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S.E.C. Registration Number

G M A N E T W O R K I N C.

(Company's Full Name)

G M A N E T W O R K C E N T E R
E D S A C O R N E R T I M O G A V E.
D I L I M A N Q U E Z O N C I T Y

Atty. Roberto O. Parel
Contact Person

816-3716

2013
**PRELIMINARY
INFORMATION STATEMENT**

Month Day
Fiscal Year

2 0 1 3
FORM TYPE

Month Day
Annual Meetings

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

April 5, 2013



ANNUAL STOCKHOLDERS' MEETING

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

**To: All Stockholders of
GMA Network, Inc.**

Please be notified that the **Annual Meeting of the Stockholders of GMA Network, Inc.** will be held on **May 15, 2013** (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 16, 2012
4. Annual Report of the President
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 3, 2013.

For purposes of the meeting, only stockholders of record as of April 15, 2013 are entitled to attend and vote in the said meeting.

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

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

Thank you.

For the Board of Directors


ROBERTO O. PAREL
Corporate Secretary

We are not soliciting your proxy. However, if you are unable to attend the meeting but would like to be represented thereat, you may accomplish the proxy form herein provided below and submit the same to the Office of the Corporate Secretary on or before **May 3, 2013**. You may deliver this form or send it in advance through fax no. (632) 812-0008. Validation of proxies shall be held on May 5, 2013 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 15, 2013 at 10:00 a.m. and at any postponement or adjournment thereof.

Name

Signature

Date

No. of Shares Held

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

OF

GMA NETWORK, INC.

1. Check the appropriate box:

☒ Preliminary Information Statement

☐ Definitive Information Statement

2. Name of Registrant as specified in its charter: **GMA Network, Inc.**

3. Province, country or other jurisdiction of incorporation or organization: **Philippines**

4. SEC Identification Number: **5213**

5. BIR Tax Identification Code **000-917-916-30**

6. Address of principal office

Postal Code

GMA Network Center, EDSA corner Timog Avenue, Diliman

7. Registrant's telephone number, including area code: **(632) 982-7777**

8. Date, time and place of the meeting of security holders: **May 15, 2013, 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 22, 2013

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
Preferred Stock

3,361,047,000
7,499,507,184

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

Yes ☒ No ☐

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

Philippine Stock Exchange / Common Stock

**GMA NETWORK, INC.
INFORMATION STATEMENT**

This Information Statement dated April 5, 2013 is being furnished to the stockholders of record of GMA Network, Inc. as of April 15, 2013 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 15, 2013
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 22, 2013

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, 2013. 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 15, 2013 are entitled to notice of and to vote at the Company's Annual Stockholders' Meeting.
- (c) With respect to the election of directors, a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may accumulate said shares and give one candidate as many votes as the number of directors to be elected or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the total number of shares owned by him, multiplied by the whole number of directors to be elected.
- (d) The following are the information on security ownership of certain record and beneficial owners and management:
 - (1) The security ownership of certain record and beneficial owners of more than 5% as of March 31, 2013 are as follows:

Title Of class	Name and Address of Beneficial Owner	Citizenship	Record / Beneficial	No. of shares held	Percent Owned
Common	GMA Holdings, Inc. ¹ Unit 5D Tower One, One McKinley Place, Bonifacio Global City	Filipino	PCD Nominee Corporation	857,509,800	25.49%
Common	Group Management & Development Inc. ² No. 5 Wilson St., San Juan, Metro Manila	Filipino	The Record Owner is the Beneficial Owner	789,813,389	23.47%

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

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

Common	FLG Management & Development Corporation ³ Unit 2, 2/F, Building 2, 9 th Avenue, Bonifacio Global City, Taguig, Metro Manila	Filipino	The Record Owner is the Beneficial Owner	663,929,027	19.73%
Common	M.A. Jimenez Enterprises, Inc. 2/F Sagittarius Condominium, H. V. De la Costa St., Salcedo Village, Makati City ⁴	Filipino	The Record Owner is the Beneficial Owner	453,882,095	13.49%
Common	Television International Corporation ⁵ 2/F Sagittarius Condominium, H. V. De la Costa St., Salcedo Village, Makati City	Filipino	The Record Owner is the Beneficial Owner	334,378,037	9.94%
Total Common Shares 3,099,512,348 92.12%					
Preferred	Group Management & Development Inc. No. 5 Wilson St., San Juan, Metro Manila	Filipino	The Record Owner is the Beneficial Owner	2,625,805,308	35.01%
Preferred	FLG Management & Development Corporation Unit 2, 2/F, Building 2, 9 th Avenue, Bonifacio Global City, Taguig, Metro Manila	Filipino	The Record Owner is the Beneficial Owner	2,181,898,644	29.09%
Preferred	M.A. Jimenez Enterprises, Inc. 2/F Sagittarius Condominium, H. V. De la Costa St., Salcedo Village, Makati City	Filipino	The Record Owner is the Beneficial Owner	1,508,978,826	20.12%
Preferred	Television International Corporation 2/F Sagittarius Condominium, H. V. De la Costa St., Salcedo Village, Makati City	Filipino	The Record Owner is the Beneficial Owner	1,111,661,610	14.82%
Total Preferred Shares 7,428,344,388 99.04%					

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

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

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

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

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

(2) Security Ownership of Management as of March 31, 2013

As of March 31, 2013, the Company's directors and senior officers owned an aggregate of 6,771,350 common shares of the Company, equivalent to 0.20% of the Company's issued and outstanding common capital stock and 27,294 preferred shares equivalent to 0.00% of the Company's issued and outstanding preferred capital stock.

Stockholder Name	Position	Citizenship	Record / Beneficial (R/B)	No. of Common Shares Held	Percent of Common Shares	No. of Preferred Shares Held	Percent of Preferred Shares
Anna-Teresa M. Gozon-Abrogar	Director/Assistant Corporate Secretary	Filipino	R/B	529,003	0.02%	6	0.00%
Gilberto R. Duavit Jr.	Director/Pres. and COO	Filipino	R/B	4,007,000	0.12%	12	0.00%
Felipe L. Gozon	Director/Chairman and CEO	Filipino	R/B	3,181	0.00%	26,880	0.00%
Joel Marcelo G. Jimenez	Director	Filipino	R/B	325,003	0.01%	6	0.00%
Judith D. Vazquez	Director	Filipino	R/B	588,158	0.02%	378	0.00%
Laura J. Westfall	Director	Filipino	R/B	2	0.00%	6	0.00%
Felipe S. Yalong	Director/Executive Vice-President	Filipino	R/B	1,025,002	0.03%	6	0.00%
Jaime C. Laya	Independent Director	Filipino	R/B	294,000	0.009%	0	0.00%
Artemio V. Panganiban	Independent Director	Filipino	R/B	1	0.00%	0	0.00%
Marissa L. Flores	Senior Vice President – News and Public Affairs	Filipino	R/B	none	None	none	none

(3) Voting Trust Holders of 5% or more

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

(4) Changes in Control

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

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 (2012-2013):

Anna-Teresa M. Gozon-Abrogar
Gilberto R. Duavit, Jr.
Felipe L. Gozon
Joel Marcelo G. Jimenez
Judith D. Vazquez
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 27, 2013, 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, 2013, 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	73
Judith D. Vazquez	Filipino	Director	1988	N/A	N/A	50
Gilberto R. Duavit, Jr.	Filipino	Director	1999	President/Chief Operating Officer	2010	49
Anna Teresa M. Gozon-Abrogar	Filipino	Director/ Assistant Corporate Secretary	2000	N/A	N/A	41
Joel Marcelo G. Jimenez	Filipino	Director	2002	N/A	N/A	49
Laura J. Westfall	Filipino	Director	2002	N/A	N/A	45
Felipe S. Yalong	Filipino	Director/ Corporate Treasurer	2002	Executive Vice President	2011	56
Roberto O. Parel	Filipino	Corporate Secretary	1993	N/A	N/A	57
Marissa L. Flores	Filipino	N/A	N/A	Senior Vice President, News and Public Affairs	2004	49
Artemio V. Panganiban	Filipino	Independent Director	2007	N/A	2007	76
Jaime C. Laya	Filipino	Independent Director	2007	N/A	2007	74

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

Felipe L. Gozon, Filipino, 73 years old, is the Chairman of the Board of Directors and the Network's Chief Executive Officer.

Atty Gozon is a Senior Partner at the Law Firm of Belo Gozon Elma Parel Asuncion & Lucila. Aside from GMA Network, Inc., he is also Chairman and CEO of GMA Marketing and Productions, Inc. and GMA New Media, Inc.; Chairman and President of FLG Management and Development Corp.; Chairman of Alta Productions Group, Inc., Citynet Network Marketing and Productions, Inc., Mont-Aire Realty and Development Corp. Philippine Entertainment Portal, Inc., and RGMA Network, Inc.; Vice Chairman of Malayan Savings and Mortgage Bank; Director of, among other companies, Gozon Development Corp., Justitia Realty and Management Corp., Antipolo Agri-Business and Land Development Corp., Sagittarius Condominium Corp. and President of Lex Realty, Inc. He serves as Chairman of the Board of Trustees of GMA Kapuso Foundation, Inc., Kapwa Ko Mahal Ko Foundation, Inc., and The Potter and Clay Christian School Foundation, Inc.; Chairman and President of Gozon Foundation; and Trustee of Bantayog ng mga Bayani Foundation.

Atty. Gozon is a recipient of several awards for his achievement in law, media, public service, and business, including the prestigious Chief Justice Special Award given by the Chief Justice of the Philippines (1991), Presidential Award of Merit given by the Philippine Bar Association (1990 & 1993), CEO of the Year given by Uno Magazine (2004), Master Entrepreneur – Philippines (2004) by Ernst and Young, Outstanding Citizen of Malabon Award for Legal and Business Management by the Kalipunan ng Samahan sa Malabon (KASAMA) (2005), People of the Year by People Asia Magazine (2005) and Lifetime Achievement Award given by the UP Alumni Association (2012). He is also listed among Biz News Asia's Power 100 (2003 to 2010). Gozon was also selected as a member of the Advisory Board for the 2010 Asian Television Awards (ATA).

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

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

Joel Marcelo G. Jimenez, Filipino, 49 years old, has been a Director of the Company since 2002. He is currently the Senior Vice President of GMA Marketing and Productions, Inc., 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, 56 years old, is the Executive Vice President and Head of the Corporate Services Group of GMA Network, Inc. He has been a Director of the Company since 2002. Aside from GMA Network, Inc., he also serves as Director and Corporate Treasurer of GMA Holdings, Inc., Scenarios, Inc., and GMA Network Films, Inc.; Director of Unicapital, Inc., Majalco Finance and Investments, Inc., and GMA Marketing and Productions, Inc.; Corporate Treasurer of RGMA Network, Inc., Mediamerge Corp.; Executive Vice President of RGMA Marketing and Productions, Inc.; and Corporate Treasurer of the Board of Trustees of GMA Kapuso Foundation, Inc.

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.

Atty. Anna Teresa G. Abrogar, Filipino, 41 years old, has been a Director of the Company since 2000. Atty. Anna Teresa M. Gozon-Abrogar 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 was an Associate Professor in the University of the Philippines, College of Law where she taught taxation.

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

Judith Duavit Vazquez, Filipino, 50 years old, has been a Director of the Company since 1988. She is a member of the following special committees: Audit & Risk Committee and Compensation & Remuneration Committee. Moreover, she sits on the boards of the following GMA7 subsidiaries: RGMA, Inc., GMA New Media, Inc., GMA Worldwide, Inc., and GMA Films, Inc. She is a member of the Board of Trustees of the GMA Kapuso Foundation, Inc.

Judith is an acknowledged visionary and industry mover in Philippine Information and Communication Technology space. In 1995, she laid the nation's first fiber in the Central Business District of Makati and developed the country's first ICT ready intelligent skyscraper - the 45-storey Peak Tower, which boasts the largest neutral telecommunications tower in the city.

Judith is the founder and chairman of PHCOLO, Inc. - the premier interconnection site of telecommunications and Internet Service Provider companies on four platforms: fixed-line fiber, cable, wireless and satellite.

Her successful and visionary efforts in the field of Information and Communications Technology, have earned her the moniker "Godmother of the Philippine Internet," a position in Computerworld's list of "Philippines' Most Powerful in ICT" and in 2011 "IT Executive of the Year" by the Philippine Cyber Press.

Her philanthropic endeavors include Asian Institute of Management's first Professorial Chair for Entrepreneurship and support to the University of the Philippines' School of Economics, among others. International organization memberships include the Asia Pacific Network Information Center, Pacific Telecommunications Council, IEEE, Clinton Global Initiatives Foundation, Young Presidents' World, Presidents' Organization and other local business organizations. She has served the Management Association of the Philippines as a member of the Board of Governors, and is a Senior Lecturer for Entrepreneurship at the College of Business Administration, University of the Philippines.

Judith holds a Bachelor of Science degree in Business Economics from the University of the Philippines and is an alumna of Harvard Business School, University of Michigan (Ann Arbor) and Asian Institute of Management.

In October 2011, she was elected to the Board of Directors of ICANN - the Internet Corporation For Assigned Names and Numbers- governing body of the Global Internet. ICANN coordinates the 3 unique identifiers, which permit the Internet to function as a single infrastructure: Domain names, IP addresses and Port Assignments. Judith is the First Asian Female elected to this august and powerful international body. She is member of the following ICANN board committees: Audit, Risk, and Structural Improvements. Eligible to serve ICANN for 3 terms, Judith's first term as a voting board member ends in 2014.

Laura J. Westfall, Filipino, 45 years old, has been a Director of the Company since 2000. She held the following positions in the Company - Senior Vice President of Corporate and Strategic Planning and Senior Vice President for Finance. In addition, she has served as Chairperson and President of GMA New Media. Prior to joining the Company, she worked for BDO Seidman - Los Angeles, an international audit and management consulting firm. She currently holds various positions in the Majent Group of Companies and serves as Board Member of Coffee Bean and Tea Leaf Philippines, Bronzeoak Clean Energy, Inc., and Malayan Bank. She also serves as Board Member and Treasurer of the Museo Pambata Foundation.

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, 76 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., Metro Pacific Tollways Corp., Petron Corporation, Bank of the Philippine Islands, Asian Terminals, and a regular Director of Jollibee Foods Corporation. He is also a Senior Adviser of Metropolitan Bank, Independent Adviser of Philippine Long Distance Telephone Co., Chairman, Board of Advisers of Metrobank Foundation, Chairman of the Board of Philippine Dispute Resolution Center, Inc., and Member, Advisory Board of the World Bank and of the Asian Institute of Management Governance Council. He also is a column writer of The Philippine Daily Inquirer.

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

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

Dr. Jaime C. Laya, Filipino, 74 years old, has been an independent Director of GMA Network, Inc. since 2007. He is the Chairman of Philippine Trust Company (Philtrust Bank), Director of Philippine Ratings Services Corporation, Philippine AXA Life Insurance Company, Inc., Ayala Land, Inc., and Manila Polo Club, Inc. He also serves as Chairman of Don Norberto Ty Foundation, Inc.; Trustee of De la Salle University – Taft, St. Paul University-Quezon City, Cultural Center of the Philippines, Metropolitan Museum of Manila, Yuchengco Museum and Fundación Santiago, Inc.

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, 1961; Ph.D. in Financial Management, Stanford University, 1966. He is a Certified Public Accountant.

Atty. Roberto O. Parel, Filipino, 57 years old, has been the Corporate Secretary of the Company since 1993. He is a Partner at the Law Firm of Belo Gozon Elma Parel Asuncion & Lucila. His practice areas include labor relations, natural resources and intellectual property. He is a Director of Time-Life International Philippines, Capitaex Holdings Philippines, Ipilan Nickel Corporation, Nickel Laterite Resources, Inc., Berong Nickel Corporation, Ulugan Nickel Corporation, Ulugan Resources Holdings, Inc., Nickeline Resources Holdings, Inc., TMM Management Inc., and Assetvalues Holding Company, Inc.; Director and Corporate Treasurer of Selenga Mining Corporation; Corporate Secretary of Alta Productions Group, Inc., Scenarios, Inc., Citynet Network Marketing and Productions, Inc., GMA Kapuso Foundation, Inc., Hinoba Holdings (Philippines), Inc.

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

Marissa L. Flores, Filipino, 49 years old, is the Senior Vice President for News and Public Affairs since 2004. She joined the Company in 1987 as a researcher for public affairs documentaries and special reports and held the positions of Assistant Vice President for Public Affairs, Vice President for Production – News and Public Affairs before her appointment to her current position.

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

The News and Public Affairs group under Ms. Flores continues to be the recipient of international awards, notably the New York Festivals, US International Film and Video Festival Awards, Asian TV Awards. GMA News and Public Affairs remains as the only Philippine broadcast network which has won highly-coveted Peabody Award (two Peabody awards as of 2010) — 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.

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

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

Involvement in Certain Legal Proceedings

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

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

Resignation of Directors

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.

As of December 31, 2012, Alta Tierra Resources, Inc. had advances owing to the Company in the amount of ₱4 million. Alta Tierra Resources, Inc. is a real estate holding company. Alta Tierra's outstanding shares are 8.2% owned by Majent Management and Development Corporation, and 91.8% by Group Management and Development, Inc.

As of December 31, 2006, the Company made advances to RGMA Network, Inc. in the amount of ₱225.3 million for RGMA's working capital requirements. On February 21, 2006, the Company's Board of Directors approved the conversion of a portion of such advances in the amount of ₱168 million into 7,205,882 shares of RGMA with a par value of ₱1.00 per share, representing approximately 49% of the outstanding capital stock of RGMA. The SEC approved the conversion of the advances into equity on February 6, 2007. As of the date hereof, RGMA's outstanding shares are 49% owned by the Company, 17.8% owned by Rachel Espiritu, 17.8% owned by the Jimenez family through Television International Corporation and 15.3% owned by the Gozon family through FLG Management and Development Corporation. There were no advances for working capital as of December 31, 2012 and 2011.

The Company also made advances to Mont-Aire in the amount of ₱121.4 million as of December 31, 2004. Of such advances, the Company converted the amount of ₱38.3 million into ₱38.3 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 ₱23.5 million made by them to Mont-Aire into ₱23.5 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, 2012 and 2011, Mont-Aire has had advances owing to the Company in the amount of ₱84.5 million.

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.

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 fixed monthly service fees.

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.

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

	Year	Annual salaries (in Thousands)	13th Month & Bonuses (in Thousands)	Total (in Thousands)
5 highest compensated officers	2010	79,172.2	70,954.1	150,126.4
	2011	80,585.7	53,642.4	134,228.1
	2012	75,335.3	57,615.6	132,951.0
	2013 (estimate)	78,348.8	59,920.3	138,269.0
Aggregate compensation paid to all officers and directors as a group	2010	119,163.7	117,828.8	236,992.5
	2011	117,612.5	84,338.5	201,951.0
	2012	122,618.2	94,243.7	216,862.0
	2013 (estimate)	127,523.0	98,013.5	225,536.5

(a) Directors and other Executive Officers

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

Employee Stock Ownership Plan ("ESOP")

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

Item 7. Independent Public Accountants

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

The Company only became publicly listed with the Philippine Stock Exchange on July 30, 2007. Pursuant to Rule 68 paragraph 3 (b) (iv), the Company has engaged Mr. Ramon D. Dizon, partner of SGV & Co., to sign the Company's 2012 audited financial statements.

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

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

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

Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

- (d) The aggregate fees billed for each of the last two years for professional services rendered by Sycip Gorres Velayo and Co., amounted to ₱6.0 million both in 2012 and 2011, these included the fees related to financial audit and services for general tax compliance. No other fees of any nature were paid.
- (e) The Company's Audit Committee was formed in 2007 and was formally organized during the latter portion of that year. The Audit Committee reviews the fee arrangements with the external auditor and recommends the same to the Board of Directors. The Audit Committee has recommended the appointment of Sycip Gorres Velayo and Co., as the external auditor of the Company.

The members of the Audit Committee are as follows:

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

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

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

Item 9. Modification or Exchange of Securities

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

Item 10. Financial and Other Information

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

- 1) Audited Financial Statements for December 31, 2012 and 2011;
- 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, 2012.
- (b) Approval of the Minutes of the 2012 annual meeting of the Stockholders held on May 16, 2012, covering the following salient matters:
 - (i) Approval of the Minutes of the annual meeting of the stockholders on May 18, 2011
 - (ii) Annual Report of the President
 - (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

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.

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, summarized as follows:

- (i) Declaration by the Board of Directors on August 1, 2012 of cash dividends to stockholders of record as of August 22, 2012 and payment date of September 14, 2012.
- (ii) Declaration by the Board of Directors on March 21, 2013 of cash dividends to stockholders of record as of April 17, 2013 and payment date of May 14, 2013.
- (iii) All acts and resolutions of the Board of Directors and Management for the period covering May 16, 2012 to May 15, 2013 adopted in the ordinary course of business involving:
 - Approval of borrowings, opening of accounts and bank transactions;
 - Appointment of signatories;
- (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
VICE PRESIDENT, FINANCE

The Company also undertakes to provide the first quarter interim financial report (period ended March 31, 2013) during the annual stockholder's meeting.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on April 5, 2013.

GMA NETWORK, INC.

By:


ROBERTO O. PAREL
Corporate Secretary

MANAGEMENT REPORT

I. BUSINESS OVERVIEW

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

The Company's Congressional television broadcasting franchise was renewed on March 20, 1992 through Republic Act 7252, which allows it to operate radio and television facilities in the Philippines for 25 years. GMA Network has 47 VHF (46 GMA owned and 1 affiliate) and 32 UHF TV stations throughout the Philippines with its signal reaching approximately 97% of the country's Urban TV Households (Source: 2012 AGB Nielsen Total Philippines Establishment Survey).

In 2012, GMA Network, Inc. maintained leadership in nationwide urban TV ratings. The Company posted an increase in its gross revenues while its net income for 2012 was slightly lower than 2011.

GMA Network garnered a nationwide average household audience share of 34.4%, up by 2.9 percentage points over its nearest competitor. GMA likewise maintained its TV ratings advantage in its traditional bailiwick areas of Mega Manila and Urban Luzon in 2012. The Network, its programs and personalities also reaped various local and international awards within the year.

GMA Network's international operations continued to expand during the year. GMA Pinoy TV closed 2012 with 329,108 subscribers, up by 13% over 2011, while GMA Life TV had 124,884 subscribers.

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, 2012:

COMPANY	OWNERSHIP	PRINCIPAL ACTIVITIES
Subsidiaries		
GMA New Media, Inc. (NMI)	100%	Converging Technology
Citynet Network Marketing and Productions, Inc.	100%	Television entertainment production
GMA Network Films, Inc.	100%	Film production
GMA Worldwide (Philippines), Inc.	100%	International marketing, handling foreign program acquisitions and international syndication of the Parent Company's programs
RGMA Marketing and Productions, Inc. (GMA Records)	100%	Music recording, publishing and video distribution

Scenarios, Inc.	100%	Design, construction and maintenance of sets for TV, stage plays and concerts; transportation services
Script2010, Inc. (Script2010)*	100%	Design, construction and maintenance of sets for TV, stage plays and concerts; transportation and manpower services
Alta Productions Group, Inc.	100%	Pre- and post-production services
GMA Marketing & Productions, Inc. (GMPI)	100%	Exclusive marketing and sales arm of GMA's airtime
Mediamerge Corporation**	100%	Business development and operations for the Company's online publishing/advertising initiatives
Digify, Inc. (Digify)**	100%	Crafting, planning and handling advertising and other forms of promotion including multi-media productions
Joint Ventures		
INQ7 Interactive, Inc.	50%	A joint multimedia news and information delivery company of the Philippine Daily Inquirer, Inc. and GMA
Philippine Entertainment Portal, Inc. (PEP)**	50%	Operation of Pep.ph, an entertainment Portal
Gamespan, Inc.***	50%	A joint venture of GMA, through NMI, with Manila Jockey Club, Inc.
Affiliates		
Mont-Aire Realty and Development Corp.****	49%	A real estate holding company
RGMA Network, Inc.	49%	General management programming, research and event management services for the Company's radio stations

Notes:

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

** Indirectly owned through GMA New Media, Inc.

*** Indirectly owned through GMA New Media, Inc. Gamespan will be fully operational in 2013.

**** On April 26, 2007, the Company's Board of Directors declared its shareholdings in Mont-Aire as subject to sale to any interested buyer. In the event the Company does not find a willing buyer, the same shall be declared as dividends to the stockholders of record as of April 26, 2007.

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		2012 Ratings & Audience Share (Total day: 6AM-12MN)		
			Mega Manila	Urban Luzon	Urban National
GMA		Household Ratings	16.0	15.2	13.5
		Audience Share	39.2	38.2	34.4
ABS-CBN	Radio and TV broadcasting network and multimedia company. Founded in 1953, and is the first television station in the Philippines.	Household Ratings	10.5	10.9	12.4

Network	Description		2012 Ratings & Audience Share (Total day; 6AM-12MN)		
			Mega Manila	Urban Luzon	Urban National
		Audience Share	25.8	27.4	31.5
GNTV	GMA Network's sister channel. It is programmed by GMA. GMA NEWS TV (GNTV) was launched on February 28, 2011.	Household Ratings	2.1	1.8	1.5
		Audience Share	5.0	4.5	3.9
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	6.2	5.8	5.9
		Audience Share	15.2	14.6	15.1
ETC (RPN)/ SOLAR TV (RPN) **	Radio Philippines Network (RPN 9) is a Philippine VHF television network of the Government Communications Group. On November 29, 2009, the network re-branded again under the new name Solar TV on RPN. **Solar TV went off air on February 26, 2011 and was relaunched as ETC (RPN) on March 2, 2011.	Household Ratings	0.3	0.3	0.2
		Audience Share	0.7	0.6	0.5
Studio 23	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.	Household Ratings	0.9	1.1	1.2
		Audience Share	2.3	2.7	3.0
National Broadcasting Network	Official government TV, formerly called Maharlika Broadcasting System, Inc. and later the People's Television Network, Inc. (PTV).	Household Ratings	0.2	0.2	0.1
		Audience Share	0.5	0.4	0.4
Intercontinental Broadcasting Corporation (IBC 13)	IBC-13 is a VHF TV station of the Government Communications Group launched in 1975 by Roberto Benedicto.	Household Ratings	1.0	0.8	0.7
		Audience Share	2.4	2.0	1.9
Southern Broadcasting Network Solar News Channel/TALK TV (SBN)/ (ETC on SBN) ***	On January 1, 2008, Solar Entertainment Corporation's entertainment channel ETC aired on this station. ***SBN was launched as Talk TV (SBN) on March 3, 2011 and was later replaced by Solar News Channel on October 30, 2012.	Household Ratings	0	0.1	0
		Audience Share	0.1	0.1	0.1
RJTV (2 nd Ave.)	RJTV is a UHF, free to air television channel owned and operated by Rajah Broadcasting Network, Inc. owned by Ramon "RJ" Jacinto. Solar is also programming 2 nd Ave.	Household Ratings	0.0	0.0	0.0
		Audience Share	0.0	0.0	0.0

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

INTERNATIONAL DISTRIBUTION

The Company's television programs are distributed outside the Philippines in two ways. One is through its subscription-based international channels – GMA Pinoy TV, GMA Life TV, and GMA News TV International – and the other is through GMA Worldwide (Philippines), Inc. (GWI), a wholly-owned

subsidiary of the Company. GWI distributes GMA's locally produced programs on all platforms through worldwide syndication sales to broadcasters/companies in China, Southeast Asia, Africa, and Europe.

GMA PINOY TV

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

GMA Pinoy TV is currently available in 50 states in the U.S. including Alaska and Hawaii, plus Puerto Rico and Washington DC; Canada; Japan; Guam; 49 countries in Europe; Saipan; Hong Kong; Singapore; Papua New Guinea; Australia; New Zealand; the British Indian Territory of Diego Garcia; Madagascar; Malaysia; 16 countries in the Middle East including the key territories of the Kingdom of Saudi Arabia, United Arab Emirates, Qatar, Bahrain, and Kuwait; and 11 countries in North Africa. GMA Pinoy TV aims to establish global exposure and presence for the Network that will bring the company's programs to Filipino communities around the world.

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

As of December 2012, GMA Pinoy TV's subscriber base closed at 329,108 – a 13 % increase over the 2011 closing subscriber number of 291,309.

GMA LIFE TV

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

GMA Life TV is available in the United States, Canada, Guam, Hong Kong, Japan, Australia, New Zealand, Papua New Guinea, Madagascar, 16 countries in the Middle East, 11 countries in North Africa, and 49 countries in Europe. As of December 2012, GMA Life TV's subscriber base closed at 124,884.

GMA NEWS TV INTERNATIONAL

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

It is now available in Canada, Guam, Japan, Malaysia, Australia, New Zealand, the UAE, and Madagascar.

CONVERGING TECHNOLOGY

GMA New Media, Inc. (NMI) is the digital media arm of GMA Network, Inc. Since its inception in July 2000, it has launched category-breaking projects in multiple platforms, including internet, mobile, broadcast, and digital TV.

WEB

Online Publishing

NMI initiated the collaboration among some of the Philippines' leading media companies for the adoption of global standards and best practices in online publishing, beginning with the appointment of a common provider for their third-party audience measurement system. The group has chosen Effective Measure (EM), an Australian company, as its preferred audience measurement solutions provider.

In 2011, NMI deepened its partnership with YouTube, Google's online video-sharing portal. Initially sealed in 2009, the deal to create an official GMA Channel on YouTube was the first of its kind in Asia. This partnership was recently expanded to include long-form catch-up content and secure live streaming.

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

In collaboration with GMA Network's Program Support Department, News and Public Affairs, Entertainment, GMA International, GMA Radio, Kapuso Foundation, GMA Films, GMA Records, GMA Artist Center, GMA Corporate (Investor Relations), NMI launched in late 2011 www.gmanetwork.com, the umbrella site for all things GMA. This move further enhances GMA's connection with its audience online by providing news, entertainment, information, community, and public service at their fingertips, anytime, anywhere. The portal also allows users to get quick and easy access to all of the Network's web properties.

NMI entered into a joint venture with Summit Media and launched Pep.ph, the no. 1 showbiz news portal in the Philippines.

NMI entered into a joint venture with E-Games, the leading online games publisher in the Philippines.

NMI provided alternative means for viewers who have no access to TV to witness historic events such as Cory Aquino's funeral and several State of the Nation Addresses (SONAs) using live streaming online.

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 foundations for succeeding SMS-TV initiatives, which carried NMI through several years of growth and profit.

NMI launched Fanatxt, a mobile-based celebrity portal for Kapuso stars, which is one of the most successful mobile VAS services 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 continues to work closely with GMPI in the launch of groundbreaking 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.

NMI unveiled in late 2012 version 2 of GMA News Online's Android and iOS applications designed for easy viewing on mobile phones, as a growing number of Filipinos access the website while on-the-go. GMA News Online applications are now available for Android smartphones and tablets and for iPhone

users as well. This makes GMA News Online the only local news website to have its own applications for both Android and iPhone operating systems.

BROADCAST

NMI introduced the first fully interactive show on Philippine TV called Txtube, which was eventually followed by a slew of copycats in other channels.

NMI ensured the fast and accurate delivery of poll results in the 2004 national elections and provided creative support in the form of world-class motion graphics. Every election coverage thereafter, NMI carried on as GMA News and Public Affairs' technology partner. It developed (in some cases, reverse-engineered) state-of-the-art broadcasting tools such as the RTX and Telewriter to deliver unparalleled TV coverage without the prohibitive cost of buying off-the-shelf solutions.

NMI similarly enabled the Entertainment Group with dynamic and interactive broadcast displays for its licensed game shows such as Whammy Push Your Luck and Family Feud. It also developed broadcast applications for shows such as Pinoy Idol, Celebrity Duets and Are You The Next Big Star?, among others. These displays and applications had to pass through a rigorous process of testing to meet standards set by international licensors.

On the broadcast side, NMI produces breakthrough real-time special effects for GMA. In collaboration with the Office of the President and GMA Engineering, NMI is involved in the development of GMA's Digital TV strategy. Efforts are underway to conduct testing for the service soon.

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. In 2012, GMA Films produced **My Kontrabida Girl**, **The Witness** (co-production with Indonesian producer, Skylar Pictures), **Just One Summer**, **Boy Pick-up** (with Regal Films), **Of All The Things** (with Viva Films) and **Tiktik: The Aswang Chronicles** (with Reality Pictures). **The Road** had its theatrical release in U.S. cinemas on May 11, 2012. GMA Films' Metro Manila Film Festival movie entries in 2012 were **Si Enteng**, **Si Agimat at Si Ako** (with Imus and MZet, APT and OctoArts) and **Sosy Problems**.

MUSIC AND VIDEO RECORDING

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

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

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

productions. It is also a member of FILSCAP, the Filipino Society of Composers, Authors and Publishers.

STAGE DESIGN

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

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

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

POST PRODUCTION

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

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

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

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

MARKETING AND SALES OF COMMERCIAL AIRTIME AND EVENTS

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

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

EMPLOYEES

As of December 31, 2012, the Company has 2,386 regular and probationary employees, a 10.62% growth from 2011. The Company also engaged 2,737 talents in 2012, an 8.55 % decrease from the previous year. GMA Network, Inc. recognizes one labor union, the GMA Network, Inc. Employees Union. The Collective Bargaining Agreement (CBA) for the cycle 2009-2014 took effect in July 2009, with the new economic provisions effective for 2013-2014 re-negotiated in July 2012.

II. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

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 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 in-house field intensity surveys and tests.

Subscriber count

Subscriber count is the key performance indicator for some of the Company's initiatives to diversify its revenue base beyond advertising revenues. The number of subscribers to GMA Pinoy TV and GMA Life TV and to the Company's ancillary media services, such as those provided by GMA New Media, form the benchmark for measuring the success of these services. 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, 2012

GMA Network, Inc. (the Company) reported consolidated gross revenues of ₱13,929 million for the full year of 2012, up by 6% versus 2011. At the end of the period, the Network managed a 7% growth in airtime sales to ₱12,703 million that comprised 91% of its gross revenues. Revenues from other businesses inched up 2% year-on-year.

The Company saw a 6% increase in its total operating expenses (OPEX) for the year to ₱9,538 million owing primarily to the hike in non-cash OPEX in order to further diversify and strengthen its programming and establish its presence nationwide. Although without the impact of one-time personnel related expenses, total OPEX grew by only 4%.

GMA thus ended 2012 with earnings before interest, taxes, depreciation and amortization (EBITDA) of ₱3,414 million, reaching a double-digit gain of 11% year on year.

However, due to the rise in non-cash OPEX, net income after tax settled at ₱1,617 million, a decline of 5% versus a year ago. The Company opted to do an early adoption of the PAS 19(R) on Employee Benefits which resulted in a reported total comprehensive income of ₱1,697 million for the year 2012, higher by 3% than the ₱1,641 million in 2011, as restated.

Income Data	2012 (in millions PhP)	2011 - As restated (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Gross Revenues				
Television and radio airtime	12,703.4	11,881.2	822.2	7%
Production and others	1,226.0	1,201.6	24.4	2%
	13,929.4	13,082.8	846.6	6%
Total operating expenses	9,537.7	8,984.9	552.8	6%
EBITDA	3,413.6	3,070.0	343.6	11%
Net Income	1,616.9	1,704.6	(87.8)	-5%

Revenues

Consolidated gross revenues for the year of ₱13,929 million, comprised of airtime revenues from television and radio, subscription revenues from international operations, and other revenues from subsidiaries, recorded an ₱847 million or 6% increase from the ₱13,083 million top line pegged a year ago.

Gross Revenues	2012 (in millions PhP)	2011 - As restated (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Television and radio airtime	12,703.4	11,881.2	822.2	7%
Production and others	1,226.0	1,201.6	24.4	2%
	13,929.4	13,082.8	846.6	6%

Flagship channel – Ch 7's revenue of ₱11,814 million drove this year's increase by posting ₱788 million in incremental sales or an equivalent of 7% growth year-on-year, due to its consistent nationwide leadership across the year.

For the full year 2012, GMA led rival networks in nationwide ratings for the second year in a row based on data from the industry's more widely recognized ratings service provider Nielsen TV Audience Measurement. For the covered period, GMA scored an average total day household audience share of 34.4%, leading ABS-CBN's 31.5% by 2.9 points, and TV5's 15.1% by 19.3 points.

GMA also ruled across all dayparts in the important areas of Urban Luzon and Mega Manila, which make up 77% and 59.5%, respectively, of the total urban television population in the country.

In Urban Luzon, GMA scored a 38.2% average total day household audience share, ahead by 10.8 points over ABS-CBN's 27.4% and by 23.6 points over TV5's 14.6% average. GMA also ended 2012 strongly in its bailiwick Mega Manila with an average total day household audience share of 39.2%, up 13.4 points from ABS-CBN's 25.8% and up by 24 points from TV5's 15.2%.

GMA subscribes to Nielsen TV Audience Measurement along with 22 other paying subscribers including another local major television network (TV5), Faulkner Media, CBN Asia, 15 advertising agencies, and 4 regional clients. In Mega Manila, Nielsen has a sample size of 1,190 homes versus Kantar Media's 770 homes. Nationwide, Nielsen has an urban sample size of 2,000 homes compared to the lower sample size of 1,370 utilized by Kantar Media.

The improvement in the top line of the core channel was supported by revenues from Regional TV, the business unit that oversees GMA's regional TV operations, which climbed a significant 25%, as a result of various expansion and improvement efforts in different areas nationwide. Leading local news channel GMA News TV, on the other hand, gained a modest 2% increase in its top line on its second year of operations, while airtime revenues from Radio dropped 3%.

Meanwhile, revenues from other sources contributed an additional ₱1,226 million to the total top line, recording a net improvement of ₱24 million or 2% from last year. GMA International, which manages the operations and distribution of the Network's international channels, recorded an upswing in subscriber base of its primary channel GMA Pinoy (GPTV) and its lifestyle channel GMA Life TV (GLTV) of 13% to 329,108 and 9% to 124,884, respectively, at the period's closing. However, subscription and advertising revenues from GMA International fell a tad short by 0.9% partly dragged by the appreciation of the Peso against the US dollar by an average of 3%. Discounting the impact of the forex fluctuation, international sales slightly grew by 2%.

Subsidiaries' operations pitched in a 13% escalation in revenues from 2011. The growth mainly came from the newly launched Digify, Inc., GMA New Media's new techno-creative lab that provides technology-based solutions to other companies, which generated bulk of the net increase in this category.

GMA Films' co-produced entry to the 2012 Metro Manila Film Festival *Si Agimat, Si Enteng, at si Ako* raked in almost ₱98 million in gross receipts, while Julie Anne San Jose's self-titled album by GMA Records clinched a Double Platinum Record Award from its combined physical and digital sales of almost 38,000 units for the period August 15, 2012 to December 15, 2012. San Jose's carrier single titled "I'll Be There" gained over 245,000 downloads for the same period, which earned for it a Platinum Digital Single Award. According to PARI, San Jose is the very first recipient of this award.

GMA Worldwide, Inc. (GWI), GMA's content acquisition and distribution arm, likewise sold over 60 program and movie titles to Brunei, Cambodia, Hong Kong, Indonesia, Korea, Macau, Malaysia, Myanmar, Singapore, Thailand, Vietnam, Italy, Kenya, Tanzania and USA.

Expenses

The Company's total operating expenses (OPEX) for the year reached ₱9,538 million, up 6% or ₱553 million from a year ago. Total direct costs (cash and non-cash production costs) inched up by only 2% while general and administrative expenses grew by 11%. Excluding the one-time signing bonus arising from the recent Collective Bargaining Agreement (CBA) of its employees, GAEX rose by a manageable 7% year-on-year.

Total direct cost for 2012 reached ₱5,220 million, higher by only ₱115 million or 2% year-on-year. Comprising 86% of total direct cost, cash production cost of ₱4,505 million even dropped by ₱58 million or 1% year-on-year. The spike in total production cost came from the 45% rise in amortization of program rights. Higher costing movies were shown (i.e. James Bond series, etc) which were also Tagalized to cater to viewer preference, thus incurring dubbing costs. Likewise, there was a build up of inventory of film rights amortized systematically over the period of the broadcast license agreement. Depreciation charges likewise increased due to the commissioning of the state-of-the-art Media Asset Management System (MAMS) that allows the Network to migrate to a tapeless, file-based workflow in the last quarter of 2011, along with massive investments for the launch of multi-million peso originating stations in Ilocos Norte (GMA Ilocos) and Naga City (GMA Bicol) in 2012.

	2012 (in millions PhP)	2011 - As restated (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Production Costs				
Talent fees	2,753.5	2,776.4	(22.9)	-1%
Rentals and outside services	690.3	763.3	(73.0)	-10%
Other program expenses	1,061.5	1,023.6	37.9	4%
Sub-total - Cash Production Costs	4,505.2	4,563.2	(58.0)	-1%
Program rights amortization	460.9	317.5	143.4	45%
Depreciation and amortization	253.6	224.2	29.4	13%
Sub-total - Non-cash Production Costs	714.5	541.7	172.8	32%
Total production costs	5,219.8	5,105.0	114.8	2%

The Company's total general and administrative expenses (GAEX) climbed by 11% to ₱4,318 million by the end of 2012. Personnel cost which comprised nearly 50% of total GAEX contributed the bulk of this year's increase owing primarily to the payment of the non-recurring employee bonuses as mentioned earlier compounded by the growth in the Network's manpower headcount. Minus the impact of this one-time bonus, total GAEX rose by only 7%.

General and Administrative Expenses	2012 (in millions PhP)	2011 - As restated (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Personnel costs	2,091.7	1,729.6	362.1	21%
Outside services	654.1	667.0	(12.9)	-2%
Facilities costs	473.5	458.0	15.5	3%
Taxes and licenses	141.8	211.4	(69.6)	-33%
Others	537.4	469.6	67.9	14%
Subtotal - Cash GAEX	3,898.5	3,535.6	362.9	10%
Depreciation and amortization	356.0	294.2	61.8	21%
Provision for doubtful accounts	35.8	24.5	11.2	46%
Amortization of software costs	27.7	25.7	2.0	8%
Subtotal - Non-cash GAEX	419.5	344.4	75.1	22%
Total GAEX	4,317.9	3,880.0	438.0	11%

Other increases in GAEX were brought about by spending in research and survey services, particularly for this year's subscription to digital capable metering technology for Rural TV Audience (RTAM).

EBITDA

With the increase in top line outpacing the absolute growth in cash OPEX, EBITDA sealed the year at ₱3,414 million, reaching a double digit growth of 11% or ₱344 million year on year.

Net Income

Due to the rise in non-cash OPEX of ₱248 million the EBITDA advantage was heavily weighed down – thus, net income before tax (NIBT) settled at ₱2,307 million, only ₱82 million or 4% ahead of last year. Moreover, a higher effective corporate income tax rate ensued with the conclusion of the Income Tax Holiday grant from BOI resulting in a net increase in the provision for income tax by ₱169 million or 33%. This further drove the Company's bottom line for 2012 to end at ₱1,617 million, ₱88 million or 5% lower than a year ago.

As the Company decided to do an early adoption of the Revised PAS 19, adjustments to other comprehensive income were made resulting in a total comprehensive income of ₱1.697 billion, 3% more than the restated total comprehensive income of 2011.

Balance Sheet Accounts

Consolidated assets totaled ₱12,847 million, equivalent to a 5% rise from last year's ₱12,189 million. The increase came primarily from property and equipment which rose by ₱367 million or 11% closing at ₱3,619 million by the end of the year (mainly from the newly operated originating stations in Ilocos and Naga).

Trade days-sales-outstanding (DSO) improved by 11 days to 109 days at end-2012 vs. 120 days at the close of 2011.

On the other hand, total liabilities of ₱4,577 million spiked by 90% or ₱2,170 million driven by the presence of ₱1,700 million in notes payable mainly in relation to the special cash dividend paid out last September.

Equity of ₱8,270 million ended lower this year by 15% or ₱1,152 million resulting from lower net income realized during the year and from the cash dividend payouts.

Cash Flows	2012 <i>(in millions PhP)</i>	2011 - As restated <i>(in millions PhP)</i>
Net cash provided by operating activities	2,599.0	3,104.3
Net cash used in investing activities	(989.5)	(934.4)
Net cash used in financing activities	(1,548.0)	(2,199.1)
Effect of exchange rate changes on cash and cash equivalents	(3.2)	4.8
Net increase in cash and cash equivalents	58.3	(24.4)
Cash and cash equivalents at beginning of period	1,208.0	1,232.4
Cash and cash equivalents at end of period	1,266.2	1,208.0

Operating Activities

Net cash from operations registered at ₱2,599 million this year. This resulted from income before income tax of ₱2,293 million adjusted mainly by depreciation expense of ₱610 million, movement of pension liability before interest cost of ₱74 million, interest expense and financing charges on short-term loans of ₱43 million, interest income of ₱35 million and gain on sale of property and equipment of ₱29 million apart from the changes in working capital. The primary components of the changes in working capital include the ₱289 million reduction in trade and other receivables owing to more aggressive collection efforts, partly offset by the ₱459 million rise in program and other rights from higher acquisition vis-à-vis usage and ₱16 million hike in prepaid expenses.

Investing Activities

Net cash used in investing activities amounted to ₱990 million, coming primarily from the ₱975 million additions to property and equipment and ₱36 million worth of software costs. Also contributing to the cash used in investing activities was the ₱10 million joint venture with Manila Jockey Club. These were partly offset by the ₱31 million proceeds from sale of property and equipment and investment properties.

Financing Activities

Net cash used in financing activities amounted to ₱1,548 million basically for the cash dividend payout amounting to ₱3,206 million during the year plus some ₱42 million in interest expense netted by ₱1,700 million remaining proceeds from short-term loans. The Company availed total loans of ₱3,200 million in year 2012 of which ₱1,500 million were already paid before the year end.

FINANCIAL AND OPERATIONAL RESULTS

For the Year Ended December 31, 2011

The objective in grabbing the much coveted leadership in the national ratings game was finally attained by the first quarter of 2011 – a fitting reward to the unrelenting efforts poured into via a multitude of regional synergy initiatives and in continuously striving to delight our customers with innovative programming. This upper hand was instrumental in mitigating the adverse impact of developments in the international market particularly in the second half of the year which led to significant cutback in ad spend by major advertisers.

The Company ended the year with consolidated gross revenues of ₱13,083 million, translating into a 7% growth from regular advertising and other revenue sources vs. a year ago, after stripping the impact of some ₱2,054 million worth of political advocacies and advertisements in 2010's top line. Inclusive of the windfall from the 2010 national and local elections, consolidated gross revenues fell short by 9% year-on-year. The absence of this considerable contribution from prior year's election campaign

coupled with cost increases drove consolidated net income to settle at ₱1,705 million or slightly over a billion less than comparable period.

Income Data	2011 - As restated (in millions Php)	2010 - As restated (in millions Php)	Inc/(Dec) (in millions Php)	%
Gross Revenues				
Television and radio airtime	11,881.2	13,192.7	(1,311.5)	-10%
Production and others	1,201.6	1,106.8	94.8	9%
	13,082.8	14,299.5	(1,216.7)	-9%
Total operating expenses	8,984.9	8,292.4	692.6	8%
EBITDA	3,070.0	4,724.3	(1,654.3)	-35%
Net Income	1,704.6	2,828.1	(1,123.4)	-40%

Revenues

Consolidated gross revenues for the year, comprised of airtime revenues from television and radio, subscription revenues from international operations, and other revenues from subsidiaries, climbed ₱ 837 million or 7% more than the ₱12,246 million top line generated from recurring advertisements and other sources a year ago.

	2011 - As restated (in millions Php)	2010 - As restated (in millions Php)	Inc/(Dec) (in millions Php)	%
Gross Revenues				
Gross Revenues				
Television and radio airtime	11,881.2	11,138.9	742.3	7%
Production and others	1,201.6	1,106.8	94.8	9%
	13,082.8	12,245.7	837.1	7%
Add: Political advertisements	-	2,053.8	(2,053.8)	-100%
	13,082.8	14,299.5	(1,216.7)	-9%

Airtime revenues ended at ₱11,881 million for 2011 up 7% than 2010's top line from regular advertising. Inclusive of political ads in 2010 however, a 9% drop equivalent to ₱1,217 million was reflected in total gross revenues for this year.

Core channel, GMA-7 posted an improvement in its regular advertising revenues of 8% or ₱828 million vs. same period in 2010. Regional TV sales were likewise upbeat in 2011 with the lead in nationwide ratings giving the much needed push. Thus, RTV ended with a 21% hike year-on-year on recurring ad placements. Not to be left behind, Radio operations once again proved its steadfastness growing regular sales by 15%, likewise benefitting from the improvement in ratings standing in the radio broadcast industry. Lastly, the newly reformatted Ch-11 (from QTV to GNTV) also steadily gained ground as it solidified the main competence of the Network as a reputable source and provider of balanced news and information.

Meanwhile, revenues from international operations, subsidiaries and other sources finished off with a 9% climb vs. last year. GMA's international channels, led by GMA Pinoy TV, GMA Life TV and the recently launched third channel GMA News TV recorded an increase in subscriber take up of 7% with more than 290,000 subscribers by the end of 2011. Of this number, some 115,000 are also subscribers of GLTV.

Expenses

Spending-wise consolidated operating expenses reached ₱8,985 million for the year, climbing 8% or ₱693 million compared to 2010. Total direct costs (cash and non-cash production costs) escalated by 11% while general and administrative expenses (GAEX) grew by only 5%.

Total direct cost for 2011 reached ₱5,105 million, ₱512 million or 11% higher vs. last year. Cash production cost hiked by ₱644 million or 16% over last year coming from the following: a.) generally higher costs of in-house produced soaps, in particular *Captain Barbell* and the trailblazer epic-serye *Amaya*; b.) annualization of an additional daily soap in the afternoon replacing co-produced program *Daisy Siete*; c.) reformatting of Ch-11 from QTV to GNTV entailing more station-produced shows vis-à-vis rented materials; and general increases in talent fees.

	2011 - As restated (in millions Php)	2010 - As restated (in millions Php)	Inc/(Dec) (in millions Php)	%
Production Costs				
Talent fees	2,776.4	2,330.5	445.9	19%
Rentals and outside services	763.3	658.9	104.4	16%
Other program expenses	1,023.6	929.5	94.1	10%
Sub-total - cash production costs	4,563.2	3,918.9	644.4	16%
Program rights amortization	317.5	463.9	(146.3)	-32%
Depreciation and amortization	224.2	210.5	13.7	7%
Sub-total - cash production costs	541.7	674.3	(132.6)	-20%
Total production costs	5,105.0	4,593.2	511.7	11%

The hike in cash production costs was partly offset by the reduction in non-cash production cost of ₱133 million or 20% between comparable periods. In particular, program rights amortization dropped by ₱146 million or close to one-third of 2010 cost resulting from the aforementioned repackaging of Ch-11 to mostly station-produced shows.

	2011 - As restated (in millions Php)	2010 - As restated (in millions Php)	Inc/(Dec) (in millions Php)	%
General and Administrative Expenses				
Personnel costs	1,729.6	1,587.6	142.0	9%
Outside services	667.0	667.3	(0.3)	-0.05%
Facilities costs	458.0	443.0	15.1	3%
Taxes and licenses	211.4	191.3	20.1	11%
Others	469.6	462.7	6.9	1%
Subtotal - Cash GAEX	3,535.6	3,351.8	183.7	5%
Depreciation and amortization	294.2	296.5	(2.3)	-1%
Amortization of software costs	25.7	20.2	5.5	27%
Provision for doubtful accounts	24.5	30.6	(6.0)	-20%
Subtotal - Non-cash GAEX	344.4	347.3	(2.9)	-1%
Total GAEX	3,880.0	3,699.2	180.8	5%

On the other hand, the increase in consolidated GAEX was kept at bay at ₱181 million or only 5%. Personnel cost was the main driver for this year's climb, ending at 9% or ₱142 million more vs. last year. The annual salary adjustments from the collective bargaining agreements (CBA) of rank and file employees and merit increases of confidential employees as well as the augmentation in manpower complement during the year accounted from the principal reasons for the growth in the account.

Outside services comprised of advertising and promotions, management and professional fees and sales incentives was sealed at par with last year. Additional spending in advertising and consultancy fees were negated by the decline in sales incentives attuned to the reduction in the top line this year. Utilities and repairs and maintenance which made up Facilities costs inched up by 3% or ₱15 million between comparable periods. The constant escalation in power rate hike not only in Metro Manila but in the regions coupled with increase in consumption due to full utilization of the Company's facilities were tempered by the reduction in charges for corrective maintenance and replacement of machine/broadcast equipment parts.

Taxes and licenses wrapped up moderately higher by ₱20 million or 11% vis-à-vis same period a year ago. The growth in local franchise tax using the 2010 political ads-laden revenues as base influenced the increase in the account, coupled with a one-time payment for prior year's tax assessment.

Other cash GAEX also ended at par with last year balance rising by only ₱7 million or 1%.

Meanwhile, non-cash GAEX for the year dipped by ₱3 million or 1% year-on-year. The increase in amortization of software costs was negated by the decline in depreciation and lower provision for doubtful accounts on trade receivables.

Net Income

The year ended with earnings before income, taxes, depreciation, and amortization of ₱3,070 million, and net income after tax of ₱1,705 million.

Balance Sheet Accounts

Consolidated assets totaled ₱12,183 million, equivalent to a 5% reduction from last year's ₱12,876 million. Considerable decline was seen in Trade and other receivables from ₱5,532 million in 2010 to ₱4,191 million at the end of this year. The ₱1,341 million or 24% drop in the account was a combination of the slowdown in revenues compounded by aggressive collection efforts this year.

Trade days-sales-outstanding (DSO) improved to 120 days at end-2011 vs. 145 days at the close of 2010.

The decline in net income pulled down financial indicators of the Company to a lower level this year falling between 6 to 10 percentage points, but nevertheless remaining competitive industry-wide. Equity settled at ₱9,782 million as of December this year, 5% lower than last year's ₱10,329 million resulting from the lower bottom line recorded during this year.

Cash Flows	2011 - As restated (in millions Php)	2010 - As restated (in millions Php)
Net cash provided by operating activities	3,104.3	2,706.4
Net cash used in investing activities	(934.4)	(262.5)
Net cash used in financing activities	(2,199.1)	(3,403.8)
Effect of exchange rate changes on cash and cash equivalents	4.8	(7.9)
Net increase (decrease) in cash and cash equivalents	(24.4)	(967.8)
Cash and cash equivalents at beginning of year	1,232.4	2,200.2
Cash and cash equivalents at end of year	1,208.0	1,232.4

Operating Activities

Net cash from operations registered at ₱3,104 million this year. This resulted from income before income tax of ₱2,236 million adjusted mainly by depreciation expense of ₱518 million, net movement in pension liability before interest cost of ₱56 million, interest income from bank deposits and short-term investments of ₱29 million and amortization of software costs of ₱26 million apart from the changes in

working capital. The primary components of the changes in working capital include the ₱1,339 million reduction in trade and other receivables owing to lower top line compounded with more aggressive collection efforts, partly offset by the ₱172 million rise in program and other rights from higher acquisition vis-à-vis usage, as the reformatted Ch-11 concentrated on station-produced programs vice a mix of in-house and canned shows and ₱90 million hike in prepaid expenses.

Investing Activities

Net cash used in investing activities amounted to ₱934 million, coming primarily from the ₱903 million additions to property and equipment and ₱35 million worth of software costs. Also contributed to the cash used in investing activities was the ₱12 million decrease in other noncurrent assets. These were partly offset by the ₱24 million proceeds from sale of property and equipment and investment properties.

Financing Activities

Net cash used in financing activities amounted to ₱2,199 million basically for the cash dividend payout amounting to ₱2,188 million during the year plus some ₱11 million in interest expense.

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, 2012, 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, 2012, 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 2013, the parent company has allotted ₱1,004 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, 2012, 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, 2012 vs. December 31, 2011)

- Cash and short-term investments rose 5% to ₱1,275 million at year-end which is directly attributed to this year's result of operation.
- Program rights increased by 63% to ₱1,189 million mainly due to higher acquisitions vis-à-vis usage.
- Net book value of property and equipment up by 11% to ₱3,620 million as additions to fixed assets went beyond asset retirements and depreciation.
- There were ₱1,700 million outstanding interest-bearing loans as of end-December 2012 and none in 2011.
- Trade payables and other current liabilities increased by 11% to ₱1,676 million year-on-year.
- The 110% hike in income tax payable resulted from conclusion of Income Tax Holiday grant at end-February 2012.
- Obligation for program rights climbed by 524% to ₱249 million as total payments made were lower than acquisitions on account during the year.
- Pension liability decreased by 3% to ₱369 million as contribution to retirement fund in 2012 was lower vs. the same period last year.

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 2013. The Company however, undertakes to submit its SEC Form 17-Q on or before May 15, 2013 and to make the same available upon request during the Company's Annual Stockholders' Meeting.

III. PROPERTIES

As of December 31, 2012, the Company's total property and equipment and real property amounted to P5,029.5 million. The property and equipment had a book value of P3,619.9 million, while its real properties had a fair market value of P1,409.6 million (based on an independent appraisal report as of December 31, 2008).

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 Culiat, Diliman Quezon City, which contains the TV and FM Transmitter building and the Satellite Uplink building;
- The GMA Fleet Center located on the east corner of Mother Ignacia Avenue and Sergeant Esguerra Avenue, Barangay South Triangle, Diliman Quezon City; and
- Properties in the key areas across different regions:

Luzon

- Land in Barangay Malued, Dagupan City, where the Company's radio and television studios are located;
- A 51,135 square meter property in Panghulo, Obando, Bulacan, where an AM transmitter site, a two-storey building, a genset house, and an AM tower are situated;
- A 2,000 square meter property in Barangay Concepcion Pequeña, Naga City, where a TV relay transmitter and an FM transmitter site are located; and
- A 10,000 square meter property in La Trinidad, Benguet where an FM transmitter site and a one storey building are situated.
- A 2000 square meter property in Bayubay Sur, San Vicente, Ilocos Sur where a TV studio is located.

Visayas

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

Mindanao

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

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

The Company also leases land, building and studio/office space in various locations around the Philippines under lease agreements for periods of between three and 25 years. The lease agreements may be cancelled at the Company's option. Rental expense of the Company related to this amounted to P16.1 million for the year ended December 31, 2012.

Regional Broadcast Stations

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

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

LIST OF GMA's OPERATING TV STATIONS

NO	STATION	ADDRESS	CONTACT NUMBER
	LUZON		TEL. NO./ MOBILE PHONE
1	TV-7 Metro Manila	Brgy. Culiat, Tandang Sora, Quezon City	(02) 931-9183 / (02) 924-2497
	TV-11 Metro Manila	Brgy. Culiat, Tandang Sora, Quezon City	(02) 931-9183 / (02) 924-2497
	TV-27 Metro Manila (UHF)	Brgy. Culiat, Tandang Sora, Quezon City	(02) 931-9183 / (02) 924-2497
2	TV-5 Ilocos Norte	Brgy. San Lorenzo, San Nicolas, Ilocos Norte	0918-5328580
	TV-27 Ilocos Norte (UHF)	Brgy. San Lorenzo, San Nicolas, Ilocos Norte	0918-5328580
3	TV-48 Ilocos Sur	Mt. Caniao, Bantay, Ilocos Sur	0915-8632841
4	TV-10 Benguet	Mt. Sto. Tomas, Tuba, Benguet	0915-4417080
	TV-22 Benguet (UHF)	Mt. Sto. Tomas, Tuba, Benguet	0915-4417080
5	TV-10 Olongapo	Upper Mabayuhan, Olongapo City	0927-2570496
	TV-26 Olongapo (UHF)	Upper Mabayuhan, Olongapo City	0927-2570496
6	TV-12 Batangas	Mt. Banoy, Bo. Talumpok East, Batangas City	0915-8632860
	TV-26 Batangas (UHF)	Mt. Banoy, Bo. Talumpok East, Batangas City	0915-8632860
7	TV-7 Naga	Brgy. Concepcion Pequeña, Naga City	0915-4417071
	TV-28 Naga (UHF)	Brgy. Concepcion Pequeña, Naga City	0915-4417071
8	TV-12 Legaspi	Mt. Bariw, Estanza, Legaspi City	0915-8632867
	TV-27 Legaspi (UHF)	Mt. Bariw, Estanza, Legaspi City	0915-8632867
9	TV-12 Puerto Princesa, Palawan	Mitra Rd., Brgy. Sta. Monica, Puerto Princesa, Palawan	0939-2755280
	TV-27 Puerto Princesa, Palawan (UHF)	Mitra Rd., Brgy. Sta. Monica, Puerto Princesa, Palawan	0939-2755280
10	TV-6 Brooke's Point, Palawan	Poblacion, Brooke's Point, Palawan	0939-2755280
11	TV-7 Masbate	Brgy. Pinamurbuhan, Mobo, Masbate	0909-2405510
	TV-27 Masbate (UHF)	Brgy. Pinamurbuhan, Mobo, Masbate	0909-2405510
12	TV-13 Catanduanes	Brgy. Sto. Niño, Virac, Catanduanes	0906-7524547

13	TV-13 Occ. Mindoro	Bonifacio St., San Jose, Occidental Mindoro	0921-3524271
	TV-26 Occ. Mindoro (UHF)	Bonifacio St., San Jose, Occidental Mindoro	0921-3524271
14	TV-5 Aurora	Purok 3, Brgy. Buhangin, Baler, Aurora	0920-2603590
15	TV-7 Abra	Brgy. Lusuac, Peñarrubia, Abra	0999-4473166
16	TV-13 Aparri, Cagayan	Hi-Class Bldg., De Rivera St., Poblacion, Aparri, Cagayan	0908-3846771
17	TV-7 Tuguegarao, Cagayan	Phil. Lumber Bldg., Washington St., Tuguegarao, Cagayan	0929-5603195
18	TV-8 Coron, Palawan	Tapias Hill, Coron, Palawan	0929-6982107
19	TV-7 Batanes	Brgy. Kayvaluganan, Basco, Batanes	0928-7433472 / 09292804278
20	TV-7 Romblon	Triple Peak, Sta. Maria, Tablas, Romblon	0929-4812061
21	TV-7 Isabela	Heritage Commercial Complex, Maharlika Hi-way, Brgy. Malvar, Santiago City, Isabela	0915-6727845
22	TV-5 Mountain Province	Mt Amuyao, Barlig, Mountain Province	0915-4416450
23	TV-44 Jalajala	Mt. Landing, Jalajala, Rizal	0915-8632874
	VISAYAS		
24	TV-7 Cebu	Bonbon, Cebu City	0915-4417075
	TV-27 Cebu (UHF)	Bonbon, Cebu City	0915-4417075
25	TV-6 Iloilo	Bo. Tamburong, Jordan, Guimaras	0915-4417084
	TV-28 Iloilo (UHF)	Alta Tierra Subdivision, Jaro, Iloilo	0915-4417084
26	TV-11 Bohol	Banat-I Hills, Brgy. Bool, Tagbilaran City	0918-2502675
27	TV-10 Tacloban	Basper, Tigbao, Tacloban City	0919-3899212
	TV-26 Tacloban (UHF)	Basper, Tigbao, Tacloban City	0919-3899212
28	TV-12 Ormoc, Leyte	Brgy. Alta Vista, Ormoc City	0912-8660646
29	TV-8 Borongan	Poblacion, Borongan, Eastern Samar	0921-2602154
30	TV-5 Roxas City	Brgy. Milibili, Roxas City, Capiz	0921-9978181 / 0949-4912879
	TV-27 Roxas City (UHF)	Brgy. Milibili, Roxas City, Capiz	0921-9978181 / 0949-4912879
31	TV-5 Dumaguete	Barrio Looc, Sibulan, Negros Oriental	0906-5229490
	TV-28 Dumaguete (UHF)	Barrio Looc, Sibulan, Negros Oriental	0906-5229490
32	TV-10 Sipalay	Sipalay Municipal Building, Sipalay, Negros Occidental	0999-6932317
33	TV-5 Calbayog City	Purok 2 San Mateo St. Brgy. Matobato, Calbayog City, Western Samar	0948-7095868
34	TV-2 Kalibo	New Busuanga, Numancia, Aklan	0929-4356922
	TV-27 Kalibo (UHF)	New Busuanga, Numancia, Aklan	0929-4356922
35	TV-13 Bacolod	Security Bank Bldg., Rizal St. cor. Locsin St., Bacolod City	0915-8632864
	MINDANAO		

36	TV-5 Davao	Shrine Hills, Matina, Davao City	0915-4417082 / 0929-3292480
	TV-27 Davao (UHF)	Shrine Hills, Matina, Davao City	0915-4417082 / 0929-3292480
37	TV-12 Mt. Kitanglad	Mt. Kitanglad, Bukidnon	0915-8632863
38	TV-12 Cagayan De Oro	Malasag Heights, Brgy. Cugman, Cagayan de Oro City	0915-8632875
	TV-35 Cagayan de Oro (UHF)	Malasag Heights, Brgy. Cugman, Cagayan de Oro City	0915-8632875
39	TV-8 General Santos	Nuñez St., Brgy. San Isidro, General Santos City	0915-8632871
	TV-26 Gen. Santos (UHF)	Nuñez St., Brgy. San Isidro, General Santos City	0915-8632871
40	TV-12 Cotabato	Regional Government Center, Cotabato City	0920-3537395
	TV-27 Cotabato (UHF)	Regional Government Center, Cotabato City	0920-3537395
41	TV-9 Zamboanga	Brgy. Cabatangan, Zamboanga City	0915-8632870
	TV-21 Zamboanga (UHF)	Brgy. Cabatangan, Zamboanga City	0915-8632870
42	TV-5 Ozamis	Bo. Malaubang, Ozamis City, Misamis Occidental	0928-6278996
	TV-22 Ozamis (UHF)	Bo. Malaubang, Ozamis City, Misamis Occidental	0928-6278996
43	TV-4 Dipolog	Linabo Peak, Dipolog City, Zamboanga Del Norte	0921-4406867
	TV-26 Dipolog (UHF)	Linabo Peak, Dipolog City, Zamboanga Del Norte	0921-4406867
44	TV-10 Surigao	Lipata Hills, Surigao City	0919-8095052
	TV-27 Surigao (UHF)	Lipata Hills, Surigao City	0919-8095052
45	TV-12 Jolo	Ynawat Bldg., Hadji Butu St., Jolo, Sulu	0918-7923420 / 0926-7629292
46	TV-2 Tandag	Capitol Hill, Brgy. Telaje, Tandag, Surigao del Sur	0920-2952515
47	TV-3 Pagadian	Mt. Palpalan, Pagadian City	0908-6888017
	TV-26 Pagadian (UHF)	Mt. Palpalan, Pagadian City	0908-6888017
48	TV-11 Iligan	3/F Kimberly Bldg., A. Bonifacio cor. Isidoro Emilia Ave., Tibanga Hi-Way, Iligan City	0921-3384319
AFFILIATE STATION			
1	TV-7 Butuan*	SJT Bldg., Montilla Blvd., Butuan City	(085) 342-9571/342-7073

*Affiliate stations are not owned by the company -- they are usually independently owned by local Filipino business people who re-broadcast the Company's originating signals during specified time blocks for negotiated fixed fees.

GMA's RADIO STATIONS

AREA	FREQ.	CALL SIGN	POWER	ADDRESS	
LUZON					
METRO MANILA	97.1 mhz. 594 khz.	DWLS DZBB	FM AM	35kW 50kW	GMA Complex, EDSA cor. Timog Ave., Diliman, Quezon City
BAGUIO	92.7 mhz.	DWRA	FM	10kW	2/F Baguio Midland Courier Bldg. 16 Kisd Rd., Baguio City
DAGUPAN	93.5 mhz.	DWTL	FM	10kW	Claveria Road, Malued District Dagupan City, Pangasinan
LEGASPI	96.3 mhz.	DWCW	FM	10kW	3rd level A.Bichara Silversreen Entertainment Center, Magallanes St., Legazpi City
LUCENA	91.1 mhz.	DWQL	FM	10kW	3/F Ancon Bldg., Merchan Street , Lucena City
NAGA	101.5 mhz.	DWQW	FM	10kW	4/F DMG Bldg., Penafrancia St. Naga City, Camarines Sur
PALAWAN	909 khz.	DYSP	AM	5kW	Solid Road, San Manuel Puerto Princesa City, Palawan
	97.5 mhz.	DYHY	FM	5kW	
TUGUEGARAO	89.3 mhz.	DWWQ	FM	10kW	4/F Villablanca Hotel Pattau St. cor Pallua Rd., Ugac Norte Tuguegarao, Cagayan
VISAYAS					
BACOLOD	107.1mhz.	DYEN	FM	10kW	2/F Jomabo Centre Penthouse Rizal cor. Lacson Sts., Bacolod City
CEBU	999 khz. 99.5 mhz.	DYSS DYRT	AM FM	10kW 25kW	GMA Skyview Complex Nivel Hills, Lahug, Cebu City Phase 5, Alta Tierra Village Jaro, Iloilo City
ILOILO	1323 khz	DYSI	AM	10kW	
	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	10kW	2/F Mare! Realty Bldg., Pabayo corner Hayes St. Cagayan de Oro City, Misamis Oriental
ILIGAN	Relayed over DZBB				
DAVAO	103.5 mhz. 1125 khz	DXRV DXGM	FM AM	10K 10K	Penthouse, Amesco Bldg. Damaso Suazo St., Uyanguren Davao City
GENERAL SANTOS	102.3 mhz.	DXCJ	FM	10K	3/F PBC Bldg., Cagampang St. Gen. Santos City

IV. LEGAL PROCEEDINGS

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

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

Tax Cases

The Company filed a Petition for Review on September 22, 2004 against the Commissioner of Internal Revenue ("CIR") to dispute its assessment for deficiency taxes for the year 2000 in the total amount of ₱18.8 million based on the alleged failure by the Company to remit and withhold Value Added Tax ("VAT") due on income payments to foreign suppliers and for deficiency in final withholding taxes, failure to pay withholding tax on dividends and interest thereon and failure to pay in full the interest on withholding tax deficiency on payment of interest on foreign loans. The Company raised the defense of prescription, arguing that the dividends declared to individuals in the year 2000 came from retained earnings for the year 1997. The Company also argued that it had already paid its liability for the alleged deficiency for withholding tax on payments to foreign companies on program rights and deficiency for final withholding tax on interest and foreign loans.

The Court of Tax Appeals ("CTA") promulgated an adverse decision on July 26, 2007. The Company has filed a Petition for Review with the Supreme Court questioning the said CTA decision. However, the Supreme Court has denied the Petition. The Company filed a motion for reconsideration which was likewise denied by the Supreme Court. Further, the Company's application for abatement with the BIR was denied.

Labor Cases

There is a pending case for illegal dismissal filed by Jelly Vinluan against Scenarios, Inc. On April 26, 2001, a judgment was rendered by Labor Arbiter Salimathar V. Nambi in favor of Mr. Vinluan ordering Scenarios, Inc. to pay him the amount of ₱119,190.37 representing back wages, separation pay, salary differential, service incentive leave pay, and 13th-month pay. Scenarios, Inc. only learned of the case when the sheriff of the NLRC served the writ of execution issued therein. As such, Scenarios, Inc. immediately filed a notice and memorandum of appeal, a motion to quash and/or recall writ of execution, and an urgent motion to lift the order of garnishment. On August 20, 2003, the NLRC issued an order remanding the case to the Labor Arbiter for proper service of summons but this was subsequently overruled by the Court of Appeals. Scenarios appealed this decision to the Supreme Court. In a Decision dated September 17, 2008, the Supreme Court denied the Petition. Scenarios filed a motion for reconsideration which was denied in a subsequent resolution by the Supreme Court. The case will revert back to the NLRC for execution of the decision of the Labor Arbiter.

There is another pending case for illegal dismissal, unfair labor practices, non-payment of overtime pay, holiday pay, premium pay for holiday and rest day and night shift differential and service incentive leave pay filed by Carlos Pabriga, Geoffrey Arias, Kirby Campo, Arnold Lagahit and Armand Catibug. The complainants were engaged on various dates from 1993 to 1997 to replace regular employees of the Company's Cebu station who were on leave or otherwise unable to work. On August 24, 2000, the Labor Arbiter dismissed the complaints for illegal dismissal and unfair labor practices, but directed the

Company to pay complainants their proportionate 13th-month pay. On appeal, the NLRC held that the complainants were regular employees with respect to the particular activity they were assigned until the activity ceased to exist and that they were entitled to separation pay, 13th-month pay, night shift differential and service incentive leave pay. The complainants claim that by virtue of this ruling, they are entitled to payment of a total of approximately ₱1.5 million as of March 2007. The case is presently pending before the Supreme Court on appeal of the Company.

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

Infringement Cases

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

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

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

In a Resolution dated December 3, 2004, the DOJ dismissed the complaint for libel against the ABS-CBN officers and employees and dropped the charges against the Company's officers except for Ms. Dela Peña-Reyes and Mr. Manalastas against whom the DOJ found probable cause for violation of the Intellectual Property Code. ABS-CBN filed a motion for partial reconsideration of the resolution on the grounds that the other named respondents were erroneously exonerated. The Company filed a petition for review with the DOJ with respect to the finding of probable cause against Ms. Dela Peña-Reyes and Mr. Manalastas and the dismissal of the case for libel which was denied. On August 1, 2005, the DOJ reversed the fiscal's resolution finding probable cause against Mr. dela Peña-Reyes and Mr. Manalastas and directed the fiscal to withdraw the Information. ABS-CBN filed a motion for reconsideration. Meanwhile, the DOJ issued a Resolution dated September 15, 2005 denying the Company's Petition for Review and ruling that ABS-CBN's officers and employees did not commit libel. The Company filed a motion for reconsideration.

On June 29, 2010, the DOJ issued a Resolution granting both the Company's and ABS-CBN's Motion for Reconsideration, and directing the filing of Information against ABS-CBN's officers and employees for libel. ABS-CBN moved for reconsideration which was denied by the DOJ. ABS-CBN filed a Petition

with the Court of Appeals. In the meantime, an Information for libel was filed by the Quezon City Prosecutor with the Regional Trial Court of Quezon City, Branch 88.

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

Libel Case

A complaint for libel against Miguel Enriquez, as well as an action for ₱20 million in civil damages against the Company, Miguel Enriquez, and several others, was filed by Robert Lyndon Barbers, et al., for an episode of the program **Imbestigador**, concerning the widespread sale of kidneys in Siargao Island. The complainants alleged that they were made the subject of various imputations of wrongdoing in the episode in question. The complainants seek damages in the amount of ₱15 million for the malicious imputations; ₱2 million in moral damages; ₱2 million in exemplary damages; and ₱1 million in attorney's fees and expenses of litigation. After the provisional dismissal of the criminal case, the civil case for damages was also dismissed by mutual agreement of the parties.

Civil Cases

A complaint for damages was filed by Dolores Domingo, a Bureau of Customs ("BOC") employee, against the Company, Miguel Enriquez, Carmela Tiangco and Arnold Clavio sometime in 2003. The case arose from the airing of an episode of **Imbestigador**, **Saksi** and other programs, concerning two BOC employees who acquired motor vehicles disproportionate to their salaries as government employees. The plaintiff seeks moral damages in the amount of ₱400 thousand; nominal damages in the amount of ₱20 thousand; exemplary damages in the amount of ₱20 thousand; attorneys fees in the amount of ₱50 thousand as well as the cost of suit. The Regional Trial Court of Manila dismissed the complaint after trial.

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

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

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

A petition for indirect contempt with damages was filed against GMA DYSI Super Radyo and other individual respondents alleging that they violated the sub judice rule by commenting on issues in an ongoing case on **Saksi sa Gab-I**. Plaintiff prayed for damages in the amount of about half a million in damages. The plaintiff unilaterally dismissed the complaint as against the company only.

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

Market Information

Stock Prices GMA7

<u>Period in 2012</u>	<u>Highest Closing</u>	<u>Lowest Closing</u>
1Q	10.00	6.60
2Q	10.62	8.45
3Q	10.90	9.65
4Q	9.50	8.20

Stock Prices GMAP

<u>Period in 2012</u>	<u>Highest Closing</u>	<u>Lowest Closing</u>
1Q	10.94	6.53
2Q	10.50	8.19
3Q	10.78	9.42
4Q	9.45	8.00

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 March 31, 2013; GMA7's closing price is P9.84 for GMA 7 and P9.94 for GMAP (PDRs).

Holders

There are 1,770 holders of common equity as of March 31, 2013. The following are the top 20 holders of the common equity of the Company:

Name of Shareholders	No. of Common Shares	Percentage of Ownership of Total Common Shares
GMA Holdings, Inc.	857,509,800	25.49%
Group Management & Development, Inc.	789,813,389	23.47%
FLG Management & Development Corp.	663,929,027	19.73%
M.A. Jimenez Enterprises, Inc.	453,882,095	13.49%
Television International Corp.	334,378,037	9.94%
PCD Nominee Corp.	221,087,746	6.57%
Gozon Development Corp.	14,033,954	0.42%
Gozon Foundation Inc.	4,514,361	00.13%
Gilberto R. Duavit, Jr.	4,007,006	0.12%
Alegria F. Sibai	1,093,252	0.03%
Felipe S. Yalong	1,025,000	0.03%
Alberto Tio Ong	1,000,000	0.03%

Name of Shareholders	No. of Common Shares	Percentage of Ownership of Total Common Shares
Jose Mari L. Chan	872,000	0.03%
Judith Duavit Vazquez	588,000	0.02%
Anna Teresa G. Abrogar	529,000	0.02%
Jose P. Marcelo	501,498	0.01%
Nita Laurel Yupangco	346,127	0.01%
Jose C. Laurel V	346,127	0.01%
Susana Laurel -Delgado	346,127	0.01%
Horacio P. Borromeo	326,735	0.01%

The following are the top 20 holders of the Company's preferred shares as of March 31, 2013:

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

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

Dividend Information

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

Dividend History of the Company

<u>Year</u>	<u>Amount</u>	<u>Date Declared</u>	<u>Type of Dividend</u>
2005	P 218,521,203.5	February 17, 2005	Cash and Property
2005	P 3,000,000,000.0	October 11, 2005	Stock
2006	P 1,150,000,000.0	June 13, 2006	Cash and Property
2007	P 1,500,000,000.0	March 19, 2007	Cash
2007	P 375,000,000.0	April 26, 2007	Stock
2007	P 1,000,000,000.0	July 2, 2007	Cash
2008	P 1,214,163,001.0	May 21, 2008	Cash
2009	P 1,701,069,453.0	April 2, 2009	Cash
2010	P 2,187,089,296.56	March 25, 2010	Cash
2010	P 1,215,049,069.20	October 28, 2010	Cash
2011	P 2,187,089,296.56	March 11, 2011	Cash
2012	P 1,944,379,374.72	March 28, 2012	Cash
2012	P 1,264,794,293.57	August 1, 2012	Cash
2013	P 1,215,049,609.20	March 21, 2013	Cash

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

Recent Sales of Unregistered or Exempt Securities

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

VI. CORPORATE GOVERNANCE

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

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

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

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

To ensure adherence to corporate governance, the Board designated a Compliance Officer who is also the Company's Corporate Secretary and Vice-President, Roberto O. Parel. The Compliance Officer is

responsible for monitoring compliance by the Company with the provisions and requirements of good corporate governance.

Based on the certification of compliance with the Company's Manual filed with the Commission on January 8, 2013, there have been no deviations from the Company's Manual as of date.

Board of Directors

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

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

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

The Board comprises the following members:

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

Board Performance

Directors attend regular meetings of the Board, which are held every quarter and other times as necessary, and the Annual Stockholders' Meeting (ASM). In its meetings, the Board reviews the performance of the Company and its subsidiaries, approves plans, budgets and financial statements, sets policies and guidelines for management, and discusses matters requiring Board attention and approval. The Board met six (6) times in 2012. The attendance of the individual directors at these meetings is duly recorded as follows:

Director's Name	Regular and Special Meetings	
	<i>Present</i>	<i>Absent</i>
Felipe L. Gozon	6	0
Gilberto R. Duavit, Jr.	6	0
Joel Marcelo G. Jimenez	6	0
Felipe S. Yalong	6	0

Anna Teresa M. Gozon- Abrogar	6	0
Judith D. Vazquez	5	1
Laura J. Westfall	6	0
Artemio V. Panganiban	6	0
Jaime C. Laya	6	0

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

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

Board Remuneration

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

Committees and Meetings of the Board of Directors

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

Executive Committee

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

Nomination Committee

The Nomination Committee is chaired by Felipe L. Gozon and composed of four members that include an independent director in the person of former Chief Justice Artemio V. Panganiban as Vice Chairman, with Gilberto R. Duavit, Jr. and Joel Marcelo G. Jimenez as members. The mission of the Nomination Committee is to provide the shareholders with an independent and objective evaluation and assurance that the membership of the Board of Directors is competent and will foster the long-term success of the Corporation and secure its competitiveness. The Nomination Committee assists the Board of Directors in ensuring that all nominees to the Board of Directors are competent and qualified to be nominated as Director based on internal guidelines. This is to ensure that: (a) there is a proper mix of competent directors that would continuously improve shareholder's value; and, (b) Directors will ensure a high standard of best practices for the Company and its stakeholders.

Compensation and Remuneration Committee

The members of the Compensation and Remuneration Committee are Felipe L. Gozon (Chairman), Former Chief Justice Artemio V. Panganiban (Vice Chairman), with Judith D. Vazquez and Laura J. Westfall as members. The Committee recommends a formal and transparent framework of remuneration and evaluation for the members of the Board of Directors and key executives to enable them to run the Company successfully.

Audit and Risk Management Committee

Audit

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

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

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

The Audit and Risk Management Committee held five (5) meetings in 2012 wherein the Committee reviewed and approved, among others, the Company's 2011 Consolidated Audited Financial Statements as prepared by the external auditors.

Risk Management

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

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

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

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

The Company's financial results are dependent primarily on its ability to generate advertising revenue through rates charged to advertisers. The advertising rates a station is able to charge is affected by many factors, including the ratings of its programs and the general strength of the local and national economies. Generally, advertising declines during periods of economic recession or downturns in the economy. As a result, the Company's revenue is likely to be adversely affected during such periods.

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

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

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

Management

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

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

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

Employee Relations

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

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

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

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

Prompt Disclosures and Timely Reporting

GMA Network, Inc. adheres to a high level of corporate disclosure and transparency regarding the company's financial condition and state of corporate governance on a regular basis. Through the Investor Relations and Compliance Division (IRCD), shareholders are provided disclosures, announcements and periodic reports filed with the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange. These are also available on line through the Company's Investor Relations website www.gmanetwork.com/corporate/ir.

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

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