

AMENDED BY LAWS
OF
AYALA CORPORATION
(SEC Reg. No. 34218)

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ARTICLE I
CORPORATE CAPITAL AND SHARES

Section 1 - The authorized capital of the Corporation shall be as provided in the Articles of Incorporation. (As Amended on 07 May 1976).

The stockholders of the Corporation shall have preferred right to subscribe to all new issues of its stocks in the event of issue of additional shares of stock or of any increase in capital.

Section 2 - Each stockholder who has fully paid his subscription shall be entitled to a certificate or certificates setting forth the number of shares of stock the Corporation registered in his name in the books thereof. Each stock certificate shall be numbered, shall bear the signatures of the President and the Secretary and the seal of the Corporation, and shall be issued in numerical order from the stock certificate book. No certificate shall be issued for fractional shares.

Section 3 - A stock certificate may be transferred, sold, assigned or pledged by written endorsement on the back and the delivery thereof by the transferor to the transferee, but the Corporation shall continue to consider the person in whose name the certificate was issued as owner thereof, until such certificate shall have been surrendered to the Secretary for cancellation and replace by a new certificate in the name of the transferee.

Section 4 - All certificates so surrendered to the Secretary shall be marked by him with the word "CANCELLED" and the date of cancellation and shall forthwith be attached to the corresponding stub of the stock certificate book.

Section 5 - Duplicate of lost or destroyed certificates or new certificates to replace said lost or destroyed certificates, may be issued in accordance with the requirements of existing laws, more particularly, R.A. No. 201. (Now Section 73 of the Corporation Code).

Section 6 - No transfer may be recorded in the stock and transfer book on the dates of stockholders' meetings and **within five (5) working days from the Record Date** to enable the Corporation to prepare the list of stockholders entitled to vote, but the said stock and transfer book shall be open to inspection by any stockholder any time during office hours. (As amended on 01 December 2003).

ARTICLE II

INVESTMENT OF CORPORATE CAPITAL

Section 1 - The funds of the Corporation other than the sums necessary for current expenses shall be invested as may be directed by the Board of Directors in accordance with the Articles of Incorporation and subject to the limitations provided by existing laws.

Section 2 - All cash of the Corporation shall be deposited in its name in such banks and credit institutions as the Board of Directors may designate.

ARTICLE III

OF THE MEETINGS

Section 1 - The General Meeting, duly constituted, represents the entire body of stockholders and its decisions in matters proper for deliberation by it are binding upon absenting or dissenting stockholders.

Section 2 - General Meetings may be regular or special, and shall be held at the office of the Corporation in Metro Manila. Regular meetings shall be held annually on any date in April of each year as may be determined by the Board of Directors. Special General Meetings may be held at any time by resolution of the Board of Directors or at the request of stockholders representing at least one-third of the subscribed and outstanding capital, setting forth the purpose of such meeting in the notice. (As amended on 18 April 1997).

Section 3 - Regular or special meeting of stockholders shall be called by written or printed notice and shall be sent by personal delivery or by mail, with postage prepaid, and the notices shall be deposited in the Manila Post Office, addressed to the address registered in the books of the Corporation at least **fifteen (15) business days** in advance of the date for which the meeting is called. (As amended on 01 December 2003).

Notice of regular or special meeting shall contain in addition to the date, hour and place of the meeting, a statement of the matters to be transacted at the meeting, and no business other than that specified in the call shall be transacted at such meeting. The notice of stockholders' shall also set the date, time and place of the validation of proxies, which in no case, shall be less than five (5) business days prior to the annual stockholders' meeting to be held. (As amended on 18 April 1997)

Section 4 - Regular General Meetings and duly called special meetings shall be constituted and pass resolutions provided over one-half of the stock is present or represented except in cases where the Corporation Law requires a greater number. In the absence of a sufficient number necessary to constitute a quorum, another meeting shall be called within the ten days next following, and on the day at the hour designated, regardless of the number of shares present or represented, the meeting shall be constituted and shall pass resolutions, without prejudice to the provisions of the next following section and of the Corporation Law.

Section 5 - For the election of directors, it is necessary for one-half plus one of the subscribed shares of stock be present or represented.

Section 6 - Any stockholder entitled to vote may be represented by proxy at any regular or special stockholders' meetings. Proxies shall be in writing and signed and in accordance with the existing laws, rules and regulations of the Securities & Exchange Commission. Duly accomplished proxies must be submitted to the office of the Corporate Secretary not later than seven (7) business days prior to the date of the stockholders' meeting. Validation of proxies shall be conducted by the Proxy Validation Committee at least five (5) business days prior to the date of the stockholders' meeting. (As amended on 18 April 1997)

Section 7 - Each share of stock entitled the person in whose name it is registered in the books of the Corporation to one vote, provided the conditions as regards payment subject to which it was issued have been complied with.

Section 8 - The election of Directors shall be by ballot and each stockholder entitled to vote may cast the vote to which the number of share he owns entitles him, for as many persons as are to be elected as Directors, or he may give to one candidate as many votes as, the number of Directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates he may see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of Directors to be elected.

The Chairman shall appoint two tellers to supervise the election of Directors who shall hold office during the year following the date of their appointments. No candidate for the office of Director may hold office of the teller.

Section 9 - At the Regular General Meetings, a Board of seven (7) Directors shall be elected who shall hold office for the term of one (1) year or until their successors shall have been elected and qualified.

Section 10 - All stockholders' meetings shall be presided by the Chairman of the Board, or in his absence, by the Chairman of the Executive Committee, or in his absence, by the President, and in case the latter is also absent, by the senior Director, or by the oldest if several became Directors on the same date.

The minutes of stockholders' meetings shall be signed by the Secretary, with the approval of the Chairman of the meeting.

Section 11 - For the transaction of business at the regular stockholders' meetings, the following order shall be observed:

1. Roll Call of Stockholders
2. Reading of Call;
3. Reading of minutes of preceding meeting;
4. Balance Sheets and Annual Reports of officers;
5. Unfinished business
6. New business:
 - a. Ratification of amendment of By-Laws, if any;
 - b. Ratification of all the acts and resolutions of the Executive Committee and the Board of Directors
 - c. Any other new business.
7. Appointment of Tellers
8. Election of Directors
9. Election of Auditor and fixing of remuneration thereof
10. Adjournment

ARTICLE IV

OF THE BOARD OF DIRECTORS

Section 1 - The Board of Directors is the supreme authority in matters of governance and managing the regular and ordinary business of the Corporation. Within their chartered authority, the directors acting as a board have the fullest powers to regulate the concerns of the Corporation according to their best judgment. It shall be the Board's responsibility to promote and adhere to the principles and best practices of corporate governance and to foster the long- term success of the Corporation and secure its sustained competitiveness in the global environment in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its shareholders and other stakeholders.

The Board of Directors shall have seven (7) members who shall be elected by the Corporation's stockholders entitled to vote at the annual meeting, and shall hold office for one year and until their successors are elected and qualified in accordance with these By-Laws.

As a corporation publicly listed in the Philippine Stock Exchange (PSE), the Corporation shall conform with the requirement to have an independent director or such number of independent directors as may be required by law. (As amended on 01 December 2003).

Section 2 - No person shall be elected nor be competent to hold the office of Director of this Corporation unless at least one (1) share of stock of the Corporation shall stand in his name in the books of the Corporation at the time of his election.

Section 3 - No person shall qualify or be eligible for nomination or election to the Board of Directors if he is engaged in any business which competes with or is antagonistic to that of Corporation. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged.

- a. If he is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any corporation (other than one in which the Corporation owns at least 30% of the capital stock) engaged in a business which the Board, by at least three-fourths (3/4) vote, determines to be competitive or antagonistic to that of the Corporation, or
- b. If he is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any other corporation or entity engaged in any line of business of the Corporation, when in the judgment of the Board, by at least three-fourths (3/4) vote, the laws against combinations in restraint of trade shall be violated by such persons membership in the Board of Directors; or
- c. If the Board, in the exercise of its judgment in good faith, determines by at least three-fourths (3/4) vote that he is the nominee of any person set forth in (a) or (b).

In determining whether or not a person is a controlling person, beneficial owner, or the nominee of another, the Board may take into account such factors as business and family relations.

For the proper implementation of this provision, all nominations for election of Directors by the stockholders shall be submitted in writing to the Board of Directors at least **thirty (30) business** days before the date of the regular meeting. (As amended on 01 December 2003).

Section 4 - Independent Director. An independent director shall hold no interests or relationships with the Corporation that may hinder their independence from the Corporation or Management which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

An independent director shall submit to the Corporate Secretary a letter of confirmation stating that he holds no interests affiliated with the corporation, management or controlling shareholder at the time of his election or appointment and/or re-election as a director. (As amended on 01 December 2003).

Section 5 - In case any vacancy or vacancies should occur on the Board of Directors during the period between two annual meetings due to death, resignation or other causes, the remaining Directors, if still constituting a quorum, may fill said vacancies by election from among the stockholders, and the stockholders so elected shall act as members of said Board until the new Board of Directors is elected.

Section 6 - The Board of Directors shall designate the days when it shall meet in regular session, but it shall meet at least once every quarter. It may be convened in special session by the Chairman or at the request of three (3) Directors.

Section 7 - A majority of the Directors shall constitute a quorum for the holding of a meeting and any resolution by a majority of the quorum duly convened in session shall be valid as a corporate act.

Section 8 - The Board of Directors shall have the following duties, powers and attributes, in addition to those assigned to it by the Corporation Law and other sections of these By-Laws:

- a. Determine the period, manner and conditions under which the Corporation shall engage in the kinds of businesses comprised in Article II of the Articles of Incorporation;
- b. Determine the manner in which the corporate capital shall be invested, subject to the provisions of Article II of these By-Laws;
- c. Make rules for the internal regulation of the company;
- d. Create committees and other bodies it may deem advantageous and necessary in running the affairs of the Corporation, as well as appoint advisory directors who can participate in board deliberations but whose functions shall strictly be advisory and are non-voting; appoint Executive

Vice Presidents, Senior Vice Presidents, Vice Presidents and Assistant Vice Presidents, who need not necessarily be members of the Board of Directors, Attorneys-in-Fact, Managers, Assistant Managers, Assistant Secretaries and Legal Counsel for the Corporation, Members of the Proxy Validation Committee, and fix their duties and powers; (As Amended on 18 April 1997).

- e. Determine the creation of branches, agencies, office departments of any class, under the conditions it may deem convenient;
- f. Decide as to the safekeeping of the funds of the Corporation, open current accounts, fixed deposit accounts and savings accounts with any bank authorized to operate in the Philippines and/or abroad;
- g. Approve the budgets and general expense accounts of the Corporation each quarter;
- h. Fix annually the percentage to be written off on all capital expenditures of the Corporation such as buildings, furniture and fixtures, etc. and determine the distribution of profits and dividends;
- i. Submit annually to the regular General meeting of stockholders the Balance Sheet, Profit and Loss Statement and Annual Report on the condition of the Corporation;
- j. Call special meetings;
- k. Authorize any other person or persons it may deem fit, aside from the Chairman of the Executive Committee, to purchase, sell, or mortgage the real or personal properties of the Corporation;
- l. Authorize any other person or persons it may deem fit, aside from the Chairman of the Executive Committee, to cancel mortgages or pledges executed as securities for loans and bonds when the mortgages have been repaid to the Corporation and when the bonds have been cancelled;
- m. Determine the time and manner of issuance of unissued stocks of the Corporation;
- n. Fix, upon the recommendation of the Chairman of the Executive Committee, the budget of administration expenses;

- o. Determine the manner and conditions under which employees of the Corporation shall be granted pensions, retirement gratuity or life insurance protection;
- p. Institute, maintain, defend, compromise or drop any litigation in which the Corporation or its officers may be interested in as plaintiff or defendant in connection with the business of the Corporation and grant extension of time for the payment or settlement of any indebtedness in favor of the Corporation;
- q. Settle any doubts that may arise relative to the interpretation of these By-Laws and supply any omissions, reporting thereon to the stockholders' General Meeting for such action as it may see fit to take.

Section 9 - Directors and officers may borrow money from the Corporation subject to such terms and conditions that the Board of Directors will approve by special resolution on a unanimous vote.

At the next succeeding General meeting of stockholders, the directors and officers of the Corporation shall submit for confirmation any loan or obligation granted to any member of the Board of Directors or officers of the Corporation during the past fiscal year.

Section 10 - The corporate signature required for contracts, powers of attorney, etc., of all kinds shall be that of the Chairman of the Executive Committee alone, or that of any other person or persons that the Board may designate.

Checks and orders of payment shall be signed by the Chairman of the Executive Committee, or by the President, or by the Treasurer, or by the person or persons that the Board may designate.

Section 11 - The Chairman of the Board of Directors shall have the following powers:

- a. To preside at all of the stockholders' meetings and meetings of the Board of Directors;
- b. To cast the deciding vote in case of a tie in the stockholders' meetings or in the Board of Directors' meetings;
- c. To exercise such other powers which are given him by these By-Laws.

In the absence of the Chairman, the Vice Chairman shall automatically take his place as Acting Chairman of the Board of Directors.

Section 12 - The Chairman of the Executive Committee is the legal representative of the Corporation and has powers:

- a. To execute the resolutions of the stockholders' General Meetings, of the Board of Directors and of the Executive Committee;
- b. To sign, in accordance with said resolutions, such contracts, instruments and powers of attorney as may be necessary;
- c. To represent the Corporation and vote at the stockholders' meetings all stocks owned by the Corporation in other corporations or companies.

Likewise, the Chairman of the Executive Committee shall manage the business of the Corporation and shall have the following additional powers and duties:

- d) Prepare semi-annually the budget of administration expenses.
- e) Appoint and discharge the employees occupying the positions authorized by the Board of Directors or by the Executive Committee
- f) Supervise the accounting and cash and sign, with the President and the Treasurer, the Balance Sheet, Profit and Loss Statement and Annual Reports.
- g) Attend to the correspondence and sign receipts for incoming monies.

With the consent of the Board of Directors, the Chairman of the Executive Committee may delegate to any of the officers of the Corporation any and all powers granted him under this section, provided, however, that such delegation shall not divest the Chairman of the authority to exercise the same powers.

Any delegation of powers made by the Chairman of the Executive Committee pursuant to the provisions of the next preceding paragraph should likewise be submitted for ratification and confirmation at the next General meeting of stockholders.

Section 13 - The Executive Committee composed by its Chairman and Vice Chairman and three (3) members elected and appointed to the same by the Board shall exercise any of the powers and attributes, allowable by law, of the Board of Directors during the intervening period between the Board's meetings, and shall report all resolutions adopted by it to the Board of Directors at the first meeting that the latter may subsequently hold.

The Executive Committee shall meet on such days as may be designated by its Chairman, and the presence of three (3) members of the Committee in any meeting shall constitute a quorum and any resolution adopted by this quorum duly convened in session shall be valid as a corporate act. (As amended by the stockholders on 01 February 1974).

Section 14 - The Chairman of the Board and the Chairman of the Executive Committee shall receive such remuneration as may be fixed by the Board of Directors each year, aside from that which each one as Director may be entitled to receive.

Section 15 - During the absence or illness of the Chairman of the Executive Committee, the vice Chairman shall automatically assume his place as Acting Chairman of the Executive Committee and, in the absence of both, the Board of Directors shall designate who, among its members, shall act as Acting Chairman of the Executive Committee.

Section 16 - The President shall have the powers which may be delegated to him by the Chairman of the Executive Committee, with the consent of the Executive Committee.

Any delegation of powers by the Chairman of the Executive Committee to the President should also be submitted for ratification and confirmation by the stockholders pursuant to the provisions of the last paragraph of Section 10 of this Article.

In the absence of the President, the Acting President, shall be, in this order of precedence, (a) The Chairman of the Executive Committee and (b), the Chairman of the Board of Directors.

Section 17 - The Treasurer or a Vice President so appointed by the Board of Directors shall have custody of the funds, credit instruments and documents of the Corporation and shall furnish bond, conditioned on the faithful performance of this duties, in a sum to be fixed by the Board of Directors.

Section 18 - It shall be the duty of the Secretary to prepare and keep the minutes of all meetings of the Board of Directors and stockholders and attend to the correspondence and files of the Corporation, to sign, jointly with the President, all stock certificates, keep and affix the corporate seal, record all transfers of stock and cancellations and keep all stock certificates transferred, likewise, keep a list in alphabetical order of all stockholders of the Corporation and of their residences and the shares owned by each, and to perform all other duties which may be assigned to him by the Board of Directors.

Section 19 - In case of illness or absence of any officer of the Company, he shall be temporarily replaced by any other officer that the Chairman of the Executive Committee may designate.

Section 20 -Directors sanctioning transactions not authorized in these By-Laws or by statute shall be held personally and jointly liable therefor.

Section 21 - The members of the Board of Directors of the Corporation who are neither officers nor consultant of the Corporation shall be entitled to a director's fee in an amount to be fixed by the stockholders at a regular or special meeting duly called for the purpose.

ARTICLE V

OF MANAGEMENT

Section 1 - Management stands as the locus of decision-making for the day-to-day affairs of the Corporation. It determines the Corporation's activities by putting the Corporation's targets in concrete terms and by formulating the basic strategies for achieving these targets.

Section 2 - Management is primarily accountable to the Board of Directors for the operations of the Corporation. As part of its accountability, it is also obligated to provide the Board with complete, adequate information on the operations and affairs of the Corporation in a timely manner. (As amended on 01 December 2003).

ARTICLE VI

OF THE AUDITS

Section 1 - At each regular General Meeting held, the stockholders shall elect the person or persons who are to audit the accounts of the Corporation until the next regular Annual Meeting.

Section 2 - No person shall be deemed ineligible to the office of the auditor because he is a stockholder of the Corporation, but said office is incompatible with the office of Director of the Corporation.

Section 3 - It shall be the duty of the Auditor to audit the books of account of the Corporation whenever he shall see fit, and to report on the annual balance sheet, which later shall be published jointly with his report and for this purpose, all books of accounts, vouchers and other documents of the Corporation relating to its financial administration shall be placed at his disposal when he requests it.

Section 4 - A copy of the balance sheet and the report shall be filed in the offices of the Corporation ten (10) days in advance of the date on which the General Meeting is held and shall be open for inspection by the stockholders.

Section 5 - The auditor shall receive such remuneration as the General Meeting electing him may determine.

ARTICLE VII

OF THE PROFITS AND LIQUIDATION OF THE COMPANY

Section 1 - The net profits before taxes shall be distributed as follows:

- a) An amount for management bonus to be recommended by the Board of Directors and approved at the next General Meeting of stockholders of the Corporation. Such amount shall continue to be set aside as management bonus on a year to year basis until the Board of Directors shall deem it proper to recommend a change in the management bonus and approved by the stockholders of the Corporation.
- b) The balance shall be made available for distribution as dividends to stockholders.

Section 2 - The Board of Directors may deduct from the annual profits any amount which it may see fit to create reserves for any purpose when, in its judgment, said action may be deemed necessary and convenient for the business of the Corporation or to meet contingencies that might arise in the course of business of the Corporation. (As amended by the Stockholders on 18 May 1989).

Section 3 - At the end of the life of the Corporation, or if it has to liquidate for any reason, the Board of Directors shall exercise the functions of liquidators and the applicable portions of these By-Laws shall continue in force.

Section 4 - The products that may be obtained from the liquidation of the Corporation, after liquidating all of its obligations, shall first be applied to the return of the shares of the stockholders, and the remainder, should there be any, shall be distributed in accordance with the rule established in these By-Laws for distribution of annual profits.

ARTICLE VIII

MISCELLANEOUS AND TRANSITORY PROVISIONS

Section 1 - The seal of the Corporation shall contain the name, principal place of business of the Corporation, and the words "ESTABLISHED in 1834 and INCORPORATED IN 1968" and said seal is hereby adopted as a corporate seal.

Section 2 - To aid the Board of Directors in the promotion of and adherence to the principles and best practices of good corporate governance, the Manual of Corporate Governance adopted by the Board of Directors on August 26, 2002, and any amendments thereto, shall be supplementary to these By-Laws. (As amended on 01 December 2003).

Section 3 - These By-Laws may be amended, repealed or modified by the affirmative vote of the stockholders owning or representing a majority of the capital stock and majority of the Directors, at any regular or at any special meeting duly called for the purpose; Provided, however, that by the affirmative vote of the stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock, the power and authority to amend or repeal these By-Laws or adopt new By-Laws may be delegated to the Board of Directors; Provided, finally, that the delegation of such powers and authority to the Board shall be considered as revoked whenever stockholders owning or representing a majority of the outstanding capital stock shall so vote at a regular or special meeting called for the purpose. (As amended by the stockholders on 18 May 1989).

Section 4 - The Fiscal year and closing of the books of the Corporation shall be on the 31st day of December of each year. (Amended on March 14, 1983).

ADOPTED this 26th day of January 1968 at Makati, Rizal.

(s/t) **J.R. MCMICKING**

(s/t) **ENRIQUE ZOBEL**

(s/t) **JAIME ZOBEL DE AYALA**

(s/t) **SALVADOR J. LORAYES**

(s/t) **JAVIER J. NEPOMUCENO**

MERCEDES Z. MCMICKING

CONSUELO ZOBEL ALGER

GLORIA ZOBEL DE PADILLA

FERNANDO ZOBEL DE AYALA

MA. VICTORIA Z. DE VALLEJO-NAGERA

ALFONSO ZOBEL DE AYALA PFITZ

By: **AYALA SECURITIES CORPORATION**

(Attorney-in-Fact)

By:

(S/T) **ENRIQUE ZOBEL**

Chairman, Executive Committee