

April 10, 2018

**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 16, 2018 (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 17, 2017
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 7, 2018.

For purposes of the meeting, only stockholders of record as of April 16, 2018 are entitled to attend and vote in the said meeting.

For your convenience in registering your attendance, please bring any form of government issued ID.

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 RAFAEL V. LUCILA**  
*Corporate Secretary*

## **RATIONALE FOR THE SALIENT MATTERS CONTAINED IN THE AGENDA**

### **Approval of the Minutes of the Annual Stockholders' Meeting Held on May 17, 2017**

The approval of the minutes of the previous year's Annual Stockholders' Meeting is made part of the agenda for transparency and 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 ("SEC").

### **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 inform 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 2017 has been detailed in the Audited Financial Statements (AFS) of the Company which were reviewed in audit 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 their approval and 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. On the basis of the nominated directors' proven track record as shown by the results of the Company's performance and after review of their qualifications, the said directors were recommended for reelection by the Nomination Committee. 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**

Upon the recommendation of the Audit and Risk Management Committee and after proper deliberation, the Board approved the re-appointment of SyCip Gorres & Velayo & Co. (SGV) as the Company's external auditor for 2017. 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 at 15/F Sagittarius Building, H.V. De la Costa Street, Salcedo Village, Makati on or before **May 7, 2018**. You may deliver this form or send it in advance through fax no. (632) 812-0008. Validation of proxies shall be held on May 9, 2018 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 16, 2018 at 10:00 a.m. and at any postponement or adjournment thereof.

\_\_\_\_\_  
Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
No. of Shares Held

**SECURITIES AND EXCHANGE COMMISSION**  
**AMENDED 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 17, 2017, 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 24, 2018**
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	<b>3,361,047,000</b>
Preferred Stock	<b>7,499,507,184</b>

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 24, 2018 is being furnished to the stockholders of record of GMA Network, Inc. as of April 16, 2018 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 16, 2018  
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 24, 2018

**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, 2018. 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 16, 2018 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 December 31, 2017 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. <sup>1</sup> Unit 5D Tower One, One McKinley Place, Bonifacio Global City	Filipino	PCD Nominee Corporation	774,078,300	23.01%
Common	Group Management & Development Inc. <sup>2</sup> No. 5 Wilson St., San Juan, Metro Manila	Filipino	The Record Owner is the Beneficial Owner	789,813,389	23.47%

<sup>1</sup> 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.

<sup>2</sup> 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 <sup>3</sup> Unit 2, 2/F, Building 2, 9 <sup>th</sup> Avenue, Bonifacio Global City, Taguig, Metro Manila	Filipino	The Record Owner is the Beneficial Owner	685,862,527	20.38%
Common	M.A. Jimenez Enterprises, Inc. 2/F Sagittarius Condominium, H. V. De la Costa St., Salcedo Village, Makati City <sup>4</sup>	Filipino	The Record Owner is the Beneficial Owner	453,882,095	13.49%
Common	Television International Corporation <sup>5</sup> 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%
<b>Total Common Shares</b> <b>3,038,014,348</b> <b>90.29%</b>					
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 <sup>th</sup> 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%
<b>Total Preferred Shares</b> <b>7,428,344,388</b> <b>99.04%</b>					

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 ("PDRs") which give the holder of each PDR the right to the 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.

<sup>3</sup> 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.

<sup>4</sup> 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.

<sup>5</sup> 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 December 31, 2017

As of December 31, 2017, based on the records of the Company's stock transfer agent, the Company's directors and senior officers owned an aggregate of 7,436,541 common shares of the Company, equivalent to 0.2210% of the Company's issued and outstanding common capital stock and 46,944 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	Director/Assistant Corporate Secretary	Filipino	R/B	3	0.01%	6	0.00%
Gilberto R. Duavit Jr.	Director/Pres. and COO	Filipino	R/B	4,007,005	0.11%	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%
Gilberto M. Duavit	Director	Filipino	R/B	8,345	0.00%	20,028	0.00%
Laura J. Westfall	Director	Filipino	R/B	2	0.00%	6	0.00%
Felipe S. Yalong	Director/Executive Vice-President/Chief Financial Officer	Filipino	R/B	1,613,000	0.03%	6	0.00%
Jaime C. Laya	Independent Director	Filipino	R/B	294,001	0.0087%	0	0.00%
Artemio V. Panganiban	Independent Director	Filipino	R/B	200,001	0.00%	0	0.00%
Marissa L. Flores	Senior Vice President – News and Public Affairs	Filipino		474,000	0.00%	0	0.00%
Ronaldo P. Mastrili	Senior Vice President – Finance and ICT	Filipino	R/B	354,000	0.0054%	0	0.00%
Lilybeth G. Rasonable	Senior Vice President – Entertainment TV	Filipino	R/B	158,000	0.00%	0	0.00%
Elvis B. Ancheta	Senior Vice President and Head, Engineering Group; Head, Transmission and Regional	Filipino		0	0.00%	0	0.00%

	Engineering Department						
Lizelle G. Maralag	Chief Marketing Officer	Filipino		0	0.00%	0	0.00%

(3) Voting Trust Holders of 5% or more

The Company is unaware of any person 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.. Hence any such 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 (2018-2019):

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

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 March 31, 2018, 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, 2018, 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	77
Gilberto M. Duavit	Filipino	Director	2016	N/A	N/A	82
Gilberto R. Duavit, Jr.	Filipino	Director	1999	President/Chief Operating Officer	2010	53
Anna Teresa M. Gozon	Filipino	Director/ Assistant Corporate Secretary	2000	N/A	N/A	45
Joel Marcelo G. Jimenez	Filipino	Director	2002	N/A	N/A	53
Laura J. Westfall	Filipino	Director	2002	N/A	N/A	49
Felipe S. Yalong	Filipino	Director/ Corporate Treasurer	2002	Executive Vice President/Chief Financial Officer	2011	60
Roberto Rafael V. Lucila	Filipino	Corporate Secretary	2017	N/A	N/A	60
Marissa L. Flores	Filipino	N/A	N/A	Senior Vice President, News and Public Affairs	2004	62
Ronnie P. Mastrilli	Filipino	N/A	N/A	Senior Vice President for Finance and ICT	2013	51
Lilybeth G. Rasonable	Filipino	N/A	N/A	Senior Vice President for Entertainment TV	2013	53
Artemio V. Panganiban	Filipino	Independent Director	2007	N/A	2007	80
Jaime C. Laya	Filipino	Independent Director	2007	N/A	2007	78
Elvis B. Ancheta	Filipino	N/A	N/A	Senior Vice President and Head, Engineering Group; Head, Transmission and Regional Engineering Department	2014	50
Lizelle G. Maralag	Filipino	N/A	2016	Chief Marketing Officer	2016	51

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

**Felipe L. Gozon**, Filipino, 78 years old, is the Chairman of the Board of Directors and Chief Executive Officer of GMA Network, Inc.

Atty. Gozon is a Senior Partner at the Law Firm of Belo Gozon Elma Parel Asuncion & Lucila. He is also the Chairman of the Board/President/CEO of various companies including GMA Holdings, Inc., Citynet

Network Marketing & Productions, Inc., RGMA Network, Inc., Alta Productions Group, Inc., GMA New Media, Inc., Media Merge Corporation, Digify, Inc., RGMA Marketing & Productions, Inc., Philippine Entertainment Portal, Inc., Script2010, Inc., FLG Management and Development Corporation, Gozon Development Corporation, Vista Montana Realty Development, Inc., Mont-Aire Realty and Development Corporation, BGE Holdings, Inc., Kenobe, Inc., Jeata Holdings and Management, Inc., Vitezon, Inc., Palawan Power Generation, Inc., Catanduanes Power Generation, Inc., Sycamore International Shipping Corp., Lex Realty, Inc., Justitia Realty & Management Corp., Gozon Foundation, Inc., GMA Kapuso Foundation, Kapwa Ko Mahal Ko Foundation, Inc., and The Potter and Clay Christian School Foundation, Inc.

Atty. Gozon is also a Director of GMA Worldwide, Inc., GMA Films, Inc., Antipolo Agri-Business & Land Dev. Corp., and Chamber of Commerce of the Philippine Islands. He is a Trustee of the Philippine Center for Entrepreneurship Foundation, Inc., and Environmental Heroes Foundation, Inc. He is also an Advisory Board Member of the Asian TV Awards (2010 to present).

Atty. Gozon is a recipient of several awards for his achievements 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, 54 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. He also serves as President and CEO of GMA Holdings, 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. and a Trustee of the Guronasyon Foundation, Inc. and the HERO Foundation.

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

**Joel Marcelo G. Jimenez**, Filipino, 54 years old, has been a Director of the Company since 2002. He is

currently the Vice Chairman of the Executive Committee of GMA Network, Inc., 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, 61 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., and Majalco Finance and Investments, 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 M. Gozon**, Filipino, 46 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 graduated 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 is an Associate Professor in the University of the Philippines, College of Law where she taught Taxation and Legal History.

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.

**Gilberto M. Duavit, Sr.**, Filipino, 83 years old, was elected to the Company's Board of Directors in 2016.

Atty. Duavit was the founding Chairman of GMA Network, Inc. in 1974-1976 and was a former Director of the Company in 1977. He is one of the pillars behind the rebirth of Republic Broadcasting System (RBS)-TV Channel 7 in the 1970s.

He is currently the Chairman and Chief Executive Officer of Group Management and Development, Inc. and the Chairman of Guronasyon Foundation, Inc., an organization which recognizes remarkable teachers in the province of Rizal.

Atty. Duavit was elected as member of the 9th, 10th, and 11th Congresses, representing the 1st District of Rizal. During his tenure in Congress, he served as Senior Assistant Minority Floor Leader (10th Congress) and Chairman of the House Committee of Appropriations (11th Congress) after becoming a member of the same House Committee (9th and 10th Congress). He had likewise served as a member

of various House Committees including Constitutional Amendments, Education and Culture, Housing and Urban Development, Public Works and Highways, and Banks and Financial Intermediaries, and was cited as One of the Ten Most Outstanding Congressmen in the 9th, 10th, and 11th Congresses.

He was also formerly Assistant Executive Secretary for Social, Political, Legal, and Economic Affairs (1966-1970) and Acting Executive Secretary, Office of the President (1969), and was twice awarded the Presidential Merit Award in 1967 and 1968.

Atty. Duavit was a delegate to the 1971 Constitutional Convention, representing the 2nd district of Rizal, and became President of the Philippine Constitutional Association or PHILCONSA (1970). He served as Executive Director of the National Youth and Sports Development Foundation of the Philippines (1978), and as Senior Deputy Minister of the Ministry of Youth and Sports Development (1974-1978). He was also a member of the Batasang Pambasa, representing the Southern Tagalog Region from 1978 to 1984.

Aside from GMA, he was also Chairman/Director of various firms and companies, among them Permastress Industries, Inc., Unistress Concrete Systems, Inc., Sagittarius Condominium Corporation, and Mar Fishing Company, Inc. Atty. Duavit earned his Bachelor of Arts and Law degree from the University of the East Manila, and holds a Doctorate degree in Humanities from the University of Rizal System.

**Laura J. Westfall**, Filipino, 50 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 Menarco Group of Companies and serves as Board Member of Coffee Bean and Tea Leaf Philippines, 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, 81 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, Asian Terminals, and a regular Director of Jollibee Foods Corporation. He is also an Adviser of Metropolitan Bank and Bank of the Philippine Islands (BPI), 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. Recently, he was named a Member of the Permanent Court of Arbitration based in The Hague, Netherlands. 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.

**Jaime C. Laya**, Filipino, 79 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., Philippine AXA Life Insurance Company, Inc., and Charter Ping An Insurance Corporation. 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 organizations. 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 Rafael V. Lucila**, Filipino, 61 years old, has been the Corporate Secretary of the Company since March 27, 2017. He is a co-managing partner/senior partner of the Law Firm of Belo Gozon Elma Parel Asuncion & Lucila. He currently sits as director in the Philippine affiliates of certain European and American companies in the Philippines namely, eMerchant Asia Inc., eMerchant Pay Asia Inc., Evonik (Philippines) Inc., Time-Life International (Phil.) Inc. and MeteoGroup Philippines Inc. as well as a member of the Board of Regents of the Bicol University. He is the Chairman and President of Lucilex, Inc. and the President of Assetlex Development Corporation, Inc., eMerchant Asia Inc., and eMerchant Pay Asia Inc.. He is a Court of Appeals Mediator and serves as a Trainor for the Court of Appeals Mediation Training Program. He is presently a lecturer for Constitutional Law at the University of the Philippines, College of Law and the University of Asia and the Pacific, School of Law and Government. He was also a lecturer at the University of the Philippines College of Business Administration, San Sebastian College Institute of Law and Lyceum College of Law as well as in local and international conferences such as the Integrated Bar of the Philippines (IBP) National Convention in 2010, Avenue Capital Global Investor Conference in 2005, and The Law Association for Asia and the Pacific (LAWASIA) Conference in 1997. He was OIC for the Legal Department of GMA Network, Inc. from 2001 to 2004 and Office of the President of Express Telecommunications, Inc. in 1998. He represented the Avenue Asia Capital Group and Avenue Capital Group as member of the Board of Directors of Citra Metro Manila Tollway Corporation (CMMTC) from 2004 thru 2012.

He served in the Office of the President of the Philippines as Assistant Executive Secretary for Legislation from 1990 to September 1992; Chairman of the Presidential Staff in 1991; Chairman of the Philippine Retirement Authority from 1991 to August 1992; Chairman of the South China Sea Fishery Disputes Committee from 1991 to July 1992; and Board Member of the Special Operations Team (now Bases Conversion Development Authority [BCDA]) in 1991. In the Department of Transportation and Communications, he was a Board Member of the Civil Aeronautics Board from 1990-1991 and of the Philippine National Railways from 1989-1991.

He holds Bachelor of Laws (1980) and Bachelor of Arts in Psychology (1976) degrees from the University of the Philippines. He was admitted to the Philippine Bar in 1981. He has completed the

Strategic Business Economics Program (SBEP) from the University of Asia and the Pacific in 1999. He has contributed legal articles for the Supreme Court Reports Annotated (SCRA), The Lawyer's Review, IBP Law Journal and Magazine, World Bulletin, Getting the Deal Done, and the Clifford Chance's "Asia-Pacific Guide to Restructuring and Insolvency Practices Philippine Chapter" 2013 and 2018, and was the author of the book entitled "Corporate Rehabilitation in the Philippines." Atty. Lucila has been recognized as one of the 2013 Asialaw Asia-Pacific Leading Lawyers in Dispute Resolution, and as a law professional actively engaged in the areas of Technology Media Telecommunications (TMT) and Insolvency in the Philippines.

**Marissa L. Flores**, Filipino, 54 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. Ms. Flores was recognized for her work in the field of broadcast journalism by the University of the Philippines College of Mass Communication at the first Glory Awards in 2017.

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, 52 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 GMA Kapuso Foundation, and Comptroller of GMA Films, GMA Kapuso Foundation and GMA Worldwide.

**Lilybeth G. Rasonable**, Filipino, 54 years old, is the Senior Vice President of the Entertainment Content Group of GMA Network, Inc. She is mainly responsible for the production of 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 re-joined 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 ground-breaking 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. ETV was renamed Entertainment Content Group in 2017.

**Elvis B. Ancheta**, Filipino, 51 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 Professional Electronics Engineer and is a member of the Institute of Electronics and Communications Engineers of the Philippines. 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.

**Lizelle G. Maralag**, Filipino, 52 years old, is GMA Network's Chief Marketing Officer. She is responsible for driving revenue growth and marketing innovation within all media platforms of the Network, including GMA's TV and radio stations as well as the Network's international channels. Under her leadership, GMA became the only Philippine broadcast company with the most number of local and global marketing awards.

She joined the GMA Network in 2010, after a laudable career as an advertising media professional spanning more than two (2) decades, where she drove to leadership position the top-ranked media agency in the market, Starcom Mediavest Group Phils. Co. Inc. as Managing Director, while concurrently serving as the Chairperson of Publicis Groupe Media Philippines, overseeing Zenith Optimedia Phils., too. She continues to hold the record in the media advertising industry for winning the most number of Media Agency of Record pitches when she was Managing Director of Starcom Mediavest Group Philippines, from 2000-2009.

She holds a degree of Bachelor of Science in Statistics at the University of the Philippines, Diliman, and took post graduate studies at the INSEAD in Singapore. She was Founding Co-Chairperson of the Media Specialists Association of the Philippines (2008-2009), Chairman of the Radio Research Council Adjudication & Review Board, was a Director of the TV Research Council, was a part-time instructor at the University of Asia and the Pacific, served as a global juror in the Starcom MediaVest Group Fuel Awards (2004), and is a frequent jury member in local and regional advertising and marketing industry awards, the most recent of which is the Asia-Pacific Advertising Effectiveness Awards (Effies).

### **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**

Gilberto R. Duavit, Jr. is the son of Gilberto M. Duavit 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**

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, 2017 and 2016, Mont-Aire has had advances owing to the Company in the amount of P88.2 million and P87.9 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. In 2016, GMA Marketing operations were integrated to the Company. 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 Concurrent Group Head, Corporate Services Group and Chief Financial Officer
Marissa L. Flores	Senior Vice President, News and Public Affairs Group
Lizelle G. Maralag	Chief Marketing Officer, Sales and Marketing Group
Rizalina D. Garduque	Vice President, Sales – News and Public Affairs and Regional TV

	Year	Annual Salaries (in thousands)	13th Month and Bonuses (in thousands)	Total
CEO and Top 5 Highest Compensated Officers	2015	105,700.4	72,452.0	178,152.4
	2016	127,348.3	158,525.0	285,873.2
	2017	144,348.5	131,232.1	275,580.6
	2018 (estimate)	150,122.4	136,481.3	286,603.8
Aggregate compensation paid to all officers and directors as a group	2015	156,399.9	90,808.5	247,208.4
	2016	196,896.4	197,604.4	394,500.8
	2017	223,700.6	167,779.8	391,480.4
	2017 (estimate)	232,648.6	174,491.0	407,139.6

(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) under the Rules and Regulations Covering Form and Content of Financial Statements (SRC Rules 68 and 68.1, as amended), the Company has engaged Ms. Marydith C. Miguel, partner of SGV & Co., to sign the Company's 2017 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.

- (c) The aggregate fees billed for each of the last two years for the professional services rendered by SyCip Gorres Velayo & Co. amounted to P6.3 million in 2016 and P6.3 million in 2017 (these included the fees related to financial audit and services for general tax compliance).
- (d) 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  
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 under the Rules and Regulations Covering Form and Content of Financial Statements (SRC Rules 68 and 68.1, as amended) :

- 1) Audited Financial Statements for December 31, 2017 and 2016;
- 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, 2017.
- (b) Approval of the Minutes of the 2016 annual meeting of the Stockholders held on May 17, 2017, covering the following salient matters:
  - (i) Approval of the Minutes of the annual meeting of the stockholders on May 18, 2016
  - (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) Election of the Members of the Board of Directors, including the Independent Directors
  - (vi) 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 17, 2017 to May 16, 2018 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 17, 2017;
- 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;
- Approval and release of the financial statements for the year ended December 31, 2017.

**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 27, 2017 of cash dividends to stockholders of record as of April 20, 2017 and payment date on May 15, 2017.
- (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**

Copies of the Unaudited Interim Financial Statements (period ended March 31, 2018) ("IFS") will be made available to each stockholder at least five (5) calendar days before the Annual Meeting. Such report can be viewed at the Company's official website five (5) calendar days before the meeting and hard copies of the company's IFS and management discussion may be available upon request also five (5) calendar days before the said 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\_\_\_\_, 2018.

**GMA NETWORK, INC.**

By:

  
**ROBERTO RAFAEL V. LUCILA**  
*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.

GMA Network has 47 VHF and 41 UHF TV stations throughout the Philippines with its signal reaching approximately 95% of the country's total TV households (Source: 2017 Nielsen Television Establishment Survey; Claimed reception among TV homes).

In 2017, GMA Network, Inc. maintained leadership in National Urban TV ratings and in the viewer-rich areas of Urban Luzon and Mega Manila. The Company posted decreases in its gross revenues and net income for 2017 versus 2016.

GMA Network's international operations continued to expand during the year. The Company's international syndication and distribution business likewise grew in 2017.

### **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, 2017:

COMPANY	OWNERSHIP	PRINCIPAL ACTIVITIES
<b>Subsidiaries</b>		
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.****	100%	Exclusive marketing and sales arm of GMA's airtime;

(GMPI)		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
<b>Joint Ventures</b>		
INQ7 Interactive, Inc.****	50%	Internet publishing
Philippine Entertainment Portal, Inc. (PEP)**	50%	Internet publishing
<b>Affiliates</b>		
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.

\*\*\*\* Not operational

## **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		2017 Ratings & Audience Share (Total day; 6AM-12MN)		
			Mega Manila	Urban Luzon	Urban National
GMA		Household Ratings	15.2	14.3	12.7
		Audience Share	49.0	46.0	40.3
ABS-CBN	Radio and TV broadcasting network and multimedia company. Founded in 1953, and is the first television station in the Philippines.	Household Ratings	8.6	9.8	11.7
		Audience Share	27.7	31.5	37.0
GNTV	GMA Network's	Household Ratings	1.6	1.3	1.2

	sister channel. It is programmed by GMA.				
	GMANEWS TV (GNTV) was launched on February 28, 2011.	Audience Share	5.1	4.3	3.7
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	1.8	1.7	2.0
		Audience Share	5.7	5.6	6.5
SOLAR TV / ETC (RPN) / Solar News (RPN) / CNN Philippines *	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.	Household Ratings	0.1	0.1	0.1
	*Solar TV went off air on February 26, 2011 and was re-launched as ETC (RPN) on March 2, 2011.	Audience Share	0.4	0.4	0.5

	It was re-launched anew as Solar News (RPN) on November 30, 2013, then was replaced by 9TV (RPN) starting Aug. 23, 2014. On March 16, 2015, 9TV (RPN) was re-launched as CNN PHILIPPINES.				
<b>Studio 23 / ABS-CBN Sports + Action</b> **	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	0.6	0.7	0.8
		Audience Share	1.9	2.1	2.4
<b>National Broadcasting Network / PTV</b>	Official government TV, formerly called Maharlika Broadcasting System, Inc. and later the People's Television Network, Inc. (PTV).	Household Ratings	0.1	0.1	0.1
		Audience Share	0.4	0.4	0.4
<b>Intercontinental Broadcasting Corporation (IBC 13)</b>	IBC-13 is a VHF TV station of the Government Communications Group launched	Household Ratings	0.0	0.0	0.0
		Audience Share	0.2	0.1	0.1

	in 1975 by Roberto Benedicto.				
<b>Southern Broadcasting Network Solar News Channel / TALK TV (SBN) / ETC (SBN) ***</b>	On January 1, 2008, Solar Entertainment Corporation's entertainment channel ETC aired on this station.	Household Ratings	0.1	0.0	0.1
	***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.	Audience Share	0.2	0.1	0.2
<b>2<sup>nd</sup> Ave. (RJTV)</b>	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 <sup>nd</sup> Ave.	Household Ratings	0.0	0.0	0.0
		Audience Share	0.1	0.1	0.1

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

#### INTERNATIONAL DISTRIBUTION

The Company's television programs are distributed outside the Philippines in two ways. One is through its subscription-based international linear channels – GMA Pinoy TV, GMA Life TV, and GMA News TV International, as well as non-linear content distribution through Video On Demand (VOD) service - which are all distributed both through the traditional (DTH, cable, IPTV) and digital (OTT/mobile) platforms across various territories in North America, APAC, MENA and Europe. 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.

Aside from license fees received from channel subscriptions, GMA International's revenue stream also includes sponsorships from events and ticket sales.

### **GMA PINOY TV**

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

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. In North America, GMA Pinoy TV is available across all 50 states of the United States and Canada, while in the Middle East, it can be accessed in 17 countries such as the Kingdom of Saudi Arabia, United Arab Emirates, Qatar, Bahrain, and Kuwait.

The Company's flagship international channel has also established its presence in 12 countries in North Africa and 16 countries in Europe – among them are the UK, France, Germany, and Italy. In Asia Pacific, GMA Pinoy TV can be enjoyed in Japan, Guam, Saipan, Hong Kong, Singapore, Papua New Guinea, Australia, New Zealand, the British Indian Territory of Diego Garcia, Madagascar, Malaysia, Palau, Haiti, and soon in South Korea.

Under the carriage and licensing agreements with international payTV operators, 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 GMA Sales and Marketing Group (SMG).

As of December 2017, GMA Pinoy TV's viewership increased by 4% from 2016. GMA's viewership base continues its steady growth despite the business challenges brought by overall industry and marketplace factors.

### **GMA LIFE TV**

GMA Life TV, GMA Network's second international channel, was launched three years after the success of GMA Pinoy TV. 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, Middle East, North Africa, Europe, and Asia Pacific, particularly in Australia, New Zealand, Hong Kong, Singapore, Japan, Papua New Guinea, Madagascar, Palau, Guam and Saipan. As of December 2017, GMA Life TV's viewership increased by 3% from 2016.

### **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.

GMA News TV International is now available in the United States, Canada, Middle East, North Africa, Europe, and Asia Pacific, particularly in Australia, New Zealand, Hong Kong, Singapore, Japan, Malaysia, Madagascar, Palau, Guam and Saipan. As of December 2017, GMA News TV International's viewership increased by 3% from 2016.

## CONVERGING TECHNOLOGY

**GMA New Media, Inc.** is GMA Network's digital media and technology arm in charge of R&D, Software Design & Development, Systems Integration and Quality Assurance. Since its inception in July 2000, it has launched category-breaking projects in web, mobile, digital television and other new and emerging platforms.

### **GMA NMI AS GAMECHANGER**

Back in the days when traditional and new media had clear boundaries, GMA NMI had the audacity to blur the borders. It was the first to enable mobile and TV to talk to each other, ushering in the era SMS-TV.

Almost two decades later, NMI continues to be at the top of its game.

As GMA Network's innovation center and de facto future-proofing agent, GMA NMI spearheads the design and implementation of the media giant's grand digital blueprint aimed to ensure the company's leadership in the digital era.

### WEB

#### *Online Publishing*

In its early years, 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.

NMI launched [www.GMANetwork.com](http://www.GMANetwork.com) in late 2011 to consolidate all of GMA's web properties into a single portal. The GMA portal won in the Digital Filipino Web Awards in 2014 for the Television category, an indication that the move was a master stroke in establishing the Network's dominant presence online. In 2016, [GMANetwork.com](http://www.GMANetwork.com) breached the two-billion mark in pageviews at it generated 2.01 billion in total, up by 10% from 2015's 1.87 billion pageviews.

2015 was a milestone year for GMA News Online (GNO) as it breached the one billion pageviews mark. From 1.14 billion in 2015, GNO increased its pageviews to 1.3 billion in 2016, up by 17%. Synergies from the Social Media team and the editorial team to enhance overall user experience, as well as NMI's non-stop back-end upgrades, helped sustain improvements in web metrics.

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 was also launched and was designed to be the perfect mobile companion to 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 **IMReady**, 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. IMReady can be accessed on the Internet and can be downloaded as an app in both iOS and Android.

In view of making IMReady 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.

## 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 to 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, NMI's proprietary search returned the most relevant results for all candidates during election time.

NMI serves the same function of ensuring fast and accurate delivery of elections results in the 2016 elections.

NMI launched the Eleksyon 2016 microsite in February. On top of the usual news content, the microsite also has a special section where visitors can get to know the candidates running for the top positions this year. The **Candidates Section**<sup>6</sup> contains the presidential and vice presidential aspirants' profiles, including their political history, controversies they are linked to, their respective Statements of Assets, Liabilities and Net Worth, and much more.

The microsite also features the **Campaign Tracker** section<sup>7</sup> where the candidates' daily schedules are plotted on a map with a short description of their itinerary. A link can also be included in the description window if GNO has a supporting story of the campaign. Another recent improvement of this section is the field for voting population and 2013 elections voter turnout.

NMI also added a special information section to the microsite that summarizes the **demographics of the country's registered voters**.<sup>8</sup> Information is presented based on gender, age, civil status and can be drilled down to the city level.

According to data from Effective Measure for worldwide audience for the period May 9 to 11, GMA News Online recorded 109,802,626 page views—the highest number of page views for three consecutive days, a feat that has never been achieved by any local site to date. GMA's online portal had almost 90 million page views over ABS-CBN News, which only managed 19,940,178.

GMA News Online delivered real-time election updates, including up-to-the-minute partial and unofficial results for all positions in the national and local elections up to the clustered precinct level, accessible in all platforms and devices.

Using a proprietary technology developed by GMA NMI, GNO also offered "Smart Search" that made it faster and easier for site visitors to find results by candidate, place or position. NMI powered GMA Network's **first ever 360-degree livestream of the PiliPinas Debates 2016**. For the first leg of the PiliPinas Debates 2016 held in Cagayan De Oro City on February 21, 2016, GMA News and Public Affairs and NMI teamed up to mount the first 360-degree livestream coverage of a live event in the Philippines, and one of the first worldwide.

The 360-degree livestream was available for near-real-time viewing on GMA News Online ([www.gmanetwork.com/news](http://www.gmanetwork.com/news)) and later in GMA's YouTube channel, on-demand.

NMI's R&D unit developed the proprietary technology that allows any web user to pan the camera view around the venue. It utilizes a special single web camera that captures all angles simultaneously. Moreover, NMI's 360 technology allows simultaneous streams to multiple users and at bit-rates that are within practical web limits.

### *Digital TV*

During the Internet Mobile Marketing Association of the Philippines (IMMAP) Digicon held on October 12, 2016, NMI unveiled a prototype of GMA's upcoming digital television product, an innovation that features both a receiver for digital television and a digital media set-top box.

A first in the country, the unique combination of a DTV and over-the-top (OTT) media delivery platform was demonstrated during the Digicon where NMI showed the digital transmission from GMA-7 and GMA News TV and how the device turned the television into a smart TV capable of playing on-demand content while simultaneously running chat applications and games such as "Angry Birds."

The development of the digital receiver is part of GMA's strategy to attract the elusive millennials as it enables the Network to provide them with content that they want, when they want it, and where they already are.

<sup>6</sup> Click here to see page: <http://www.gmanetwork.com/news/eleksyon2016/candidates>

<sup>7</sup> Click here to see page: [http://www.gmanetwork.com/news/eleksyon2016/campaign\\_tracker](http://www.gmanetwork.com/news/eleksyon2016/campaign_tracker)

<sup>8</sup> Click here to see page: [http://www.gmanetwork.com/news/eleksyon2016/voters\\_profile](http://www.gmanetwork.com/news/eleksyon2016/voters_profile)

The Intellectual Property Office already issued a Certificate of Registration for the Utility Model application of the device.

NMI is set to also apply for a utility model patent in select international territories where it perceives the proprietary technology will hold promise in 2017.

### **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 capped off 2016 by posting a 74% growth in total online advertising sales, or PHP 137.8M compared to PHP 79.3M gained in the previous year. The sustained improvements in both online sales and web metrics manifested throughout the year were due in large part to the skillful execution of initiatives anchored on sound growth strategies that NMI set out for the year. These include optimizing the websites to make them more suitable for "programmatic buying"<sup>9</sup>; constant website enhancements paired with the effective use of social media; and efforts from the websites' respective editorial teams to make the browsing experience more intuitive, engaging, and convenient.

Designed to specialize in digital marketing, GMA NMI established **Digify, Incorporated**. Digify is a technocreative lab that specializes in sensor technologies such as augmented reality and beacon/proximity marketing, multimedia content production, and end-to-end software solutions for standalone digital and integrated marketing campaigns. Digify has launched a number of trailblazing projects that include award-winning apps for major clients and breakthrough solutions 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 be constantly 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 major telecommunications companies in the Philippines and abroad, and with leading global brands such as Google, YouTube Facebook, 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 sealed partnerships with two of Southeast Asia's leading Internet TV service providers, iFlix and Hooq in Q2 2015 for a new video content distribution platform. The platform, called *Over-the-Top* (OTT), is an IP-based<sup>10</sup> format for content delivery. This new type of video-on-demand service enables users to enjoy online streaming access and an offline viewing option of TV shows and movies. This service optimizes GMA's existing library of content and allows Filipinos here and in the region to watch their well-loved GMA shows whenever they want, wherever they may be. With a growing subscriber

---

<sup>9</sup> Programmatic buying is a booking mechanism that more efficiently facilitates the selling of online ad inventory between publishers and advertisers. It also provides advertisers and their agencies better control of campaign outcomes by enabling them to set parameters through Real Time Bidding. For more information on programmatic buying, refer to <http://www.iab.net/programmatic>

<sup>10</sup> 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.

base in the country from both Hooq and iFlix, the leverage on these digital platforms creates an opportunity to expand the base of GMA consumers online and create GMA brand loyalty both here and abroad.

Talks have been ongoing for more tie-ups with other OTT providers, set for launch in 2017.

#### 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 music 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 market of digital music downloading and streaming. 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 and SoundsRight.

Last May 2017, GMA Records ventured into concert production since as a record label, it is much abreast with the live performance circuit and is knowledgeable of the current music scene. Producing concerts enables GMA Records to exploit album productions and showcase the musical talents of GMA artists.

GMA Records also started producing an online musical channel in October 2017 via video performances of various music artists which will be made available online and will generate additional revenue for the company.

#### STAGE DESIGN

**Script2010, Inc.** was formally established in April 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.

**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 video wall, light and sound equipment rental and mobile LED and robotics truck 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. Its audio studio has now also included closed-captioning as new service.

In addition, Alta Productions Group's shoot and video post-production department produces TVCs, broadcast content, and documentaries for both local and international clients. It has also become a prominent player in the conceptualization, design, and staging of corporate events, conferences, exhibits, and other on-ground activations.

Alta Productions Group is proud to be one of the few production houses capable of servicing the complete spectrum of production requirements all under one roof. From conceptualization, creatives, shoot, post-production, all the way to execution. We find solutions for any kind corporate event or on-ground activity requirement.

#### EMPLOYEES

As of December 31, 2017, the Company has 2,509 regular and probationary employees. The Company also engaged 1,077 talents in 2017. 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.

#### **Item 6. Management Discussion and Analysis of Financial Condition and Results of Operations for the Years Ended December 31, 2017 and 2016**

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, 2017**

Following a banner year in 2016 with the windfall of nearly ₱1.5-billion from the last national elections and compounded by contraction in the adspend of major industry players this year, GMA Network and Subsidiaries (GMA/the Company) nevertheless managed to exceed prior year's top line in terms of recurring sales. For the twelve-month period ended December 31, 2017 the Company pegged recurring revenues at ₱15,345 million, inching up versus last year's regular sales by a notch or ₱159 million. In absolute terms, in the absence of the significant boost from political advocacies and advertisements this year, the Company sealed full year 2017 with a shortfall in consolidated revenues of ₱1,329 million. This translated into an 8% decline from last year's top line of ₱16,673 million.

Airtime sales went down by ₱1,523 million or 10%, ending at ₱13,609 million versus ₱15,131 million a year ago. Minus the extra-ordinary election-related load last year, airtime revenues from regular advertisers ended at about the same level as last year. All airtime-generating platforms registered setbacks in their absolute sales in between periods with the exception of Regional TV's revenues from local sources which bucked the trend and recorded top-line growth. The aforementioned contraction in airtime sales was partly cushioned by the improvement in revenues coming from international, subsidiaries' and other sources by a combined ₱194 million or 13% against last year. This segment contributed ₱1,736 million or 11% of the Company's total revenue pie.

Meanwhile, the Company continued to maintain cost control with total consolidated operating expenses (OPEX) for 2017 accumulating to ₱11,809million. This year's OPEX edged prior year's ₱11,597 million by a low single-digit increase of 2% or ₱212 million. Production cost finished off at ₱6,425 million and inched up versus last year by only ₱64 million or 1%. Meanwhile, general and administrative expenses (GAEX) stood at ₱5,384million, slightly ahead versus last year by 3% or ₱148million.

The drop in this year's top line mainly due to the absence of the non-recurring influx from the 2016 elections drove this year's consolidated Earnings before interest, taxes, depreciation and amortization (EBITDA) down to ₱5,217 million. Compared to 2016's remarkable performance, this yielded a ₱1,561 million reduction equivalent to 23%.

Consolidated Net Income after tax for the twelve-month period this 2017 thus sealed at ₱2,560million, down by ₱1,087million or 30% against last year's unprecedented performance of ₱3,647million. Nonetheless, it is noteworthy to mention that this year's consolidated bottom line of ₱2,560million was the highest non-election year result in the history of the Company.

Income Data	2017 (in millions PhP)	2016 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
<b>Revenues</b>				
Television and radio airtime	13,608.8	15,131.5	(1,522.7)	-10%
Production and others	1,736.1	1,541.9	194.2	13%
	15,344.9	16,673.4	(1,328.5)	-8%
<b>Total operating expenses</b>	11,809.3	11,597.0	212.3	2%
<b>EBITDA</b>	5,217.4	6,778.0	(1,560.7)	-23%
<b>Net income</b>	2,559.7	3,646.6	(1,086.9)	-30%
Attributable to Equity Holders of Parent Company	2,543.9	3,626.3	(1,082.4)	-30%
Noncontrolling Interest	15.8	20.3	(4.4)	-22%

## Revenues

For the year 2017, consolidated revenues hiked to ₱15,345 million, lower than prior year's top line by ₱1,329 million, resulting from the absence of nearly ₱1.5-billion worth of election-related load. The shortfall in airtime revenues from both television and radio operations was partly cushioned by the improvement in other revenue streams of the Company which grew by 13% or ₱194 million in between periods.

Revenues	2017 (in millions PhP)	2016 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Television and radio airtime	13,608.8	13,643.9	(35.1)	-0.3%
Production and others	1,736.1	1,541.9	194.2	13%
	15,344.9	15,185.8	159.1	1%
Add: Non-recurring political advertisements	-	1,487.6	(1,487.6)	-100%
	15,344.9	16,673.4	(1,328.5)	-8%

Without the one-time boost from political advocacies and advertisements this year nearly all airtime revenue-generating platforms' top-line performance paled in comparison to 2016. Core channel, GMA-7 which comprised about 81% of the consolidated revenues registered the biggest drop among airtime-revenue platforms with a setback of 10% compared to last year. Sans the impact of more than a billion worth of non-recurring political load, the channel stood flat against last year's tally in terms of recurring placements.

Radio business bagged the second largest share in airtime revenues, albeit likewise sealing the year shy by 6% from last year's solid performance. Nevertheless, minus the boost of over a hundred million from last year's elections, Radio's revenues pulled ahead by 18% in terms of recurring sales. Meanwhile, GNTV-11 raked in sales lower by 9% from last year. Regular sales of the channel were likewise down by 7% y-o-y. Lastly, Regional TV (RTV) continued to provide incremental revenues with total sales finishing off a tad higher than 2016's election-heavy top line. Moreover, without the presence of last year's extraordinary sales from political advocacies and advertisements, RTV's revenues registered a 19% increase propelled mainly by the surge in local advertisements from the various regions.

Ratings-wise, GMA led its main competitor in nationwide urban TV ratings (NUTAM) in 2017 with an average people audience share of 42.5%, ahead of ABS-CBN's 36.8%. Excluding specials, 20 out of the top 30 programs nationwide were from GMA. Moreover, in Mega Manila, GMA's 51.9% people audience share average in 2017 dwarfed its rival's 26.7%. The same is true for Urban Luzon where GMA likewise posted a double-digit margin over ABS-CBN in TV audience share.

In other revenue sources, international operations and other businesses (which were not affected by the extraordinary influx from election placements last year) wrapped up with a combined top line of ₱1,736 million, growing by ₱194 million or 13% versus a year ago. International operations comprised mainly of GMA Pinoy TV, Life TV and News TV raked in total revenues of more than a billion and registered a 9% climb from same period last year. Subscriptions revenues propelled the growth, ending higher by 8% from a year ago. The increase in revenues from subscribers was influenced by the depreciation of the PhP against the USD by an average of 6%. Augmenting the above forex difference was the increase in subscriber count –of up to 8% for the different channels. Advertising income and on-ground sponsorships abroad meanwhile pitched in an 18% hike in the platform's total revenue improvement. Shows held abroad this year included *SikatKaKapuso* in the US, *Wowowin* in the Middle East, *Fiesta Kosa Texas* featuring Alden Richards, among others. In USD-terms the growth in Pinoy TV stood at 3.5% y-o-y.

On the other hand, revenues from subsidiaries' operations and other businesses likewise provided significant sources of top-line growth with a 23% upswing from last year. Among subsidiaries, GMA New Media (GNMI) led the pack topping the sales chart with an increase by



34% – mainly from sponsorship plus content provisioning (i.e. HOOQ, iFlix). There were also top-line growths seen in Script2010 and Digify. Syndication revenues spearheaded by subsidiary GWI also recorded an 18% improvement in sales in between years. Finally, inflows from on-line advertising in GMA's various websites started to pick up, thus further amplifying this period's growth. These however were partly trimmed down by absence of theatrical revenues as last year's results included the showing of *Imagine You and Me* starring Alden Richards and Maine Mendoza, with nearly ₱200.0 million in gross theatrical receipts (a portion of which represented GMA Film's share).

## Expenses

Total consolidated operating expenses for the year amounted to ₱11,809 million, edging last year by only a single-digit percentage of 2% or ₱212 million versus 2016's ₱11,597 million. Total cash OPEX inched up by ₱246 million or 2% and was even partly trimmed down by the reduction in non-cash OPEX by ₱34 million, also 2%.

	2017 (in millions PhP)	2016 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
<b>Production Costs</b>				
Talent fees	3,113.6	2,873.2	240.4	8%
Rentals and outside services	845.0	820.6	24.4	3%
Other program expenses	1,320.1	1,558.8	(238.7)	-15%
<b>Sub-total - Cash Production Costs</b>	<b>5,278.7</b>	<b>5,252.5</b>	<b>26.2</b>	<b>0.5%</b>
Program rights amortization	905.3	836.2	69.1	8%
Depreciation and amortization	240.9	272.2	(31.3)	-12%
<b>Sub-total - Non-cash Production Costs</b>	<b>1,146.2</b>	<b>1,108.4</b>	<b>37.8</b>	<b>3%</b>
<b>Total production costs</b>	<b>6,424.9</b>	<b>6,360.9</b>	<b>64.0</b>	<b>1%</b>

Production cost and talent fees which comprised 55% of total consolidated OPEX sealed the year at ₱6,425 million, only 1% higher than a year ago. Cash production cost ended at ₱5,279 million ending at about the same level as last year's ₱5,253 million. Talent fees drove the growth at ₱3,114 million, higher by ₱240 million or 8% versus 2016. There were also increases in rental and outside services by 3%. These were partly offset by the reduction in other production accounts. The general growth was attuned to this year's mix of *Telebabad* offerings featuring the high-rating fantaserye "*Encantadia*" and the remake of "*Mulawin vs. Ravena*" which entailed higher production spending compared to counterpart programs last year. Towards the last quarter of the year, *Alyas Robinhood Book 2* was also launched which likewise required relatively higher budget. Non-cash production cost mainly program rights usage also finished off higher by ₱69 million or 8% more versus last year owing to more slots being occupied by rented movies (under the *Kapuso Movie Festival* series) and higher cost of foreign titles featured during the period. On the other hand, partly trimming down the escalation from the above was the reduction in depreciation charges related to production equipment and facilities which dipped by ₱31 million or 12% from a year ago.

Meanwhile, consolidated general and administrative expenses (GAEX) accumulated to ₱5,384 million during the year, slightly ahead of last year by 3% or ₱148 million. Propelling the

increase was the growth in personnel cost by ₱208 million or 7% owing to the one-time payout of the CBA signing bonus to rank and file employees and the appreciation bonus to confidential employees totaling about ₱216 million during the third quarter of this year. This was partly offset by the higher mid-year and year-end bonuses distributed in 2016 compared to 2017 bonus payouts. Other GAEX accounts which also ended lower this year compared to previous period included Outside services, in particular Management and Professional fees and Advertising and Promotions and Depreciation and amortization, as well as lower Provision for doubtful accounts.

<b>General and Administrative Expenses</b>	<b>2017</b> <i>(in millions PhP)</i>	<b>2016</b> <i>(in millions PhP)</i>	<b>Inc/(Dec)</b> <i>(in millions PhP)</i>	<b>%</b>
Personnel costs	3,200.8	2,992.8	208.0	7%
Outside services	376.5	406.5	(30.1)	-7%
Facilities costs	449.6	446.3	3.3	1%
Taxes and licenses	182.7	178.4	4.3	2%
Others	752.5	718.3	34.2	5%
<b>Subtotal - Cash GAEX</b>	<b>4,962.2</b>	<b>4,742.4</b>	<b>219.8</b>	<b>5%</b>
Depreciation and amortization	390.6	451.4	(60.8)	-13%
Provision for doubtful accounts	8.3	25.2	(16.9)	-67%
Amortization of software costs	23.4	17.2	6.2	36%
<b>Subtotal - Non-cash GAEX</b>	<b>422.2</b>	<b>493.7</b>	<b>(71.5)</b>	<b>-14%</b>
<b>Total GAEX</b>	<b>5,384.4</b>	<b>5,236.1</b>	<b>148.3</b>	<b>3%</b>

#### EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) for the year 2017 sealed at ₱ 5,217 million, lower by ₱1,561 million or 23% compared with prior year's ₱6,778 million. The drop in EBITDA was attuned to the presence in 2016 of the non-recurring elections load in the Company's consolidated top line.

#### Net Income

The Company finished off the twelve-month period this 2017 with consolidated net income after tax of ₱ 2,560 million, a drop of ₱1,087 million or 30% year-on-year. Despite this decline, the Company chronicled its best consolidated bottom-line performance on a non-election year.

#### Balance Sheet Accounts

As at end-2017, the Company's total assets stood at ₱14,790 million, exhibiting an increase of 8% from December 31, 2016's ₱16,059 million.

Cash and cash equivalents of ₱2,280 million decreased by ₱1,139 million or 33% from 2016 balance of ₱3,419 million as a result of operating income netted by the dividends declared during the year and various investing activities amounting to ₱4,279 million. Trade and other receivables closed at ₱4,906 million, 7% lower than previous year.

Total liabilities also declined by 5% or ₱264 million as at end-December this year to ₱5,339 million from ₱5,603 million in 2016 primarily due from the reduction of Notes payable by of over a hundred million ₱146 million, coupled by the drop in Trade payables & other current liabilities and Income tax payable by ₱60 million and ₱149 million, respectively. This was partially offset by the rise in Obligation for program and other rights by ₱63 million and Pension liability by ₱26 million.

Equity attributable to Parent Company stockholders of ₱9,404 million as at December 31, 2017 decreased by 10% or ₱1,003 million in between years, as a result of dividends declared during the first half of 2017 amounting to ₱3,548 million, subsequently counterbalanced by ₱2,544 million net income attributable to Parent Company earned in 2017.

<b>Cash Flows</b>	<b>2017</b> <i>(in millions PhP)</i>	<b>2016</b> <i>(in millions PhP)</i>
Net cash provided by operating activities	3,073.7	4,115.2
Net cash used in investing activities	(545.2)	(405.4)
Net cash used in financing activities	(3,733.5)	(2,490.5)
Effect of exchange rate changes on cash and cash equivalents	65.8	39.4
Net increase in cash and cash equivalents	(1,139.2)	1,258.7
Cash and cash equivalents at beginning of the year	3,419.0	2,160.3
<b>Cash and cash equivalents at end of the year</b>	<b>2,279.8</b>	<b>3,419.0</b>

### **Operating Activities**

Net cash from operations registered at ₱3,074 million in 2016. This stemmed from income before income tax of ₱3,658 million, adjusted mainly by Depreciation expense of ₱632 million, Program and other rights usage of ₱905 million, Pension expense of ₱207 million, Interest expense and financing charges of ₱23 million, Net unrealized foreign currency exchange gain of ₱60 million, Gain on sale of property and equipment of ₱27 million and Amortization of software costs of ₱23 million apart from the changes in working capital. The primary components of the changes in working capital included the ₱355 million reduction in Trade and other receivables partly offset by the ₱60 million upturn in Trade payables and other current liabilities.

### **Investing Activities**

Net cash used in investing activities amounted to ₱545 million, coming primarily from the ₱519 million and ₱46 million net additions to Property and equipment and Software costs, respectively. This was partly offset by the ₱30 million Proceeds from sale of property and equipment.

### **Financing Activities**

Net cash used in financing activities amounted to ₱3,733 million basically due to loan payments of ₱1,647 million and cash dividend payout amounting to ₱3,563 million during the year, plus some ₱23 million in Interest expense netted by ₱1,500 million remaining proceeds from short-terms loans.

## **FINANCIAL AND OPERATIONAL RESULTS**

### **For the Year Ended December 31, 2016**

GMA Network and its subsidiaries (GMA/the Company) capped the year 2016 by chronicling milestones in almost all financial metrics, starting off with unprecedented revenues which eventually trickled down to an all-time high bottom line result.

The boost from the national elections held during the first half of the year coupled by the upbeat turnout from regular advertising placements buoyed the Company's top line for the twelve month-period ended December 31 this year. Thus, consolidated revenues wrapped up at ₱16,673 million posting an improvement of nearly ₱3.0 billion or 21% from comparable period last year. Election-related placements for the year amounted to about ₱1.5 billion, significantly higher than the increment in political advocacies towards the latter part of 2015. Nonetheless, carving the impact of these non-

recurring inflows in both years, the upswing in regular sales amounting to close to ₱2.0 billion accounted for the major part of the year-on-year improvement in the Company's top line. The resurgence of the Network as the leader in terms of nationwide TV ratings buoyed revenues from regular advertising placements.

Airtime revenues continued to be the Company's bread and butter with combined sales from all platforms surging to ₱15,131 million, overtaking last year by ₱2,751 million or by 22%. Discounting the impact of additional load from political advocacies and advertisements, airtime revenues significantly grew by ₱1,739 million or 15% in between periods. Meanwhile, revenues from other sources totaling ₱1,542 million also ended on a positive note with a ₱196 million improvement equivalent to 15% more than a year ago.

While consolidated revenues climbed by a double-digit growth of 21%, the Company's total operating expenses for full year of 2016 was kept at bay with an increase of only 8% year-on-year. Combined cash and non-cash operating expenses registered at ₱11,597 million, reflecting an escalation of ₱852 million over prior year's spending of ₱10,745 million. Total direct/production cost scaled by ₱518 million or 9% to ₱6,361 million while general and administrative expenses (GAEX) climbed by ₱334 million or just 7% to ₱5,236 million versus a year ago.

The remarkable performance in the top line due to the election boost which was further cemented by the upbeat contribution from regular advertisers, and buoyant sales from other businesses and subsidiaries propelled the Company's earnings before interest, taxes, depreciation and amortization (EBITDA) to a new high of ₱6,778 million this 2016. Coupled by prudent cost management, EBITDA for 2016 towered over last year's peg by a whopping ₱2,139 million or 46%.

Similarly, with non-cash operating expenses yielding an almost flat growth, and with the cash position of the Company allowing for a net interest income vs. a net interest expense a year ago, bottom line for the twelve-month period in 2016 skyrocketed to ₱3,647 million, the highest ever by far and a staggering ₱1,521 million or 72% increase over last year's audited net income after tax of ₱2,126 million.

Income Data	2016 (in millions PhP)	2015 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
<b>Revenues</b>				
Television and radio airtime	15,131.5	12,380.7	2,750.8	22%
Production and others	1,541.9	1,346.4	195.5	15%
	16,673.4	13,727.1	2,946.3	21%
<b>Total operating expenses</b>	11,597.0	10,745.0	852.0	8%
<b>EBITDA</b>	6,778.0	4,638.6	2,139.4	46%
<b>Net income</b>	3,646.6	2,125.8	1,520.8	72%
Attributable to Equity Holders of Parent Compa	3,626.3	2,115.1	1,511.3	71%
Noncontrolling Interest	20.3	10.7	9.5	89%

## Revenues

For the year 2016, consolidated revenues amassed to ₱16,673 million, overtaking prior year's top-line by a huge ₱2,946 million or 21% due the windfall from political advertisements and advocacies from the recent national elections bolstered by the significant growth in regular ad placements. Airtime revenues provided the boost soaring by ₱2,751 million or 22% vis-à-vis last year, while revenues from production and others likewise pulled ahead by 15% or ₱196 million.

Revenues	2016 (in millions PhP)	2015 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Television and radio airtime	15,131.5	12,380.7	2,750.8	22%
Production and others	1,541.9	1,346.4	195.5	15%
	16,673.4	13,727.1	2,946.3	21%

Aided by the influx of election-driven load, nearly all airtime revenue-generating platforms outpaced last year's performances, establishing double digit advantages against comparable period. Core channel, GMA-7 topped the growth charts with a solid lead of more than ₱2.0 billion or 23% over last year. Minus the impact of political advocacies, Ch-7 still yielded a remarkable growth of 16% in sales from regular advertisers. The ratings supremacy regained by the channel during the second half of the year propelled the growth in recurring sales.

GMA News TV (GNTV-11), which was barely affected by political advocacies or advertisements also recorded its highest ever top line since it was launched ten years ago. The platform sealed 2016 with revenues up 10% versus previous year.

Radio likewise set a new milestone wrapping up with revenues higher by 19% from a year ago. Election-related placements played a crucial role in upping the revenues of the platform with more than a hundred million incremental sales.

Meanwhile, Regional TV's combined national and local sales for the year, also surpassed 2015's performance by a modest 4%. National sales contributed 57% while the balance was provided by local sales. Local sales despite contributing a smaller share in the pie, was the revenue driver for the year. Political advocacies and placements this 2016 aided the platform in achieving the sales growth against comparable period a year ago.

According to Nielsen's full year 2016 NUTAM (National Urban Television Audience Measurement) household shares, GMA was ahead of other networks in total day ratings with 36.3 percent, leading ABS-CBN's 36.2 percent and TV5's 7.8 percent.

Full year 2016 data also showed that GMA remained the undisputed number one TV network in viewer-rich Urban Luzon and Mega Manila, and reigned supreme across all dayparts, including primetime. Urban Luzon accounts for 77 percent of all urban TV households in the country, while Mega Manila represents 60 percent.

Urban Luzon continued to be a strong area for GMA as it registered 41.1 percent, beating ABS-CBN's 31.5 percent by 9.6 points and TV5's 6.9 percent by 34.2 points. GMA also remained dominant in Mega Manila with 43.2 percent, up 14.9 points from ABS-CBN's 28.3 percent and up 35.9 points from TV5's 7.3 percent.

The optimistic showing in airtime sales was likewise matched in the top line of other revenue streams. International operations and other businesses wrapped up the year ended December 31, 2016 with sales of ₱1,542 million, pitching in incremental revenues of ₱196 million or 15% more than a year ago. Propelling the increase was the surge in sales from International operations, in particular GMA Pinoy/Life TV (GPTV), which made a turn-around from last year's not so impressive results. Providing the second largest source of revenue inflow for the Company, GPTV's sales reached more than a billion, thus recording a 12% growth against comparable period in 2015. The climb was driven by the accretion in subscriber count by 8% for GPTV and GLTV with a growth of 23% over same period last year. The climb in subscriber count was fuelled by the comeback tie-up with OSN in the Middle East (OSN's partnership was revived starting April this year), as well as the launch of GMA channels on StarHub, one of the major PayTV operators in Singapore. Further, the depreciation of the peso against the dollar by an average of ₱2.01 or 4.4% this year aided in the revenue improvement of the platform.

Meanwhile, syndication activities pitched higher sales this year, exceeding last year's contribution by 36%. The revenue upswing was boosted by the licensing of format rights abroad with the likes of *My Destiny*, *Other Mrs. Real* and *Half Sisters*, to name some. In the local scene, biggest gainer in terms of revenues was GMA New Media (NMI) the Company's subsidiary in charge of converging technologies, which more than doubled its revenues from outside sources in between years. Fresh revenues from content provisioning as well as the climb in online sponsorships were the primary sources for the increase. The Company's film production outfit, GMA Films likewise recorded a banner year in 2016 with theatrical receipts 166% more than prior period mainly on account of the box-office success of the co-production featuring *AIDub's* very first solo film, "*Imagine You and Me*" which raked in gross ticket sales of nearly ₱200.0 million nationwide.

## Expenses

Total operating expenses for the year amounted to ₱11,597 million, climbing by only a single-digit percentage of 8% versus 2015's ₱10,745 million. Total cash OPEX escalated by more than half a billion equivalent to 9% but was partly cushioned by the lower growth seen in non-cash spending. Program rights amortization, depreciation and other non-cash expenses only inched up by 1% in between periods.

	2016 (in millions PhP)	2015 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
<b>Production Costs</b>				
Talent fees	2,873.2	2,800.3	72.9	3%
Rentals and outside services	820.6	731.9	88.7	12%
Other program expenses	1,558.8	1,247.0	311.8	25%
<b>Sub-total - Cash Production Costs</b>	<b>5,252.5</b>	<b>4,779.1</b>	<b>473.4</b>	<b>10%</b>
Program rights amortization	836.2	754.6	81.5	11%
Depreciation and amortization	272.2	308.9	(36.7)	-12%
<b>Sub-total - Non-cash Production Costs</b>	<b>1,108.4</b>	<b>1,063.5</b>	<b>44.9</b>	<b>4%</b>
<b>Total production costs</b>	<b>6,360.9</b>	<b>5,842.6</b>	<b>518.3</b>	<b>9%</b>

Comprising 55% of the Company's total OPEX, the growth in direct/production cost resulted from the growth in talent fees as well as overall increase in cost in producing high-budgeted series such as the acclaimed *fantaseryeEncantadia*. There were likewise new in-house productions that further buoyed the growth in direct cost for the period. Moreover, incremental costs were incurred for this year's comprehensive election coverage which included *Eleksyon 2016* and *Pilipinas Debates 2016*. Amortization of program rights similarly netted an increase of 11% resulting from higher costing films shown this year.

Meanwhile, general and administrative expenses (GAEX) by the end of the twelve-month period this 2016 measured at ₱5,236 million, edging last year by only 7% or ₱334 million. Personnel cost drove the increase, finishing off at ₱2,993 million, ₱422 million or 16% more than prior year. This year's higher bonus payout to all qualified employees due to the remarkable performance of the Company as well as the annual merit and CBA adjustments accounted mainly for the growth. The reduction in rental fees in particular the payment to satellite provider due to the implementation of the uplink upgrade cushioned the increase in other GAEX accounts. Outside services likewise saw a reduction mainly from the drop in Advertising and promotions particularly from lower spending for the Corporate Synergy activities in the regions.

<b>General and Administrative Expenses</b>	<b>2016</b> <i>(in millions PhP)</i>	<b>2015</b> <i>(in millions PhP)</i>	<b>Inc/(Dec)</b> <i>(in millions PhP)</i>	<b>%</b>
Personnel costs	2,992.8	2,570.9	421.9	16%
Facilities costs	446.3	341.3	105.0	31%
Outside services	406.5	557.5	(150.9)	-27%
Taxes and licenses	178.4	157.2	21.2	13%
Others	718.3	754.7	(36.4)	-5%
<b>Subtotal - Cash GAEX</b>	<b>4,742.4</b>	<b>4,381.7</b>	<b>360.7</b>	<b>1%</b>
Depreciation and amortization	451.4	491.4	(40.0)	-8%
Provision for doubtful accounts	25.2	8.6	16.6	193%
Amortization of software costs	17.2	20.7	(3.5)	-17%
<b>Subtotal - Non-cash GAEX</b>	<b>493.7</b>	<b>520.7</b>	<b>(27.0)</b>	<b>-5%</b>
<b>Total GAEX</b>	<b>5,236.1</b>	<b>4,902.4</b>	<b>333.7</b>	<b>7%</b>

### EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) for the year 2016 sealed at ₱ 6,778 million, exhibiting a considerable growth of ₱2,139 million or 46% more than prior year's tally of ₱4,639 million. The more than ₱2.0 billion climb in EBITDA was buoyed by the commendable increase in consolidated top line by 21% or ₱2,946 million which was met by a single-digit growth in combined cash operating expenses vs. prior year.

### Net Income

The outstanding performance in sales this year and managed growth in total spending which remained one of the Company's strengths propelled net income after tax to an all-time high of ₱3,647 million for the full year of 2016 – a huge ₱1,521 million or 72% improvement year-on-year.

### Balance Sheet Accounts

As at end-2016, the Company's total assets stood at ₱16,059 million, exhibiting an increase of 11% from December 31, 2015's ₱14,416 million.

Climbing to ₱3,419 million, cash and cash equivalents soared by a huge 58% or ₱1,259 million more than the ₱2,160 million recorded in 2015 while trade and other receivables closed at ₱5,270 million, 20% greater than previous year.

Total liabilities grew by 5% or ₱269 million as at end-December this year to ₱5,603 million from ₱5,333 million in 2015 mainly from the rise in pension liability by ₱542 million, coupled by the increase in trade payables & other current liabilities and income tax payable by ₱251 million and ₱136 million, respectively.

This was partly counterbalanced by the payments of short-term loans which as at end-2016 finished off at ₱646 million from ₱1,153 million a year ago.

Equity attributable to Parent Company stockholders of ₱10,407 million as at December 31, 2016 surged by 15% or ₱1,368 million in between years, arising from the ₱3,626 million net income attributable to

Parent Company earned in 2016 subsequently offset by the dividend declared during the first half of 2016 amounting to ₱1,944 million.

<b>Cash Flows</b>	<b>2016</b> <i>(in millions PhP)</i>	<b>2015</b> <i>(in millions PhP)</i>
Net cash provided by operating activities	4,117.9	3,462.4
Net cash used in investing activities	(408.1)	(539.6)
Net cash used in financing activities	(2,490.5)	(2,392.3)
Effect of exchange rate changes on cash and cash equivalents	39.4	30.9
Net increase in cash and cash equivalents	1,258.7	561.5
Cash and cash equivalents at beginning of year	2,160.3	1,598.8
<b>Cash and cash equivalents at end of year</b>	<b>3,419.0</b>	<b>2,160.3</b>

#### **Operating Activities**

Net cash from operations registered at ₱4,118 million in 2016. This stemmed from income before income tax of ₱5,208 million, adjusted mainly by depreciation expense of ₱724 million, program and other rights usage of ₱836 million, pension expense of ₱199 million, interest expense and financing charges of ₱17 million, net unrealized foreign currency exchange gain of ₱48 million, gain on sale of property and equipment of ₱27 million and amortization of software costs of ₱17 million apart from the changes in working capital. The primary components of the changes in working capital included the ₱890 million and ₱704 million upturn in trade and other receivables and acquisition of program and other rights, respectively, partly offset by the ₱235 million dip in prepaid expense and other current assets.

#### **Investing Activities**

Net cash used in investing activities amounted to ₱408 million, coming primarily from the ₱373 million and ₱71 million net additions to property and equipment and software costs, respectively. This was partly offset by the ₱30 million proceeds from sale of property and equipment.

#### **Financing Activities**

Net cash used in financing activities amounted to ₱2,491 million basically due from the loan payment of ₱1,018 million and cash dividend payout amounting to ₱1,955 million during the year, plus some ₱18 million in interest expense netted by ₱500 million remaining proceeds from short-terms 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, 2017, 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, 2017, 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 2018, the parent company has allotted ₱835 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, 2017, 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, 2017 vs. December 31, 2016)

- Cash and cash equivalents decrease by 33% to ₱3,419 million at year-end which is directly attributed to this year's result of operation. Net cash provided by operating activities amounted to ₱3,074 million partly netted by the net cash used in investing activities of ₱545 million and in financing activities of ₱3,734 million.
- Trade and other receivables dropped to ₱4,906 million from ₱5,270 million in 2016 as a direct impact of lower sales over collections.
- Short-term loans decreased by 23% as availments made are lower at ₱1,500 million vs. payments of ₱1,647 million.

- 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 2018. The Company however, undertakes to submit its SEC Form 17-Q on or before May 15, 2018 and to make the same available upon request during the Company's Annual Stockholders' Meeting.

**III. PROPERTIES**

As of December 31, 2017, the Company's total property and equipment and real property amounted to P4,470.9 million. The property and equipment had a book value of P2,664.3 million, while its real property had a fair market value of P1,806.5 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;
- 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 P18.0 million for the year ended December 31, 2017.

### **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**

<b>NO</b>	<b>STATION</b>	<b>ADDRESS</b>	<b>CONTACT NUMBER</b>
<b>LUZON</b>			
1	TV-7 Metro Manila (GMA)	Brgy. Culliat, Tandang Sora, Quezon City	(02) 931-9183 / (02) 924-2497
	TV-27 Metro Manila (DTTB GMA/GNTV)	GMA Network Center, EDSA cor. Timog Avenue, Diliman, Quezon City	(02) 982-7777 loc 7035
2	TV-5 Ilocos Norte (GMA)	Brgy. San Lorenzo, San Nicolas, Ilocos Norte	0916-6715439
	TV-27 Ilocos Norte (GNTV)	Brgy. San Lorenzo, San Nicolas, Ilocos Norte	0916-6715439
3	TV-48 Ilocos Sur (GMA)	Mt. Caniao, Bantay, Ilocos Sur	0915-8632841
	RGMA TV-40 Ilocos Sur (GNTV)	Mt. Caniao, Bantay, Ilocos Sur	0915-8632841
4	TV-7 Batanes (GMA)	Brgy. Kayvaluganan, Basco, Batanes	0915-6127197
5	TV-13 Aparri, Cagayan (GMA)	Hi-Class Bldg., De Rivera St., Aparri, Cagayan	0915-6130530
	TV-26 Aparri, Cagayan (GNTV)	Hi-Class Bldg., De Rivera St., Aparri, Cagayan	0915-6130530

6	TV-7 Tuguegarao, Cagayan (GMA)	No. 91 Mabini St., Tuguegarao City, Cagayan	0915-6127263
	TV-27 Tuguegarao, Cagayan (GNTV)	No. 91 Mabini St., Tuguegarao City, Cagayan	0915-6127263
7	TV-7 Isabela (GMA)	Heritage Commercial Complex, Maharlika Hi-way, Brgy. Malvar, Santiago City, Isabela	0915-2700063
8	TV-5 Baler (GMA)	Purok 3, Brgy. Buhangin, Baler, Aurora	0915-6127194
9	TV-10 Olongapo (GMA)	Upper Mabayuhan, Olongapo City	0915-6127265
	TV-26 Olongapo (GNTV)	Upper Mabayuhan, Olongapo City	0915-6127265
10	RGMA TV-28 Tarlac City (GNTV)	Exclusively His Bldg., F. Tanedo St. corner Espinosa St., Tarlac City	0915-2700185
11	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
12	TV-44 Jalajala, Rizal (GMA)	Mt. Landing, Jalajala, Rizal	0915-8632874
13	TV-13 Occidental Mindoro (GMA)	Bonifacio St., San Jose, Occidental Mindoro	0915-6127199
	TV-26 Occidental Mindoro (GNTV)	Bonifacio St., San Jose, Occidental Mindoro	0915-6127199
14	TV-6 Brooke's Point, Palawan (GMA)	Poblacion, Brooke's Point, Palawan	0915-6127181
15	TV-8 Coron, Palawan (GMA)	Tapias Hill, Coron, Palawan	0915-6127178
16	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
17	TV-7 Romblon (GMA)	Triple Peak, Sta. Maria, Tablas, Romblon	0915-6127225
18	TV-12 Legaspi (GMA)	Mt. Bariw, Estanza, Legaspi City	0915-8632867
	TV-27 Legaspi (GNTV)	Mt. Bariw, Estanza, Legaspi City	0915-8632867
	RGMA TV-33 Legaspi (GMA)	Mt. Bariw, Estanza, Legaspi City	0915-8632867
19	TV-8 Daet (GMA)	Purok 2, Brgy. Mancruz, Daet, Camarines Norte	0915-2700056
20	TV-7 Naga (GMA)	Brgy. Concepcion Pequeña, Naga City	0915-4417071
	TV-28 Naga (GNTV)	Brgy. Concepcion Pequeña, Naga City	0915-4417071
	RGMA TV-44 Naga (GMA)	Brgy. Concepcion Pequeña, Naga City	0915-4417071

21	TV-13 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 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
<b>VISAYAS</b>			
27	TV-2 Kalibo (GMA)	New Busuanga, Numancia, Aklan	0915-6127216
	TV-27 Kalibo (GNTV)	New Busuanga, Numancia, Aklan	0915-6127216
28	TV-5 Roxas (GMA)	Brgy. Milibili, Roxas City, Capiz	0915-6127217
	TV-27 Roxas (GNTV)	Brgy. Milibili, Roxas City, Capiz	0915-6127217
29	TV-6 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 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
	RGMA TV-51 Cebu (GMA)	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 (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 (GMA)	Purok 2 San Mateo St. Brgy. Matobato, Calbayog City, Western Samar	0915-6127176
<b>MINDANAO</b>			
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, Zamboanga del Sur	0915-6127245
	TV-26 Pagadian (GNTV)	Mt. Palpalan, Pagadian City, Zamboanga del Sur	0915-6127245
42	TV-9 Zamboanga (GMA)	Brgy. Cabatangan, Zamboanga City	0915-8632870
	TV-21 Zamboanga (GNTV)	Brgy. Cabatangan, Zamboanga City	0915-8632870
	RGMA TV-45 Zamboanga (GMA)	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, Lanao del Norte	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-26 Butuan (GMA)	Brgy. Bonbon, Butuan City, Agusan del Norte	09163178470
48	TV-5 Davao (GMA)	Shrine Hills, Matina, Davao City	0915-4417082
	TV-27 Davao (GNTV)	Shrine Hills, Matina, Davao City	0915-4417082
49	TV-12 Cotabato (GMA)	Regional Government Center, Cotabato City	0915-6131170

	TV-27 Cotabato (GNTV)	Regional Government Center, Cotabato City	0915-6131170
50	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
	RGMA TV-32 General Santos (GMA)	Nuñez St., Brgy. San Isidro, General Santos City	0915-8632871
51	TV-10 Surigao (GMA)	Lipata Hills, Surigao City, Surigao del Norte	0915-6131227
	TV-27 Surigao (GNTV)	Lipata Hills, Surigao City, Surigao del Norte	0915-6131227
52	TV-2 Tandag (GMA)	Capitol Hill, Brgy. Telaje, Tandag, Surigao del Sur	0915-6127248
53	TV-12 Jolo, Sulu (GMA)	Ynawat Bldg., Hadji Butu St., Jolo, Sulu	0915-6131182
	TV-26 Jolo, Sulu (GNTV)	Ynawat Bldg., Hadji Butu St., Jolo, Sulu	0915-6131182

#### GMA's RADIO STATIONS

##### GMA's RADIO STATIONS

AREA	FREQ.	CALL SIGN	AM / FM	POWER	ADDRESS
------	-------	-----------	---------	-------	---------

##### LUZON

METRO MANILA	594 kHz 97.1 MHz	DZBB DWLS	AM FM	50kW 25kW	GMA Network Center, EDSA cor. Timog Ave., Diliman, Quezon City
BAGUIO	92.7 MHz	DWRA	FM	10kW	2/F Baguio Midland Courier Bldg., Kisad Road, Baguio City
DAGUPAN	1548 kHz 93.5 MHz	DZSD DWTL	AM FM	10kW 10kW	GMA TV 10 Compound, Claveria Road, Malued District, Dagupan City
LEGAZPI	96.3 MHz	DWCW	FM	10kW	3/L A. Bichara Silverscreen Entertainment Center, Magallanes St., Legazpi City
LUCENA	91.1 MHz	DWQL	FM	10kW	3/F Ancon Bldg., Merchan St., Lucena City
NAGA	101.5 MHz	DWQW	FM	5kW	GMA Complex (Beside Mother Seton Hospital), Diversion Road (Roxas Ave.), Naga City
PALAWAN	909 kHz 97.5 MHz	DYSP DYHY	AM FM	5kW 5kW	Solid Road, San Manuel, Puerto Princesa City, Palawan
TUGUEGARAO	89.3 MHz	DWWQ	FM	10kW	4/F Villablanca Hotel, Pattau St. cor, Pallua Rd., Ugac Norte, Tuguegarao City, Cagayan

##### VISAYAS

BACOLOD	1341 kHz	DYSB	AM	5KW	3/F Centroplex Mall,
---------	----------	------	----	-----	----------------------

	107.1 MHz	DYEN	FM	10kW	Gonzaga-Locsin St., 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 Centro Mariano Bldg., Osmena St., Cagayan De Oro City
DAVAO	1125 kHz	DXGM	AM	10kW	GMA Network Complex, Shrine Hills, Matina, Davao City
	103.5 MHz	DXRV	FM	10kW	
GENERAL SANTOS	102.3 MHz	DXCJ	FM	10kW	3/F PBC Bldg., Cagampang St., General Santos City
	1107 kHz	DXBB	AM	5KW	
ILIGAN (RGMA)	90.1 MHz	DXND	FM	1kW	Infinity Suites, Consunji St., Iligan City
ZAMBOANGA	1287 kHz	DXRC	AM	5KW	Logoy Duitay, Talon-Talon, Zamboanga 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, 2017.

##### ***Labor Cases***

There is 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 which denied the same. Her motion for reconsideration was likewise denied by the Court of Appeals.

There 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's motion for reconsideration was likewise denied. The case is now CLOSED and TERMINATED.

There 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 13<sup>th</sup> 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 13<sup>th</sup> month pay to complainant. Complainant's motion for reconsideration was likewise denied by the NLRC. Complainant filed with the Court of Appeals a Petition questioning the decision and resolution of the NLRC. The parties have filed their respective Memoranda. The Court of Appeals partially granted the Petition by granting Manalili 13<sup>th</sup> month pay. Manalili's motion for reconsideration was denied. Manalili filed a Petition for Review with the Supreme Court, where the case now pends.

There 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. Complainant did not file a Petition for Certiorari. The case is now CLOSED and TERMINATED.

There 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. We filed our Comment/Opposition and Memorandum. The CA rendered the Decision dated March 3, 2017, denying Complainants' Petition for Certiorari. Complainants filed a motion for reconsideration which was also denied by the CA. Complainants filed a motion for extension to file petition for Review with the Supreme Court.

There 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 which was denied. This case is now awaiting execution of judgment. During the pre-execution conference, the parties executed a Compromise Agreement and Waiver, Release and Quitclaim. The case is now CLOSED and TERMINATED.

There 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. De Chavez filed a petition with the Court of Appeals which denied the same. Similarly, De Chavez's Petition filed with the Supreme Court was denied for lack of merit. The case is now CLOSED and TERMINATED. 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. The Labor Arbiter rendered a decision in favor of complainant. We filed an appeal with the NLRC which affirmed the Labor Arbiter's decision. A

petition for certiorari was filed with the Court of Appeals which affirmed the rulings of the NLRC. During the pre-execution conference, complainants executed a Waiver, Release and Quitclaim. The judgment has been satisfied and the parties executed Waiver Release and Quitclaim. The case is now CLOSED and TERMINATED.

There 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. The Labor Arbiter rendered a decision in favor of complainants. On appeal to the NLRC, the same was denied. We have filed a petition for certiorari with the Court of Appeals and the petition is now deemed submitted for decision.

There is a case for illegal dismissal with money claims filed by Cynthia Malabunga against GMA. She was first engaged by GMA for various programs until her last talent contract as Associate producer was terminated on 30 April 2014. The Labor Arbiter rendered a decision dismissing the complaint. Complainant filed an appeal which was dismissed by the NLRC. The NLRC also denied her motion for reconsideration. Complainant filed a petition for certiorari with the Court of Appeals and respondent filed its comment/opposition thereto. The petition was referred for mediation/conciliation. In the process Ms. Malabunga agreed to settle. The CA issued the Resolution dated May 12, 2017, declaring the case as CLOSED and TERMINATED.

There is another case for regularization filed by Micholl P. Mabinta whose talent agreement was no longer renewed. The Labor Arbiter rendered a decision dismissing the complaint on June 8, 2015. Complainant filed an appeal which was dismissed by the NLRC in the Decision dated January 29, 2016. Complainant filed a Motion for Reconsideration which was denied by the NLRC in the Resolution dated March 31, 2016. Complainant filed a petition to the Court of Appeals and Respondents filed their comment/opposition thereto. The petition is now submitted for decision.

There is a case for illegal suspension, moral and exemplary damages and attorneys fee filed by Edmalynne Remillano et al. The parties have already filed their respective position paper and reply, and the case is now submitted for decision.

There is a case involving a complaint filed against GMA by Alfredo Lubrica Enoce for alleged illegal dismissal with a prayer for separation pay, backwages, moral and exemplary damages and attorney's fees. The parties filed their respective position papers on November 15, 2016 as well as their respective replies. The Labor Arbiter rendered a decision finding illegal dismissal. However, the decision was reversed on appeal by NLRC. Enoce's motion for reconsideration was likewise denied. Enoce filed a petition with the Court of Appeals. GMA is still awaiting resolution from the Court of Appeals as to what action it will take on the Petition.

### ***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 P100 million.

In the 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 Ms. 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 the 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 prosecution will continue their presentation of evidence on May 14, 2018.

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 which partially granted the petition by reversing the DOJ Resolution ordering the withdrawal of the Information and sustaining the finding of probable cause for copyright infringement only as against Ms. Dela Peña-Reyes and Mr. Manalastas. The proceedings before the RTC QC Branch 93 will resume with the presentation of the prosecution's evidence on April 19, 2018.

### ***Civil Cases***

A case for damages was filed by Ronaldo Virola against Miguel Enriquez and the Company. 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 P800,000 in moral damages, P300,000 in exemplary damages, attorney's fees in the amount of P100,000 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 November 25, 2015, the CA issued an Entry of Judgment attesting that the Decision dated March 2015 became final and executory on April 23, 2015. We now consider this case close and terminated.

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 P 5.5 million in moral, exemplary and temperate damages, as well as costs of the suit. Plaintiff has rested its case and we are set to present defense evidence on April 21, 2016. The hearing for reception of defendant's evidence is set on April 2, 2018.

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. Defendants have completed the presentation of their evidence and filed their offer of documentary exhibits.

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

### **Market Information**

#### **Stock Prices GMA7**

<b><u>Period in 2017</u></b>	<b><u>Highest Closing</u></b>	<b><u>Lowest Closing</u></b>
1Q	6.56	6.08
2Q	7.05	6.05
3Q	6.27	6.01
4Q	6.07	5.70

#### **Stock Prices GMAP**

<b><u>Period in 2017</u></b>	<b><u>Highest Closing</u></b>	<b><u>Lowest Closing</u></b>
1Q	6.10	5.83
2Q	6.34	5.69
3Q	6.05	5.74
4Q	5.78	5.39

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 6, 2018; GMA7's closing price is P6.33 for GMA7 and P6.15 for GMAP (PDRs).

### **Holders**

There are 1,678 holders of common equity as of March 28, 2018.

The following are the top 20 holders of the common equity of the Company as December 31, 2017:

<b>Name of Shareholders</b>	<b>No. of Common Shares</b>	<b>Percentage of Ownership of Total Common Shares</b>
GMA Management Development Inc.	789,813,389	23.47%
GMA Holdings, Inc.	774,078,300	23.01%
FLG Management & Development Corp.	677,213,227	20.38%
M.A. Jimenez Enterprises, Inc.	453,882,095	13.49%
Television International Corp.	334,378,037	9.94%
PCD Nominee Corp.	241,367,096	8.15%
Gozon Development Corp.	14,033,954	0.42%
Gozon Foundation, Inc.	5,144,361	0.15%
Gilberto R. Duavit, Jr.	4,007,005	0.12%

Name of Shareholders	No. of Common Shares	Percentage of Ownership of Total Common Shares
Ismael Gozon	2,814,900	0.08%
Miguel Enrique Singson Roa	2,566,400	0.08%
Luisito C. Cirineo	1,750,500	0.05%
Jose Mari L. Chan	1,315,900	0.04%
Felipe S. Yalong	1,025,000	0.03%
Alberto Tio Ong	1,000,000	0.03%
Judith Duavit Vazquez	588,000	0.02%
Jose P. Marcelo	501,498	0.01%
Jaime Javier and/or Ma. Erlinda Gana	444,900	0.01%
Kong Yu Uychoi	350,000	0.01%
Nita Laurel Yupangco	346,127	0.01%

The following are the top 20 holders of the Company's preferred shares as of December 31, 2017:

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. Sibal	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	₱ 218,521,203.5	February 17, 2005	Cash and Property
2005	₱ 3,000,000,000.0	October 11, 2005	StockNNN/nnnn
2006	₱ 1,150,000,000.0	June 13, 2006	Cash and Property
2007	₱ 1,500,000,000.0	March 19, 2007	Cash
2007	₱ 375,000,000.0	April 26, 2007	Stock
2007	₱ 1,000,000,000.0	July 2, 2007	Cash
2008	₱ 1,214,163,001.0	May 21, 2008	Cash
2009	₱ 1,701,069,453.0	April 2, 2009	Cash
2010	₱ 2,187,089,296.56	March 25, 2010	Cash
2010	₱ 1,215,049,069.20	October 28, 2010	Cash
2011	₱ 2,187,089,296.56	March 11, 2011	Cash
2012	₱ 1,944,079,375	April 16, 2012	Cash
2012	₱ 1,264,794,293	August 22, 2012	Cash
2013	₱ 1,215,049,609	March 21, 2013	Cash
2014	₱ 1,312,253,577	April 2, 2014	Cash
2015	₱ 1,215,049,609.20	March 30, 2015	Cash
2016	₱ 1,944,079,375	April 8, 2016	Cash
2017	₱ 3,547,944,859	March 27, 2017	Cash
2018	₱ 2,432,296,718.40	April 5, 2018	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 Revised Manual on Corporate Governance to institutionalize the Company's adherence to these principles. This Revised 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 Revised 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. The Compliance Officer is responsible for monitoring compliance by the Company with the provisions and requirements of good corporate governance.

Based on the Revised Manual on Corporate Governance Manual (attached to the Company's letter to the Securities and Exchange Commission dated May 22, 2017) as well as the Company's Annual Corporate Governance Report for 2016 filed with the Securities and Exchange Commission, 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 M. Gozon	Director
Joel Marcelo G. Jimenez	Director
Gilberto M. Duavit	Director
Laura J. Westfall	Director
Felipe S. Yalong	Chief Financial Officer and Executive Vice-President
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 five (5) times in 2017. 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	5	0
Gilberto R. Duavit, Jr.	5	0
Joel Marcelo G. Jimenez	5	0
Felipe S. Yalong	5	0
Anna Teresa M. Gozon	5	0
Gilberto M. Duavit	4	1
Laura J. Westfall	4	1
Artemio V. Panganiban	5	0
Jaime C. Laya	5	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.

The jurisdiction of the Executive Committee has been expanded to include the functions and responsibilities of the Corporate Governance Committee, except those pertaining to the nomination and election of directors and the procedure for determining the remuneration of directors and officers which remain vested in the Nomination Committee and the Compensation and Remuneration Committee, as



well as the power to evaluate the performance of the Board of Directors as it pertains to the stockholders and the duly elected Board directors themselves.

#### 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 Gilberto R. Duavit, Jr. 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 the following members: Dr. Jaime C. Laya, (Chairman), former Chief Justice Artemio V. Panganiban (Vice Chairman), Anna Teresa M. Gozon 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 jurisdiction of the Audit and Risk Management Committee has been expanded to include the functions and responsibilities of the Board and Risk Oversight Committee ("BROC") and the Related Party Transactions ("RPT") Committee.

The Audit and Risk Management Committee held five (5) meetings in 2017 wherein the Committee reviewed and approved, among others, the Company's 2017 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 Corporate Planning Department has been designated by the Board of Directors to monitor the courses of action taken by the departments to manage the risks. The Head of the Company's Corporate Planning Department performs the functions and responsibilities of a Chief Risk Officer on the matter of Enterprise Risk Management.

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](http://www.gmanetwork.com/corporate/ir).

The Company, through the IRCD, holds periodic 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	2016 (in millions PhP)	2015 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Revenues	16,673.4	13,727.1	2,946.3	21%
Airtime revenues	15,131.5	12,380.7	2,750.8	22%
Cash operating expenses	9,994.9	9,160.8	834.1	9%
EBITDA	6,778.0	4,638.6	2,139.4	46%
Net Income before tax	5,207.8	3,036.2	2,171.7	72%
Net Income after tax	3,646.6	2,125.8	1,520.8	72%

	2016	2015	Inc/(Dec)	%
Current ratio	2.88	2.24	0.64	29%
Asset-to-Equity ratio	1.54	1.59	(0.05)	-3%
Debt-to-Equity ratio	0.06	0.13	(0.07)	-51%
Interest Rate Coverage ratio	307.66	75.57	232.09	307%
Gross Profit margin	61%	57%	0.03	6%
EBITDA margin	41%	34%	0.07	20%
Net Income margin	22%	15%	0.06	41%

## CERTIFICATION

THIS IS TO CERTIFY that in compliance with **Article 9(B) of the 1987 Philippine Constitution**, none of the Directors, Independent Directors and Officers of **GMA Network, Inc.** are elected as public servants and or appointed in any government agency, local or foreign, without authority of law.

Issued this \_\_\_\_<sup>th</sup> day of April 2018.



**ROBERTO RAFAEL V. LUCILA**  
*Compliance Officer*  
**GMA Network, Inc.**

## CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ARTEMIO V. PANGANIBAN**, Filipino, of legal age and a resident of 1203 Acacia Street, Damariñas Village, Makati City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for independent director of **GMA HOLDINGS, INC.** and have been its independent director since 2009;
2. I am affiliated with the following publicly-listed companies:

Company/Organization	Position/ Relationship	Period of Service
GMA Network, Inc.	Independent Director	2007 - present
First Philippine Holdings Corporation	Independent Director	2007 - present
Metro Pacific Investments Corporation	Independent Director	2007 - present
Manila Electric Company	Independent Director	2008 - present
Robinsons Land Corporation	Independent Director	2008 - present
Petron Corporation	Independent Director	2010 - present
Asian Terminals, Inc.	Independent Director	2010 - present
Philippine Long Distance Tel. Co.	Independent Director	2013 - present
Jollibee Foods Corporation	Non-Executive Director	2012 - present
Metropolitan Bank & Trust Company	Senior Adviser	2007 - present
Double Dragon Properties Corporation	Adviser	2014 - present
Bank of the Philippine Islands	Member, Advisory Council	2016 - present

(For my full bio-data, log on to my personal website: [cjpanganiban.com](http://cjpanganiban.com))

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of GMA HOLDINGS, INC., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. To the best of my knowledge, I am not related to any director/officer/substantial shareholder of GMA HOLDINGS, INC. and its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any criminal or administrative investigation or proceeding pending in court.
6. To the best of my knowledge, I am neither an officer nor an employee of any government agency or government-owned and controlled corporation.
7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC Issuances.
8. I shall inform the Corporate Secretary of GMA HOLDINGS, INC., of any changes in the above-mentioned information within five (5) days from its occurrence.

APR 10 2018  
Done this \_\_\_\_ day of March, 2018 at Makati City.

  
**ARTEMIO V. PANGANIBAN**  
*Affiant*

APR 10 2018  
SUBSCRIBED AND SWORN to before me this \_\_\_\_ day of March 2018 at Makati City, affiant personally appeared before me and exhibited to me his Passport Number EC2160733 issued on September 22, 2014 by the DFA, Manila and will expire on September 21, 2019.

Doc. No. 255  
Page No. 58  
Book No. 209  
Series of 2018.

**ATTY. VIRGILIO R. BATALLA**  
NOTARY PUBLIC FOR MAKATI CITY  
APPOINTMENT NO. M-88  
UNTIL DECEMBER 31, 2018  
ROLL OF ATTY. NO. 48348  
MCLE COMPLIANCE NO. IV-0016333/4-10-2013  
IBP O.R. No. 706762-LIFETIME MEMBER JAN. 29, 2007  
PTR No. 6607619- JAN 03, 2018  
EXECUTIVE BLDG. CENTER  
MAKATI AVE., COR. JUPITER

## CERTIFICATION OF INDEPENDENT DIRECTORS

I, **JAIME C. LAYA**, Filipino, of legal age and a resident of 11 Panay Avenue, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of GMA HOLDINGS, INC. and have been its independent director since 2007;
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position	Period of Service
Philippine Trust Company (Philtrust Bank)	Chairman and President	2004-present
GMA Network, Inc. and GMA Holdings, Inc.	Independent Director	2007-present
Ayala Land, Inc.	Independent Director	2010-present
Manila Water Company, Inc.	Independent Director	2014-present
Philippine AXA Life Insurance Co., Inc.	Director	2005-present
Charter Ping An Insurance Corporation	Independent Director	2016-
Escuela Taller Foundation of the Philippines, Inc.	Chairman	2013-present
Don Norberto Ty Foundation, Inc.	Chairman	2005-present
Cofradía de la Inmaculada Concepción	Trustee	1979-present
Heart Foundation of the Philippines, Inc.	Trustee	ca. 1985-present
CIBI Foundation, Inc.	Trustee	1998-present
St. Paul University – Quezon City	Trustee	2002-present
Fundación Santiago, Inc.	Trustee	2002-present
Cultural Center of the Philippines	Trustee	2003-present
Metropolitan Museum of Manila	Trustee	ca. 2004-present
Yuchengco Museum	Trustee	ca. 2007-present
Society for Cultural Enrichment, Inc.	Trustee	2009-present
Ayala Foundation, Inc.	Trustee	2013-present
Filipinas Opera Society Foundation, Inc.	Trustee	2014-present
Various family corporations	Director	ca. 1960-present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of GMA HOLDINGS, INC., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. To the best of my knowledge, I am not related to any director/officer/substantial shareholder of GMA Holdings, Inc. and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3. of the Securities Regulation Code.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I have the required written or consent from the President of the Cultural Center of the Philippines to be an independent director in GMA Holdings, Inc. pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC Issuances.





8. I shall inform the Corporate Secretary of GMA HOLDINGS, INC., of any changes in the above-mentioned information within five (5) days from its occurrence.

Done this APR 10 2018 day of                     , 2018 at Makati City.

**JAIME C. LAYA**

Affiant

**APR 10 2018**

SUBSCRIBED AND SWORN to before me this            day of                      2018 at Makati City, affiant personally appeared before me and exhibited to me his Passport Number EC3123777 by the DFA, Manila issued on January 7, 2015.

Doc. No. 266

Page No. 56

Book No. 307

Series of 2018.

**ATTY. VIRGILIO B. BATALLA**

NOTARY PUBLIC FOR MAKATI CITY

APPOINTMENT NO. M-88

UNTIL DECEMBER 31, 2018

ROLL OF ATTY. NO. 48348

MCLE COMPLIANCE NO. IV-0016333/4-10-2013

IBP O.R. No. 705752-LIFETIME MEMBER JAN. 29, 2007

PTR No. 6607619- JAN 03, 2018

EXECUTIVE BLDG. CENTER

MAKATI AVE., COR., JUPITER



**Cultural Center of the Philippines**  
SENTRONG PANGKULTURA NG PILIPINAS

To Whom It May Concern:

This is to certify that Mr. JAIME C. LAYA is an Incumbent Trustee (Director) of the Cultural Center of the Philippines (CCP).

There is nothing in the law (P.D 15, as amended) governing the CCP which prohibits a trustee of the CCP from becoming a director of a private corporation. Thus, Mr. Laya has the authorization of CCP to be a Director of a private sector corporation.

Issued this 6th day of March 2018.

  
**ARSENIO C. LIZASO**  
President