

**Trading & Settlement Operating Guidelines
AYALA CORPORATION
Fixed Rate Putable Bonds Due 2017**

- 1. Coverage**
 - 1.1.** These Trading and Settlement Guidelines (Guidelines) shall apply to trades on the **AYALA CORPORATION** (“AC” or the “Issuer”) Fixed Rate Putable Bonds due 2017 (“AC Bonds due 2017” or the “Bonds”)
 - 1.2.** A Trading Participant of the Philippine Dealing & Exchange Corp. (PDEX) that trades on the Bonds shall be bound by these Trading and Settlement Operating Guidelines for the Bonds (Guidelines), the Trading Conventions for Fixed Income Securities in the Public Market (PDEX Trading Conventions), and the PDEX Rules.
- 2. Pricing Convention.** Quotations for the Bonds shall be expressed in terms of Clean Price (i.e., price without accrued interest), exclusive of any applicable withholding tax. The Trading System shall calculate an implied Yield to Maturity.
- 3. Day Count Standard.** The day count standard shall be **30E/360 ISMA**.
- 4. Series Names in Trading System.** There shall be two (2) series names for the Bonds in the corporate securities board of the Trading System. The two (2) series names for the Bonds are being made available solely for settlement value computation purposes, and should not be construed as two (2) separate tranches or series nor as separate securities.
 - 4.1.** Tax-Withheld Series Names - the settlement value of a done trade on this series name shall be computed on a tax-withheld basis, based on a withholding tax rate of 20%.
 - 4.1.1.** AC Bonds due 2017 - “AC 17 P15”
 - 4.2.** No Withholding Tax (NWT) Series Names - suffix “NWT” indicates that the settlement value of a done trade on this series name shall be computed on a no tax-withheld basis.
 - 4.2.1.** AC Bonds due 2017 - “AC 17 P15-NWT”
- 5. Responsibilities of Trading Participants with Respect to the Bonds**
 - 5.1.** A Trading Participant shall determine the eligibility and suitability of each buyer, and ensure that the buyer fully understands the terms and conditions of the Bonds, including its Bondholder Put Option feature, and the risks involved in investing in the Bonds.



6. Trading Break during Record Period

- 6.1. In accordance with PDEX Trading Conventions, there shall be a trading break during the Record Period for the Bonds.
- 6.2. For clarity, the Record Period shall be the period from and including the Record Date to and including one business day prior to the Interest Payment Date. The Record Date for the Bonds is the tenth (10th) business day preceding the relevant Interest Payment Date.

7. Trading and Settlement Mechanics

The AC Bonds due 2017 shall be traded and settled in accordance with PDEX rules, procedures and guidelines, including rules, conventions and guidelines governing trading and settlement between bondholders of different tax status.