



07 January 2008

PHILIPPINE STOCK EXCHANGE, INC.
Listing and Disclosures Department
Exchange Road, Ortigas Center, Pasig City

Attention: Atty. Pete M. Malabanan
Head, Disclosure Department

Gentlemen:

Attached is our reply to the SEC regarding our Directors' attendance in Corporate Governance Seminars.

Thank you.

Very truly yours,


FELIPE S. YALONG
*Senior Vice President
Corporate Services*

January 4, 2007

Corporate Finance Division
Securities and Exchange Commission
SEC Building, EDSA, Greenhills
Mandaluyong City, Metro Manila



Attention: *Justina F. Callangan*

Director

Re: *Directors' Attendance in Corporate
Governance Seminar*

Gentlemen:

We write to you in response to your letter which we received December 28, 2007, requiring GMA Network, Inc. (the "Company") to implement provisions contained in the Manual of Corporate Governance requiring directors to attend seminars on corporate governance or to amend the Company's Manual of Corporate Governance if this undertaking is not contained therein.

The earlier submitted Manual of Corporate Governance of the Company required new directors to attend seminars only if deemed necessary. We have redrafted the manual to make it mandatory for all directors to attend the seminars if they have previously not done so.

In this regard, kindly find attached the duly signed revised copy of the Company's Manual of Corporate Governance.

As previously mentioned, the Company's earlier Manual of Corporate Governance required new directors to attend seminars on corporate governance only if necessary, as follows:

"If necessary, a new director may be required to attend a seminar on corporate governance that shall be conducted by a duly recognized private or governmental institute."

With the exception of the two newly elected independent directors, all the directors have been serving as members of the Company's Board of Directors since 2002 at the earliest, and have been elected as directors every year since then:

GMA NETWORK, INC.

GMA Network Center, EDSA cor Timog Ave., Diliman, Quezon City, 1103, Philippines
Telephone Nos.: (632) 928-7021 to 24

Name	Year position was first assumed	Date Elected
Felipe L. Gozon	1975	May 18, 2007
Judith D. Vazquez	1998	May 18, 2007
Gilberto R. Duavit, Jr.	1999	May 18, 2007
Anna Teresa m. Gozon Abrogar	2000	May 18, 2007
Joel Marcelo G. Jimenez	2002	May 18, 2007
Laura J. Westfall	2002	May 18, 2007
Felipe S. Yalong	2002	May 18, 2007
Artemio V. Panganiban	2007	May 18, 2007
Jaime Laya	2007	July 26, 2007

These directors were consequently not deemed as new directors which needed to attend seminars. As for the newly elected independent directors, former Chief Justice Artemio V. Panganiban and Dr. Jaime Laya, the Board of Directors did not deem it necessary to require them to attend seminars on corporate governance given their extensive experience and knowledge.

We trust that we have sufficiently complied with your request. Please do not hesitate to contact us should you have any further questions.

Very truly yours,

GMA NETWORK, INC.

By:


FELIPE L. GOZON
Chairman/CEO

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Provision(s) of the SEC Sample Manual on Corporate Governance that were not adopted:

Reference No.	Portions Deleted or Amended:	Reasons/Remarks:
	Oversight functions of the Audit, Nomination and the Compensation and Remuneration Committee.	Role of the said Committees are only recommendatory since final decisions on said matters are the responsibility of the Board of Directors.
2.2.2.1.	The Board shall have a nomination committee which shall have at least three (3) voting (one of whom must be independent) and one (1) non-voting director in the person of the HR Director/Manager.	The underlined text is replaced with <u>three members, one of whom must be an independent director.</u> The item was rephrased to emphasize that a HR Director/Manager may not be a member of the Board of Directors.
2.2.2.1.2	In consultation with the executive or management committee/s, re-define the role, duties and responsibilities of the Chief Executive Officer by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times.	This portion is deleted because it is the prerogative of the Board to define the role, duties, and responsibilities of the CEO.
2.2.2.1.3	The Nomination Committee shall consider the following guidelines in the determination of the number of directorships for the Board.	The underlined phrase was replaced with "in selecting nominee(s) for the directorships of the Board." Item was rephrased to imply the criteria to be used in qualifying an individual for the directorship of the Board.
2.2.2.1.4	The Chief Executive Officer and other executive directors shall submit themselves to a low indicative limit on membership in other corporate Boards. The same low limit shall apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be	The portion was deleted since guidelines in the selection of nominees for directorships would be recommended by the Nomination Committee for Board approval.

	compromised.	
2.2.2.2.2	Provide in the Corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year.	The function of the Nomination committee is mere recommendatory.
2.2.2.2.2	Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers.	The provision was deleted for being redundant.
2.2.2.2.2	Or in the absence of such Personnel Handbook, cause the development of such, covering the same parameters of governance stated above.	The Corporation has an existing Human Resource Development Handbook.
2.2.2.3.2	Check all financial reports against its compliance with both the internal financial management handbook and pertinent accounting standards, including regulatory requirements.	The Audit Committee shall ensure the compliance of the Corporation with acceptable auditing and accounting standards and regulations.
2.2.2.3.2	Perform oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis management.	The term "financial" was replaced by "risk" to highlight risk management rather than financial management.
2.2.2.3.2	Elevate to international standards the accounting and auditing processes, practices and methodologies, and develop the following in relation to this reform: a. A definitive timetable within which the accounting system of the Corporation will be 100% International Accounting Standard (IAS) compliant. b. An accountability statement that will specifically identify officers and/or personnel directly	The Corporation shall abide with the pertinent accounting standards and pertinent regulations.

	responsible for the accomplishment of such task.	
2.3.4.4	The company's external auditor shall be rotated or the handling partner shall be changed every five (5) years or earlier.	The external auditor or the handling partner may be rotated based on the recommendation of the Audit Committee to the Board.
4.2	A director shall, before assuming as such, be required to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institute.	This was made an optional requirement due to internal orientation-training program and work experience of the new director.
5.3	Other information that shall always be disclosed includes remuneration (including stock options) of all directors and senior management corporate strategy, and off balance sheet transactions.	<p>The provision is amended to read as follows:</p> <p>"Other information that shall always be disclosed includes the aggregate remuneration (including stock options) of all directors and senior management officers."</p> <p>Corporate strategy and off-balance sheet transactions may not always be available as the same requires diligent planning.</p>
6.1.2.3	A director shall not be removed without cause if it will deny minority shareholders representation in the Board.	The provision is redundant as the same is already provided by law and is legally bound to be observed.
6.1.5.2	The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.	<p>Regular meetings of the Stockholders are held annually on the date specified in the By-Laws while special meetings may be called by the Chairman of the Board at his discretion or by a majority of the members of the Board of Directors or on the demand of the stockholders holding the majority of the subscribed capital stock of the corporation.</p> <p>The determination of what is a legitimate business purpose as "an item in the agenda of a meeting" might cause disagreement which would disrupt</p>



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		the orderly holding of a meeting.
6.1.5.3	The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".	This is redundant as it is already provided by law that stockholders shall have access to corporate books and records.

PRELIMINARY

This Manual on Corporate Governance is adopted pursuant to SEC Memorandum Circular No. 2, Series of 2002, issued by the Securities and Exchange Commission on April 5, 2002.

The Board of Directors and Management, of **GMA NETWORK, INC.** hereby commit themselves to the principles and best practices contained in this Manual, and acknowledge that the same may guide the attainment of the corporate goals. This Manual shall institutionalize the principles of good corporate governance in the entire organization.

The Board of Directors and Management, employees and shareholders, believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness within the organization as soon as possible.

GMA Network Inc. is a Philippine Corporation which has been granted a Congressional franchise to own, operate and manage television and radio stations. As such, the Board of Directors and Management hereby affirm their continuing commitment to the Core Values, Corporate Purpose and Corporate Vision, all made an integral part of this Manual.

OUR Core Values

1. We place God above all.
2. We believe that the Viewer is boss.
3. We value our People as our best assets.
4. We uphold Integrity and Transparency.
5. We are driven by our Passion for Excellence.
6. We strive for Efficiency in everything we do.
7. We pursue Creativity and Innovation.



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OUR Corporate Purpose

We enrich the lives of Filipinos everywhere with superior entertainment and responsible delivery of news and information.

OUR Corporate Vision

We are the most respected, undisputed leader in the Philippine broadcast industry and the recognized media innovator and pacesetter in Asia.

- » We are the Filipinos' favorite network.
- » We are the advertisers' preferred partner.
- » We are the employer of choice in our industry.
- » We provide the best returns to our shareholders.
- » We are a key partner in promoting the best in the Filipino.

COMPLIANCE SYSTEM

Compliance Officer

To insure adherence to corporate principles and best practices, the Chairman of the Board shall designate a Compliance Officer who shall hold the position of a Vice President or its equivalent. He shall have direct reporting responsibilities to the Chairman of the Board.

The appointment of the compliance officer shall be immediately disclosed to the Securities and Exchange Commission on SEC Form 17-C. All correspondence relative to his functions as such shall be addressed to said Officer.

He shall perform the following duties:

- o Monitor compliance with the provisions and requirements of this Manual;
- o Appear before the Securities and Exchange Commission upon summons on similar matters that need to be clarified by the same;
- o Determine violation/s of the Manual and recommend penalty for violation thereof for further review and approval of the Board;
- o Issue a certification every January 30th of the year on the extent of the Corporation's compliance with this Manual for the completed year, explaining the reason/s of the latter's deviation from the same; and



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- Identify, monitor and control compliance risks.

Plan of Compliance

Board of Directors

The Board of Directors is the principal governing body of the corporation, composed of men and women whose sound judgment is the basis of all corporate acts and businesses.

Compliance with the principles of good corporate governance shall start with the Board of Directors.

It shall be the Board's responsibility to foster the long-term success of the Corporation and secure its sustained competitiveness 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 shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

The general management of the corporation shall be vested in a Board of nine (9) directors who shall be elected annually by the stockholders entitled to vote and shall serve until the election and qualification of their successors.

The Board shall have at least two (2) Independent Directors or such Independent Directors shall constitute at least 20% of the members of the Board, whichever is lesser.

An "**Independent Director**" shall mean a person other than an officer or employee of the corporation, its parents or subsidiaries, or any other individual having a relationship with the corporation, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

General Responsibility

A director's office is one of trust and confidence. He shall act in a manner characterized by transparency, accountability and fairness.

Specific Duties and Functions

To insure a high standard of best practice for the Corporation and its stakeholders, the Board shall:

- Install a process of selection to ensure a mix of competent directors and officers.

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- o Determine the Corporation's purpose, its vision and mission and strategies to carry out its objectives.
- o Ensure that the Corporation complies with all relevant laws, regulations and codes of best business practices;
- o Identify the Corporation's major and other stakeholders and formulate a clear policy on communicating or relating with them through an effective investor relations program;
- o Adopt a system of internal checks and balances;
- o Identify key risk areas and key performance indicators and monitor these factors with due diligence;
- o Properly discharge Board functions by meeting regularly. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly minuted; and
- o Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulation.

Duties and Responsibilities of a Director

A director shall have the following duties and responsibilities:

- o To conduct fair business transactions with the Corporation and to ensure that personal interest does not bias Board decisions;
- o To devote time and attention necessary to properly discharge his duties and responsibilities;
- o To act judiciously;
- o To exercise independent judgment;
- o To have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation and By-Laws, the requirements of the Commission, and where applicable, the requirements of other regulatory agencies.
- o To observe confidentiality;
- o To ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment.

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Training of New Directors:

1. Every Director shall receive appropriate training (including his duties as a Director and how to discharge his duties) when he is first appointed to the Board of Directors. This would include an orientation-training program to ensure that incoming Directors are familiar with the Corporation's business and governance process.
2. If he or she has not previously done so, a director shall be required to attend a seminar on corporate governance that shall be conducted by a duly recognized private or governmental institute.


Board Committees

To aid in complying with the principles of good corporate governance, the Board shall establish the necessary specialized Committees with specific responsibilities to assist in the development and implementation of systems and practices that would promote good corporate governance.

The Board of Directors shall establish the following Committees: Executive Committee, the Nomination Committee, Proxy Validation Committee, the Compensation and Remuneration Committee and the Audit Committee. Depending on foreseen governance requirements and circumstances, the Board may form a new committee or disband a current committee.

A. Executive Committee

- a) The Board shall appoint from among its members an Executive Committee composed of not less than three (3) members, and shall designate one of such members as Chairman of the Executive Committee.
- b) The Executive Committee, in accordance with the authority granted by the Board, or during the absence of the Board, shall act by majority vote of all its members on such specific matters within the competence of the Board of Directors as may from time to time be delegated to the Executive Committee in accordance with the Corporation's By-Laws, except with respect to -
 - i. approval of any action for which shareholders' approval is also required;
 - ii. the filling of vacancies on the Board or in the Executive Committee;
 - iii. the amendment or repeal of By-Law or the adoption of new By-Laws;
 - iv. the amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repealable;
 - v. the distribution of cash dividends;

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vi. the exercise of powers delegated by the Board exclusively to other committees, if any.

8) A majority of all the members of the Executive Committee shall constitute a quorum. The Executive Committee shall fix its own rules of procedure. An act of the Executive Committee which is within the scope of its powers, shall not require ratification or approval for its validity and effectivity, *provided however* that the Board of Directors may at any time enlarge or redefine the powers of the Executive Committee. All actions of the Executive Committee shall be reported to the Board of Directors at the meeting thereof following such action and shall be subject to revision or alteration by the Board of Directors, *provided* that no rights or acts of third parties shall be affected by any such revision or alteration.

B. Nomination Committee

Mission of the Nomination Committee:

The Mission of the Nomination Committee is to provide the shareholders with an independent and objective evaluation and assurance that the membership of the Board of Directors is competent and will foster the long-term success of the Corporation and secure its sustained competitiveness.

Organizational Status:

1. The Board of Directors establishes the Nomination Committee and appoints the members of the Committee.
2. The Nomination Committee shall report directly to the Board of Directors.
3. The Nomination Committee shall have at least three (3) members, one of whom must be an independent director. The Board of Directors shall ensure that the members of the Nomination Committee are appropriately qualified to discharge their responsibilities.
4. The Committee shall appoint one of its members to be the Committee Chairman.

Purpose and Scope of Work:

The purpose of the Nomination Committee is to assist the Board of Directors in its responsibility in ensuring that all nominees to the Board of Directors are competent and qualified to be nominated as Director based on internal guidelines. This is to ensure that:

1. There is a proper mix of competent directors that would continuously improve shareholder's value

2. Directors will ensure a high standard of best practices for the Corporation and its stakeholders.


Responsibility:

The Nomination Committee shall be responsible for ensuring that the selection of new members of the Board of Directors is transparent with the end objective of having the Board of Directors increase shareholder value. For this purpose, the Nomination Committee shall:

- a. Pre-screen and shortlist all candidates nominated to become a member of the board of directors in accordance with the pertinent provisions of the Articles of Incorporation and By-Laws of the corporation, as well as established guidelines on qualifications and disqualifications.
- b. Recommend guidelines in the selection of nominees for directorships which may include the following based on the perceived needs of the Board of Directors at a certain point in time:
 - a. The nature of the business of the corporations of which he is a director;
 - b. Age of the director;
 - c. Number of directorships/active memberships and officerships in other corporations or organizations; and
 - d. Possible conflicts of interest.
- c. Recommend guidelines in the determination of the optimum number of directorships/active memberships and officerships in other corporations allowable for members of the Board of Directors. The capacity of directors to serve with diligence shall not be compromised.
- d. Recommend to the Board of Directors regarding the size and composition of the Board in view of long-term business plans, and the needed appropriate skills and characteristics of the Board members.

Meetings of the Nomination Committee:

- a. The Nomination Committee shall meet at least once a year, and as many times as it deems necessary.
- b. The notice and agenda for each meeting shall be circulated to all Committee members before each meeting.
- c. The committees may invite other Directors and Executive Officers to attend any meeting.
- d. The Chairman of the committees shall preside in all the meetings of the Committee. In his absence, the members present shall elect from among themselves one member to preside over the particular meeting.

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- e. The quorum at any meeting shall not be less than a majority of all its members. No business shall be transacted at any meeting unless a quorum is present.
- f. Voting on all Committee resolutions shall be carried by a simple majority of votes. Each member is entitled to one vote save and except that in the event of an equality of votes, the Committee Chairman or the member presiding over the meeting shall have the deciding vote.
- g. The Nomination committee shall cause proper records of its proceedings to be kept. Members may nominate a member or some other person to be the Committee Secretary to record and keep minutes of meetings and other proceedings.
- h. Minutes of each meeting is to be prepared and subsequently circulated to the committee members for approval.
- i. The minutes of each committee meeting shall be circulated to the Board of Directors and the Corporate Secretary for record purposes.
- j. The Nomination Committee may make further rules of procedures or vary or amend existing ones from time to time as the Committee deems fit, with the approval of the Board of Directors.

General Guidelines in the Evaluation of Director-Nominee:

The Nomination Committee, in determining the qualified nominees to the Board of Directors, shall consider the following, in addition to the relevant provisions of the Articles of Incorporation and By-Laws of the corporation:

Qualifications of a Member of the Board of Directors:

- a. Holder of at least one (1) share of stock of the Corporation;
- b. He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;
- c. He shall be at least twenty five (25) years old;
- d. He shall have proven to possess integrity and probity; and
- e. He shall be assiduous.

Permanent Disqualifications:


- a. Any person finally convicted judicially of an offense involving moral turpitude or fraudulent act or transgressions;
- b. Any person finally found by the Commission or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or Bangko Sentral ng

Pilipinas, or any rule, regulation or order of the Commission or Bangko Sentral ng Pilipinas;

- c. Any person judicially declared to be insolvent;
- d. Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs;
- e. Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment; and,
- f. Any person engaged in or connected with any business which competes with or is antagonistic to that of the Corporation. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged or connected:
 - i. If he is an officer, manager, director, consultant, controlling person of, or the owner (either of record or beneficially) of 5% or more of any outstanding class of shares of, any other corporation or entity engaged in a business which the Board, by a majority vote, determines to be competitive or antagonistic to that of the Corporation;
 - ii. If the Board, in the exercise of its judgment in good faith, determines by a majority vote that he is the nominee of any person set forth in the immediately preceding sub-paragraph (i).

C. Temporary Disqualifications:

- a. Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;
- b. Absence or non-participation for whatever reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board of directors during his incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding election;
- c. Dismissal/termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;

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- d. Being under preventive suspension by the Corporation;
- e. If the independent director becomes an officer or employee of the same corporation he shall be automatically disqualified from being an independent director; and,
- f. Conviction that has not yet become final referred to in the grounds for the disqualification of directors.

C. Compensation and Remuneration Committee

Mission:

The mission of the Remuneration and Compensation Committee is to objectively recommend a formal and transparent framework of remuneration and evaluation for the members of the Board of Directors and key executives to enable them to run the Corporation successfully.

Organizational Status:

1. The Board of Directors establishes the Remuneration and Compensation Committee and appoints the members of the Committee.
2. The Committee shall report directly to the Board of Directors.
3. The Compensation and Remuneration Committee shall be composed of three (3) members from the Board, one of whom shall be an independent director.
4. The Committee shall appoint one of its members to be the Committee Chairman.

Purpose and Scope of Work:

The purpose of the Remuneration and Compensation Committee is to recommend a formal and transparent remuneration and compensation system for the Directors and key executives and to provide assurance that this system is properly functioning. This is to ensure that:

1. The level and type of remuneration of Directors and key executives are transparent and appropriate to attract, retain and motivate them.
2. There is a proper evaluation system wherein a portion of remuneration is tied-up to the attainment of corporate goals and objectives.

Responsibility:

- o Recommend a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight

over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy and control environment.

- o Recommend the amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the company successfully.
- o Recommend a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.
- o Disallow any director to decide his or her own remuneration.
- o Review (if any) of the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.
- o Provide in the Corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of aggregate compensation of its executive officers for the previous fiscal year and the ensuing year as prescribed by the Securities and Exchange Commission or other regulatory agency.

Meetings:

- a. The Remuneration and Compensation Committee shall meet at least once a year, and as many times as it deems necessary.
- b. The notice and agenda for each meeting shall be circulated to all Committee members before each meeting.
- c. The committees may invite other Directors and Executive Officers to attend any meeting.
- d. The Chairman of the committee shall preside in all the meetings of the Committee. In his absence, the members present shall elect from among themselves one member to preside over the particular meeting.
- e. The quorum at any meeting shall be the majority of all the members. No business shall be transacted at any meeting unless a quorum is present.
- f. Voting on all Committee resolutions shall be carried by a simple majority of votes. Each member is entitled to one vote save and except that in the event

- of an equality of votes, the Committee Chairman or the member presiding over the meeting shall have the deciding vote.
- g. The Remuneration and Compensation committee shall cause proper records of its proceedings to be kept. Members may nominate a member or some other person to be the Committee Secretary to record and keep minutes of meetings and other proceedings.
 - h. Minutes of each meeting is to be prepared and subsequently circulated to the committee members for approval.
 - i. The minutes of each committee meeting shall be circulated to the Board of Directors and the Corporate Secretary for record purposes.
 - j. The Remuneration and Compensation Committee may make further rules of procedures or vary or amend existing ones from time to time as the Committee deems fit, with the approval of the Board of Directors.

D. Audit Committee

Mission:

The mission of the Audit Committee is to assist the Board of Directors in its fiduciary responsibilities by providing an independent and objective assurance to the Corporation's management and stakeholders in the continuous improvement of risk management systems, business operations and proper safeguarding and use of the Corporation's resources and assets. The Audit Committee provides a general evaluation and gives assistance in the over-all improvement of the risk management, control, and governance process of the Corporation.

Organizational Status:

1. The Board of Director establishes the Audit Committee and appoints the members of the Committee.
2. The Audit Committee reports to the Board of Directors.
3. The Audit Committee shall be composed of at least three (3) members from the Board of Directors, at least one (1) of whom shall always be an independent director. The Board shall ensure that each member should have adequate competence and/or experience of financial management systems and environment to enable them to discharge their responsibilities.
4. The Board of Directors shall appoint the Independent Director as Committee Chairman or one of the independent directors if more than one.
5. The Audit Committee as a body shall have neither executive nor managerial powers and duties in the Corporation except those relating to the management of the Corporate Auditor.

Purpose and Scope of Work:

The purpose of the Audit Committee is to lead the general evaluation and to provide assistance in the continuous improvement of the Corporation's risk management, control, and governance processes as designed by management and provide assurance that these are properly functioning. This is to ensure that:

1. Financial reports comply with established internal policies and procedures, pertinent accounting and auditing standards, and regulatory requirements. The Audit Committee reviews the financial reports of the Corporation prior to the Board of Directors' approval.
2. Risks are properly identified, evaluated and managed. The Audit Committee provides assessment and independent recommendations on risk management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis management.
3. Audit activities of internal and external auditors are done per plan and deviations are explained. The Audit Committee performs direct interface functions with the internal and external auditors. The Committee reviews, evaluates, and approves the respective audit programs, plans, scope, frequency, and evaluation of risk management, control and governance processes of both the internal and external auditors, one (1) month or such reasonable time the Committee may decide prior to the conduct of the audit.
4. The Board of Directors is properly assisted in the development of policies that would enhance the risk management and control systems of the Corporation.

Responsibility:

The Audit Committee shall assist the Board of Directors in its fiduciary responsibility for the over-all effectiveness of risk management systems and both the internal and external audit functions of the Corporation. For this purpose, the Audit Committee shall:

1. Evaluate and approve the Annual Audit Plans, programs, scope and frequency submitted by the Internal Auditor and External Auditor.
2. Recommend appropriate resources needed by Internal Auditor to the Board of Directors.
3. Ensure that the Internal Auditor implements the Annual Auditor Plan in an effective, professional and timely manner.
4. Evaluate all significant issues reported by Internal Audit and External Auditors relating to the adequacy, efficiency and, effectiveness of policies, controls, processes, and activities of the Corporation.
5. Raise to the Board of Directors these significant issues and failure of business unit or corporate center management to take remedial actions.

6. Recommend any improvements in risk management systems and improvement in policies and procedures.
7. Ensure that other non-audit work provided by the External Auditor is not in conflict with his functions as External Auditor. The External Auditor shall not at the same time provide the services of internal auditor to the company.
8. Review the external auditor's management letter and the responses from management and serve as a useful channel of communication between the Board of Directors and External Auditors on matters related to and arising out of the external audit.
9. Ensure the compliance of the Corporation with acceptable auditing and accounting standards and regulations.
10. See to it that a transparent financial management system is developed that will ensure the integrity of internal control activities throughout the company through a step-by-step procedures and policies handbook that will be used by the entire organization.
11. Nominate/re-nominate the External Auditor to the shareholders through the Board of Directors. The nominated External Auditor should enable an environment of good corporate governance as reflected in the Corporation's financial records and reports.

Meetings:

- a. The Audit committee shall meet at least once a year, and as many times as the Committee deems necessary.
- b. The notice and agenda for each meeting shall be circulated to all Audit Committee members before each meeting.
- c. The committee may invite other Directors and Executive Officers to attend any meeting.
- d. The Chairman of the committees shall preside in all the meetings.
- e. If the Independent Director is not present or if there are less than two (2) members present in the scheduled meeting, there is no quorum. No business shall be transacted at any meeting unless a quorum is present.
- f. Voting on all Committee resolutions shall be carried by a simple majority of votes. Each member is entitled to one vote save and except that in the event of an equality of votes, the Committee Chairman shall have the deciding vote.
- g. The committee shall cause proper records of its proceedings to be kept. Members may nominate a member or some other person to be the Committee Secretary to record and keep minutes of meetings and other proceedings.
- h. Minutes of each meeting is to be prepared and subsequently circulated to the committee members for approval.
- i. The minutes of each committee meeting shall be circulated to the Board of Directors and the Corporate Secretary for record purposes.
- j. Each Committee may make further rules of procedures or vary or amend existing ones from time to time as the Committee deems fit, with the approval of the Board of Directors.

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E. Proxy Validation Committee

The Board of Directors shall appoint three (3) persons (who need not be stockholders) to act as Proxy Validation Committee which shall be empowered to pass on the validity of proxies. The Proxy Validation Committee shall be guided by existing laws, and rules and regulations of the Philippine Securities and Exchange Commission regarding proxies. The term of office of the Committee members shall be fixed by the Board of Directors. In the event of vacancy in the Committee membership, the Board of Directors may appoint another member to such vacancy.

The Corporate Secretary

The Corporate Secretary is an officer of the company and perfection in performance and no surprises are expected of him. Likewise, his loyalty to the mission, vision and specific business objectives of the corporate entity come with his duties.

The Corporate Secretary shall be a Filipino citizen.


Considering his varied functions and duties, he must possess administrative and interpersonal skills. He must also have some financial, accounting and legal skills.

Duties and Responsibilities

- o Gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the Corporation.
- o As to agenda, get a complete schedule thereof at least for the current year and put the Board on notice before every meeting.
- o Assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations.
- o Attend all Board meetings and maintain record of the same.
- o Submit to the Securities and Exchange Commission, at the end of every fiscal year, an annual certification as to the attendance of the directors during Board meetings.

External Auditor

An external auditor shall enable an environment of good corporate governance as reflected in the financial records and reports of the

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company, an external auditor shall be selected and appointed by the stockholders upon recommendation of the Audit Committee.

The Audit Committee shall state the reason/s for the resignation, dismissal or cessation from service and the date thereof of an external auditor in the company's annual and current reports. Said report shall include a discussion of any disagreement with said former external auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

The external auditor of the company shall not at the same time provide the services of an internal auditor to the same client. The Corporation, through the Audit Committee, shall ensure that other non-audit work shall not be in conflict with the functions of the external auditor.

The company's external auditor shall be rotated or the handling partner shall be changed every five (5) years or earlier.

If an external auditor believes that the statements made in the company's annual report, information statement or proxy statement filed during his engagement is incorrect or incomplete, he shall present his views in said reports.


Internal Auditor

The Corporation shall have in place an independent internal audit function which shall be performed by an Internal Auditor, through which it's Board, senior management, and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with.

The minimum internal control mechanisms for management's operational responsibility shall center on the CEO, being ultimately accountable for the Corporation's organizational and procedural controls.

The scope and particulars of a system of effective organizational and procedural controls shall be based on the following factors: the nature and complexity of business and the business culture; the volume, size and complexity of transactions; the degree of risk; the degree of centralization and delegation of authority; the extent and effectiveness of information technology; and the extent of regulatory compliance.

Mission of Internal Audit:

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The Mission of Internal Audit is to provide an independent and objective assurance within the corporation, designed to add value and improve the Corporation's operations. It helps the Corporation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Organizational Status:

1. The Corporate Auditor heads the Internal Audit.
2. The Corporate Auditor reports functionally to the Audit Committee and administratively to the Chairman of the Board.
3. Internal Audit shall have an independent status. It is the responsibility of the management to plan, organize and direct activities to provide reasonable assurance that established goals will be achieved. Internal Audit will examine and evaluate the planning, organizing, and directing processes established and maintained by business unit and corporate center management.

Purpose and Scope of Work:

The purpose of Internal Audit is to examine and evaluate whether the Corporation's risk management, controls and processes, as designed by management, are adequate, efficient, and functioning in a manner to ensure that:

1. Programs, plans, goals and objectives are achieved.
2. Employee's actions are in compliance with policies, code of conduct, standards, procedures, and applicable laws and regulations.
3. Authorities and responsibilities are clear, properly assigned and documented.
4. Risks are appropriately identified, evaluated, and managed.
5. Changes in functions, services, processes, and operations are properly evaluated.
6. Significant legislative or regulatory issues impacting the Corporation are recognized and addressed appropriately.
7. Control activities are integral part of daily operations. The minimum internal control mechanisms for management's operational responsibility shall center on the Chief Executive Officer, being ultimately accountable for the corporation's organizational and procedural controls.
8. Adequate controls are incorporated into information technology systems.
9. Assets or resources are acquired economically, used efficiently, and adequately protected or safeguarded.

10. Financial management and operating information are reliable, timely, relevant, accurate, accessible, and provided in a consistent format.
11. Channels of communication are effective to ensure that interaction with business units, corporate centers, or divisions occurs as needed.
12. Continuous quality improvement is fostered in the business unit and corporate center's control processes.

Responsibility:

The Internal Audit shall be solely responsible for the planning, implementation, and reporting of the internal audits. For this purpose, Internal Audit shall:

1. Prepare a forward Strategic Plan to set the direction and approach of audits in the long term.
2. In consultation with the Chief Executive Officer, President, business unit and corporate center management, prepare a detailed and flexible Annual Audit Plan using risk-based, process focused methodology. This Annual Audit Plan is submitted to the Audit Committee for approval.
3. Implement the approved Annual Audit Plan in an effective, professional, and timely manner.
4. Report in a timely manner significant issues noted during the audit relating to the adequacy, efficiency, and effectiveness of policies, controls, processes and activities of the Corporation. As directed by or under the policies of the Audit Committee, furnishes auditees and /or any other member of management copies of the reports.
5. Recommend any improvement in policies and procedures, systems and controls, processes, and other financial and operational matters to assist management in the effective discharge of their responsibilities, in order to minimize or prevent waste, extravagance, negative image, and fraud. The management of the business unit or corporate center is responsible to implement specific recommendations.
6. Draw attention to any failure to take remedial actions.
7. Report quarterly to the Audit Committee on the performance of the internal audit, which includes the status of audits, compliance with Annual Audit Plan, significant interim changes, and the sufficiency of available resources to internal audit.
8. Keep the Audit Committee informed of emerging trends and successful practices in the field of internal audit.
9. Coordinate with external auditors and ensure that the audit works are complementary to optimize at a reasonable cost.
10. Comply with standards, Codes of Conduct and Ethics that are promulgated by the relevant professional and regulatory bodies.

Authority:

Subject to the approval of the Audit Committee, the Internal Audit is authorized to:

1. Decide on the nature, scope, timing and frequencies of audit.
2. Allocate resources and apply different techniques required to accomplish audit objectives.
3. Assess and recruit personnel with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this charter provided within policy and approved budget.
4. Have discussions with managers and employees of the Corporation at any reasonable time.
5. Attend or participate in meetings relating to the Board's oversight responsibilities for auditing, financial reporting, corporate governance, and control.
6. Have full and free access to the Audit Committee.
7. Obtain the necessary assistance of business unit or corporate center personnel, as well as other specialized services from within or outside the organization.

1. COMMUNICATION PROCESS

1. This manual shall be available for inspection by any stockholder of the Corporation at reasonable hours on business days.
2. All directors, executives, division and department heads are tasked to ensure the thorough dissemination of this Manual to all employees and related third parties, and to likewise enjoin compliance in the process.
3. An adequate number of printed copies of this Manual must be reproduced under the supervision of HRD, with a minimum of at least one (1) hard copy of the Manual per department.
4. If necessary, funds shall be allocated by the CFO or its equivalent officer for the purpose of conducting an orientation program or workshop to operationalize this Manual.

REPORTORIAL OR DISCLOSURE SYSTEM OF COMPANY'S CORPORATE GOVERNANCE POLICIES

1. The reports or disclosures required under this Manual shall be prepared and submitted to the Commission by the responsible Committee or officer through the Corporation's Compliance Officer;



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2. All material information, i.e., anything that could potentially affect share price, shall be publicly disclosed. Such information shall include earnings results, acquisition or disposal of assets, board changes, related party transactions, shareholdings of directors and changes to ownership.
3. Other information that shall always be disclosed includes the aggregate remuneration (including stock options) of all directors and senior management officers.
4. All disclosed information shall be released via the approved stock exchange procedure for company announcements as well as through the annual report.
5. The Board shall commit at all times to fully disclose non-confidential material information dealings. It shall cause the filing of all required information for the interest of the stakeholders.

SHAREHOLDERS' BENEFIT

The company recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. Therefore the following provisions are issued for the guidance of all internal and external parties concerned, as governance covenant between the company and all its investors:

INVESTORS' RIGHTS AND PROTECTION

Rights of Investors/Minority Interests

The Board shall be committed to respect the following rights of the stockholders:

A. Voting Right

1. Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.
2. Cumulative voting shall be used in the election of directors.

B. Pre-emptive Right


The amended articles of incorporation of the Company provide that the shareholders shall not have any pre-emptive rights.

C. Power of Inspection

All shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries during office hours in accordance

Comment (U1): Please note that "Other Information" as defined in the Model should always include senior management strategy and off balance sheet transactions. It is possible however, to make paragraphs 2, 3 and 5 read more generally similar to that of PLDT.

The Board, shall, at all times, commit to fully disclose material information and/or transactions that could potentially affect the market price of the Company's shares and such other information which are required to be disclosed pursuant to the securities Code and its implementing Rules and Regulations, including, without limitation, earnings results, acquisition or disposal of significant assets, off balance-sheet transactions, Board membership changes, shareholdings of Directors and Officers and any changes thereto, and aggregate remuneration of Directors and Officers.

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with the Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.

D. Right to Information

1. The Shareholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the company's shares, dealings with the company, relationships among directors and key officers, and the aggregate compensation of directors and officers.

E. Right to Dividends

1. Shareholders shall have the right to receive dividends subject to the discretion of the Board.

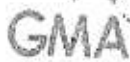
2. The company shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except: a) when justified by definite corporate expansion projects or programs approved by the Board or b) when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or c) when such retention is necessary under special circumstances obtaining in the Corporation, such as when there is a need for special reserve for probable contingencies.

F. Appraisal Right

The shareholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code of the Philippines, under any of the following circumstances:

- a. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- b. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and
- c. In case of merger or consolidation.

It shall be the duty of the directors to promote shareholder rights, remove impediments to the exercise of shareholders' rights and allow possibilities to seek



redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

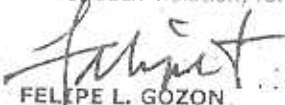
MONITORING AND ASSESSMENT

1. Each Committee shall report regularly to the Board of Directors.
2. The Compliance Officer shall establish an evaluation system to determine and measure compliance with this Manual. Any violation thereof shall subject the responsible officer or employee to the penalty provided under Part 8 of this Manual.
3. The establishment of such evaluation system, including the features thereof, shall be disclosed in the company's annual report (SEC Form 17-A) or in such form of report that is applicable to the Corporation. The adoption of such performance evaluation system must be covered by a Board approval.
4. This Manual shall be subject to annual review unless a more frequent review is decided by the Board.
5. All business processes and practices being performed within any department or business unit of **GMA Network, Inc.** that are not consistent with any portion of this manual shall be revoked unless upgraded to be compliant with this manual.

PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL

1. To strictly observe and implement the provisions of this manual, the following penalties shall be imposed, after notice and hearing, on the company's directors, officers, staff, subsidiaries and affiliates and their respective directors, officers and staff in case of violation of any of the provision of this Manual:
 - o In case of **first violation**, the subject person shall be reprimanded.
 - o Suspension from office shall be imposed in case of **second violation**. The duration of the suspension shall depend on the gravity of the violation as determined by the Board.
 - o **For third violation**, the maximum penalty of removal from office may be imposed.
2. The commission of a third violation of this manual by any member of the board of the company or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.

3. The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.



FELIPE L. GOZON
CHAIRMAN OF THE BOARD/CHIEF EXECUTIVE OFFICER