

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATIONS CODE (SRC) AND SRC RULE 17(a)-1(b)(3) THEREUNDER

1. **May 13, 2014**
Date of Report (Date of earliest event reported)
2. **34218**
SEC Identification Number
3. **000-153-610-000**
BIR Tax Identification Number
4. **AYALA CORPORATION**
Exact Name of registrant as specified in its charter
5. **PHILIPPINES**
Province, country or other jurisdiction of incorporation
6. **[REDACTED]** (SEC Use Only)
Industry Classification Code
7. **33/F, Tower One, Ayala Triangle, Ayala Avenue, Makati City**
Address of principal office
- 1226**
Postal code
8. **908-3000**
Registrant's telephone number, including area code
9. **N.A.**
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 4 and 8 of the SRC

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON SHARES	599,438,041
PREFERRED "B" SHARES	20,000,000
VOTING PREFERRED SHARES	200,000,000

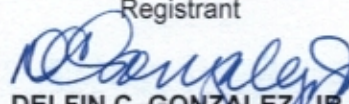
Indicate the item numbers reported herein : **Please refer to attached letter**

Re: **Ayala Corporation's First Quarter Net Income Up 22% Year-on-Year to P5.5B**

Pursuant to the requirements of the Securities Regulations Code, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AYALA CORPORATION

Registrant


DELFIN C. GONZALEZ JR.

Chief Finance Officer

Date : **May 13, 2014**



13 May 2014

SECURITIES & EXCHANGE COMMISSION

SEC Building, EDSA
Mandaluyong City

Attention: DIRECTOR JUSTINA F. CALLANGAN
Corporation and Finance Department

THE PHILIPPINE STOCK EXCHANGE, INC.

2/F, Tower One & Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: MS. JANET A. ENCARNACION
Head, Disclosure Department

PHILIPPINE DEALING & EXCHANGE CORPORATION

37/F, Tower 1, The Enterprise Center
6766 Ayala Avenue corner Paseo de Roxas
Makati City

Attention: Ms. VINA VANESSA S. SALONGA
Head, Issuer Compliance and Disclosure Department

Subject: **Ayala Corporation's First Quarter Net Income Up 22% Year-on-Year to P5.5B**

Mesdames/Gentlemen:

Ayala Corporation's (Ayala) net income in the first quarter of 2014 grew by 22% to P5.5 billion. The strong growth was driven by its real estate, telecom, water and international businesses and was boosted by a P1.8 billion capital gain from the sale of Stream Global Services, Inc., one of its investee companies under its business process outsourcing unit. The strong performance of the business units combined with the capital gain offset the decline in the earnings contribution of its banking unit, Bank of the Philippine Islands (BPI), which reported lower earnings during the quarter as a result of the absence of trading gains compared to the first quarter of 2013. Excluding the capital gains during the period and the impact of BPI's unusually high trading gains of P5.7 billion and Globe's accelerated depreciation last year, Ayala's net income would be up 24% year-on-year.

Most of Ayala's core businesses reported double-digit earnings growth year-on-year in the first quarter. Its real estate unit, Ayala Land, reported a 25% growth in net income to P3.5 billion. Higher revenues across its residential, commercial leasing, and property services, combined with stable margins overall resulted in the sustained strong earnings growth.

Its telecom unit, Globe Telecom, reported a four-fold increase in net income to P2.9 billion from only P686 million in the same period last year. This was largely due to healthy top line growth and the tapering of accelerated depreciation charges following its network modernization program.

Ayala's water unit, Manila Water Co., Inc.'s net income also rose by 9% to P1.4 billion. Revenues continued to grow as a result of higher billed volume, mainly from new business areas in Laguna, Boracay, and Clark as well as in Vietnam.

BPI's earnings declined by 57% to P3.6 billion as previous year's results included significant gains from trading securities. Its core banking business, however, remained strong as net interest income grew by 15% year-on-year, and non-interest income, excluding trading gains, also rose by 16% during the period.

Ayala's international businesses registered continued improvement in earnings. Integrated Microelectronics, Inc.'s (IMI) net income increased twenty times to P226 million versus the first quarter last year as a result of higher sales volumes, better cost savings, and improved margins.

Livelt also reported significant earnings improvement boosted by the sale of Stream Global Services, Inc. (Stream) and the improved performance of its investee companies. Share of revenues excluding Stream reached US\$24.5 million, up 6% year-on-year, while share of earnings before interest, taxes, depreciation and amortization reached US\$0.8 million, an improvement of US\$0.7 million.

In all, the strong performance of the business units contributed a total of P6.9 billion in equity earnings to Ayala, 20% higher than in the same period last year.

Ayala continues to ramp up investments in its new businesses. For the year 2014, the holding company allotted P49 billion in capital expenditure mainly for its investment in BPI with its participation in the stock rights offering, on-going power projects which include the closing of its acquisition of its stake in GN Power Mariveles, and the transport infrastructure projects it has won thus far. It has also recently made progress in its entry in the education sector with the upcoming opening of nearly a dozen new high schools for secondary education under Affordable Private Education Center or APEC schools located in Quezon City, Caloocan, Marikina, Pasig and Manila.

As of the end of March 2014, parent company cash reached nearly P30 billion putting net debt to equity ratio at 0.43 to 1.

Earlier this month, Ayala successfully completed a US\$300-million Exchangeable Bond issue which was 2.5 times oversubscribed. The bonds were subsequently listed at the Singapore Stock Exchange last May 5, 2014.

Very truly yours,


DELFIN C. GONZALEZ, JR.
Chief Finance Officer