

## RISK MANAGEMENT

The GMA Network's Board of Directors and management are mindful of the risks and uncertainties inherent in the business of television and radio broadcasting. In the formulation of corporate strategy and business decision-making, potential risks are always taken into account. Necessary steps are taken to minimize, if not eliminate, such risks.

GMA stations compete for listeners/viewers and advertising revenues within their respective markets directly with other radio and or television stations, as well as other media such as cable television and/or cable radio, newspapers, magazines, the internet, billboard advertising, among others. Audience Ratings and market shares are subject to change, and any change in a particular market could have a material adverse effect on the revenues of the Company's stations located in that market.

Considering the potential impact of various risks to the company's ability to deliver quality content across multiple platforms, the Company has established a Programming Committee that deliberates weekly on the programming issues and strategies of the network. Regular monthly meetings of the Company's officers are also held to discuss plans, operational issues and strategies, implementation of projects and recommendations for improvements.

Moreover, the Audit and Risk Management Committee assists the Board in the oversight of the company's risk management, ensures that it has the proper controls in place, identifies and evaluates significant risk exposures and contributes to the improvement of risk management and control systems.

On March 4, 2013, the Board of Directors authorized the Audit and Risk Management Committee to determine, along with the Management, the best proposal for the conduct of an exhaustive study on the risk management of the Company. Upon submission of the said formal study on the risk management system of the Company, the same shall be subject to the review and consideration of the Company's Board of Directors.

