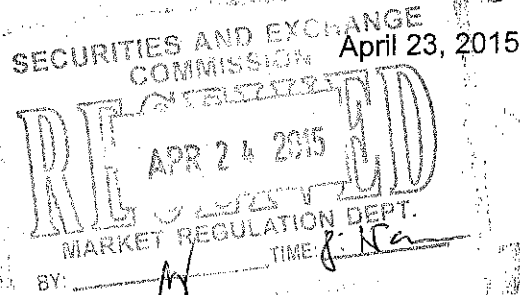




ANNUAL STOCKHOLDERS' MEETING



NOTICE OF ANNUAL STOCKHOLDERS' MEETING

To: All Stockholders of
GMA Network, Inc.

Please be notified that the **Annual Meeting of the Stockholders of GMA Network, Inc.** will be held on **May 20, 2015** (Wednesday) at **10:00 a.m.** at the Studio 6, GMA Network Studios, EDSA corner GMA Network Drive, Diliman, Quezon City to consider, discuss or vote on the following:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Annual Stockholders' Meeting Held on May 21, 2014
4. Annual Report of the Chairman and Chief Executive Officer
5. Financial Report
6. Ratification of the Acts of the Board of Directors/Corporate Officers
7. Election of Directors (including the Independent Directors)
8. Election of the External Auditor
9. Consideration of such other business as may properly come before the meeting
10. Adjournment

Any stockholder may vote by proxy provided that such authorization remains unrevoked and on file with, or is submitted to, the undersigned at 15/F Sagittarius Building, H.V. De la Costa Street, Salcedo Village, Makati not later than May 11, 2015.

For purposes of the meeting, only stockholders of record as of April 20, 2015 are entitled to attend and vote in the said meeting.

For your convenience in registering your attendance, please bring any form of identification such as passport, driver's license or voter's I.D.

The Organizational Meeting of the Board of Directors shall be held immediately after the Annual Stockholders' Meeting.

Thank you.

For the Board of Directors


ROBERTO O. PAREL
Corporate Secretary

RATIONALE FOR THE SALIENT MATTERS CONTAINED IN THE AGENDA

Approval of the Minutes of the Annual Stockholders' Meeting Held on May 21, 2014

The approval of the minutes of the previous year's Annual Stockholders' Meeting is made part of the agenda in order to comply with the requirements of the Company's By-laws, the corporation law, as well as the rules and regulations of the Securities and Exchange Commission.

Annual Report of the Chairman and Chief Executive Officer

The annual report of the Chairman and the Chief Executive Officer is made part of the Agenda in order to apprise the stockholders of the Company's ratings and financials during the previous year and to adhere to the principles of transparency and good corporate governance.

Financial Report

The Company's financial performance during the year 2014 has been detailed in the Audited Financial Statements (AFS) of the Company which was prepared by the Company's independent external auditor. The AFS have been reviewed and approved by the Board of Directors as recommended by the Audit and Risk Management Committee.

Ratification of the Acts of the Board of Directors/Corporate Officers

The Acts of the Board of Directors/Corporate Officers were duly deliberated upon prior to approval and/or were conducted in the ordinary course of business. The aforementioned acts of the Board of Directors are submitted for approval to the stockholders in compliance with the Company's By-laws, the corporation law, as well as the rules and regulations of the SEC.

Election of Directors (including the Independent Directors)

The directors of the previous year have been recommended by the Company's Nomination Committee for re-election. Their track record has been proven through the results of the Company's performance for which reason they were recommended by the Nomination Committee after review of their qualifications. Their appointment is submitted for approval to the stockholders in compliance with the Company's By-laws, the corporation law, as well as the rules and regulations of the SEC.

Election of the External Auditor

Based on the recommendation of the Audit and Risk Management Committee, the Board after proper deliberation, approved the re-appointment of SyCip Gorres & Velayo & Co. (SGV) as the Company's external auditor for 2015. The SGV's appointment is submitted for approval to the stockholders in compliance with the Company's By-laws, the corporation law, as well as the rules and regulations of the SEC.

We are not soliciting your proxy. However, if you are unable to attend the meeting but would like to be represented thereat, you may accomplish the proxy form herein provided below and submit the same to the Office of the Corporate Secretary on or before **May 11, 2015**. You may deliver this form or send it in advance through fax no. (632) 812-0008. Validation of proxies shall be held on May 13, 2015 at 10:00 a.m. at GMA Network Center.

PROXY

I/We hereby name and appoint _____, or in his/her absence, the Chairman of the Meeting, as my/our proxy at the Annual Stockholders' Meeting of GMA Network, Inc. to be held at Studio 6, GMA Network Studios, EDSA corner GMA Network Drive, Diliman, Quezon City on Wednesday, May 20, 2015 at 10:00 a.m. and at any postponement or adjournment thereof.

Name

Signature

Date

No. of Shares Held

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

OF

GMA NETWORK, INC.

1. Check the appropriate box:
☐ Preliminary Information Statement
☒ Definitive Information Statement
2. Name of Registrant as specified in its charter: **GMA Network, Inc.**
3. Province, country or other jurisdiction of incorporation or organization: **Philippines**
4. SEC Identification Number: **5213**
5. BIR Tax Identification Code **000-917-916-30**
6. Address of principal office Postal Code
GMA Network Center, EDSA corner Timog Avenue, Diliman
7. Registrant's telephone number, including area code: **(632) 982-7777**
8. Date, time and place of the meeting of security holders: **May 20, 2015, 10:00 a.m.,
Studio 6, GMA Network Studios, EDSA corner GMA Network Drive,
Diliman, Quezon City**
9. Approximate date on which the Information Statement is first to be sent or given to security holders:
April 28, 2015
10. **In case of Proxy Solicitations:**
Name of Person Filing the Statement/Solicitor: Not Applicable
Address and Telephone No.: Not Applicable
11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares Outstanding or Amount of Debt Outstanding
Common Stock	3,361,047,000
Preferred Stock	7,499,507,184

12. Are any or all of registrant's securities listed in a Stock Exchange?

Yes ☒ No ☐

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Philippine Stock Exchange / Common Stock

GMA NETWORK, INC.
INFORMATION STATEMENT

This Information Statement dated April 23, 2015 is being furnished to the stockholders of record of GMA Network, Inc. as of April 20, 2015 in connection with the Annual Stockholders' Meeting.

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders.

- (a) Date: May 20, 2015
Time: 10:00 a.m.
Place: Studio 6, GMA Network Studios EDSA corner GMA Network Drive, Diliman, Quezon City
- (b) Approximate date when the Information Statement is first to be sent to security holders:
April 28, 2015

Item 2. Dissenters' Right of Appraisal

Title X of the Corporation Code of the Philippines grants to a shareholder the right to dissent and demand payment of the fair value of his share in certain instances, to wit: (1) in case any amendment to the corporation's articles of incorporation has the effect of changing and restricting the rights of any shareholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class; (2) in case of any sale, lease, exchange, transfer, mortgage or other disposition of all or substantially all of the corporate property or assets; (3) in case of merger or consolidation; (4) in case the corporation decides to invest its funds in another corporation or business or for any purpose other than the primary purpose; and (5) extension or shortening of the term of corporate existence.

Under Section 42 of the Corporation Code, a stockholder is likewise given an appraisal right in cases where a corporation decides to invest its funds in another corporation or business. The appraisal right may be exercised by a stockholder who shall have voted against any of the foregoing corporate actions proposed in a meeting by making written demand on the corporation for the payment of the fair value of his/its shares within 30 days after the date on which the vote is taken. Failure to make written demand within such period shall be deemed a waiver of such right. If the proposed action is implemented, the corporation shall pay to a stockholder surrendering his/its stock certificates the fair value of such shares as of the day prior to the date on which the vote was taken; however, no payment shall be made to any stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment. Within ten days after demanding payment for his shares, a dissenting stockholder shall submit his stock certificates for notation thereon that such shares are dissenting shares, failing which, his/its appraisal right shall, at the option of the corporation, terminate. Upon payment of the purchase price for the shares, the stockholder must transfer his shares to the corporation.

From the time a demand for payment of fair value until either the abandonment of the corporate action involved or the purchase of said shares by the corporation, all rights accruing to such shares, including voting and dividend rights, shall be suspended. If the dissenting stockholder is not paid the value of the shares within 30 days after the award, his voting and dividend rights shall be restored.

None of the proposed corporate actions qualifies as an instance for a possible exercise by security holders of their appraisal rights under Title X of the Corporation Code of the Philippines.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

- (a) There is no matter to be acted upon in which any Director or Executive Officer is involved or had a direct, indirect or substantial interest.
- (b) No Director has informed the Company of his opposition to any matter to be acted upon.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

- (a) GMA Network, Inc. ("the Company") has 3,361,047,000 common shares and 7,499,507,184 preferred shares subscribed and outstanding as of March 31, 2015. Every stockholder shall be entitled to one vote for each common and preferred share held as of the established record date.
- (b) All stockholders of record as of the closing of business on April 20, 2015 are entitled to notice of and to vote at the Company's Annual Stockholders' Meeting.
- (c) With respect to the election of directors, a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may accumulate said shares and give one candidate as many votes as the number of directors to be elected or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the total number of shares owned by him, multiplied by the whole number of directors to be elected.
- (d) The following are the information on security ownership of certain record and beneficial owners and management:
 - (1) The security ownership of certain record and beneficial owners of more than 5% as of March 31, 2015 are as follows:

Title Of class	Name and Address of Beneficial Owner	Citizenship	Record / Beneficial	No. of shares held	Percent Owned
Common	GMA Holdings, Inc. ¹ Unit 5D Tower One, One McKinley Place, Bonifacio Global City	Filipino	PCD Nominee Corporation	846,880,000	25.17%
Common	Group Management & Development Inc. ² No. 5 Wilson St., San Juan, Metro Manila	Filipino	The Record Owner is the Beneficial Owner	789,813,389	23.47%

¹ The Board of Directors of GMA Holdings, Inc. has the power to decide how the shares owned in the Company are to be voted and has authorized Felipe L. Gozon and/or Gilberto R. Duavit, Jr. to vote on the company's shares in GMA Network, Inc.

² The Board of Directors of Group Management & Development, Inc. has authorized Gilberto R. Duavit, Jr. to vote on the common and preferred shares of the company in GMA Network, Inc.

Common	FLG Management & Development Corporation ³ Unit 2, 2/F, Building 2, 9 th Avenue, Bonifacio Global City, Taguig, Metro Manila	Filipino	The Record Owner is the Beneficial Owner	673,429,127	20.01%
Common	M.A. Jimenez Enterprises, Inc. 2/F Sagittarius Condominium, H. V. De la Costa St., Salcedo Village, Makati City ⁴	Filipino	The Record Owner is the Beneficial Owner	453,882,095	13.49%
Common	Television International Corporation ⁵ 2/F Sagittarius Condominium, H. V. De la Costa St., Salcedo Village, Makati City	Filipino	The Record Owner is the Beneficial Owner	334,378,037	9.94%
Total Common Shares 3,097,382,648 92.08%					
Preferred	Group Management & Development Inc. No. 5 Wilson St., San Juan, Metro Manila	Filipino	The Record Owner is the Beneficial Owner	2,625,805,308	35.01%
Preferred	FLG Management & Development Corporation Unit 2, 2/F, Building 2, 9 th Avenue, Bonifacio Global City, Taguig, Metro Manila	Filipino	The Record Owner is the Beneficial Owner	2,181,898,644	29.09%
Preferred	M.A. Jimenez Enterprises, Inc. 2/F Sagittarius Condominium, H. V. De la Costa St., Salcedo Village, Makati City	Filipino	The Record Owner is the Beneficial Owner	1,508,978,826	20.12%
Preferred	Television International Corporation 2/F Sagittarius Condominium, H. V. De la Costa St., Salcedo Village, Makati City	Filipino	The Record Owner is the Beneficial Owner	1,111,661,610	14.82%
Total Preferred Shares 7,428,344,388 99.04%					

GMA Holdings, Inc. is 99% owned by Gilberto R. Duavit, Jr., Felipe L. Gozon and Joel Marcelo G. Jimenez. The shares of the Company owned by GMA Holdings, Inc. are covered by Philippine Deposit Receipts ("PDR") which give the holder the right to delivery or sale of the underlying share. The PDRs are listed with the Philippine Stock Exchange.

Group Management and Development, Inc., FLG Management and Development Corporation, M.A. Jimenez Enterprises, Inc. and Television International Corporation are significant shareholders of the Company.

³ The Board of Directors of FLG Management & Development Corporation has authorized Felipe L. Gozon to vote on the common and preferred shares of the company in GMA Network, Inc.

⁴ The Board of Directors of M.A. Jimenez Enterprises, Inc. has authorized Joel Marcelo G. Jimenez and/or Laura J. Westfall to vote on the common and preferred shares of the company in GMA Network, Inc.

⁵ The Board of Directors of Television International Corporation has authorized Joel Marcelo G. Jimenez and/or Laura J. Westfall to vote on the common and preferred shares of the company in GMA Network, Inc.

(2) Security Ownership of Management as of March 31, 2015

As of March 31, 2015, the Company's directors and senior officers owned an aggregate of 6,365,193 common shares of the Company, equivalent to 0.1892% of the Company's issued and outstanding common capital stock and 27,294 preferred shares equivalent to 0.00% of the Company's issued and outstanding preferred capital stock.

Stockholder Name	Position	Citizenship	Record / Beneficial (R/B)	No. of Common Shares Held	Percent of Common Shares	No. of Preferred Shares Held	Percent of Preferred Shares
Anna-Teresa M. Gozon-Abrogar	Director/Assistant Corporate Secretary	Filipino	R/B	529,003	0.02%	6	0.00%
Gilberto R. Duavit Jr.	Director/Pres. and COO	Filipino	R/B	4,007,000	0.12%	12	0.00%
Felipe L. Gozon	Director/Chairman and CEO	Filipino	R/B	3,181	0.00%	26,880	0.00%
Joel Marcelo G. Jimenez	Director	Filipino	R/B	325,003	0.01%	6	0.00%
Michael John R. Duavit	Director	Filipino	R/B	1	0.00%	0	0.00%
Laura J. Westfall	Director	Filipino	R/B	2	0.00%	6	0.00%
Felipe S. Yalong	Director/Executive Vice-President	Filipino	R/B	1,025,002	0.03%	6	0.00%
Jaime C. Laya	Independent Director	Filipino	R/B	294,000	0.0087%	0	0.00%
Artemio V. Panganiban	Independent Director	Filipino	R/B	1	0.00%	0	0.00%
Marissa L. Flores	Senior Vice President – News and Public Affairs	Filipino		0	0.00%	0	0.00%
Ronaldo P. Mastrilli	Senior Vice President – Finance and ICT	Filipino	R/B	182,000	0.0054%	0	0.00%
Lilybeth G. Rasonable	Senior Vice President – Entertainment TV	Filipino	R/B	0	0.00%	0	0.00%
Elvis B. Ancheta	Senior Vice President and Head, Engineering Group; Head, Transmission and Regional Engineering Department	Filipino		0	0.00%	0	0.00%

(3) Voting Trust Holders of 5% or more

The Company is unaware of any persons holding more than 5% of shares under a voting trust or similar agreement.

(4) Changes in Control

There are no existing provisions in the Articles of Incorporation or the By-Laws of the Company which will delay, defer or in any manner prevent a change in control of the Company. There have been no arrangements which have resulted in a change in control of the Company during the period covered by this report.

(5) The Philippine Constitution prohibits foreign ownership in mass media companies such as GMA Network, Inc. In compliance with the requirement of the 1987 Constitution, the transfer of the shares (common or preferred) of the capital stock of the corporation shall be deemed null and void and will neither be recognized or registered in the books of the corporation. Thus, no part of the Company's equity (common or preferred) is owned by foreigners.

Item 5. Directors and Executive Officers

Nominees for Election as Members of the Board of Directors

The following are expected to be nominated as members of the Board of Directors for the ensuing year (2015-2016):

Anna-Teresa M. Gozon-Abrogar
Gilberto R. Duavit, Jr.
Felipe L. Gozon
Joel Marcelo G. Jimenez
Michael John R. Duavit
Laura J. Westfall
Felipe S. Yalong
Jaime C. Laya (*Independent Director*)
Artemio V. Panganiban (*Independent Director*)

Except for Michael John R. Duavit, all of the above nominees are incumbent directors. The nominees were formally nominated by Gilberto R. Duavit, Jr. Gilberto R. Duavit, Jr. is not related to the nominated independent directors, Jaime C. Laya and Artemio V. Panganiban.

In 2007, the Company amended its By-Laws providing the procedure for nominating the directors of the Company. The By-Laws provide that all nominations to the Board of Directors shall be submitted in writing to the Nomination Committee at least thirty (30) working days before the date of the regular annual meeting of stockholders. On April 6, 2015, the Nomination Committee reviewed the qualifications of the nominees and approved the final list of candidates.

The members of the Nomination Committee are as follows:

Felipe L. Gozon (*Chairman*)
Gilberto R. Duavit, Jr.
Artemio V. Panganiban
Joel Marcelo G. Jimenez

Board of Directors, Officers and Senior Management

Under the Articles of Incorporation of the Company, the Board of Directors of the Company comprises nine directors, two of whom are independent. The Board is responsible for the overall management and direction of the Company and meets regularly every quarter and other times as necessary, to be provided with updates on the business of the Company and consulted on the Company's material decisions. The directors have a term of one year and are elected annually at the Company's stockholders meeting. A director who was elected to fill a vacancy holds the office only for the unexpired term of his predecessor. As of March 31, 2015, the Company's Board of Directors and Senior Management are composed of the following:

Board of Directors				Senior Management		
Directors and Senior Management	Nationality	Position	Year Position was Assumed	Position	Year Position was Assumed	Age
Felipe L. Gozon	Filipino	Chairman/ Director	1975	Chief Executive Officer	2000	75
Michael John R. Duavit	Filipino	Director	2015	N/A	N/A	46
Gilberto R. Duavit, Jr.	Filipino	Director	1999	President/Chief Operating Officer	2010	51
Anna Teresa M. Gozon-Abrogar	Filipino	Director/ Assistant Corporate Secretary	2000	N/A	N/A	43
Joel Marcelo G. Jimenez	Filipino	Director	2002	N/A	N/A	51
Laura J. Westfall	Filipino	Director	2002	N/A	N/A	47
Felipe S. Yalong	Filipino	Director/ Corporate Treasurer	2002	Executive Vice President	2011	58
Roberto O. Parel	Filipino	Corporate Secretary	1993	N/A	N/A	59
Marissa L. Flores	Filipino	N/A	N/A	Senior Vice President, News and Public Affairs	2004	60
Ronnie P. Mastrilli	Filipino	N/A	N/A	Senior Vice President for Finance and ICT	2013	49
Lilybeth G. Rasonable	Filipino	N/A	N/A	Senior Vice President for Entertainment TV	2013	51
Artemio V. Panganiban	Filipino	Independent Director	2007	N/A	2007	78
Jaime C. Laya	Filipino	Independent Director	2007	N/A	2007	76
Eivis B. Ancheta	Filipino	N/A	N/A	Senior Vice President and Head, Engineering Group; Head, Transmission and Regional Engineering Department	2014	48

The following are descriptions of the business experiences of the Company's directors, officers and senior management:

Felipe L. Gozon, Filipino, 75 years old, is the Chairman of the Board of Directors and Chief Executive Officer of the Network.

Atty Gozon is a Senior Partner at the Law Firm of Belo Gozon Eima Parel Asuncion & Lucila. Aside from GMA Network, Inc., he is also Chairman and CEO of GMA Marketing and Productions, Inc. and GMA New Media, Inc.; Chairman and President of FLG Management and Development Corp., and Mont-Aire

Realty and Development Corp.; Chairman of Alta Productions Group, Inc., Citynet Network Marketing and Productions, Inc., Philippine Entertainment Portal, Inc., Justitia Realty and Management Corp., Palawan Power Generation, Inc., Catanduanes Power Generation, Inc., Sycamore Global Shipping Corporation, Sycamore International Shipping Corporation, Cardinal Agri Products, Inc., and RGMA Network, Inc.; Vice Chairman of Malayan Savings and Mortgage Bank; President of, among other companies, Gozon Development Corp., Gozon Realty Corp., Antipolo Agri-Business and Land Development Corp., Capitaex Holdings, Inc., BGE Holdings, Inc., Philippine Chamber of Commerce and Industry, Chamber of Commerce of the Philippine Islands and President of Lex Realty, Inc. He serves as Chairman of the Board of Trustees of GMA Kapuso Foundation, Inc., Kapwa Ko Mahal Ko Foundation, Inc., and The Potter and Clay Christian School Foundation, Inc.; Chairman and President of Gozon Foundation; and Trustee of Bantayog ng mga Bayani Foundation. Gozon is also an Advisory Board Member of the Asian Television Awards.

Atty. Gozon is a recipient of several awards for his achievement in law, media, public service, and business, including the prestigious Chief Justice Special Award given by the Chief Justice of the Philippines (1991), Presidential Award of Merit given by the Philippine Bar Association (1990 & 1993), CEO of the Year given by Uno Magazine (2004), Master Entrepreneur – Philippines (2004) by Ernst and Young, Outstanding Citizen of Malabon Award for Legal and Business Management by the Kalipunan ng Samahan sa Malabon (KASAMA) (2005), People of the Year by People Asia Magazine (2005), Outstanding Manilan Award in the field of Social Responsibility and Broadcasting given by the City Government of Manila (2011), Quezon City Gawad Parangal Most Outstanding Citizen for 2011 given by the City Government of Quezon (2011), Tycoon of the Decade Award given by BizNews Asia (2011), Lifetime Achievement Award given by the UP Alumni Association (2012), Certificate of Recognition given by the Civil Aeronautics Board (2012), Personality of the Year for Broadcast Media given by SKAL International Makati (2013), Outstanding Member-Achiever given by Phi Kappa Phi UP Chapter (International Honor Society) (2013), Visionary Management CEO Award given by BizNews Asia (2013), Lifetime Achievement Award given by UP Preparatory High School Alumni (2014), Entrepreneurship Excellence Award and Best Broadcast CEO Award given by BizNews Asia (2014), The Rotary Golden Wheel Award for Corporate Media Management given by Rotary International District 3780 and Quezon City Government (2014), and Global Leadership Award for Excellence in Media Sector (first Filipino to win the award) given by The Leaders International together with the American Leadership Development Association in Kuala Lumpur, Malaysia (2015). He is also listed among Biz News Asia's Power 100 (2003 to 2010).

Atty. Gozon earned his Bachelor of Laws degree from the University of the Philippines (among the first 10 of his class) and his Master of Laws degree from Yale University Law School. He was admitted to the Bar in 1962, placing 13th in the Bar examinations.

Gilberto R. Duavit, Jr., Filipino, 51 years old, is the President and Chief Operating Officer of the Network. He has been a Director of the Company since 1999 and is currently the Chairman of the Network's Executive Committee. Aside from GMA Network, Inc., he is the Chairman of the Board of GMA Network Films, Inc. and GMA Worldwide, Inc. and Vice Chairman of the Board of GMA Marketing and Productions, Inc. He also serves as President and CEO of GMA Holdings, Inc., Scenarios, Inc., RGMA Marketing and Productions, Inc., Film Experts, Inc., and Dual Management and Investments, Inc. He is the President and a Director of Group Management and Development, Inc.; President and Director of MediaMerge Corp., Citynet Network Marketing and Productions, Inc.; Director of RGMA Network, Inc., GMA New Media, Inc., Alta Productions Group, Inc., Optima Digital, Inc., and Mont-Aire Realty and Development Corp. He also serves as the President and a Trustee of GMA Kapuso Foundation, Inc., Trustee of Guronasyon Foundation, Inc. (formerly LEAF) and is a Trustee of the HERO Foundation.

Mr. Duavit holds a Bachelor's Degree in Philosophy from the University of the Philippines.

Joel Marcelo G. Jimenez, Filipino, 51 years old, has been a Director of the Company since 2002. He is currently the President and CEO of Menarco Holdings and the Chief Executive Officer of Alta Productions, Inc. He is a Director of RGMA Network, Inc., GMA New Media, Inc., Scenarios, Inc., and GMA Worldwide, Inc., besides also being a member of the Board of Directors of Malayan Savings and Mortgage Bank, and Unicapital Securities, Inc. He is also a Director of Nuvoland Philippines, a real-estate development company. He is a Trustee of GMA Kapuso Foundation, Inc.

He was educated in Los Angeles, California where he obtained a Bachelor's Degree in Business Administration from Loyola Marymount University. He also obtained a Master's Degree in Management from the Asian Institute of Management.

Felipe S. Yalong, Filipino, 58 years old, is the Executive Vice President and Chief Financial Officer of GMA Network, Inc. He is also the Head of the Corporate Services Group of the Network. He has been a Director of the Company since 2002. Aside from GMA Network, Inc., he also serves as Director and Corporate Treasurer of GMA Holdings, Inc., Scenarios, Inc., and GMA Network Films, Inc.; Director of Unicapital, Inc., Majalco Finance and Investments, Inc., and GMA Marketing and Productions, Inc.; Corporate Treasurer of RGMA Network, Inc., MediaMerge Corp.; Executive Vice President of RGMA Marketing and Productions, Inc.; and Corporate Treasurer of the Board of Trustees of GMA Kapuso Foundation, Inc.

Yalong was named CFO of the Year by ING FINEX in 2013.

He obtained a Bachelor of Science degree in Business Administration Major in Accounting from the Philippine School of Business Administration and completed the Management Development Program at the Asian Institute of Management. He is a Certified Public Accountant.

Anna Teresa G. Abrogar, Filipino, 43 years old, has been a Director of the Company since 2000. She graduated valedictorian from grade school and high school at Colegio San Agustin. She finished cum laude, BS Management Engineering from Ateneo de Manila University and obtained her Bachelor of Laws degree from the University of the Philippines where she graduated valedictorian, cum laude. She later obtained her Master of Laws from Harvard University.

She is a junior partner in Belo Gozon Elma Parel Asuncion & Lucila and was an Associate Professor in the University of the Philippines, College of Law where she taught taxation.

She is currently Programming Consultant to the Chairman/CEO of GMA Network, Inc. and the President of GMA Films, Inc. and GMA Worldwide, Inc. She is a trustee of GMA Kapuso Foundation.

Michael John R. Duavit, Filipino, 45 years old, was elected to the Company's Board of Directors in 2015. He is currently the Chairman, President and CEO of MRD Holdings & Investments, Inc. and the Chairman and Managing Director of Puresound Trading, Inc. He is a Director of Citynet Television, Inc. and GMA New Media, Inc., a subsidiary of GMA Network that specializes in interactive applications for television, mobile, web and marketing.

Mr. Duavit is the President and Trustee of Guronasyon Foundation, Inc., which recognizes outstanding teachers in the province of Rizal and the City of Antipolo. He is also a Trustee of GMA Network's socio-civic arm GMA Kapuso Foundation, Inc.

Mr. Duavit held a notable career in public service, having been elected as Representative of the First District of Rizal and serving a full term from 2001 to 2010. During his tenure in Congress, he served as Vice-Chairman of the House Committee on Economic Affairs, the House Committee on Appropriations, and the House Committee on Trade and Industry.

Mr. Duavit earned his bachelor's degree from the De La Salle University-Manila, majoring in Marketing Management. He holds a specialist certification for Recording Engineering, Post Production for Film and TV, Design & Construction of Critical Listening Environments, MIDI & Digital Audio Work Stations from the Full Sail University's Center for Recording Arts in Orlando, Florida, and was a SIDA scholar for Information Technology Management at LIFE University, Sweden.

Laura J. Westfall, Filipino, 47 years old, has been a Director of the Company since 2000. She held the following positions in the Company — Senior Vice President of Corporate and Strategic Planning and Senior Vice President for Finance. In addition, she has served as Chairperson and President of GMA New Media. Prior to joining the Company, she worked for BDO Seidman — Los Angeles, an international audit and management consulting firm. She currently holds various positions in the Majent Group of Companies and serves as Board Member of Coffee Bean and Tea Leaf Philippines, Bronzeoak Clean Energy, Inc., and Museo Pambata.

She holds a Masters Degree in Public and Private Management from Yale University and a Bachelor of Science degree in Accounting from the University of Southern California. She is a Certified Public Accountant (CPA) in the State of California.

Chief Justice Artemio V. Panganiban, Filipino, 78 years old, has been an Independent Director of the Company since 2007. In 1995, he was named a Justice of the Supreme Court and in 2005, he was appointed Chief Justice of the Philippines — a position he held until December 2006. At present, he is also an Independent Director of these listed firms: First Philippine Holdings Corp., Metro Pacific Investments Corp., Manila Electric Company, Robinsons Land Corp., GMA Holdings, Inc., Philippine Long Distance Telephone Co., Petron Corporation, Bank of the Philippine Islands, Asian Terminals, and a regular Director of Jollibee Foods Corporation. He is also a Senior Adviser of Metropolitan Bank, Chairman, Board of Advisers of Metrobank Foundation, Adviser of Double Dragon Properties, Chairman of the Board of the Foundation for Liberty and Prosperity, President of the Manila Cathedral Basilica Foundation, Chairman Emeritus of Philippine Dispute Resolution Center, Inc., and Member, Advisory Board of the World Bank (Philippines) and of the Asian Institute of Management Corporate Governance Council. He also is a column writer of The Philippine Daily Inquirer.

Upon his retirement, he was unanimously conferred a Plaque of Acclamation by the Associate Justices of the Supreme Court as the "Renaissance Jurist of the 21st Century," and an Award of Honor by the Philippine Bar Association. In recognition of his role as a jurist, lawyer, civic leader, Catholic lay worker, business entrepreneur and youth leader, he had been the recipient of over 250 other awards from various governments, civic clubs, consumer associations, bar groups, religious movements and other non-government organizations, both local and international.

He obtained his Associate in Arts, "With Highest Honors" and later his Bachelor of Laws, with cum laude and "Most Outstanding Student" honors from the Far Eastern University. He placed sixth among more than 4,200 candidates who took the 1960 Bar examinations. He is likewise the recipient of several honorary doctoral degrees from various universities.

Dr. Jaime C. Laya, Filipino, 76 years old, has been an independent Director of GMA Network, Inc. since 2007. He is the Chairman and President of Philippine Trust Company (Philtrust Bank), Director of Ayala Land, Inc., Manila Water Company, Inc., and Philippine AXA Life Insurance Company, Inc. He also serves as Chairman of Don Norberto Ty Foundation, Inc. and Escuela Taller de Filipinas Foundation, Inc.; Trustee of St. Paul University - Quezon City, Cultural Center of the Philippines, Metropolitan Museum of Manila, Yuchengco Museum, Fundación Santiago, Inc., Ayala Foundation, Inc., and other foundations. He writes a weekly column for the *Manila Bulletin*.

He was Minister of Budget, 1975-1981; Minister of Education, Culture and Sports, 1984-86; Chairman of

the Monetary Board and Governor, Central Bank of the Philippines, 1981-1984; Chairman, National Commission for Culture and the Arts, 1996-2001. He was faculty member of the University of the Philippines, 1957-1978 and Dean of the College of Business Administration, 1969-1974. In 1986, he founded J.C. Laya & Co., Ltd. (Certified Public Accountants and Management Consultants) later the Philippine member firm of KPMG International; he served as the firm's Chairman until his retirement in 2004.

He earned his BSBA, *magna cum laude*, University of the Philippines, 1957; M.S. in Industrial Management, Georgia Institute of Technology, 1960; Ph.D. in Financial Management, Stanford University, 1966. He is a Certified Public Accountant.

Roberto O. Parel, Filipino, 59 years old, has been the Corporate Secretary of the Company since 1993. He is a Partner at the Law Firm of Belo Gozon Elma Parel Asuncion & Lucila. His practice areas include labor relations, natural resources and intellectual property. He is a Director of Time-Life International Philippines, Berong Nickel Corporation, Ulugan Nickel Corporation, Ulugan Resources Holdings, Inc., Nickeline Resources Holdings, Inc., TMM Management Inc. and Assetlex Development Company, Inc.; Corporate Secretary of Alta Productions Group, Inc., Scenarios, Inc., Citynet Network Marketing and Productions, Inc. and GMA Kapuso Foundation, Inc.

He graduated from the University of the Philippines with a Bachelor of Arts degree in Philosophy and a Bachelor of Laws degree. He was admitted to the Philippine Bar in 1981. Atty. Parel further pursued legal studies through short programs at the Center of American and International Law and the Southwestern Legal Foundation in Dallas, Texas. Later, he attended a training program on Industrial Property Rights held by the Japan Institute of Invention and Innovation and the Association for Overseas Technical Scholarship in Tokyo, Japan.

Marissa L. Flores, Filipino, 51 years old, is the Senior Vice President for News and Public Affairs, a position she has held since 2004. She joined the Company in 1987 as a researcher for public affairs documentaries and special reports and held the positions of Assistant Vice President for Public Affairs, Vice President for Production – News and Public Affairs before her appointment to her current position.

The Rotary Club of Manila recognized her as Television News Producer of the Year in 1996. In 2004, she was awarded the prestigious TOYM (The Outstanding Young Men) for Broadcast Management. In 2012, she received the CEO Excel Award from the International Association of Business Communicators (IABC) Philippines.

The News and Public Affairs group under Ms. Flores continues to be the recipient of international awards, notably the New York Festivals, US International Film and Video Festival Awards, Asian TV Awards. GMA News and Public Affairs remains as the only Philippine broadcast network which has won the highly-coveted Peabody Award (four Peabody awards as of 2014) — widely considered as broadcasting and cable's equivalent of the Pulitzer prize.

Besides overseeing news and public affairs programs in GMA Channel 7, it is also under Ms. Flores' leadership that GMA News Online was put up in 2007, and GMA News TV (GMA Network's news and public affairs channel on free TV) was launched in February 2011.

She earned her Bachelor's degree at the University of the Philippines, where she studied Journalism.

Ronaldo P. Mastrili, Filipino, 49 years old, is the Senior Vice President of GMA's Finance and ICT Departments. He obtained his Bachelor of Science in Business and Economics degree, major in Accounting from De La Salle University. He attended the Master in Business Administration Program from the same university and completed the Executive Development Program of the Asian Institute of Management. He is a Certified Public Accountant with expertise in the fields of accounting, auditing,

finance, taxation and general management. He was formerly the Assistant Vice President of Controllershship of ABS-CBN and also served as its Group Internal Auditor before joining GMA Network in March 2001. He also worked with SGV and Co. in the early part of his career. Mr. Mastrili concurrently holds key positions in GMA Subsidiaries namely: Comptroller/Chief Accounting Officer of GMA Holdings, Treasurer of Alta Productions, Director of Script2010, and Comptroller of GMA Films, GMA Kapuso Foundation and GMA Worldwide.

Lilybeth G. Rasonable, Filipino, 51 years old, is the Senior Vice President of the Entertainment TV Group of GMA Network, Inc. She is mainly responsible for the production of all entertainment programs of the Network.

After earning her degree in Broadcast Communication from the University of the Philippines, Ms. Rasonable immediately worked in the broadcasting industry, starting out as a Production Assistant and later on, an Associate Producer of the Intercontinental Broadcasting Company. She likewise worked as Production Coordinator and Executive producer of GMA Network, Inc.

Ms. Rasonable's work experience also included a post as Technical Consultant for Local Production with the Associated Broadcasting Company (ABC-5) and freelance Executive Producer for film and television. After a few years, she rejoined GMA as a Production Manager under its Sales and Marketing Group.

From Program Manager, Ms. Rasonable was promoted to Assistant Vice President for Drama in 2004. As AVP, she was a key figure in the creation of groundbreaking and phenomenal hits such as *Mulawin*, *Encantadia* and *Darna*, which made the primetime block of GMA invincible and contributed to the unprecedented success of GMA in its quest for leadership in the Philippine broadcasting industry. It was also during her time as AVP for Drama when GMA produced programs that created superstars for the Network and afternoon dramas dramatically rose and established strong presence in their timeslots with breakthrough innovations.

In 2010, Ms. Rasonable was promoted to the position of Vice President, Drama Productions and tasked with the supervision of non-primetime and primetime drama programs of GMA. By February 2012, she took the helm as Officer-in-Charge of the Entertainment TV (ETV) Group. And in December 2013, she received her promotion and appointment as ETV's Senior Vice President.

Elvis B. Ancheta, Filipino, 48 years old, is GMA Network's Senior Vice President and Head of Engineering Group. He is concurrently the Head of Transmission and Regional Engineering Department of the Network.

Engr. Ancheta is a member of the Society of Broadcast Engineers and Technicians of the Philippines and the Institute of Electronics and Communications Engineers of the Philippines, Inc. He was also GMA's principal representative to the Technical Working Group chaired by the National Telecommunications Commission for the drafting of the Digital Terrestrial Television Broadcasting - Implementing Rules and Regulations.

Engr. Ancheta earned his Bachelor of Science in Electronics and Communications Engineering degree from Saint Louis University in Baguio City.

Significant Employees

Although the Company and its key subsidiaries have relied on, and will continue to rely on, the individual and collective contributions of their executive officers and senior operational personnel, the Company and its key subsidiaries are not dependent on the services of any particular employee.

Family Relationships

Michael John R. Duavit is the brother of Gilberto R. Duavit, Jr., and Joel Marcelo G. Jimenez and Laura J. Westfall are siblings. Anna Teresa M. Gozon-Abrogar is the daughter of Felipe L. Gozon. Felipe L. Gozon's sister, Carolina L. Gozon-Jimenez, is the mother of Joel Marcelo G. Jimenez and Laura J. Westfall.

Involvement in Certain Legal Proceedings

To the best of the Company's knowledge, during the past five years and up to date, there had been no occurrence of any of the following events which are material to an evaluation of the ability or integrity of any director, person nominated to become a director, executive officer, or control person of the Company:

- Any filing of an insolvency or bankruptcy petition by or against any business of which such person was a general partner or executive officer, either at the time of the insolvency or within two years prior to that time;
- Any conviction by final judgment in a criminal proceeding, domestic or foreign, or any pending criminal proceeding, domestic or foreign, of any such person, excluding traffic violations and other minor offenses;
- Any final and executory order, judgment, or decree of any court of competent jurisdiction, domestic or foreign, against any such person, permanently or temporarily enjoining, barring, suspending, or otherwise limiting involvement in any type of business, securities, commodities, or banking activities; and,
- Any final and executory judgment of any such person by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC, or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, for violation of a securities or commodities law.

Resignation of Directors

Ms. Judith R. Duavit-Vazquez resigned as Director of the Company in 2015.

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual meeting of the Company because of a disagreement with the Company on matters relating to the Company's operations, policies and practices.

Certain Relationships and Related Transactions

Advances to Affiliates

The Company has, from time to time, made advances to certain of its affiliates. The advances are non-interest bearing.

The Company made advances to Mont-Aire in the amount of P121.4 million as of December 31, 2004. Of such advances, the Company converted the amount of P38.3 million into P38.3 million worth of common shares of Mont-Aire. Simultaneously, the other shareholders of Mont-Aire, namely, Group

Management and Development, Inc., Television International Corporation and FLG Management and Development Corporation converted advances in the aggregate amount of P23.5 million made by them to Mont-Aire into P23.5 million worth of common shares of Mont Aire. The SEC approved the conversion of the advances into equity on February 17, 2006. The Company owns 49% of Mont-Aire, with the remaining 51% being owned by the Duavit family, Gozon family and Jimenez family. Mont-Aire is a real estate holding company whose principal property is a 5.3 hectare property located in Tagaytay, Cavite. Such property is not used in the broadcasting business of the Company. As of December 31, 2014 and 2013, Mont-Aire has had advances owing to the Company in the amount of P87.6 million and P84.5 million, respectively. Please see Note 20 of the Company's financial statements.

Agreements with RGMA Network, Inc. ("RGMA")

The Company has an existing agreement with RGMA for the latter to provide general management, programming and research, events management, on-air monitoring of commercial placements, certificates of performance, billing and collection functions, and local sales service for the 25 radio stations of the Company. RGMA is paid management and marketing fees based on billed sales. Please see Note 20 of the Company's financial statements.

Agreements with GMA Marketing and Productions, Inc. ("GMA Marketing")

The Company entered into a marketing agreement with its wholly-owned subsidiary, GMA Marketing wherein GMA Marketing agreed to sell television advertising spots and airtime in exchange for which GMA Marketing will be entitled to a marketing fee and commission. Apart from this, the Company likewise engaged the services of GMA Marketing to handle and mount promotional events as well as to manage the encoding, scheduling of telecast/broadcast placements and subsequent monitoring of sales implementations for which GMA Marketing is paid a fixed monthly service fee. Please see Note 20 of the Company's financial statements.

Belo Gozon Elma Parel Asuncion & Lucila Law Office

The Company and the law firm of Belo Gozon Elma Parel Asuncion & Lucila entered into a retainer agreement in 1993 under which Belo Gozon Elma Parel Asuncion & Lucila was engaged by the Company as its external counsel. As such external counsel, Belo Gozon Elma Parel Asuncion & Lucila handles all cases and legal matters referred to it by the Company. Other than Felipe L. Gozon, who is part of the Gozon Family, one of the principal shareholders of the Company, and director of the Company since 1975, some of the lawyers of Belo Gozon Elma Parel Asuncion & Lucila eventually assumed certain positions and functions in the Company either in their individual capacities or as part of the functions of Belo Gozon Elma Parel Asuncion & Lucila as the Company's external counsel. Please see Note 20 of the Company's financial statements.

Item 6. Compensation of Directors and Executive Officers

(a) CEO and Top 5 Compensated Executive Officers:

The following are the Company's highest compensated executive officers:

Name and Position

Felipe L. Gozon	Chairman and CEO
Gilberto R. Duavit, Jr.	President and COO
Felipe S. Yalong	Executive Vice President and CFO

Marissa L. Flores Senior Vice President, News and Public Affairs
 Jessica A. Soho First Vice President, News Programs

			Year	Annual salaries (in Thousands)	13th Month & Bonuses (in Thousands)	Total (in Thousands)
5 Highest Officers	Compensated		2012	75,335.3	57,615.6	132,951.0
			2013	91,658.4	52,829.9	144,488.3
			2014	101,691.8	40,024.6	141,716.4
			2015 (estimate)	105,759.5	41,625.6	147,385.1
Aggregate compensation paid to all officers and directors as a group			2012	122,618.2	94,243.7	216,862.0
			2013	143,999.7	89,917.5	233,917.2
			2014	149,809.5	49,676.9	199,486.4
			2015 (estimate)	155,801.9	51,663.9	207,465.8

(a) Directors and other Executive Officers

Section 8 of Article IV of the Company's By-Laws provides that as compensation of the directors, the Members of the Board shall receive and allocate yearly an amount of not more than two and a half percent (2.5%) of the net income after income tax of the corporation during the preceding year. Of the said 2.5%, one percent (1%) shall be allocated to the members of the Board of Directors to be distributed share and share alike. The remaining one and a half percent (1.5%) shall be allocated to the members of the Executive Committee to be distributed share and share alike.

Employee Stock Ownership Plan ("ESOP")

The Company has no outstanding options or warrants held by its CEO, the named executive officers, and all officers and directors as a group.

Item 7. Independent Public Accountants

- (a) SyCip Gorres Velayo & Co. has acted as the Company's external auditors since 1994. The same accounting firm is being recommended for re-election at the scheduled annual meeting.
- (b) Representatives of SGV & Co. for the current year and for the most recently completed fiscal year are expected to be present at the Annual Stockholders' Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

The Company only became publicly listed with the Philippine Stock Exchange on July 30, 2007. Pursuant to Rule 68 paragraph 3 (b) (iv), the Company has engaged Mr. Ramon D. Dizon, partner of SGV & Co., to sign the Company's 2014 audited financial statements.

- (c) Changes in and disagreements with accountants on accounting and financial disclosure

The Company has not had any disagreements on accounting and financial disclosures with its current external auditors during the two most recent fiscal years or any subsequent interim period.

Sycip Gorres Velayo & Co. has no shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Company. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

- (d) The aggregate fees billed for each of the last two years for professional services rendered by Sycip Gorres Velayo and Co., amounted to ₱6.0 million both in 2014 and 2013 (these included the fees related to financial audit and services for general tax compliance). No other fees of any nature were paid.
- (e) The Company's Audit and Risk Management Committee was formed in 2007 and was formally organized during the latter portion of that year. The Audit and Risk Management Committee reviews the fee arrangements with the external auditor and recommends the same to the Board of Directors. The Audit and Risk Management Committee has recommended the appointment of Sycip Gorres Velayo and Co., as the external auditor of the Company.

The members of the Audit Committee are as follows:

Dr. Jaime C. Laya (*Chairman*)
Chief Justice Artemio V. Panganiban
Anna Teresa M. Gozon-Abrogar
Judith D. Vazquez
Laura J. Westfall

Item 8. Authorization or Issuance of Securities Other than for Exchange

There are no matters or actions to be taken up in the meeting with respect to authorization or issuance of securities.

Item 9. Modification or Exchange of Securities

There are no matters or actions to be taken up in the meeting with respect to the modification of any class of the Company's securities or the issuance or authorization for issuance of one class of the Company's securities in exchange for outstanding securities of another class.

Item 10. Financial and Other Information

In connection with Item 9 hereof, the Company has incorporated by reference the following as contained in the Management Report prepared in accordance with Rule 68 of the Securities and Regulation Code:

- 1) Audited Financial Statements for December 31, 2014 and 2013;
- 2) Management Discussion and Analysis or plan of operation; and
- 3) Information on business overview, properties, legal proceedings, market price of securities, and dividends paid out, corporate governance, corporate social responsibility.

Item 11. Mergers, Consolidations, Acquisitions and Similar Matters

No action is to be taken with respect to the mergers, consolidations, acquisitions and similar matters.

Item 12. Acquisition or Disposition of Property

No action is to be taken with respect to the acquisition or disposition of any property.

Item 13. Restatement of Accounts

No action is to be taken with respect to the restatement of any asset, capital or surplus account of the Company.

D. OTHER MATTERS**Item 14. Action with Respect to Reports**

- (a) Approval of the Annual Report of Management and the Audited Financial Statements for the year ending December 31, 2014.
- (b) Approval of the Minutes of the 2014 annual meeting of the Stockholders held on May 21, 2014, covering the following salient matters:
 - (i) Approval of the Minutes of the annual meeting of the stockholders on May 15, 2013
 - (ii) Annual Report of the Chairman and Chief Executive Officer
 - (iii) Financial Report
 - (iv) Ratification of all acts of the Board of Directors and the Executive Committee
 - (v) Amendment of the Articles of Incorporation to state the specific address of the Corporation's principal office pursuant to SEC MC No. 6, Series of 2014
 - (vi) Election of the Members of the Board of Directors, including the Independent Directors
 - (vii) Election of the External Auditor

- (c) Ratification of the acts of the Board of Directors/Corporate Officers, summarized as follows:

All acts and resolutions of the Board of Directors and Management for the period covering May 21, 2014 to May 20, 2015 adopted in the ordinary course of business, summarized as follows:

- Approval of the Minutes of the organizational meeting of the Board of Directors on May 21, 2014
- Approval of the Minutes of the regular meetings of the Board of Directors covering the following matters:

- Appointment of signatories;
- Approval of borrowings, opening of accounts and bank transactions;
- Appointment/Election of Officers;
- Approval of the record date and venue of the Annual Stockholders' Meeting;
- Appointment of Michael John R. Duavit as Director to serve for the unexpired portion of the term of Ms. Judith R. Duavit-Vazquez;
- Approval and release of the financial statements for the year ended December 31, 2014.

Item 15. Matters Not Required to be Submitted

All actions or matters to be submitted in the meeting will require the vote of the security holders, as follows:

Item 16. Amendment of Charter, By-Laws or Other Documents

No action is to be taken with respect to any amendment of the registrant's charter, by-laws or other documents.

Item 17. Other Proposed Action

- (a) Ratification of the Acts of the Board of Directors/Corporate Officers (as enumerated in Item 14 part c) including:
 - (i) Declaration by the Board of Directors on March 30, 2015 of cash dividends to stockholders of record as of April 24, 2015 and payment date on May 19, 2015.
- (b) Election of the Members of the Board of Directors, including two independent directors for the ensuing calendar year
- (c) Election of the External Auditor

Item 18. Voting Procedures

- (a) Vote Required: Motions, in general, require the affirmative vote of a majority of the shares of the Company's common stock present and/or represented and entitled to vote. However, under Philippine law, certain proposed actions may require the vote of at least two thirds (2/3) of the outstanding capital stock of the Company. The manner of voting is non-cumulative, except as to the election of directors.

- (b) Method: *Straight and cumulative voting*. In the election of directors, the nine (9) nominees garnering the highest number of votes shall be elected directors. The stockholder may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected, or he may distribute them on the same principle among as many candidates as he shall see fit; provided, the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.
- (c) The Corporate Secretary shall be responsible for counting votes based on the number of shares entitled to vote owned by the stockholders who are present or represented by proxies at any meeting of the stockholders, in the presence of the Company's external auditor.

Other than the nominees' election as directors, no director, executive officer, nominee or associate of the nominees has any substantial interest, direct or indirect by security holdings or otherwise in any way of the matters to be taken upon during the meeting. The Company has not received any information that an officer, director or stockholder intends to oppose any action to be taken at the Annual Stockholders' Meeting.

Upon written request of the stockholders, the Company undertakes to furnish said stockholder with a copy of the SEC Form 17-A free of charge. Any written request for a copy of the Sec Form 17-A shall be addressed to the following:

GMA NETWORK, INC.
9/F GMA NETWORK CENTER
EDSA corner Timog Avenue
Diliman Quezon City

Attention: RONALDO P. MASTRILI
SENIOR VICE PRESIDENT, FINANCE AND ICT

The Company also undertakes to provide the first quarter interim financial report (period ended March 31, 2015) during the annual stockholder's meeting.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on April ____, 2015.

GMA NETWORK, INC.

By:

ROBERTO O. PAREL
Corporate Secretary

MANAGEMENT REPORT

I. BUSINESS OVERVIEW

GMA Network, Inc. is a free-to-air broadcasting company principally engaged in television and radio broadcasting, the production of programs for domestic and international audiences, and other related businesses. The Company derives the majority of its revenues from advertising related to television broadcasting.

The Company's Congressional television broadcasting franchise was renewed on March 20, 1992 through Republic Act 7252, which allows it to operate radio and television facilities in the Philippines for 25 years. GMA Network has 47 VHF and 33 UHF TV stations throughout the Philippines with its signal reaching approximately 99% of the country's Urban TV Households (Source: 2014 AGB Nielsen Total Philippines Establishment Survey; Claimed reception among TV homes).

In 2014, GMA Network, Inc. maintained leadership in TV Ratings in the viewer-rich areas of Urban Luzon and Mega Manila. The Company posted decreases in its gross revenues and net income for 2014 versus 2013.

GMA Network's international operations continued to expand during the year. The Company's international syndication and distribution business likewise grew in 2014.

GMA SUBSIDIARIES, JOINT VENTURE AND AFFILIATES

The Company's subsidiaries and affiliates are involved in media-related services such as movie making, sets and props construction, film syndication, music and video recording, new media, online gaming, post production services, and marketing, which complement the Company's core television and radio broadcasting business.

The following table shows the Company's holdings in its principal subsidiaries, joint ventures and affiliates as of December 31, 2013:

COMPANY	OWNERSHIP	PRINCIPAL ACTIVITIES
Subsidiaries		
GMA New Media, Inc. (NMI)	100%	Converging Technology
Citynet Network Marketing and Productions, Inc.	100%	Television entertainment production
GMA Network Films, Inc.	100%	Film production
GMA Worldwide (Philippines), Inc.	100%	International marketing, handling foreign program acquisitions and international syndication of the Parent Company's programs
RGMA Marketing and Productions, Inc. (GMA Records)	100%	Music recording, publishing and video distribution
Scenarios, Inc.	100%	Design, construction, maintenance and storage of sets for TV, stage plays and concerts; transportation services
Script2010, Inc. (Script2010)*	100%	Design, construction and maintenance of sets for TV, stage plays and concerts; transportation and manpower

		services
Alta Productions Group, Inc.	100%	Pre- and post-production services
GMA Marketing & Productions, Inc. (GMPI)	100%	Exclusive marketing and sales arm of GMA's airtime; events management; sales implementation; traffic services and monitoring
Mediamerge Corporation**	100%	Business development and operations for the Company's online publishing/advertising initiatives
Digify, Inc. (Digify)**	100%	Crafting, planning and handling advertising and other forms of promotion including multi-media productions
Joint Ventures		
INQ7 Interactive, Inc.	50%	Internet publishing
Philippine Entertainment Portal, Inc. (PEP)**	50%	Internet publishing
Gamespan, Inc.**	50%	Sports betting and broadcasting
Affiliates		
Mont-Aire Realty and Development Corp.***	49%	Real estate
RGMA Network, Inc.	49%	Radio broadcasting and management

Notes:

* Indirectly owned through Citynet Network Marketing and Productions, Inc.

** Indirectly owned through GMA New Media, Inc.

*** 49% owned by GMA Network, Inc.

COMPETITION

The Company currently competes for audiences and advertising revenues directly with other broadcast stations, radio stations, newspapers, magazines, cable television, and outdoor advertising within their respective markets.

The Following table presents major broadcasting networks in the country:

Network	Description		2014 Ratings & Audience Share (Total day; 6AM-12MN)		
			Mega Manila	Urban Luzon	Urban National
GMA		Household Ratings	14.1	13.4	12.0
		Audience Share	37.6	36.4	33
ABS-CBN	Radio and TV broadcasting network and multimedia company. Founded in 1953, and is the first television station in the Philippines.	Household Ratings	10.8	11.6	12.7
		Audience Share	28.8	31.3	35.1
GNTV	GMA Network's sister channel. It is programmed by GMA. GMA NEWS TV (GNTV) was launched on February 28, 2011.	Household Ratings	2.1	1.8	1.6
		Audience Share	5.6	5.0	4.4

Network	Description		2014 Ratings & Audience Share (Total day; 6AM-12MN)		
			Mega Manila	Urban Luzon	Urban National
TV5	Third-oldest TV network in the country, with main broadcast facilities in Novaliches, Quezon City. On March 2, 2010, Mediaquest acquired 100 percent ownership of the Associated Broadcasting Company and Primedia Inc., the broadcasting firm's major block airtimer.	Household Ratings	4.1	3.7	4.0
		Audience Share	10.9	10.1	10.9
SOLAR TV/ ETC (RPN)/ Solar News (RPN) *	Radio Philippines Network (RPN 9) is a Philippine VHF television network of the Government Communications Group. On November 29, 2009, the network re-branded again under the new name Solar TV on RPN. *Solar TV went off air on February 26, 2011 and was re-launched as ETC (RPN) on March 2, 2011. It was re-launched anew as Solar News (RPN) on November 30, 2013, then was replaced by 9TV (RPN) starting Aug. 23, 2014.	Household Ratings	0.2	0.2	0.2
		Audience Share	0.6	0.5	0.5
Studio 23/ ABS-CBN Sports + Action **	Sister network to the main ABS-CBN Broadcasting Corporation, airing programming aimed towards young adults, such as North American imports and other English language programming. **Studio 23 was re-launched as ABS-CBN Sports + Action on January 18, 2014	Household Ratings	1.0	1.2	1.3
		Audience Share	2.6	3.1	3.4
National Broadcasting Network	Official government TV, formerly called Maharlika Broadcasting System, Inc. and later the People's Television Network, Inc. (PTV).	Household Ratings	0.2	0.2	0.2
		Audience Share	0.7	0.5	0.5
Intercontinental Broadcasting Corporation (IBC 13)	IBC-13 is a VHF TV station of the Government Communications Group launched in 1975 by Roberto Benedicto.	Household Ratings	0.1	0.1	0.1
		Audience Share	0.3	0.3	0.3
Southern Broadcasting Network Solar News Channel/ TALK TV (SBN)/ ETC (SBN) ***	On January 1, 2008, Solar Entertainment Corporation's entertainment channel ETC aired on this station. ***SBN was launched as Talk TV (SBN) on March 3, 2011 and was later replaced by Solar News Channel on October 30, 2012. This channel was re-launched anew as ETC (SBN) on November 30, 2013	Household Ratings	0.1	0.1	0.1
		Audience Share	0.2	0.2	0.2
RJTV (2 nd Ave.)	RJTV is a UHF free to air television channel owned and operated by Rajah Broadcasting Network, Inc. owned by Ramon "RJ" Jacinto. Solar is also programming 2 nd Ave.	Household Ratings	0	0	0
		Audience Share	0	0	0

NOTE: Ratings data are based on the Nielsen Television Audience Measurement (TAM).

INTERNATIONAL DISTRIBUTION

The Company's television programs are distributed outside the Philippines in two ways. One is through its subscription-based international channels – GMA Pinoy TV, GMA Life TV, and GMA News TV International – and the other is through GMA Worldwide (Philippines), Inc. (GWI), a wholly-owned subsidiary of the Company. GWI distributes GMA's locally produced programs on all platforms through worldwide syndication sales to broadcasters/companies in China, Southeast Asia, Africa, and Europe.

GMA PINOY TV

The Company operates GMA Pinoy TV through which it offers subscription-based programs internationally. Launched in 2005, GMA Pinoy TV delivers to an international audience the Company's most popular news and public affairs and general entertainment programs.

GMA Pinoy TV is currently available in 50 states in the United States including Alaska and Hawaii, plus Puerto Rico and Washington DC; Canada; Japan; Guam; Saipan; Hong Kong; Singapore; Papua New Guinea; Australia; the British Indian Territory of Diego Garcia; Madagascar; Malaysia; Palau; Haiti; 16 countries in the Middle East including the key territories of the Kingdom of Saudi Arabia, United Arab Emirates, Qatar, Bahrain, and Kuwait; and 11 countries in North Africa. GMA Pinoy TV aims to establish global exposure and presence for the Network that will bring the company's programs to Filipino communities around the world.

Under the carriage and licensing agreements with international cable carriers, the Company generally receives a portion of the subscription fees and is also allocated a certain number of advertising minutes through which the Company may sell advertising spots, which it does, through its subsidiary, GMA Marketing and Productions, Inc. (GMPI). GMPI also participates in joint promotions with various carriers for the marketing of GMA Pinoy TV.

As of December 2014, GMA Pinoy TV's subscriber base closed at 278,000 – a 4% increase over the 2013 closing subscriber number of 267,000. GMA's subscriber base continues its steady growth despite the business challenges brought by overall industry and marketplace factors.

GMA LIFE TV

Three years after the success of GMA Pinoy TV, GMA Life TV, GMA Network's second international channel, was launched. More than just offering mainstream entertainment, GMA Life TV engages more viewers with its exciting line-up of heart-warming and innovative programs that feature the Filipinos' lifestyle and interests.

GMA Life TV is available in the United States, Canada, Guam, Hong Kong, Japan, Australia, Papua New Guinea, Madagascar, Malaysia, Palau, Saipan, Singapore, 16 countries in the Middle East and 11 countries in North Africa. As of December 2014, GMA Life TV's subscriber base closed at 91,000 – a 7% increase over the 2013 closing number of 85,000.

GMA NEWS TV INTERNATIONAL

In September 2011, GMA Network began distributing GMA News TV International in order to provide overseas Filipinos with the latest, most comprehensive, and most credible news coverage from the Philippines. It offers internationally acclaimed and award-winning news and public affairs programs with 7 to 8 hours of original content daily.

It is now available in Canada, Middle East, North Africa, Australia, Guam, Saipan, Japan, Malaysia, Madagascar, Singapore and Palau. As of December 2014, GMA News TV International's subscriber base closed at 21,000 – a 61% increase over the 2013 closing number of 13,000.

CONVERGING TECHNOLOGY

GMA New Media, Inc. (GMA NMI) is a multimedia technology, value-added service provider. A wholly owned subsidiary of GMA Network, Incorporated, it has launched category-breaking projects in web, mobile, digital television and other emerging platforms. Since its inception in July 2000, it has embarked on a sure-footed foray into the dynamic world of new media.

GMA NMI AS GMA'S FUTURE-PROOFING AGENT

GMA NMI functions as GMA Network's research and development (R&D) unit and innovation center. It is the *de facto* future-proofing agent of the Network tasked to spearhead the grand digital blueprint that will lay the foundation for audience loyalty and industry leadership in the digital era.

As such, NMI has been involved in all major projects across the various platforms that include the web, mobile, digital television and other emergent media.

WEB

Online Publishing

NMI launched GMA's official entertainment website, iGMA.tv, and its official news website, GMANews.tv. Both websites have won local and international acclaim as well as loyal patronage among Filipinos here and abroad.

In collaboration with various units in GMA Network, NMI launched in May 2014 a revamped portal, www.gmanetwork.com, the umbrella site for all things GMA. The revamp sought to improve the user experience of the website by making the site more sleek and accessible to a wider range of hand-held devices. The site is equipped with a system to detect the device and automatically adjust in ways that optimize viewing and browsing.

NMI's non-stop enhancements to the GMA portal enabled the site to sustain a steady upward trend in online metrics in 2014, particularly in terms of pageviews⁶ and unique browsers⁷. It is currently among the top three entertainment websites in the country based on recent data from Effective Measure, a third party online audience measurement service provider.

2014 also proved to be a year of marked improvements for GMA News Online (GNO) as web metrics showed gradual but consistent improvements throughout the year.

While GNO constantly ranked second among the sampled news sites of Effective Measure, persistence in making the site more competitive enabled it to shrink the lead that its main competitor, www.abs-cbnnews.com, has had for quite some time.⁸ GNO appears well poised to strengthen its position further in the news category as efforts to broaden readership base and to making the site more relevant and engaging are being implemented on an on-going basis.

⁶ Pageviews refers to an instance of an Internet user visiting a particular page on a website.

⁷ Unique Browser refers to a unique device (e.g. a computer or mobile phone) that has made requests for content to the site in the period being measured.

⁸ From the competitor's 65% lead in pageviews at the first half of 2014, GNO trimmed it down to 49%; in terms of unique browsers, it reduced the 56% first half lead down to 35% in the second half of the year.

NMI entered into a joint venture with Summit Media and launched PEP.ph, the leading showbiz news portal in the Philippines. It also launched SPIN.ph or Sports Interactive Network, currently the No. 1 sports website based on recent data from Effective Measure. NMI provides the technology back-end of said sites. The joint venture is a way for GMA to capture a bigger slice of the online audience share by targeting readers who are keen on sports and entertainment.

MOBILE

NMI pioneered interactive TV in the Philippines with the launch of SMS-TV services in "*Debate*" and *Startalk*, and Eat Bulaga's Cool Dudes segment. This laid the foundation for succeeding SMS-TV initiatives that carried NMI through several years of growth and profit.

NMI also introduced SMS technology to Philippine broadcast TV and was the first to launch an interactive chat and gaming show called *Txtube*.

NMI launched *Fanatxt*, a mobile-based celebrity portal for Kapuso stars, considered as one of the most successful mobile VAS services ever launched locally.

NMI broke new ground with the launch of *Teledrama Text Saya*, the first ever mobile point of purchase promo for GMA's primetime shows done in partnership with GMPI.

NMI also developed the GMA News Online iOS and Android mobile apps that sport a new user interface to keep up with current design trends. The mobile apps allow people easy access to GMA content using their handheld devices. The GMA portal mobile app has also been recently launched and is expected to be the perfect mobile companion to the top-rating GMA shows.

CONVERGENT MEDIA

NMI works closely with GMA Marketing and Promotions, Incorporated (GMPI) in the launch of innovative convergent media campaigns such as *Win Mo Kapuso* and *Win Mo Pamasko*. The combination of TV plus new media has become a valuable strategic offering for clients in terms of ensuring the widest possible reach for both online and offline audiences.

YouScoop is NMI's joint initiative with GMA News and Public Affairs (NPA) that aims to promote citizen journalism and vigilance. YouScoop helps empower the people to provide information and news when and where it happens. Users can send information, photographs, videos and even audio recordings of newsworthy events wherever and whenever they may be through the app. A team of editors chooses items that will be featured in the YouScoop page on GMA News Online, while significant contributions that merit public broadcast are aired on any one of the GMA News and Public Affairs programs.

In collaboration with GMA NPA, NMI launched **IM Ready**, a one-stop online portal for public safety information to aid in traffic and disaster awareness and preparedness. The project aims to provide the public with timely and relevant information to minimize risks and better prepare them during emergency situations. It also enables the public to plan their routes and itineraries. IM Ready can be accessed on the internet and can be downloaded as an app in both iOS and Android.

In view of making IM Ready a cutting-edge application, NMI sealed an exclusive media partnership agreement with Google-owned Waze, a leading social GPS navigation system that provides crowd-sourced traffic information and real-time maps. Waze allows subscribers to share real-time traffic and road information that enables people to save time and gas money on their daily commute. By connecting drivers to one another, the app helps people create local driving communities that work together to improve the quality of everyone's daily driving.

The popularity of the IM Ready app can be gleaned from its consistent high rank in both the Apple App Store and Google Play. Since its launch, it has always ranked among the top 5 apps in both the News Category of the Apple App Store and in the News and Magazine Category of Google Play.

NMI will soon incorporate traffic cameras and MRT platform cameras on the IM Ready web and mobile applications. Negotiations with the local government units of Manila, Las Pinas and Pasig to broaden IM Ready's network of traffic cameras and include feeds from the Bureau of Fire Prevention, are underway. These are set for launch this year.

BROADCAST

Election Coverage

NMI has maintained its track record of providing GMA News and Public Affairs with speedy and accurate delivery of elections results using the latest technologies for the Eleksyon 2013 coverage. NMI spearheaded the count operations in PPCRV by acquiring, extracting, and prioritizing data from the COMELEC before sending it to GMA for processing.

To achieve multi-screen pervasiveness, NMI provided the most comprehensive election count data across all platforms—from television, mobile and the internet. The team deployed its *proprietary search engine* that enabled users of GMA News Online and its mobile app (in both Android and iOS) to retrieve election count data in the Search Results. While all the other websites and apps were incapable of integrating the count results in their search, our proprietary search returned the most relevant results for all candidates during election time.

NMI will serve the same function of ensuring fast and accurate delivery of elections results in the upcoming 2016 elections.

Digital TV

In collaboration with the Office of the President and GMA Engineering, NMI has been involved in the development of GMA's Digital TV strategy. Efforts are underway to conduct testing for the service soon.

NMI AS BUSINESS CENTER

NMI created two subsidiaries to fulfill its role as a business center.

The first is **MediaMerge, Incorporated**, the online publisher of GMA News Online. MediaMerge takes charge of online advertising sales.

MediaMerge ended 2014 on a positive note by achieving P53 million in total online sales as it earned P23.4 million more versus 2013. The variance translates to a 79% year-on-year growth. The increase is attributed to the strategic and aggressive use of social media, and to enhancements that have made the websites more intuitive, relevant and reader-friendly.

Designed to specialize in digital media, GMA NMI established **Digify, Incorporated**. Digify is a digital agency that handles research and development (R&D) on emerging technologies. As a spin-off from GMA NMI's Techno-Creative Unit, the team's extensive experience in both traditional and emerging media helped establish its expertise in digital branding, digital communications, multi-media content production and convergent end-to-end media solutions. Digify has launched a number of trailblazing projects that include award-winning apps for major clients (done in collaboration with GMA Marketing and Promotions) and leading-edge apps for clients in the technology industry.

NMI AS GMA'S CONDUIT TO INDUSTRY PARTNERS

The Digital Age is marked by constant change and dynamism and favors those who can manage to always be way ahead of competition. It is in this context that NMI perceives its mandate to ensure that GMA Network is always at the leading edge in the digital space.

GMA NMI manages relationships with the major telecommunications companies in the Philippines and abroad, and with leading global brands such as Google, YouTube and Waze, to name some. It likewise serves as a conduit to advertising agencies and digital distribution partners meant to create new avenues for incremental revenue and expand the reach of GMA content, both in the local and international markets.

GMA NMI will seal a deal soon that makes use of a new content distribution platform. The platform, called *Over-the-Top* (OTT), is an IP-based⁹ format for content delivery. This new type of video-on-demand service will enable users to enjoy online streaming access and an offline viewing option of TV shows and movies. This service will optimize GMA's existing library of content and will allow Filipinos here and in the region to watch their well-loved GMA shows whenever they want, wherever they may be. The project has been in the works and is set to launch this year.

MOVIE PRODUCTION

GMA Network Films, Inc. was established in August 1995 to produce movies that cater to both the local and international markets. Its movie productions have reaped both critical acclaim and commercial success.

MUSIC AND VIDEO RECORDING

RGMA Marketing and Productions, Inc. (GMA Records) was incorporated in September 1997 and became operational in 2004 after the Company decided to reactivate its musical recording business through the "GMA Records" label. Since resuming operations, GMA Records has leveraged the Company's talent and media resources, releasing albums of various artists. It also partnered with sister company GMA Films and other major film production outfits to release their films on DVD. Likewise, it has introduced the network's top rating programs and blockbuster TV series into the home video market worldwide through GWI.

GMA Records works with GMA New Media and other local-based content providers and aggregators to take advantage of new revenue streams, particularly in the emerging market of digital music downloads. The company also secured non-exclusive mobile, web and kiosk-based deals with different content providers worldwide to continuously exploit the potentials of its music and video assets.

GMA Records publishes music and administers copyrights on behalf of composers. GMA Records is also actively pursuing publishing deals, building on its current catalog of original compositions. GMA Records serves as a clearing house and a source of music for the Company's television and film productions. It is also a member of FILSCAP, the Filipino Society of Composers, Authors and Publishers.

STAGE DESIGN

Scenarios, Inc. was incorporated in July 1996 and is engaged in transportation and warehousing services.

Script2010, Inc. was formally established in early 2010 as a subsidiary of Citynet Network Marketing and Productions, Inc. It engages in conceptual design and design execution through fabrication, construction, set-up and dismantling of sets, and creation of props. It also provides other related services such as live performances and events management, sales activation and promotion, and tradeshow exhibits.

⁹ IP (or Internet Protocol) -based distribution of television content uses the internet rather than traditional terrestrial, satellite signal or cable television as a format for content delivery.

Script2010, Inc. is also engaged in transportation, hauling and trucking services to further fulfill the needs of its clients. Other business units of **Script2010, Inc** are band/audio equipment rental, and facility support services to various GMA departments.

POST PRODUCTION

Alta Productions Group, Inc. was established in 1988 as a production house primarily to provide production services for the Network. Until the late 1990s, it operated a satellite studio in Makati, producing award-winning News and Public Affairs Programs for GMA Channel 7.

Today, Alta Productions Group's core business is audio dubbing and mixing for broadcast. Its fully digital audio recording and mixing studios is in sync with the Network's production requirements and broadcast standards. Aside from dubbing foreign content into the local vernacular for airing on the Network, Alta Productions Group also dubs station-produced content into English for international consumption.

In addition, Alta Productions Group's shoot and video post-production department produces TVCs, broadcast content, and documentaries for both local and international clients. Its creative group also provides concept development, staging, and activation services for various clients' on-ground activities.

Alta Productions Group is proud to be one of the few production houses capable of servicing the complete spectrum of shoot and post-production requirements all under one roof. From conceptualization, creatives, shoot, post-production, all the way to execution.

MARKETING AND SALES OF COMMERCIAL AIRTIME AND EVENTS

GMA Marketing and Productions, Inc. (GMPI) was established in August 1980 and is the exclusive marketing and sales arm for the Company's commercial television and radio airtime and events. GMPI, a wholly owned subsidiary of the Company, provides the link between the Network and the advertisers and advertising agencies.

GMPI provides the Company's clients with services such as multi-media local and global media packages, promotional programs and materials, creative products, digital executions, and events. Part of GMPI's sales and marketing strategies are the integrated multi-platform packages, customized on-air, on-ground and online media solutions, branded entertainment, and other advertising and media-led promotional campaigns.

EMPLOYEES

As of December 31, 2014, the Company has 2,598 regular and probationary employees, a 2% growth from 2013. The Company also engaged 2,601 talents in 2014, a 6% decrease from the previous year. GMA Network, Inc. recognizes one labor union, the GMA Network, Inc. Employees Union. The Collective Bargaining Agreement (CBA) for the cycle 2014-2019 took effect in July 2014.

II. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

The Management Discussion and Analysis provides a narrative of the Company's financial performance and condition that should be read in conjunction with the accompanying financial statements, which have been prepared in accordance with accounting principles generally accepted in the Philippines.

As discussed below, the Company's financial statements do not show any losses from operation and hence the Company has not taken any measures to address the same.

KEY PERFORMANCE INDICATORS

The Company uses the following measures to assess its performance from period to period.

Ratings

The performance of a program and/or network as a whole with respect to household ratings is the primary consideration for an advertiser in the Philippines to determine whether to advertise on a given program and/or network. AGB Nielsen, a media research firm, provides ratings to the Company on a subscription basis.

Load Factor

Load factor refers to the amount of advertising minutes aired during the breaks in a program as a percentage of the total minutes available for advertisement. The load factor is an indication of a program's or a timeblock's ability to sell advertising minutes. Load factor statistics are internally generated, although certain third parties monitor such statistics.

Signal reach/coverage

The ability to reach a greater number of viewers is a part of the Company's strategy to provide its advertisers with more value for their advertising expenditures. The Company frequently assesses its signal strength and coverage by conducting field intensity surveys and tests.

Subscriber count

Subscriber count is the key performance indicator for the Company's initiatives in the international cable arena to diversify its revenue base beyond advertising revenues. The number of subscribers to the Company's GMA Pinoy TV, GMA Life TV and GMA News TV International form the benchmark for measuring the success of this service. The Company makes internal assessments to determine the market potential for each new initiative and sets a subscriber count target accordingly.

Cost control

The Company is continuously searching for ways to control costs and to improve efficiency. The Company has established systems and procedures to monitor costs and measure efficiency and has launched various initiatives and activities in relation to these efforts.

FINANCIAL AND OPERATIONAL RESULTS

For the Year Ended December 31, 2014

GMA Network and its subsidiaries (GMA/the Company) concluded 2014 with consolidated revenues at ₱11,983 million, 7% or nearly a billion shy compared to prior year's ₱12,951 million top line. Without some ₱724 million worth of non-recurring revenues from the 2013 mid-term elections which boosted prior year's top line – revenues for the twelve-month period in 2014 nonetheless trailed behind albeit by only 2% or ₱244 million.

The Company incurred total operating expenses (OPEX) amounting to ₱10,574 million in 2014, yielding a flat growth vis-à-vis 2013 spending. In fact cash OPEX even contracted by ₱136 million or 1% which was offset by the hike in non-cash spending by ₱144 million.

With the foregoing results, consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) for 2014 concluded at ₱2,925 million, lower than last year by ₱794 million or 21% with the shortfall in the top line accounting for the drag. Similarly, consolidated net income sealed at ₱1,010 million, down ₱665 million or 40% year-on-year. The rise in non-cash operating expenses took its toll in further trimming down this year's bottom line.

Income Data	2014 (in millions PhP)	2013 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Revenues				
Television and radio airtime	10,678.9	11,726.8	(1,047.9)	-9%
Production and others	1,304.0	1,224.1	79.9	7%
	11,982.9	12,950.9	(968.0)	-7%
Total operating expenses	10,573.8	10,565.3	8.4	0.1%
EBITDA	2,924.5	3,718.2	(793.7)	-21%
Net income	1,009.5	1,675.0	(665.5)	-40%
Attributable to Equity Holders of Parent Company	1,004.7	1,666.9	(662.3)	-40%
Noncontrolling interest	4.9	8.0	(3.2)	-39%

Revenues

Consolidated revenues for the year 2014 reached ₱11,983 million, lower than prior period by 7% or ₱ 968 million as 2013 top line was boosted by the windfall from the mid-term elections that year. Airtime revenues provided the drag with a 9% drop partly cushioned by the rise in revenues from other sources which grew by 7%.

Revenues	2014 (in millions PhP)	2013 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Television and radio airtime	10,678.9	11,726.8	(1,047.9)	-9%
Production and others	1,304.0	1,224.1	79.9	7%
	11,982.9	12,950.9	(968.0)	-7%

Airtime revenues pulled down combined topline, dropping by 9% or ₱1,048 million compared with 2013's full year performance. Biggest setback was seen in banner platform, Ch-7 which ended the year with a shortfall in revenues by 10%. After discounting the impact of political ads in 2013, the channel finished off only 4% less vs. recurring revenues of prior period.

Radio operations was more upbeat – while revenues remained flat year-on-year, the platform exhibited a 6% hike in sales vis-à-vis recurring revenues in 2013. On a more positive note, leading free-to-air news channel, GNTV-11 wrapped up with recurring revenues ahead of prior period by 6%. Lastly, sales from Regional TV operations edged 2013 results by 2% even after carving out election-related placements. Moreover, discounting the impact of pol ads, Regional TV improved sales from regular advertisers by 10% year-on-year.

Ratings-wise, GMA ended 2014 on a strong note as it ruled over competition in full year Urban Luzon and Mega Manila, according to the industry's widely-trusted ratings service provider Nielsen TV Audience Measurement.

Based on full year 2014 ratings, GMA reaffirmed its total day household shares supremacy in the viewer-rich areas of Urban Luzon and Mega Manila, while leading across all dayparts including the highly contested primetime slot in both areas.

In Urban Luzon, which accounts for 77 percent of the total urban TV households nationwide, GMA recorded an average total day household audience share of 36.4 percent, surpassing ABS-CBN's 31.3 percent by 5.1 points, and TV5's 10.1 percent by 26.3 points.

GMA also posted a commanding 37.6 percent in Mega Manila, higher than ABS-CBN's 28.8 percent by 8.8 points, and TV5's 10.9 percent by 26.7 points. Mega Manila represented 60 percent of all urban TV households in the country in 2014.

Moreover, GMA scored higher nationwide shares than rival networks in the daytime blocks based on data covering the entire year. In the morning block, GMA registered 31.7 percent against ABS-CBN's 29.9 percent and TV5's 12.9 percent; while in the afternoon block, GMA posted 34.8 percent versus ABS-CBN's 32.5 percent and TV5's 11.1 percent. GMA subscribes to the Nielsen TV Audience Measurement service, while ABS-CBN is the lone local major TV network that subscribes to Kantar Media, formerly known as TNS. Nielsen data is gathered through a greater number of sampled homes nationwide in comparison to Kantar Media.

In the meantime, revenues from other businesses showed improvements by recording a 7% or ₱80 million hike to ₱1,304 million compared to a year ago. The Company's international operations continued to gain ground worldwide with revenues climbing by 10% as GMA Pinoy TV, GMA Life TV and GMA News TV International grew subscriber count by 4%, 8% and 59%, respectively. While the US remained the biggest area of concentration, Canada has been the primary source of growth for the platform in terms of new subscribers.

At the same time, audiences in Vietnam, Cambodia, Malaysia, and Nigeria, to name a few, continue to enjoy popular *Kapuso* programs as GMA Worldwide, the global content distribution and acquisition arm of the Network, sold an aggregate 2,052 hours of locally-produced programs and movies, consequently increasing distribution revenues by 21% year-on-year. These were however partly weighed down by the decline in theatrical receipts as there were far less movies produced by GMA Network Films, Inc. in 2014 compared to previous year.

Expenses

Total operating expenses for the year amounted to ₱10,574 million, about the same as 2013's ₱10,565 million. Total direct costs (cash and non-cash production costs) in fact even contracted by ₱346 million or 6%, but was equalized by the escalation in general and administrative expenses (GAEX) by ₱354 million or 8%.

Production costs (both cash and non-cash) comprising 53% of total costs wrapped up at ₱5,552 million, lower than previous year by ₱346 million or 6%. Cash production cost settled at ₱4,600 million even below 2013 spending by ₱444 million or 9%. This was partly offset by the rise in non-cash direct cost by ₱98 million or 12%. In particular, amortization of program rights grew by ₱81 million or 14% to ₱647 million attuned to the change in programming mix during the early part of the year which featured canned movies in selected slots during the weekday evening and afternoon primetime blocks vice station-produced programs.

Production Costs	2014 <i>(in millions PhP)</i>	2013 <i>(in millions PhP)</i>	Inc/(Dec) <i>(in millions PhP)</i>	%
Talent fees	2,738.8	3,043.9	(305.0)	-10%
Rentals and outside services	740.4	819.2	(78.8)	-10%
Other program expenses	1,121.2	1,181.8	(60.6)	-5%
Sub-total - Cash Production Costs	4,600.4	5,044.8	(444.4)	-9%
Program rights amortization	646.7	565.4	81.3	14%
Depreciation and amortization	304.7	287.6	17.2	6%
Sub-total - Non-cash Production Costs	951.4	852.9	98.5	12%
Total production costs	5,551.8	5,897.7	(345.9)	-6%

General and administrative expenses (GAEX) by the end of the year wrapped up at ₱5,022 million, equivalent to a 8% or ₱354 million increase vs. the same period in 2013. Personnel cost was the main driver for the rise in spending brought about by the one-time signing bonus given to R&F employees in relation to the recently concluded Collective Bargaining Agreement and appreciation bonus granted to confidential employees. Without this non-recurring expense, total GAEX climbed by only 2%. Manpower count has practically remained at about the same level with only a 3% increase in regular employees between periods.

Taxes and licenses likewise scaled to ₱232 million, higher by ₱91 million or 65% due to the rise in business taxes and payout of prior years' tax deficiency assessments. These increases were partly cushioned by the reduction seen in Outside services such as advertising & promotions, marketing fees and research and survey and from lower Facilities costs particularly repairs & maintenance expenses.

Other increase in GAEX was seen in depreciation and amortization mostly in the Company's facilities, furniture and fixture and computers.

General and Administrative Expenses	2014 <i>(in millions PhP)</i>	2013 <i>(in millions PhP)</i>	Inc/(Dec) <i>(in millions PhP)</i>	%
Personnel costs	2,528.8	2,170.2	358.6	17%
Outside services	422.2	507.7	(85.6)	-17%
Facilities costs	592.0	665.0	(73.0)	-11%
Taxes and licenses	231.9	140.7	91.2	65%
Others	751.5	734.2	17.2	2%
Subtotal - Cash GAEX	4,526.3	4,217.9	308.5	7%
Depreciation and amortization	471.6	417.9	53.7	13%
Provision for doubtful accounts	0.7	0.8	(0.1)	-16%
Amortization of software costs	23.4	31.0	(7.6)	-25%
Subtotal - Non-cash GAEX	495.6	449.7	45.9	10%
Total GAEX	5,022.0	4,667.6	354.4	8%

EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) sealed at ₱2,925 million, recording a 21% or ₱794 million reduction from prior year. Even as cash operating costs wrapped up lower in 2014 vs. a year ago, this was not enough to compensate for the shortfall in the topline

Net Income

Net income was pushed back to ₱1,010 million, down ₱665 million or 40% from 2013's ₱1,675 million with the reduction in revenues year-on-year as the main culprit.

Balance Sheet Accounts

Total assets as at end-2014 stood at ₱14,021 million, reflecting a 7% increase from end-2013's ₱13,084 million.

Cash and cash equivalents dropped to ₱1,599 million, 9% or ₱151 million less than the ₱1,750 million recorded as at December 31, 2013. On the other hand, trade and other receivables sealed at ₱4,805 million, 36% higher than previous year. Trade days-sales-outstanding (DSO) closed the year 2014 at 114 days, 22 days longer than the recorded DSO of 92 days at end-2013.

Total liabilities climbed by 36% or ₱1,529 million as at end-December this year to ₱5,787 million from ₱4,529 million in 2013 mainly from additional availments of short-term loans from ₱1,107 million last year to ₱2,223 million as at end-2014.

Equity attributable to Parent Company stockholders of ₱8,191 million dipped by 7% or ₱598 million in between years arising from dividend declared in 2014 of ₱1,312 million aggravated by lower net income earned during the year.

Cash Flows	2014 <i>(in millions PhP)</i>	2013 <i>(in millions PhP)</i>
Net cash provided by operating activities	661.7	3,055.3
Net cash used in investing activities	(552.8)	(666.1)
Net cash used in financing activities	(262.0)	(1,941.7)
Effect of exchange rate changes on cash and cash equivalents	2.3	14.8
Net increase (decrease) in cash and cash equivalents	(150.8)	462.3
Cash and cash equivalents at beginning of period	1,749.6	1,287.3
Cash and cash equivalents at end of period	1,598.8	1,749.6

Operating Activities

Net cash from operations registered at ₱662 million in 2014. This resulted from income before income tax of ₱1,457 million adjusted mainly by depreciation expense of ₱776 million, program and other rights usage of ₱647 million, pension expense of ₱163 million, interest expense and financing charges of ₱36 million and amortization of software costs of ₱31 million apart from the changes in working capital. The primary components of the changes in working capital included the ₱1,289 million increase in trade and other receivables partly offset by the ₱149 million rise in trade payables and other current liabilities.

Investing Activities

Net cash used in investing activities amounted to ₱553 million, coming primarily from the ₱599 million net additions to property and equipment and ₱22 million worth of software costs. These were partly offset by the ₱75 million and ₱2 million proceeds from sale of property and equipment and investment properties, respectively.

Financing Activities

Net cash used in financing activities amounted to ₱262 million basically due from the loan payment of ₱1,107 million and cash dividend payout amounting to ₱1,311 million during the year plus some ₱35 million in interest expense netted by ₱2,192 million remaining proceeds from short-term loans.

FINANCIAL AND OPERATIONAL RESULTS

For the Year Ended December 31, 2013

Buoyed by election-related advertisements during the first half of the year, GMA Network, Inc. and its subsidiaries (GMA/the Company) sealed 2013 consolidated revenues at ₱12,951 million, ahead by 7% over last year. Airtime sales which comprised 91% of total revenues grew by ₱879 million or 8% year-on-year. On the other hand, revenues from other businesses slightly dipped by ₱14 million or 1%.

Spending-wise, the Company hiked total operating expenses to ₱10,565 million, up ₱762 million or 8% against a year ago. Production cost drove the increase in the pursuit of mounting value-creating and high-caliber programs as well in delivering one of the most comprehensive 2013 election coverages via *Eleksyon 2013*. In the same manner, general and administrative expenses (GAEX) recorded growth, albeit at a low single-digit rate, owing mainly to the rise in facilities costs.

Earnings before interest, taxes, depreciation and amortization (EBITDA) closed at ₱3,718 million, recording an improvement of ₱297 million or 9% from a year ago. The rise was boosted by the improvement in this year's top line coupled with managed growth in cash operating costs. Bottom line attributable to equity holders of the Parent Company amounted to ₱1,667 million, ₱50 million or 3% higher compared to same period last year.

Income Data	2013 <i>(in millions PhP)</i>	2012 - as restated <i>(in millions PhP)</i>	Inc/(Dec) <i>(in millions PhP)</i>	%
Revenues				
Television and radio airtime	11,738.6	10,859.9	878.7	8%
Production and others	1,212.3	1,226.0	(13.8)	-1%
	12,950.9	12,085.9	864.9	7%
Total operating expenses	10,565.3	9,803.8	761.5	8%
EBITDA	3,718.2	3,421.2	297.0	9%
Net income	1,675.0	1,620.8	54.2	3%
Attributable to Equity Holders of Parent Company	1,666.9	1,616.9	50.1	3%
Noncontrolling interest	8.0	3.9	4.1	107%

Revenues

Consolidated revenues of ₱12,951 million overtook last year by 7% or ₱865 million. Airtime revenues drove the growth in the top line, boosted by election-related advertisements earlier this year amounting to about ₱724 million. On the other hand, revenues from other sources retracted by 1% or some ₱14 million in between periods.

Revenues	2013 <i>(in millions PhP)</i>	2012 - as restated <i>(in millions PhP)</i>	Inc/(Dec) <i>(in millions PhP)</i>	%
Television and radio airtime	11,738.6	10,859.9	878.7	8%
Production and others	1,212.3	1,226.0	(13.8)	-1%
	12,950.9	12,085.9	864.9	7%

Airtime revenues tipped ₱11,739 million recording an increase of ₱878 million or 8% vs. a year ago. Discounting incremental sales from political advocacies and advertisements, the improvement in regular airtime revenue inched up by a percentage point year-on-year.

Core channel, GMA 7 contributed the bulk of the Company's total revenues recording a 7% upswing from last year. Election-related placements for the channel were at ₱676 million this year vs. ₱62 million last 2012 -- without which, airtime sales from recurring load inched up by a hairline.

Meanwhile, Regional TV continued to pick up steam sealing the year with a top line hike of 27% versus comparative period. While local political ads pitched in incremental sales during the period, it was still the significant improvement in regular ad placements that propelled the platform's top line gains. Partly accounting for this increase were the opening of additional originating stations in the region during middle of 2012 and first quarter of 2013.

The Company also dominated viewer-rich Urban Luzon and Mega Manila in all dayparts in 2013, effectively keeping its commanding lead over rival networks, according to data from the industry's leading ratings service provider Nielsen TV Audience Measurement.

From January to December 2013, GMA recorded an average total day audience share of 36 percent in Urban Luzon, which makes up 76 percent of the total urban television households in the country, impressively ahead of ABS-CBN's 30.8 percent by 5.2 points and of TV5's 12.8 percent by 23.2 points. The Kapuso Network similarly kept its ratings edge in its bailiwick Mega Manila with a 37.2 percent average total day audience share. ABS-CBN trailed behind GMA by 8.4 points with 28.8 percent while TV5 was behind by 23.5 points with only 13.7 percent. Mega Manila notably accounts for 59 percent of all urban television households nationwide.

GMA captured majority in the list of top-performing programs (including specials) in Mega Manila with 17 out of 30. Following closely behind the Pacquiao-Rios fight and *Anna Karenina* in the top 10 are KMJS, *GMA Flash Report: Pangulong Aquino*, *Hindi Kami Nagnakaw at Hindi Kami Magnanakaw*, primetime soap *Mundo Mo'y Akin* and weekly drama anthology *Magpakailanman*.

GMA and TV5 subscribe to Nielsen TV Audience Measurement while ABS-CBN is the lone local major TV network that reportedly subscribes to Kantar Media, formerly known as TNS. In Mega Manila, Nielsen TV Audience Measurement gathers data based on a sample size of 1,190 homes as compared to Kantar Media's 770 homes. Meanwhile, Nielsen has a nationwide urban sample size of 2,000 homes, which is statistically higher than Kantar's sample size of 1,370.

The Company's second free-to-air channel, GNTV-11 was also on a roll as it wrapped up the year with the highest top line improvement percentage-wise equivalent to 34% more than a year ago. Barely aided by political ad placements during the period, the channel's increase was driven by the growth in recurring advertisements.

Meanwhile, its Radio business likewise edged last year's showing by pitching in revenues 11% better than 2012 contribution. Stripping election-related sales, Radio's revenues from regular advertising load still ended higher by 3% from last year.

Lastly, revenues from subsidiaries' operations and others recorded a reduction of ₱14 million or 1% by the close of the year. The Company's international operations registered moderate top line growth by 2% both in peso and dollar terms as the average forex rate remained about the same year-on-year. While subscriber count grew by 7% in North America which accounted for a little over 90% of the total subscriber base, a decline in subscriber take up was seen in the ASPAC and MENA regions, mainly due to transitioning of cable partners in view of improved margins in the long run. On the other hand, negating the slight gains posted by this segment, alongside with modest contribution from other subsidiaries, main drag came from the drop in theatrical receipts and other revenues of GMA Films. The outfit did not have any offering to the 2013 Metro Manila Film Festival (MMFF) vs. 2012 entries *Sosy Problems* and co-prod *Si Agimat, Si Enteng Kabisote and Me*. Moreover, there was only one movie produced in 2013, *My Lady Boss* in contrast to four last year, via *My Kontrabida Girl*, *The Witness*, *Boy Pick-up* and *Just One Summer*.

Expenses

Total operating expenses for the year amounting to ₱10,565 million edged last year by 8%. Total direct costs (cash and non-cash production costs) escalated by 13% while general and administrative expenses (GAEX) stood about the same as last year.

Production costs (both cash and non-cash) comprising 56% of total costs hiked 13% or ₱671 million in 2013 vs. last year. Cash production cost rose by ₱533 million or 12% while non-cash (amortization of film rights and depreciation related to production) climbed 19% or ₱138 million. Primetime weekday programs this year were more costly, with the yet another trailblazer in Philippine television via the highly-budgeted series *Indio*, staged during the first half of this year. In the same manner, there were more in-house produced shows in the weekend grid replacing last year's *Kapuso Movie Nights* i.e. the re-launch of the top-rating real-life drama program *Magpakailanman* early this year. The weekday late morning block likewise carried more station-produced programs vice canned programs. Lastly, the comprehensive and timely delivery of the election coverage this year resulted in incremental expenses, which also saddled this year's production costs.

Production Costs	2013 (in millions PhP)	2012 - as restated (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Talent fees	3,102.5	2,809.3	293.3	10%
Rentals and outside services	819.2	690.3	128.9	19%
Other program expenses	1,181.8	1,071.0	110.8	10%
Sub-total - Cash Production Costs	5,103.5	4,570.6	532.9	12%
Program rights amortization	565.4	460.9	104.4	23%
Depreciation and amortization	287.6	253.6	34.0	13%
Sub-total - Non-cash Production Costs	852.9	714.5	138.4	19%
Total production costs	5,956.4	5,285.1	671.2	13%

Amortization of film rights likewise exhibited an increase of ₱104 million or 23% compared to prior period as a result of higher charges from the inventory of films carried by the Network. Apart from this, incidental costs were further incurred for dubbing of movies in *Tagalog* to cater to viewer preference. Other sources of this year's increase in direct cost came from depreciation owing to the earlier-mentioned commissioning of new studios in the regions and from major renovations/ upgrade of other broadcast facilities nationwide.

General and administrative expenses (GAEX) for this year reached ₱4,609 million, inching up by 2% from same period last year. Cash GAEX grew even lower by 1% partly dragged by the rise in non-cash expenses by 7%. While manning complement for the Network alone recorded an augmentation of 6%, on top of the yearly adjustment in salaries, the rise in cost was mitigated by the presence of signing bonus during last year's collective bargaining agreement as well as higher bonuses.

General and Administrative Expenses	2013 (in millions PhP)	2012 - as restated (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Personnel costs	2,111.5	2,138.6	(27.0)	-1%
Outside services	665.0	658.6	6.4	1%
Facilities costs	507.7	432.2	75.5	17%
Taxes and licenses	140.7	143.6	(2.9)	-2%
Others	734.2	725.6	8.6	1%
Subtotal - Cash GAEX	4,159.2	4,098.7	60.5	1%
Depreciation and amortization	417.9	356.4	61.5	17%
Amortization of software costs	31.0	27.7	3.3	12%
Subtotal - Non-cash GAEX	449.7	419.9	29.8	7%
Total GAEX	4,608.9	4,518.6	90.3	2%

Other increase in GAEX was seen mostly in facilities costs partly due to rise in contractual agreements and regular upkeep and improvements company-wide.

EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) closed at ₱3,718 million, recording 9% improvement from a year ago. The growth was boosted by the hike in this year's top line coupled with managed growth in cash operating costs.

Net Income

The improvement in EBITDA was further trimmed down by the hike in non-cash expense during the period. Thus, bottom line attributable to equity holders of the Parent Company amounting to ₱1,667 million settled 3% more than same period last year.

Balance Sheet Accounts

Total assets as at end-2013 stood at ₱13,084 million, reflecting a 3% increase from end-2012's ₱12,682 million (as restated due to consolidation of RGMA Network).

Cash and cash equivalents climbed to ₱1,750 million, 36% or ₱462 million more than the ₱1,287 million recorded as at December 31, 2012. On the other hand, trade and other receivables sealed at ₱3,521 million, 8% lower than previous year. Trade days-sales-outstanding (DSO) improved by 21 days to 92 days at end-2013 vs. 113 days at the close of 2012.

Land at revalued amounts climbed by 28% or ₱396 million to ₱1,805 million mainly resulting from the most recent appraisal.

Total liabilities dipped by 6% or ₱214 million as at end-December this year to ₱4,259 million from ₱4,533 million in 2012 with the reduction in notes payable from ₱1,700 million to ₱1,107 million as the main driver.

Equity of ₱8,788 million grew by 8% or ₱668 million in between years arising from net income earned during the year and the recognition of net revaluation increment in land of ₱277 million.

Cash Flows	2013 (in millions PhP)	2012 - as restated (in millions PhP)
Net cash provided by operating activities	3,055.3	2,605.5
Net cash used in investing activities	(666.1)	(995.7)
Net cash used in financing activities	(1,941.7)	(1,548.0)
Effect of exchange rate changes on cash and cash equivalents	14.8	(3.2)
Net increase in cash and cash equivalents	462.3	58.6
Cash and cash equivalents at beginning of period	1,287.3	1,228.7
Cash and cash equivalents at end of period	1,749.6	1,287.3

Operating Activities

Net cash from operations registered at ₱3,055 million this year. This resulted from income before income tax of ₱2,387 million adjusted mainly by depreciation expense of ₱705 million, program and other rights usage of ₱565 million, net movement of pension liability of ₱112 million, interest expense and financing charges of ₱53 million, net unrealized foreign currency exchange of ₱45 million and amortization of software costs of ₱31 million apart from the changes in working capital. The primary components of the changes in working capital include the ₱333 million reduction in trade and other receivables owing to more aggressive collection efforts partly offset by the ₱585 million acquisition of program and other rights.

Investing Activities

Net cash used in investing activities amounted to ₱666 million, coming primarily from the ₱673 million additions to property and equipment and ₱12 million worth of software costs. These were partly offset by the ₱13 million proceeds from sale of property and equipment and investment properties.

Financing Activities

Net cash used in financing activities amounted to ₱1,942 million basically for the loan payment of ₱2,500 million and cash dividend payout amounting to ₱1,214 million during the year plus some ₱53 million in interest expense netted by ₱1,825 million remaining proceeds from short-term loans.

KEY VARIABLE AND OTHER QUALITATIVE OR QUANTITATIVE FACTORS

- i. Trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.

As of December 31, 2014, there were no known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.

- ii. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration or an obligation.

As of December 31, 2014, there were no events which may trigger a direct or contingent financial obligation that is material to the Company.

- iii. Material off-balance-sheet transactions, arrangements, obligations (including contingent obligations), and other relations of the company with unconsolidated entities or other persons created during the reporting period.

There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relations of the company with unconsolidated entities or other persons created during the reporting period.

- iv. Material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.

For 2015, the parent company has allotted ₱935 million for capital expenditures. This will be financed by internally-generated funds.

- v. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

GMA Network's results of operations depend largely on the ability to sell airtime for advertising. The Company's business may be affected by the general condition of the economy of the Philippines.

- vi. Significant elements of income or loss that did not arise from the Company's continuing operations.

As of December 31, 2014, there were no significant elements of income or loss that did arise from the issuer's continuing operations.

- vii. Causes for Material Changes in the Financial Statements

Balance Sheet (December 31, 2014 vs. December 31, 2013)

- Cash and short-term investments dipped by 9% to ₱1,599 million at year-end which is directly attributed to this year's result of operation.
- Receivables grew by ₱1,284 million or 36% as a result of higher sales than collections.
- Short-term loans increased by 101% as availments made are higher at ₱2,185 million vs. payments of only ₱1,100 million.
- The 78% drop in income tax payable resulted from advance payment of income tax related to pay-before-broadcast receivables as part of taxable balance in 2013.

- viii. Seasonal aspects that had a material effect on the financial condition or results of operations.

There are no seasonal aspects that had a material effect on the financial condition or results of operations.

Interim Periods

The Company currently cannot make available the financial information for the first quarter of 2015. The Company however, undertakes to submit its SEC Form 17-Q on or before May 15, 2015 and to make the same available upon request during the Company's Annual Stockholders' Meeting.

III. PROPERTIES

As of December 31, 2014, the Company's total property and equipment and real property amounted to P5,173.5 million. The property and equipment had a book value of P3,737.8 million, while its real property had a fair market value of P1,799.7 million (based on an Independent appraisal report as of December 17, 2013).

The following are the principal properties of the Company:

- The Channel 7 compound located in Barangay South Triangle, Diliman, Quezon City, which contains several buildings, including the GMA Network Center building;
- The GMA Network Center Studios, a four-storey building with an area of 4,053 square meter property adjacent to the GMA Network Center at GMA Network Drive cor. EDSA, Diliman Quezon City which houses two state-of-the-art studios, technical facilities and offices;
- The GMA-7 Antenna Tower in Tandang Sora Avenue, Barangay Culiati, Diliman Quezon City, which contains the TV and FM Transmitter building and the Satellite Uplink building;
- The GMA Fleet Center located on the east corner of Mother Ignacia Avenue and Sergeant Esguerra Avenue, Barangay South Triangle, Diliman Quezon City; and
- Properties in the key areas across different regions:

Luzon

- Land in Barangay Malued, Dagupan City, where the Company's radio and television studios are located;
- A 51,135 square meter property in Panghulo, Obando, Bulacan, where an AM transmitter site, a two-storey building, a genset house, and an AM tower are situated;

- A 2,000 square meter property in Barangay Concepcion Pequeña, Naga City, where a TV relay transmitter and an FM transmitter site are located; and
- A 10,000 square meter property in La Trinidad, Benguet where an FM transmitter site and a one storey building are situated.
- A 2000 square meter property in Bayubay Sur, San Vicente, Ilocos Sur where a TV studio is located.

Visayas

- Land located in Nivel Hills, Barangay Lahug, Cebu City, containing a multilevel building which houses radio and television operation facilities;
- Land in Barangay Tamborong, Jordan, Guimaras where an FM radio and television transmitter is located;
- Land in Alta Tierra, Jaro, Iloilo City where radio and television studios are located;
- Land in Barangay Jibao-an, Pavia, Iloilo where an AM transmitter site and building are located;
- Land in Barangay Sta. Monica, Puerto Princesa City, Palawan where a television relay transmitter site and building are located; and,
- Land in Barangay Bulwang, Numancia, Aklan where a television relay transmitter site and a building are located.

Mindanao

- Land in Bo. Matina Hills, Davao City where an FM and television transmitter building and studio complex are located;
- Land in Barangay San Isidro, General Santos City where a television relay transmitter site and a building are located; and,
- Land in Barangay Cabatangan, Zamboanga City where a television relay transmitter site and a building are located.

The properties owned by the Company are currently unencumbered and are free from any existing liens.

The Company also leases land, building and studio/office space in various locations around the Philippines under lease agreements for periods of between three and 25 years. The lease agreements may be cancelled at the Company's option. Rental expense of the Company related to this amounted to P18.9 million for the year ended December 31, 2014.

Regional Broadcast Stations

GMA owns regional broadcast stations in various parts of the country. Originating TV stations are stand-alone transmitter, studio and production facilities capable of producing and airing live and/or taped programs as well as plugs and advertising within their (local) service area/s independent of, or in conjunction with the national feed. Satellite TV stations are similar to originating TV stations except that they are not equipped with live production capability outside of news bulletins. Satellite TV stations are also capable of broadcasting local plugs or advertising within their respective (local) service areas either independent of, or in conjunction with national program feeds. TV relay stations are limited to transmitter and signal receiving facilities and only re-broadcast programs/content received from originating or satellite TV stations with which they are associated; either via satellite or other receiving methods.

The following are GMA's television and radio stations throughout the Philippines:

LIST OF GMA's OPERATING TV STATIONS

NO	STATION	ADDRESS	CONTACT NUMBER
	LUZON		
	TV-7 Metro Manila (GMA)	Brgy. Culiat, Tandang Sora, Quezon City	(02) 931-9183 / (02) 924-2497
	TV-27 Metro Manila (GNTV)	Brgy. Culiat, Tandang Sora, Quezon City	(02) 931-9183 / (02) 924-2497
	TV-5 San Nicolas, Ilocos Norte (GMA)	Brgy. San Lorenzo, San Nicolas, Ilocos Norte	0916-6715439
	TV-27 San Nicolas, Ilocos Norte (GNTV)	Brgy. San Lorenzo, San Nicolas, Ilocos Norte	0916-6715439
	TV-48 Bantay, Ilocos Sur (GMA)	Mt. Caniao, Bantay, Ilocos Sur	0915-8632841
	TV-40 Bantay, Ilocos Sur (GMA)	Mt. Caniao, Bantay, Ilocos Sur	0915-8632841
	TV-7 Basco, Batanes (GMA)	Brgy. Kayvaluganan, Basco, Batanes	0915-6127197
	TV-13 Aparri, Cagayan (GMA)	Hi-Class Bldg., De Rivera St., Aparri, Cagayan	0915-6130530
	TV-7 Tuguegarao, Cagayan (GMA)	No. 91 Mabini St., Tuguegarao City	0915-6127263
	TV-27 Tuguegarao, Cagayan (GNTV)	No. 91 Mabini St., Tuguegarao City	0915-6127263
	TV-7 Santiago City, Isabela (GMA)	Heritage Commercial Complex, Maharlika Hi-way, Brgy. Malvar, Santiago City, Isabela	0915-2700063
	TV-5 Baler, Aurora (GMA)	Purok 3, Brgy. Buhangin, Baler, Aurora	0915-6127194
	TV-10 Olongapo (GMA)	Upper Mabayuhan, Olongapo City	0915-6127265
	TV-26 Olongapo (GNTV)	Upper Mabayuhan, Olongapo City	0915-6127265
	TV-28 Tarlac City (GNTV)	Exclusively His Bldg. located at F. Tanedo St. corner Espinosa St., Tarlac City	0915-2700185
	TV-12 Batangas (GMA)	Mt. Banoy, Bo. Talumpok East, Batangas City	0915-8632860
	TV-26 Batangas (GNTV)	Mt. Banoy, Bo. Talumpok East, Batangas City	0915-8632860
	TV-44, Jalajala, Rizal (GMA)	Mt. Landing, Jalajala, Rizal	0915-8632874
	TV-13 San Jose, Occidental Mindoro (GMA)	Bonifacio St., San Jose, Occidental Mindoro	0915-6127199

	TV-26 San Jose, Occidental Mindoro (GNTV)	Bonifacio St., San Jose, Occidental Mindoro	0915-6127199
12	TV-6 Brooke's Point, Palawan (GMA)	Poblacion, Brooke's Point, Palawan	0915-6127181
13	TV-8 Coron, Palawan (GMA)	Tapias Hill, Coron, Palawan	0915-6127178
14	TV-12 Puerto Princesa, Palawan (GMA)	Mitra Rd., Brgy. Sta. Monica, Puerto Princesa, Palawan	0915-6127185
	TV-27 Puerto Princesa, Palawan (GNTV)	Mitra Rd., Brgy. Sta. Monica, Puerto Princesa, Palawan	0915-6127185
15	TV-7 Tabias, Romblon (GMA)	Triple Peak, Sta. Maria, Tablas, Romblon	0915-6127225
16	TV-12 Legazpi, Albay (GMA)	Mt. Bariw, Estanza, Legaspi City	0915-8632867
	TV-27 Legazpi, Albay (GNTV)	Mt. Bariw, Estanza, Legaspi City	0915-8632867
17	TV-8 Daet, Camarines Norte (GMA)	Purok 2, Brgy. Mancruz, Daet, Camarines Norte	0915-2700056
20	TV-7 Naga, Camarines Sur (GMA)	Brgy. Concepcion Pequeña, Naga City	0915-4417071
	TV-28 Naga, Camarines Sur (GNTV)	Brgy. Concepcion Pequeña, Naga City	0915-4417071
21	TV-13 Virac, Catanduanes (GMA)	Brgy. Sto. Niño, Virac, Catanduanes	0915-6127174
22	TV-7 Masbate (GMA)	Brgy. Pinamurbuhan, Mobo, Masbate	0915-6127175
	TV-27 Masbate (GNTV)	Brgy. Pinamurbuhan, Mobo, Masbate	0915-6127175
23	TV-2 Juban, Sorsogon (GMA)	Mt. Bintacan, Brgy. Maalo, Juban, Sorsogon	0915-2700192
24	TV-7 Abra (GMA)	Brgy. Lusuac, Peñarrubia, Abra	0915-6130512
25	TV-10 Benguet (GMA)	Mt. Sto. Tomas, Tuba, Benguet	0915-4417080
	TV-22 Benguet (GNTV))	Mt. Sto. Tomas, Tuba, Benguet	0915-4417080
26	TV-5 Mountain Province (GMA)	Mt Amuyao, Barlig. Mountain Province	0915-2700124
	VISAYAS		
27	TV-2 Kalibo, Aklan (GMA)	New Busuanga, Numancia, Aklan	0915-6127216
	TV-27 Kalibo, Aklan (GNTV)	New Busuanga, Numancia, Aklan	0915-6127216
28	TV-5 Roxas City, Capiz (GMA)	Brgy. Milibili, Roxas City, Capiz	0915-6127217
	TV-27 Roxas City, Capiz (GNTV)	Brgy. Milibili, Roxas City, Capiz	0915-6127217

29	TV-6 Jordan, Guimaras (GMA)	Bo. Tamburong, Jordan, Guimaras	0915-4417084
	TV-28 Iloilo (GNTV)	Alta Tierra Subdivision, Jaro, Iloilo	0915-4417084
30	TV-13 Bacolod (GMA)	Security Bank Bldg., Rizal St. cor. Locsin St., Bacolod City	0915-8632864
	TV-48 Bacolod (GNTV)	Security Bank Bldg., Rizal St. cor. Locsin St., Bacolod City	0915-8632864
31	TV-30 Murcia, Negros Occidental (GMA)	Mt. Kanlandog, Brgy. Canlandog, Murcia, Negros Occidental	0915-2700132
32	TV-10 Sipalay (GMA)	Sipalay Municipal Building, Sipalay, Negros Occidental	0915-6127219
33	TV-11 Tagbilaran, Bohol (GMA)	Banat-I Hills, Brgy. Bool, Tagbilaran City	0915-6127214
34	TV-7 Cebu (GMA)	Bonbon, Cebu City	0915-4417075
	TV-27 Cebu (GNTV)	Bonbon, Cebu City	0915-4417075
35	TV-5 Dumaguete (GMA)	Barrio Looc, Sibulan, Negros Oriental	0915-6131185
	TV-28 Dumaguete (GNTV)	Barrio Looc, Sibulan, Negros Oriental	0915-6131185
36	TV-8 Borongan (GMA)	Poblacion, Borongan, Eastern Samar	0915-6127177
37	TV-12 Ormoc, Leyte (GMA)	Brgy. Alta Vista, Ormoc City	0915-6127213
38	TV-10 Tacloban (GMA)	Basper, Tigbao, Tacloban City	0915-6127208
	TV-26 Tacloban (GNTV)	Basper, Tigbao, Tacloban City	0915-6127208
39	TV-5 Calbayog City (GMA)	Purok 2 San Mateo St. Brgy. Matobato, Calbayog City, Western Samar	0915-6127176
	MINDANAO		
40	TV-4 Dipolog (GMA)	Linabo Peak, Dipolog City, Zamboanga Del Norte	0915-6127247
	TV-26 Dipolog (GNTV)	Linabo Peak, Dipolog City, Zamboanga Del Norte	0915-6127247
41	TV-3 Pagadian (GMA)	Mt. Palpalan, Pagadian City	0915-6127245
	TV-26 Pagadian (GNTV)	Mt. Palpalan, Pagadian City	0915-6127245
42	TV-9 Zamboanga (GMA)	Brgy. Cabatangan, Zamboanga City	0915-8632870
	TV-21 Zamboanga (GNTV)	Brgy. Cabatangan, Zamboanga City	0915-8632870
43	TV-12 Mt. Kitanglad, Bukidnon (GMA)	Mt. Kitanglad, Bukidnon	0915-8632863

44	TV-5 Ozamis, Misamis Occidental (GMA)	Bo. Malaubang, Ozamis City, Misamis Occidental	0915-6127220
	TV-22 Ozamis, Misamis Occidental (GNTV)	Bo. Malaubang, Ozamis City, Misamis Occidental	0915-6127220
45	TV-11 Iligan City (GMA)	Brgy. Del Carmen, Iligan City	0915-6131202
46	TV-35 Cagayan de Oro (GMA)	Malasag Heights, Brgy. Cugman, Cagayan de Oro City	0915-8632875
	TV-43 Cagayan de Oro (GNTV)	Malasag Heights, Brgy. Cugman, Cagayan de Oro City	0915-8632875
47	TV-5 Davao (GMA)	Shrine Hills, Matina, Davao City	0915-4417082
	TV-27 Davao (GNTV)	Shrine Hills, Matina, Davao City	0915-4417082
48	TV-12 Cotabato (GMA)	Regional Government Center, Cotabato City	0915-6131170
	TV-27 Cotabato (GNTV)	Regional Government Center, Cotabato City	0915-6131170
49	TV-8 General Santos (GMA)	Nuñez St., Brgy. San Isidro, General Santos City	0915-8632871
	TV-26 General Santos (GNTV)	Nuñez St., Brgy. San Isidro, General Santos City	0915-8632871
50	TV-10 Surigao (GMA)	Lipata Hills, Surigao City	0915-6131227
	TV-27 Surigao (GNTV)	Lipata Hills, Surigao City	0915-6131227
51	TV-2 Tandag (GMA)	Capitol Hill, Brgy. Telaje, Tandag, Surigao del Sur	0915-6127248
52	TV-12 Jolo (GMA)	Ynawat Bldg., Hadji Butu St., Jolo, Sulu	0915-6131182

GMA's RADIO STATIONS

AREA	FREQ.	CALL SIGN	POWER	ADDRESS	
LUZON					
METRO MANILA	97.1 mhz.	DWLS	FM	25kW	GMA Complex, EDSA cor. Timog Ave., Diliman, Quezon City
	594 khz.	DZBB	AM	50kW	
BAGUIO	92.7 mhz.	DWRA	FM	5kW	2/F Baguio Midland Courier Bldg. 16 Kisad Rd., Baguio City
DAGUPAN	93.5 mhz.	DWTL	FM	10kW	GMA TV 10 Compound, Claveria Road, Malued District, Dagupan City, Pangasinan
LEGASPI	96.3 mhz.	DWCW	FM	10kW	3rd level A.Bichara Silversreen Entertainment Center, Magallanes St., Legazpi City

LUCENA	91.1 mhz.	DWQL	FM	10kW	3/F Ancon Bldg., Merchan Street , Lucena City
NAGA	101.5 mhz.	DWQW	FM	5kW	GMA Complex, Diversion Road.(Roxas Ave) beside Mother Seton Hospital, Naga City
PALAWAN	909 khz.	DYSP	AM	5kW	Solid Road, San Manuel Puerto Princesa City, Palawan
	97.5 mhz.	DYHY	FM	5kW	
TUGUEGARAO	89.3 mhz.	DWWQ	FM	10kW	4/F Villablanca Hotel Pattai St. cor Pallua Rd., Ugac Norte Tuguegarao, Cagayan
VISAYAS					
BACOLOD	107.1mhz.	DYEN	FM	10kW	3/F San Jose Bldg., Jomabo Centre Rizal Cor. Lacson Sts., Bacolod City
CEBU	999 khz.	DYSS	AM	10kW	GMA Skyview Complex Nivel Hills, Lahug, Cebu City
	99.5 mhz.	DYRT	FM	25kW	
ILOILO	1323 khz	DYSI	AM	5kW	GMA Broadcast Complex, Phase 5, Alta Tierra Village Jaro, Iloilo City
	93.5 mhz.	DYMK	FM	10kW	
KALIBO	92.9 mhz.	DYRU	FM	5kW	Torres-Olivia Bldg. Roxas Ave. Extension, Kalibo, Aklan
MINDANAO					
CAGAYAN DE ORO	100.7 mhz.	DXLX	FM	5kW	2/F Mare Real Realty Bldg., Pabayo corner Hayes St. Cagayan de Oro City, Misamis Oriental
ILIGAN	DZBB Relay	DXND	FM	1kW	3/F Kimberly Bldg., A. Bonifacio cor. I. Emilia Ave., Iligan City, Lanao del Norte
DAVAO	103.5 mhz.	DXRV	FM	10kW	GMA Network Complex, Shrine Hills, Matina Davao City
	1125 khz	DXGM	AM	10kW	
GENERAL SANTOS	102.3 mhz.	DXCJ	FM	10kW	3/F PBC Bldg., Cagampang St. Gen. Santos City

IV. LEGAL PROCEEDINGS

The Company and its subsidiaries are involved, from time to time, as plaintiff or defendant in litigation arising from transactions undertaken in the ordinary course of its business. Described below are the pending material litigation of which the Company and its subsidiaries or their properties are subject. The Company believes that a judgment rendered against it in the cases indicated below will not have a material adverse effect on its operations or financial condition.

None of the Company's affiliates, or their property, namely, RGMA Network, Inc., Philippine Entertainment Portal, Inc. and Mont-Aire Realty and Development Corporation, are involved in any material pending litigation as of December 31, 2010.

Labor Cases

There is a pending case for illegal dismissal, unfair labor practices, non-payment of overtime pay, holiday pay, premium pay for holiday and rest day and night shift differential and service incentive leave pay filed by Carlos Pabriga, Geoffrey Arias, Kirby Campo, Arnold Lagahit and Armand Catibug. The complainants were engaged on various dates from 1993 to 1997 to replace regular employees of the Company's Cebu station who were on leave or otherwise unable to work. On August 24, 2000, the Labor Arbiter dismissed the complaints for illegal dismissal and unfair labor practices, but directed the Company to pay complainants their proportionate 13th-month pay. On appeal, the NLRC held that the complainants were regular employees with respect to the particular activity they were assigned until the activity ceased to exist and that they were entitled to separation pay, 13th-month pay, night shift differential and service incentive leave pay. The complainants claim that by virtue of this ruling, they are entitled to payment of a total of approximately ₱1.5 million as of March 2007. The Supreme Court denied our Petition and affirmed the findings of the Court of Appeals that complainants are regular employees of the Company. Execution proceedings are ongoing before the Labor Arbiter to determine the amount of the award for complainants.

There is also a case for illegal dismissal filed against GMA Marketing and Productions, Inc. ("GMPI"), another wholly-owned subsidiary of GMA Network, and its officers, Lizelle Maralag and Leah Nuyda initiated by Corazon Guison, a former Sales Director of GMPI. The complainant claimed that she was unceremoniously terminated from her employment sometime in May 2010 and is entitled to reinstatement as well as payment of full backwages, unpaid commissions and salaries, moral and exemplary damages and attorney's fees. On January 31, 2011, the Labor Arbiter rendered a decision finding for complainant Guison and ordered the respondents to pay P807,007.50 as backwages and P1,691,000.00 as separation pay, as well as attorney's fees. On appeal, the NLRC reversed the decision of the Labor Arbiter and ordered the dismissal of complainant's complaint. Complainant filed a Petition with the Court of Appeals where it is pending.

This is a case (NLRC LAC No. 02-000863-13[8]) for regularization filed by pinch-hitters or relievers of GMA, namely, Ricky F. Villarin, Danilo Dela Cruz, Rolin Pilante and Johnny Anito, Jr. against GMA Network, Inc. The Labor Arbiter rendered a decision declaring the relievers as regular employees of GMA. GMA appealed to the NLRC which denied the same. GMA's motion for reconsideration was likewise denied. Hence, GMA filed with the Court of Appeals a Petition for Certiorari docketed as CA.G.R. No.132455. The Court of Appeals rendered a Decision denying GMA's petition. GMA then filed a motion for reconsideration which is still pending to date.

This is a case (NLRC NCR Case No. 12-18557-12) for illegal dismissal, backwages, damages and attorney's fees filed by James Aaron Castillo Manalili against GMA, et al. Complainant Manalili was a segment producer whose Talent Agreement was terminated for cause. The Labor Arbiter rendered a decision dismissing the complaint on the finding that there was no employer-employee relationship. Hence, there is no illegal dismissal. The Labor Arbiter also affirmed the validity of the termination of the Talent Agreement. However, the Labor Arbiter awarded 13th month pay in favor of Manalili. Hence, we filed a partial appeal for GMA. On appeal, the NLRC, affirmed the labor arbiter's decision but deleted the award of 13th month pay to complainant. Complainant's motion for reconsideration was likewise denied by the NLRC. Complainant filed a Petition with the Court of Appeals where it is pending.

This is a case (NLRC NCR Case No. 01-00024-13) for illegal dismissal and money claims filed by Christopher Cruz Legaspi against GMA and its executives. Complainant Legaspi is an employee of GMA who was dismissed for cause. The Labor Arbiter rendered a decision finding illegal dismissal. However, the decision was reversed on appeal by the NLRC. Complainant filed a motion for reconsideration which was also denied by the NLRC.

This is a case for regularization and illegal dismissal (NLRC NCR Case No. 04-05664-13[22]) filed by Henry T. Paragele, Roland Elly C. Jaso, et al. against GMA. Complainants are relievers/pinch hitters whose services were no longer availed of by GMA. The Labor Arbiter rendered a decision dismissing

the complaint. Complainants filed an appeal to the NLRC. NLRC rendered a decision dismissing the appeal. Complainants filed a motion for reconsideration which was also denied by the NLRC. Complainants filed a Petition with the Court of Appeals where it is pending.

This is another case for illegal dismissal and money claims (NLRC CASE No. NCR-07-09875-13; NCR-07-10010-13; NCR-07-10135-13) filed by the drivers of GMA, namely, Marcelo S. Santiago and Serafin R. Palopalo, Jr., assigned to various programs and covered by Talent Agreements which expired and were no longer renewed. The Labor Arbiter rendered a decision dismissing the complaint on the ground that the Talent Agreements are fixed term employment contracts. Complainants appealed to the NLRC which reversed the Labor Arbiter's decision by declaring complainants as regular employees of GMA. We filed a motion for reconsideration which was also denied by the NLRC. We filed a Petition with the Court of Appeals where it is pending.

This is a case for illegal dismissal, backwages and other money claims (NLRC-NCR-07-09474-13) filed by former segment producer De Chaves against GMA. Complainant was terminated for cause by GMA. The Labor Arbiter rendered a decision dismissing the complaint. De Chavez appealed to the NLRC which denied her appeal and affirmed the Labor Arbiter's decision.

Another pending case for illegal dismissal and regularization (NLRC NCR 01-00164-14) was filed by former utility personnel Reynaldo Delos Santos Aranas, et.al against GMA/Atty. Felipe L. Gozon. Complainants' talent agreements were not renewed by GMA. Proceedings before the Labor Arbiter are pending.

This is a case for regularization (NLRC NCR Case No. 06-06683-14) filed by Christian Bochee M. Cabaluna, et al. against GMA/Atty. Felipe L. Gozon. Both parties filed their position papers and replies. After filing the replies, the labor arbiter considered the case submitted for decision/resolution. However, on February 24, 2015, we received a copy of complainant's Rejoinder. We are set to file our Sur-Rejoinder thereto.

Infringement Cases

The Company's officers, Felipe L. Gozon, Gilberto R. Duavit, Jr., Marissa L. Flores, Jessica A. Soho, Grace dela Peña-Reyes, John Oliver Manalastas, John Does and Jane Does were named as respondents in a criminal case initiated in June 2004 for copyright infringement before the City Prosecutor's Office of Quezon City and the Department of Justice ("DOJ"). The case was subsequently consolidated with the Company's counter charge for libel.

The respondents were charged in their capacities as corporate officers and employees of the Company responsible for the alleged unauthorized airing of ABS-CBN's exclusive live coverage of the arrival in the Philippines of Angelo dela Cruz, a Filipino overseas worker previously held hostage in Iraq. Aside from seeking to hold the named respondents criminally liable for infringement and unfair competition, ABS-CBN sought damages from the respondents jointly and severally in the aggregate amount of ₱200 million.

On July 27, 2004, the Company and certain of its officers filed a case for libel against certain officers of ABS-CBN for statements made in their programs Insider and Magandang Umaga Bayan relative to the incident involving the dela Cruz feed. The Company also seeks damages in the aggregate amount of ₱100 million.

In a Resolution dated December 3, 2004, the DOJ dismissed the complaint for libel against the ABS-CBN officers and employees and dropped the charges against the Company's officers except for Ms. Dela Peña-Reyes and Mr. Manalastas against whom the DOJ found probable cause for violation of the Intellectual Property Code. ABS-CBN filed a motion for partial reconsideration of the resolution on the grounds that the other named respondents were erroneously exonerated. The Company filed a petition for review with the DOJ with respect to the finding of probable cause against Ms. Dela Peña-Reyes and

Mr. Manalastas and the dismissal of the case for libel which was denied. On August 1, 2005, the DOJ reversed the fiscal's resolution finding probable cause against Mr. dela Peña-Reyes and Mr. Manalastas and directed the fiscal to withdraw the Information. ABS-CBN filed a motion for reconsideration. Meanwhile, the DOJ issued a Resolution dated September 15, 2005 denying the Company's Petition for Review and ruling that ABS-CBN's officers and employees did not commit libel. The Company filed a motion for reconsideration.

On June 29, 2010, the DOJ issued a Resolution granting both the Company's and ABS-CBN's Motion for Reconsideration, and directing the filing of Information against ABS-CBN's officers and employees for libel. ABS-CBN moved for reconsideration which was denied by the DOJ. ABS-CBN filed a Petition with the Court of Appeals. In the meantime, an Information for libel was filed by the Quezon City Prosecutor with the Regional Trial Court of Quezon City, Branch 88.

The Company elevated the DOJ's June 29, 2010 Resolution directly to the Court of Appeals via a Petition for Certiorari docketed as CA-G.R. SP No. 115751. On November 9, 2010, the Court of Appeals issued a decision granting the Company's Petition for Certiorari and reversing the DOJ Resolution dated June 29, 2010 and reinstating the DOJ Resolution dated August 1, 2005 which ordered the withdrawal of Information for copyright infringement. ABS-CBN filed a Petition with the Supreme Court where it is pending.

Civil Cases

A case for damages was filed by Ronaldo Virola against Miguel Enriquez and the Company. Ronaldo Virola filed a case for damages arising from the airing of **Imbestigador** episodes showing the interviews of "Myra" and "Chona" who accused Virola of placing drugs in their drinks before molesting them. The said **Imbestigador** episodes also showed the raid conducted by operatives of Task Force Jericho of the Department of Interior and Local Government who applied for a warrant to search the residence of Virola. The complaint sought ₱800,000 in moral damages, ₱300,000 in exemplary damages, attorney's fees in the amount of ₱100,000 and the cost of suit. The Regional Trial Court of Caloocan dismissed the complaint after trial. Plaintiff appealed to the Court of Appeals which dismissed his appeal and affirmed the trial court's decision dismissing his complaint for damages.

On June 25, 2008, Mary the Queen Hospital filed a case for damages against the Company, Mike Enriquez as well as certain other members of the show, **Imbestigador**. The hospital alleged that the show damaged its reputation by falsely accusing them of illegally detaining a patient for failure to settle hospital bills. The hospital claimed a total of ₱ 5.5 million in moral, exemplary and temperate damages, as well as costs of the suit. The plaintiff is in the process of presenting its evidence.

Another case involved the Company and members of the show **Imbestigador**, stemmed from a story involving a police officer allegedly extorting money from arrested drug dependents, which ultimately led to his arrest. On September 4, 2008, the complaint sought to enjoin the airing of the story relating to his arrest by filing a case for injunction. However, the plaintiff's application for restraining order was denied by the RTC of Quezon City. Plaintiff then filed an amended complaint to include a claim for damages. The plaintiff is still presenting evidence before the trial court.

V. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDERS MATTERS

Market Information

Stock Prices GMA7

<u>Period in 2014</u>	<u>Highest Closing</u>	<u>Lowest Closing</u>
1Q	8.85	7.40
2Q	7.97	7.40
3Q	7.90	7.15
4Q	7.68	6.30

Stock Prices GMAP

<u>Period in 2014</u>	<u>Highest Closing</u>	<u>Lowest Closing</u>
1Q	9.00	7.78
2Q	8.00	7.30
3Q	7.45	6.82
4Q	6.95	5.99

The Company's common shares and Philippine Deposit Receipts have been listed with the Philippine Stock Exchange since 2007. The price information as of the close of the latest practicable trading date April 22, 2015; GMA7's closing price is P6.24 for GMA 7 and P6.19 for GMAP (PDRs).

Holders

There are 1,702 holders of common equity as of March 31, 2015. The following are the top 20 holders of the common equity of the Company:

Name of Shareholders	No. of Common Shares	Percentage of Ownership of Total Common Shares
GMA Holdings, Inc.	847,509,800	25.17%
Group Management & Development, Inc.	789,813,389	23.47%
FLG Management & Development Corp.	669,929,127	20.01%
M.A. Jimenez Enterprises, Inc.	453,882,095	13.49%
Television International Corp.	334,378,037	9.94%
PCD Nominee Corp.	216,180,446	6.43%
Gozon Development Corp.	14,033,954	0.42%
Gozon Foundation, Inc.	4,514,361	0.13%
Gilberto R. Duavit, Jr.	4,007,006	0.12%
Ismael Gozon	2,814,900	0.08%
Miguel Enrique Singson Roa	2,566,400	0.08%
Alegria R. Sibai	1,093,252	0.03%
Felipe S. Yalong	1,025,000	0.03%
Alberto Tio Ong	1,000,000	0.03%
Jose Mari L. Chan	872,000	0.03%
Judith Duavit Vazquez	588,000	0.02%

Name of Shareholders	No. of Common Shares	Percentage of Ownership of Total Common Shares
Anna Teresa G. Abrogar	529,000	0.02%
Jose P. Marcelo	501,498	0.01%
Jaime Javier Gana and/or Ma. Eriinda G. Gana	444,900	0.01%
Kong Yu Uychoi	350,000	0.01%

The following are the top 20 holders of the Company's preferred shares as of March 31, 2015:

Name of Shareholders	No. of Preferred Shares	Percentage of Ownership of Total Preferred Shares
Group Management & Development Inc.	2,625,805,308	35.0130%
FLG Management & Development Corp.	2,181,898,644	29.0939%
M.A. Jimenez Enterprises	1,508,978,826	20.1210%
Television International Corp.	1,111,661,610	14.8231%
Gozon Development Corp.	46,245,306	0.6166%
Gozon Foundation Inc.	15,020,670	0.2003%
Alegria F. Sibai	2,623,806	0.0350%
Jose P. Marcelo	1,203,594	0.0160%
Sotero H. Laurel	830,706	0.0111%
Nita Laurel Yupangco	830,706	0.0111%
Jose C. Laurel V	830,706	0.0111%
Juan Miguel Laurel	830,706	0.0111%
Susana Laurel-Delgado	830,706	0.0111%
Ma. Asuncion Laurel-Uichico	830,706	0.0111%
Horacio P. Borromeo	784,164	0.0105%
Francis F. Obana	105,120	0.0014%
Eduardo Morato	38,028	0.0005%
Antonio Gomez	30,420	0.0004%
Jose N. Morales	30,420	0.0004%
Paul Sim	30,420	0.0004%

The information presented does not relate to an acquisition, business combination or other reorganization.

Dividend Information

Dividends shall be declared only from the surplus profits of the corporation and shall be payable at such times and in such amounts as the Board of Directors shall determine, either in cash, shares or property of the Company, or a combination of the three, as said Board of Directors shall determine. The declaration of stock dividends, however, is subject to the approval of at least two-thirds of the outstanding capital stock. No dividend which will impair the capital of the Company shall be declared. The Company has no contractual restrictions which would limit its ability to declare any dividend.

Dividend History of the Company

<u>Year</u>	<u>Amount</u>	<u>Date Declared</u>	<u>Type of Dividend</u>
2005	P 218,521,203.5	February 17, 2005	Cash and Property
2005	P 3,000,000,000.0	October 11, 2005	Stock
2006	P 1,150,000,000.0	June 13, 2006	Cash and Property

2007	P 1,500,000,000.0	March 19, 2007	Cash
2007	P 375,000,000.0	April 26, 2007	Stock
2007	P 1,000,000,000.0	July 2, 2007	Cash
2008	P 1,214,163,001.0	May 21, 2008	Cash
2009	P 1,701,069,453.0	April 2, 2009	Cash
2010	P 2,187,089,296.56	March 25, 2010	Cash
2010	P 1,215,049,069.20	October 28, 2010	Cash
2011	P 2,187,089,296.56	March 11, 2011	Cash
2012	P 1,944,079,375	April 16, 2012	Cash
2012	P 1,264,794,293	August 22, 2012	Cash
2013	P 1,215,049,609	March 21, 2013	Cash
2014	P 1,312,253,577	April 2, 2014	Cash
2015	P 1,215,049,609.20	March 30, 2015	Cash

The Company's Board of Directors has approved a dividend policy which will entitle holders of the Common Shares to receive annual cash dividends equivalent to a minimum of 50% of the prior year's net income based on the recommendation of the Board of Directors. Such recommendation will take into consideration factors such as the implementation of business plans, operating expenses, budgets, funding for new investments, appropriate reserves and working capital, among others. The cash dividend policy may be changed by the Company's Board of Directors at any time.

Recent Sales of Unregistered or Exempt Securities

No sale of unregistered or exempt securities of the Company has occurred within the past three years.

VI. CORPORATE GOVERNANCE

GMA Network, Inc. is committed to the principles of good governance and recognizes their importance in safeguarding shareholders' interests and in enhancing shareholder value. The Company has adopted a Manual on Corporate Governance to institutionalize the Company's adherence to these principles. This Manual clearly sets out the principles of good management and defines the specific responsibilities of the Board, the Board Committees, and management within the over-all governance framework.

The Manual conforms to the requirements of the Philippine Securities and Exchange Commission and covers policies, among others:

(a) independent directors, (b) key board committees (e.g. Executive Committee, Nomination Committee, Audit and Risk Management Committee, Compensation and Remuneration Committee); (c) independent auditors, (d) internal audit, (e) disclosure system of company's governance policies, (f) stockholder rights, (g) monitoring and assessment, and (h) penalties for non-compliance.

The Board of Directors, led by the Chairman, Atty. Felipe L. Gozon, strongly advocates accountability, transparency and integrity in all aspects of the business and commits themselves to the best practices of governance in the pursuit of the Company's Mission and Vision.

To ensure adherence to corporate governance, the Board designated a Compliance Officer who is also the Company's Corporate Secretary and Vice-President, Roberto O. Parel. The Compliance Officer is responsible for monitoring compliance by the Company with the provisions and requirements of good corporate governance.

Based on the Revised Amended Corporate Governance Manual which the Company filed on July 31, 2014, there have been no deviations from the Company's Manual as of date.

Board of Directors

Compliance with the principles of good governance starts with the Company's Board of Directors. The Board is responsible for oversight of the business, determination of the company's long-term strategy and objectives, and management of the company's risks by ensuring the company's internal controls and procedures are observed. The Board of Directors ensures a high standard of governance, and promotes and protects the interests of the Company, its stockholders and other stakeholders.

The Board consists of nine directors, two of whom are independent directors. All nine members of the Board have the expertise, professional experience and background that allow a thorough discussion and deliberation of issues and matters affecting the Company.

The two independent directors – former Chief Justice Artemio V. Panganiban and Dr. Jaime C. Laya – have no relationship with the Company, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

The Board comprises the following members:

Name	Position
Felipe L. Gozon	Chairman and CEO
Gilberto R. Duavit, Jr.	President and COO
Anna Teresa G. Abrogar	Director
Joel Marcelo G. Jimenez	Director
Michael John R. Duavit	Director
Laura J. Westfall	Director
Felipe S. Yalong	Director
Artemio V. Panganiban	Independent Director
Jaime C. Laya	Independent Director

Board Performance

Directors attend regular meetings of the Board, which are held every quarter and other times as necessary, and the Annual Stockholders' Meeting (ASM). In its meetings, the Board reviews the performance of the Company and its subsidiaries, approves plans, budgets and financial statements, sets policies and guidelines for management, and discusses matters requiring Board attention and approval. The Board met six (6) times in 2014. The attendance of the individual directors at these meetings is duly recorded as follows:

Director's Name	Regular and Special Meetings	
	<i>Present</i>	<i>Absent</i>
Felipe L. Gozon	6	0
Gilberto R. Duavit, Jr.	6	0
Joel Marcelo G. Jimenez	6	0
Felipe S. Yalong	6	0
Anna Teresa G. Abrogar	6	0
Judith D. Vazquez	3	3
Laura J. Westfall	5	1
Artemio V. Panganiban	6	0
Jaime C. Laya	6	0

All directors have individually complied with the SEC's minimum attendance requirement of 50%.

The Chairman, Felipe L. Gozon, presided over all the Board meetings for the year. He likewise presided over the Annual Stockholders' Meeting, with all the members of the Board in attendance.

Board Remuneration

The amended by-laws of the Company provides that the Board of Directors shall be entitled to an amount of not more than two and a half percent (2.5%) of the net income after income tax of the corporation during the preceding year and per diems for every board meeting attended. Of the said 2.5%, one percent (1%) shall be distributed equally among the members of the Board of Directors, while the remaining one and a half percent (1.5%) shall be distributed equally among the members of the Executive Committee.

Committees and Meetings of the Board of Directors

Four committees were established to aid in complying with the principles of good governance and address issues requiring the Board's attention:

Executive Committee

The Executive Committee (Excom) consists of three members which includes the Chairman of the Board and CEO Felipe L. Gozon, President and COO Gilberto R. Duavit, Jr. and Director Joel G. Jimenez. Mr. Gilberto R. Duavit, Jr. serves as Chairman of the Committee. It acts on matters delegated to it by the Board of Directors. The Excom acts by a majority vote and in accordance with the authority granted by the Board. All actions of the Excom are reported to the Board for ratification at the meeting immediately following such action.

Nomination Committee

The Nomination Committee is chaired by Felipe L. Gozon and composed of four members that include an independent director in the person of former Chief Justice Artemio V. Panganiban as Vice Chairman, with Gilberto R. Duavit, Jr. and Joel Marcelo G. Jimenez as members. 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 competitiveness. The Nomination Committee assists the Board of Directors 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: (a) there is a proper mix of competent directors that would continuously improve shareholder's value; and, (b) Directors will ensure a high standard of best practices for the Company and its stakeholders.

Compensation and Remuneration Committee

The members of the Compensation and Remuneration Committee are Felipe L. Gozon (Chairman), Former Chief Justice Artemio V. Panganiban (Vice Chairman), with Michael John R. Duavit and Laura J. Westfall as members. The Committee recommends 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 Company successfully.

Audit and Risk Management Committee

Audit

The Audit and Risk Management Committee is currently composed of five members: Dr. Jaime C. Laya, (Chairman), former Chief Justice Artemio V. Panganiban (Vice Chairman), Anna Teresa M. Gozon-Abrogar, Michael John R. Duavit and Ms. Laura J. Westfall. The Audit and Risk Management Committee assists the Board in its fiduciary responsibilities by providing an independent and objective assurance to the Company'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 and Risk Management Committee provides a general evaluation and gives assistance in the over-all improvement of the risk management, control, and governance process of the Corporation as designed by Management and provides assurance that these are properly functioning.

The Committee conducts tenders for independent audit services, reviews audit fees and recommends the appointment and fees of the independent auditors to the Board. The Board, in turn, submits the appointment of the independent auditors for approval of the shareholders at the ASM.

The Audit and Risk Management Committee also approves the work plan of the Company's Internal Audit Group, as well as the overall scope and work plan of the independent auditors.

The Audit and Risk Management Committee held five (5) meetings in 2014 wherein the Committee reviewed and approved, among others, the Company's 2013 Consolidated Audited Financial Statements as prepared by the external auditors.

Risk Management

The GMA Network's Board of Directors and management are mindful of the risks and uncertainties inherent in the business. 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.

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.

Both radio and television broadcasting are highly competitive businesses. GMA stations compete for listeners/viewers and advertising revenues within their respective markets directly with other radio and/or television stations, as well as with 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 revenue of our 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.

The Company's financial results are dependent primarily on its ability to generate advertising revenue through rates charged to advertisers. The advertising rates a station is able to charge is affected by many factors, including the ratings of its programs and the general strength of the local and national

economies. Generally, advertising declines during periods of economic recession or downturns in the economy. As a result, the Company's revenue is likely to be adversely affected during such periods.

Management, being accountable to the Board, also prepares financial statements in a timely manner in accordance with generally accepted accounting standards in the Philippines. Management's statement of responsibility with regards to the Company's financial statements is included in this annual report.

The consolidated financial statements of GMA Network and its subsidiaries have been prepared in accordance with Philippine Financial Reporting Standards which are aligned with International Financial Reporting Standards. The financial statements are audited by external auditors and reviewed by the Audit and Risk Management Committee (with the support of the Internal Audit Group) to ensure that they fairly present, in all material respects, the financial position and results of the Company's operations before these are presented to the Board of Directors for approval.

The Board is responsible for presenting a clear, balanced and comprehensive assessment of the Company's financial position, performance and prospects each time it makes available its quarterly and annual financial statements to the public.

Management

The Chairman of the Board and Chief Executive Officer is Felipe L. Gozon, while Gilberto R. Duavit, Jr. holds the position of President and Chief Operating Officer.

The CEO is accountable to the Board for the development and recommendation of strategies and the execution of strategic directions set by the Board, while the COO is responsible for the day-to-day management of the Company and the implementation of the directives provided by the CEO and the Board's policies and decisions. Both the CEO and COO are guided by the Company's Mission, Vision, and Core Values.

Management regularly provides the Board with complete and accurate information on the operations and affairs of the Company.

Employee Relations

Employees are provided an employee handbook which contains the policies and guidelines for the duties and responsibilities of an employee of GMA Network, Inc. The Handbook also details the benefits and privileges accruing to all regular employees.

The News and Public Affairs Ethics Manual, on the other hand, sets the standards and rules on how News and Public Affairs personnel should conduct themselves at work.

Through an external newsletter and the intranet facilitated by the Corporate Affairs Division, employees are updated on material developments in the organization.

The Company also provides training programs and seminars for career advancement and development. The Company has also initiated activities centered on the safety, health and welfare of its employees.

Prompt Disclosures and Timely Reporting

GMA Network, Inc. adheres to a high level of corporate disclosure and transparency regarding the company's financial condition and state of corporate governance on a regular basis. Through the Investor Relations and Compliance Division (IRCD), shareholders are provided disclosures, announcements and periodic reports filed with the Securities and Exchange Commission (SEC) and the

Philippine Stock Exchange. These are also available on line through the Company's Investor Relations website www.gmanetwork.com/corporate/ir.

The Company, through the IRCD, holds regular Analysts' and Investors' briefings that are attended by the Company's Chief Executive Officer, Chief Operating Officer, Chief Finance Officer as well as other high ranking officers. Meetings with Fund Managers, Investment, Financial and Research Analysts are likewise handled by the IRCD.

Consolidated audited financial statements are submitted to the SEC on or before the prescribed period and distributed to the shareholders prior to the ASM.

The financial soundness indicators that the Company monitors are the following:

Key Performance Indicators	2014 (in millions PhP)	2013 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Revenues	11,982.9	12,950.9	(968.0)	-7%
Airtime revenues	10,678.9	11,726.8	(1,047.9)	-9%
Cash operating expenses	9,126.7	9,262.7	(136.0)	-1%
EBITDA	2,924.5	3,718.2	(793.7)	-21%
Net income before tax	1,457.5	2,387.3	(929.9)	-39%
Net income after tax	1,009.5	1,675.0	(665.5)	-40%

	2014	2013	Inc/(Dec)	%
Current ratio	1.90	2.15	(0.25)	-12%
Asset-to-Equity ratio	1.70	1.48	0.22	15%
Net debt-to-Equity ratio	0.08	(0.07)	0.15	-209%
Debt-to-Equity ratio	0.27	0.13	0.14	109%
Interest Rate Coverage ratio	40.66	45.95	(5.29)	-12%
Gross Profit margin	54%	54%	(0.01)	-1%
EBITDA margin	24%	29%	(0.04)	-15%
Net income margin	8%	13%	(0.05)	-35%