



MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING
Held on 13 April 2011 at 9:00 o'clock in the morning
Grand Ballroom, InterContinental Hotel Manila
Ayala Center, Makati City

Outstanding Shares Represented – 21,975,413,704 or 84.31% of total
Voting Shares Represented – 9,296,349,084 or 71.35% of total

Directors Present:

Fernando Zobel de Ayala, Chairman
Antonino T. Aquino, President and CEO
Oscar S. Reyes, Independent Director, Chairman, Audit & Risk Committee
Jaime Augusto Zobel de Ayala
Delfin L. Lazaro
Aurelio R. Montinola III
Mercedita S. Nolleto, Corporate Secretary
Francis G. Estrada, Independent Director
Jaime C. Laya, Independent Director

CALL TO ORDER

After the singing of the Philippine National Anthem, Mr. Fernando Zobel de Ayala, Chairman of the Board of Directors, called to order the annual meeting of the stockholders.

NOTICE OF MEETING AND DETERMINATION OF QUORUM

The Corporate Secretary, Ms. Mercedita S. Nolleto, reported that written notice of the time, date, place and purpose of the meeting, including an Information Statement, was sent to each stockholder of record as of 17 February 2011 in accordance with the requirements of the Securities and Exchange Commission and the By-Laws of the Corporation. In addition, notice of the meeting was published in the 7 April 2011 issue of the Philippine Daily Inquirer, a newspaper of general circulation in the country.

The Secretary likewise reported that stockholders owning 21,975,413,704 shares or 84.31% of the outstanding 26,063,548,365 common and preferred shares of the Corporation as of record date of 17 February 2011, and stockholders owning 9,296,349,084 shares or 71.35% of the outstanding 13,028,944,485 common shares of the Corporation as of record date of 17 February 2011, were duly represented, in person or by proxy. Thereafter, the Chairman, declared the existence of a quorum for the transaction of business.

APPROVAL OF MINUTES OF PREVIOUS MEETING

The next order of business was the approval of the minutes of the annual stockholders' meeting held on 14 April 2010, copies of which were previously furnished to the stockholders.

On motion made by Ms. Sheila San Buenaventura, and seconded by Ms. Marian de Leon, the stockholders approved the minutes of the annual stockholders' meeting held on 14 April 2010.

ANNUAL REPORT OF OFFICERS

The report to the stockholders consisted of three parts: the Chairman's Message, the Report of the President, and an audio visual presentation.

Chairman's Message

In his Message to the stockholders, the Chairman stated that the country's GDP growth reached 7.3%, which was the highest for the past thirty-four (34) years. Overseas Filipino remittances grew 8% last year and reached an all time high of USD18 billion. Business process outsourcing revenues grew 25% making the Philippines a preferred destination for global outsourcing and offshoring initiatives. The government also identified tourism as one of the key priority areas for growth due to increased tourist arrivals in the country, and has undertaken to develop tourism-related infrastructure.

He reported that the Corporation delivered a new record net income of PhP5.5 billion for the year, which was 35% higher than its 2009 net income. Significant expansions were made in new segments, new products, and in more geographic areas outside of Metro Manila. The Corporation launched, for 2010 alone, more than 10,000 residential housing units, or nearly 2.5 times the average for the preceding five years. Its commercial leasing portfolio took a promising turn as it introduced new regional growth centers in provincial and suburban areas.

Due to the positive response to the Corporation's projects, Total Shareholder Returns for 2010 increased 45% from 2009 or 60% annually over the past two years. In addition to the increased stock price, total cash dividends increased by 55% due to the higher dividend pay-out ratio from 16% to 30%.

As previously communicated to the stockholders, the Chairman reiterated the plan on increasing this dividend payout to 35% in 2011, and gradually every year until it has reached a sustainable ratio of 50% by 2014. This meant that if the 2014 targets were achieved, the cash dividends by 2015 could be as much as six-and-a-half times higher than in 2009.

In closing, the Chairman thanked his fellow directors for their guidance, the Management team and employees for their hard work, and the customers, business partners, and most specially, the stockholders for their support.

After his message, the Chairman called the President, Mr. Antonino T. Aquino, to give his report.

President's Report

Mr. Aquino announced that the Corporation had a banner year in 2010. All key business units performed well and contributed strongly in posting new record highs of PhP37.8 billion in consolidated revenues and PhP5.5 billion in net income after tax. These were 24% and 35% higher, respectively, compared with the 2009 figures.

Using the framework of the Corporation's "5-10-15" years plan, Mr. Aquino reported that the Corporation intended to achieve, within five years, PhP10 billion in net income and a return on equity of 15%. Supporting these five-year targets were the four pillars of Growth, Margin Improvement, Capital Efficiency, and Organizational Development. He said that the Corporation was very much on track in achieving this plan.

The Corporation's growth strategy cut across several dimensions as highlighted by its entry in the economic housing segment through its fourth brand, Amaia, which was successfully introduced to the market last year. It has also expanded geographically and began to build up presence in five new growth centers outside Metro Manila.

For margin improvement, the operating margins for the major business lines had been improving for three years. With regard to capital efficiency, the main concern facing the Corporation in previous years was asset turnover. This improved significantly last year through aggressive expansion plans, increased density in growth centers, and continued land acquisitions, as well as additional capital management efforts.

On its organizational development, Mr. Aquino said that the Corporation paid special attention to the strengthening of its risk management processes and systems, implemented various leadership development and training programs, continued to rationalize its operations and expanded the use of shared-service platforms for transactional support functions.

Mr. Aquino stressed the Corporation's pursuit of sustainability, its fifth pillar. As of the end of last year, the Corporation was able to measure, track and report on 57 performance indicators as defined by the Global Reporting Initiative – a 54% increase from the 37 indicators reported and monitored in 2009. In 2010, the Corporation focused on green design and procurement, reduction of energy and water consumption in all managed areas, and various environmental and community building initiatives.

For 2011 and in the coming years, the Corporation expected an upward trajectory in its activity levels in all businesses. These would include more project launches, increased gross leasable areas, and growth center expansion and diversification.

In closing, Mr. Aquino thanked the Management team and the employees for all the hard work, the Board for its guidance, and the loyal stockholders for their continuing support.

The President's report was followed by an audio visual presentation on the Corporation's various projects. *2*

After the video presentation, the Chairman opened the floor for questions or comments from the stockholders relating to the annual report or on the 2010 audited financial statements.

Stockholders' Questions and Comments

Stockholder Philip Turner commended the Corporation for its good performance in the previous year. He also expressed his satisfaction with the promotion of the Ayala Triangle Gardens.

Replying to Mr. Turner's query on the plans for the several high rise buildings built by the Corporation, Mr. Aquino said that these buildings would be completed and occupied. It is the Corporation's policy that the first tower of a project should be 70% sold out before its sequel is launched.

Mr. Turner also asked about the government's involvement in infrastructure development. The Chairman answered that the government recognized the need for private sector participation in the improvement of infrastructure. He further said that the Corporation was waiting for the government's response on projects for private sector bidding.

On Mr. Turner's question on whether there would be 50% more traffic by 2015, the Chairman responded that it could be expected that there would be more traffic in the coming years based on the car sales in the country. He recognized the need for better infrastructure and rail to answer this problem.

Stockholder Frederico Aldecoa asked for an update on the development project near Trinoma as there seemed to be no changes in the area, which was still full of informal settlers.

Mr. Aquino responded that the Corporation was in constant communication with the government on the relocation of these informal settlers. Per the plan the Corporation laid out with the National Housing Authority, the informal settlers should be moved to proper relocation sites within the year. He also mentioned that more than half of the settlers in the area had been relocated to Montalban.

Stockholder Christopher Concepcion inquired about the integration of educational institutions in the community developments as these make the communities more attractive to the market. The Chairman replied that these institutions were very much a part of the communities. Mr. Aquino added that Xavier School and two other universities would open in NUVALI.

On Stockholder Robert Murillo inquiry on the efforts being made towards including renewable energy and solar panels in the Corporation's future projects, the Chairman answered that this was more the initiative of Ayala Corporation through its upcoming projects in wind, solar, and hydropower companies.

Stockholder Emil dela Cruz expressed his concern that his preferred shares could not be sold. He asked if there were plans to have this type of share listed with the Philippine Stock Exchange ("PSE").

Mr. Jaime E. Ysmael, Chief Finance Officer, replied that the issuance of preferred shares was a move to allow greater foreign investment in the Corporation and increase liquidity. These were "perpetual preferred shares with fixed coupon." He said that there were ways to monetize the preferred shares, which he could discuss with Mr. dela Cruz in person.

Stockholder Elias Dulalia inquired about the Corporation's policy on mining. Director Jaime C. Laya answered that the government had devised a mechanism for granting rights to mineral resources.

There being no more questions, and on motion made by Mr. Guillermo Gili and duly seconded by Mr. Roy Collado, the annual report, including the 2010 audited financial statements, were approved.

RATIFICATION AND APPROVAL OF ALL RESOLUTIONS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE, INCLUDING THE RESOLUTIONS ON THE AMENDMENTS OF THE BY-LAWS, AND ACTS OF THE MANAGEMENT

Upon the request of the Chairman, Ms. Nollado explained and sought the ratification and approval of all resolutions adopted by the Board of Directors and the Executive Committee, as well as all acts of the Management in the year 2010 and from January 2011 to 13 April 2011, which resolutions were reflected in the minutes of meetings, including Resolution No. B-02-11 approving the amendment of Article III, Section 3 of the By-Laws to provide for electronic communications to stockholders who consent to receive notices and other communications electronically, and Resolution No. B-04-11 approving the amendment of Article IV, Section 17 of the By-Laws authorizing the Board of Directors to fix the directors' compensation; provided that, the total yearly compensation of directors shall not exceed one percent (1%) of the Corporation's net income before income tax during the preceding year.

Other acts include the approval of contracts, projects, and investments, and other acts which have been covered by disclosures to the PSE and the Securities and Exchange Commission. Also included are resolutions involving treasury and housekeeping matters such as bank transactions and designation of signatories.

On motion made by Ms. Cristina Miranda, which was seconded by Mr. Jose Vicente Yulo, all the acts and resolutions of the Board of Directors and the Executive Committee, as well as all acts of the Management adopted in 2010 and from January 2011 to 13 April 2011 were approved and ratified.

INCREASE IN THE COMPENSATION OF DIRECTORS

The Chairman asked Mr. Jaime E. Ysmael, Chief Finance Officer and Chief Information Officer, to explain the increase in the compensation of directors.

Mr. Ysmael stated that, during the 2003 annual stockholders meeting, the stockholders ratified the resolution fixing the remuneration of non-executive directors as follows: (i) Retainer Fee: PhP500,000.00; (ii) Per diem per Board meeting: PhP100,000.00; and Per diem per Committee meeting actually attended: PhP20,000.00. 2

On 24 February 2011, the Board approved Resolution No. B-03-11 recommending for stockholders' approval the increase in compensation of non-executive directors as follows:

Retainer Fee	PhP1,000,000.00
Board Meeting Fee per meeting attended	200,000.00
Committee Meeting Fee per meeting attended	100,000.00

Upon Mr. Turner's query on why there was a big increase, the Chairman explained that it had been so long since the compensation was increased. A research was conducted and the results showed that the fees were low; hence, the implementation of the increase to the entire Ayala Group. He also emphasized that the Board wanted to make sure that the Corporation would have the best individuals as independent directors. He clarified that the compensation was applicable only to non-executive directors of the Group. Executive directors would not be receiving compensation.

When Mr. Turner further asked if the compensation would be increased every year, the Chairman said that the increase would only be for this year.

On motion made by Ms. Dinna Ramos, which was seconded by Stockholder Siapno, the increase in compensation of non-executive directors, as set forth in Resolution No. B-03-11 was approved by the stockholders.

ELECTION OF DIRECTORS

The Assistant Corporate Secretary, Solomon M. Hermosura, explained that, in accordance with the requirements of the Corporation's By-Laws, its Manual of Corporate Governance, and Securities Regulation Code ("SRC"), the following stockholders were duly nominated as directors of the Corporation for the ensuing year, and all of them gave their consent to their nomination:

Fernando Zobel de Ayala	Aurelio R. Montinola III
Jaime Augusto Zobel de Ayala	Oscar S. Reyes
Antonino T. Aquino	Francis G. Estrada
Delfin L. Lazaro	Jaime C. Laya
Mercedita S. Nolleto	

Mr. Hermosura added that, pursuant to SRC Rule 38, Messrs. Reyes, Estrada, and Laya were nominated as Independent Directors. He further informed the stockholders that the Nomination Committee of the Board ascertained that the nominees, including the Independent Directors, possessed all the qualifications and none of the disqualifications to serve as directors of the Corporation.

Upon motion made by Mr. Wilfredo Teodoro, which was seconded by Ms. Lariza Rodriguez, and given that the number of nominees equaled the number of directors, the nominees were declared elected directors of the Corporation for the ensuing year effective 13 April 2011 and until their successors have been elected and qualified. 2

ELECTION OF AUDITOR AND FIXING ITS REMUNERATION

On the election of the Corporation's external auditor, Mr. Oscar S. Reyes, Chairman of the Audit and Risk Committee, explained that the Committee had evaluated the 2010 performance of the Corporation's auditor, the firm of SyCip Gorres Velayo & Co. ("SGV"), and that it was satisfied with SGV's performance. Thus, the Committee and the Board agreed to endorse the re-election of SGV as external auditor for fiscal year 2011 for a fee of PhP2.95 million net of value-added tax ("VAT").

Stockholder Turner expressed that SGV did a fairly good job in the audit of the 2010 financial statements. The Chairman noted this comment.

On motion made by Mr. Edward Sy, which was seconded by Stockholder Concepcion, without any objection, the firm of SGV was re-elected as the external auditor of the Corporation for the fiscal year 2011 for an audit fee of PhP2.95, net of VAT.

OTHER MATTERS

The Chairman opened the floor for questions or comments from the stockholders on other matters which are relevant and of general concern to the stockholders.

Stockholder Dulalia proposed a PhP40 billion expansion for Ayala Land. The Chairman noted his proposal.

On Stockholder Vic Baltazar's question on whether steps were being undertaken by the Corporation to discourage the development of rice lands so the country could go back to exporting, instead of importing, rice, Mr. Aquino answered that the Corporation was not involved in the agricultural sector. Rather, the Corporation's focus was on residential and hotels development.

A stockholder asked if any of the development projects was within the earthquake fault line. Mr. Aquino replied that the Corporation has asked the Philippine Institute of Volcanology and Seismology ("Phivolcs") to trace the fault line along its developments. Phivolcs has issued a guideline that a 10-meter limit from the fault line must be maintained and that no development be constructed on top of it. Furthermore, the Corporation was ensuring that any construction should be compliant with the Building Code and that risks were set to a minimum. He also stated that preparations be made for disaster awareness across all community developments.

ADJOURNMENT

There being no other matters to discuss, and on motion made by Mr. Xavier Casanova and seconded by Mr. Rodolfo Robles, the meeting was adjourned.


SOLOMON M. HERMOSURA
Assistant Corporate Secretary