





Ayala Corporation  
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April 21, 2010

**Securities & Exchange Commission**

Attn.: Director Justina F. Callangan  
Corporation & Finance Department

**Philippine Stock Exchange**

Attn.: Ms. Janet A. Encarnacion  
Head - Disclosure Department

**Philippine Dealing & Exchange Corporation**

Attn.: Mr. Cesar B. Crisol  
President and Chief Operating Officer

Gentlemen:

At its special meeting today, our Board of Directors approved the offer and issuance, exclusively to holders of the common shares of our Company as of May 6, 2010 (the "**Eligible Shareholders**") pursuant to their pre-emptive rights, of the 200 million voting preferred shares of the capital stock of our Company at a price of PHP1.00 per share. The basic terms of the offer and issuance are as follows:

1. **Issue Price:** P1.00 per share
2. **Record Date for Determining Shareholders Entitled to Subscribe:** May 6, 2010.
3. **Offer Period:** Five trading days starting on the fifth trading day after the Record Date and approval by the Securities and Exchange Commission (SEC) of the amendments to our Articles of Incorporation for the reclassification of four (4) million unissued common shares, par value P50 per share, to 200 million voting preferred shares, par value, P1.00 per share. If the SEC approval is obtained by May 6, 2010, the Offer Period will be from May 14, 2010 to May 20, 2010.
4. **Pre-emptive Rights:** Each Eligible Shareholder is entitled to subscribe to one voting preferred share for every 2.482 common shares held as of the Record Date (the "Pre-emptive Rights Entitlement"). No fractional shares shall be issued and fractional entitlements shall be rounded down to the nearest whole number of the voting preferred shares.
5. **Additional Subscription:** If an Eligible Shareholder (the "Subscriber") fully subscribes to his Pre-emptive Rights Entitlement and subject to the availability of unsubscribed voting preferred shares (the "Additional Shares") arising from the failure of the other Eligible Shareholders to fully subscribe to their Pre-emptive Rights Entitlement, the Subscriber may simultaneously apply for subscription of the Additional Shares (the "Additional Subscription"). A deposit for such Additional Subscription equal to the subscription amount shall be made together with the payment for the Pre-emptive Rights Entitlement. If the aggregate number of Additional Shares equals or exceeds the aggregate number of Additional Shares so subscribed for, a Subscriber will be allocated the number of Additional Shares he subscribed for. If the aggregate number of Additional Shares is less than the

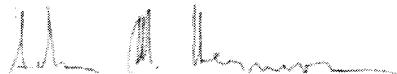
aggregate number of Additional Shares so subscribed for, the Additional Shares will be allocated to Subscribers who have applied to subscribe for such Additional Shares based on each Subscriber's relative shareholding in the Company as of the Record Date, provided that no Subscriber for Additional Shares shall be allocated more Additional Shares than the number for which such Subscriber has applied. Within two weeks from the close of the Offer Period, the Company shall return to each Subscriber that portion of the deposit, without interest, in payment for Additional Shares that are not allocated to such Subscriber.

**6. Features of the Voting Preferred Shares:**

- (a) Dividend rate shall be equal to the 3-year PDST-R2 as of the issue date, payable annually and re-priced every three years.
- (b) Cumulative in payment of dividends.
- (c) Non-convertible into common shares.
- (d) Preference over holders of common stock in the distribution of corporate assets in the event of dissolution and liquidation of the Company and in the payment of the dividend at the rate specified at the time of issuance.
- (e) Non-participating in any other or further dividends beyond that specifically payable on the shares.
- (f) Voting.
- (g) With pre-emptive rights only in respect of any issue of voting preferred shares.
- (h) Redeemable at the option of the Company at par value plus accrued dividends.

Thank you.

Very truly yours,



**SOLOMON M. HERMOSURA**  
General Counsel and  
Compliance Officer

**PREFERRED SHARES OFFERING:**

ISSUE PRICE	-	₱1.00 per share
ENTITLEMENT	-	1 voting preferred share for every 2.482 common shares held
EX- DATE	-	May 3, 2010
RECORD DATE	-	May 6, 2010