject an Application or reduce the number of Shares applied for purchase. Subscription to the Shares may be restricted by law or regulation in certain jurisdictions. Foreign investors interested in subscribing to or purchasing the Shares should inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. Foreign investors, both corporate and individual, warrant that their purchase of the Shares will not violate the laws of their jurisdiction and that they are allowed to acquire, purchase and hold the Shares.
Application Procedure	Application Forms may be obtained from an Underwriter or Selling Agent. All applications shall be evidenced by the Application Form, duly executed in each case by an authorized signatory of the applicant and accompanied by two (2) completed signature cards, the corresponding payment for the Shares covered by the application and all other required documents including documents required for registry with the Registrar and Depository Agent. The duly executed Application Form and required documents should be submitted to the Underwriters or Selling Agents on or prior to the set deadline for submission of Applications for Underwriters and Selling Agents, respectively (see "Schedule of the Offer" below). If the Applicant is a corporation, partnership, or trust

The Shares must be paid for in full upon submission of the Application.

In the event that the number of Shares to be allotted to an Applicant, as confirmed by an Underwriter, is less than the number covered by its Application, or if an Application is wholly or partially rejected by Ayala, then Ayala shall refund, without interest, within five (5) Banking Days from the end of the Offer Period, all, or a portion of the payment corresponding to the number of Shares wholly or partially rejected. All refunds shall be made through the Underwriter or Selling Agent with whom the Applicant has filed the Application.

The *Bangko Sentral ng Pilipinas* (“BSP”) requires that investments in shares of stock funded by inward remittance of foreign currency be registered with the BSP if the foreign exchange needed to service capital repatriation or dividend remittance will be sourced from the domestic banking system. The registration with the BSP of all foreign investments in the Shares shall be the sole responsibility of the foreign investor (see discussion under “Philippine Foreign Investment, Foreign Ownership and Exchange Controls”).

BPI Capital Corporation

Philippine Depository & Trust Corporation

Bank of the Philippine Islands – Stock Transfer Agency

The Offer is scheduled as follows:

Offer Period October 23 – October 29, 2014

Deadlines for Submission of Applications are as follows:

Delivered through Selling Agents 12:00 pm of October 29, 2014

Delivered through Underwriters 5:00 pm of October 29, 2014

Applications received after these deadlines or without the required documents and/or full payments will be rejected. Applications shall be considered irrevocable upon submission to any Selling Agent or Underwriter, and shall be subject to the terms and conditions of the offer as stated in this Prospectus and in the application to purchase form.

Issue Date November 5, 2014

Stock Trading Symbol ACPB2

The Prospectus containing a more detailed description of the Shares as well as important information about Ayala and the Offer is available for viewing and downloading from Ayala's website, www.ayala.com.ph, through the following link:

[http://www.ayala.com.ph/uploads/pdfs/Prospectus/Final%20Prospectus with%20FS%20\(signed%2021%20Oct%202014\).pdf](http://www.ayala.com.ph/uploads/pdfs/Prospectus/Final%20Prospectus%20with%20FS%20(signed%2021%20Oct%202014).pdf)

Please refer to the attached offer timetable and implementing guidelines for the reservation and allocation of the Shares.

Thank you.

Very truly yours,



MA. CECILIA T. CRUZABRA
Treasurer



AYALA CORPORATION CLASS “B” SERIES 2 PREFERRED SHARES OFFERING TIMETABLE

October 20, 2014	Pricing Date
October 23 to 29	Public Offer Period
October 23 to 11:00 a.m. of October 27	PSE Trading Participants' Commitment Period
11:00 a.m. of October 27	Deadline for the submission of Undertaking to Purchase Ayala Corporation Class “B” Series 2 Preferred Shares and related documents
12:00 p.m. of October 29	Deadline for submission by PSE Trading Participants of applications, required documents and payment
November 5	Issue Date of Class “B” Preferred Shares under Series 2. <i>Note: Class “B” Preferred Shares of the Company currently traded under the stock symbol “ACPB” will be renamed or changed to “ACPB1”</i>
November 5	Availability of refunds to PSE Trading Participants

Annex “A”

IMPLEMENTING GUIDELINES FOR THE RESERVATION AND ALLOCATION OF AYALA CORPORATION (“AYALA”) CLASS “B” SERIES 2 PREFERRED SHARES TO THE TRADING PARTICIPANTS

These Guidelines supplement and do not supersede or revoke, and must be read in conjunction with, the terms and conditions of the Application to Purchase (the “Application”) and the final Prospectus of Ayala dated 21 October 2014 (the “Prospectus”) prepared in relation to the offer of Ayala Corporation Class “B” Series 2 Preferred Shares (the “Offer”) which shall be distributed at the start of the public offer period or on 23 October 2014. All requirements stated in the Application must be complied with, except when clearly inconsistent herewith. All capitalized terms used herein have the same meanings ascribed to them in the Prospectus, unless otherwise defined herein

For the purpose of ensuring and facilitating a fair, orderly and transparent distribution of the Ayala Class “B” Series 2 Preferred Shares (the “Offer Shares”) through The Philippine Stock Exchange, Inc. (the “PSE” or the “Exchange”) in connection with the Offer for and on behalf of BPI Capital Corporation as Issue Manager (the “Issue Manager”), BPI Capital Corporation, BDO Capital & Investment Corporation, and First Metro Investment Corporation as Joint Lead Underwriters (the “Joint Lead Underwriters”) and the Trading Participants of the PSE (the “Trading Participants”), the Exchange shall implement the following guidelines:

1. **On 22 October 2014**, Ayala shall advise the Exchange, via PSE Electronic Disclosure Generation Technology (“PSE EDGE”), of the Permit to Sell issued by the Securities and Exchange Commission for Ayala to offer the Ayala Corporation Class “B” Series 2 Preferred Shares to the public. The said disclosure shall also contain, among others, the:
 - a. Summary Terms and Conditions of the Offer;
 - b. Total number of Offer Shares to be distributed through the Exchange;
 - c. Number of Offer Shares which may be distributed by each active Trading Participant (the “TP Allocation”);
 - d. Final Prospectus dated 21 October 2014, prepared in relation to the Offer; and
 - e. Dividend Rate applicable to the Offer Shares.
2. **On 21 October 2014**, Ayala shall upload in its website, www.ayala.com.ph, and via PSE EDGE the final Prospectus dated 21 October 2014.
3. **On or before 9:30 AM on 23 October 2014**, the selling kits shall be made available to the Trading Participants through the PSE. Each selling kit shall contain:
 - a. The final Prospectus;
 - b. One (1) CD for the Sales Report; and
 - c. Forms for the Application and the corresponding Signature Cards.
4. **Not later than 11:00 AM on 27 October 2014**, each Trading Participant shall submit to the Receiving Agent (or to its designated representatives at the 27th Floor of PSE Ayala office and 2nd Floor of PSE Tektite office) three (3) sets of the duly-executed firm undertaking to purchase the Offer Shares (the “Firm Undertaking”), attached as Annex “C” to this Memo. **All forms must be originally signed. Photocopies, e-mails or facsimile copies of the Firm Undertaking shall not be accepted.**
 - a. Two (2) copies of the Firm Undertaking shall be retained by the Receiving Agent, while the third copy, duly stamped received by the Receiving Agent, shall be returned to the Trading Participant. The second copy to be retained by the Receiving Agent shall be given to the Issue Manager on the same day.

- b. The number of Offer Shares to be indicated on the Firm Undertaking shall be the total number of Offer Shares, which the Trading Participant shall unconditionally commit to purchase (the "Firm Order"), including Additional Shares (as defined below), if any.
 - c. The Trading Participant may opt to submit a Firm Order that is more than, equal to, or less than the TP Allocation. Any orders in excess of the TP Allocation shall be referred to as the "Additional Shares".
- 5. Based on the Firm Undertaking submitted by the Trading Participant, the Receiving Agent shall perform the following:
 - a. Verify the signature on each Firm Undertaking received against the records of the Exchange on the Proof of Authority to Sign submitted by the Trading Participant. Such Proof of Authority to Sign shall be provided by the Exchange to the Receiving Agent on or before 9:00 a.m. of each day commencing on 23 October 2014 to 27 October 2014 (the "TP Commitment Period").
 - b. **No later than 1:00 PM on 27 October 2014**, after noting the Firm Orders received from each Trading Participant who submitted a Firm Undertaking (the "Participating TP"), re-allocate the Offer Shares as necessary to the Participating TPs who submitted orders for Additional Shares.
 - c. **No later than 4:00 PM on 27 October 2014**, submit to the Issue Manager the list of Trading Participants and the corresponding number of Offer Shares allocated to them (the "**Selling Agents Final Allocation List**"). The Selling Agents Final Allocation List shall be sent to the Issue Manager to the attention of Bertrand T. Ferrer (E-mail: btferrer@bpi.com.ph, fax number 818-7089) and to Francis L. Jardeleza, Jr. (E-mail: fljardeleza@bpi.com.ph, fax number 818-7809).
 - d. **No later than 9:00 AM on 28 October 2014**, prepare and submit to the PSE Listings Department, the Notices of Final Allocation informing each Participating TP of the actual number of Offer Shares allocated to them. Those who opted not to participate in the Offer and those who failed to submit the Undertaking on the date and time specified shall not be given the said Notice. The Exchange, through the PSE Listings Department, shall distribute the Notice of Final Allocation to each Participating TP.
- 6. The Issue Manager shall verify that the total number of Offer Shares indicated in the Selling Agents Final Allocation List does not exceed the aggregate number of Offer Shares allocated for distribution to the Trading Participants under the Offer.
- 7. **No later than 12:00 PM on 29 October 2014**, each Participating TP shall submit the following required documents to the representatives of the Receiving Agent, BPI Capital Corp., to be stationed at the PSE Ayala office and PSE Tektite office:
 - a. Duly-accomplished Applications and two (2) signature cards;
 - b. The required attachments to the Application;
 - c. Four (4) printed copies of the Sales Report duly-certified by the respective authorized signatories of the Trading Participants;
 - d. A CD containing a soft copy of the Sales Report; and
 - e. Payment for the Offer Shares (total Offer Shares awarded to the Trading Participant from the TP Allocation) in the form of a **Metro Manila clearing Cashier's/Manager's, personal or corporate check** drawn against a bank account with a Bangko Sentral ng Pilipinas-authorized agent bank located in Metro Manila and dated as of the date of submission of the Application covering the entire number of Offer Shares covered by the same Application, and all such checks must be made payable to "**Ayala Corporation Preferred B**". Cash payments will not be accepted.

The 12:00 PM deadline on 29 October 2014 shall be strictly followed.

The representatives of the Receiving Agent are as follows:

PSE Ayala Office: Maria Pilar A. Alega
PSE Tektite Office: Mark Anthony L. Go

8. The minimum order size is one hundred (100) Offer Shares, with incremental lot sizes of ten (10) Offer Shares. The Offer Shares may be purchased by (a) any natural person of legal age who is a resident of the Philippines, regardless of nationality; and (b) any corporation, association, partnership, trust account, fund or entity that is a resident in and organized under the laws of the Philippines and/or licensed to do business in the Philippines, regardless of nationality.
9. Each Trading Participant represents and warrants that it has not offered or sold and will not offer or sell, directly or indirectly, any Offer Shares to any international investor, and it has not solicited and will not solicit, applications for any Offer Shares on behalf of or for the account of any international investor. For the avoidance of doubt, an international investor means any person or entity that is not a: (a) natural person of legal age who is a resident of the Philippines, regardless of nationality; and (b) corporation, association, partnership, trust account, fund or entity that is a resident in and organized under the laws of the Philippines and/or licensed to do business in the Philippines, regardless of nationality.
10. Each Trading Participant shall not make any press or public announcement or issue and distribute any document other than the Prospectus, Applications or materials provided by the Issue Manager, in accordance with the Amended Implementing Rules and Regulations of the Philippine Securities Regulation Code (SRC) Rule 8.1 No. 3, G, which states that: "the use of selling documents other than the final prospectus during the offer period is prohibited, except that the information contained in SRC Rule 8.3 may be disseminated in whole or in part to summarize the offering".
11. Without prejudice to the foregoing and any subsequent submission by a Trading Participant of the above-specified documents, Ayala reserves the right to reject any application to purchase the Offer Shares that is incomplete, completed incorrectly, submitted without all the required documents or does not meet the requirements as set forth in the terms and conditions of the Application.
12. The Issuer, through the Registrar, shall submit to the Exchange **no later than 12:00 noon on 03 November 2014**, a final consolidated sales report of the Offer. The Issuer, through the Registrar shall likewise submit a report summarizing the applications and payments made by the Trading Participants relative to their Firm Undertaking. The Issuer will disclose through PSE EDGE a summary of the results of the Offer of the Company's ACPB2 shares.
13. **No later than 12:00 noon on 03 November 2014**, two business days before the Issue Date of the Offer Shares, a global nominee certificate covering the entire number of Offer Shares sold in the Offer will be lodged with the Philippine Depository & Trust Company ("PDTC") in the name of PCD Nominee Corporation. The Issuer will disclose through PSE EDGE the lodgment of the Offer Shares.
14. In case of rejection of their Applications, Trading Participants shall be notified by the Issue Manager on **05 November 2014**. In such a case, check refunds shall be available for pick-up during regular business hours at the office of the Receiving Agent, at the 16th Floor, BPI Building, Ayala Avenue corner Paseo de Roxas, Makati City by **05 November 2014**. Likewise, rejected Applications forms shall be made available for pick-up at the Receiving Agent's office by **05 November 2014**. The representatives of the Trading Participants claiming such check refunds or rejected Application forms are required to present an authorization letter and one valid and subsisting government or company-issued identification card prior to the release of such check refunds or rejected Application forms.

15. Any questions related to the Offer or the guidelines and procedures for the Offer may be directed to the representatives of the Joint Lead Underwriters:

BDO CAPITAL & INVESTMENT CORPORATION

Aiban A. Valdez	Phone: 840 7000 local 32384
Jose Eduardo A. Quimpo II	Phone: 840 7653

BPI CAPITAL CORPORATION

Bertrand T. Ferrer	Phone: 465 2998
Francis L. Jardeleza, Jr.	Phone: 845 5878

FIRST METRO INVESTMENT CORPORATION

Rina S. Alarilla	Phone: 858 7964
Sophia S. Ybanez	Phone: 858 7900 local 118

Annex “B”

PROCEDURES RELATIVE TO THE IMPLEMENTING GUIDELINES FOR THE RESERVATION AND ALLOCATION OF AYALA CORPORATION CLASS “B” SERIES 2 PERPETUAL PREFERRED SHARES TO THE TRADING PARTICIPANT

These Procedures do not replace, supersede nor revoke, and must be read in conjunction with, the Terms and Conditions of the Application to Purchase (“Application”). All requirements stated in the Application must be complied with, except when clearly inconsistent herewith.

I. Action Steps for Operating Trading Participants

1. Submit to the Receiving Agent (or to its designated representatives at the trading floors at PSE Ayala and PSE Tektite) three (3) sets of the duly-executed Firm Undertaking to Purchase the **Ayala Corporation Class “B” Series 2 Preferred Shares** (the “**Undertaking**”) specifying the number of Offer Shares the Trading Participant (“TP”) commits to purchase, including Additional Shares, if any.

In accomplishing the Undertaking, please be guided by the following:

For the **Ayala Corporation Class “B” Series 2 Preferred Shares**, each TP shall be allocated a total of 7,520 Offer Shares (the “**TP Allocation**”). The minimum purchase amount for the clients of the TPs is 100 Offer Shares, and thereafter, in multiples of 10 Offer Shares.

A TP may undertake to subscribe to more Offer Shares than the TP Allocation, subject to the Mechanics of Distribution described below.

- a. TPs who opt not to participate in the Offer and those who fail to submit the Undertaking on the specified date and time will be deemed not to have purchased any of the Offer Shares.
 - b. Only **duly accomplished and signed original copies** of the Undertaking will be accepted and considered by the Receiving Agent. Photocopies, facsimile transmissions and scanned soft copies of the signed Undertaking will not be considered valid.
 - c. For the **Ayala Corporation Class “B” Series 2 Preferred Shares Offer**, the deadline for submission of the Undertaking is at **11:00 AM on 27 October 2014**. The Undertaking must be submitted to the representatives of the Receiving Agent stationed at the 27th Floor, PSE Plaza, Ayala Avenue, Makati City (“PSE Ayala”) or at the 2nd Floor, PSE-Tektite Office, PSE Centre, Pasig City (“PSE Tektite”).
2. **Not later than 12:00 PM on 29 October 2014**, submit to representatives of the Receiving Agent the following: (i) Applications and the required attachments; (ii) four (4) printed copies of the Sales Report, (iii) a CD containing a soft copy of the Sales Report; and (iv) payment for the Offer Shares in the form of a **Metro Manila clearing Cashier’s/Manager’s, personal or corporate check** issued by a bank based in Metro Manila and dated as of the date of submission of the Application Forms covering the entire number of Offer Shares the Trading Participant commits to purchase, including Additional Shares, if any. Checks should be made payable to “**Ayala Corporation Preferred B**”. Cash payments will not be accepted.

For the **Ayala Corporation Class “B” Series 2 Preferred Shares**, the **12:00 PM deadline shall be strictly followed**. The Application/s and Sales Report should reflect the actual number of Offer Shares allocated by the Receiving Agent to each TP as specified under the Notice of Final Allocation given to each TP.

Offer Shares not covered by Applications in the name of the TP, if any, shall be lodged with the PDTC under the account of such TP.

II. Action Steps for the Receiving Agent

1. Assign representatives to both floors (PSE Tektite and PSE Ayala), on each day of the TP Commitment Period, to receive from the Trading Participants three (3) sets of the duly accomplished and signed Undertaking, which undertaking must be submitted **not later than 11:00 AM on 27 October 2014**.

For the **Ayala Corporation Class "B" Series 2 Preferred Shares**, the deadline for the submission of the Undertaking will be on **27 October 2014, not later 11:00 AM**.

2. Upon receipt of the Undertaking, the Receiving Agent shall verify the signatures on the Undertaking against the Sworn Certification/Proof of Authority to Sign submitted by each TP to the Exchange, and which the Exchange shall make available to the Receiving Agent on or before 9:00 a.m. on each day of the TP Commitment Period.
3. Prepare the Selling Agents Final Allocation List which shall indicate the names of the TPs, their corresponding Offer Shares (as indicated in their respective Undertakings) and, after conducting the internal reservation and allocation process as relevant, the final number of Offer Shares allocated to them.
4. Prepare and submit to the PSE Listings Department, the Notices of Final Allocation informing each Participating TP the actual number of Offer Shares allocated to them. Those who opted not to participate in the Offer and those who failed to submit the Undertaking on the date and time specified shall not be given the said Notice.

The **Notice of Final Allocation** shall be delivered by the Exchange, through the PSE Listings Department, **no later than 12:00 PM on 28 October 2014** to each Participating TP.

III. Mechanics of Distribution

1. Upon receipt of the Undertaking from the TPs, the Receiving Agent shall distribute the total number of Offer Shares among all the TPs who, through their respective Undertakings, requested for Offer Shares as follows:
 - a. If the total number of Offer Shares requested by the Participating TPs in the Undertaking does not exceed the total TP Allocation, the Receiving Agent shall satisfy the request of each Participating TP who signified its commitment to purchase Offer Shares less than or equal to the Initial TP Allocation. Each Trading Participant is assured of not less than the TP Allocation. The balance shall be redistributed among those who have signified a commitment to purchase more than the TP Allocation in their Undertaking until all the Offer Shares allotted for distribution through the Receiving Agent are allocated.

In no case shall any Participating TP be awarded more than the shares indicated in its Undertaking.

- b. If the aggregate number of Offer Shares requested by all Participating TPs in their Undertaking does not exceed the total TP Allocation, the balance shall be returned to the Underwriters through the Issue Manager.
2. All deadlines indicated in these procedures shall be strictly enforced.

IV. Underwriters to the Offer

The Underwriters to the Offer include:

1. BDO Capital & Investment Corporation
2. BPI Capital Corporation
3. First Metro Investment Corporation

Annex "C"

**UNDERTAKING TO PURCHASE CLASS "B" SERIES 2 PREFERRED SHARES
OF AYALA CORPORATION ("Ayala")**

This Undertaking to Purchase Class "B" Series 2 Perpetual Preferred Shares of Stock of **Ayala Corporation** (the "Undertaking") is made and executed this _____ day of _____, 2014 by:

(Name of Trading Participant)

(Trading Participant Number)

(Address of Trading Participant)

hereinafter referred to as the "Trading Participant";

In consideration for being granted the right to participate in the sale and distribution of the Class "B" Series 2 Perpetual Preferred Shares of **Ayala ("Ayala Preferred Shares")**, the Trading Participant unconditionally undertakes to purchase (_____) (_____) Class "B" Series 2 Perpetual Preferred Shares for and on behalf of its clients. The Trading Participant similarly undertakes to deliver to the Receiving Agent the Application Form/s, Signature Cards, Required Attachments to the Application Forms, Hard and Soft Copies of the Sales Report, and the corresponding Personal/Corporate/Cashier's/Manager's Check payment constituting the full payment of said shares (as specified in the "Implementing Guidelines for the Reservation and Allocation of Ayala Corporation Class "B" Series 2 Perpetual Preferred Shares Through the Exchange") **not later than 12:00 PM on 29 October 2014**. It is hereby understood that the Ayala Class "B" Series 2 Perpetual Preferred Shares not covered by Application Forms in the name of the clients, if any, of the Trading Participants shall be lodged at the Philippine Depository & Trust Company ("PDTC") for the account of the undersigned Trading Participant. Likewise, Ayala Class "B" Series 2 Perpetual Preferred Shares covered by defective, deficient or incomplete Application Forms, supporting documents or corporate/cashier's/manager's check payments shall be lodged at the PDTC for the account of the undersigned Trading Participant.

In the event the Receiving Agent assigns to the Trading Participant a number of Ayala Class "B" Series 2 Perpetual Preferred Shares less than that above specified, the Trading Participant agrees to purchase said number of shares under the same conditions.

Furthermore, by virtue of this Undertaking, the Trading Participant hereby accedes to and shall strictly comply with the "Implementing Guidelines for the Reservation and Allocation of Ayala Corporation Class "B" Series 2 Perpetual Preferred Shares Through the Exchange".

(Printed Name, Position/Title & Signature of
Authorized Signatory of the Trading Participant)

(Printed Name, Position/Title & Signature of
Authorized Signatory of the Trading Participant)

IMPORTANT: The foregoing Undertaking shall be accomplished for the purpose of determining the number of Ayala Class "B" Series 2 Perpetual Preferred Shares to be distributed to the public by each Trading Participant of the PSE. Read carefully and comply strictly with the following instructions: (1) Accomplish the Undertaking in **triplicate** and submit the same to the Receiving Agent. One copy of the Undertaking, duly stamped received by the Receiving Agent, shall be returned to the Trading Participant; (2) Indicate in the space provided the complete name and address of the Trading Participant; (3) Accomplish the Undertaking by supplying the complete and accurate information required in the spaces provided; (4) If previously not submitted to the PSE, or if there are any changes to the previously submitted list of authorized signatories, attach four (4) copies of the **Proof of Authority to Sign** of the authorized signatory(ies) of the Trading Participant which shall be in the form of a **Sworn Corporate Secretary's Certificate** containing the Board Resolution, confirming the authority of the persons designated therein to sign and execute the papers or documents for and on behalf of the Trading Participant, and the **Specimen Signature** of such authorized signatory(ies); and (5) The Undertaking must be submitted to the Receiving Agent not later than **11:00 AM on 27 October 2014** and at the place announced and specified by the PSE in the "Implementing Guidelines for the Reservation and Allocation of Ayala Corporation Class "B" Series 2 Preferred Shares to the Trading Participant".