

**MINUTES**  
**OF THE ANNUAL STOCKHOLDERS' MEETING OF**  
**GMANETWORK, INC.**  
Held at Studio 6  
GMA Network Studios, EDSA corner GMA Network Drive  
Diliman, Quezon City  
May 16, 2018 at 10:00 a.m.

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STOCKHOLDER'S PRESENTED/REPRESENTED:	Stockholdings (%):	
	No. of Shares	Percentage
Common Shares	3,119,269,563	92.70%
Preferred Shares	7,489,610,364	99.87%
<b>Total Issued &amp; Outstanding Shares</b> (Net Treasury Shares)	<b>10,608,879,927</b>	<b>97.68%</b>

**OTHERS PRESENT:**

**Board of Directors**

Felipe L. Gozon	Chairman/Chief Executive Officer
Gilberto R. Duavit, Jr.	President/Chief Operating Officer
Felipe S. Yalong	Executive Vice-President/Chief Financial Officer/Corporate Treasurer
Gilberto M. Duavit, Sr.	Director
Laura J. Westfall	Director
Anna Teresa M. Gozon	Assistant Corporate Secretary
Artermio V. Panganiban	Independent Director
Jaime C. Laya	Independent Director
<b><u>Officers</u></b>	Corporate Secretary/Compliance Officer
Roberto Rafael V. Lucila	Consultant, Radio Operations
Miguel C. Enriquez	Senior Vice-President, Finance and ICT
Ronaldo P. Mastrili	Senior Vice-President, News & Public Affairs Group
Marissa L. Flores	Consultant, Internal Audit
Eduardo P. Santos	First Vice-President, Research
Sheila S. Tan	Vice-President, Corporate Affairs and Communication
Angel Carmela J. Cruz	Vice-President, Supply and Asset Management
Victoria T. Arradaza	Vice President, Administration and Investor Relations
Ayahl Ari Augusto P. Chio	Senior Assistant Vice-President, Treasury and Account Management (Finance)
Maria Lucille U. Dela Cruz	Senior Assistant Vice-President, Financial Management Systems (Finance)
Mercedes Macy T. Suena	Senior Vice President & Head, Engineering Group, Concurrent Head, Transmission and Regional Engineering
Elvis B. Ancheta	First Vice President, GMA International
Joseph Jerome T. Francia	Vice President, Legal Affairs
Ma. Luz P. Delfin	Vice President, Human Resources Development
Gerrome Y. Apolona	Vice President for Radio Operations Group and Concurrent Vice President for Operations, RGMA
Glenn F. Allona	Assistant Vice President, Subsidiaries Financial Accounting Division, Finance
Farley D. Areola	

Amerigo L. Santos

Senior Assistant Vice President, Division Head,  
Regional Transmission Operations Division,  
Concurrent Head, Broadcast Engineering  
Services Division

Remedios B. Reyes

Assistant Vice President, Central Library &  
Archives Management Division, ICT

**External Auditor**

J. Carlitos G. Cruz  
Wilson P. Tan  
Ramon D. Dizon  
Marydith C. Miguel

**I. CALL TO ORDER**

The Chairman, Atty. Felipe L. Gozon, called the Annual Stockholders' Meeting to order at 10:00 a.m. The Corporate Secretary, Atty. Roberto Rafael V. Lucila, assisted by Atty. Maria Theresa E. de Mesa recorded the minutes of the proceedings.

**II. CERTIFICATION OF NOTICE AND QUORUM**

The Corporate Secretary reported that the written notices of the meeting were duly sent to all the stockholders as of record date of April 16, 2018, in accordance with the By-Laws of the Company. Based on the attendance record and the proxies and powers of attorney on hand, the Corporate Secretary also certified that 3,119,269,563 common shares or 92.70% of the 3,361,047,000 total issued and outstanding common shares and 7,489,610,364 preferred shares or 99.87% of the 7,499,507,184 total issued and outstanding preferred shares, equivalent to a total of 10,608,879,927 or 97.68% of the 10,860,554,184 total outstanding common and preferred shares (net of treasury shares), were present by the owners or their respective proxies. Therefore, a quorum existed for the transaction of business.

**III. READING AND APPROVAL OF THE MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING HELD ON MAY 17, 2017**

The Chairman stated that the first item in the order of business is the reading and approval of the Minutes of the Annual Stockholders' Meeting held on May 17, 2017.

After hearing no objections, and upon motion duly made and seconded, the following resolution was unanimously approved:

“RESOLVED, That the reading of the Minutes of the Annual Stockholders' Meeting held on May 17, 2017 be dispensed with and that the same be hereby RATIFIED and/or APPROVED.”

**IV. ANNUAL REPORT OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

The Chairman and the Chief Executive Officer, Felipe L. Gozon, proceeded with the presentation of the Annual Report of the Chairman/CEO for the year ended December 31, 2017.

The Chairman reported that the year 2017 was a challenging year in the light of the Company's record-breaking financial performance in the year 2016, a presidential election year. Nevertheless, the Company managed to face the challenges head-on and was able to achieve a number of accomplishments.

In terms of ratings performance, GMA7 was able to keep its advantage over ABS-CBN in nationwide NUTAM (National Urban TV Audience Measurement) ratings, and even managed to increase its lead. Based on Nielsen TV audience measurement, GMA7 posted an average total day people audience share of 42.5% in 2017, which was higher by 5.7% over ABS-CBN. GMA7 also led across all day parts, including in the much-coveted primetime block. GMA7 increased its margins in its bailiwick areas of Urban Luzon and Mega Manila, leading over ABS-CBN in average people audience share by 17.8% in Urban Luzon and by 25.2% in Mega Manila. GMA7 was also able to reduce the gap in TV ratings in Visayas and Mindanao where GMA7 was behind ABS-CBN. As of April 2018, GMA7 was still on top in nationwide TV ratings. The Company's Management commits to pull all the stops to keep GMA7's supremacy for as long as possible.

GMA News TV closed the gap with TV-5 in 2017. Doblol B sa News TV was another success story in 2017. DZBB once again became the leading AM station in Mega Manila since December 2017 and continues to be No. 1 as of the latest Nielsen survey, apart from generating additional revenues for both radio and GNTV.

The topline in 2017 being boosted by nearly P1.5 billion worth of political advocacies from the national elections and the reduced advertising spending by some major advertisers in 2017 both contributed to the Company's consolidated gross revenues of P15.345 billion, which was down by 8% against that in 2016. On the other hand, without the effect of the political ads, the Company's consolidated recurring gross revenues in 2017 went up by 1% or by P159 million against that in 2016.

The Company's airtime revenues amounted to P13.609 billion, which was 10% lower than in 2016. Without the political ads, however, the Company's airtime revenues were almost at par with that of the previous year.

All airtime revenue-generating platforms experienced decreases in sales, except for Regional TV which posted higher sales by about 1% versus 2016. Without the impact of political ads, Regional TV's recurring sales grew by 19%.

The main channel, GMA7, posted a 10% drop in airtime revenues. Without the political ads, recurring gross revenues for GMA7 ended flat compared to the previous year.

For its radio business, however, the Company ended the year 2017 with a 6% decline in sales. Without the effect of political ads, Radio's regular sales went up by 18%.

GMA News TV posted sales lower by 9%, but, without the political ads, the decrease was only 7%.

The decline in the Company's top line figures was partly mitigated by its operational efficiencies, with the total operating expenses (OPEX) increasing by merely 2% to P11.8 billion compared to 2016.

The Company's EBITDA in 2017 settled at P5.217 billion, which was 23% lower versus that of last year.

The Company's consolidated Net Income After Tax in 2017 ended at P2.56 billion, which was 30% or P1.087 billion lower than the bottom line in 2016. Be that as it may, in all the non-election years that it has been operating, GMA7 had the highest Net Income After Tax (NIAT) in 2017.

Insofar as the other business units and subsidiaries of GMA7, revenues from the international operations and other businesses reached PhP1.736 billion, which went up by 13% compared to 2016.

The increase in the subscriber count of GMA Pinoy TV, GMA Life TV and GMA News TV propelled the revenue growth in the international operations in 2017, which reached more than P1 billion or 9% higher than in 2016.

Program syndication business through GMA Worldwide registered an 18% increase in sales from that in 2016.

The combined revenues of GMA New Media and its subsidiaries grew by 34%, resulting from the increased online advertising revenues and content provisioning.

Revenues from GMA Records increased by 24%, while those from Alta went up by 4%, compared to those from the year 2016.

On the other hand, Script2010 posted a 2% decline in revenues.

In conclusion, following another productive year in 2017, the Company's Management is excited to continue implementing the strategies set for the Company's immediate future, starting with its digitization plans. On December 15, 2017, the Company successfully implemented the first phase of its Digital TV Transmission Project which enabled the digital TV signal for both GMA7 and GMA News TV to cover Metro Manila and the nearby provinces of Cavite, Rizal, Laguna, Bulacan, Pampanga, and parts of Bataan, Nueva Ecija, and Tarlac. Before May-end, the Company's digital TV signal will also be available in other key areas in Luzon and Visayas and, before June-end, in Mindanao.

The Company likewise looks forward to introducing its patented digital TV devices to the market which will have competitive functional features that its competitors do not offer.

All in all, the Company's Management is relentless in their efforts to improve GMA's content which can be accessed through all available platforms..

The Chairman also proudly reported the release on May 15, 2018 of the cash dividends worth P2.43 billion or P0.50 per share to all stockholders of record as of April 23, 2018, thereby highlighting the commitment of the Company's Management to provide the best returns to the stockholders as a way of showing their appreciation and gratitude to them. Since its listing with the Philippine Stock Exchange, the Company has paid cash dividends in the total amount of P23.378 billion.

In parting, the Chairman expressed his sincerest gratitude to the stockholders, directors, officers, employees and talents, and other stakeholders, and especially to the loyal *Kapuso* viewers here and abroad, for their unwavering loyalty, trust and support, which the Management hopes to continue as GMA7 continues its journey into a bright and colorful future.

After the report, the Chairman opened the floor for comments and questions.

Several stockholders expressed their gratitude to the Corporation for the remarkable gift to the stockholders and financial and ratings performance and work of Management.

As one stockholder stated that he had yet to receive his cash dividends, the Chairman and Director/CFO assured all stockholders that all dividends should have

already been paid either directly to them or their duly authorized stock brokers. For those who have not yet received their dividends, the CFO stated that he shall assist to inform the stock transfer agent once the relevant information thereon is received by him, but, at the same time, he suggested that they coordinate with their respective stockbrokers if they engaged one for their subscription.

When asked by a stockholder of the 2018 target for the Company, the Chairman stated that, with all of the projects in line for the year, including the digitization project which the Company has funded without debt, and with Management continuing to be prudent in controlling the expenses, the Management looks forward to a bigger net income, and thus higher cash dividends, for the year 2018.

Insofar as the query of a stockholder on the causes for the downtrend in advertising revenues, the Chairman assured the stockholders that the Company's Management and Board of Directors continue to study this complex situation that is true worldwide and to explore strategies to keep GMA7 on top.

The Chairman accommodated a stockholder who asked for a hard copy of the Annual Report and token to remember the meeting by, while he reiterated the efforts of Management to manage its expenses.

To answer the query of one stockholder, the President explained that, while it is capable to broadcast in high definition, the Company currently transmits digitally on standard definition because of the limitation in the number of TV sets that can directly receive the digital signal on high definition.

The President also assured the stockholders that GMA7 will continue to be an advocate of true news and will contribute to combat fake news, pursuant to its policy of *Serbisyong Totoo*.

One stockholder gave suggestions for a better news coverage setting, and at the same time commended the excellence of the anchors of GMA7's News & Public Affairs.

The Chairman stated that the Company already has in place distribution plans for its patented digital devices, and, hence, is not open to dealership at this time.

One stockholder commended GMA7 for its moral values and the redeeming values in its shows, which set it apart from the other network(s).

After some discussions, a stockholder moved that the Chairman/CEO's Annual Report together with the financial statements for the period ending December 31, 2017 be noted and approved. Another stockholder seconded. The following resolution was therefore adopted:

“RESOLVED, That the Chairman/CEO's Annual Report and the Financial Report for the period ending December 31, 2017 be, as they are, hereby NOTED and APPROVED.”

## **V. RATIFICATION OF THE ACTS OF THE BOARD OF DIRECTORS /CORPORATE OFFICERS**

The Chairman stated that the next item on the agenda was the ratification of all acts, proceedings, transactions and resolutions of the Board of Directors, Executive Committee and Officers of the Company from the date of the last annual stockholders' meeting on May 17, 2017 up to the present. The Chairman asked the Corporate Secretary to explain the nature of the acts to be ratified.

The Corporate Secretary explained that the acts of the Board of Directors were all conducted in the ordinary course of business and were reflected in the minutes of all the meetings of the Board of Directors and in accordance with good corporate practice, and are on file with the Office of the Corporate Secretary and available for inspection upon the request of any stockholder.

After hearing no objections, and after motion duly made and seconded, the following resolution was unanimously approved:

“RESOLVED, That (1) the declaration of cash dividends to stockholders of record as of April 23, 2018 by the Board of Directors on April 5, 2018, and (2) all acts and resolutions of the Board of Directors and Management of the Corporation from the date of the last annual stockholders’ meeting on May 17, 2017 up to May 16, 2018 as reflected in the minutes of the meetings of the Board of Directors, are hereby APPROVED, CONFIRMED and RATIFIED.”

## VI. ELECTION OF DIRECTORS

The Chairman stated that the next item on the agenda was the election of directors for the year 2018 - 2019. The Chairman requested the Nomination Committee to give its report on the nominees to the Board of Directors for the ensuing year.

Mr. Gilberto R. Duavit, Jr. reported that the following were nominated and approved by the Nomination Committee in its last meeting in accordance with the By-Laws of the Corporation:

FELIPE L. GOZON  
 GILBERTO R. DUAVIT, JR.  
 JOEL MARCELO G. JIMENEZ  
 GILBERTO M. DUAVIT, SR.  
 FELIPE S. YALONG  
 ANNA-TERESA M. GOZON  
 LAURA J. WESTFALL  
 ARTEMIO V. PANGANIBAN  
 JAIME C. LAYA

Mr. Duavit further stated that former Chief Justice Artemio V. Panganiban and Dr. Jaime C. Laya were nominated as the Company’s Independent Directors.

Upon motion, and hearing no objections, the following were unanimously declared elected as members of the Board of Directors for the ensuing year 2018-2019, until their successors shall have been duly elected.

FELIPE L. GOZON  
 GILBERTO R. DUAVIT, JR.  
 JOEL MARCELO G. JIMENEZ  
 GILBERTO M. DUAVIT, SR.  
 FELIPE S. YALONG  
 ANNA-TERESA M. GOZON  
 LAURA J. WESTFALL  
 ARTEMIO V. PANGANIBAN (*Independent Director*)  
 JAIME C. LAYA (*Independent Director*)

## VII. ELECTION OF THE EXTERNAL AUDITOR

The Chairman stated that the next item on the agenda was the election of the external auditor. The Chairman invited the Audit Committee to give their recommendation for the external auditor.

Dr. Laya, the Chairman of the Audit Committee, explained that the Committee has reviewed the performance and the proposed fees of the current external auditor and recommended that Sycip Gorres Velayo & Co. be elected as the Company's External Auditor.

After motion duly made and seconded, the following resolution was unanimously approved:

“RESOLVED, That the Sycip Gorres Velayo & Co. be elected as the External Auditor of the Company.”

## VIII. OTHER MATTERS/ADJOURNMENT

The Chairman opened the floor for any other matters which the shareholders wanted to bring up. There being none, the meeting was adjourned at 10:55 a.m.

  
FELIPE L. GOZON  
*Chairman*

  
ROBERTO RAFAEL V. LUCILA  
*Corporate Secretary*

**(SUBJECT TO THE STOCKHOLDERS' APPROVAL  
AT THE NEXT STOCKHOLDERS' MEETING)**