



ABS-CBN Corporation

11/F ELJ Communications Center, Eugenio Lopez Street,
Quezon City, Metro Manila, Philippines
Telephone Number +632-4152272

5.335 % p.a. Seven Year Bonds Due 10 February 2021

Offer Price: 100% of Face Value

ABS-CBN Corporation ("ABS-CBN" or the "Issuer" or the "Company") is offering an aggregate principal amount of up to ₱10,000,000,000.00 debt securities to be issued in one or two tranches. The first tranche is offered under this Prospectus and is comprised of fixed rate bonds in the amount of ₱5,000,000,000.00 and an overallotment option of up to ₱1,000,000,000.00 (collectively the "Bonds" or the "Seven Year Bonds") shall be issued on 10 February 2014 (the "Issue Date").

The Seven Year Bonds shall have a term of seven (7) years from the Issue Date, with a fixed interest rate equivalent to 5.335% p.a.. Interest on the Bonds shall be payable quarterly in arrears starting on 10 May 2014 for the first Interest Payment Date, and 10 February, 10 May, 10 August and 10 November of each year for each subsequent Interest Payment Date at which the Bonds are outstanding, or the subsequent Business Day without adjustment if such Interest Payment Date is not a Business Day.

THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.

The date of this Final Prospectus is **January 27, 2014.**

Joint-Issue Managers



**BPI Capital
Corporation**



Co-Lead Underwriters

Development Bank of the Philippines
Land Bank of the Philippines
United Coconut Planters Bank

Participating Underwriter

Philippine National Bank

The Seven Year Bonds shall be repaid at maturity at par (or 100% of face value) on 10 February 2021 unless ABS-CBN exercises its early redemption option according to the conditions therefor or as otherwise set out in in this Prospectus (see “Description of the Bonds” – “Redemption and Purchase” and “Payment in the Event of Default” on pages 34 and 41).

Upon issuance, the Bonds shall constitute the direct, unconditional, unsubordinated, and unsecured obligations of ABS-CBN and shall at all times rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsubordinated and unsecured obligations of ABS-CBN, other than obligations preferred by law. Pursuant to the laws on concurrence and preference of credits, the Bonds shall effectively be subordinated in right of payment to, among others, all of ABS-CBN’s secured debts to the extent of the value of the assets securing such debt and all of its debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code of the Philippines (see “Description of the Bonds” – “Ranking” on page 33).

The Bonds have been rated PRS Aaa by the Philippine Rating Services Corporation (“PhilRatings”) on December 27, 2013. Obligations rated PRS Aaa are of the highest quality with minimal credit risk. The capacity of ABS-CBN to meet its financial commitment on the Bonds is extremely strong. PRS Aaa is the highest rating assigned by PhilRatings. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the rating agency concerned.

The Bonds are offered to the public at face value through the Joint Issue Managers named below with the Philippine Depository & Trust Corporation (“PDTC”) as the Registrar of the Bonds. It is intended that upon issuance, the Bonds shall be issued in scripless form, with PDTC maintaining the scripless Register of Bondholders, and listed in the Philippine Dealing & Exchange Corporation (“PDEX”). The Bonds shall be issued in minimum denominations of ₱10,000.00 each, as a minimum, and in integral multiples of ₱10,000.00 thereafter. The Bonds shall be traded in denominations of ₱10,000.00 in the secondary market.

ABS-CBN expects to raise gross proceeds amounting to up to ₱10,000,000,000.00 from one or two tranches of the offering. For the first tranche, the net proceeds without the overallotment portion are estimated to be at least P4,933,438,498.50 after deducting fees, commissions and expenses relating to the issuance of the Bonds. Proceeds of the Offer shall be used to partially fund capital expenditures requirements of the Company, which shall be discussed further in the section entitled “Use of Proceeds” on page 23 of this Prospectus. The Joint Issue Managers shall receive a fee of ₱43,010,753.00 on the final aggregate nominal principal amount of the Bonds issued.

On December 10, 2013, ABS-CBN filed a registration statement (the “Registration Statement”) with the Securities and Exchange Commission (“SEC”), in connection with the offer and sale to the public of debt securities with an aggregate principal amount of up to ₱10,000,000,000.00. The SEC is expected to issue an order rendering the registration statement effective, and a corresponding permit to offer securities for sale covering the Offer.

There can be no assurance in respect of: (i) whether ABS-CBN would issue such debt securities at all; (ii) the size or timing of any individual issuance or the total issuance of such debt securities; or (iii) the specific terms and conditions of any such issuance. Any decision by ABS-CBN to offer such debt securities will depend on a number of factors at the relevant time, many of which are not within ABS-CBN’s control, including but not limited to: prevailing interest rates, the financing requirements of ABS-CBN’s business and prospects, market liquidity and the state of the domestic capital market, and the Philippine, regional and global economies in general.

ABS-CBN confirms that this Prospectus contains all material information relating to the Company, its affiliates and subsidiaries, as well as material information on the issue and offering of and the Bonds as may be required by the applicable laws of the Republic of the Philippines. No facts have been omitted that would make any statement in this Prospectus misleading in any material respect. ABS-CBN confirms that it has made all reasonable inquiries with respect to any information, data and analysis(es) provided to it by its advisors and consultants or which is otherwise publicly available for inclusion into this Prospectus. ABS-CBN, however, has not independently verified any or all such publicly available information, data or analysis(es).

The price of securities can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. An investment in the Bonds described in this Prospectus involves a certain degree of risk. A prospective purchaser of the Bonds should carefully consider several factors inherent to the Company (detailed in “Risk Factors and Other Considerations” section of this Prospectus) such as risks pertinent to the industry and operational risks relevant to the Philippines *vis-à-vis* risks inherent to the Bonds, in addition to the other information contained in this Prospectus, in deciding whether to invest in the Bonds.

Neither the delivery of this Prospectus nor any sale made pursuant to the Offering shall, under any circumstance, create any implication that the information contained or referred to in this Prospectus is accurate as of any time subsequent to the date hereof. The Joint Issue Managers do not make any

representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Prospectus.

The contents of this Prospectus are not to be considered as definitive legal, business or tax advice. Each prospective purchaser of the Bonds receiving a copy of this Prospectus acknowledges that he has not relied on the Joint Issue Managers in his investigation of the accuracy of any information found in this Prospectus or in his investment decision. Prospective purchasers should consult their own counsel, accountants or other advisors as to legal, tax, business, financial and related aspects of the purchase of the Bonds, among others. It bears emphasis that investing in the Bonds involves certain risks. It is best to refer again to the section on "Risk Factors and Other Considerations" for a discussion of certain considerations with respect to an investment in the Bonds.

No dealer, salesman or other person has been authorized by ABS-CBN or the Joint Issue Managers to give any information or to make any representation concerning the Bonds other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorized by ABS-CBN or the Joint Issue Managers.

ABS-CBN is organized under the laws of the Philippines. Its principal office is at the 11th Floor, 11/F ELJ Communications Center, Eugenio Lopez Street, Quezon City, Metro Manila, Philippines with telephone number +632 415-2272.

ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED HEREIN ARE TRUE AND CURRENT.

ABS-CBN Corporation

By:

Al Cerrado

ALDRIN M. CERRADO
Chief Finance Officer

SUBSCRIBED AND SWORN to before me this 27 JAN 2014, affiant exhibiting to me his Passport No. XX4851884 issued at DFA Manila on October 26, 2009 and which expires on October 27, 2014 as competent evidence of his identity

Doc. No. 400;
Page No. 51;
Book No. 11;
Series of 2014.

AS
ANA SOFIA A. BIASON
NOTARY PUBLIC
FOR AND IN THE CITY OF PASIG, TAGUIG AND
SAN JUAN AND IN THE MUNICIPALITY OF PATEROS
UNTIL DECEMBER 31, 2014
PTR NO. 9444039; 1/8/14; PASIG CITY
JBP NO. 947496; 1/2/14; RSM
ROLL NO. 61008/APPOINTMENT NO. 157 (2013-2014)
21/F Robinsons-Equitable Tower
4 ADB Ave. cor. Poveda St.
1605 Ortigas Center, Pasig City

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FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- the Company's business and investment strategy;
- its capital expenditure plans;
- its dividend policy;
- its financial condition and results of operations;
- the anticipated availability of bank and other forms of financing; and
- the industry outlook generally.

The words "anticipate," "believe," "estimate," "expect," "intend," "seek," "plan," "may," "will," "would," "could" and similar expressions, as they relate to the Company, are intended to identify a number of these forward-looking statements. These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond the Company's control. In addition, these forward-looking statements reflect current views of the Company with respect to future events and are not a guarantee of future performance. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors, including:

- general economic, political and other conditions in the Philippines;
- the Company's management's expectations and estimates concerning its future financial performance;
- the Company's level of indebtedness;
- the Company's capital expenditure program and other liquidity and capital resources requirements;
- the size and growth of the Company's customer base;
- inflation in the Philippines and any devaluation of the Peso;
- existing and future governmental regulation; and
- the risk factors discussed in this Prospectus as well as other factors beyond the Company's control.

The Company does not intend to update or otherwise revise the forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise, unless material within the purview of the Securities Regulation Code (SRC) and other applicable laws, the mandate of which is to enforce investor protection. Because of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or at all. Investors should not place undue reliance on any forward-looking information.

No Joint Issue Manager takes any responsibility for, or gives any representation, warranty or undertaking in relation to, any such forward-looking statement.

DEFINITION OF TERMS

As used in this Prospectus, the following terms shall have the meanings ascribed to them:

“ABS-CBN” or the **“Company”** or the **“Issuer”** shall refer to ABS-CBN Corporation, and when the context requires, and its Subsidiaries.

“ABS-CBN Group” shall refer collectively to ABS-CBN Corporation., ABS-CBN Publishing, Inc., Star Recording, Inc. (Star Records), Roadrunner Network, Inc., Star Songs, Inc., Sarimanok News, Network, Inc., ABS-CBN Interactive, Inc., The Big Dipper Digital Content & Design, Inc., Creative Programs, Inc., Studio 23, Inc., TV Food Chefs, Inc., ABS-CBN Film Productions, Inc., ABS-CBN Integrated and Strategic Property Holdings, ABS-CBN Global Cargo Corporation, Sapiientis Holdings Corporation, ABS-CBN Theme Parks and Resorts Holdings, Inc. (ABS-CBN Theme Parks), Sky Cable Corporation, E-Money Plus, Inc., ABS-CBN Multimedia, Inc., Columbus Technologies (CTI), ABS-CBN Convergence, Inc. (ABSC)(formerly Multi-Media Telephony, Inc.), ABS-CBN International, ABS-CBN Telecom North America, Inc., ABS-CBN Global Ltd., ABS-CBN Middle East FZ-LLC, ABS-CBN Middle East LLC, ABS-CBN Europe Ltd., ABS-CBN Australia Pty. Ltd, ABS-CBN Japan, Inc., ABS-CBN Canada ULC (formerly The Filipino Channel Canada ULC), ABS-CBN Shared Service Center PTE. Ltd., ABS-CBN Global Hungary Kft., ABS-CBN Global Netherlands B.V., ABS-CBN Global Remittance, Inc., ABS-CBN Europe Remittance Inc., ABS-CBN Canada Remittance Inc.

“Application to Purchase” shall mean the document to be executed by any Person or entity qualified to become a Bondholder.

“Associate” shall refer to an entity, including unincorporated entity such as a partnership over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

“Banking Day” or **“Business Day”** shall be used interchangeably to refer to any day when commercial banks and foreign exchange markets are open for business in Quezon City and Makati City, except Saturday and Sunday and any legal holiday not falling on either a Saturday or Sunday.

“Bankruptcy” means, with respect to any Person, (a) that such Person has (i) made an assignment for the benefit of creditors; (ii) filed a voluntary petition in bankruptcy; (iii) been adjudged bankrupt, or insolvent; or had entered against such Person an order of relief in any bankruptcy or insolvency proceeding; (iv) filed a petition or an answer seeking for such Person any reorganization, arrangement, composition, readjustment, insolvent, liquidation, dissolution or similar relief under any statute, law or regulation or filed an answer or other pleading admitting or failing to contest the material allegations of a petition filed against such Person in any proceeding of such nature; or (v) sought, consented to, or acquiesced in the appointment of a trustee, receiver or liquidator of such Person or of all or any substantial part of such Person’s properties; (b) 60 days have elapsed after the commencement of any proceeding against such Person seeking reorganization, arrangement, composition, readjustment, insolvent, liquidation, dissolution or similar relief under any statute, law or regulation and such proceeding has not been dismissed; or (c) 60 days have elapsed since the appointment without such Person’s consent or acquiescence of a trustee, receiver or liquidator of such Person or of all or any substantial part of such Person’s properties and such appointment has not been vacated or stayed or the appointment is not vacated within 60 days after the expiration of such stay.

“BDO Capital” shall refer to BDO Capital and Investment Corporation, a corporation duly licensed and authorized to operate in the Philippines, with address at the 20th Floor, South

Tower, BDO Corporate Center, 7899 Makati Avenue, Makati City.

“Beneficial Owner” shall mean any person (and “Beneficial Ownership” shall mean ownership by any person) who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting of such security; and/or investment returns or power in respect of any security, which includes the power to dispose of, or to direct the disposition of, such security; provided, however, that a person shall be deemed to have an indirect beneficial ownership interest in any security which is held by:

- i. members of his immediate family sharing the same household;
- ii. a partnership in which he is a general partner;
- iii. a corporation of which he is a controlling shareholder; or
- iv. subject to any contract, arrangement or understanding, which gives him voting power or investment power with respect to such securities; provided, however, that the following persons or institutions shall not be deemed to be beneficial owners of securities held by them for the benefit of third parties or in customer or fiduciary accounts in the ordinary course of business, so long as such securities were acquired by such persons or institutions without the purpose or effect of changing or influencing control of the issuer:
 - a. A broker dealer;
 - b. An investment house registered under the Investment Houses Law;
 - c. A bank authorized to operate as such by the Bangko Sentral ng Pilipinas;
 - d. An insurance company subject to the supervision of the Office of the Insurance Commission;
 - e. An investment company registered under the Investment Company Act;
 - f. A pension plan subject to regulation and supervision by the Bureau of Internal Revenue and/or the Securities and Exchange Commission or relevant authority; and
 - g. A group in which all of the members are persons specified above.

“BIR” shall mean the Bureau of Internal Revenue.

“Bonds” shall refer collectively to the aggregate principal amount of up to ₱6,000,000,000.00 debt securities comprised of ₱5,000,000,000.00 firmly underwritten bonds and up to ₱1,000,000,000.00 overallotment bonds due in 2021.

“Bond Agreements” shall mean the Trust Indenture between the Issuer and the Trustee, and the Registry and Paying Agency Agreement between the Issuer, the Registrar and the Paying Agent.

“Bondholder” shall mean a Person whose name appears, at any time, as a holder of the Bonds in the Register of Bondholders.

“BPI Capital” shall refer to BPI Capital Corporation, a corporation duly licensed and authorized to operate in the Philippines, with address at the 8th Floor, BPI Building, Ayala Avenue corner Paseo de Roxas, Makati City.

“BSP” shall mean Bangko Sentral ng Pilipinas.

“Cash Settlement Account” means an account designated by a Bondholder into which shall be credited the interests, principal, and other payments on the Bonds.

“EBITDA” shall mean Earnings Before Interest, Taxes, Depreciation and Amortization.

“Government” shall refer to the Government of the Republic of the Philippines.

“HSBC” shall mean The Hongkong and Shanghai Banking Corporation Limited, a banking corporation duly licensed and authorized to operate in the Philippines, with address at the HSBC Centre, 3058 Fifth Avenue West, Bonifacio Global City, Taguig City.

“Issue Date” shall mean 10 February 2014.

“Joint Issue Managers” shall refer to BPI Capital, BDO Capital, and HSBC, the entities appointed as joint issue managers for the Bonds pursuant to the Underwriting Agreement.

“Lopez, Inc.” shall mean the parent of ABS-CBN.

“Lopez Group” shall mean Lopez, Inc. and its corresponding subsidiaries.

“Lien” shall mean, with respect to any property or asset, any mortgage, lien, pledge, charge, security interest, encumbrance or other preferential contractual arrangement of any kind having the effect under applicable law of creating a security over such property or asset, and the right of a vendor, lessor or similar party under any conditional sales agreement, capital lease or other title retention agreement relating to such property or asset, and any other contractual arrangement with any creditor to have its claims satisfied out of any assets, or the proceeds therefrom, prior to any general creditor of the owner thereof.

“Majority Bondholders” shall mean, at any time, the Bondholder or Bondholders who hold, represent or account for more than 50% of the aggregate outstanding principal amount of the relevant Bonds.

“Master Certificate of Indebtedness” shall mean the certificate to be issued by the Issuer to the Trustee evidencing and covering such amount corresponding to the Bonds.

“Material Adverse Effect” means a material adverse effect on (a) the ability of the Issuer to perform or comply with its material obligations, or to exercise any of its material rights, under the Bond Agreements in a timely manner, (b) the business, operations or financial condition of the Issuer; or (c) the rights or interests of the Bondholders under the Bond Agreements or any security interest granted pursuant thereto.

“Maturity Date” shall mean 10 February 2021 which is seven years from Issue Date, provided that, in the event that any of the Maturity Dates falls on a day that is not a Business Day, the Maturity Date shall be automatically extended to the immediately succeeding Business Day.

“Offer” shall mean the issuance of Bonds by the Issuer under the conditions as herein contained.

“Offer Period” shall refer to the period, commencing within two Business Days from the date of the issuance of the SEC Permit To Sell Securities, during which the Bonds shall be offered to the public.

“Paying Agent” shall refer to Philippine Depository and Trust Corporation, the party which shall receive the funds from the Issuer for payment of principal, interest and other amounts due on the Bonds and remit the same to the Bondholders based on the records shown in the Register of Bondholders.

“Payment Account” means the account to be opened and maintained by the Paying Agent designated by the Issuer and solely managed by the Paying Agent, in trust and for the

irrevocable benefit of the Bondholders, into which the Issuer shall deposit the amount of the interest payments, principal payments, and all other payments due on the Bonds on a relevant Payment Date and exclusively used for such purpose, the beneficial ownership of which shall always remain with the Bondholders.

“Payment Date” means each date on which payment for interest, principal, and all other payments due on the Bonds become due.

“PDEX” shall refer to the Philippine Dealing & Exchange Corp.

“PDTC” shall refer to the Philippine Depository & Trust Corporation, the central depository and clearing agency of the Philippines which provides the infrastructure for handling the lodgment of the scripless Bonds and the electronic book-entry transfers of the lodged Bonds in accordance with the PDTC Rules, and its successor-in-interest.

“PDTC Participant” shall refer to a participant in good standing qualified to participate in the PDTC system of scripless trading.

“PDTC Rules” shall mean the SEC-approved rules of the PDTC, including the PDTC Operating Procedures and PDTC Operating Manual, as may be amended, supplemented, or modified from time to time.

“Pesos”, “₱”, “Php” and “Philippine currency” shall mean the legal currency of the Republic of the Philippines.

“Philippines” shall mean the Republic of the Philippines.

“PDR” shall mean Philippine Depository Receipts

“PhilRatings” shall mean Philippine Rating Services Corporation.

“PFRS” shall mean Philippine Financial Reporting Standards.

“PSE” shall refer to the Philippine Stock Exchange.

“Register of Bondholders” shall mean the electronic record of the issuances, sales and transfers of the Bonds to be maintained by the Registrar pursuant to and under the terms of the Paying Agency and Registry Agreement.

“Registrar” shall refer to the Philippine Depository and Trust Corporation, being the registrar appointed by the Issuer to maintain the Register of Bondholders pursuant to the Paying Agency and Registry Agreement.

“SEC” means the Philippine Securities and Exchange Commission.

“SEC Permit” shall mean the Permit to Sell Securities issued by the SEC in connection with the Offer.

“Security Interest” shall mean mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having the effect of conferring security howsoever and wherever created or arising and whether consensual or nonconsensual.

“Seven Year Bonds” shall refer collectively to the aggregate principal amount of up to ₱6,000,000,000.00 debt securities comprised of ₱5,000,000,000.00 firmly underwritten bonds and up to ₱1,000,000,000.00 overallotment bonds due in 2021.

“Seven Year Bonds Interest Payment Date” shall mean 10 May 2014 for the first Interest Payment Date, and 10 February, 10 May, 10 August and 10 November of each year for each subsequent Interest Payment Date at which the Bonds are outstanding, or the subsequent Business Day if such Interest Payment Date is not a Business Day.

“SGV & Co.” shall mean SyCip Gorres Velayo & Co., the Company’s Independent Auditor.

“Subsidiary” shall mean, with respect to ABS-CBN, any corporation directly or indirectly controlled by it, whether by way of ownership of at least 50% of the total issued and outstanding capital stock of such corporation, or the right to elect at least 50% of the number of directors in such corporation, or the right to control the operation and management of such corporation by reason of management, contract or authority granted by said corporation to ABS-CBN.

“SRC” shall mean the Securities Regulation Code of the Philippines.

“Tax Code” shall mean the Tax Reform Act of 1997, as amended.

“Taxes” shall refer to any present or future taxes, including, but not limited to, documentary stamp tax, levies, imposts, filing and other fees or charges imposed by the Republic of the Philippines or any political subdivision or taxing authority thereof, including surcharges, penalties and interests on said taxes, but excluding final withholding tax, gross receipts tax, taxes on the overall income of the underwriter or of the Bondholders, value added tax, and taxes on any gains realized from the sale of the Bonds.

“Trustee” shall refer to BDO Unibank, Inc., through its Trust and Investments Group, the entity appointed by the Issuer which shall act as the legal title holder of the Bonds and shall monitor compliance and observance of all covenants of and performance by the Issuer of its obligations under the Bonds and enforce all possible remedies pursuant to such mandate.

“\$” or “US\$” shall refer to United States Dollars, being the currency of the United States of America.

EXECUTIVE SUMMARY

This summary highlights information contained elsewhere in this Prospectus. Because it is a summary, it does not contain all of the information that a prospective purchaser should consider before investing. Prospective purchasers should read the entire Prospectus carefully, including the section entitled “Risk Factors and Other Considerations” and the consolidated financial statements and the related notes to those financial statements included in this Prospectus.

Company Overview

ABS-CBN is the Philippines’ leading media and entertainment conglomerate. The Company is primarily involved in television and radio broadcasting, as well as in the production of television and radio programming for domestic and international audiences and other related businesses.

The Company produces a wide variety of programs in multiple genres and news programs that are aired on free-to-air television via its Very High Frequency (VHF) TV network, Channel 2, and its Ultra High Frequency (UHF) TV network, Studio 23, along with a vast regional network of TV stations nationwide.

In addition, ABS-CBN, through its subsidiaries, also provides news and entertainment programming for nine channels on cable TV. The Company owns film and music production and distribution outfits in the country and also has business interests in content development and production, merchandising and licensing, cable and satellite television services, mobile and online multimedia services, glossy magazine publishing, video and audio post production, overseas telecommunication services, money remittance, cargo forwarding, tv shopping services, property management and food and restaurant services, all of which complement and enhance the Company’s strength in content production and distribution.

ABS-CBN brings its content to worldwide audiences via cable, satellite, online and mobile, through its various international subsidiaries and affiliates, and its flagship channel, The Filipino Channel (TFC).

ABS-CBN also holds an interest in the country’s largest cable TV network, SkyCable.

Competitive Strengths

The Company believes that its success and future prospects are bolstered by a combination of its strengths, including the following:

- The Philippines’ leading media and entertainment conglomerate
- Unparalleled distribution network
- Extensive experience of management team
- Clear growth strategy

A more detailed discussion of the Company’s “Competitive Strengths” may be found on page 74.

Key Strategies and Objectives

As an organization, ABS-CBN affirms its mission of being in the service of the Filipino. The Company is driven to pioneer and innovate because it knows that it helps more Filipinos discover themselves and connect to one another. The Company opens pathways to

opportunities and brings people a step closer to their dreams. ABS-CBN is firmly committed to pursuing excellence. The key elements to its business strategy are:

- Building on our core strength in content creation
- Anytime, anywhere, in any device or medium
- Maintain a strong fiscal position and bring value to our stakeholders.

For more information, please refer to the section entitled “Description of Business”.

SUMMARY OF FINANCIAL INFORMATION

The summary of financial information set forth in the following tables has been derived from the Company’s audited consolidated financial statements as at December 31, 2012 and 2011, and January 1, 2011 and for the years ended December 31, 2012, 2011 and 2010 and from the Company’s unaudited interim condensed consolidated financial statements as at September 30, 2013 and for the nine months ended September 30, 2013 and 2012. This should be read in conjunction with the audited consolidated financial statements, unaudited interim condensed consolidated financial statements and notes thereto annexed to this Prospectus and the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and other financial information included herein.

The Company’s audited consolidated financial statements were prepared in accordance with the Philippine Financial Reporting Standards and were audited by SGV & Co., in accordance with Philippine Standards on Auditing (“PSA”). The consolidated statement of financial position amounts as at December 31, 2010 are equivalent to the amounts as at January 1, 2011 as presented in the audited consolidated financial statements, included in this Prospectus. The Company’s unaudited interim condensed consolidated financial statements were prepared in compliance with PAS 34, “Interim Financial Reporting” and reviewed by SGV & Co., in accordance with Philippine Standard on Review Engagements (“PSRE”) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

The summary financial information set out below does not purport to project the results of operations or financial condition of the Company for any future period or date.

STATEMENT OF COMPREHENSIVE INCOME

<i>In million pesos</i>	For the 9 months ended	For the years ended December 31		
	September 30, 2013	2012	2011	2010
Revenues	25,235	28,395	25,142	27,947
Costs and Expenses – net	(22,620)	(26,363)	(22,462)	(23,364)
Income before Income Tax	2,615	2,032	2,680	4,583
Provision for Income Tax	742	414	253	1,179
Net Income	1,873	1,618	2,427	3,404
Other Comprehensive Income (Loss)	1,017	(365)	(1,074)	(580)
Total Comprehensive Income	2,890	1,253	1,353	2,824

For the breakdown of revenues per operating segment and type of revenue, please refer to the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page 89 in this Prospectus.

STATEMENT OF FINANCIAL POSITION

<i>In million pesos</i>	As at September 30, 2013	As at December 31, 2012	As at December 31, 2011	As at January 1, 2011
Total Current Assets	22,741	17,068	18,487	14,582
Total Noncurrent Assets	33,566	33,311	27,134	24,718
Total Assets	56,307	50,379	45,621	39,300
Total Current Liabilities	13,956	13,128	9,726	10,272
Total Noncurrent Liabilities	17,433	17,829	17,272	12,077
Total Liabilities	31,389	30,957	26,998	22,349
Total Equity	24,918	19,422	18,623	16,951

SUMMARY OF THE OFFERING

Issuer	ABS-CBN Corporation
Instrument	Seven (7) fixed rate bonds in the amount of ₱5,000,000,000.00 and an overallotment option of up to ₱1,000,000,000.00.
Use of Proceeds.....	The net proceeds of the issue shall be used to partially finance the Company's capital expenditure requirements and general working capital purposes (see "Use of Proceeds" on page 23)
Offer Price	100% of face value.
Form and Denomination of the Bonds	The Bonds shall be issued in scripless form in minimum denominations of ₱10,000.00 each, and in integral multiples of ₱10,000.00 thereafter.
Offer Period.....	The Offer shall commence on 28 January 2014 and end on 3 February 2014.
Issue Date	Seven Year Bonds: 10 February 2014
Maturity Date	Seven Year Bonds: 10 February 2021
Interest Rate.....	Seven Year Bonds: Fixed interest rate of 5.335% p.a.
Interest Payment.....	Interest on the Seven Year Bonds shall be calculated on a 30/360-day count basis and shall be paid quarterly in arrears starting on 10 May 2014 for the first Interest Payment Date, and 10 February, 10 May, 10 August and 10 November of each year thereafter, for as long as the Bonds remain outstanding.

Early Redemption Option	<p>The Issuer shall have the right, but not the obligation, to redeem in whole (and not in part), the outstanding Bonds on the following relevant dates. The amount payable to the Bondholders upon the exercise of the Early Redemption Option by the Issuer shall be calculated, based on the principal amount of Bonds being redeemed, as the sum of:</p> <p>(i) accrued interest computed from the last Interest Payment Date up to the relevant Early Redemption Option Date; and</p> <p>(ii) the product of the principal amount of the Bonds being redeemed and the Early Redemption Price in accordance with the following schedule:</p> <table border="1"> <thead> <tr> <th>Early Redemption Option Date on Seven Year Bonds</th><th>Early Redemption Price</th></tr> </thead> <tbody> <tr> <td>Five (5) Years and Six (6) Months from Issue Date</td><td>101.0%</td></tr> <tr> <td>Six (6) Years from Issue Date</td><td>100.5%</td></tr> </tbody> </table> <p>The Issuer shall give not less than thirty (30) nor more than sixty (60) days prior written notice of its intention to redeem the Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Bonds on the Early Redemption Date stated in such notice.</p>	Early Redemption Option Date on Seven Year Bonds	Early Redemption Price	Five (5) Years and Six (6) Months from Issue Date	101.0%	Six (6) Years from Issue Date	100.5%
Early Redemption Option Date on Seven Year Bonds	Early Redemption Price						
Five (5) Years and Six (6) Months from Issue Date	101.0%						
Six (6) Years from Issue Date	100.5%						
Final Redemption.....	The Bonds shall be redeemed at 100% of face value on their respective Maturity Dates, unless earlier redeemed by the Company.						
Status of the Bonds.....	The Bonds shall constitute the direct, unconditional, unsubordinated, and unsecured obligations of ABS-CBN and shall at all times rank pari passu and rateably without any preference or priority amongst themselves and at least pari passu with all other present and future unsubordinated and unsecured obligations of ABS-CBN, other than obligations preferred by law.						
Negative Pledge	The Bonds will have the benefit of a negative pledge on all existing and future assets of the Issuer, subject to the exceptions provided for in the Trust Indenture.						
Listing	The Issuer intends to list the Bonds in the PDEX on 10 February 2014.						
Governing Law	Philippines						

RISK FACTORS AND OTHER CONSIDERATIONS

Investors should carefully consider the risks described below, in addition to other information contained in this Prospectus (including the Company's unaudited interim condensed consolidated financial statement and audited consolidated financial statements and notes relating thereto annexed to this Prospectus), whenever making any investment decision relating to the Bonds. This section does not purport to disclose all the risks and other significant aspects of an investment in the Bonds. The price of securities can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. The Company's past performance is not an indication of its future performance. There is an extra risk of losing money when securities are brought from smaller companies. There may be a big difference between the buying and selling price of these securities. Investors deal in a range of investments, each of which may carry a different level of risk. The occurrence of any of the events described below and any additional risks and uncertainties not presently known to the Company or that are currently considered immaterial could have a material adverse effect on the Company's business, results of operation, financial condition and prospects, and cause the market price of the Bonds to fall significantly and investors may lose all or part of their investment.

An investor should seek professional advice if he or she is uncertain of, or has not understood any aspect of the securities to be invested in or the nature of the risks involved in holding and trading of such securities, especially in the trading of high-risk securities. Investors should undertake independent research regarding the Company and the trading of securities before commencing any trading activity, and may request all publicly available information regarding the Company and the Bonds from the SEC. Each investor should consult its own counsel, accountant and other advisors as to legal, tax, business, financial and other related aspects of an investment in the Bonds.

RISK RELATING TO THE BUSINESS OF THE COMPANY

The Company operates in an increasingly competitive industry

The Company faces competition in all of its businesses, in particular competition for advertising revenues in its television broadcasting business. The Company faces increased competition from, among other things, the success of television programs on competing stations, competitors' deploying greater resources in producing and promoting their programs, additional television stations that may enter the market, the increase in signal coverage by competing stations. The Company also competes with other television broadcasters for talent and key performers, technical personnel, and other positions and has increased wage rates in order to retain people. Furthermore, the entertainment and communications industries in which the Company operates are changing rapidly as a result of evolving technology. The future success of the Company may be affected by such changes, the nature of which cannot be forecast with certainty, and there can be no assurance that such developments will not limit the Company's access to certain distribution channels or create additional competitive pressure on some or all of the Company's businesses.

To mitigate the said risks, the Company's management continually monitors and evaluates its competitive environment and formulates strategies to address concerns on program ratings, poaching of talents and changing technology. Measures to address the concerns are implemented at the soonest possible time.

A decrease in the overall spending on advertising airtime could adversely affect the Company's results

The Company derives the bulk of its revenues from the sale of advertising airtime on its television and radio networks, cable channels, DTH satellite services, magazines and Internet sites. Expenditures by advertisers tend to be cyclical, reflecting overall economic conditions as well as budgeting and buying patterns. A decline in the economic prospects of advertisers or the Philippine economy in general could alter current or prospective advertisers' spending priorities, causing the Company's revenues to decline significantly.

To mitigate this risk, the Company has diversified its revenue streams so as to offset declines in overall advertising spending. About 40% of the Company's revenues are now generated from non-advertising revenues.

If the Company loses one or more of its key advertisers, it could lose a significant amount of its revenues

The Company derives significant portion of its airtime revenues from a limited number of large corporate advertisers. In 2012, the top 20 advertisers accounted for 62% of total airtime revenues. It is expected that these companies react similarly in specific economic conditions. In the case of an economic downturn, these companies are expected to cut down on advertising spending which could adversely affect the Company's results of operations.

The cost of producing and acquiring programming has increased and may continue to do so

The Company's most significant operating costs are currently the production costs for its internally produced programs which are typically more expensive than purchased programming. The Company has recently increased its internal production of programming in response to increased competition, contributing to increased productions costs. The Company may further increase its internal production of programming over the next few years. If programming costs continue to increase, the Company's results of operations may be negatively affected.

The Company continues to find ways to manage costs by implementing a more disciplined approach in production spending. Production forward planning is now being implemented to ensure efficient production processes. Soundstages will also be built to reduce location-related costs.

Rapid changes in technology could affect the Company's operating results

The television and radio broadcasting industry and other media business of the Company have traditionally been, and are likely to continue to be, subject to rapid and significant changes in technology, including evolving distribution technologies. There can be no assurance that the Company will have the financial resources to adopt new technologies, should such technologies render the Company's VHF, UHF, cable DTH satellite and digital terrestrial television services inefficient, uncompetitive or obsolete. The failure or inability to adapt to such new technologies could materially adversely affect the Company's financial condition and operating results.

The Company continually monitors technological developments and evaluates its options on how to adopt and implement changes.

The Company operates in a regulated environment and its business could be harmed by changes in the regulatory environment or if its broadcasting licenses were not renewed or were taken away

The Company operates in a regulated environment. The Company engages in television and radio broadcasting pursuant to its Congressional Franchise, which was renewed for a 25-year term in 1995. The Company operates television and radio stations and broadcasts at assigned frequencies pursuant to licenses from the National Telecommunications Commission of the Philippines. These licenses can be revoked in certain limited circumstances, and there can be no assurance that such stations' licenses will be renewed at their expiration dates. If the Company is unable to renew its licenses for any of its important stations, its business would be significantly harmed.

In addition, the Government is considering and may in the future consider and adopt new laws, regulations and policies regarding a wide variety of matters that may affect, directly or indirectly, the operation, ownership and profitability of several of the Company's businesses, including its television and radio stations. The outcome of such legislation and regulatory proposals may have an adverse effect on the Company's business and results of operations. See "Business – Regulation and Licensing."

The growth and profitability of the Company will be influenced by the Government and economic factors

The growth and profitability of the Company will be influenced by the general political situation and the state of the economy of the Philippines. Economic growth and a stable political environment will contribute positively to the Company's growth in revenues as advertisers will feel confident about the general spending capability of end-consumers.

RISK RELATING TO THE PHILIPPINES

The Philippine economy and business environment may be disrupted by political or social instability.

The Philippines has from time to time experienced severe political and social instability, including acts of violence. On November 23, 2009, in the southern island of Mindanao's Maguindanao province, approximately 100 armed men allegedly affiliated with the Ampatuan political family murdered 58 persons, including members of the Mangudadatu family (the Ampatuans' political rivals in the province), lawyers, journalists and aides accompanying them, and motorists whose vehicles were behind the Mangudadatus' vehicles. The Maguindanao Massacre is considered as the worst election-related violence in Philippine history and the single worst killing of media workers in the world. As such, President Arroyo declared martial law over Maguindanao and deployed hundreds of police and military troops in the area in order to capture the perpetrators of the killings. The May 2010 elections brought in the administration of President Benigno S. Aquino III. Despite high popularity ratings, strong congressional and military support and a persistent and corruption campaign, there is no assurance that potential stability in the country will be maintained. On May 31, 2012, the Philippine Senate impeached Renato Corona, then Chief Justice of the Supreme Court of the Philippines. The impeachment trial, which lasted several months, tried Corona on accusations of improperly issuing decisions that favored former President Arroyo, as well as failure to disclose certain properties, in violation of the rules applicable to all public employees and officials. Leadership change and shifting political alliances could alter the balance of power among national and local political leaders and result in changes of policies and priorities. In addition, organized armed threats from communist insurgents and Muslim separatists persist in certain parts of the country.

On May 13, 2013 relatively peaceful midterm elections were held throughout the country where senators and local government officials were elected. Most recently, details of anomalies on the Philippine Development Assistance Fund were revealed to the public via a whistleblower. This is currently under investigation by the Department of Justice.

There is no guarantee that future political events will not cause political instability and disrupt the country's economy and materially and adversely affect the Company's business, financial position and results of operation.

Territorial disputes with China and a number of Southeast Asian countries may disrupt the Philippine economy and business environment.

The Philippines, China and several Southeast Asian nations have been engaged in a series of long- standing territorial disputes over certain islands in the West Philippine Sea, also known as the South China Sea. The Philippines maintains that its claim over the disputed territories is supported by recognized principles of international law consistent with the UNCLOS. The Philippines made several efforts during the course of 2011 and 2012 to establish a framework for resolving these disputes, calling for multilateral talks to delineate territorial rights and establish a framework for resolving disputes.

Despite efforts to reach a compromise, the dispute between the Philippines and China over a group of small islands and reefs known as the Scarborough Shoal remains unresolved. In April and May 2012, the Philippines and China accused each other of deploying vessels to the shoal in an attempt to take control of the area, and both sides unilaterally imposed fishing bans at the shoal during the late spring and summer of 2012. These actions threatened to disrupt trade and other ties between the two countries, including a temporary ban by China on Philippine banana imports, as well as a temporary suspension of tours to the Philippines by Chinese travel agencies. Since July 2012, Chinese vessels have reportedly turned away Philippine fishing boats attempting to enter the shoal, while the Philippines continues to protest China's presence in the area. In January 2013, the Philippines sent notice to the Chinese embassy in Manila that it intended to seek international arbitration to resolve the dispute under UNCLOS. China has rejected and returned the notice sent by the Philippines to initial arbitral proceedings. On May 10, 2013, the Philippines formally lodged a protest with China over a new area – the Second Thomas Shoal – over vessels which arrived on or around May 8, 2013, escorting a fleet of 30 fishing boats. The Second Thomas Shoal is part of a group of islands known together as the Spratly Islands, which are claimed in part or in whole by Brunei, China, Malaysia, the Philippines, Taiwan and Vietnam. It is a strategic gateway to Reed Bank, believed to be rich in oil and natural gas.

In early March 2013, several hundred armed Filipino-Muslim followers of Sultan Jamalul Kiram III, the self-proclaimed Sultan of Sulu from southern Philippines, illegally entered Lahad Datu, Sabah, Malaysia in a bid to enforce the Sultan of Sulu's historical claim on the territory. As a result of the illegal entry, these followers engaged in a three-week standoff with the Malaysian armed forces, resulting in casualties on both sides. Since then, the Malaysian Government has mounted a military operation to secure Lahad Datu, and Malaysian authorities continue to search for members of the Sultan of Sulu's army, which are suspected to be hiding in certain villages. Clashes which began on March 1, 2013 have killed 98 Filipino-Muslims, and 10 Malaysian policemen. About 4,000 Filipino-Muslims working in Sabah have returned to the southern Philippines.

Should these territorial disputes continue or escalate further, the Philippines and its economy may be disrupted and the Company's operations could be adversely affected as a result. In particular, further disputes between the Philippines and China may lead both

countries to impose trade restrictions on the other's exports. Any such impact from these disputes could adversely affect the Philippine economy, and materially and adversely affect the Company's business, financial condition and results of operations.

Any future political or social instability in the country could adversely affect the business operations and financial condition of the Company.

Economic instability could have a negative effect on the financial results of the Company. The growth and profitability of ABS-CBN, as any business for that matter, is greatly influenced by the economic situation of the Philippines. Any economic instability in the future may have a negative effect on the financial results of the Company and the level of dividends paid and distributions made by the Company.

Over the years, the Philippines have experienced periods of slow or negative growth, high inflation, unforeseen devaluation of the Philippine currency, imposition of exchange controls, debt restructuring and significant rise in oil prices.

In order to combat the negative impact of the financial crisis, the government introduced reform measures in the fiscal and banking sectors resulting in improved investor confidence and increased economic activities. The Philippine economy grew 7.3% in 2010. It was buoyed by the election spending in the first half of the said year. The 2011 GDP growth however came in below expectations at 3.7% - below the growth forecast of 4.5% to 5.5%. This came in amidst the external economic woes and government under spending on infrastructure. In 2012, Philippine GDP rose significantly to 6.6% as a result of increased government infrastructure spending.

On October 3, 2013, Moody's Investor's Service ("Moody's") upgraded the Philippines' credit rating to Baa3 from Ba1 with a positive outlook. On May 2, 2013, Standard & Poor's (S&P) raised the Philippines' credit rating by a notch from BB+ to BBB-, the minimum investment grade citing the rosy macroeconomic fundamentals amid global economic problems. S&P assigned a "stable" outlook on the country's new rating, which means that the rating will likely be unchanged over the short term barring unexpected developments that could change the country's macroeconomic indicators. Also, on March 27, 2013, Fitch Ratings lifted its credit rating of the Philippines to investment grade. Fitch Ratings hiked the country's long-term foreign currency issuer default rating (IDR) to BBB- from BB+. Similarly, the long-term local-currency IDR was raised to BBB from BBB-. No assurance can be given that Fitch's, Standard & Poor's, Moody's or any other international credit rating agency will not in the future downgrade their credit ratings of the Philippines which will affect Philippine companies including the Company. Any such downgrade could have an adverse impact on the liquidity in the Philippine financial markets, the ability of the Government and Philippine companies, including the Company to raise additional financing and the interest rates and other commercial terms at which such additional financing will be made available.

While the Company shall continue to adopt prudent policies to protect its operations and finances, any deterioration in the economic conditions of the country could affect the Company's financial condition and operations.

Natural disasters adversely affecting the business of the Company

The Philippines has experienced a significant number of major natural catastrophes over the years, including typhoons, volcanic eruptions and earthquakes. On November 8, 2013, Typhoon Yolanda hit the Philippines' Visayas region, particularly Samar and Leyte, leaving more than 5,000 people dead, many people homeless and an estimated \$2.4 billion in damages. It is the strongest storm recorded at landfall and the fourth strongest typhoon recorded in terms of wind speed.

These natural catastrophes will continue to affect the Philippines and the Company may incur losses for such catastrophic events which could materially and adversely affect its business, financial condition and results of operations.

The Company maintains comprehensive insurance against natural catastrophes to cover its assets.

RISK RELATING TO THE BONDS

Liquidity Risk

The Philippine securities markets are substantially smaller, less liquid and more concentrated than major securities markets. The Company cannot guarantee that the market for the Bonds will always be active or liquid. Even if the Bonds are listed on the PDEX, trading in securities such as the Bonds may be subject to extreme volatility at times, in response to fluctuating interest rates, developments in local and international capital markets and the overall market for debt securities among other factors. There is no assurance that the Bonds may be easily disposed at prices and volumes at instances best deemed appropriate by their holders.

Reinvestment Risk

Prior to final maturity, the Company may redeem (in whole but not in part only) the outstanding Bonds starting one and a half (1.5) years for the Seven Year Bonds, and three (3) years for the Ten Year Bonds before the relevant Maturity Date, and on every anniversary thereafter (the "Optional Redemption Dates") (see "Description of the Bonds – Early Redemption Option"). In the event that the Company exercises this early redemption option, all Bonds will be redeemed and the Company would pay the amounts to which Bondholders would be entitled. Following such redemption and payment, there can be no assurance that investors in the redeemed Bonds will be able to re-invest such amounts in securities that would offer a comparative or better yield or terms, at such time.

Pricing Risk

The Bond's market value may be positively or negatively affected by various factors including, but not limited to, prevailing economic and financial markets conditions (including interest rates), prospects for the industry in which the Company operates and the Company's business conditions and prospects. Change in interest rates for example will affect the Bond's value. The Bonds when sold in the secondary market are worth more if interest rates decrease since the Bonds have a higher interest rate relative to the market. Likewise, if prevailing interest rate increases, the Bonds are worth less when sold in the secondary market. Therefore, an investor faces possible loss if he decides to sell.

Retention of Ratings Risk

There is no assurance that the rating of the bonds will be retained throughout the life of the bonds. The rating is not a recommendation to buy, sell, or hold securities and may be subject to revision, suspension, or withdrawal at any time by the assigning rating organization.

Bonds have no Preference under Article 2244(14) of the Civil Code

No other loan or other debt facility currently or to be entered into by the Issuer is notarized, such that no other loan or debt facility to which the Issuer is a party shall have preference of priority over the Bonds as accorded to public instruments under Article 2244(14) of the Civil Code of the Philippines, and all banks and lenders under any such loans or facilities have waived the right to the benefit of any such preference or priority. However, should any bank or bondholder hereinafter have a preference or priority over the Bonds as a result of notarization, then the Issuer shall at the Issuer's option, either procure a waiver of the preference created by such notarization or equally and ratably extend such preference to the Bonds.

RISK RELATING TO STATEMENTS MADE IN THIS PROSPECTUS

Certain statistics in this Prospectus relating to the Philippines, the industries and markets in which the Company's businesses compete, including statistics relating to market size, are derived from various Government and private publications, in particular, those produced by industry associations and research groups. This information has not been independently verified and may not be accurate, complete, up-to-date or consistent with other information compiled within or outside the Philippines.

PHILIPPINE TAXATION

The following is a discussion of the material Philippine tax consequences of the acquisition, ownership and disposition of the Bonds. This general description does not purport to be a comprehensive description of the Philippine tax aspects of the Bonds and no information is provided regarding the tax aspects of acquiring, owning, holding or disposing of the Bonds under applicable tax laws of other applicable jurisdictions and the specific Philippine tax consequence in light of particular situations of acquiring, owning, holding and disposing of the Bonds in such other jurisdictions. This discussion is based upon laws, regulations, rulings, and income tax conventions (treaties) in effect at the date of this Prospectus.

The tax treatment of a holder of Bonds may vary depending upon such holder's particular situation, and certain holders may be subject to special rules not discussed below. This summary does not purport to address all tax aspects that may be important to a Bondholder.

PROSPECTIVE PURCHASERS OF THE BONDS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF A BOND, INCLUDING THE APPLICABILITY AND EFFECT OF ANY LOCAL OR FOREIGN TAX LAWS.

As used in this section, the term "resident alien" refers to an individual whose residence is within the Philippines and who is not a citizen thereof; a "non-resident alien" is an individual whose residence is not within the Philippines and who is not a citizen of the Philippines. A non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a "non-resident alien doing business in the Philippines," otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a "non-resident alien not doing business in the Philippines." A "resident foreign corporation" is a non-Philippine corporation engaged in trade or business within the Philippines; and a "non-resident foreign corporation" is a non-Philippine corporation not engaged in trade or business within the Philippines.

TAXATION OF INTEREST

The Tax Code provides that interest-bearing obligations of Philippine residents are Philippine-sourced income subject to Philippine income tax. Interest income derived by Philippine resident individuals from the Bonds is thus subject to income tax, which is withheld at source, at the rate of 20%. Generally, interest on the Bonds received by non-resident foreign individuals engaged in trade or business in the Philippines is subject to a 20% withholding tax while that received by non-resident foreign individuals not engaged in trade or business is taxed at the rate of 25%. Interest income received by domestic corporations and resident foreign corporations is taxed at the rate of 20%. The tax imposed on the interest is a final withholding tax which constitutes a final settlement of Philippine income tax liability with respect to such interest.

The foregoing rates are subject to further reduction by any applicable tax treaties in force between the Philippines and the country of residence of the non-resident owner. Most tax treaties to which the Philippines is a party generally provide for a reduced tax rate of 15% in cases where the interest arises in the Philippines and is paid to a resident of the other contracting state. However, most tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the interest, who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant interest-bearing instrument is effectively connected with such permanent establishment. Availing of such reduced tax treaty rates will require confirmation of

entitlement thereto from the BIR, as discussed below.

TAX-EXEMPT STATUS

Bondholders who are exempt from or are not subject to final withholding tax on interest income may avail of such exemption by submitting the necessary documents. Said Bondholder shall submit the following requirements to the Registrar, or to the Underwriters or selling agents (together with their completed Application to Purchase) who shall then forward the same to the Registrar: (i) a copy of the original tax exemption certificate, ruling or opinion issued by the BIR addressed to the Applicant confirming the exemption, and certified by an authorized officer of the Applicant as being a true copy of the original on file with the Applicant; (ii) a duly notarized undertaking, in prescribed form, executed by (ii.a) the Corporate Secretary or any authorized representative, who has personal knowledge of the exemption based on his official functions, if the Applicant purchases the Bonds for its account, or (ii.b) the Trust Officer, if the Applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Bonds pursuant to its management of tax-exempt entities (i.e. Employee Retirement Fund, etc.), declaring and warranting such entities' tax-exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer and the Registrar and Paying Agent of any suspension or revocation of the tax exemption certificates or preferential rate entitlement, and agreeing to indemnify and hold the Issuer and Registrar and Paying Agent free and harmless against any claims, actions, suits, and liabilities arising from the non-withholding of the required tax; and (iii) such other documentary requirements as may be reasonably required under the applicable regulations of the relevant taxing or other authorities for purposes of claiming tax treaty relief, which shall include a copy of the duly filed tax treaty relief application with the International Tax Affairs Division of the BIR as required under BIR Revenue Memorandum Order No. 72-2010; provided further that, all sums payable by the Issuer to tax-exempt entities shall be paid in full without deductions for Taxes, duties, assessments, or government charges, subject to the submission by the Bondholder claiming the benefit of any exemption of reasonable evidence of such exemption to the Registrar and Paying Agent.

Bondholders may transfer their Bonds at any time, regardless of tax status of the transferor vis-à-vis the transferee. Should a transfer between Bondholders of different tax status occur on a day which is not an Interest Payment Date, tax exempt entities trading with -non-tax exempt entities shall be treated as non-tax exempt entities for the interest period within which such transfer occurred. Transfers taking place in the Register of Bondholders after the Bonds are listed in PDEx may be allowed between taxable and tax-exempt entities without restriction provided the same are in accordance with the relevant rules, conventions and guidelines of PDEx and the depository. A selling or purchasing Bondholder claiming tax-exempt status is required to submit the following documents to the Issuer, within three (3) Business Days from settlement date: (i) a written notification of the sale or purchase, including the tax status of the selling or buying party, and (ii) an indemnity agreement wherein the new Bondholder undertakes to indemnify the Issuer for any tax that may later on be assessed from the Issuer on account of such transfer.

VALUE-ADDED TAX

Gross receipts arising from the sale of the Bonds in the Philippines by Philippine-registered dealers in securities and lending investors shall be subject to a 12% value-added tax. The term “gross receipt” means gross selling price less acquisition cost of the Bonds sold.

GROSS RECEIPTS TAX

Bank and non-bank financial intermediaries are subject to gross receipts tax on gross receipts derived from sources within the Philippines in accordance with the following schedule:

On interest, commissions and discounts from lending activities as well as income from financial leasing, on the basis of remaining maturities of instruments from which such receipts are derived:

Maturity period is five years or less	5%
Maturity period is more than five years	1%

In case the maturity period referred to above is shortened through pre-termination or otherwise redeemed by the Issuer pursuant to the Terms and Conditions, then the maturity period shall be reckoned to end as of the date of pre-termination for purposes of classifying the transaction and the correct rate shall be applied accordingly.

Net trading gains realized within the taxable year on the sale or disposition of the Bonds shall be taxed at 7%.

DOCUMENTARY STAMP TAX

A documentary stamp tax is imposed upon the issuance of debentures and certificates of indebtedness issued by Philippine companies, such as the Bonds, at the rate of ₱1.00 for each ₱200, or fractional part thereof, of the offer price of such debt instruments.

The documentary stamp tax is collectible wherever the document is made, signed, issued, accepted, or transferred, when the obligation or right arises from Philippine sources, or the property is situated in the Philippines. Any applicable documentary stamp taxes on the original issue shall be paid by the Issuer for its own account.

No documentary stamp tax is imposed on the subsequent sale or disposition of the Bonds.

TAXATION ON SALE OR OTHER DISPOSITION OF THE BONDS

Income Tax

The holder of the Bonds will recognize gain or loss upon the sale or other disposition (including a redemption at maturity) of the Bonds in an amount equal to the difference between the amount realized from such disposition and such holder's basis in the Bonds. Such gain or loss is likely to be deemed a capital gain or loss assuming that the holder has held Bonds as capital assets.

Under the Tax Code, any gain realized from the sale, exchange or retirement of securities, debentures and other certificates of indebtedness with an original maturity date of more than five years (as measured from the date of issuance of such securities, debentures or other certificates of indebtedness) shall not be subject to income tax. As the Bonds have maturities of [seven] years and/or [ten] years, any gains realized by a holder on the trading of Bonds shall be exempt from income tax.

In case of an individual taxpayer, only 50% of the capital gain or loss is recognized upon the sale or exchange of a capital asset if it has been held for more than 12 months.

An exercise by a Bondholder of the Optional Redemption as allowed under the Terms and Conditions would each be considered a sale for purposes of such tax. However, given that the amount to be received by the Bondholder in each case is limited to the principal plus accrued but unpaid interest, there should be no income tax due on the call option or such redemption, provided that the Bondholder's acquisition cost is not lower than the par value of the Bonds.

Estate and Donor's Tax

The transfer by a deceased person, whether a Philippine resident or non-Philippine resident, to his heirs of the Bonds shall be subject to an estate tax which is levied on the net estate of the deceased at progressive rates ranging from 5% to 20%, if the net estate is over ₱200,000. A Bondholder shall be subject to donor's tax on the transfer of the Bonds by gift at either (i) 30%, where the donee or beneficiary is a stranger, or (ii) at progressive rates ranging from 2% to 15% if the net gifts made during the calendar year exceed ₱100,000 and where the donee or beneficiary is other than a stranger. For this purpose, a "stranger" is a person who is not a: (a) brother, sister (whether by whole or half-blood), spouse, ancestor and lineal descendant; or (b) relative by consanguinity in the collateral line within the fourth degree of relationship.

The estate tax and the donor's tax, in respect of the Bonds, shall not be collected (a) if the deceased, at the time of death, or the donor, at the time of the donation, was a citizen and resident of a foreign country which, at the time of his death or donation, did not impose a transfer tax of any character in respect of intangible personal property of citizens of the Philippines not residing in that foreign country; or (b) if the laws of the foreign country of which the deceased or donor was a citizen and resident, at the time of his death or donation, allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in the foreign country.

USE OF PROCEEDS

Following the offer and sale of the first Tranche offered under this Prospectus comprised of fixed rate bonds in the amount of ₱5,000,000,000.00 and an [overallotment option of up to ₱1,000,000,000.00](#), ABS-CBN expects that without the overallotment option (after deduction of fees, commissions, and expenses), the net proceeds of the Offering shall amount to approximately ₱4,933,438,498.50 after fees, commissions and expenses. Assuming the overallotment option of up to ₱1,000,000,000.00 is fully exercised, ABS-CBN expects total net proceeds of approximately ₱5,924,137,423.20 after fees, commissions, and expenses.

Net proceeds from the Offering are estimated to be at least as follows:

For the first tranche with a ₱5.0 Billion Issue Size

	Total
Estimated proceeds from the sale of Bonds	P5,000,000,000
Less: Estimated expenses	
A. Upfront Expenses	
Arranger's Fee	21,505,376.50
Documentary Stamp Tax	25,000,000
SEC Registration Fee	3,062,500
SEC Legal Research Fee	30,625
Publication Fee	150,000
Rating Agency Fee	3,808,000
Legal Fees (excluding OPE)	2,400,000
Professional Fees	8,000,000
Trustee's Opening Fee	20,000
Listing Fee	200,000
Marketing and Signing Ceremony Expenses	760,000
Upfront Registry Fee P75 per holder	
Total Upfront Expenses	64,936,501.50
B. Annual Expenses	
Monitoring Fee of Rating Agency	560,000
Trustee	240,000
Registry	250,000
Listing Maintenance Fee	300,000
Paying Agent	275,000
Total Annual Expenses	1,625,000
Estimated net proceeds	P4,933,438,498.50

For a ₱1.0 Billion Overallotment Option

	Total
Estimated proceeds from the sale	P1,000,000,000
Less: Estimated expenses	
A. Upfront Expenses	
Documentary Stamp Tax	5,000,000
Underwriting Fees	4,301,075.30
Estimated net proceeds	P990,698,924.70
TOTAL NET PROCEEDS	P5,924,137,423.20

The proceeds from the sale of the Bonds are expected to fund the various growth initiatives that the Company plans to undertake.

ABS-CBN has identified new initiatives to focus on developing the Company's content and distribution platform, extracting synergies from the Company's current core business and key competencies into developing new and or enhanced products and services to its customers. The new initiatives will allow ABS-CBN to secure the growth of its existing core media business, diversify and broaden its earning base, expand its distribution network, and establish ABS-CBN as a major player not only in content creation but also in distribution. The Company expects to allocate the proceeds over the following initiatives:

Production Forward Planning

Production forward planning facilitates the efficient build-up of content inventory to ensure the availability of programs and movies as required by the different platforms. Under this initiative are the following:

Program Canning

Program canning refers to the advance production of television programs and movies to build inventory which will allow flexibility in programming and efficiency in the production process.

Soundstages

Soundstages will ensure a more cost efficient and effective production process by increasing production quality and reducing costs relating to location shoots.

Digital Terrestrial Television ("DTT") Coverage Expansion

DTT is considered the next phase in television broadcasting technology in the Philippines, and will provide clearer reception and better signal as compared to the current analog broadcast. DTT will allow the Company to further develop its content by opening additional free television channels. Combined with the better viewing experience, the DTT initiative hopes to drive up the Company's ratings translating to an increased share of the advertising pie. In terms of distribution, DTT will give the Company direct access to more TV households and the potential to cross-sell other products, such as pay TV services in the DTT landscape.

The company will continue to build its DTT infrastructure, making significant investments to develop its network and capacity to enable to launch DTT on a wider scope upon release of the regulatory framework.

Pay TV Business Expansion

The Company, through Sky Cable, continues to have a leading position in the pay TV industry. Cable TV and broadband penetration remains low among households, presenting exciting opportunities for further growth. While Sky Cable continues with its digitization efforts and aggressive strategies to increase its subscriber base, it also continues to explore opportunities to further consolidate the pay TV industry in the Philippines. Hence, the company is in the process of upgrading to fiber technology and plant redundancy.

Initiatives	Amount (P million)	Y1	Y2	Y3	Y4	Y5
Production Forward Planning	4,000					
<i>Program Canning</i>	2,500	1,324	364	262	271	280
<i>Soundstages</i>	1,500	267	533	700		
DTT Coverage Expansion	1,000	570	430			
Pay TV Business Expansion	2,000	520	1,480			
General Capital Expenditures	3,000	1,500	1,500			
Total	10,000	4,180	4,307	962	271	280

If there is any deviation/adjustment in the planned uses of proceeds, the SEC and shareholders/bondholders shall be informed within thirty (30) days prior to its implementation.

DETERMINATION OF OFFER PRICE

The Bonds shall be issued at 100% of principal amount or face value.

PLAN OF DISTRIBUTION

THE OFFER

On December 10, 2013, ABS-CBN filed a Registration Statement, as subsequently amended, with the Securities and Exchange Commission (“SEC”), in connection with the offer and sale to the public of debt securities with an aggregate principal amount of up to ₱10,000,000,000.00 debt securities to be issued in one or two tranches comprised of Seven (7) Year Fixed Rate Bonds due in 2021 (the “Seven Year Bonds”) and/ or Ten (10) Year Fixed Rate Bonds due in 2024, (the “Ten Year Bonds”), with an **overallotment option** the “Bonds”). The first tranche is offered under this Prospectus and is comprised of fixed rate bonds in the amount of ₱5,000,000,000.00 and an **overallotment option of up to ₱1,000,000,000.00**, comprised of Seven Year Bonds (the “Offer” or the “Offering”), and will be issued by ABS-CBN pursuant to the Offer on 10 February 2014 (the “Issue Date”). The SEC is expected to issue an order rendering the Registration Statement effective, and a corresponding permit to offer securities for sale covering the Offer.

THE UNDERWRITERS OF THE OFFER

BPI Capital Corporation, BDO Capital & Investment Corporation and The Hongkong and Shanghai Banking Corporation Limited, pursuant to an Underwriting Agreement with ABS-CBN executed on 24 January 2014 (the “Underwriting Agreement”), have agreed to act as the Joint Issue Managers for the Offer and as such, distribute and sell the Bonds at the Offer Price, and have also committed to underwrite up to ₱5,000,000,000.00 and an **overallotment option of up to ₱1,000,000,000.00**, of the first tranche of the Offer on a firm basis, in either case subject to the satisfaction of certain conditions and in consideration of certain fees and expenses.

Each of the Joint Issue Managers has committed to underwrite the Offer up to the amount indicated below:

BPI Capital	₱1,667,000,000.00
BDO Capital	₱1,667,000,000.00
HSBC	₱1,666,000,000.00
TOTAL	₱5,000,000,000.00

There is no arrangement for the Underwriters to return to ABS-CBN any unsold Bonds. The Underwriting Agreement may be terminated in certain circumstances prior to payment of the net proceeds of the Bonds being made to ABS-CBN. There is no arrangement as well giving the underwriters the right to designate or nominate member(s) to the Board of Directors of ABS-CBN.

The Joint Issue Managers are duly licensed by the SEC to engage in underwriting or distribution of the Bonds. The Joint Issue Managers may, from time to time, engage in transactions with and perform services in the ordinary course of its business for ABS-CBN or other members of the Lopez Group of which ABS-CBN forms a part.

The Joint Issue Managers have no direct relations with ABS-CBN Corporation or with Lopez Inc. in terms of ownership by either of their respective major stockholder/s.

SALE AND DISTRIBUTION

The distribution and sale of the Bonds shall be undertaken by the Joint Issue Managers who shall sell and distribute the Bonds to third party buyers/investors. Nothing herein shall limit the rights of the Joint Issue Managers from purchasing the Bonds for their own respective accounts.

There are no persons to whom the Bonds are allocated or designated. The Bonds shall be offered to the public at large and without preference.

The obligations of each of the Joint Issue Managers will be several, and not solidary, and nothing in the Underwriting Agreement shall be deemed to create a partnership or joint venture between and among any of the Joint Issue Managers. Unless otherwise expressly provided in the Underwriting Agreement, the failure by a Lead Manager to carry out its obligations thereunder shall neither relieve the other Joint Issue Managers of their obligations under the same Underwriting Agreement, nor shall any Lead Manager be responsible for the obligation of another Lead Manager.

OFFER PERIOD

The Offer Period shall commence on 28 January 2014 and end on 3 February 2014 .

APPLICATION TO PURCHASE

Applicants may purchase the Bonds during the Offer Period by submitting to the Joint Issue Managers properly completed Applications to Purchase, together with two signature cards, and the full payment of the purchase price of the Bonds in the manner provided in said Application to Purchase.

Corporate and institutional applicants must also submit, in addition to the foregoing, a copy of their SEC Certificate of Registration of Articles of Incorporation and By-Laws, Articles of Incorporation, By-Laws, and the appropriate authorization by their respective boards of directors and/or committees or bodies relative to the purchase of the Bonds and designating the authorized signatory(ies) thereof.

Individual applicants must also submit, in addition to accomplished Application to Purchase and its required attachments, a photocopy of any one of the following identification cards (ID), subject to verification with the original ID: passport, driver's license, postal ID, company ID, SSS/GSIS ID and/or Senior Citizen's ID.

A corporate and institutional investor who is exempt from or is not subject to withholding tax shall be required to submit the following requirements to the Registrar, subject to acceptance by the Issuer as being sufficient in form and substance: (i) a copy of the original tax exemption certificate, ruling or opinion issued by the BIR addressed to the Applicant confirming the exemption, and certified by an authorized officer of the Applicant as being a true copy of the original on file with the Applicant; (ii) a duly notarized undertaking, in the prescribed form, executed by (ii.a) the Corporate Secretary or any authorized representative, who has personal knowledge of the exemption based on his official functions, if the Applicant purchases the Bonds for its account, or (ii.b) the Trust Officer, if the Applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Bonds pursuant to its management of tax-exempt entities (i.e. Employee Retirement Fund, etc.), declaring and warranting such entities' tax exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer and the Registrar and Paying Agent of any suspension or revocation of the tax exemption certificates or preferential rate entitlement, and agreeing to indemnify and hold the Issuer and the Registrar

and Paying Agent free and harmless against any claims, actions, suits, and liabilities arising from the non-withholding of the required tax; and (iii) such other documentary requirements as may be reasonably required under the applicable regulations of the relevant taxing or other authorities for purposes of claiming tax treaty relief, which shall include a copy of the duly filed tax treaty relief application with the International Tax Affairs Division of the BIR as required under BIR Revenue Memorandum Order No. 72-2010; provided further that, all sums payable by the Issuer to tax exempt entities shall be paid in full without deductions for taxes, duties assessments or government charges subject to the submission by the Bondholder claiming the benefit of any exemption of reasonable evidence of such exemption to the Registrar and Paying Agent.

Completed Applications to Purchase and corresponding payments must reach the Joint Issue Managers prior to the end of the Offer Period, or such earlier date as may be specified by the Underwriters. Acceptance by the Underwriters of the completed Application to Purchase shall be subject to the availability of the Bonds and the acceptance by ABS-CBN. In the event that any check payment is returned by the drawee bank for any reason whatsoever or the nominated bank account to be debited is invalid, the Application to Purchase shall be automatically canceled and any prior acceptance of the Application to Purchase is deemed revoked.

MINIMUM PURCHASE

A minimum purchase of Ten Thousand Pesos (₱10,000.00) shall be considered for acceptance. Purchases in excess of the minimum shall be in multiples of Ten Thousand Pesos (₱10,000.00).

ALLOTMENT OF THE BONDS

If the Bonds are insufficient to satisfy all Applications to Purchase, the available Bonds shall be allotted in accordance with the chronological order of submission of properly completed and appropriately accomplished Applications to Purchase on a first-come, first-served basis, without prejudice and subject to ABS-CBN's exercise of its right of rejection.

ACCEPTANCE OF APPLICATIONS

ABS-CBN and the Joint Issue Managers reserve the right to accept or reject applications to subscribe in the Bonds, and in case of oversubscription, allocate the Bonds available to the applicants in a manner they deem appropriate. If any application is rejected or accepted in part only, the application money or the appropriate portion thereof will be returned without interest by the relevant Joint Issue Managers.

REFUNDS

If any application is rejected or accepted in part only, the application money or the appropriate unused portion thereof shall be returned without interest to such applicant through the Joint Issue Managers with whom such application to purchase the Bonds was made.

PAYMENTS

The Paying Agent shall open and maintain a Payment Account, which shall be operated solely and exclusively by said Paying Agent in accordance with the Registry and Paying Agency Agreement and the PDTC Rules, provided that beneficial ownership of the Payment Account shall always remain with the Bondholders. The Payment Account shall be used exclusively for the payment of the relevant interest and principal on each Payment Date.

The Paying Agent shall maintain the Payment Account for six (6) months from the relevant Maturity Date or Optional Redemption Date or date of early redemption other than Optional Redemption Date. Upon closure of the Payment Account, any balance remaining in such Payment Account shall be returned to the Issuer and shall be held by the Issuer in trust and for the irrevocable benefit of the Bondholders with unclaimed interest and principal payments.

PURCHASE AND CANCELLATION

The Issuer may purchase the Bonds at any time in the open market or by tender or by contract at any price without any obligation to make pro-rata purchases from all Bondholders. Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

SECONDARY MARKET

ABS-CBN intends to list the Bonds in the PDEX. ABS-CBN may purchase the Bonds at any time without any obligation to make pro-rata purchases of Bonds from all Bondholders.

REGISTRY OF BONDHOLDERS

The Bonds shall be issued in scripless form and shall be registered in the scripless Register of Bondholders maintained by the Registrar. A Master Certificate of Indebtedness representing the Bonds sold in the Offer shall be issued to and registered in the name of the Trustee, on behalf of the Bondholders.

Legal title to the Bonds shall be shown in the Register of Bondholders to be maintained by the Registrar. Initial placement of the Bonds and subsequent transfers of interests in the Bonds shall be subject to applicable prevailing Philippine selling restrictions. The names and addresses of the Bondholders and the particulars of the Bonds held by them and of all transfers of Bonds shall be entered into the Register of Bondholders. Transfers of ownership shall be effected through book-entry transfers in the scripless Register of Bondholders.

DESCRIPTION OF THE BONDS

The following does not purport to be a complete listing of all the rights, obligations, or privileges of the Bonds. Some rights, obligations, or privileges may be further limited or restricted by other documents. Prospective investors are enjoined to carefully review the Articles of Incorporation, By-Laws and resolutions of the Board of Directors and Shareholders of ABS-CBN, the information contained in this Prospectus, the Trust Indenture, Underwriting Agreement, Registry and Paying Agency Agreement and other agreements relevant to the Offer. Prospective investors are likewise encouraged to consult their legal counsels and accountants in order to be better advised of the circumstances surrounding the issued Bonds.

The Board of Directors of ABS-CBN Corporation (the “Issuer”) authorized, through a resolution unanimously passed and approved on November 28, 2013, the issuance of an aggregate principal amount of up to ₱10,000,000,000.00 debt securities to be issued in one or two tranches comprised of Seven (7) Year Fixed Rate Bonds due in 2021 (the “Seven Year Bonds”) and/ or Ten (10) Year Fixed Rate Bonds due in 2024, (the “Ten Year Bonds”), with overallotment option. (the “Bonds”). The first tranche is offered under this Prospectus and is comprised of Seven Year Bonds in the amount of ₱5,000,000,000.00 and an overallotment option of up to ₱1,000,000,000.00 (the “Offer” or the “Offering”), and will be issued by ABS-CBN pursuant to the Offer on 10 February 2014 (the “Issue Date”).

A Trust Indenture was executed on 24 January 2014 (the “Trust Indenture”) and entered into by the Issuer and BDO Unibank, Inc., through its Trust and Investments Group (the “Trustee”). The following description of and the terms and conditions of the Bonds is only a summary and subject to the detailed provisions of the Trust Indenture.

A Registry and Paying Agency Agreement was executed on 24 January 2014 (the “Registry and Paying Agency Agreement”) between the Issuer, Philippine Depository & Trust Corp. as paying agent (the “Paying Agent”) and as registrar (the “Registrar”).

The Bonds shall be offered and sold through a general public offering in the Philippines, and issued and transferable in minimum principal amounts of Ten Thousand Pesos (₱10,000.00) and in multiples of Ten thousand Pesos (₱10,000.00) thereafter, and shall be traded in denominations of Ten thousand Pesos (₱10,000.00) in the secondary market.

The Seven Year Bonds shall mature on 2021 and the Ten Year Bonds shall mature on 2024, unless earlier redeemed by the Issuer pursuant to the terms thereof and subject to the provisions on redemption and payment as detailed below.

The Registrar and Paying Agent has no interest in or relation to ABS-CBN which may conflict with its role as Paying Agent and as Registrar for the Offer. ABS-CBN has no ability to control or direct the affairs of the Registrar and Paying Agent.

Copies of the Trust Indenture and the Registry and Paying Agency Agreement are available for inspection during normal business hours at the specified offices of the Trustee and the Registrar, respectively. The holders of the Bonds (the “Bondholders”) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Indenture and are deemed to have notice of those provisions of the Registry and Paying Agency Agreement applicable to them.

1. Form, Denomination and Title

a) Form and Denomination

The Bonds are in scripless form, and issued in denominations of Ten Thousand Pesos (₱10,000.00) each as a minimum and in integral multiples of Ten Thousand Pesos (₱10,000.00) thereafter, and shall be subsequently traded in denominations of Ten Thousand Pesos (₱10,000.00) in the secondary market.

b) Title

Legal title to the Bonds shall be shown in the Register of Bondholders maintained by the Registrar. A notice confirming the principal amount of the Bonds purchased by each applicant in the Offer shall be issued by the Registrar to all Bondholders following the Issue Date. Upon any assignment, title to the Bonds shall pass by recording of the transfer from the transferor to the transferee in the electronic Register of Bondholders maintained by the Registrar. Settlement in respect of such transfer or change of title to the Bonds, including the settlement of any cost arising from such transfers, including, but not limited to, documentary stamp taxes, if any, arising from subsequent transfers, shall be for the account of the relevant Bondholder.

c) Bond Rating

The Bonds have been rated PRS Aaa by Philippine Rating Services Corporation ("PhilRatings") on December 27, 2013. Obligations rated PRS Aaa are of the highest quality with minimal credit risk. The capacity of ABS-CBN to meet its financial commitment on the Bonds is extremely strong. PRS Aaa is the highest rating assigned by PhilRatings. In coming up with the rating, PhilRatings considered the following factors: (i) consistent production of hit programs, as well as development and retention of a popular talent pool, enabling the company to maintain a dominant position in terms of nationwide ratings; (ii) substantial experience and track record of management and key officers who keep up with new trends to remain relevant to the mass market; (iii) adequate profitability performance albeit with some volatility in terms of margins and growth rates; and (iv) good record of sustaining ample coverage for interest and principal payments.

The rating is subject to regular annual reviews, or more frequently as market developments may dictate, for as long as the Bonds are outstanding. The rating may be changed at any time should PhilRatings determine that circumstances warrant a change.

2. Transfer of Bonds

a) Register of Bondholders

ABS-CBN shall cause the Register of Bondholders to be kept by the Registrar, in electronic form. The names and addresses of the Bondholders and the particulars of the Bonds held by them and of all transfers of the Bonds shall be entered into the Register of Bondholders, subject to the terms of the Registry and Paying Agency Agreement. As required by Circular No. 428-04 issued by the *Bangko Sentral ng Pilipinas*, the Registrar shall send each Bondholder a written statement of registry holdings at least quarterly (at the cost of ABS-CBN), and a written advice confirming every receipt or transfer of the Bonds that is effected in the Electronic Registry of Bondholders (at the cost of ABS-CBN). Such statement of registry holdings shall serve as the confirmation of ownership

of the relevant Bondholder as of the date thereof. Any requests of Bondholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting Bondholder.

b) Transfers; Tax Status

Bondholders may transfer their Bonds at any time, regardless of tax status of the transferor vis-à-vis the transferee. Should a transfer between Bondholders of different tax status occur on a day that is not an Interest Payment Date, tax exempt entities trading with non-tax exempt entities shall be treated as non-tax exempt entities for the interest period within which such transfer occurred. A Bondholder claiming tax-exempt status is required to submit a written notification of the sale or purchase to the Trustee and the Registrar, including the tax status of the transferor or transferee, as appropriate, together with the supporting documents specified below under *"Payment of Additional Amounts; Taxation"*, within three days of such transfer. Transfers taking place in the Register of Bondholders after the Bonds are listed on PDEX shall be allowed between taxable and tax-exempt entities without restriction and observing the tax exemption of tax exempt entities, if and/or when so allowed under and in accordance with the relevant rules, conventions and guidelines of PDEX and PDTC.

c) Secondary Trading of the Bonds

The Issuer intends to list the Bonds in PDEX for secondary market trading. The Bonds will be traded in a minimum board lot size of ₱10,000.00, and in multiples of ₱10,000.00 in excess thereof for so long as any of the Bonds are listed on PDEX. Secondary market trading in PDEX shall follow the applicable PDEX rules, conventions, and guidelines, including rules, conventions and guidelines governing trading and settlement between bondholders of different tax status, and shall be subject to the relevant fees of PDEX and PDTC, all of which shall be for the account of the Bondholders.

3. Ranking

The Bonds constitute direct, unconditional, unsecured and unsubordinated Peso-denominated obligations of ABS-CBN and shall rank *pari passu* and rateably without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of ABS-CBN, other than obligations preferred by the law.

4. Interest

a) Interest Payment Dates

The Seven Year Bonds bear interest on its principal amount from and including Issue Date at the rate of 5.335% *per annum* in each year payable quarterly in arrears starting on 10 May 2014, for the first Interest Payment Date and 10 February, 10 May, 10 August and 10 November of each year for each subsequent Interest Payment Date at which the Bonds are outstanding, or the subsequent Business Day, without adjustment, if such Interest Payment Date is not a Business Day.

The cut-off date in determining the existing Bondholders entitled to receive interest or principal amount due shall be two (2) Business Days prior to the relevant Interest Payment Date (the "Record Date"), which shall be the reckoning day in determining the Bondholders entitled to receive interest, principal or any other amount due under the Bonds. No transfers of the Bonds may be made during this period intervening between and commencing on the Record Date and the relevant Interest Payment Date.

b) Interest Accrual

Each Bond shall accrue and bear interest from the Issue Date up to and including the relevant Maturity Date or any Optional Redemption Date or date of early redemption other than an Optional Redemption Date, as discussed in the section on “*Redemption and Purchase*” below, unless, upon due presentation, payment of the principal in respect of the Bond then outstanding is not made, is improperly withheld or refused, in which case the Penalty Interest (see “*Penalty Interest*” below) shall apply.

c) Determination of Interest Amount

The interest shall be calculated on the basis of a three hundred sixty (360) day year consisting of twelve (12) months of thirty (30) days each, and in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

5. Redemption and Purchase

a) Final Redemption

Unless previously redeemed, purchased and cancelled, the Bonds shall be redeemed at par or one hundred percent (100%) of face value on their respective Maturity Dates. However, if the relevant Maturity Date is not a Business Day, payment of all amounts due on such date will be made by ABS-CBN through the Paying Agent, without adjustment with respect to the amount of interest payable, on the succeeding Business Day if the relevant Maturity Date is not a Business Day.

b) Early Redemption Option

The Issuer shall have the right, but not the obligation, to redeem in whole (and not in part), the outstanding Bonds on the following relevant dates. The amount payable to the Bondholders upon the exercise of the Early Redemption Option by the Issuer shall be calculated, based on the principal amount of Bonds being redeemed, as the sum of:

(i) accrued interest computed from the last Interest Payment Date up to the relevant Early Redemption Option Date; and

(ii) the product of the principal amount of the Bonds being redeemed and the Early Redemption Price in accordance with the following schedule:

Early Redemption Option Date on Seven Year Bonds	Early Redemption Price
Five (5) Years and Six (6) Months from Issue Date	101.0%
Six Years (6) from Issue Date	100.5%

The Issuer shall give no less than thirty (30) nor more than sixty (60) days prior written notice of its intention to redeem the Bonds to the Trustee, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Bonds at the Early Redemption Date stated in such notice.

c) Redemption for Taxation Reasons

If payments under the Bonds become subject to additional or increased taxes other than

the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to ABS-CBN, ABS-CBN may redeem the Bonds in whole, but not in part, on any Interest Payment Date (having given not more than 60 nor less than 30 days' notice to the Trustee) at par plus accrued interest.

d) Purchase and Cancellation

The Issuer may purchase the Bonds at any time in the open market or by tender or by contract at any price without any obligation to make pro-rata purchases from all Bondholders. Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

e) Change in Law or Circumstance

The following events shall be considered as changes in law or circumstances ("Change of Law") as it refers to the obligations of the Issuer and to the rights and interests of the Bondholders under the Trust Indenture and the Bonds:

- i. Any government and/or non-government consent, license, authorization, registration or approval now or hereafter necessary to enable ABS-CBN to comply with its obligations under the Trust Indenture or the Bonds shall be modified in a manner which shall materially and adversely affect the ability of ABS-CBN to comply with such obligations, or shall be withdrawn or withheld.
- ii. Any provision of the Trust Indenture or any of the related documents is or shall become, for any reason, invalid, illegal or unenforceable to the extent that it shall become for any reason unlawful for ABS-CBN to give effect to its rights or obligations hereunder, or to enforce any provisions of the Trust Indenture or any of the related documents in whole or in part, or any law shall be introduced to prevent or restrain the performance by the parties hereto of their obligations under the Trust Indenture or any other related documents.
- iii. Any concessions, permits, rights, franchise or privileges required for the conduct of the business and operations of ABS-CBN shall be revoked, canceled or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, in such manner as to materially and adversely affect the financial condition or operations of ABS-CBN.

6. Payments

The principal of, interest on, and all other amounts payable on the Bonds shall be paid by ABS-CBN to the Bondholders through the Paying Agent pursuant to the Registry and Paying Agency Agreement. On each Payment Date, on the basis of the payment report submitted by the Registrar to ABS-CBN, ABS-CBN shall transfer to the Paying Agent for deposit into the Payment Account such amount as may be required for the purpose of the payments due on the relevant Payment Date. Pursuant to PDTC Rules, the Paying Agent shall pay, or cause to be paid, on behalf of ABS-CBN on each Payment Date the total amounts due in respect of the Bonds by crediting, net of taxes and fees, the Cash Settlement Account of the Bondholders. The Paying Agent shall generate and send to each Bondholder a credit advice of payments credited to their account. Payment by ABS-CBN to the Paying Agent via deposit into the Payment Account shall discharge ABS-CBN of any and all liability for the relevant payments due under the Bonds.

The principal of, and interest on, and all other amounts payable on the Bonds shall be payable in Philippine Pesos. ABS-CBN shall ensure that so long as any of the Bonds remains outstanding, there shall at all times be a Paying Agent for purposes of the Bonds. In the event the Paying Agent shall be unable or unwilling to continue to act as such, ABS-CBN shall appoint a qualified financial institution in the Philippines authorized to act in its place. The Paying Agent may not resign its duties or be removed without a successor having been appointed.

7. Payment of Additional Amounts; Taxation

Interest income on the Bonds is subject to a final withholding tax at rates between 20% and 25%, depending on the tax status of the relevant Bondholder and subject to its claim of tax exemption or preferential withholding tax rates under relevant law, regulation or tax treaty. Except for such final withholding tax and as otherwise provided, all payments of principal and interest are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of Republic of the Philippines, including, but not limited to, issue, registration or any similar tax or other taxes and duties, including interest and penalties, if any. If such taxes or duties are imposed, the same shall be for the account of the Issuer; provided however that, the Issuer shall not be liable for the following:

- a) Income tax on any gain by a holder of the Bonds realized from the sale, exchange or retirement of the said Bonds
- b) The applicable final withholding tax on interest earned on the Bonds prescribed under the Tax Reform Act of 1997, as amended and its implementing rules and regulations as maybe in effect from time to time. Interest income on the Bonds is subject to a final withholding tax at rates between 20% and 25%, depending on the tax status of the relevant Bondholder and subject to its claim of tax exemption or preferential withholding tax rates under relevant law, regulation or tax treaty. An investor who is exempt from the aforesaid withholding tax, or is subject to a preferential withholding tax rate shall be required to submit the following requirements to the Registrar, subject to acceptance by the Issuer as being sufficient in form and substance: (i) a copy of the original tax exemption certificate, ruling or opinion issued by the BIR addressed to the Applicant confirming the exemption, and certified by an authorized officer of the Applicant as being a true copy of the original on file with the Applicant; (ii) a duly notarized undertaking, in the prescribed form, executed by (ii.a) the Corporate Secretary or any authorized representative, who has personal knowledge of the exemption based on his official functions, if the Applicant purchases the Bonds for its account, or (ii.b) the Trust Officer, if the Applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Bonds pursuant to its management of tax-exempt entities (i.e. Employee Retirement Fund, etc.), declaring and warranting such entities' tax exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer and the Registrar and Paying Agent of any suspension or revocation of the tax exemption certificates or preferential rate entitlement, and agreeing to indemnify and hold the Issuer and the Registrar and Paying Agent free and harmless against any claims, actions, suits, and liabilities arising from the non-withholding of the required tax; and (iii) such other documentary requirements as may be reasonably required under the applicable regulations of the relevant taxing or other authorities for purposes of claiming tax treaty relief, which shall include a copy of the duly filed tax treaty relief application with the International Tax Affairs Division of the BIR as required under BIR Revenue Memorandum Order No. 72-2010; provided further that, all sums payable by the Issuer to tax exempt entities shall be paid in full without deductions for taxes, duties assessments or government charges subject to the

submission by the Bondholder claiming the benefit of any exemption of reasonable evidence of such exemption to the Registrar and Paying Agent;

- c) Gross Receipts Tax under Section 121 of the Tax Code;
- d) Taxes on the overall income of any securities dealer or Bondholder, whether or not subject to withholding; and
- e) Value Added Tax ("VAT") under Sections 106 to 108 of the Tax Code, and as amended by Republic Act No. 9337. Documentary stamp tax for the primary issue of the Bonds and the execution of the Bond Agreements, if any, shall be for the Issuer's account.

8. Financial Covenants

Until redemption or payment in full of the aggregate outstanding principal amount of the Bonds, the Issuer hereby covenants and agrees that, unless the Majority Bondholders (Majority Bondholder refers to, at any time, the Bondholder(s) who hold, represent or account for more than 50% of the aggregate outstanding principal amount of the Bonds, shall otherwise consent in writing, it shall maintain:

- (a) Maximum Total Debt-to-Equity Ratio of 2.5:1;
- (b) A Debt Service Coverage Ratio of not less than 1.2:1 as at each Quarter Date in 2014; and a Debt Service Coverage Ratio of 1.5:1 as at each Quarter Date in 2015 and for as long as the Bonds remain outstanding, thereafter.

In the event the Issuer enters into a currency hedging transaction wherein the Issuer borrows in a currency, obtains a second loan in another currency and uses the proceeds from the first loan to secure the second loan, the following shall apply: (i) for purposes of computing the Debt-to-Equity Ratio, the amount of Financial Indebtedness arising from the second loan shall not be considered in the computation of Total Debt; and (ii) for purposes of computing the Debt Service Coverage Ratio, the proceeds from the first loan and any interest or any income derived from the proceeds of the first loan shall not be considered as Cash Available for Debt Service and any Projected Financing Costs and principal payments on the second loan shall not be considered in computing Debt Service.

For purposes of this Section, the following defined terms shall have the respective meanings set forth below:

Accounting Quarter means each period of approximately thirteen (13) weeks ending on each Quarter Date.

Debt-to-Equity Ratio means the ratio of Total Debt to Total Equity.

Debt Service Coverage Ratio means the ratio of Cash Available for Debt Service to Debt Service.

Cash Available for Debt Service means the sum of (a) cash and cash equivalent as of end of the relevant Quarter Date; and (b) EBITDA after adding back any decrease in the amount of Working capital (if applicable) and deducting:

- (i) Any amount of projected capital expenditure and Program Rights Expenditure, based on the most recent Board approved capital expenditure budget

- (ii) Any amount actually paid in respect of taxes on profits during such period; and
- (iii) Any increase in the amount of working capital (if applicable), as computed based on the four most recent consecutive Accounting Quarters of the Combined Group.

For purposes of the definition of “**Cash Available for Debt Service**”, “**Board**” shall mean the Board of Directors of the Borrower approving the capital expenditure and Program Rights Expenditure budget of the Combined Group.

Program Rights Expenditure means all costs, fees and expenses incurred by the Issuer under or in connection with the License and Program Agreements.

Combined Group means the ABS-CBN and each of its Subsidiaries (as contained in the Borrower's most recent annual audited consolidated financial statement)

Debt Service means the aggregate, for the four (4) most succeeding consecutive Accounting Quarters, of:

- (i) Projected Financing Costs; and
- (ii) Principal payments on all Financial Indebtedness.

For purposes of the definition of “**Debt Service**”, “**Projected Financing Costs**” shall be computed using the interest rate applicable on such Indebtedness as of the end of the relevant Quarter Date.

Provided that the test for compliance with Cash Available for Debt Service shall include any available undrawn credit facilities and/or any committed equity financing.

EBITDA means the sum of:

- (i) Net profit before extra ordinary items
- (ii) Any provision for income taxes
- (iii) Any Financing costs
- (iv) Any other non-cash charges set against net profits
- (v) Any amortization and depreciation

After deducting:

- (i) Any interest received or receivable to the extent that it is included in paragraph (i)
- (ii) Any investment income dividend and/or income earned from non-operating activities received or receivable to the extent that it is included in paragraph (i)
- (iii) Any amount attributable to minority interest to the extent that it is included in paragraph (i)
- (iv) Any other non-cash gains included in the net profit,

based on the consolidated financial statements, in each case, for the Combined Group taken together. Extra ordinary items shall mean gains or losses which are infrequent and unusual in nature and not in the ordinary course of business.

Quarter Date means 31 March, 30 June, 30 September and 31 December in each year..

Total Debt means the aggregate principal amount of the Financial Indebtedness of the Combined Group which would be required to be treated as a borrowing under PFRS/PAS.

Total Equity means the total stockholders equity of ABS-CBN on a consolidated basis computed based on PFRS/PAS.

9. Negative Pledge

Until redemption or payment in full of the aggregate outstanding principal amount of the Bonds, ABS-CBN shall not, without the written consent of the Majority Bondholders, directly or indirectly, incur or suffer to exist any Lien upon any of its assets and revenues, present and future, or enter into any loan facility agreement secured by or to be secured by a Lien upon any of its assets and revenues, present and future, unless it has made or will make effective provisions, satisfactory to the Majority Bondholders, in the Bondholders' absolute discretion, whereby the Lien thereby created will secure, on an equal first ranking and ratable basis, any and all the obligations of ABS-CBN hereunder and such other Debt which such Lien purports to secure; provided, that the foregoing restriction shall not apply to the following (each a "Permitted Lien" and together, the "Permitted Liens"):

- a. Liens for taxes, assessments or governmental charges or levies, including custom duties, on the assets of ABS-CBN which are being contested in good faith;
- b. Liens arising by operation of law (including, for the avoidance of doubt, any preference or priority under Article 2244, paragraph 14(a) of the Civil Code of the Philippines existing prior to the date of this Agreement) on any property or asset of ABS-CBN, including, without limitation, amounts owing to a landlord, carrier, warehouseman, mechanic or materialman and any Liens pursuant to workers' compensation, unemployment, insurance and other social security laws;
- c. Liens incurred or deposits made in the ordinary course of business to secure (or obtain letters of credit that secure) the performance of tenders, statutory obligations or regulatory requirements, performance or return of money bonds, surety or appeal bonds, bonds for release of attachment, stay of execution or injunction, bids, tenders, leases, government contracts and similar obligations) and deposits for the payment of rent;
- d. Liens created on ABS-CBN's shareholdings in Subsidiaries or affiliates (whether now existing or acquired hereafter) to secure any debt incurred by such Subsidiaries or affiliates for project financing;
- e. Liens created by or resulting from any litigation or legal proceeding which is effectively stayed while the underlying claims are being contested in good faith by appropriate proceedings and with respect to which ABS-CBN has established adequate reserves on its books in accordance with PAS/PFRS;
- f. Liens arising from leases or subleases granted to others, easements, building and zoning restrictions, rights-of-way and similar charges or encumbrances on real property imposed by applicable Law or arising in the ordinary course of business that are not incurred in connection with the incurrence of a Debt and that do not materially detract from the value of the affected property or materially interfere with the ordinary conduct of business of ABS-CBN;
- g. Liens incidental to the normal conduct of the business of ABS-CBN or ownership of its properties and which are not incurred in connection with the incurrence of a

Debt and which do not in the aggregate materially impair the use of such property in the operation of the business of ABS-CBN or the value of such property for the purpose of such business;

- h. Liens upon tangible personal property (by purchase or otherwise) granted by ABS-CBN to (i) the vendor, supplier, any of their affiliates or lessor of such property, or (ii) other lenders arranged to secure Debt representing the costs of such property, or incurred to refinance the same principal amount of such purchase money debt outstanding at the time of the refinancing, and not secured by any other asset other than such property;
- i. Pre-existing Liens on after-acquired property of ABS-CBN;
- j. Liens arising from finance lease, hire purchase, conditional sale arrangements or other agreements for the acquisition of assets on deferred payment term the extent relating only to the assets which are subject of those arrangements, subject to such finance leases, hire purchase, conditional sale agreements or other agreements for the acquisition of assets on deferred payment terms;
- k. Liens arising over any asset, including, but not limited to assets purchased, leased, or developed in the ordinary course of business, to secure: (i) the payment of any indebtedness in respect of borrowed money (including extensions and renewals thereof and replacements therefor) incurred for the purpose of financing the purchase, lease or development of such asset; or (ii) the rediscounting of receivables or securitization of assets of ABS-CBN;
- l. Liens established in favor of insurance companies and other financial institutions in compliance with the applicable requirements of the Office of the Insurance Commission on admitted assets;
- m. Rights of set-off arising in the ordinary course of business between the ABS-CBN and its suppliers, clients or customers;
- n. Netting or set-off arrangement entered into by ABS-CBN in the ordinary course of business of its banking arrangements for the purpose of netting debt and credit balances;
- o. Title transfer or retention of title arrangement entered into by ABS-CBN in the ordinary course of business;
- p. Liens created in substitution for any Lien otherwise permitted provided such Lien is over the same asset and the principal amount so secured following the substitution does not exceed the principal amount secured on such asset immediately prior to such substitution;
- q. Liens securing Financial Indebtedness under hedging transactions entered into in the ordinary course of business and designed solely to protect ABS-CBN or its affiliates from fluctuations in interest rates or currencies or commodities and not for speculation.; and
- r. Liens created with the prior written consent of the Majority Bondholders.

10. Events of Default

ABS-CBN shall be considered in default under the Bonds and the Trust Indenture in case

any of the following events (each an “Event of Default”) shall occur and is continuing:

(a) *Payment Default*

ABS-CBN fails to pay any of the principal, interest and fees or any other sum payable by ABS-CBN under the Bonds, as and when due and payable at the place and in the currency in which it is expressed to be payable; provided, that such non-payment shall not constitute an Event of Default if it is solely due to an administrative or technical reason not attributable to the fault or negligence of ABS-CBN affecting the transfer of funds despite timely payment instruction having been given by ABS-CBN and such payment is received by the Paying Agent within two (2) Business Days from the relevant due date.

(b) *Representation Default*

Any representation or warranty made or repeated by ABS-CBN in any of the Bonds is incorrect or misleading in any material respect when made or deemed to have been made or repeated, and the same is not cured within a period of thirty (30) days after written notice of such failure given by the Trustee is received by ABS-CBN.

(c) *Other Provisions Default*

ABS-CBN fails to perform or comply with any term, obligation or covenant of the Bonds which would materially and adversely affect the ability of ABS-CBN to meet its obligations under the Terms and Conditions and such failure is not remediable or, if remediable (in the reasonable opinion of the Majority Bondholders), shall continue unremedied during the applicable grace period or, in the absence of such grace period, within a period of thirty (30) days after written notice of such failure given by the Trustee is received by ABS-CBN.

(d) *Cross Default and Cross Acceleration*

ABS-CBN fails to pay or defaults in the payment of any installment of the principal or interest relative to any Financial Indebtedness, or fails to comply with or to perform, any other obligation, or commits a breach or violation of any of the terms, conditions or stipulations, which non-compliance, breach or violation shall result in the acceleration of payment of any Financial Indebtedness of ABS-CBN under any agreement, contract or document with the Bondholder or any Person, whether executed prior to or after the date hereof or under which ABS-CBN has agreed to act as guarantor, surety or accommodation party in the same amount or more, which, under the terms of such agreement, contract, document, guaranty or suretyship, including any agreement similar or analogous thereto, shall constitute a default thereunder after allowing for all applicable grace periods; provided, that no Event of Default shall occur under this paragraph unless the aggregate amount involved in the occurrence of one or more of the above events or breaches is at least One Billion Five Hundred Million (₱1,500,000,000.00) or its equivalent.

(e) *Cancellation of License*

Any Governmental Approval now or hereafter necessary to enable ABS-CBN to comply with its obligations under the Bonds or required for the conduct of its business and operations shall be withdrawn, withheld, revoked, cancelled

or otherwise terminated in a manner which, in the reasonably opinion of the Bondholders, would materially and adversely affect the ability of ABS-CBN to comply with such obligations or would materially and adversely affect the financial condition or operations of ABS-CBN taken as a whole, and such Governmental Approval is not reinstated within thirty (30) Business Days of having been so withdrawn, revoked, terminated or cancelled or, in the case of such Governmental Approval being withheld, the same is not issued within thirty (30) Business Days from the time that the absence of such Governmental Approval resulted in a material and adverse effect on the ability of ABS-CBN to comply with its obligations under the Bonds or on the financial condition or operations of ABS-CBN, taken as a whole.

(f) *Inability to Pay Debts; Bankruptcy Default*

ABS-CBN becomes insolvent or unable to pay its Debts when due or commits or suffers any act of bankruptcy, which term shall include: (i) the filing of a petition, by or against ABS-CBN, in any bankruptcy, insolvency, administration, suspension of payment, rehabilitation, reorganization, winding-up, dissolution, moratorium or liquidation proceeding of ABS-CBN, or any other proceeding analogous in purpose and effect, unless for such petition filed against ABS-CBN, it is contested in good faith by ABS-CBN in appropriate proceedings or otherwise dismissed by the relevant court within sixty (60) days from the filing of such petition; (ii) the making of a general assignment by ABS-CBN for the benefit of its creditors; (iii) the admission in writing by ABS-CBN, through its President, Chief Executive Officer, Chief Operating Officer or Chief Finance Officer, of its general inability to pay its Debts; (iv) the entry of any order of judgment of any competent court, tribunal or administrative agency or body confirming the bankruptcy or insolvency of ABS-CBN or approving any reorganization, winding-up or liquidation of ABS-CBN, unless withdrawn or revoked by the appropriate court, tribunal or administrative agency or body within sixty (60) days from entry of such order of judgment; (v) the lawful appointment of a receiver or trustee to take possession of a substantial portion of the properties of ABS-CBN, unless contested in good faith by ABS-CBN in appropriate proceedings; or (vi) the taking of any corporate action by ABS-CBN to authorize any of the foregoing, unless withdrawn or rescinded within sixty (60) days from the taking of such action.

(g) *Expropriation*

Any act or deed or judicial or administrative proceedings in the nature of an expropriation, confiscation, nationalization, acquisition, seizure, sequestration or condemnation of or with respect to all or a material part of the business and operations of ABS-CBN, or all or substantially all of the property or assets of ABS-CBN, shall be undertaken or instituted by any Governmental Authority, unless such act, deed or proceeding is otherwise contested in good faith by ABS-CBN in an appropriate proceeding.

(h) *Judgment Default*

A final and executory judgment, decree or order for the payment of money, damages, fine or penalty or its equivalent shall be rendered against ABS-CBN which, together with all other judgments against ABS-CBN then outstanding and unsatisfied, may in the reasonable opinion of the Majority Bondholders (which opinion shall be exercised in good faith, fairly and

equitably) materially and adversely affect the ability of ABS-CBN to comply with its obligations under the Bonds, and (i) ABS-CBN has failed to demonstrate to the reasonable satisfaction of the Majority Bondholders within thirty (30) days of the judgment, decree or order being entered that it is reasonably certain that the judgment, decree or order will be satisfied, discharged or stayed within thirty (30) days of the judgment, decree or order being entered, or (ii) the said final judgment, decree or order is not paid, discharged, stayed or fully bonded within thirty (30) days after the date when payment of such judgment, decree or order is due.

(i) *Attachment*

An attachment or garnishment of or levy upon any of the properties of ABS-CBN is made which materially and adversely affects the ability of ABS-CBN to pay its obligations under the Bonds and is not discharged or stayed within thirty (30) days (or such longer period as ABS-CBN satisfies the Majority Bondholders is appropriate under the circumstances) of having been so imposed.

(j) *Contest*

ABS-CBN (acting through its President, Chief Executive Officer, Chief Operating Officer or Chief Finance Officer) shall contest in writing the validity or enforceability of the Bonds or shall deny in writing the general liability of ABS-CBN under the Bonds.

11. Consequences of Default

Subject to the terms of the Trust Indenture, the Trustee shall, within 10 Business Days after receiving notice, or having knowledge of, the occurrence of any Event of Default, give to the Bondholders written notice of such default known to it unless the same shall have been cured before the giving of such notice.

All the unpaid obligations under the Bonds, including accrued Interest, and all other amounts payable thereunder, shall be declared to be forthwith due and payable, whereupon all such amounts shall become and be forthwith due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Issuer.

If any one or more of the Events of Default shall have occurred and be continuing, the Trustee upon the written direction of the Majority Bondholders, by notice in writing delivered to ABS-CBN, or the Majority Bondholders, by notice in writing delivered to ABS-CBN and the Trustee, may declare all amounts due, including the principal of the Bonds, all accrued interest and other charges thereon, if any, to be immediately due and payable, and upon such declaration the same shall be immediately due and payable, anything contained in the Trust Indenture or in the Bonds to the contrary notwithstanding.

12. Notice of Default

The Trustee shall, within ten (10) days after the occurrence of any Event of Default, give to the Bondholders written notice of such default known to it, unless the same shall have been cured before the giving of such notice; provided that, in the case of payment default under Section 10 (a) above, the Trustee shall immediately notify the Bondholders upon the occurrence of such payment default. The existence of a written notice required to be given to the Bondholders hereunder shall be published in a newspaper of general circulation in the Philippines for two consecutive days, further indicating in the published notice that the

Bondholders or their duly authorized representatives may obtain an important notice regarding the Bonds at the principal office of the Trustee upon presentment of sufficient and acceptable identification.

13. Penalty Interest

In case any amount payable by the Issuer under the Bonds, whether for principal, interest, fees due to Trustee or Registrar or otherwise, is not paid on due date, the Issuer shall, without prejudice to its obligations to pay the said principal, interest and other amounts, pay penalty interest on the defaulted amount(s) at the rate that is 2% over and above the Interest Rate (the "Penalty Interest") from the time the amount falls due until it is fully paid.

14. Payment During Default

ABS-CBN hereby covenants that upon the occurrence of any Event of Default shall occur and be duly declared in accordance with these Terms and Conditions, then, in any such case, ABS-CBN will pay to the Bondholders, through the Paying Agent, the whole amount which shall then have become due and payable on all such outstanding Bonds with interest at the rate borne by the Bonds on the overdue principal and with Penalty Interest, and in addition thereto, ABS-CBN will pay to the Trustee such further amounts as shall be determined by the Trustee to be sufficient to cover the cost and expenses of collection, including reasonable compensation to the Trustee, its agents, attorneys and counsel, and any reasonable expenses or liabilities incurred without negligence or bad faith by the Trustee hereunder.

Subject to Section 2.4 of the Trust Indenture, ABS-CBN shall reimburse the Trustee all costs and expenses incurred in connection with enforcing payment of principal and/or interest on the Bonds upon the occurrence of an Event of Default. Notwithstanding any contrary provision, any such costs incurred by the Trustee shall not require the prior approval of ABS-CBN.

15. Application of Payments

Any money collected or delivered to the Paying Agent, under this Section, and any other funds held by it, subject to any other provision of the Trust Indenture, the Registry and Paying Agency Agreement relating to the disposition of such money and funds, shall be applied by the Paying Agent in the order of preference as follows: *first*, to the payment to the Trustee, the Registrar, and the Paying Agent, of the costs, expenses, fees and other charges of collection, including reasonable compensation to them, their agents, attorneys and counsel, and all reasonable expenses and liabilities incurred or disbursements made by them, without negligence or bad faith; *second*, to the payment of the interest in default, in the order of the maturity of such interest with Penalty Interest; *third*, to the payment of the whole amount then due and unpaid upon the Bonds for principal and interest, with Penalty Interest; and *fourth*, the remainder, if any shall be paid to ABS-CBN, its successors or assigns, or to whoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct. The Paying Agent shall render a monthly account of such funds under its control.

16. Prescription

Claims with respect to principal and interest or other sums payable hereunder shall prescribe unless made within ten (10) years (in the case of principal or other sums) or five (5) years (in the case of interest) from the date on which payment becomes due.

17. Remedies

All remedies conferred by the Trust Indenture to the Trustee and the Bondholders shall be cumulative and not exclusive and shall not be so construed as to deprive the Trustee or the Bondholders of any legal remedy by judicial or extra judicial proceedings appropriate to enforce the conditions and covenants of the Trust Indenture, subject to the Bondholders' Ability to File Suit as defined in Condition 17 of these Terms and Conditions.

No delay or omission by the Trustee or the Bondholders to exercise any right or power arising from or on account of any default hereunder shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence thereto; and every power and remedy given by the Trust Indenture to the Trustee or the Bondholders may be exercised from time to time and as often as may be necessary or expedient.

18. Ability to File Suit

No Bondholder shall have any right by virtue of or by availing of any provision of the Trust Indenture to institute any suit, action or proceeding for the collection of any sum due from ABS-CBN hereunder on account of principal, interest and other charges, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless (i) such Bondholder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof and the related request for the Trustee to convene a meeting of the Bondholders to take up matters related to their rights and interests under the Bonds; (ii) the Majority Bondholders shall have decided and made the written request upon the Trustee to institute such action, suit or proceeding in its own name; (iii) the Trustee for sixty (60) days after the receipt of such notice and request shall have neglected or refused to institute any such action, suit or proceeding; and (iv) no directions inconsistent with such written request shall have been given under a waiver of default by the Bondholders, it being understood and intended, and being expressly covenanted by every Bondholder with every other Bondholder and the Trustee, that no one or more Bondholders shall have any right in any manner whatever by virtue of or by availing of any provision of the Trust Indenture to affect, disturb or prejudice the rights of the holders of any other such Bonds or to obtain or seek to obtain priority over or preference to any other such holder or to enforce any right under the Trust Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all the Bondholders.

19. Waiver or Revocation of Default by the Bondholders

The Majority Bondholders may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee, or may on behalf of the Bondholders waive any past Default except the Events of Default and the consequences of such declaration, upon such terms, conditions and agreement, if any, as they may determine; provided that no Default arising from: Condition 9(a) (Payment Default), Condition 9(b) (Representation Default), Condition 9(d) (Cross Default and Cross Acceleration), Condition 9(e) (Cancellation of License), and Condition 9(f) (Inability to Pay Debts; Bankruptcy Default), and its consequences, may be waived or revoked; provided further that, no such waiver or revocation shall extend to or shall affect any subsequent Default or shall impair any right arising therefrom.

In case of any such waiver or revocation, ABS-CBN, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder; but no such waiver or revocation shall extend to any subsequent or other Default or impair any right arising therefrom. Any such waiver or revocation by the Majority Bondholders shall be conclusive and binding upon all Bondholders and upon all future holders and owners thereof, irrespective of whether or not any notation of such waiver is made upon the certificate representing the Bonds.

The Trustee shall, within five (5) Business Days after receipt of the written waiver from the Majority Bondholders of any Event of Default or revocation of any default previously declared, give to the Bondholders written notice of such waiver, or revocation known to it via publication in a newspaper of general circulation in the Philippines for two (2) consecutive days as soon as practicable, indicating in the published notice an Event of Default has occurred and has been waived or a declaration of a default has been revoked by the Majority Bondholders.

20. Trustee; Notices

a) To the Trustee

All documents required to be submitted to the Trustee pursuant to the Trust Indenture and this Prospectus and all correspondence addressed to the Trustee shall be delivered to:

To the Trustee:

Attention:	Atty. Susan Marie J. Atienza
Subject:	ABS-CBN Retail Bonds due 2021 and 2024
Address:	15 th Floor, South Tower, BDO Corporate Center, Makati Avenue, Makati City, Metro Manila
Facsimile:	+632 8784270
Telephone:	+632 8784271

All documents and correspondence not sent to the above-mentioned address shall be considered as not to have been sent at all.

(b) To the Bondholders

Notices to Bondholders shall be sent to their mailing address as set forth in the Electronic Registry of Bondholders when required to be made through registered mail, surface mail, electronic mail, in case the Bondholder has provided his email address to the Trustee in the Application to Purchase the Bonds or in writing to the Trustee with instruction to send notices by electronic mail, or personal delivery. Except where a specific mode of notification is provided for herein, notices to Bondholders shall be sufficient when made in writing and transmitted in any one of the following modes: (i) registered mail; (ii) surface mail; (iii) by one-time publication in a newspaper of general circulation in the Philippines; (iv) personal delivery to the address of record in the Electronic Registry of Bondholders; (v) electronic mail; or (vi) disclosure through the Online Disclosure System of the PDEX. The Trustee shall rely on the Electronic Registry of Bondholders in determining the Bondholders entitled to notice. All notices shall be deemed to have been received (i) ten (10) days from posting if transmitted by registered mail; (ii) fifteen (15) days from mailing, if transmitted by surface mail; (iii) on date of publication; (iv) on date of delivery, by personal delivery. If sent via registered mail, surface mail, courier or personal delivery, the Trustee shall send such notice to the Bondholders to their mailing address at set forth in the Register of Bondholders; (v) on date of transmission from the electronic mail server of the Trustee; and (vi) on the date that the disclosure is uploaded on the website of the PDEX, respectively.

A notice to the Trustee is notice to the Bondholders. The publication in a newspaper of general circulation in the Philippines of a press release or news item about a communication or disclosure made by ABS-CBN to the Securities and Exchange Commission or the PDEX on a matter relating to the Bonds shall be deemed a notice to the Bondholders of said matter on the date of the first publication.

(c) *Binding and Conclusive Nature*

Except as provided in the Trust Indenture, all notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained by the Trustee for the purposes of the provisions of the Trust Indenture, will (in the absence of willful default, bad faith or manifest error) be binding on ABS-CBN, and all Bondholders and (in the absence as referred to above) no liability to ABS-CBN, the Registrar and Paying Agent or the Bondholders shall attach to the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions under the Trust Indenture.

21. The Trustee

(a) *Duties and Responsibilities*

- (i) The Trustee is hereby appointed as trustee for and in behalf of the Bondholders and accordingly shall perform such duties and shall have such responsibilities as expressly provided in herein.
- (ii) The Trustee shall, in accordance with these Terms and Conditions, monitor the compliance or non-compliance by ABS-CBN with all its representations and warranties, and ABS-CBN's observance of all its covenants and performance of all its obligations, under and pursuant to the Trust Indenture.
- (iii) The Trustee shall, prior to the occurrence of an Event of Default or after the curing of all such defaults which may have occurred, perform only such duties as are specifically set forth in the Trust Indenture and its Terms and Conditions.
- (iv) The Trustee, in the performance of its duties, shall exercise such rights and powers vested in it by the Trust Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs under similar circumstances.
- (v) The Trustee shall observe due diligence in the performance of its duties and obligations under the Trust Indenture. For the avoidance of doubt, notwithstanding any actions that the Trustee may take, the Trustee shall remain to be the party responsible to the Bondholders, and to whom the Bondholders shall communicate with in respect to any matters that must be taken up with the Issuer.

(b) *Liability of the Trustee*

No provision of the Trust Indenture shall be construed to relieve the Trustee from liability for its own gross negligent action, its own gross negligent failure to act or its willful misconduct, provided that:

- (i) Prior to the occurrence of an Event of Default or after the curing or the waiver of all Events of Default which may have occurred, in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely upon, as to the truth of the statements and the correctness of the opinion expressed in, any certificate or opinion furnished to the Trustee

conforming to the requirements of the Trust Indenture. The Trustee may presume that no Event of Default has occurred until it has received notice or has actual knowledge thereof;

- (ii) The Trustee shall not be liable for any error of judgment made in good faith by their respective responsible officer or officers, unless it shall be proven that the Trustee was grossly negligent in ascertaining the pertinent facts; and
- (iii) The Trustee shall not be liable with respect to any action taken or omitted to be taken by them in good faith in accordance with the direction of the Majority Bondholders relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee under the Trust Indenture.

None of the provisions contained in the Trust Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of their duties or in the exercise of any of their rights or powers.

(c) Ability to Consult Counsel

- (i) The Trustee may consult with reputable counsel in connection with the duties to be performed by the Trustee under the Trust Indenture and any opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or omitted to be taken by the Trustee hereunder in good faith and in accordance with such opinion; provided that, prior to taking or not taking such action for which opinion of counsel is sought, the Trustee shall inform ABS-CBN of the relevant opinion of counsel; provided further that, the Trustee shall not be bound by the foregoing condition to inform ABS-CBN of counsel's opinion if the opinion of counsel which is being sought by the Trustee pertains to, or involves actions to be undertaken due to, an Event of Default or issues pertaining thereto.
- (ii) Notwithstanding any provision of the Trust Indenture authorizing the Trustee conclusively to rely upon any certificate or opinion, the Trustee may, before taking or refraining from taking any action in reliance thereon, require further evidence or make any further investigation as to the facts or matters stated therein which they may in good faith deem reasonable in the circumstances; and the Trustee shall require such further evidence or make such further investigation as may reasonably be requested in writing by the Majority Bondholders.

(d) The Trustee as Owner of the Bonds

The Trustee, in its individual or any other capacity, may become a holder of the Bonds with the same rights it would have if it were not the Trustee and the Trustee shall otherwise deal with ABS-CBN in the same manner and to the same extent as though it were not the Trustee hereunder; provided, that such ownership shall not be considered a conflict of interest requiring resignation or change of the Trustee under Condition 19(e).

(e) *Resignation and Change of Trustee*

- (i) The Trustee may at any time resign by giving ninety (90) days prior written notice to ABS-CBN and to the Bondholders of such resignation.
- (ii) Upon receiving such notice of resignation of the Trustee, ABS-CBN shall immediately appoint a successor trustee by written instrument in duplicate, executed by its authorized officers, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor trustee. If no successor trustee shall have been so appointed and have accepted such appointment within thirty (30) days after the resigning Trustee has served its notice of resignation on ABS-CBN, the resigning Trustee, may petition the court of competent jurisdiction for the appointment of a successor, or any Bondholder who has been a bona fide holder for at least six months (the “bona fide Bondholder”) may, for and on behalf of the Bondholders, petition any such court for the appointment of a successor. Such a court may thereupon after notice, if any, as it may deem proper, appoint a successor trustee.
- (iii) A successor trustee should possess all the qualifications required under pertinent laws, otherwise, the incumbent trustee shall continue to act as such.
- (iv) Upon the acceptance of any appointment as trustee hereunder by a successor trustee, such successor trustee shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the resigning Trustee, and the resigning Trustee shall be discharged from its duties and obligations hereunder. The resigning Trustee shall cooperate with the successor trustee and the Bondholders in all reasonable ways to ensure an orderly turnover of its functions and the records in its custody.
- (v) In case at any time the Trustee shall become incapable of acting, or has acquired conflicting interest, or shall be adjudged as bankrupt or insolvent, or a receiver for the Trustee, or of its property shall be appointed, or any public officer shall take charge or control of the Trustee, or of its properties or affairs for the purpose of rehabilitation, conservation or liquidation, then ABS-CBN may within thirty (30) days from such event remove the Trustee concerned, and appoint a successor trustee, by written instrument in duplicate, executed by its authorized officers, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor trustee. If ABS-CBN fails to remove the Trustee concerned and appoint a successor trustee, any bona fide Bondholder shall petition any court of competent jurisdiction for the removal of the Trustee concerned and the appointment of a successor trustee. Such court may thereupon after such notice, if any, as it may deem proper, remove the Trustee and appoint a successor trustee.
- (vi) The Majority Bondholders may at any time remove the Trustee for just and reasonable cause, and appoint a successor trustee with the consent of ABS-CBN, provided that no consent shall be required if there has been an occurrence of an Event of Default, by the delivery to the Trustee so removed, to the successor trustee and to ABS-CBN, of the required evidence of the action in that regard taken by the Majority Bondholders. Such removal shall take effect thirty days from receipt of such notice by the Trustee.

- (vii) Any resignation or removal of the Trustee and the appointment of a successor trustee pursuant to any of the provisions of the Trust Indenture shall become effective upon the earlier of: (i) acceptance of appointment by the successor trustee as provided in the Trust Indenture; or (ii) the effectivity of the resignation notice sent by the Trustee under the Trust Indenture (the "Resignation Effective Date") provided, however, that after the Resignation Effective Date and, as relevant, until such successor trustee is qualified and appointed (the "Holdover Period"), the resigning Trustee shall discharge duties and responsibilities solely as a custodian of records for turnover to the successor Trustee promptly upon the appointment thereof by ABS-CBN.

(f) *Successor Trustee*

- (i) Any successor trustee appointed shall execute, acknowledge and deliver to ABS-CBN and to its predecessor Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the predecessor Trustee shall become effective and such successor trustee, without further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor in the trusteeship with like effect as if originally named as trustee in the Trust Indenture. The foregoing notwithstanding, on the written request of ABS-CBN or of the successor trustee, the Trustee ceasing to act shall execute and deliver an instrument transferring to such successor trustee, upon the trusteeship herein expressed, all the rights, powers and duties of the Trustee so ceasing to act as such. Upon request of any such successor trustee, ABS-CBN shall execute any and all instruments in writing as may be necessary to fully vest in and confer to such successor trustee all such rights, powers and duties.
- (ii) Upon acceptance of the appointment by a successor trustee, ABS-CBN shall notify the Bondholders in writing of the succession of such trustee to the trusteeship. If ABS-CBN fails to notify the Bondholders within ten (10) days after the acceptance of appointment by the successor trustee, the latter shall cause the Bondholders to be notified at the expense of ABS-CBN.

(g) *Merger or Consolidation*

Any corporation into which the Trustee may be merged or with which it may be consolidated or any corporation resulting from any merger or consolidation to which the Trustee shall be a party or any corporation succeeding to the business of the Trustee shall be the successor of the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding, provided that, such successor trustee shall be eligible under the provisions of the Trust Indenture and the Securities Regulation Code; however, where such successor trustee is not qualified under the pertinent Laws, then the provisions of Condition 19(e) and (v) shall apply.

(h) *Reliance*

In the performance of its obligations under the Trust Indenture, the Trustee is entitled to rely on the records of the Registrar and Paying Agent, but shall exercise the degree of care and skill as a prudent man would exercise or use under the circumstances in the

conduct of his own affairs under similar circumstances.

22. Reports to the Bondholders

- a) Only upon the existence of either (i) and (ii) below, the Trustee shall submit to the Bondholders on or before February 28 of each year from the relevant Issue Date until full payment of the Bonds, a brief report dated as of December 31 of the immediately preceding year with respect to:
 - (i) The property and funds, if any, physically in the possession of the Paying Agent held in trust for the Bondholders on the date of such report which shall be based on the report to be given by the Paying Agent to the Trustee; and
 - (ii) Any action taken by the Trustee in the performance of its duties under the Trust Indenture which it has not previously reported and which in its opinion materially affects the Bonds, except action in respect of a default, notice of which has been or is to be withheld by it.
- b) The Trustee shall likewise submit to the Bondholders a brief report within ninety (90) days from the making of any advance for the reimbursement of which it claims or may claim a lien or charge which is prior to that of the Bondholders on the property or funds held or collected by the Paying Agent with respect to the character, amount and the circumstances surrounding the making of such advance; provided that, such advance remaining unpaid amounts to at least ten percent (10%) of the aggregate outstanding principal amount of the Bonds at such time.
- c) Upon due notice to the Trustee, the following pertinent documents may be inspected during regular business hours on any Business Day at the principal office of the Trustee:
 - (i) Trust Indenture
 - (ii) Articles of Incorporation and By-Laws of the Company
 - (iii) Registration Statement of the Company with respect to the Bonds

23. Meetings of the Bondholders

A meeting of the Bondholders may be called at any time for the purpose of taking any actions authorized to be taken by or on behalf of the Bondholders of any specified aggregate principal amount of Bonds under any other provisions of the Trust Indenture or under the law and such other matters related to the rights and interests of the Bondholders under the Bonds.

a) Notice of Meetings

The Trustee may at any time call a meeting of the Bondholders, or the holders of at least twenty-five percent (25%) of the aggregate outstanding principal amount of Bonds may direct in writing the Trustee to call a meeting of the Bondholders, to take up any allowed action, to be held at such time and at such place as the Trustee shall determine. Notice of every meeting of the Bondholders, setting forth the time and the place of such meeting and the purpose of such meeting in reasonable detail, shall be sent by the Trustee to ABS-CBN and to each of the registered Bondholders not earlier than forty five (45) days prior to the date fixed for the meeting nor later than fifteen (15) days prior to the date fixed for the meeting. Each of such notices shall be published in a newspaper of general circulation as provided in the Trust Indenture.

All reasonable costs and expenses incurred by the Trustee for the proper dissemination of the requested meeting shall be reimbursed by the Issuer within ten (10) days from receipt of the duly supported billing statement.

b) Failure of the Trustee to Call a Meeting

In case at any time ABS-CBN, ABS-CBN or the holders of at least twenty five percent (25%) of the aggregate outstanding principal amount of the Bonds shall have requested the Trustee to call a meeting of the Bondholders by written request setting forth in reasonable detail the purpose of the meeting, and the Trustee shall not have mailed and published, in accordance with the notice requirements, the notice of such meeting, then the Issuer or the Bondholders in the amount above specified may determine the time and place for such meeting and may call such meeting by mailing and publishing notice thereof.

c) Quorum

The Trustee shall determine and record the presence of the Majority Bondholders, personally or by proxy. The presence of the Majority Bondholders shall be necessary to constitute a quorum to do business at any meeting of the Bondholders.

d) Procedure for Meetings

- a. The Trustee shall preside at all the meetings of the Bondholders, unless the meeting shall have been called by ABS-CBN or by the Bondholders, in which case ABS-CBN or the Bondholders calling the meeting, as the case may be, shall in like manner move for the election of the chairman and secretary of the meeting.
- b. Any meeting of the Bondholders duly called may be adjourned for a period or periods not to exceed in the aggregate of one (1) year from the date for which the meeting shall originally have been called and the meeting as so adjourned may be held without further notice. Any such adjournment may be ordered by persons representing a majority of the aggregate principal amount of the Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting.

e) Voting Rights

To be entitled to vote at any meeting of the Bondholders, a person shall be a registered holder of one (1) or more Bonds or a person appointed by an instrument in writing as proxy by any such holder as of the date of the said meeting. Bondholders shall be entitled to one vote for every Ten Thousand Pesos (₱10,000.00) interest. The only persons who shall be entitled to be present or to speak at any meeting of the Bondholders shall be the persons entitled to vote at such meeting and any representatives of ABS-CBN and its legal counsel.

f) Voting Requirement

All matters presented for resolution by the Bondholders in a meeting duly called for the purpose shall be decided or approved by the affirmative vote of the Majority Bondholders present or represented in a meeting at which there is a quorum except as otherwise provided in the Trust Indenture. Any resolution of the Bondholders which has been duly approved with the required number of votes of the Bondholders as provided in the Trust Indenture shall be binding upon all the Bondholders and ABS-CBN as if the votes were unanimous.

g) Role of the Trustee in Meetings of the Bondholders

Notwithstanding any other provisions of the Trust Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of the Bondholders, in regard to proof of ownership of the Bonds, the appointment of proxies by registered holders of the Bonds, the election of the chairman and the secretary, the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote and such other matters concerning the conduct of the meeting as it shall deem fit.

24. Amendments

The Issuer and the Trustee may, without notice to or the consent of the Bondholders or other parties, amend or waive any provisions of the Agreements if such amendment or waiver is of a formal, minor, or technical nature or to correct a manifest error or inconsistency provided in all cases that such amendment or waiver does not adversely affect the interests of the Bondholders and provided further that all Bondholders are notified of such amendment or waiver.

ABS-CBN and the Trustee may amend these Terms and Conditions or the Bonds without notice to every Bondholder but with the written consent of the Majority Bondholders (including consents obtained in connection with a tender offer or exchange offer for the Bonds). However, without the consent of each Bondholder affected thereby, an amendment may not:

- a) reduce the amount of Bondholder that must consent to an amendment or waiver;
- b) reduce the rate of or extend the time for payment of interest on any Bond;
- c) reduce the principal of or extend the Maturity Date of any Bond;
- d) impair the right of any Bondholder to receive payment of principal of and interest on such Holder's Bonds on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Bondholders;
- e) reduce the amount payable upon the redemption or repurchase of any Bond under the Terms and Conditions or change the time at which any Bond may be redeemed;
- f) make any Bond payable in money other than that stated in the Bond;
- g) subordinate the Bonds to any other obligation of ABS-CBN;
- h) release any security interest that may have been granted in favor of the Bondholders;
- i) amend or modify the Payment of Additional Amounts, Taxation, the Events of Default of the Terms and Conditions or the Waiver of Default by the Bondholders; or
- j) make any change or waiver of this Condition.

It shall not be necessary for the consent of the Bondholders under this Condition to approve the particular form of any proposed amendment, but it shall be sufficient if such consent approves the substance thereof. After an amendment under this Condition becomes effective, ABS-CBN shall send a notice briefly describing such amendment to the Bondholders in the manner provided under Condition 19 (Notices).

25. Evidence Supporting the Action of the Bondholders

Wherever in the Trust Indenture it is provided that the holders of a specified percentage of the aggregate outstanding principal amount of the Bonds may take any action (including the making of any demand or requests and the giving of any notice or consent or the taking of any other action), the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced by: (i) any instrument executed by the Bondholders in person or by the agent or proxy appointed in writing or (ii) the duly authenticated record of voting in favor thereof at the meeting of the Bondholders duly called and held in accordance herewith or (iii) a combination of such instrument and any such record of meeting of the Bondholders.

26. Non-Reliance

Each Bondholder also represents and warrants to the Trustee that it has independently and, without reliance on the Trustee, made its own credit investigation and appraisal of the financial condition and affairs of the Issuer on the basis of such documents and information as it has deemed appropriate and that he has subscribed to the Issue on the basis of such independent appraisal, and each Bondholder represents and warrants that it shall continue to make its own credit appraisal without reliance on the Trustee. The Bondholders agree to indemnify and hold the Trustee harmless from and against any and all liabilities, damages, penalties, judgments, suits, expenses and other costs of any kind or nature with respect to its obligations under the Trust Indenture, except for its gross negligence or wilful misconduct.

27. Waiver of Preference or Priority

Each Bondholder waives its right to the benefit of any preference or priority over the Bonds accorded to public instruments under Article 2244(14) of the Civil Code of the Philippines.

28. Governing Law

The Bond Agreements are governed by and are construed in accordance with Philippine law. Unless otherwise stipulated in other bond agreements, venue of any and all actions arising from or in connection with the issuance of the Bonds shall be brought before the proper courts of Quezon City or Makati City to the exclusion of all other courts.

INTERESTS OF NAMED EXPERTS

LEGAL MATTERS

All legal opinion / matters in connection with the issuance of the Bonds which are subject of this Offer shall be passed upon by Romulo Mabanta Buenaventura Sayoc & De los Angeles ("Romulo") for the Joint Issue Managers, and Quiason Makalintal Barot Torres Ibarra & Sison ("QMBTIS") and ABS-CBN's Legal Services Division for the Company. Romulo and QMBTIS have no direct or indirect interest in ABS-CBN. Romulo and QMBTIS may, from time to time be engaged by ABS-CBN to advise in its transactions and perform legal services on the same basis that Romulo and QMBTIS provide such services to its other clients.

INDEPENDENT AUDITORS

SGV & Co., independent auditors, audited the consolidated financial statements of the Company as at December 31, 2012 and 2011 and January 1, 2011 and for the years ended December 31, 2012, 2011 and 2010 without qualification, and reviewed the unaudited interim condensed consolidated financial statements of the Company as at September 30, 2013 and for the nine months ended September 30, 2013 and 2012, all included in this Prospectus. SGV & Co. has no shareholdings in the Company, or any right, whether legally enforceable or not, to nominate or to subscribe to the securities of the Company, in accordance with the professional standards on independence set by the Board of Accountancy and Professional Regulation Commission.

The named independent auditor has not acted and will not act as promoter, underwriter, voting trustee, officer or employee of the Company.

The aggregate fees billed by SGV & Co. are shown below (with comparative figures for 2011):

	<i>(Amount in millions of Pesos)</i>	
	2012	2011
Audit and Audit Related Fees	₱ 27.04	₱ 35.91

The Company has no disagreements with its independent auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

The Audit Committee has an existing policy to review and to pre-approve the audit and non-audit services rendered by the Company's independent auditors. It does not allow the ABS-CBN Group to engage the independent auditors for certain non-audit services expressly prohibited by SEC regulations to be performed by an independent auditor for its audit clients. This is to ensure that the independent auditors maintain the highest level of independence from the Company, both in fact and appearance.

The Audit Committee has reviewed the nature of non audit services rendered by SGV & Co. and the corresponding fees and concluded that these are not significant to impair the independence of the auditors.

ABS-CBN LEGAL SERVICES DIVISION

The members of ABS-CBN's Legal Services Division are employed by the Company and as such receive salary and benefits including stock options, from the Company.

DESCRIPTION OF BUSINESS

Company Overview

ABS-CBN Corporation (“ABS-CBN” or the “Company”) is the Philippines’ leading media and entertainment conglomerate. The Company is primarily involved in television and radio broadcasting, as well as in the production of television and radio programming for domestic and international audiences and other related businesses.

The Company produces a wide variety of engaging, world-class entertainment programs in multiple genres and balanced, credible news programs that are aired on free-to-air television via its Very High Frequency (VHF) TV network, Channel 2, and its Ultra High Frequency (UHF) TV network, Studio 23, along with a vast regional network of TV stations nationwide.

The Company’s VHF television network, anchored by Channel 2, its flagship station in Mega Manila, and several owned and operated television stations and affiliated stations throughout the country, is the highest-rating and most expansive television network in the country. The Company also owns and operates Studio 23, the leading UHF channel, with a vast network of UHF stations nationwide. Studio 23 complements Channel 2’s mass-based programming through its airing of popular foreign series and local sports programming.

The Company is also one of the leading radio broadcasters, operating 19 AM and FM radio stations throughout the key cities of the Philippines. ABS-CBN’s anchor radio stations in Manila, DZMM on the AM band and DWRR on the FM band, are among the most-listened to in Mega Manila.

In addition, ABS-CBN, through its subsidiaries, Sarimanok News Network, Inc. and Creative Programs, Inc., also provides news and entertainment programming for 9 channels on cable TV – ABS-CBN News Channel or ANC, Cinema One, Lifestyle Network, Myx, Balls, Velvet, Hero, Jeepney TV and DZMM Teleradyo. The Company owns the leading film and music production and distribution outfits in the country, Star Cinema and Star Records, and also has business interests in content development and production, merchandising and licensing, cable and satellite television services, mobile and online multimedia services, glossy magazine publishing, video and audio post production, overseas telecommunication services, money remittance, cargo forwarding, property management and food and restaurant services, all of which complement and enhance the Company’s strength in content production and distribution.

ABS-CBN brings its content to worldwide audiences via cable, satellite, online and mobile, through its various international subsidiaries and affiliates, and its flagship channel, The Filipino Channel (TFC). TFC is available in most major territories with a significant Filipino populace such as the United States, the Middle East, Europe, Australia, Canada and Japan. With direct ties to more than 2 million viewers outside the Philippines, ABS-CBN Global also offers services vital to the overseas Filipino – long-distance telecoms, money remittance and cargo forwarding. As of end-2012, ABS-CBN Global accounts for 16% of the Company’s top line.

ABS-CBN also holds an interest in the country’s largest cable TV network, SkyCable. Cornering over half of the total pay TV subscribers in the country, SkyCable represents a major content distribution platform for the Company. Aside from providing postpaid and prepaid cable TV services, SkyCable also offers SkyBroadband, the fastest residential broadband internet service in the country.

Throughout the years, the Company has evolved from a purely broadcasting business into a thriving multimedia content and distribution conglomerate that continues to be in the service of the Filipino. ABS-CBN has diversified its revenue sources; from relying mostly on airtime advertising revenue, the Company now sources about 40% of its sales direct from its consumers in the form of subscription and other services and goods.

ABS-CBN's common shares and Philippine Depositary Receipts are traded in the Philippine Stock Exchange.

Historical Background

ABS-CBN traces its roots from Bolinao Electronics Corporation (BEC), established in 1946 as an assembler of radio transmitting equipment. In 1952, BEC adopted the business name Alto Broadcasting System (ABS) and began setting up the country's first television broadcast by 1953. On September 24, 1956, Chronicle Broadcasting Network (CBN), owned by Don Eugenio Lopez Sr. of the Lopez family, was organized primarily for radio broadcasting. In 1957, Don Eugenio Lopez Sr. acquired ABS and on February 1, 1967, the operations of ABS and CBN were integrated and BEC changed its corporate name to ABS-CBN Broadcasting Corporation.

ABS-CBN achieved many firsts since it started the television industry in the country in 1953. However, with the imposition of martial law in September 1972, ABS-CBN ceased operations as the government forcibly took control of the Company. ABS-CBN resumed commercial operations in 1986 after the People Power or EDSA revolution.

Recovery after 14 years of absence was difficult as resources were scarce. Nevertheless, through relentless effort, ABS-CBN recaptured leadership in the Philippine television and radio industries by 1988. During the 1990s and the early part of the new millennium, the Company expanded and ventured into complementary businesses in cable TV, international distribution, mobile services, and magazine publishing among others.

Lines of Business

Broadcast

The Company's leading position in the Philippine television broadcasting industry is largely due to the popularity of its entertainment programs, including teleseryes, drama anthologies, situation comedies, variety and game shows shown in the flagship free-to-air TV channel 2. These shows are predominantly in Filipino and are aimed at the mass Filipino audience. Teleseryes, one of the more popular programming genres in the Philippines, are similar to U.S. style soap operas in content but, unlike U.S. soap operas, are generally aired for a shorter period (3 to 6 months).

Global Distribution

ABS-CBN pioneered international content distribution when it launched the country's first international direct-to-home (DTH) and cable channel service through ABS-CBN Global's The Filipino Channel (TFC). Launched in 1994, TFC is targeted specifically at overseas Filipinos, both immigrants and temporary workers. TFC is available in various formats (DTH, cable, Internet Protocol TV [IPTV], mobile and online through TFCNow) in all territories where there is a significant market of overseas Filipinos such as the United States, the Middle East, Europe, Australia, Canada, and Japan, among others.

In June 1, 2005, ABS-CBN, through ABS-CBN Global's subsidiary, ABS-CBN International, signed an affiliation agreement with DirecTV, one of the leading DTH system providers in the

United States. Under the deal, DirecTV has the exclusive right to distribute the TFC package on its DTH platform. In return, DirecTV will pay license fees to ABS-CBN and to ABS-CBN International.

As of end-2012, ABS-CBN Global had over 2.4 million viewers in over 40 countries across 4 continents worldwide.

Movie Production and Music Recording

ABS-CBN Film Productions, Inc. (AFPI) or more popularly known as Star Cinema, is the country's leading film producer and distributor. AFPI, a 100%-owned subsidiary of ABS-CBN, produces films primarily for the domestic market and has already penetrated the international scene, having conducted several sold-out international screenings. It has been considered to be the catalyst for the re-emergence of the local cinema industry, which was once floundering due to the proliferation of piracy.

In 2012, AFPI produced 15 films, 7 of which grossed upwards of Php100 million, the local film industry's unofficial benchmark for a blockbuster hit. Of the 7, three films generated more than Php200 million.

Star Recording Inc. on the other hand was established in 1995 to address the Company's growing need for a recording outfit for its multi-talented artists. Star Songs, which handles the Company's music publishing and composing requirements, was incorporated the following year.

Pay TV and Broadband

Founded in 1990, Sky Cable Corporation ("Sky Cable") is the country's largest cable TV service provider, cornering over half of the total pay TV market. Sky Cable's recent move to digitize its cable services opened new opportunities for programming and pricing flexibility, and at the same time, minimized the adverse impact of cable TV pilferage. Now offering both postpaid and prepaid packages, as well as *a la carte* programming on top of its three cable TV packages, Sky Cable ensures that every family's entertainment needs will be met.

The many combinations of Sky product innovations and pricing schemes being offered to subscribers gave them freedom to choose the package that best suited them. It introduced the first and only real triple-play service in the market in Metro Manila with Sky Bundle Plan 1099. The bundle included cable TV, broadband, and Internet phone, which gave the Filipino home the best combination of entertainment, information and communication technologies.

Beginning 2010, Sky subscribers had the option to catch up on missed episodes of their favorite ABS-CBN shows via iWantv in the convenience of their desktops or laptops. iWantv, a revolutionary online access to entertainment, featured TV on Demand, Movies on Demand, and Live TV, with ABS-CBN shows, programs, and *teleseryes*, available anywhere, anytime. Foreign shows and movies were also made available on video-on-demand format.

In 2012, Sky Cable acquired Destiny Cable, the second largest cable operator in the country.

Wireless Telecommunications

On May 28, 2013, ABS-CBN announced its network sharing agreement with Globe Telecom. This partnership enables ABS-CBN to deliver ABS-CBN content and offer traditional telecoms services on mobile devices. Through the network-sharing agreement, Globe will provide capacity and coverage on its existing cellular mobile telephony network to ABS-CBN Convergence on a nationwide basis. The parties may also share assets such as servers, towers, and switches. On November 16, 2013, ABS-CBN Mobile's pre-paid service was launched.

Narrowcast

The Narrowcast business aims to cater to the needs of specific or targeted audiences or markets not normally addressed by the Broadcast business. Under this line of business are the cable channel offerings, Studio 23 and Sports.

Cable Channel Offerings

Creative Programs, Inc. (CPI) manages and operates the Company's cable channel offerings, each delivering superior cable programming anchored on various genres. While each cable channel addresses the information and entertainment needs of a specific niche target, CPI's cable channels collectively captures all the demographic markets vital to advertisers.

Cinema One, the highest rating cable channel and the premier Filipino movie channel, brings high-quality Filipino movies to every household. Myx, the leading music channel, revolutionized music video consumption, inviting viewers to sing along as the lyrics are shown on screen. Hero, the number one animè pioneered dubbing of all-time animè favorites in Filipino. Upscale females find the Lifestyle Network as indispensable companions for empowerment in their busy and demanding environment, while Balls promises fun and thrill to active upscale males with its sports and irreverent content.

Studio 23

With pay TV in its infancy in the country during the mid-1990s, Studio 23 was launched to serve the upscale market, a market clamoring for foreign content that ABS-CBN needed to serve. In 1996, Studio 23 began its first broadcast in Mega Manila.

Studio 23 easily became known as the country's "free cable" channel. Studio 23 brought to the Philippines many global programming hits such as Dawson's Creek, Smallville, Buffy, Survivor, CSI, the Amazing Race, Alias, Desperate Housewives, Lost, and Grey's Anatomy, among others.

Over the years, Studio 23 has gradually re-focused its programming to capture the elusive urban youth market with programs such as the University Athletic Association of the Philippines (UAAP) and National Collegiate Athletic Association (Philippines) (NCAA) games and popular US shows, gimmicks such as the revolutionary FUSE'd (or Fresh US Episodes, which delivered the latest seasons and episodes of the most popular US series as they are aired in the US) and events that brought large gatherings and impressive participation figures.

Sports

The Company holds the 5-year broadcast rights to the University Athletic Association of the Philippines (the "UAAP") collegiate basketball games, the country's most prestigious

collegiate sports league. In 2009, the broadcast rights to the UAAP were renewed for another 5 years. The UAAP games are broadcast on Studio 23. The Company also broadcasts billiards and other sports programs.

ABS-CBN recently signed a joint venture agreement with ALA Promotions, a world class boxing organization and promotional company, which envisions elevating boxing as a sport in the country.

Integrated News and Current Affairs

The Company's integrated news and current affairs group has developed a reputation for the quality of its news coverage. The group produces local, national and international news programs and public affairs programs for Channel 2, Studio 23 and ABS-CBN News Channel ("ANC"). Fewer news and current affairs programs are broadcast in the Philippines than entertainment programs. TV Patrol, Channel 2's flagship news program is a top-rated news program in Mega Manila.

News programs are also shown internationally on TFC, as well as several independent cable channels and commercial television stations in the US.

ABS-CBN News Channel, or more popularly known as ANC, is the only 24/7 Filipino cable news channel in the country. Launched in 1996, ANC brings the news that matter most to Filipinos around the world. The channel features breaking international, national and local news, special reports, business reports and extensive weather coverage. Besides daily newscasts, ANC also produces a variety of lifestyle, travel and sports programming.

Theme Parks

ABS-CBN Theme Parks and Resorts Holdings, Inc. is the holding company for investments in theme parks. It owns 73% of Play Innovations Inc. which acquired a franchise of Kidzania. Kidzania Manila will be an indoor play center that allows children to freely explore a world their size and choose from over 100 role-playing activities in different establishments.

Home Shopping

A CJ O Shopping Corporation is a joint venture between ABS-CBN Corporation and CJ O Shopping Corporation of Korea to provide TV home shopping in the Philippines. The TV home shopping channel was launched in October 2013.

The following table lists down the Company's active subsidiaries (as of December 31, 2012):

COMPANY	DATE OF INCORPORATION	PRINCIPAL ACTIVITIES	OWNERSHIP INTEREST
<i>Philippine Subsidiaries</i>			
ABS-CBN Publishing, Inc.	03 September 1992	Print publishing	100.0
Star Recording, Inc. (Star Records)	02 February 1995	Audio and video production and distribution	100.0

Description of Business

Star Songs, Inc.	07 August 1996	Music publishing	100.0
Sarimanok News Network, Inc.	23 June 1998	Content development and programming services	100.0
ABS-CBN Interactive, Inc.	29 January 1999	Services - interactive media	100.0
The Big Dipper Digital Content & Design, Inc.	30 June 2000	Digital film archiving and central library of content licensing and transmission	100.0
Creative Programs, Inc.	24 October 2000	Content development and programming services	100.0
Studio 23, Inc.	24 October 2000	Content development and programming services	100.0
TV Food Chefs, Inc.	23 January 2001	Services -restaurant and food	100.0
ABS-CBN Film Productions, Inc.	25 March 2003	Movie production	100.0
ABS-CBN Integrated and Strategic Property Holdings, Inc.	09 October 2003	Real estate	100.0
ABS-CBN Global Cargo Corporation	04 November 2009	Non-vessel common carrier operations	100.0
Sapientis Holdings Corporation	29 June 2009	Holding company	100.0
ABS-CBN Theme Parks and Resorts Holdings, Inc. (ABS-CBN Theme Parks)	16 July 2012	Holding company	100.0

Philippine Subsidiaries

Sky Vision Corporation	18 April 1991	Investing in ventures related to cable television, cable communications, cable systems, television media and shopping networks, and film distribution	24.8 owned and 75% voting interest by ABS-CBN
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Description of Business

Sky Cable Corporation	06 June 1990	Cable television services	57.4 thru Sky Vision Corporation
E-Money Plus, Inc.	07 August 2000	Services – money remittance	100.0 thru ABS-CBN Global Ltd.
ABS-CBN Multimedia, Inc.	25 August 2004	Digital electronic content distribution	100.0 thru ABS-CBN Interactive, Inc.
	29 December 2011	Holding company	70.0 thru Sapiensis
Columbus Technologies, Inc. (CTI)	29 December 2011	Telecommunication	66.5 thru Sapiensis, subsidiary of CTI
ABS-CBN Convergence, Inc. (ABS-C)(formerly Multi-Media Telephony, Inc.)			

International Subsidiaries

ABS-CBN International, Inc.	22 March 1979 California, USA	Cable and satellite programming services	100.0 thru ABS-CBN Global Hungary Kft.
ABS-CBN Telecom North America, Inc.	19 April 1995 California, USA	Telecommunications	100.0 thru ABS-CBN International
ABS-CBN Global Ltd. with Branch Offices at the following countries: 1. Philippines 2. Taiwan	03 January 2002 Cayman Islands	Holding company	100.0
ABS-CBN Middle East FZ-LLC	29 April 2002 Dubai, UAE	Cable and satellite programming services	100.0 thru ABS-CBN Global, Ltd.
ABS-CBN Middle East LLC	29 April 2002 Dubai, UAE	Trading	100.0 thru ABS-CBN Global, Ltd.
ABS-CBN Europe Ltd. with Branch Offices at the following countries: 1. Italy 2. Spain	08 May 2003 United Kingdom	Cable and satellite programming services	100.0 thru ABS-CBN Global, Ltd.
ABS-CBN Australia Pty. Ltd	18 May 2004 Victoria, Australia	Cable and satellite programming services	100.0 thru ABS-CBN International
ABS-CBN Japan, Inc.	22 March 2006 Japan	Cable and satellite programming services	100.0 thru ABS-CBN Europe Ltd.

Description of Business

ABS-CBN Canada ULC (formerly The Filipino Channel Canada ULC)	08 March 2007 Canada	Cable and satellite programming services	100.0 thru ABS-CBN International
ABS-CBN Shared Service Center PTE. Ltd. (with Regional Operating Headquarters in the Philippines)	03 July 2008 Singapore	Corporate support and administrative services for various international ABS-CBN subsidiaries and affiliates	100.0
ABS-CBN Global Hungary Kft. (with Branch Office in Luxembourg)	09 February 2009 Hungary	Holding company	100.0
ABS-CBN Global Netherlands B.V.	19 May 2009 Netherlands	Intermediate holding and financing company	100.0 thru ABS-CBN Global Hungary Kft
ABS-CBN Global Remittance, Inc.	18 November 2009 California, USA	Services – money remittance	100.0 thru ABS-CBN International
ABS-CBN Europe Remittance Inc.	2010 , United Kingdom 2011, Canada	Services-money remittance	100.0 , subsidiary of ABS-CBN Europe
ABS-CBN Canada Remittance Inc.		Services-money remittance	100.0, thru ABS-CBN Hungary

COMPANY	DATE OF INCORPORATION	PRINCIPAL ACTIVITIES	OWNERSHIP INTEREST
<i>Significant Philippine Associate and Affiliates</i>			
Lopez, Inc.		Holding company	Parent of ABS-CBN
Lopez Holdings Corporation (<i>formerly Benpres Holdings Corporation</i>)	08 June 1993	Holding company	56.2 owned by Lopez, Inc.
AMCARA Broadcasting Network, Inc.	12 April 1994	Television and radio broadcasting	49.0 owned by ABS-CBN

Competition

Free-to-Air Television

There are currently 11 commercial television stations – those which derive the majority of their revenues from the sale of advertising and airtime – in Mega Manila (which includes Metro Manila and parts of the nearby provinces of Rizal, Laguna, Cavite and Bulacan), with 7 on VHF and 4 on UHF.

The Company's television broadcasting networks compete for advertising revenues, the acquisition of popular programming and for the services of recognized talent and qualified personnel. The Company's television stations also compete with other advertising media, such as radio, newspapers, outdoor advertising and cable television channels, as well as with home video exhibition, the Internet and home computer usage.

The major free-to-air broadcasting networks in the country, their corresponding Mega Manila channels, and their respective performance in Total Philippines household ratings and audience share for June-December 2012, are as follows:

NETWORK	CALLSIGN / FREQUENCY	Total Philippines (June-December 2012)	
		RTG%	SHR%
ABS-CBN Corporation	ABS-CBN 2	14.6%	42%
National Broadcasting Network	NBN 4	0.1%	0.2%
Associated Broadcasting Company	ABC 5 / TV5	4.3%	12%
GMA Network Inc.	GMA 7	11.0%	31%
GMA News TV		0.9%	3%
Intercontinental Broadcasting Corporation	IBC 13	0.5%	2%
Southern Broadcasting Network	SBN 21 / ETC	0.1%	0.2%
ABS-CBN Broadcasting Corporation	Studio 23	1.0%	3%
Eagle Broadcasting Corporation	NET 25	0.0%	0.1%
RJ Broadcasting Corporation	RJTV 29 / 2nd Avenue	0.0%	0%

*Source: Kantar Media TV
Audience Measurement- TV
Homes

The Company principally competes with 9 commercial free-to-air television stations in Mega Manila, including the channels of its major competitor, GMA Network, Inc. ("GMA 7" or "GMA Network") which owns and operates GMA 7.

NBN 4, RPN 9 and IBC 13 are owned and operated by the Philippine government, although

there have been plans to privatize RPN 9 and IBC 13. Beginning 2008, Solar Entertainment Corporation, a Filipino company primarily in the business of cable programming, entered into blocktime agreements with RPN 9, SBN 21 and RJTV 29. The three channels are currently airing Solar-produced and acquired programs and use the respective callsigns: Solar TV, ETC and 2nd Avenue.

In August 2008, ABC 5 was re-launched as TV5 after it entered into a blocktime agreement with Media Prima Berhad (MPB), a Malaysian company, where MPB will manage and operate the channel's entertainment programming. In October 2009, Mediaquest Holdings Inc., a unit of the Beneficial Trust Fund of the Philippine Long Distance Telephone Company (PLDT), acquired a 75% stake in ABC Development Corporation, operator of TV5, and had a separate agreement to acquire MPB Primedia, MPB's Philippine unit.

Radio

The Company's flagship radio stations, DZMM on the AM band and 101.9 in the FM band, competes with over 2 dozen radio stations in each band in Mega Manila. The Company's other regional/provincial radio stations (3 in the AM band and 16 in the FM band) also compete with the regional radio stations of major radio broadcasting companies, such as Manila Broadcasting Company, Bombo Radyo, and Radio Mindanao Network.

The Company's radio network competes with other radio broadcasting entities for advertising revenues and for the services of recognized talent and qualified personnel. The Company's radio stations also compete with other advertising media and other forms of entertainment, including music products such as CDs, cassette tapes and digital music players.

Programming

ABS-CBN is a growing supplier of Filipino content for television and cable channels both in the Philippines and, increasingly, throughout the world. In-house produced content have been and are still currently aired in numerous countries around the world, particularly in Southeast Asia, China, Africa, and Eastern Europe.

The Company faces competition for distribution of its programming from other producers of Filipino programming. ABS-CBN also competes with other programming providers for channel space and compensation for carriage from cable television operators and other multi-channel distributors. For such program services, distributors select programming based on various considerations, including the prices charged for the programming and the quality, quantity and variety of programming.

ABS-CBN's content library of in-house produced drama series, movies, reality shows, variety shows, documentaries, and the like, runs in the hundreds of thousands of hours combined. Moreover, the Company also has exclusive broadcast licenses for numerous popular foreign-acquired programs and movies.

Competition in acquiring foreign-produced programming and films has also been greater than in the previous years. The Company competes with other Philippine broadcast entities and pan-regional cable programming producers in acquiring broadcast rights to popular foreign TV shows and films.

International Cable and Satellite Services

The Company's DTH satellite subscription service in the United States presently competes with other satellite television and cable systems, national broadcast networks, and regional and local broadcast stations. Likewise, the Company's other TFC products in other territories, such as in the Middle East, Europe, Australia, Canada and Japan, compete with other similar service providers and other entertainment means of the Filipino communities in these areas.

The Company also faces direct competition in terms of Filipino programming. In 2005, GMA Network launched its own Filipino cable channel in the United States, GMA Pinoy TV. GMA Network has already launched a second international cable channel, GMA Life TV.

Film Production and Distribution

The production and distribution of feature films is a highly competitive business in the Philippines.

AFPI, or more commonly known as Star Cinema, competes for the services of recognized creative talents, both artists and production staff, and for film rights and scripts, which are essential to the success of a feature film. The Company likewise competes with other feature film producers, including other Filipino studios, smaller independent producers and major foreign studios such as Disney, Dreamworks, and Warner Brothers. Success in the Philippine movie business depends on the quality of the film, its distribution and marketing, and the public's response to the movie.

The number of films released by the Company's competitors in any given period may create an oversupply of product in the market, which may reduce the Company's share of gross box office admissions. Star Cinema also competes with other forms of entertainment and leisure time activities such as DVDs, videocassettes and computer games. Piracy also takes a considerable chunk of the Company's earnings potential.

Music Production and Distribution

The Company competes in the production and distribution of songs, jingles, musical scores and other music-related content with other local and foreign music publishers and independent composers and lyricists, as well as other forms of entertainment. The Company also competes in the acquisition of the services of artists and other talents. Piracy and illegal downloads of the Company's music content properties also adversely impact the Company's music production and distribution business.

Cable Programming and Television Operations

Sky Cable, through its Sky Cable network, directly competes for viewer attention and subscriptions with other providers of entertainment, news and information, including other cable television systems, broadcast television stations and DTH satellite companies.

Cable television systems also face strong competition from all media for advertising revenues. Important competitive factors include fees charged for basic and premium services, the quantity, quality and variety of the programming offered, signal reception, customer service, and the effectiveness of marketing efforts.

ABS-CBN, through its subsidiaries SNN and CPI, also provides programming for 9 cable channels. These cable channels compete for viewership with other local cable programmers and pan-regional cable channels. Production and acquisition for cable programs, as well as

the selling of airtime for advertising, are highly competitive. The Company also faces competition with other cable channels in terms of cable carriage among the numerous pay TV providers in the country.

Pay TV

Sky Cable holds the leading position in nationwide market share at 47% with 756,321 subscribers as of December 2012. Sky Cable's main competitor in the pay TV business is Signal which has approximately 500,000 subscribers. Sky Cable also competes with other small local operators in certain cities it operates in, but no other operator has the same scale and geographic reach as Sky Cable.

Wireless Telecommunications

ABS-CBN Corporation provides mobile telecommunications services through ABS-CBN Mobile. ABS-CBN Mobile is the newest entrant in the highly competitive industry dominated by Smart Communications and Globe Telecom. Before ABS-CBN Mobile, Smart accounts for 68% of the market, while Globe accounts for the remaining 32%.

The Company also provides Broadband internet services through Sky Broadband. This industry is dominated by PLDT and Globe, with PLDT capturing 65% of the market.

Patents, trademarks, licenses, franchises, concessions, royalty

Republic Act No. 7966, approved on March 30, 1995, granted the Company the franchise to operate TV and radio broadcasting stations in the Philippines through microwave, satellite or whatever means including the use of new technologies in television and radio systems. The franchise is for a term of 25 years. ABS-CBN is required to secure from the National Telecommunications Commission (NTC) appropriate permits and licenses for its stations and any frequency in the TV or radio spectrum.

ABS-CBN's intellectual property includes content that the Company has produced. ABS-CBN owns various trademarks and copyright over most programs it produced. ABS-CBN has also acquired the rights over content of a number of third party production entities.

Third Party-Owned foreign and local film and programs aired through the networks

ABS-CBN and its subsidiaries have licenses from foreign and local program and feature film owners to distribute the same through its networks. The licenses to distribute the foreign programs and foreign and local feature films grant ABS-CBN and its subsidiaries the right to distribute said programs and films on free TV, cable, and satellite in the Philippines and in territories wherein The Filipino Channel is distributed. These licenses for TV rights have an average term of 2 to 3 years. Such programs comprise approximately 15% of the programming of ABS-CBN 2, approximately 65% of the content of Studio 23, and close to 90% for all CPI cable channels collectively.

ABS-CBN and its wholly-owned subsidiary, Sky Films, Inc. (which was merged into ABS-CBN Film Productions Inc. in November 2007), also have the license to distribute local and foreign feature films in the Philippines for theatrical, TV, and video distribution, with limited ancillary rights. The licenses for foreign films have an average term of 10 to 15 years.

Aside from licenses, programs or events produced by third parties are aired through the networks of ABS-CBN and its subsidiaries under blocktime agreements or coverage and broadcast agreements entered into with such third party-producers.

Music Licenses

ABS-CBN and its subsidiaries enter into agreements for the synchronization and use of music in its films and programs with the composers, publishers and recording companies. ABS-CBN also has agreements with the Filipino Society of Composers, Authors and Publishers, Inc. (FILSCAP) and the Music and Video Performance, Inc. (MVP), the collecting societies in the Philippines, for the public performance rights of music contained in such films or programs produced by ABS-CBN. The existing agreements with FILSCAP and MVP include the subsidiaries of ABS-CBN. Fees for public performance rights of the music in films and programs outside the Philippines are paid to the relevant collecting societies in the territories where the films and programs are exhibited.

Star Records has various licensing, mechanical and distribution rights agreements with composers, publishers and recording companies, as the case may be, for the songs and albums it produces, manufactures, distributes or sells in the local market. ABSi also has such similar agreements for its musical products, such as ring-tones, digital music, that are downloaded on mobile and online applications.

Need for any governmental approval of principal products or services

The principal law governing the broadcasting industry is the Public Service Act (Commonwealth Act. No. 146, as amended). Under this Act, the term “public service” encompasses owning, operating, managing, controlling in the Philippines, for hire or compensation, with general or limited clientele, whether permanent, occasional or accidental, and done for general business purposes, wire or wireless broadcasting stations. Accordingly, the business of ABS-CBN comes under the jurisdiction of the Public Service Commission, which was created under the same Act to have jurisdiction, supervision, and control over all public services, their franchises, equipment, and other properties, and in the exercise of its authority, to have the necessary powers and the aid of the public force.

The Act seeks to protect the public against unreasonable charges and inefficient service by public utilities, including companies engaged in television and radio broadcasting as well as to prevent excessive competition. Thusly, the Public Service Commission has been granted certain powers under the Act, including the issuance of a certificate of public convenience; the fixing and determination of the rates, tolls, charges, etc.; the fixing of just and reasonable standards, classifications, regulations, etc.; the establishment of reasonable rules, regulations, instructions; to suspend or revoke certificates issued under the Act.

The 1987 Philippine Constitution provides that “ownership and management of mass media shall be limited to citizens of the Philippines, or to corporations, cooperatives or associations wholly-owned and managed by such citizens” (Section 11, Article XVI). As a result, the Company is subject to a nationality restriction, which it has continuously and fully complied with.

Republic Act No. 7966, approved on March 30, 1995, granted the Company a new Congressional Franchise to operate TV and radio broadcasting stations in the Philippines through microwave, satellite or whatever means including the use of new technologies in television and radio systems. The Congressional Franchise is for a term of another 25 years. ABS-CBN is required to secure from the National Telecommunications Commission (NTC) appropriate permits and licenses for its stations and any frequency in the TV or radio spectrum. Under the Congressional Franchise, a special right is reserved to the President of the Philippines, in times of rebellion, public peril, calamity, emergency, disaster or disturbance of peace and order, to temporarily take over and operate the stations of the Company to temporarily suspend the operation of any station in the interest of public safety, security and public welfare, or to authorize the temporary use and operation thereof by any

agency of the government, upon due compensation to the grantee, for the use of the said stations during the period when they shall be so operated. Under the Congressional Franchise, the Company is required to: provide adequate public service time to enable the government through the its broadcasting stations to reach the population on important public issues; provide at all times sound and balanced programming; promote public participation such as in community programming; assist in the functions of public information and education; conform to the ethics of honest enterprise; and not use its stations for the broadcasting of obscene and indecent language, speech, act or scene, or for the dissemination of deliberately false information or willful misrepresentation to the detriment of the public interest, or to incite, encourage, or assist in subversive or treasonable acts. The Company is not subject to any previous censorship of its broadcast or telecast provided that the Company observes self-regulation during any broadcast or telecast and shall cut off from the air the speech, play, act or scene, or other matter being broadcast or telecast if the tendency thereof is to propose or incite treason, rebellion or sedition, or the language used therein or the theme thereof is indecent or immoral.

The government departments and agencies that administer the laws governing the broadcasting industry and content are the National Telecommunications Commission (NTC), the Department of Transportation and Communication (DOTC), the Movie and Television Review and Classification Board (MTRCB), the Optical Media Board (OMB), and the Department of Labor and Employment.

The NTC primarily regulates the broadcasting industry. Its mandate extends to the regulation and supervision of radio and television broadcast stations, cable television (CATV) and pay television (Executive Order No. 546 and Executive Order No. 205). Its functions include the granting of certificates of public convenience and necessity/provisional authority to install, operate and maintain telecommunications, broadcast and CATV services; granting licenses to install, operate and maintain radio stations; allocate/sub-allocate and assign the use of radio frequencies; type-approving/type-accepting all radio communications, broadcast and customer premises equipment; conduct radio communications examination and issue radio operations certificate; prepare, plan and conduct studies for policy and regulatory purposes; monitor the operation of all telecommunications and broadcast activities; enforce applicable domestic and international laws, rules and regulations, prosecute violation thereof, and impose appropriate penalties/sanctions; issue licenses to operate land, maritime, aeronautical and safety devices; and perform such other telecommunications/broadcast-related activities as may be necessary in the interest of public service.

Notably, the NTC has issued a memorandum circular in November 2013, to begin the groundwork for the country's shift from analog to ISDB-T, the digital TV using the Japanese standard. This was prompted by the goal to help the country prepare for calamities. While the implementing rules and regulations are not yet effective, ABS-CBN has invested in facilities to improve signal quality and expand coverage of its television network, in preparation for this shift.

The DOTC formulates general and specific policies on the broadcasting industry. Although the DOTC exercises supervision and control over the NTC, it does not have the power to review the acts and resolutions of the NTC.

The MTRCB is responsible for rating television and film for the Philippines. It classifies television programs based on their content, including the showing of indecent and excessively violent scenes on television. It is also the regulatory body that initiates plans and fosters cooperation in the industry to improve, upgrade and make viable the industry as one source of fueling the national economy.

The OMB was created, pursuant to the policy of the state to institute means to regulate the

manufacture, mastering, replication, importation and exportation of optical media. To this end, the OMB has been empowered to formulate policies and programs necessary to accomplish the purposes of the Optical Media Act of 2003. It has also been granted the power to supervise, regulate, grant or renew licenses. Its power also encompasses inspections, obtaining search warrants, and acting as complainant in criminal prosecutions for violators of the Act. It can hear and resolve administrative cases against violators of the Act and impose sanctions, confiscate optical media, suspend, cancel or deny renewal of licenses.

In addition to the restrictions imposed by the government agencies, a broadcaster must also follow rules and industry standards promulgated by the *Kapisanan ng mga Brodkaster sa Pilipinas* (KBP), of which the Company is a member. The KBP is a self-regulating trade organization consisting of television and radio operators. It formulates policies and guidelines for the operations of its members and enforces programming and advertising rules.

Costs and effect of compliance with environmental laws

Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an Environmental Compliance Certificate ("ECC") prior to commencement. Through its regional offices or through the Environmental Management Bureau ("EMB"), the DENR determines whether a project is environmentally critical or located in an environmentally critical area.

The ECC is a government certification that (i) the proposed project or undertaking will not cause a significant negative environmental impact; (ii) that the proponent has complied with all the requirements of the EIS system and; (iii) that the proponent is committed to implement its approved environmental management plan in the EIS or, if an IEE was required, that it will comply with the mitigation measures suggested therein. The ECC contains specific measures and conditions that the project proponent must undertake before and during the operation of a project, and in some cases, during the abandonment phase of the project to mitigate identified environmental impact.

ABS-CBN is not engaged in any project or activity that may require compliance with these requirements. For the past three years, there were no costs related to the effect of compliance with environmental laws.

However, if and when applicable, the Company shall apply for and secure proper permits, clearances or exemptions from the Department of Environment and Natural Resources, Department of Health, Air Transportation Office, and other regulatory agencies, for the installation and operation of proposed broadcast stations nationwide.

Employees and agreements of labor contracts, including duration

ABS-CBN Corporation had 2,592 regular employees, 412 non-regular employees and 2,791 talents and project-based employees as of September 30, 2013. The Company expects to maintain the same number of employees within the next twelve months.

The Philippine Labor Code and other statutory enactments provide the minimum benefits that employers must grant to their employees, which include certain social security benefits, such as benefits mandated by the Social Security Act of 1997 (R.A. No. 8282), the National Health Insurance Act of 1995 (R.A. No. 7875), as amended, and the Home Development Fund Law of 2009 (R.A. No. 9679).

Under the Social Security Act of 1997, social security coverage is compulsory for all employees under 60 years of age. An employer is obligated to deduct and withhold from

each employee's monthly salary, wage, compensation or earnings, the employee's contribution, and the employer, for its part, makes a counterpart contribution for the employee, and remits both amounts to the Social Security System ("SSS"). This enables the employees to claim their pension, death benefits, permanent disability benefits, funeral benefits, sickness benefits and maternity-leave benefits. The Social Security Act of 1997 imposes penal sanctions if an employer fails to remit the contributions to the SSS. For corporate employers, the penalty is imposed on its president and members of the board of directors.

The National Health Insurance Act, created the National Health Insurance Program ("NHIP") to provide health insurance coverage and ensure affordable and accessible health care services to all Filipino citizens. Under the law, all members of the SSS are automatically members of the NHIP. The Philippine Health Insurance Corporation ("PhilHealth") administers the NHIP, and an employer is required to deduct and withhold the contributions from the employee's salary, wage or earnings, make a counterpart contribution for the employee, and remit both amounts to PhilHealth. The NHIP will then subsidize personal health services required by the employee subject to certain terms and conditions under the law. The National Health Insurance Act likewise imposes penal sanctions if an employer does not remit the contributions to PhilHealth. For corporate employers, the penalty is imposed on its president and members of the board of directors.

The Home Development Fund Law (R.A. No. 9679) or the Pag-IBIG Fund Law, created the Home Development Mutual Fund ("HDMF"), a national savings program as well as a fund to provide for affordable shelter financing to Filipino workers. Coverage under the HDMF is compulsory for all SSS members and their employers. Under the law, an employer must deduct and withhold 2% of the employee's monthly compensation, up to a maximum of ₱5,000.00, and likewise make a counterpart contribution of 2% of the employee's monthly compensation, and remit the contributions to the HDMF. The Pag-IBIG Fund Law also imposes penal sanctions if the employer does not remit the contributions to the HDMF.

The Philippine Labor Code provides that, in the absence of a retirement plan provided by their employers, private-sector employees who have reached 60 years of age or more, but not beyond 65 years of age, the compulsory retirement age for private-sector employees without a retirement plan, and who have rendered at least five years of service in an establishment, may retire and receive a minimum retirement pay equivalent to one-half month's salary for every year of service, with a fraction of at least six months being considered as one whole year. For the purpose of computing the retirement pay, "one-half month's salary" shall include all of the following: fifteen days salary based on the latest salary rate; in addition, one-twelfth of the thirteenth month pay and the cash equivalent of five days of service incentive leave pay. Other benefits may be included in the computation of the retirement pay upon agreement of the employer and the employee or if provided in a collective bargaining agreement.

ABS-CBN has complied with all these labor regulations and laws.

ABS-CBN management recognizes two labor unions, one for the supervisory employees and another for the rank and file employees. The Supervisory Union represents approximately 6% of the total regular employees of ABS-CBN, while 24% of belong to the Rank & File Union. The collective bargaining agreement (CBA) for the supervisory union covers the period August 1, 2013 to July 31, 2015, while the CBA for the rank and file employees covers the period December 11, 2011 to December 10, 2014.

For the last three years, there were neither labor strikes nor any disputes with the labor unions. CBA negotiations with the Rank and File and Supervisory unions were concluded without any major issues and were ratified by the majority of the union members.

Please see the Company's list of permits and licenses in the exhibits filed with this Prospectus.

Corporate Social Responsibility

ABS-CBN Lingkod Kapamilya Foundation, Inc. (formerly ABS-CBN Foundation, Inc.)

ABS-CBN's enviable position of being in media opens up opportunities to render public service. The driving philosophy underpinning the Company's business is to be of service to the Filipino people. Given the socio-political context of the Philippines, ABS-CBN's audience and stakeholders expect and rightly deserve nothing less.

ABS-CBN Lingkod Kapamilya Foundation, Inc. (ALKFI), a non-stock, non-profit organization, was incorporated in 1989 to address the plight of the disadvantaged and to ensure that solicited help are properly allotted and utilized. AFI has 5 flagship programs:

- *Programa Genio (formerly E-Media)*. A pioneer in educational television, E-Media produces and distributes programming geared toward helping the country's public schools improve their quality of education.
- *Bantay Bata* (Child Watch). A national child-caring program that offers a 24/7 hotline, home visits, legal/medical/educational assistance, and supplemental feeding. It is aimed to rescue children from abusive environments and promote the welfare and rights of children. Rescued children are assured of proper nurturing and care through AFI's Children's Village, established in one of the suburbs of Metro Manila.
- *Bayan Microfinance*. ALKFI saw the need to provide livelihood assistance and opportunities to poor but enterprising countrymen. Bayan Microfinance was established as a program to provide financial assistance to promising micro-enterprises. It was eventually spun-off as a separate non-stock, non-profit entity, ABS-CBN Bayan Foundation, Inc. in 2000.
- *Bantay Kalikasan* (Nature Watch). Launched in 1998, Bantay Kalikasan promotes the cause of the environment through proper disposal of industrial products such as batteries and the re-establishment of nature havens across the country, most notable of which is the reforestation and protection of the La Mesa Watershed, the only remaining patch of forest in the Metro Manila area and a major source of potable water.
- *Sagip Kapamilya*. Since its inception, ALKFI has been in the forefront of disaster response. With the Philippines prone to natural calamities such as earthquakes, typhoons and volcanic eruptions, ALKFI recognized the need for a holistic approach in providing disaster relief and rehabilitation to victims.
- *Bayanijuan* was launched in 2008, coinciding with ABS-CBN's 55th year in television, to synergize and fully utilize the different programs of AFI in rebuilding each Filipino community one at a time.

ABS-CBN Bayan Foundation, Inc.

ABS-CBN Bayan Foundation, Inc., another charitable institution, was incorporated on January 18, 2000.

71 Dreams Foundation, Inc.

71 Dreams Foundation, Inc. was incorporated on March 24, 2006.

Principal Competitive Strengths of the Company

The Philippines' leading media and entertainment conglomerate

ABS-CBN is considered the country's leading media and entertainment conglomerate, with service offerings across the different platforms of media, servicing a wide array of customer segments.

The Company's Very High Frequency ("VHF") television network, consisting of Channel 2, other owned and operated television stations, and 10 affiliated stations, is one of the leading television networks in the Philippines. The Company also operates Studio 23, one of the leading Ultra High Frequency ("UHF") television networks with 35 television stations. These VHF and UHF networks reach an estimated 97% and 50%, respectively, of all television owning households in the Philippines.

ABS-CBN is also one of the leading radio broadcast companies, operating 3 AM and 15 FM radio stations throughout the key cities of the Philippines. The Company's anchor radio stations in Mega Manila, DZMM and DWRR, are among the highest-rated stations in Mega Manila, in the AM and FM bands, respectively.

The Company delivers television programming outside of the Philippines to over 2.7 m viewers in North America, the Middle East, Europe, Japan, Australia, Canada, and other countries in Asia, through the internet and the Company's global distribution platform, ABS-CBN Global, using Direct-to-home ("DTH") satellite service, cable television channels and IPTV.

ABS-CBN holds approximately 57.4% economic interest (on a fully diluted basis) in Sky Cable, Sky Cable also offers the fastest residential broadband service in the country, and currently has a 3% share of the wired broadband market. On May 11, 2012, Sky Cable entered into agreements with Destiny Cable, Inc. ("Destiny"), Solid Broadband Corporation, and Uni-Cable TV, Inc. (together, the "Destiny Cable Group") for the acquisition of its cable and broadband assets and subscribers, bringing approximately 180,000 cable TV and 8,000 broadband subscribers to Sky Cable.

The Company's product offering is further complemented by subsidiaries focused on other multimedia services such as film production, music recording, and magazine publishing.

ABS-CBN major business lines and subsidiaries

Company / Unit	Business
Advertising sales	
Free TV	ABS-CBN Channel 2, News and Current Affairs, Studio 23, RNG, Digital Terrestrial TV
Cable TV	8 cable channels
Radio	DZMM, DWRR 101.9, RNG
Consumer sales	
ABS-CBN Global	International distribution and other ancillary services
Sky Cable*	Cable TV and broadband internet services
Creative Programs, Inc. / ABS-CBN News Channel	Cable programming and cable news channel distributed via Sky Cable and other cable TV providers
ABS-CBN Publishing, Inc.	Magazine publishing
ABS-CBN Films Productions, Inc./	Movie production and distribution

Star Cinema	
Star Recording, Inc. / Star Records	Music recording and distribution
ABS-CBN Interactive, Inc.	Internet, mobile and interactive services

Note: Except for Sky Cable, all business lines are either housed in the Company or in wholly-owned subsidiaries of the Company

Unparalleled distribution network

ABS-CBN's nationwide distribution infrastructure for both TV and radio is unparalleled. The Company operates under a 25-year congressional franchise (renewed in March 1995) to operate TV and radio facilities. The Company operates a total of 22 studios - 15 in Metro Manila, 6 regionally, and 1 in San Francisco, 32 editing and production suites, and 10 outside production vans. The Company also operates 15 FM and 3 AM stations nationwide.

Extensive experience of management team

ABS-CBN's management team is composed of highly experienced professionals with significant track record in the media sector, managing close to 4,000 employees. Key senior officers have been working within the industry for at least ten years.

Clear growth strategy

The Company will continue to grow its existing media and related businesses which will continue to be its core product in the future. As part of its strategic business development and growth initiatives, ABS-CBN has identified key areas which will drive its growth in the future. Digital Terrestrial Television is considered the next frontier in media and will provide its existing core media business increased growth through both enhanced content experience and opportunities to introduce other products and services to TV households. Its cable TV and broadband business, through Sky Cable will continue to grow and further penetrate its existing markets. Sky Cable is currently in the process of integrating the assets and subscribers acquired from the Destiny Cable Group, which presents potential synergies for its existing business and will strengthen its position in both the cable TV and broadband segments. The Company, through ABS-CBN Convergence Corporation, is continually exploring its options with regard to its wireless broadband and voice network strategy with the launch of ABS-CBN Mobile in November 2013. ABS-CBN is also planning to integrate its customer relationship network among its businesses to establish more relationship potential and generate more revenues from its subscriber base.

Key Strategies and Objectives

As an organization, ABS-CBN affirms its mission of being in the service of the Filipino. The Company is driven to pioneer and innovate because it knows that it helps more Filipinos discover themselves and connect to one another. The Company opens pathways to opportunities and brings people a step closer to their dreams. ABS-CBN is firmly committed to pursuing excellence. The key elements to its business strategy are:

Building on our core strength in content creation. While the technology, the production process, and the medium used to access content evolve, ABS-CBN's core ability to create quality content that touches, inspires and empowers its viewers must remain constant. The Company will continue building on its core strength in content creation.

Anytime, anywhere, in any device or medium. As ABS-CBN's audience demand greater control over how and when they will consume content, the Company will ensure its continued relevance by distributing its content in the widest array of platforms that technology will allow. The Company's audience will be able to reach ABS-CBN anytime at

any place in any medium.

Maintain a strong fiscal position and bring value to our stakeholders. The Company will derive the most synergies possible between its content and distribution businesses. The Company will ensure that it is able to optimize its strength of content creation by being present in all platforms possible. In addition, the Company will consciously operate more efficiently and cost-effectively, as it delivers greater value to its customers, clients, partners, and shareholders.

Transactions with Related Parties

For a detailed discussion of ABS-CBN's related party transactions, see Notes [4] and [22] of the accompanying notes to the Company's 2012 audited consolidated financial statements.

Except for transactions discussed in Notes [4] and [22] of the accompanying notes to the Company's 2012 audited consolidated financial statements, there had been no material transactions during the past 2 years, nor is any material transaction presently proposed, to which the Company was or is to be a party in which any director, executive officer of the Company, or security holder of more than 10% of the Company's voting securities, any relative or spouse of any such director or executive officer or owner of more than 10% of the Company's voting securities had or is to have direct or indirect material interest.

Furthermore, there had been no material transactions during the past 2 years, nor is any material transaction presently proposed, between the Company and parties that fall outside the definition of "related parties" under PAS No. 24, but with whom the registrants or its related parties have a relationship (e.g., former senior management of the Company or other parties who have some other former or current relationship with the Company) that enables the parties to negotiate terms of material transactions that may not be availed from other, more clearly independent parties on an arm's length basis.

DESCRIPTION OF PROPERTIES

The properties of the Company consist of production, broadcasting, transmission and office facilities, majority of which are owned by the Company. Broadcast operations are principally conducted in the 44,000 square meter ABS-CBN Broadcasting Center located at Sgt. Esguerra Avenue in Quezon City. The broadcast center also houses the Company's 650-foot transmitter tower and other broadcast facilities and equipment.

The broadcast center is comprised of several buildings, the newest of which is a modern 15-story building known as the Eugenio Lopez Jr. Communications Center (ELJCC). The ELJCC houses the corporate offices of the Company and its subsidiaries engaged in related businesses. Aside from the corporate offices, the building also has 3 television soundstages, 3 sound recording studios and other television production facilities. The building has a gross floor area of approximately 100,000 square meters and total office space of approximately 58,000 square meters. The ground floor is leased to various businesses including banks, retail stores, coffee shops and restaurants. The broadcast center also houses the Company's other buildings and properties:

- The main building, which currently houses the Company's TV Production, News and Current Affairs, Regional Network, and Manila Radio groups. The Company's Technical Operations Center and several studios and soundstages are also located in the main building, which was completed in 1968.
- ABS-CBN also owns several properties within close proximity to the broadcast center, most notably the *Pinoy Big Brother* house and the JUSMAG compound, currently used by some of the Company's divisions.

The Company may acquire additional properties to accommodate planned production facilities that will lead to more efficient operations. The Company intends to finance this through internally generated funds and other sources of funding such as debt.

Local and Regional Properties

ABS-CBN also owns real estate properties in various parts of the country. Originating stations have the capacity to produce and broadcast their own programs and to air advertising locally. Relay stations can only re-transmit broadcasts from originating stations. Affiliate stations are not owned by the Company. Rather, they are typically independently owned by local Filipino business people and are contracted to re-broadcast the Company's originating signals during specified time blocks for negotiated fixed fees.

The following table sets forth the location and use of ABS-CBN's television and radio stations as of December 31, 2012:

VHF TV STATIONS

STATION		CH	LOCATION (Transmitter Site)
1	Manila	2	Mo. Ignacia St., Diliman, QC
2	Cebu	3	Mt. Busay, Cebu City
3	Bacolod	4	Mt. Kanlandog, Murcia, Negros Occ.
4	Mt. Kitanglad, Bukidnon	2	Mt. Kitanglad, Bukidnon
5	Davao	4	Shrine Hills, Matina, Davao City
6	General Santos	3	Brgy. Lagao, Gen. Santos City
7	Zamboanga	3	Zamboanga City

Description of Properties

8	Naga	11	Naga City
9	Tacloban	2	Mt. Naga-naga, Tacloban City
10	Dumaguete	12	Valencia, Negros Or.
11	Isabela	2	Santiago City, Isabela
12	Tuguegarao	3	Tuguegarao, Cagayan
13	Cotabato	5	Cotabato City
14	Baguio	3	Mt. Sto. Tomas, Benguet
15	Iligan	4	Iligan City
16	Butuan	11	Butuan City
17	Ilocos Norte	7	San Nicolas, Ilocos Norte
18	Legaspi	4	Mt. Bariw, Legaspi
19	Olongapo	12	Upper Mabayan, Olongapo City
20	Iloilo*	10	Jordan, Guimaras
21	Batangas	10	Mt. Banoy, Batangas
22	Bohol	9	Jagna, Bohol
23	Mt. Province	11	Mt. Amuyao, Mt. Province
24	Zambales	13	Botolan, Zambales
25	Albay	10	Tabaco, Albay
26	Sorsogon	7	Sorsogon, Sorsogon
27	Aklan	9	Kalibo, Aklan
28	Ilocos Sur	11	Bantay, Ilocos Sur
29	Cagayan de Oro	4	Bulua, Cagayan de Oro
30	Occidental Mindoro	11	San Jose, Occidental Mindoro
31	Catanduanes	7	Virac, Catanduanes
32	Masbate Comm. Bctg. Co.**	10	Masbate, Masbate
33	MIT-RTVN**	7	Ozamis City

STATION		CH	LOCATION (Transmitter Site)
34	MIT-RTVN**	9	Mt. Palpalan, Pagadian City
35	St. Jude Thaddeus Inst. of Tech**	12	Surigao City
36	Sulu Tawi-Tawi Broadcasting Corporation**	10	Jolo, Sulu
37	Calbayog Comm. Bctg. Corp.	10	Calbayog City, Western Samar
38	Palawan Bctg. Corp.	7	Puerto Princesa, Palawan

*owned by Amcara; ** Affiliate

UHF TV STATIONS

STATION		CH	LOCATION (Transmitter Site)
1	Manila**	23	Metro Manila
2	Cebu****	23	Mt. Busay, Cebu City*
3	Davao****	21	Matina Hills, Davao City*
4	Dagupan****	30	Sto. Tomas, Benguet*
5	Naga****	24	Naga City*
6	Batangas****	36	Mt. Banoy, Batangas*
7	Baguio**	32	Mt. Sto. Tomas (Baguio)*
8	Laoag****	23	San Nicolas, Laoag*
9	Bacolod****	22	Bacolod City*
10	Iloilo**	38	La Paz, Iloilo City*
11	Zamboanga****	23	Zamboanga City*
12	Gen. Santos****	36	General Santos City*

13	Tacloban***	24	Mt. Naga-Naga, Tacloban
14	Cagayan De Oro****	23	Cagayan de Oro City*
15	Dumaguete****	24	Mt. Palimpinon, Valencia, Negros Oriental*
16	Botolan****	23	Botolan, Zambales*
17	Isabela ****	23	Santiago City*
18	Bohol***	40	Jagna, Bohol
19	Marbel, Koronadal****	24	Marbel, S. Cotabato
20	Rizal***	40	Jala-Jala, Rizal
21	Legaspi***	23	Legaspi City
22	Olongapo****	24	Olongapo City*
23	Iligan ****	26	Iligan City*
24	Butuan***	22	Butuan City
25	Cotabato***	23	N. Cotabato
26	Pagadian***	24	Pagadian City
27	Palawan****	23	P. Princesa, Palawan
28	Surigao***	23	Surigao City
29	Roxas City****	21	Roxas City
30	Baler****	22	Baler, Aurora
31	Camarines Norte****	23	Daet, Camarines Norte
32	Kalibo****	23	Aklan
33	Dipolog****	42	Dipolog City
34	Lucena City****	24	Lucena City, Quezon
35	Lipa City ****	38	Lipa City, Batangas
36	Tarlac**	34	Tarlac City
37	San Miguel**	34	San Miguel, Bulacan
38	San Fernando, Pampanga**	46	San Fernando, Pampanga
39	San Pablo**	46	San Pablo, Laguna
40	Cabanatuan**	30	Cabanatuan, Nueva Ecija
41	Ilocos Sur**	34	Bantay, Ilocos Sur

* co-located with VHF TV Stations ; **owned by ABS-CBN;*** with pending application with the NTC,****owned by Amcara

FM RADIO STATIONS

STATION		FREQ (MHz)	CALL SIGN	LOCATION
1	Manila	101.9	DWRR	Lopez Center, Antipolo City
2	Cebu	97.1	DYLS	Mt. Busay, Cebu City
3	Bacolod	101.5	DYOO	Mt. Kanlandog, Murcia, Negros Occ.
4	Davao	101.1	DXRR	Shrine Hill, Matina, Davao City
5	Baguio	103.1	DZRR	Mt. Sto. Tomas, Benguet
6	Legaspi	93.9	DWRD	Mt. Bariw, Legaspi
7	Naga	93.5	DWAC	Naga City
8	Laoag	95.5	DWEL	San Nicolas, Ilocos Norte
9	Dagupan	94.3	DWEC	Dagupan City
10	Iloilo	91.1	DYMC	Iloilo City
11	Tacloban	94.3	DYTC	Tacloban City
12	Cagayan De Oro	91.9	DXEC	Bulua, Cagayan de Oro City
13	Cotabato	95.1	DXPS	Cotabato City

Description of Properties

14	Gen. Santos	92.7	DXBC	Lagao, Gen. Santos City
15	Zamboanga	98.7	DXFH	Zamboanga City
16	Palawan	99.9	DYCU	Puerto Princesa

AM RADIO STATIONS

STATION		FREQ (MHz)	CALL SIGN	LOCATION
1	Manila	630	DZMM	Obando, Bulacan
2	Cebu	1512	DYAB	Pardo, Cebu City
3	Davao	1296	DXAB	Matina, Davao City
4	Palawan	765	DYAP	Puerto Princesa

There are no mortgages, liens or encumbrances over the above properties.

LEASED PROPERTIES:

LESSOR	EFFECTIVIT Y	END	MONTHL Y RENT	PARTICULARS	
BLANCO, HAROLD	April 15, 2006	April 14, 2016	13,434.54	Rental for Botolan	w/ 5% escalation rate per annum
CO, JAIME L.	July 1, 2010	June 30, 2013	46,003.12	Rental for Isabela	w/ 5% escalation rate per annum
FEDERICO ONG	Oct. 15, 2010	Oct. 14, 2015	15,789.47	Aparri Rental	
JOSON, MANUEL S.	April 15, 2005	April 14, 2015	27,105.82	Rental for San Miguel	w/ 10% escalation rate per annum
FORDAN, CONCEPCI ON	Nov. 15, 2010	Nov. 14, 2013	35,446.63	Rental for San Jose, Mindoro	w/ 10% escalation rate per annum
RIOS, JOSEPH	Dec. 1, 2010	Nov. 30, 2013	53,571.86	Rental for Tuguegarao	w/ 10% escalation rate per annum
TIU, BENEDICT	May 2, 2011	May 1, 2013	29,464.29	San Pablo Rental	
VICENTE GATO	Oct. 15, 2010	Oct. 14, 2015	9,843.75	Batanes Rental	w/ 5% escalation rate per annum
VIRAC EASTLAND REALTY CORPORAT ION	Dec. 1, 2010	Nov. 30, 2013	30,823.16	Rental for Virac, Catanduanes	w/ 10% escalation rate per annum

Description of Properties

YOLANDA TUAZON	March 15, 2005	March 14, 2015	35,153.81	Rental for San Miguel	w/ 10% escalation rate per annum
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Leased Properties, Regional Network Group

STATION	LESSOR	Lease Payment (Monthly for 2011)	Date of Expiry of Lease
VISAYAS			
Tacloban	UYTINGKOC DEVELOPMENT CORPORATION	Jan-Oct 2011 Php 65, 426.76; Nov-Dec Php 68,698.10	October 15, 2013
MINDANAO			
Butuan	BAYAN TELECOMMUNICATION, INC M. CALO STREET, BUTUAN CITY	Jan 1, 2011 to June 16, 2011 Php 99, 140.26/month June 16, 2011 to Dec. 31, 2011 P104, 097.27/ month	June 15, 2013
Dipolog	J.L. PAWNSHOP/HOTEL CAMILA 1	5,000.00	January 31, 2013
	J.L. PAWNSHOP/HOTEL CAMILA 1	2,000.00	January 31, 2013
	J.L. PAWNSHOP/HOTEL CAMILA 1	5,000.00	April 30, 2013
Daet	ROBERTO & LUZ RICASIO	P15,750.00 (net of w/tax)	June 1, 2014.
Laoag	Phil Veterans Bank FAO CAP	P67,286.41 (from May 1 - Dec. 31, 2011)	April 30, 2013

For more information on the Company's properties and equipment, refer to Note 10 of the attached notes to the unaudited interim condensed consolidated financial statements as at September 30, 2013 and for the nine months ended September 30, 2013 and 2012.

CERTAIN LEGAL PROCEEDINGS

For the past five years, the Company is not a party in any legal proceedings which involves a claim for damages in an amount, exclusive of interest and cost, exceeding 10% of the current assets of the Company. While not deemed material legal proceedings based on the amount of the claims involved, the following legal proceedings involving the Company were the subject of news reports, and therefore generated public interest but Management is nevertheless of the opinion that should there be any adverse judgment based on these claims, this will not materially affect the Company's financial position and results of operations:

"ABS-CBN Broadcasting Corporation vs. AGB Nielsen Media Research (Philippines), Inc."

The Company has a pending case against AGB Nielsen for injunction and breach of contract in connection with the alleged infiltration of several panel homes to change their TV viewing behavior, resulting in the corruption of the TAM data. The case was docketed as Q-07-61665 and was raffled before the Regional Trial Court of Quezon City, Branch 80. The trial court dismissed the complaint for prematurity. The Company appealed from the dismissal of the complaint by filing a petition for certiorari with the Court of Appeals on 27 May 2011. The petition is now submitted for resolution.

"GMA Network, Inc. vs. ABS-CBN Broadcasting Corporation, et al"

The Company also has a pending civil case for libel against it filed by GMA Network, Inc. in connection with the same events covered by the case against AGB Nielsen. The case was filed in 03 January 2008 and docketed as Q-08-61735, is pending before the Regional Trial Court of Quezon City, Branch 76. GMA's total claim against the Company is Fifteen Million Pesos (P15,000,000.00). GMA has completed presentation of its evidence and its documentary evidence has been admitted. The court has set the Company's presentation of evidence on 24 January 2014.

"People of the Phils., vs. Santos-Concio, et al."

This case, docketed as Criminal Case No. 138027, before the Regional Trial Court of Pasig, Branch 261, arose from the incident that transpired during the anniversary celebration of *Wowowee*, where a stampede resulted in the deaths of 71 people and multiple injuries to about 200 others. Complaints for reckless imprudence resulting in multiple homicide and multiple physical injuries were filed against certain officers of the Company including its President and Chief Operating Officer, Ms. Ma. Rosario Santos-Concio, then Managing Director for TV Production, Ms. Ma. Socorro V. Vidanes and Marilou Almaden, Business Unit Head.

The Court has dismissed the complaint as against accused Ms. Santos-Concio and Ms. Vidanes, but the case remains pending as regards certain other officers of the Company. The Court also ordered the Department of Justice to complete the preliminary investigation on the possible liability of local government officials of the City of Pasig and the police and suspended the proceedings pending the completion of the investigation.

Due to the failure to promptly conduct the preliminary investigation, the accused filed the Omnibus Motion for the dismissal of case for violation of their right to speedy disposition of cases and to quash the Information because the facts charged do not constitute an offense.

Unknown to the accused, the Department of Justice has since conducted a preliminary investigation against the local government officials of the City of Pasig and dismissed the

charges against them. The Court denied the motion to dismiss and quash Information and ordered the arraignment of the remaining accused. However, the accused filed a Motion for Reconsideration of the denial of the motions to dismiss and quash Information and Reinvestigation on the ground that they were not given a chance to participate in the preliminary investigation against the local government officials of the City of Pasig. The Motion for Reconsideration was denied. The accused were arraigned on 29 June 2011. They refused to enter any plea and the Court entered a plea of not guilty for them. The accused also filed a Motion to Inhibit the presiding judge and Motion for Partial Reconsideration regarding the denial of the Motion for Reinvestigation. The Accused filed a petition for certiorari with the Court of Appeals to appeal the denial of the Motions to Dismiss and Quash Information. The petition is entitled "*Almaden, et al., vs. Suarez, et al.,*", docketed as CA-GR Sp. No. 120337. The petition remains pending.

In the meantime, the mediation conference was conducted and a settlement was reached with twelve (12) private complainants. The mediation conference and pre-trial have been terminated. Trial is set on 5 March and 23 April 2014. The 12 private complainants are: Rogelio Gallo, Soledad Elecerio, Rosario Magahin, Corazon Relavo, Annie Rivero, Rhoda Mahilum, Mercy Malto, Damasa Angeles, Ma. Amparo Badidles, Nellie Boyles, Nenita Tabada and Ely Boyles.

"Wilfredo Revillame vs. ABS-CBN Broadcasting Corporation"

This is a civil action for rescission of contract and damages filed by Wilfredo Revillame against the Company in connection with the former's talent contract with the Company. The Company filed a counterclaim for breach of contract, injunction, and damages. The case was docketed as Civil Case No. Q-10-67770 and original raffled to Regional Trial Court, Branch 84. Upon the inhibition of the presiding judge of Branch 84, the case was re-raffled to and is now pending with Branch 217. Revillame's total claim against the Company is Eleven Million Five Hundred Thousand Pesos (P11,500,000.00). Revillame filed a Motion to Dismiss on the ground that the Company is guilty of forum-shopping which was granted by the trial court. The Company has filed a Motion for Reconsideration which was also denied. The Company has filed an appeal.

"ABS-CBN Corporation vs. Wilfredo Revillame aka Willie Revillame, Wilproductions, Inc., ABC Development Corporation and Ray Espinosa in his capacity as President of ABC"

This is a complaint for copyright infringement filed by the Company against Revillame, Wilproductions, ABC Development Corporation and Ray Espinosa, for the production and airing of "Willing Willie", in violation of the Company's copyright over the show "Wowowee", which it created, produced and broadcast. The case was docketed as Civil Case No. 10-1155 and is pending with the Regional Trial Court, Makati, Branch 66. The Company is asking for One Hundred Two Million Four Hundred Thousand Pesos (P102,400,000.00) as actual and compensatory damages and other consequential damages.

When the Court denied defendants' Motion to Defer Proceedings, they filed a petition for Certiorari before the Court of Appeals, entitled "*ABC Development Corporation and Ray Espinosa vs. Villarosa and ABS-CBN Corporation,*" docketed as CA-GR Sp. No. 117063. The Court of Appeals granted the petition, and dismissed the suit copyright infringement case on the ground of forum-shopping. The Company has filed a Motion for Reconsideration which was denied. The Company has filed a petition for review with the Supreme Court, which petition remains pending.

ABS-CBN Corporation vs. Willie Revillame, Atty. Romeo Monfort, Reynaldo Fong and other John and/or Jane Does,

This is a suit for use of a falsified document in a judicial proceeding and falsification of AIPC Bond No. G (16)-09314/NSMKT2 which Revillame submitted in the trial court. This case was filed with the Office of the City Prosecutor of Quezon City and was docketed as XV-03-INV-11I-07-532. The suit was dismissed. The Company has appealed the dismissal of the suit with the Department of Justice.

MARKET PRICE OF AND DIVIDENDS ON ABS-CBN 'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's common shares have been listed on the Philippine Stock Exchange (PSE) since 1992. Its Philippine Depositary Receipts (PDRs) were listed in 1999. Common shares may be exchanged for PDRs and vice versa. The common shares (PSE: ABS) closed at Php 30.00 while the PDRs (PSE: ABSP) closed at Php 29.30 on January 23, 2014.

Dividends

The declaration and payment of dividends are subject to certain conditions under the Company's existing long term loan agreements with various banks and other. Under said loan agreements, the Company may declare and pay dividends provided: (a) all payments (including pre-payments) due on said loan and premiums on insurance of assets are current and updated; (b) all financial covenants set forth therein are satisfied; (c) certain financial ratios are met and such payment will not result in the violation of the required financial ratios under the loan agreements; (d) no event of default as provided in the loan agreements shall exist or occur as a result of such payment; and (e) the total amount of the cash dividends does not exceed 50% of the Company's net income after taxes for the fiscal year preceding the declaration.

Stock Dividend (Per Share)

No stock dividend since 1996

Cash Dividend (Per Share)

Amount (in Pesos)	Declaration Date	Record Date	Payment Date
Php0.60	March 28, 2001	April 25, 2001	May 25, 2001
Php0.64	July 21, 2004	July 24, 2004	August 10, 2004
Php0.45	March28, 2007	April 20, 2007	May 15, 2007
Php0.825	March 26, 2008	April 30, 2008	May 27, 2008
Php0.90	March 25, 2009	May 5, 2009	May 29, 2009
Php1.11	March 11, 2010	March 31, 2010	April 29, 2010
Php2.10	March 4, 2011	March 25, 2011	April 19, 2011
Php0.80	March 30, 2012	April 25, 2012	May 22, 2012
Php0.40	April 23, 2013	May 10, 2013	June 6, 2013

High and Low Share Prices

	<u>ABS</u>		<u>ABSP</u>	
	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
<u>2013</u>				
First Quarter	41.30	37.00	45.00	37.50
Second Quarter	46.00	36.95	48.10	35.10
Third Quarter	40.30	30.60	43.00	31.50
Fourth Quarter	33.95	30.30	35.15	30.80

<u>2012</u>				
First Quarter	37.75	30.00	38.30	29.90
Second Quarter	41.80	33.70	50.00	32.00
Third Quarter	37.00	24.45	36.95	23.30
Fourth Quarter	34.20	29.95	34.00	29.15
<u>2011</u>				
First Quarter	47.50	40.50	47.90	44.00
Second Quarter	42.50	38.90	44.00	41.50
Third Quarter	40.50	28.60	44.00	34.50
Fourth Quarter	32.60	29.70	33.50	29.50
<u>2010</u>				
First Quarter	30.00	25.50	31.00	26.00
Second Quarter	38.50	29.00	40.50	28.50
Third Quarter	56.00	36.50	56.00	40.50
Fourth Quarter	56.00	43.50	56.00	45.00

The number of shareholders of record as of December 31, 2013 was 5,741. Common shares outstanding as of December 31, 2013 were 872,123,642. Preferred Shares outstanding as of December 31, 2013 were 1,000,000,000.

As of January 27, 2014, the foreign equity ownership of ABS-CBN is at 0%

As of December 31, 2013, the Top 20 stockholders of ABS-CBN own an aggregate of 858,412,304 or 98.43% of outstanding common shares.

Rank	Name	Citizenship	Record / Beneficial	No. of Shares	Percentage
1	Lopez, Inc.	Filipino	Record	480,933,747	55.15%
2	PCD Nominee Corporation (Filipino)	Filipino	Record	313,965,874	36.00%
3	ABS-CBN Holdings Corp	Filipino	Record	57,836,900	6.63%
4	Ching Tiong Keng	Filipino	Record	859,500	0.10%
5	ABS-CBN Foundation, Inc.	Filipino	Record	780,995	0.09%
6	Eugenio Lopez III	Filipino	Record	651,190	0.07%
7	Creme Investment Corporation	Filipino	Record	417,486	0.05%
8	FG Holdings	Filipino	Record	386,270	0.04%
9	Charlotte C. Cheng	Filipino	Record	340,000	0.04%
10	Cynthia D. Ching	Filipino	Record	337,500	0.04%
11	Phil. Communication Satellite Corporation	Filipino	Record	325,500	0.04%
12	Tiong Keng Ching	Filipino	Record	252,000	0.03%
13	ACRIS Corporation	Filipino	Record	247,346	0.03%
14	La Suerte Cigar & Cigarette Factory	Filipino	Record	205,000	0.02%
15	Alberto G. Mendoza &/Or Jeanie Mendoza	Filipino	Record	168,250	0.02%
16	Mimi Chua	Filipino	Record	162,390	0.02%
17	Manuel M. Lopez	Filipino	Record	146,186	0.02%
18	Majograjo Dev. Corporation	Filipino	Record	140,700	0.02%

19	Antonino T. Aquino &/Or Evelina S. Aquino	Filipino	Record	129,470	0.01%
20	Leoncio N. Chungunco Jr.	Filipino	Record	126,000	0.01%
	Sub-total Top 20 Stockholders			858,412,304	98.43%
	Others			13,711,338	1.57%
	TOTAL			872,123,642	100.00%

As of December 31, 2013, the Top 20 holders of Preferred Stock of ABS-CBN are as follows:

Rank	Name	Citizenship	Record / Beneficial	No. of Shares	Percentage
1	Lopez, Inc.	Filipino	Record	987,130,246	98.71%
2	Tower Securities Inc.	Filipino	Record	3,820,994	0.38%
3	Manuel Lopez &/or Ma. Teresa Lopez	Filipino	Record	1,643,032	0.16%
4	Maybank ATR Kim Eng Securities	Filipino	Record	1,621,825	0.16%
5	Maybank ATR King Eng Securities	Filipino	Record	805,045	0.08%
6	Abacus Securities Corporation	Filipino	Record	719,316	0.07%
7	Abacus Securities Corporation	Filipino	Record	699,091	0.07%
8	Value Quest Securities Corporation	Filipino	Record	662,020	0.07%
9	Tower Securities	Filipino	Record	610,493	0.06%
10	Globalinks Securities & Stocks, Inc.	Filipino	Record	240,256	0.02%
11	Manuel M. Lopez	Filipino	Record	187,518	0.02%
12	Belson Securities, Inc.	Filipino	Record	128,905	0.01%
13	Asiasec Equities, Inc.	Filipino	Record	120,000	0.01%
14	PCCI Securities Brokers Corp.	Filipino	Record	112,022	0.01%
15	Ricky See Eng Huy	Filipino	Record	103,901	0.01%
16	Noli de Castro	Filipino	Record	93,372	0.01%
17	Meridian Securities, Inc.	Filipino	Record	93,133	0.01%
18	Edmond T. Aguilar	Filipino	Record	71,961	0.01%
19	Leonardo P. Katigbak	Filipino	Record	66,702	0.01%
20	Kris Aquino	Filipino	Record	64,136	0.01%
	Sub-total Top 20 Stockholders			998,993,968	99.90%
	Others			1,006,032	0.10%
	Total Stockholders			1,000,000,000	100.00%

Employee Stock Purchase Plan

The Company had an employee stock purchase plan (ESPP) which covered 1,403,500 shares at 95% of offer price during the initial public offering. Collections were made in 48 semi-monthly installments without interest through payroll deductions. Shares offered under the Plan have been fully paid and issued since 1995.

On March 29, 2000, the Board of Directors approved another ESOP covering 6,080,306 shares. In 2002, all the shares acquired by the Company covering this ESOP, were exercised by the employees.

As of December 31, 2013, there are no more outstanding ESOP.

Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

On February 28, 2013, the Company issued One Billion Preferred Shares at an issue price of P0.20 per share through a rights offering solely to its stockholders. No underwriters were involved in the offer and no commission or remuneration was paid in connection with the offer. The offer and issuance of the Preferred Shares is an exempt transaction under Section 10.1 (e) of the Securities Regulation Code since the said securities were offered and sold to the Company's stockholders exclusively and no commission or remuneration was paid in connection with the offer and sale of the securities.

On June 4, 2013, the Company issued 57,836,900 Common Shares to ABS-CBN Holdings Corporation at an issue price of P43.125 per share. The offer and issued of the said Common Shares is an exempt transaction under Section 10.1 (k) of the Securities Regulation Code since the securities was sold to to fewer than twenty (20) persons in the Philippines during any twelve-month period.

On June 25, 2013, Lopez, Inc. subscribed to 34,702,140 Common Shares at a subscription price of P43.225 per share. The offer and issued of the said Common Shares is an exempt transaction under Section 10.1 (k) of the Securities Regulation Code since the securities was sold to fewer than twenty (20) persons in the Philippines during any twelve-month period.

The Registration Statement for the issuance of the additional Common Shares has been filed with the Securities and Exchange Commission. The additional Common Shares are not yet listed in the Philippine Stock Exchange.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of ABS-CBN Group's financial performance for the nine months ended September 30, 2013 and 2012 and the years ended December 31, 2012 and 2011. The prime objective of this MD&A is to help the readers understand the dynamics of the Company's business and the key factors underlying its financial results. Hence, ABS-CBN's MD&A is comprised of a discussion of its core business, and analysis of the results of operations for each business segment. This section also focuses on key statistics from the unaudited interim condensed consolidated financial statements and the audited consolidated financial statements and pertains to known risks and uncertainties relating to the broadcasting industry in the Philippines where we operate up to the stated reporting period. However, ABS-CBN's MD&A should not be considered all inclusive, as it excludes unknown risks, uncertainties and changes that may occur in the general economic, political and environmental condition after the stated reporting period. The ABS-CBN Group has adopted an expanded corporate governance approach in managing its business risks. An Enterprise Risk Management Policy was developed to systematically view the risks and to manage these risks in the context of the normal business processes such as strategic planning, business planning, operational and support processes.

The Company's MD&A should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements as at September 30, 2013 and for the nine months ended September 30, 2013 and 2012 and its audited consolidated financial statements as of December 31, 2012 and 2011, and January 1, 2011 and for the years ended December 31, 2012, 2011 and 2010 annexed to this Prospectus. References to "2012," "2011" and "2010" refer to the years ended December 31, 2012, December 31, 2011 and December 31, 2010, respectively. The consolidated statement of financial position amounts as at December 31, 2010 are equivalent to the amounts as at January 1, 2011 as presented in the audited consolidated financial statements, included in this Prospectus. All financial information is reported in Philippine pesos (Php) unless otherwise stated.

Any references in this MD&A to "we", "us", "our", "Company" means the ABS-CBN Group and references to "ABS-CBN" mean ABS-CBN Corporation, not including its wholly-owned subsidiaries.

KEY PERFORMANCE INDICATORS

ABS-CBN is committed to enhancing shareholder value and to efficiently manage the Company's resources. The Company regularly reviews its performance against its operating and financial plans and strategies, and uses key performance indicators to monitor its progress.

Some of its key performance indicators are set out below. Except for Net Income, these key performance indicators are not measurements in accordance with Philippine Financial Reporting Standards (PFRS) and should not be considered as an alternative to net income or any other measure of performance which are in accordance with PFRS.

EBITDA

EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) is calculated as net income before finance costs (excluding bank service charges), interest income, provision for income tax and depreciation and amortization (excluding amortization of certain intangible assets). This measure provides useful information regarding a company's ability

to generate cash flows, incur and service debt, finance capital expenditures and working capital changes. As the Company's method of calculating EBITDA may differ from other companies, it may not be comparable to similarly titled measures presented by other companies.

EBITDA MARGIN

EBITDA margin is calculated as EBITDA divided by total gross revenues. Gross revenues represent revenues before revenue deductions such as agency commission, incentives and discounts. This is useful in measuring the extent to which subsidies and operating expenses (excluding property and equipment-related gains and losses and financing costs), use up revenue.

EBIT and EBIT MARGIN

EBIT is calculated as net income before finance costs (excluding bank service charges), interest income and provision for income tax. This measure is calculated by deducting depreciation and amortization (excluding amortization of certain intangible assets) from EBITDA. ABS-CBN Group's method of calculating EBIT may differ from other companies, hence, may not be comparable to similar measures presented by other companies. EBIT margin is calculated as EBIT divided by net revenues.

NET INCOME

As presented in the unaudited interim condensed consolidated financial statements as at September 30, 2013 and for the nine months ended September 30, 2013 and 2012 and in the audited consolidated financial statements as at December 31, 2012 and 2011, and January 1, 2011 and for the years ended December 31, 2012, 2011 and 2010, net income provides an indication of how well the Company performed after all costs of the business have been factored in.

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS AT AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

For the nine months ended September 30, 2013 (9M13), ABS-CBN Corporation ("ABS-CBN" or the "Company") generated consolidated revenues of P25.235 billion from advertising and consumer sales, P3.636 billion or 17% higher than the same period last year. Advertising revenues increased by 20% to P14.772 billion, while consumer sales increased by 13% to P10.463 billion.

Total costs and expenses amounted to P22.620 billion, or a 15% increase from the previous year.

The company generated a net income of P1.873 billion in 9M13, up by 25% compared to P1.498 billion in the previous year.

EBITDA reached P5.995 billion or a 22% increase year-on-year.

The table below summarizes the key performance indicators for the period as discussed above.

Key Performance Indicators (Amounts in million Php)	9M13	9M12	Variance	
			Amount	%
Consolidated Revenues	25,235	21,599	3,636	17
Advertising Revenues	14,772	12,330	2,442	20
Consumer Sales	10,463	9,269	1,194	13
Sale of Services	10,189	8,962	1,227	14
Sale of Goods	274	307	(33)	(11)
Costs and Expenses	22,620	19,720	2,900	15
Net Income	1,873	1,498	375	25
EBITDA	5,995	4,934	1,061	22

Consolidated Revenues

Advertising Revenues

Consolidated advertising revenues across all platforms and subsidiaries increased by 20% to P14.772 billion. The increase in advertising revenues is partly due to election-related advertisements. Without election-related advertisements, recurring advertising revenues grew 13% fuelled by ABS-CBN's ratings leadership and the overall increase in advertising spending of corporates.

For 9M13, ABS-CBN's Channel 2 led in national audience share and ratings. Channel 2's total audience share was at 42% while the primetime audience share was at 47% based on Kantar National TV Ratings.

Moreover, for 9M13, the top 20 programs in the Philippines were from ABS-CBN:

Rank	Channel	Program	Ratings
1	ABS-CBN	Juan dela Cruz	34.70
2	ABS-CBN	Juan dela Cruz Ang Simula	33.50
3	ABS-CBN	Ina Kapatid Anak	33.40
4	ABS-CBN	MMK Ang Tahanan Mo	32.30
5	ABS-CBN	Princess and I	31.00
6	ABS-CBN	Wansapanataym	30.50
7	ABS-CBN	Got to Believe	30.10
8	ABS-CBN	World Junior Featherweight Champ	28.90
9	ABS-CBN	TV Patrol Weekday	27.80
10	ABS-CBN	Aryana	26.60
11	ABS-CBN	Muling Buksan ang Puso	26.20
12	ABS-CBN	Huwag Ka Lang Mawawala	25.90
13	ABS-CBN	Pilipinas Got Talent Saturday	25.80
14	ABS-CBN	The Voice of the Philippines Sunday	25.40
15-16	ABS-CBN	The Voice of the Philippines Saturday	24.80
15-16	ABS-CBN	Pilipinas Got Talent Sunday	24.80

17	ABS-CBN	Be Careful with my Heart	24.50
18	ABS-CBN	Rated K Handa na ba Kayo?	23.10
19	ABS-CBN	2013 NBA Finals (Live)	22.70
20	ABS-CBN	Apoy Sa Dagat	22.10

Consumer Sales

Consumer sales amounted to P10.463 billion, or a 13% increase year-on-year. The increase is largely attributable to Sky Cable's 22% growth in revenues.

Consumer Sales	9M13	9M12	Variance	
(Amounts in million Php)			Amount	%
Sky Cable	4,980	4,084	896	22
ABS-CBN Global	3,677	3,568	109	3
Films and Music	924	798	126	16
Other subsidiaries	882	819	63	8
Consolidated Consumer Sales	10,463	9,269	1,194	13

Sky Cable's revenues for 9M13 grew 22% year-on-year, driven by a 21% growth in post paid cable revenues and a 38% growth in broadband revenues.

For 9M13, ABS-CBN Global's revenues from consumer sales increased by 5% in US dollar terms, and 3% in peso terms. During this period, ABS-CBN Global's overall viewer count increased by 19%. This increase was attributable to the significant growth of viewers in the Middle East and Canada. Similarly, revenues from theatrical sales and events also grew 45%.

ABS-CBN Film Productions, Inc.'s (AFPI) released 13 films in 9M13.

Costs and Expenses

Costs and expenses amounted to P22.620 billion, 15% higher than the same period last year.

Costs and Expenses	9M13	9M12	Variance	
(Amounts in million Php)			Amount	%
Production Costs	8,289	7,581	708	9
Cost of Sales and Services	6,618	6,139	479	8
General and Administrative Expenses	7,435	6,116	1,319	22
Other Expenses (Income)	278	(116)	394	340
TOTAL	22,620	19,720	2,900	15

Production Costs

Production Costs	9M13	9M12	Variance	
(Amounts in million Php)			Amount	%
Personnel Expenses and Talent Fees	4,591	3,912	679	17
Facilities-Related Expenses	1,335	1,642	(307)	(19)
Other Program Expenses	1,122	992	130	13
Cash Production Costs	7,048	6,546	502	8
Non-Cash Production Costs	1,241	1,035	206	20
TOTAL	8,289	7,581	708	9

Total production costs went up by P708 million or 9% to P8.289 billion. Cash production costs went up by P502 million or 8% year-on-year due to the increase in the number of shows produced and incremental election-related costs. Non-cash production costs increased by 20% to P1.241 billion, due to the higher amortization of program rights.

Cost of Sales and Services

Cost of Sales and Services	9M13	9M12	Variance	
(Amounts in million Php)			Amount	%
Sky Cable	3,222	2,738	484	18
ABS-CBN Global	1,973	1,889	84	4
Films and Music	218	434	(216)	(50)
Other Subsidiaries	1,205	1,078	127	12
Consolidated Cost of Sales and Services	6,618	6,139	479	8

Cost of sales and services increased by 8% or P479 million to P6.618 billion.

Sky Cable's cost of sales and services grew by P484 million or by 18%, slower than its 22% growth in revenue. ABS-CBN Global's costs increased by 4% due to an increase in theatrical expenses related to movies shown and rental of facilities for events mounted overseas.

General and Administrative Expenses

Total General and Administrative Expenses (GAEX) posted a 22% or a P1.319 billion year-on-year increase to P 7.435 billion.

General and Administrative Expenses	9M13	9M12	Variance	
(Amounts in million Php)			Amount	%
Personnel Expenses	3,592	3,143	449	14
Contracted Services	790	650	140	22
Facilities-Related Expenses	468	405	63	16
Depreciation and amortization	391	417	(26)	(6)
Provision for Doubtful Accounts	299	220	79	36
Other Expenses	1,895	1,281	614	48
TOTAL	7,435	6,116	1,319	22

Net Income

The company generated a net income of P1.873 billion for 9M13, up by 25% compared with P1.498 billion in the same period last year.

EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) for the nine month period amounted to P5.995 billion, or a 22% increase year-on-year.

Capital Expenditures

Cash capital expenditures and program rights acquisitions for 9M13 amounted to P2.810 billion, 20% lower than last year's P3.505 billion. Program rights acquisitions amounted to P939 million.

Statement of Financial Position Accounts

As at September 30, 2013, total consolidated assets stood at P56.307 billion, 12% higher than total assets of P50.379 billion as at December 31, 2012.

Cash and cash equivalents of P11.359 billion is 78% higher than the December 31, 2012 balance. The increase in cash is partly due to the payment for the newly subscribed Philippine Depository Receipts by Capital International Private Equity Fund VI, L. P. and affiliated funds (CIPEF) and subsequently for the equivalent common shares by ABS-CBN Holdings amounting to P2.5 billion.

Trade and other receivables amounting to P8.860 billion is 6% higher than at the end of 2012.

Days sales outstanding of 79 days is 1 day higher than the 78 days as at December 31, 2012.

Total interest-bearing loans was lower by 1% at P 15.648billion.

Shareholders' equity stood at P24.918 billion, 28% higher compared with the Shareholder's equity at the end of 2012 due to the issuance of preferred shares and additional common shares, as well as the capital paid in excess of par value recognized in relation to the additional common shares issued.

The company's net debt-to-equity ratio was lower at 0.17x compared with 0.48x at the end of 2012.

Key Financial Ratios

	As of September 30, 2013 (or for 9 mos ended)	As of September 30, 2012 (or for 9 mos ended)
Current Ratio	1.63	1.17
Net Debt-to-Equity Ratio	0.17	0.46
Asset-to-Equity Ratio	2.26	2.69
Interest Coverage Ratio	5.52	4.11
Net Profit Margin	7.4%	6.9%

FOR THE YEAR ENDED DECEMBER 31, 2012

For the year ended December 31, 2012, ABS-CBN Corporation ("ABS-CBN" or the "Company") generated consolidated net revenues of P28.395 billion from advertising and consumer sales, P3.253 billion or 13% higher than in 2011. Advertising revenues contributed 57% of total consolidated net revenues while consumer sales made up the balance of 43%.

Total operating and other expenses amounted to P26,363 billion, or a 17% increase from the previous year.

The company generated a net income of P1.618 billion for 2012, down by 33% compared with P2.427 billion in the previous year. Removing the effects of the one-time gain from the sale of investments recognized in 2011 amounting to P1.147 billion, net income increased by 26%.

Reported EBITDA reached P6.394 billion or a 6% decline year-on-year.

The table below summarizes the key performance indicators for the period as discussed above.

Key Performance Indicators (Amounts in million Php)	2012	2011	Variance	
			Amount	%
Consolidated Revenues	28,395	25,142	3,253	13
Consolidated Advertising Revenues	16,081	14,793	1,288	9
Consolidated Consumer Sales	12,314	10,349	1,965	19
Cost and Expenses	26,363	22,462	3,901	17
Net Income	1,618	2,427	(809)	(33)
EBITDA	6,394	6,811	(417)	(6)

Consolidated Revenues

For 2012, ABS-CBN generated consolidated net revenues of P28.395 billion from advertising revenues and consumer sales, P3.253 billion or 13% higher year-on-year. Without the incremental revenues from growth initiatives, revenues increased by 10%.

Consolidated Net Revenues (Amounts in million Php)	2012	2011	Variance	
			Amount	%
Consolidated Advertising Revenues	16,081	14,793	1,288	9
<i>Consumer Sales</i>				
Sale of Services	11,913	9,891	2,022	20
Sale of Goods	401	458	(57)	(12)
Consolidated Consumer Sales	12,314	10,349	1,965	19
Consolidated Revenues	28,395	25,142	3,253	13

Advertising Revenues

Consolidated advertising revenues across all platforms and subsidiaries increased by 9% to P16.081 billion fuelled by ABS-CBN's ratings leadership and the improvement in revenue performance of Cable Channels. ABS-CBN led in national audience share and ratings for Urban and Rural audiences with prime-time audience share averaging 48% for the period June to December 2012, a 20 percentage point lead over GMA's, based on the Kantar National TV Ratings.

For the period June to December 2012, 17 of the Company's shows were in the Top 20 for Total Philippines (Urban and Rural), with the following occupying the Top 10 slots: Walang Hanggan, Princess and I, MMK Ang Tahanan Mo, Wansapanataym, TV Patrol (Weekday), Ina Kapatid Anak, WBO Junior Featherweight Championship, World Junior Featherweight Championship and Donaire vs Mathebula.

Consumer Sales

Consumer sales amounted to P12.314 billion, or a 19% increase year-on-year. The increase is largely attributable to Sky Cable's growth in revenues which grew by 32%. The increase in sales of other subsidiaries is partly attributable to the incremental sales of our growth initiatives and the increase in sales of ABS-CBN Films.

Consumer Sales (Amounts in million Php)	2012	2011	Variance	
			Amount	%
ABS-CBN Global	4,499	4,632	(133)	(3)
Sky Cable	5,728	4,331	1,397	32
Other subsidiaries	2,087	1,386	701	51
Consolidated Consumer Sales	12,314	10,349	1,965	19

ABS-CBN Global's revenues increased 1% in US dollar terms, but declined 3% in peso terms. The lower rate of increase in peso terms was due to a 3% or P1.09 appreciation of the Philippine peso exchange rate against the US dollar, from P43.30 in 2011 to P42.21 in 2012.

ABS-CBN Global's overall viewer count increased by 2%. Double digit growth in viewers continued to be experienced in Canada, and single digit growth in all other territories except Middle East, Japan and Europe where viewers declined.

Sky Cable's consolidated revenues for the year from cable TV and broadband services grew 32% year-on-year, driven by a 34% growth in postpaid revenues and a 49% growth in broadband revenues. The growth in revenue is partly due to Sky's acquisition of Destiny Cable. Without Destiny, Sky's total revenues increased by 12%.

ABS-CBN Film Productions, Inc. released 15 films in 2012. Seven of them – Enteng ng Ina Mo, Segunda Mano, Unofficially Yours, Kimmy Dora and the Temple of Kiyeme, The Healing, The Mistress and This Guy's In Love with U Mare – topped P100 million in box office receipts, earning blockbuster status by local standards. Enteng ng Ina Mo, The Mistress and This Guy's In Love with U Mare grossed more than P200 million.

Without the incremental revenues from our growth initiatives, consumer sales grew by 13%.

Costs and Expenses

Total operating and other expenses amounted to P26.363 billion, 17% higher than in 2011. Without the incremental costs of our growth initiatives and removing the effects of the gain on sale of investments, operating expenses grew by 7%.

Total Costs and Expenses	2012	2011	Variance	
(Amounts in million Php)			Amount	%
Production Costs	10,259	9,834	425	4
Cost of Sales and Services	8,119	6,796	1,323	19
General and Administrative Expenses	8,338	7,207	1,131	16
Other Income	(353)	(1,375)	1,022	74
Consolidated Total Costs and Expenses	26,363	22,462	3,901	17

Production Costs

Total production costs went up by P425 million or a mere 4% to P10.259 billion. Cash production costs went up by P638 million or 8% year-on-year, due to the increase in the number of shows produced and rising personnel expenses and talent fees.

Production Costs	2012	2011	Variance	
(Amounts in million Php)			Amount	%
Personnel Expenses and Talent Fees	5,286	4,369	917	21
Facilities-Related Expenses	2,037	2,164	(127)	(6)
Other Program Expenses	1,375	1,527	(152)	(10)
Sub-total: Cash Production Costs	8,698	8,060	638	8
Non-Cash Production Costs	1,561	1,774	(213)	(12)
Consolidated Production Costs	10,259	9,834	425	4

Non-cash production costs decreased by 12% to P1.561 billion, due to lower amortization of program rights.

Cost of Sales and Services

Cost of sales and services increased by 19% or P1.323 billion to P8.119 billion. Without our growth initiatives, cost of sales increased by 9%.

ABS-CBN Global's cost of sales and services decreased by 1%. Sky Cable's cost of sales and services grew by 26% although significantly slower than its 32% growth in revenue. The increase in cost of sales and services of other subsidiaries is partly attributable to the incremental costs of our growth initiatives.

Cost of Sales and Services	2012	2011	Variance	
(Amounts in million Php)			Amount	%
ABS-CBN Global	2,349	2,371	(22)	(1)
Sky Cable	3,786	3,003	783	26
Other subsidiaries	1,984	1,422	562	40
Consolidated Cost of Sales and Services	8,119	6,796	1,323	19

General and Administrative Expenses

Total General and Administrative Expenses (GAEX) posted a 16% or a P1.131 billion year-on-year increase to P8.338 billion.

General and Administrative Expenses (Amounts in million Php)	2012	2011	Variance	
			Amount	%
Personnel Expenses	4,288	3,742	546	15
Contracted Services	999	790	209	26
Facilities-Related Expenses	607	515	92	18
Depreciation and Amortization	608	614	(6)	(1)
Provision for Doubtful Accounts	390	255	135	53
Other Expenses	1,446	1,291	155	12
Consolidated GAEX	8,338	7,207	1,131	16

The increase in GAEX is partly attributable to the incremental costs brought about by our growth initiatives. Without the incremental costs of the initiatives, GAEX would have grown by 10%.

Net Income

The Company generated a net income of P1.618 billion in 2012, down by 33% compared with P2.427 billion last year. Removing the effects of the one-time gain from the sale of investments recognized in 2011, net income would have been up by 26%.

EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to P6.394 billion, or a 6% decline year-on-year.

Capital Expenditures

Cash capital expenditures and program rights acquisitions for 2012 amounted to P4.958 billion, P753 million or 18% higher than last year's P4.205 billion.

Statement of Financial Position Accounts

As at December 31, 2012, total consolidated assets stood at P50.379 billion, P4.758 billion or 10% higher than total assets of P45.621 billion as at December 31, 2011. The significant increase in assets is attributable to the goodwill recognized upon the acquisition of Destiny Cable by Sky Cable, and capital expenditures for property and equipment, and program rights.

Cash and cash equivalents of P6.395 billion is P2.240 billion or 26% lower than the December 31, 2011 balance.

Trade and other receivables amounting to P8.380 billion is P255 million or 3% higher than the P8.124 billion trade and other receivables at the end of 2011.

Days sales outstanding of 78 days is 5 days lower than the 83 days as at December 31, 2011.

Total interest-bearing loans was higher by P3.273 billion at P15.785 billion compared to P12.512 billion at the end of 2011.

Shareholders' equity stood at P19.422 billion, 4% higher compared with the shareholder's equity at the end of 2011.

The Company's net debt-to-equity ratio was higher at 0.48x compared with 0.21x at the end of 2011.

FOR THE YEAR ENDED DECEMBER 31, 2011

For the year ended December 31, 2011, ABS-CBN Corporation ("ABS-CBN" or the "Company") generated consolidated revenues of P25.142 billion from advertising and consumer sales, P2.805 billion or 10% lower year-on-year. Minus the revenues from political advocacies and political advertisements in 2010, consolidated revenues decreased by 3% year-on-year. Advertising revenues contributed 59% of total consolidated revenues while consumer sales made up the balance of 41%.

Total costs and expenses in 2011 was at P22.462 billion, or a 4% decline year-on-year.

Reported net income was at P2.427 billion, inclusive of the P1.1 billion gain in sale of Sky Cable Philippine Depositary Receipts (PDRs), a 29% decline year-on-year.

Reported EBITDA reached P6.811 billion for the full year 2011, or a 24% decline year-on-year.

The table below summarizes the key performance indicators for the period as discussed above.

Key Performance Indicators (Amounts in million Php)	2011	2010	Variance	
			Amount	%
Consolidated Revenues	25,142	27,947	(2,805)	(10)
Consolidated Advertising Revenues	14,793	17,696	(2,903)	(16)
Consolidated Consumer Sales	10,349	10,251	98	1
Costs and Expenses	22,462	23,364	(902)	(4)
Net Income	2,427	3,404	(977)	(29)
EBITDA	6,811	8,940	(2,129)	(24)

Consolidated Revenues

For 2011, ABS-CBN generated consolidated revenues of P25.142 billion from advertising revenues and consumer sales, 10% lower year-on-year. Minus the revenues from political advocacies and political advertisements in 2010, consolidated revenues would have decreased by 3% year-on-year.

The contribution of consumer sales to total revenues is higher at 41% from 37% a year ago.

Consolidated Revenues	2011	2010	Variance	
(Amounts in million Php)			Amount	%
Consolidated Advertising Revenues	14,793	17,696	(2,903)	(16)
<i>Consumer Sales</i>				
Sale of Services	9,891	9,772	119	1
Sale of Goods	458	479	(21)	(4)
Consolidated Consumer Sales	10,349	10,251	98	1
Consolidated Revenues	25,142	27,947	(2,805)	10
Political Advocacies/Political Advertisements	-	2,116	(2,116)	(100)
Consolidated Revenues Net of Political Advocacies / Political Advertisements	25,142	25,831	(689)	(3)

Advertising Revenues

Consolidated advertising revenues across all platforms and subsidiaries declined by 16% to P14.793 billion. However, minus the revenues from political advocacies and political advertisements in 2010, advertising revenues decreased by 5% year-on-year. This decrease is attributable to a slowdown of advertising spending by corporates.

ABS-CBN maintained its national audience share and ratings leadership with prime-time audience share averaging 43% in 2011, with a 13 percentage point lead over GMA's, based on the Kantar National TV Ratings.

For the full year 2011, twenty one of the company's shows were in the Top 20, with the following occupying the Top 18 slots: Emil Cruz Jr.'s Mara Clara, 100 Days to Heaven, Pablo S. Gomez's Mutya, Minsan Lang Kita Iibigin, Ikaw ay Pag-ibig, Budoy, Maalaala Mo Kaya..., Noah, Pilipinas Got Talent (Sun), TV Patrol, Guns and Roses, Pilipinas Got Talent (Sat), My Binondo Girl, Imortal, Rated K Handa Na Ba Kayo?, Junior Master Chef Pinoy Edition (Sat), Wansapanataym, Nasaan Ka Elisa?, and Maria La Del Barrio

Consumer Sales

Consumer sales for the year 2011 amounted to P10.349 billion, or a 1% increase year-on-year. The increase is largely attributable to Sky Cable's growth in revenues. The increase is also partly due to the increase in sales of other subsidiaries mainly ABS-CBN Film Productions, which grew 18% in 2011.

Consumer Sales (Amounts in million Php)	2011	2010	Variance	
			Amount	%
ABS-CBN Global	4,632	5,040	(408)	(9)
Sky Cable	4,331	3,930	401	10
Other subsidiaries	1,386	1,281	105	8
Consolidated Consumer Sales	10,349	10,251	98	1

Sky Cable's consolidated revenues for the year from cable TV and broadband services grew 10% year-on-year, driven by a 7% growth in postpaid revenues and a 24% growth in broadband revenues. Broadband service subscriptions increased 18% year-on-year, while subscriptions to Sky Cable's post-paid TV offering grew by 8%.

ABS-CBN Global's revenues declined year-on-year. The stronger decline in peso terms was due to a 4% or P1.80 appreciation of the Philippine peso exchange rate against the US dollar, from P45.10 in 2010 down to P43.30 in 2011.

ABS-CBN Global's overall viewer count was an estimated 2.45 million at the end of 2011, almost flat compared to the previous year. Double digit growth continued to be experienced in Canada, and single digit growth in Asia-Pacific and Australia. However, there was a decline in subscriber count in North America, Middle East, Europe and Japan.

ABS-CBN Film Productions, Inc. released 16 films in 2011, 4 films more than in 2010. Six of them – Ang Tanging Ina Mo Last Na To, Dalaw, Catch Me I'm In Love, In The Name of Love, No Other Woman and Praybeyt Benjamin – topped P100 million in box office receipts, earning blockbuster status by local standards. No Other Woman, a co-production with Viva Films, grossed P282 million. Praybeyt Benjamin, also a co-production with Viva Films, grossed P342 million.

Costs and Expenses

Total operating and other expense in 2011 was at P22.462 billion, or a 4% decline year-on-year.

Total Costs and Expenses (Amounts in million Php)	2011	2010	Variance	
			Amount	%
Production Costs	9,834	7,865	1,969	25
Cost of Sales and Services	6,796	7,155	(359)	(5)
General and Administrative Expenses	7,207	7,955	(748)	(9)
Other Expenses (Income)	(1,375)	389	(1,764)	(453)
Consolidated Total Costs and Expenses	22,462	23,364	(902)	(4)

Production Costs

Total production costs rose by P1.969 billion or 25% to P9.834 billion. Cash production costs went up by P1.592 billion or 25% year-on-year, mostly from increases from talent fee

adjustments, and from new programs that brought talent fees, equipment rentals and service fees, and other expenses substantially higher.

Production Costs	2011	2010	Variance	
(Amounts in million Php)			Amount	%
Personnel Expenses and Talent Fees	4,369	3,513	856	24
Facilities-Related Expenses	2,164	1,683	481	29
Other Program Expenses	1,527	1,272	255	20
Sub-total: Cash Production Costs	8,060	6,468	1,592	25
Non-Cash Production Costs	1,774	1,397	377	27
Consolidated Production Costs	9,834	7,865	1,969	25

Non-cash production costs went up by 27% to P1.774 billion, due to higher depreciation costs and amortization of program rights.

Cost of Sales and Services

Cost of sales and services declined by 5% or P359 million to P6.796 billion.

ABS-CBN Global's cost of sales declined 12% in peso terms declining faster than the 8% year-on-year reduction in its sale of goods and services. Sky Cable's cost of sales meanwhile, grew by 8% year-on-year, slower than its 10% growth in gross revenue.

Cost of Sales and Services	2011	2010	Variance	
(Amounts in million Php)			Amount	%
ABS-CBN Global	2,371	2,680	(309)	(12)
Sky Cable	3,003	2,786	217	8
Other subsidiaries	1,422	1,689	(267)	(16)
Consolidated Cost of Sales and Services	6,796	7,155	(359)	(5)

General and Administrative Expenses

Total General and Administrative Expenses (GAEX) posted a 9% or P748 million year-on-year decline to P7.2 billion.

General and Administrative Expenses	2011	2010	Variance	
(Amounts in million Php)			Amount	%
Personnel Expenses	3,742	4,234	(492)	(12)
Contracted Services	790	782	8	1
Facilities-Related Expenses	515	536	(21)	(4)
Depreciation and Amortization	614	696	(82)	(12)
Provision for Doubtful Accounts	255	420	(165)	(39)
Other Expenses	1,291	1,287	4	-
Consolidated GAEX	7,207	7,955	(748)	(9)

Net Income

The company generated a net income of P2.427 billion for the year 2011, inclusive of the P1.1 billion gain in sale of Sky Cable PDRs, a 29% decline year-on-year. Removing the effects of this one-time gain in 2011 and P3.1 billion revenues generated from political advocacies and political advertisement in 2010, net income would still be down by 21% year-on-year.

EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) for the year was at P6.811 billion, or a 24% decline year-on-year. Stripping the one-time gain in 2011 and removing the revenues generated from political advocacies and political advertisement in 2010, EBITDA would still be down by 14% year-on-year.

Capital Expenditures

Capital expenditures and program rights acquisitions for 2011 amounted to P4.2 billion, P521 million or 14% higher year-on-year. These are all programmed expenditures to increase the company's capacity to produce additional shows.

Statement of Financial Position Accounts

As at December 31, 2011, total consolidated assets stood at P45.621 billion, P6.3 billion or 16% higher than total assets of P39.300 billion as at December 31, 2010.

Cash and cash equivalents of P8.635 billion is 48% higher than the December 31, 2010 balance.

Consolidated trade and other receivables stood at P8.1 billion, P876 million or 12% higher than as at the end of 2010.

Days sales outstanding of 83 days is 20 days more than the 63 days as at December 31, 2010, as trade accounts receivables amounting to P7.0 billion is P867 million or 14% higher than the P6.1 billion trade accounts receivables at the end of 2010.

The corresponding increase in receivables and accretion of DSO are well anticipated with the removal of discount schemes on prompt payment.

Total interest-bearing loans went up by P2.869 billion or 30% to P12.512 billion compared with P9.643 billion at the end of last year.

Shareholders' equity stood at P18.623 billion, P1.672 billion or 10% higher than the P16.951 billion shareholders' equity at the end of December 2010.

The company's net debt-to-equity ratio improved at 0.21x compared with the ratio at the end of last year of 0.23x.

The company's debt ratios remain well within the limits prescribed under its loan covenants.

DIRECTORS, EXECUTIVE OFFICERS AND CONTROL PERSONS

Board of Directors

Eugenio L. Lopez III
Augusto Almeda-Lopez
Oscar M. Lopez
Presentacion L. Psinakis
Federico R. Lopez
Manuel M. Lopez
Salvador G. Tirona
Federico M. Garcia
Antonio Jose U. Periquet (*Independent Director*)
Emmanuel S. De Dios (*Independent Director*)
Ma. Rosario Santos-Concio

The Company has adopted the SRC Rule 38 (Requirements on Nomination and Election of Independent Directors) and compliance therewith has been made. Mr. Antonio Jose U. Periquet and Mr. Emmanuel S. De Dios were elected Independent Directors on April 23, 2013.

The following directors have held their current positions in their respective companies for more than 5 years unless otherwise indicated. Below is a summary of their qualifications:

Eugenio L. Lopez III, Filipino, age 61

Chairman of the Board of Directors

Eugenio “Gabby” Lopez III is the Chairman of the Board of ABS-CBN Corporation, the country’s largest and leading multimedia conglomerate. He was elected Chairman in 1997. Aside from leading ABS-CBN, Mr. Lopez III also serves as Vice Chairman of Lopez Holdings Corporation. He is also a Director of First Gen Corporation, First Philippine Holdings and Sky Vision Corporation. He earned a Bachelor of Arts degree in Political Science from Bowdoin College in 1974 in Brunswick, Maine and a Masters degree in Business Administration from the Harvard Business School in 1980 in Boston, Massachusetts.

Augusto Almeda-Lopez, Filipino, age 85

Vice-Chairman

Mr. Almeda-Lopez joined ABS-CBN in 1962. He has served as Vice Chairman of the Company since 1989. Mr. Almeda-Lopez is also the Vice-Chairman of First Philippine Holdings Corporation. He also serves as the Chairman of ACRIS Corporation and ADTEL, Inc. while he serves as a Director of various companies in the telecommunications, manufacturing, and service industries, namely First Philippine Industrial Corporation, First Gen Renewables Inc., First Electro Dynamics Corporation, Philippine Electric Corporation, Bayan Telecommunications Inc., and Sky Vision Corporation. He is an alumnus of De La Salle College and Ateneo de Manila, is a graduate of the University of the Philippines College of Law class 1952 and he finished an Advanced Management Program course at Harvard University in 1969.

Oscar M. Lopez, Filipino, age 83

Board Member

Mr. Oscar M. Lopez has served as a Director of ABS-CBN since 1966. He also serves as Chairman Emeritus and Chief Strategic Officer of the First Philippine Holdings Corporation (FPHC), and Chairman Emeritus of Lopez Holdings Corporation, First Gen and Energy Development Corporation. He is Chairman of First Philippine Industrial Park and First

Sumiden Circuits, Inc. He is also Vice Chairman of Rockwell Land. Mr. Lopez has led FPHC's efforts in other businesses aside from energy and power, including toll road construction, industrial park and real estate development, and electronics manufacturing. Mr. Lopez has a Master's degree in Public Administration from the Littauer School of Public Administration in Harvard University (1955), the institution where he also earned his Bachelor of Arts degree, *cum laude* in 1951.

Presentacion L. Psinakis, Filipino, age 78

Board Member

Ms. Psinakis has served as a Director of the Company since 1988. Ms. Psinakis is the founder and President of Griffin Sierra Travel, Inc. She is a member of the Board of Trustees of the Eugenio Lopez Foundation, Inc. and also serves as director of the following companies: Lopez Inc., Benpres Insurance Agency, ADTEL Inc., and Philippine Commercial Capital Inc. She took a Bachelor of Arts course in St. Scholastica's College.

Federico R. Lopez, Filipino, age 52

Board Member

Mr. Lopez has served as a Director of the Company since 1999. He is the Chairman and Chief Executive Officer of First Philippine Holdings Corporation. He is also the Chairman and Chief Executive Officer of First Gen and Energy Development Corporation. Mr. Lopez is the Chairman of First Philec, First Balfour, First Philippine Solar Corporation, and First Philippine Industrial Corporation. He is a member of the boards of First Philippine Holdings Corporation, Energy Development Corporation, First Private Power Corporation, and Bauang Private Power Corporation. He also serves as director, President and Chief Executive Officer of FG Luzon, FG Bukidnon Power Corporation, First Gen Hydro Power Corporation, First Gen Geothermal Power Corporation, First Gen Visayas Hydro Power Corporation, First Gen Mindanao Hydro Power Corporation, First Gen Energy Solutions Inc., First Gen Northern Energy Corporation, First Gen Premiere Energy Corporation, Red Vulcan, Prime Terracota, First Gen Visayas Energy Inc., First Gen Prime Energy Corporation, FGHC, FGPC, FGP, AlliedGen, Unified Holdings Corporation, FNPC, FGLand, and FGPipeline. He is also the President of First Philippine Conservation Inc. Mr. Lopez graduated from the University of Pennsylvania with a Bachelor of Arts degree in Economics and International Relations, *cum laude* in 1983.

Manuel M. Lopez, Filipino, age 70

Board Member

Mr. Lopez is the Chairman and Chief Executive Officer of Lopez Holdings Corporation. He is a holder of a Bachelor of Science degree in Business Administration and attended the Program for Management Development at the Harvard Business School. He is the chairman of Rockwell Land and Bayan Telecommunications. He is the Vice Chairman of FPHC and is a director of Meralco. He was Chief Executive Officer of Meralco from July 2001 to June 2010. Mr. Lopez is the Philippine Ambassador to Japan. He attended the two-day Briefing on Corporate Good Governance Risk Management of the Knowledge Institute of SGV & Co.

Salvador G. Tirona, Filipino, age 58

Board Member

Mr. Tirona is the President and Chief Operating Officer of Lopez Holdings Corporation. He initially joined Lopez Holdings Corporation as its Chief Finance Officer (CFO) in September 2005 and held this position until his appointment to his current position in 2010. He was formerly a director and the CFO of Bayan. In 2003, he played a critical and strategic role as CFO of Maynilad Water Services, Inc., particularly in implementing its rehabilitation plan. He holds a Bachelor degree in Economics from the Ateneo de Manila University and a Master of Business Administration from the same university. He attended the five-day Professional Directors' Program of the Institute of Corporate Directors.

Federico M. Garcia, Filipino, age 68

Board Member

Mr. Garcia was the President of ABS-CBN from 1998 to 2003. Prior to his appointment as President, Mr. Garcia was Executive Vice President and General Manager of ABS-CBN. He also worked as a TV Sales Executive with ABS-CBN in 1966 until Martial Law. Before rejoining the Company in 1987, he was Executive Vice President of GMA Network, managing its marketing and programming activities. He attended the College of Business Administration at the University of the Philippines. Mr. Garcia is a recipient of various Philippine broadcasting industry awards.

Antonio Jose U. Periquet, Filipino, age 51

Board Member, Independent Director

Mr. Periquet is Chairman of the Board of Pacific Main Holdings, Inc. (since 1999), Campden Hill Group (since 2012) and Regis Financial Advisers (since 2012). He is a director of Ayala Corporation (since 2010), Bank of the Philippine Islands (since 2012), BPI Capital Corporation (since 2010), BPI Family Bank (since 2012), DMCI Holdings, Inc. (since 2010), Philippine Seven Corporation (since 2010). He is an independent director of ABS-CBN Holdings, Inc. since 2012. He is a member of the Board of Advisers of the Corporation since 2011 and a member of the Global Advisory Council, Darden School of Business, University of Virginia. He was a director of the Development Bank of the Philippines (2010 to 2012), Chairman and Managing Director and Head of Research of Deutsche Regis Partners, Inc. (1999-2010). He received his AB Economics degree from Ateneo de Manila University in 1982, a MSc Economics degree from Oxford University in 1988 and a Masters in Business Administration from the University of Virginia in 1990.

Emmanuel S. de Dios, Filipino, age 58

Board Member, Independent Director

Mr. de Dios is a Professor of Economics at the University of the Philippines School of Economics since 1989. He is also the President of Human Development Network (Philippines) since July 2012. He was the Dean of the University of the Philippines School of Economics from 2007 to 2010. He was a member of the Board of Advisers to the Board of Directors of the Corporation since 2011. He is a member of the Board of Trustees of Pulse Asia (Phils.), Inc. since 2008. He received his AB Economics degree from the Ateneo de Manila University *cum laude* in 1978 and his Ph.D. in Economics from the University of the Philippines in 1987. He pursued post-doctoral studies in the Univeritat Konstanz in Germany from 1987 to 1988. He is the author of various books, monographs, articles and reviews in the field of economics.

Independent Directors of the Board

The Company's Independent Directors have at least one (1) share of the stock of the Company in their respective names, are college graduates and possess integrity, probity and assiduousness. They are persons who, apart from their fees as directors of the Company, are independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with their exercise of independent judgment in carrying out their responsibilities as directors of the Company.

Specifically, the independent directors: (i) are not directors or officers or substantial stockholders of the Company or its related companies or any of its substantial shareholders (other than as independent directors of any of the foregoing); (ii) are not relatives of any director, officer or substantial shareholder of the Company, or any of its related companies or any of its substantial shareholders; (iii) are not acting as nominees or representatives of a substantial shareholder of the Company, or any of its related companies or any of its substantial shareholders; (iv) have not been employed in any executive capacity by the

Company, or any of its related companies or by any of its substantial shareholders within the last two (2) years; (v) are not retained as professional advisers by the Company, any of its related companies or any of its substantial shareholders within the last two (2) years, either personally or through their firms; (vi) have not engaged and do not engage in any transaction with the Company or with any of its related companies or with any of its substantial shareholders, whether by themselves or with other persons or through a firm of which they are partners or companies of which they are directors or substantial shareholders, other than transactions which are conducted at arms length and are immaterial; and (vii) do not own more than two percent of the shares of the Company and/or its related companies or any of its substantial shareholders. The independent directors do not possess any of the disqualifications enumerated under Section II (5) of the Code of Corporate Governance and Section II (D) of SEC Memorandum Circular No. 16, Series of 2002.

Executive / Corporate Officers

Ma. Rosario Santos-Concio, Filipino, age 58 President and Chief Executive Officer

Ms. Santos-Concio was appointed Chief Executive Officer in January 2013. Prior to this, she was named President and Chief Operating Officer in 2008 where she brought greater synergy between Marketing, Sales, and Production. She was also in charge of delivering profit margins, nationwide ratings, the annual programming strategy and achieving customer development targets of the Company. She was previously the Head of Channel 2 Mega Manila Management. She is also known as an award-winning actress and an accomplished film and TV producer. Onscreen, Ms. Santos-Concio hosts ABS-CBN Channel 2's longest-running drama anthology *Maalaala Mo Kaya*. As President and CEO, she leads the Executive Committee and all subsidiary and division heads report to her. Ms. Santos-Concio began her career in the Company as a Television Production Consultant in 1987 after working as a line producer for BanCom, Audiovision, Vanguard Films, Regal Films and Vision Exponents. She also worked as a Film Production Manager for the Experimental Cinema of the Philippines. Ms. Santos-Concio was hailed as Best Actress in the 1978 Asian Film Festival in Sydney, Australia for her work in the film, *Itim*, and is the recipient of many cinema and broadcast industry-related awards over the years. Ms. Santos-Concio graduated *cum laude* from St. Paul's College in Manila with a Communications Arts degree. Ms. Santos-Concio also completed the Advanced Management Program at Harvard Business School in 2007.

Ma. Socorro V. Vidanes, Filipino, age 51 Head, Broadcast

Prior to her appointment as Head of Broadcast, Ms. Vidanes was named the Head of Channel 2 Mega Manila in 2009. Prior to that, she held the position of Managing Director for ABS-CBN TV Production from 2001 to 2008. She was responsible for the conceptualization, production and management of all TV Entertainment programs on ABS-CBN Channel 2. She has been with ABS-CBN since 1986, starting as an Associate Producer and has since then been involved in the production of all types of programs – talk shows, variety, reality, game, comedy and drama. Ms. Vidanes obtained her degree of Bachelor of Arts in Communication Arts from the Ateneo de Manila University.

Carlo L. Katigbak, Filipino, age 43 Head, Access and President/Chief Executive Officer, SkyCable

As President and CEO, Mr. Katigbak is spearheading the expansion of SkyCable's business from being a national leader in the pay TV industry, to becoming a key provider for broadband and communication services. He began his career as a financial analyst with First Pacific Capital Corp. in 1992. He joined SkyCable in 1994 as Corporate Finance Manager and has held various positions in Corporate Planning, Provincial Operations and

Finance. In 1998, he served as the first Managing Director of Pilipino Cable Corporation which was a result of the merger between Sky Cable's provincial systems and Sun Cable. He was then assigned to ABS-CBN Interactive as Managing Director in 1999. ABS-CBN Interactive pioneered various digitals services such as mobile downloads, interactive TV, online advertising and online video-on-demand. He returned to SkyCable as Managing Director in 2005. Mr. Katigbak has a Bachelor of Science in Management Engineering from the Ateneo de Manila University. Mr Katigbak also completed the Advanced Management Program at Harvard Business School in 2009.

Rafael L. Lopez, Filipino, age 56

Head, Global

Mr. Lopez assumed the position of Senior Vice President and Chief Operating Officer of ABS-CBN Global Limited in 2004. He concurrently serves as the Managing Director of ABS-CBN International in North America and has held this position since 1998. He started as the Information Technology Head of ABS-CBN International in North America in 1994. Prior to this, he spent 12 years working as a systems analyst for Bell Atlantic. He graduated from the San Francisco State University with a Bachelor of Arts degree in Music. He also obtained a degree in computer programming from Control Data Institute and completed the Stanford Business Executive Program for Executives in 2002.

Ma. Lourdes N. Santos, Filipino, age 56

Head, Star Creatives

Ms. Santos holds more than 2 decades of experience in the local film industry having started as a production assistant for Vanguard Films in 1982. She went on to become head of the movie division of Gryk Ortaleza, Inc., an entertainment company, then a line producer for Regal Films in 1986 and the general manager of Vision Films in 1989. She joined the company as executive producer for its drama programs. In 1995, she became the Managing Director of ABS-CBN Film Productions, Inc. Concurrent with her current position as ABS-CBN Film Production, Inc.'s Managing Director. Ms. Santos was appointed Senior Vice-President of the Television Drama Division for the Company's Entertainment Group in 2003. In 2006, she was likewise assigned to handle Star Records, Inc. Ms. Santos graduated *cum laude* in BS Hotel and Restaurant Management at the University of Santo Tomas.

Ma. Regina "Ging" E. Reyes, Filipino, age 50

Head, Integrated News and Current Affairs

Ms. Reyes is responsible for all newsgathering, content and strategic direction of the News and Current Affairs Division of ABS-CBN Corporation. She has over 20 years of solid experience as a broadcast journalist. She joined ABS-CBN in 1986 as a Production Assistant, rose from the ranks to become Executive Producer and Head Writer of the award-winning "The World Tonight" and other special events, and eventually, Director for News Production. Prior to her appointment as Head of News and Current Affairs, Reyes was ABS-CBN'S North America News Bureau Chief from 2002 to 2010. A premier news personality in the Filipino community in the US, Reyes expanded the news operations of ABS-CBN in the US and Canada, contributing to the global content needs of ABS-CBN. In 2007, she was named by the Filipina Women's Network as one of the 100 Most Influential Filipino Women in the U.S.

Antonio S. Ventosa, Filipino, age 51

Head, Narrowcast

Mr. Ventosa joined the Company in 2006 as Head of Corporate Marketing. He was appointed in 2009 as Managing Director of ABS-CBN's Cable Channels and Print Media Group. He brings with him several years of experience in marketing, having spent more than 2 decades honing his skills in understanding and driving strategic marketing communications considerations that build leadership brands. He was an account director at Dentsu Young and Rubicam Malaysia for Colgate Palmolive Singapore and Malaysia, and

regional account director at Leo Burnett in Singapore for McDonald's Asia before returning to the Philippines in 1994. He was, at one time, the chairman and the president of the Association of Accredited Advertising Agencies of the Philippines or 4A's, and a board director of AdBoard. He is the founding chairman of the Araw Values Awards, and was the director-in-charge of the first 4A's Advertising Summit in 2002. Prior to joining the Company, he was managing director of Leo Burnett Manila, where he has worked extensively to expand the agency's capability as a holistic communications organization that provide clients with the most effective communication and brand building programs. He was also responsible for directing the total marketing communications programs for clients whose brands are now leaders in their category. He was also concurrent President of Arc Worldwide Philippines, the newly established marketing services company aligned with Leo Burnett. Mr. Ventosa graduated with a marketing degree from De La Salle University and was honored in 2004 by his alma mater as one of its alumni achievers for having made a significant contribution in the field of advertising.

Mario Carlo P. Nepomuceno, Filipino, age 54

Head, Corporate Services Group 1

Mr. Nepomuceno's career spans close to 30 years in the field of human resources and organizational development with stints in brand management and sales. Mr. Nepomuceno has worked in a broad range of industries with both local and global organizations, either as a consultant or employee. He has had exposure to the banking, fast moving consumer goods, transportation, data, telecoms, cable, and BPO industries, among others. Outside the private sector, he has serviced clients in the government and non-government sectors as well. Mr. Nepomuceno is a graduate of the Ateneo de Manila University with a bachelor's degree in Psychology.

Rolando P. Valdueza, Filipino, age 53

Head, Corporate Services Group 2

Mr. Valdueza was appointed Chief Finance Officer in 2008. Prior to his appointment as CFO, he was Head of the Regional Network Group (RNG) of ABS-CBN since 2001. As Head of RNG, he made a mark by establishing focus on ratings and revenues. He also institutionalized specific strategies to further strengthen local programming and ABS-CBN affinity with the local communities and improved operating efficiencies. Before joining the Company in 1988 as Budget Officer, he was an auditor with SGV & Co. and was Finance Manager at the National Marine Corporation. He also served as Sky Cable Regional Director for Visayas and Mindanao and later became Managing Director of Pilipino Cable Corporation. Mr. Valdueza took up BS Accounting at University of the East and graduated *magna cum laude* in 1981.

Jose Agustin C. Benitez, Jr., Filipino, age 54

Head, Integrated Sales

Mr. Benitez joined the Company in 2006 as the Company's Head of Channel 2 Sales. He is tasked with establishing strategic long-term partnerships with agencies and advertiser clients by helping them build their businesses and, at the same time, bring in revenues to the Company. He provides sales solutions to clients from a broad range of traditional and non-traditional media products. He was formerly Sales Head of ABC Channel 5 and of GMA Channel 7, and was instrumental in developing the Sales Units of both companies. He was one of the first Sales Heads who was able to use his media/advertising background to successfully blend "science" with the selling skills of both teams. Before becoming involved in Broadcast Sales, Mr. Benitez was formerly Media Director and Vice President of Ace Saatchi and Saatchi, where he provided leadership to a media department that handled diverse clients such as San Miguel Corporation, Procter & Gamble Distributing Philippines Inc., Nestle Philippines Inc., Johnson & Johnson Philippines Inc., and Jollibee Foods Corporation. Here he won for the agency the first-ever Agency of Record (AOR) assignment of P&G. He was also formerly President and CEO of Zenith Optimedia, Nestle's independent

media agency, and President and CEO of Optimum Media, where he was mainly responsible for winning the Smart AOR business. This Smart win triggered a streak of 14 consecutive new business wins, helping the agency become a formidable force in the industry in a span of 3 months.

Ma. Rosario S. Bartolome, Filipino, age 42

Head, Integrated Marketing

Ms. Bartolome provides overall leadership in marketing the Company's channels, programs and campaigns to advertisers and media agencies. Ms. Bartolome brings with her more than 17 years of experience in integrated communications planning and media marketing. She is recognized locally and internationally for her innovative and cutting edge media solutions that have shaped the Philippine media landscape. Prior to joining ABS-CBN, she was the Managing Director of Carat Philippines and was Vice President of Universal McCann Philippines. Ms. Bartolome graduated from the Ateneo de Manila University with a degree in Communication Arts.

Robert G. Labayen, Filipino, age 52

Head, Integrated Creative Communication Management

Mr. Labayen spent 22 years in advertising prior to joining ABS-CBN in 2004. He started as a copywriter and rose to the rank of Managing Partner and Executive Creative Director. He also served the advertising industry as President of the Creative Guild of the Philippines. He has always wanted to use his talents to champion the Filipino spirit that's why he joined ABS-CBN in 2004. Today, his Division articulates the ABS-CBN vision of service to the Filipino through their work in promoting our company image and our entertainment, news, sports and advocacy programs.

Vivian Y. Tin, Filipino, age 51

Head, Integrated Customer Business Development

Ms. Tin heads the Integrated Customer Business Development group of ABS-CBN. Her division provides consumer and market insights and information to support strategic and tactical business decisions for ABS-CBN and all its subsidiaries. Ms. Tin has had extensive experience in market research, particularly in media measurement and customized research. She began her career at Trends-MBL, where she rose to become Associate Research Director in 1992. After her stint in Trends-MBL, she moved on to ACNielsen Philippines where she became Director of Customized Research that handled top local and multinational companies in home care, personal care, pharmaceutical, food, dining and financial services. Prior to joining ABS-CBN, Ms. Tin was formerly Executive Director of Nielsen Media Research, the media research division of ACNielsen Philippines. She was a director of AdBoard in 2005 and 2006 and was the President of the Marketing & Opinion Research Society of the Philippines (MORES) in 2004 and 2005. She graduated *magna cum laude* with a Bachelor of Arts degree in Political Science and had her graduate studies on Applied Statistics, both at the University of the Philippines. Ms. Tin also completed the Advanced Management Program at Harvard Business School in 2010.

Ramon R. Osorio, Filipino, age 60

Head, Integrated Corporate Communications

Mr. Osorio is an active advertising and PR practitioner, advocacy stalwart, marketing communications educator and journalist. He has worked with J. Walter Thompson, Ace Saatchi, DYR Alcantara and Campaigns, Inc. Prior to joining ABS-CBN, he has spent 18 years in Campaigns Advocacy & PR, Inc. (CAPRI), the social marketing and below-the-line arm of Campaigns and Grey, as its President. Mr. Osorio chaired the communication arts department of the University of Santo Tomas for 17 years and was the 2002 Agora Awardee for Outstanding Achievement in Marketing Education and The Outstanding Tomasian Alumni (TOTAL) Awardee for media. Mr. Osorio writes a weekly column in The Philippine Star, entitled *Commonness*, which tackles and analyzes current events that impact on the

Philippine business and life. In the 2002 and 2005 Catholic Mass Media Awards, *Commonness* won as Best Business column. Mr. Osorio got his academic grounding at the University of Santo Tomas and the MBA program of the Ateneo de Manila Graduate School of Business. He likewise observed and trained at Johns Hopkins University in Maryland; Center for Advertising Services in New York City; Academy for Educational Development (AED), George Washington University, APCO and Porter Novelli, all in Washington DC. He was the president of the International Association of Business Communicators (IABC), Philippine Chapter and was the IABC Regional Director for Asia-Pacific.

Aldrin M. Cerrado, Filipino, age 44

Chief Finance Officer

Prior to his appointment as Head of Finance, Mr. Cerrado was Head of Finance Operations. As Head of Finance Operations, he led the group that is a key business partner of the different lines of business of the Company. The Finance Operations Group provides financial leadership for the various operations, high level financial analysis to support the long term change agenda within the operations business units, and critiques and reviews functional plans, budgets and forecast ensuring accuracy and robustness. Before his appointment as Head of Finance Operations of ABS-CBN Corporation, he was a Partner in SyCip Gorres Velayo & Co., where he was a member of the Management Committee and concurrently served as the Oil & Gas Industry Leader and the Japan Business Services Country Leader. He is a certified public accountant with close to 21 years of experience in providing independent assurance on financial and non-financial information of companies in various industries, including media and entertainment. He also has experience in providing assistance in deal structuring, commercial and financial due diligence, and working capital and related financing analysis. He obtained his Bachelor's in Commerce, major in Accounting, from the University of Santo Tomas and completed his Master of Business Management degree, with distinction, from the Asian Institute of Management.

Martin L. Lopez, Filipino, age 40

Chief Information Officer

As Chief Information Officer, Mr. Lopez heads and exercises governance on all IT functions and activities which includes IT infrastructure and media systems management, IT standards and strategies, long-term technology and strategic technical services. Before his appointment, he was Vice President and Chief Information Officer of Manila Electric Company (Meralco), where he managed all ICT related assets of the Company covering all its computer, information system and telecommunication related resources. He was also the President and CEO of e-Meralco Ventures, Inc. (eMVI), a wholly owned subsidiary of Meralco engaged in the Telecommunications and Broadband business. He is a graduate of Menlo College in California with a degree in Business Administration. He completed the Executive MBA Program from the Asian Institute of Management.

Raymund Martin T. Miranda, Filipino, age 50

Chief Strategy Officer and Chief Risk Management Officer

Mr. Miranda has been an Asia-Pacific media executive and strategist for more than 29 years. Mr. Miranda was appointed Chief Strategy Officer in August 2012. He was also appointed Chief Risk Officer in a concurrent capacity in November 2012. As CSO, Mr. Miranda is tasked with designing, driving and managing the strategic planning process across the organization. As CRMO, he is also tasked with leading, developing and managing the risk management strategies, processes and policy reviews of the organization. Prior to his appointment with ABS-CBN, he was a consultant for the company for various projects. Mr. Miranda served as the Managing Director, Global Networks Asia-Pacific of NBCUniversal from 2007 to 2011, heading the entertainment channels division of NBCUniversal across 33 countries. Before that, Raymund spent a year in Manila as the President/CEO of Nation Broadcasting Corporation (92.3x FM) and Head of Strategy and Content for Mediaquest Holdings, Inc. From 1998 to 2006, he was with The Walt Disney

Company in Singapore and Manila as Managing Director South East Asia for Walt Disney International, Managing Director for South East Asia/Korea for Walt Disney Television International and the Head of Radio Disney Asia. He started his career in FM radio before joining the GMA Network group in 1987. He was named Vice-President, Creative Services of GMA Network, Inc. in 1992. Mr. Miranda has served on the Council of Governors of CASBAA (Cable and Satellite Broadcasters' Association of Asia) and on the International Committee of PROMAX International. He was Vice Chairman of PROMAX Asia in 1996. He has sat as a juror in the International Digital Emmys, Promax Asia, Promax International and the Asian Television Awards.

Higino Dungo, Filipino, age 52

Head, Internal Audit

Mr. Dungo joined ABS-CBN in July 2008. As head of Internal Audit, he leads the Division in providing an independent and objective assessment and appraisal of the effectiveness of the Internal Control System throughout the organization through risk based operational, financial, compliance and consulting audit services. Prior to joining the Company, he worked with Meralco for 20 years. Mr. Dungo is a Certified Public Accountant, an Accredited Quality Assurance Reviewer and a Certified Internal Auditor, a global designation for internal auditors.

Luis Paolo M. Pineda, Filipino, age 41

Head, Business Development

Mr. Pineda was appointed Head of Business Development in 2009. He joined ABS-CBN Interactive in 2000 as Business Development Manager for www.pinoycentral.com where he was able to establish strong partnerships and identified potential joint ventures with companies in the same industry. His work eventually included coordination with all ABS-CBN media platforms, conceptualization, execution, and evaluation of mobile applications. He was promoted to Director in 2002 and Assistant Vice President in 2004 as he began to provide strategic direction for his business unit. In 2005, he took on the role of overall head for the company's mobile and online business while practically co-managing its video-streaming operations. His appointment to oversee the gaming business followed in August of 2005 and in December 2005, he was officially designated as Managing Director for ABS-CBN Interactive. Mr. Pineda has significantly contributed to the growth and success of the business unit, driving the group to reach its targets without fail year-on-year. Mr. Pineda is an alumnus of the Ateneo de Manila University and completed an executive management course in Kellogg University.

Ricardo B. Tan, Jr., Filipino, age 49

Head, Treasury

As Head of Treasury, Mr. Tan oversees key treasury functions including liquidity planning and control, financial risk management, corporate finance, banking and rating agency relationships, and investments. Before his appointment, he was Chief Financial Officer of Vista Land & Lifescapes Inc. where he was employed for over five years. He has also worked for the Philippine government (International Finance Group of the Department of Finance), Philippine Airlines (finance division), Philippine Long Distance Telephone Company (in various divisions as Vice President - regulatory management, investor relations, and strategic planning), and as a consultant for the Asian Development Bank. Mr. Tan obtained his BSc. degree in Monetary Economics from the London School of Economics in 1986, and MBA degree (Finance and International Business) from the University of Chicago Booth School of Business in 1991.

Mario Luza Bautista, Filipino, age 59

General Counsel

As General Counsel, Atty. Bautista supervises the Company's Legal Services Department and advises Senior Management and the Board of Directors on legal matters. He sits as a

member in the Company Executive Committee, the Stratcom, the News and Current Affairs Management Committee and the Corporate Services Group Executive Committee. He likewise provides assistance to the Company's Office of the Ombudsman. He is a Founding Partner of the Poblador Bautista and Reyes Law Office and has been its Managing Partner since 1999 until the present. Atty. Bautista graduated with a Bachelor of Arts Degree in Communication Arts from the Ateneo de Manila University in 1975. He obtained his Bachelor of Laws Degree from the University of the Philippines in 1979 and ranked no. 6 in the Bar Examinations of that year. He was a Professor of Criminal Law at the Ateneo de Manila School of Law. Atty. Bautista has been consistently cited as a "leading lawyer" by several international publications in the fields of dispute resolution, banking and finance, insurance, capital markets, telecoms and media, mergers and acquisitions, employment, corporate reorganizations/insolvency and real estate. In June of 2012, he was honored by the Philippine House of Representatives in its House Resolution No. 263 for his role as the Lead Private Prosecutor in the impeachment proceedings against former Supreme Court Chief Justice Renato C. Corona

Maximilian T. Uy, Filipino, age 49
Chief Legal Counsel

Atty. Uy earned his Bachelor of Laws degree from the University of the Philippines, after having graduated from the College of Business Administration from the same university. He practiced law after passing the 1990 Bar Exams and eventually specialized in litigation and intellectual property law. He joined ABS-CBN in February 2000 and has held his present position since July 2006.

Manuel L.M. Torres, Filipino, age 68
Corporate Secretary

Mr. Torres has served as the Corporate Secretary of ABS-CBN since 1993. He is a senior partner at the law firm of Quiason Makalintal Barot Torres Ibarra and Sison, where he has actively been engaged in the practice of law since its inception in 1974. Mr. Torres graduated *cum laude* from San Beda College in 1966, with a Bachelor of Science degree in Commercial Science. He obtained his Bachelor of Laws degree from San Beda College of Law in 1973 and placed 5th in the bar examinations of that year. He is also a Certified Public Accountant.

Enrique I. Quiason, Filipino, age 52
Assistant Corporate Secretary

Mr. Enrique I. Quiason, aged 52, Filipino, received a Bachelor of Science degree in Business Economics and a Bachelor of Laws degree from the University of the Philippines, and a Master of Laws degree in Securities Regulation from Georgetown University. He is a senior partner of the Quiason Makalintal Barrot Torres & Ibarra Law Office. He is the corporate secretary of FPHC, L H C, Lopez, Inc. Rockwell, Bayan Telecommunications, Inc., and Sky Cable Corporation. He is also assistant corporate secretary of ABS-CBN.

Family Relationships

Mr. Oscar M. Lopez is the brother of Mrs. Presentacion L. Psinakis and Manuel M. Lopez. He is the uncle of Mr. Eugenio L. Lopez III and the father of Mr. Federico R. Lopez. Mr. Eugenio L. Lopez III and Mr. Federico R. Lopez are first cousins.

Mr. Rafael L. Lopez is the brother of Eugenio L. Lopez III. Mr. Martin L. Lopez is the cousin of Eugenio L. Lopez III and the son of Mr. Manuel M. Lopez. Mr. Carlo L. Katigbak is a cousin of Mr. Eugenio L. Lopez III. Ms. Rosario Santos Concio and Ms. Ma. Lourdes N. Santos are sisters.

Significant Employees

The Company considers its entire work force as significant employees. Everyone is expected to work together as a team to achieve the Company's goals and objectives.

Involvement of Directors and Officers in Certain Legal Proceedings

For the past five years and up to the date of this Prospectus, the Company is not aware of any bankruptcy proceedings filed by or against any business of which a director, person nominated to become a director, executive officer, or control person of the Company is a party or of which any of their property is subject.

For the past five years and up to the date of this Prospectus, the Company is not aware of any conviction by final judgment in a criminal proceeding, domestic or foreign of any of its director, person nominated to become a director, executive officer, or control person.

For the past five years and up to the date of this Prospectus, the Company is not aware of any order, judgment, or decree not subsequently reversed, superseded, or vacated, by any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting the involvement of a director, person nominated to become a director, executive officer, or control person of the Company in any type of business, securities, commodities, or banking activities.

For the past five years and up to the date of this Prospectus, the Company is not aware of any findings by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self regulatory organization, that any of its director, person nominated to become a director, executive officer, or control person has violated a securities or commodities law.

EXECUTIVE COMPENSATION

Information as to the aggregate compensation paid or accrued during the last 2 fiscal years and to be paid in the ensuing fiscal year to the Company's chief executive and 5 other most highly compensated executive officers follow:

SUMMARY COMPENSATION TABLE				
Name	Annual Compensation			
	Year	Salary (P)	Bonus (P)	Other Annual Compensation
Chief executive and most highly compensated executive officers (in alphabetical order): Eugenio L. Lopez III (CEO 2011/2012) Ma. Rosario N. Santos-Concio (CEO 2013) Carlo Joaquin Tadeo L. Katigbak Ma. Lourdes N. Santos Ma. Socorro V. Vidanes	2013E	114,426,398		
	2012	111,093,590	35,171,341	0
	2011	107,327,456	126,059,719	0
All managers and up as a group unnamed	2013E	1,032,377,147		
	2012	1,002,307,910	240,135,562	0
	2011	1,035,762,181	451,831,190	0

The directors each receive per diems amounting to P5,000.00 for their attendance to board meetings. There are no other arrangements for compensation either by way of payments for committee participation or consulting contracts.

SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN RECORD AND BENEFICIAL OWNERS

Security Ownership of Certain Records and Beneficial Owners as of December 31, 2013

Title Of class	Name and Address of Record Owner	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	% of Class	% of Out-standing
Common	Lopez, Inc. 5/F Benpres Bldg, Exchange Road cor Meralco Ave., Pasig City	Lopez, Inc.	Filipino	480,933,747	55.14 %	25.69%
Common	PCD Nominee Corporation G/F Makati Stock Exchange Bldg., Ayala Ave., Makati City <i>(PCD Nominee Corporation is not related to the Company)</i>	ABS-CBN Holdings Corporation	Filipino	313,965,874	36.00 %	16.77%
Preferred	Lopez, Inc. 5/F Benpres Bldg, Exchange Road cor Meralco Ave., Pasig City	Lopez Inc.	Filipino	987,130,246	98.71 %	52.73%

Lopez, Inc. is the holding company of the Lopez family. It is owned by the respective holding companies of the families of Eugenio Lopez, Jr., Oscar M. Lopez, Presentacion L. Psinakis and Manuel M. Lopez. It has issued depositary receipts covering the shares in the Company registered and beneficially owned by it in favor of Lopez Holdings Corporation.

The Board of Directors of Lopez, Inc. has the power to decide how Lopez Inc.'s shares in ABS-CBN Corporation are to be voted.

ABS-CBN Holdings Corporation is a participant of PCD. The 264,831,300 shares beneficially owned by ABS-CBN Holdings Corporation form part of the 312,480,820 shares registered in the name of PCD. ABS-CBN Holdings Corporation is owned 50% by Lopez, Inc. and 50% by Oscar M. Lopez, Manuel M. Lopez, Presentacion L. Psinakis, and Eugenio Lopez III. The shares in the Company registered and beneficially owned by it are covered by Philippine Depositary Receipts (PDRs) which gives the holder thereof the right to delivery or sale of the underlying share. The PDRs are listed with the Philippine Stock Exchange.

The Board of Directors of ABS-CBN Holdings Corporation has the power to decide how ABS-CBN Holdings Corporation's shares in ABS-CBN Corporation are to be voted.

Security Ownership of Management as of December 31, 2013

As of December 31, 2013, the Company's directors and senior officers owned an aggregate of 1,383,871 shares of the Company, equivalent to 0.1587% of the Company's total issued and outstanding capital stock.

Title of Class	Stockholder Name and Position	Nature of Beneficial Ownership	Citizen-ship	Number of Shares Held	Percent Held
Common	Eugenio Lopez III <i>Chairman</i>	Direct	Filipino	669,690	0.0798 %
Common	Augusto Almeda-Lopez <i>Vice-Chairman</i>	Indirect	Filipino	253,888	0.0303 %
Common	Oscar M. Lopez <i>Director</i>	Direct	Filipino	63,605	0.0075 %
Common	Presentacion L. Psinakis <i>Director</i>	Direct	Filipino	1,988	0.0002 %
Common	Ma. Rosario Santos-Concio <i>Director, President and Chief Executive Officer</i>	Direct	Filipino	1	0.0000 %
Common	Manuel M. Lopez <i>Director</i>	Direct	Filipino	212,186	0.0253 %
Common	Federico R. Lopez <i>Director</i>	Direct	Filipino	1	0.0000 %
Common	Salvador G. Tirona <i>Director</i>	Direct	Filipino	2	0.0000 %
Common	Federico M. Garcia <i>Director</i>	Direct	Filipino	13,898	0.0017 %
Common	Antonio Periquet <i>Independent Director</i>	Direct	Filipino	1	0.0000 %
Common	Emmanuel De Dios <i>Independent Director</i>	Direct	Filipino	1	0.0000 %
Common	Rolando P. Valdueza <i>Head, Corporate Services Group 2</i>	Direct	Filipino	91,500	0.0109 %
Common	Ma. Socorro V. Vidanes <i>Head, Broadcast</i>	Direct	Filipino	10,000	0.0012 %
Common	Mario Carlo P. Nepomuceno <i>Chief Human Resources and Organization and Development Learning Officer</i>	Direct	Filipino	35,351	0.0042 %
Common	Vivian Tin <i>Head, Integrated Customer Business Development</i>	Direct	Filipino	8,600	0.0010 %
Common	Martin L. Lopez <i>Chief Information Officer</i>	Direct	Filipino	19,659	0.0023 %
Common	Luis Paolo Pineda <i>Head, Business Development</i>	Direct	Filipino	3,500	0.0004 %

Security Ownership of Management and Certain Record of Beneficial Owner

	Security Ownership of Directors and Management			1,383,871	0.1587 %
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Changes in Control

There have not been any arrangements that have resulted in a change in control of the Company during the period covered by this report. The Company is not aware of the existence of any voting trust arrangement among the shareholders.

DESCRIPTION OF DEBT

As of September 30, 2013, ABS-CBN had a total debt of about ₱ 31.0 Billion, excluding Income taxes payable and deferred tax liability.

Below is the schedule of debt maturities for ABS-CBN for the years stated below based on total outstanding debt as of September 30, 2013:

Trade and other Payables:

(In thousand pesos)	As of September 30, 2013			
	<u>Due within 3 months</u>	<u>Due between 3 to 12 months</u>	<u>Due after 12 months</u>	<u>Total</u>
Trade		₱2,066,965		₱2,066,965
Accrued expenses:				
Production cost and other expenses		4,172,348		4,172,348
Salaries and Other Employee Benefits		1,472,635		1,472,635
Interest		277,854		277,854
Taxes		134,916		134,916
Deferred Revenue		1,272,765		1,272,765
Installment Payable		359,754		359,754
Dividend Payable		162,037		162,037
Due to Related Parties		21,977		21,977
Others		220,671		220,671
Total		₱10,161,922		₱10,161,922

Trade payables are noninterest-bearing and are normally settled on 30 to 90-day terms.

Accrued expenses are normally settled within the succeeding financial year.

Accrued production costs and other expenses represent accruals for various expenses related to the production of shows.

Accrual for salaries and other employee benefits includes accrual for the Company's retention program. The Company allocated specified number of notional shares for selected key employees. This will be paid in full after the holding period of 5 or 6 years from date of grant which is January 1, 2011.

Deferred revenue pertains to payments received before broadcast and subscription fees billed or received in advance.

Installment payables relate to a contract entered into by ABS-C in 2004 with a supplier for the purchase of certain equipment amounting to \$12 million which bears interest of 5% per annum.

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. For terms and conditions relating to due to related parties, refer to Note 22 in the notes to Financial Statement .

Other current liabilities include statutory liabilities which are payable within the next financial year.

(In thousand pesos)	ABS-CBN	SKY CABLE	Pilipino Cable	ABS-CBN INTERNATIONAL	TOTAL
2013	₱ 100,000	₱ -	₱ -	407	₱100,407
2014	952,499	10,000	8,000	1,689	972,188
2015	100,000	10,000	8,000	1,789	119,789
2016	100,000	10,000	8,000	1,894	119,894
2017 - 2028	9,400,000	940,000	772,000	33,008	11,145,008
	₱10,652,499	₱ 970,000	₱ 796,000	₱38,787	₱12,457,286

Facility Agreements

1. On September 18, 2007, ABS CBN signed a syndicated loan agreement for ₱854 million with the previous lenders of Sky Cable. The loan is unsecured and unsubordinated with a fixed coupon of 2.11% with maturity on September 18, 2014.

On February 21, 2008, ABS-CBN and the remaining third party creditors of Sky Cable approved the second amendment of the Sky Cable Debt under a Facility Agreement. The amendment included the rescheduling of the principal amortization to commence in December 2011 with maturity in September 2016.

The ₱ 854 million syndicated loan facility contains provisions regarding the maintenance of certain financial ratios and limiting, among others, the incurrence of additional debt, the payment of dividends to not more than one hundred percent (100%) of the net income after tax for the immediately preceding financial year, making investments, the issuing or selling of the Company's capital stock or some of its subsidiaries, the selling or exchange of assets, creation of liens and effecting mergers.

2. As of June 29, 2012, the Company signed a Supplemental Agreement between and among the lenders of the ₱854 million syndicated loan agreement to amend the financial ratios as follows:
 - a. Inclusion of Total Debt-to-Annualized EBITDA ratio of 2.5:1;
 - b. Replacement of the minimum EBIT-to-financing costs ratio with a minimum DSCR of 1.2:1 as at each Quarter Date in 2012, 2013 and 2014; and
 - c. Inclusion of Sky Cable in the combined group when computing the financial ratios.

On December 5, 2012, the Company signed a Second Supplemental Agreement between and among the lenders of the ₱854 million syndicated loan to amend the definition of "Business". The amendment expanded the definition to include "entertainment and amusement center development and management services and product sales and distribution services." The expansion of the definition allows the Company to invest in ABS-CBN Theme Parks, Play Innovations and/or Play Innovations, Inc.

As of September 30, 2013 and December 31, 2012, the Company was in compliance

with the provisions of the ₱854 million syndicated loan facility.

The Parent Company's obligation under these facilities is jointly and severally guaranteed by its principal subsidiaries.

On October 29, 2010, the Parent Company signed a syndicated loan agreement for ₱10 billion with various financial institutions which was intended to refinance existing indebtedness and fund working capital requirements.

The loan is unsecured and unsubordinated with interest at 3-month PDST-F plus 0.65% per annum for the floating rate portion and 7-year PDST-F plus 0.65% per annum for the fixed rate portion. One percent (1%) of the outstanding principal is payable annually with a lump sum payment of the remaining balance on November 9, 2017. There is a pre-payment option subject to a penalty.

On November 9, 2010, the Parent Company availed of ₱6,906 million from the ₱10 billion Loan to prepay existing debt facilities, namely, the Senior Credit Agreement (SCA) facility, the BDO facility, the ₱800 million Syndicated Loan facility and the Combined facility agreements.

On March 11, 2011, the Parent Company availed the remaining amount of ₱3,094 million for working capital purposes.

The loan agreement contains provisions regarding the maintenance of certain financial ratios and limiting, among others, the payment of dividends to not more than fifty percent (50%) of the net income after tax for the immediately preceding Financial Year, making investments, the issuing or selling of the Parent Company's capital stock or some of its subsidiaries, the selling or exchange of assets, the creation of liens and the effecting of mergers.

On June 29, 2012, the Company signed a Supplemental Agreement between and among the lenders of the ₱10 billion syndicated loan to amend the financial ratios as follows:

- a. Deletion of Maximum Total Debt-to-Annualized EBITDA;
- b. Increase in threshold of the Debt Service Coverage Ratio (DSCR) from 1.1:1 to 1.2:1 in the years 2012, 2013 and 2014 and to 1.5:1 from 2015 until its maturity in year 2017; and
- c. Utilization of the amount of projected capital expenditure and program rights based on approved capital expenditure and program rights acquisition budget in calculating the cash available for debt service instead of using the actual amount of capital expenditure and program rights actually paid in cash during the period.

On December 5, 2012, the Company signed a Second Supplemental Agreement between and among the lenders of the ₱10 billion syndicated loan to amend the definition of "Business". The amendment expanded the definition to include "entertainment and amusement center development and management services and product sales and distribution services." The expansion of the definition allowed the Company to invest in ABS-CBN Theme Parks, Play Innovations and/or Play Innovations, Inc.

Under the same agreement, the Majority Lenders permitted the Company to extend a guarantee in favor of Play Innovations and/or Play Innovations, Inc.

As of September 30, 2013 and December 31, 2012, the Parent Company was in compliance with the provisions of this facility.

3. On October 26, 2010, Sky Cable obtained a ₱1 billion syndicated loan from BDO, Union Bank of the Philippines and Robinsons Bank. The loan was intended to refinance the loan under the Debt Restructuring Agreement (DRA).

The loan is unsecured and unsubordinated with interest at 5-year PDST-F plus 1% per annum. The loan is amortizing with a maturity of October 26, 2017. It has an interest rate step-up feature in case the loan is extended for another two years.

The agreement also requires certain restrictions with respect to the maintenance of financial ratios. As of September 30, 2013 and December 31, 2012, the Company was in compliance with the provisions of this facility.

In 2012, the Parent Company availed of short-term loans totaling ₱1 billion for working capital purposes. These were unsecured peso-denominated loans obtained from local banks bearing average annual interest rates of 3.5% in 2013 and 2012.

On May 30, 2012, Sky Cable availed a loan facility from financial institutions to partially bridge finance the acquisition of Destiny. Facility Limit is ₱2 billion. On June 8, 2012 and August 15, 2012, Sky Cable availed of short term loans totaling ₱2 billion for working capital purposes with interest rate of 4.21% per annum

The ₱2 billion bridge financing is not supported by any lien, pledge or security. However, ABS-CBN has provided a Letter of Comfort to the financial institution.

The agreement provided for certain requirements and restrictions, with respect to, among others, the maintenance of certain financial ratios.

On December 27, 2012, Sky Cable availed of a short-term ₱1 billion loan from BPI at 3.25% per annum. Proceeds were used to pay ₱1 billion of its ₱2 billion loan from ANZ.

On February 4, 2013, Sky Cable availed of another short-term ₱850 million loan from BPI at 3.75% per annum. Proceeds were used to fully pay the remaining bridge loan from ANZ.

As of September 30, 2013, Sky Cable was in compliance with the provisions and all of the financial ratios required by its creditors in the agreement.

4. On April 10, 2012, PCC signed an omnibus notes facility and security agreement with BDO in the amount of ₱800 million with an interest rate using the BSP overnight borrowing rate of 4.0%, multiplied by 97/100. The proceeds of the Tranche A was used to settle the long-term debt of PCC as of December 31, 2011 amounting to ₱499 million.

The loan is supported by deed of pledge executed by Sky Cable and the Continuing Suretyship Agreement executed by Sky Vision. It is payable in quarterly installments commencing on July 16, 2013 with a maturity on April 1, 2019.

Other Non-Current Liabilities

(in thousand Pesos)	As of September 30, 2013		
	Current	Non-Current	Total
Customer's deposits	-	₱251,407	₱251,407
Deferred Credits	-	56,612	56,612
Installment payable	-	4,239	4,239
Asset Retirement Obligation	-	1,444	1,444
Others	-	133,025	133,025
Total	-	₱446,727	₱446,727

Customers' deposits relate to Sky Cable's subscription agreements with customers are initially recognized at fair value. The discount is recognized as deferred credits and amortized over the estimated remaining term of the deposit as other income. Customers' deposits are refunded to the customers upon termination of service.

Installment payables represents payable to suppliers for the importation and purchase of set-top boxes and decoders which are deferred over a 36-month payment term.

Obligations for Program Rights

(In thousand pesos)	As of September 30, 2013		
	Due within 12 months	Due after 12 months	Total
Obligations for Program Rights	₱414,321	-	₱414,321

This account represents liabilities to foreign and local film suppliers for program rights purchased by the Company. The liabilities are non-interest bearing and are payable in equal monthly, quarterly or semi-annual installments over a period of one (1) to two (2) years.

Obligations under Capital Lease

(In thousand pesos)	As of September 30, 2013		
	Current	Non-Current	Total
Obligations under Capital Lease	₱26,786	₱72,710	₱99,496

Obligations under Capital Lease pertains to finance leases over various items of equipment.

Convertible Notes

(In thousand pesos)	As of September 30, 2013		
	Current	Non-Current	Total
Convertible Notes	-	₱240,698	₱240,698

This account relates to the Subscription and Purchase Agreement (SPA) entered into among ABS-CBN Corp., Lopez Inc., Lopez Holdings, Sky Vision, Sky Cable, STT Communications Ltd (STTC) and Sampaquita Communications Pte Ltd dated February 14, 2011. The convertible note bears 0% interest rate for the first three years, subject to adjustment every three years upon mutual agreement of the parties, provided that the interest rate shall not exceed 10% per annum. The interest rate shall be agreed upon by Sky Cable and Sampaquita at least 30 days prior to the commencement of each 3-year period. If no such agreement is reached, the interest rate for the succeeding period shall be the same as the interest rate for the preceding 3-year period. Such interest shall accrue from and including the first day of such interest period to but not including the last day of such interest period.

Accrued Pension Obligation and Other Employee Benefits

(In thousand pesos)	As of September 30, 2013		
	Current	Non-Current	Total
Accrued Pension Obligation and Other Employee Benefits	₱ 573,149	₱4,126,368	₱4,699,517

The company's pension plans are composed of funded (ABS-CBN and Sky Cable) and unfunded (other subsidiaries), non-contributory and actuarially computed pension plans (except for ABS-CBN International (contributory) covering substantially all of its employees. The benefits are based on years of service and compensation during the last year of employment. Other employee benefits consist of accumulated employee sick leave and vacation leave entitlement.

CORPORATE GOVERNANCE

ABS-CBN recognizes the importance of corporate governance in enhancing the stakeholders' interests in the Company and the Board of Directors commits itself to the principles of good corporate governance.

The principles for corporate governance of ABS-CBN are contained in its Articles of Incorporation, By-laws, as amended, its Manual of Corporate Governance in compliance with SEC Memorandum Circular 2, Series of 2002 with a copy of the manual submitted to the Securities and Exchange Commission ("SEC") in the same year.

As an organization, ABS-CBN reaffirms its mission of being in the service of the Filipino, and espouses that there is no dichotomy between doing good business and practicing the right values. Through values cascading within the organization, the Company has identified the core values necessary to guide its leaders and employees in formulating and making business decisions, which in the end must always remain consistent with this mission and goal of service.

The Mission of the ABS-CBN Board of Directors

The ABS-CBN Board of Directors (the "Board") represents the stakeholders' interest in pursuing a successful business, including optimizing financial returns. The Board's mission is to determine that the Corporation is managed in such a way to ensure this result while adhering to the laws and rules of jurisdictions in which it operates, observing the highest standards of corporate governance and observing high ethical norms. The Board establishes the overall goals, strategies and policies of the Company. The Board strives to regularly monitor the effectiveness of management's decisions and the execution of the strategies. In addition to fulfilling its obligations for increased stockholder value, the Board has responsibility to the Company's customers, employees, suppliers and the community.

The Board of Directors

The Board consists of 11 members, elected by shareholders during the last Annual Stockholders' Meeting. The current directors are Eugenio Lopez III, Chairman and Chief Executive Officer; Augusto Almeda Lopez, Vice Chairman; Maria Rosario Santos-Concio, Oscar M. Lopez, Presentacion L. Psinakis, Federico R. Lopez, Federico M. Garcia, Salvador G. Tirona, Manuel M. Lopez, Antonio Jose U. Periquet and Emmanuel S. de Dios. In compliance with the SEC's requirement to have independent directors with no material relationship with the Company comprising at least 20% of the Board, two independent directors — Mr. Periquet and Mr. de Dios— were elected. These directors are independent of management, and free from any relationship that may interfere with their judgment.

Selection of Directors

The Board itself is responsible, in fact as well as procedure, for screening its own members and in recommending them for election by the stockholders. The Chairman and Chief Executive Officer has direct input in the screening process. The final approval for the nominees as directors is determined by the full Board. In case of vacancies in the Board between annual stockholder meetings, the Board may elect directors to serve until the next annual meeting.

Mix of Directors

There is a mix of executive, non-executive and independent directors on the Board. Senior management executives other than the Chairman and Chief Executive Officer and the Chief Operating Officer attend Board meetings on a regular basis even though they are not members of the Board. On matters of corporate governance, while the Board assumes decisions will be made by the independent directors, input in any policy formulation and discussion from directors who are employees is welcome and expected unless the issue involves an actual conflict of interest with such directors.

Criteria for Independence for Independent Directors

The Board assesses the independence of each director and of each individual nominated for election to the Board as an independent director. As part of this analysis, the Board must review and conclude whether each nominee for independent director satisfies the requirements of the rules of the SEC, the by-laws and the Manual of Corporate Governance. Under the Manual of Corporate Governance, a independent directors (i) are not directors or officers or substantial stockholders of the Company or its related companies or any of its substantial shareholders (other than as independent directors of any of the foregoing); (ii) are not relatives of any director, officer or substantial shareholder of the Company, or any of its related companies or any of its substantial shareholders; (iii) are not acting as nominees or representatives of a substantial shareholder of the Company, or any of its related companies or any of its substantial shareholders; (iv) have not been employed in any executive capacity by the Company, or any of its related companies or by any of its substantial shareholders within the last 2 years; (v) are not retained as professional advisers by the Company, any of its related companies or any of its substantial shareholders within the last 2 years, either personally or through their firms; (vi) have not engaged and do not engage in any transaction with the Company or with any of its related companies or with any of its substantial shareholders, whether by themselves or with other persons or through a firm of which they are partners or companies of which they are directors or substantial shareholders, other than transactions which are conducted at arms length and are immaterial; and (vii) do not own more than 2% of the shares of the Company and/or its related companies or any of its substantial shareholders. Mr. Periquet and de Dios do not possess any of the disqualifications enumerated under Section II (5) of the Code of Corporate Governance and Section II (D) of SEC Memorandum Circular No. 16, Series of 2002.

Board Performance

The Board regularly meets monthly, as much as possible, to review the performance of the Company and its subsidiaries, approve any pertinent plans, budgets, and financial statements, set guidelines for management, and discuss any various matters requiring Board attention and approval. Any member of the Board may ask management to give special reports and analysis on certain issues.

From January 1, 2012 to December 31, 2012, the Board had 10 regular meetings.

Board Attendance to Meetings in 2012:

	Total No. of Board Meetings	No. of Board Meetings Attended	Percentage of Attendance	Attended Annual Stockholders' Meeting? (Y/N)
Eugenio L. Lopez III	10	9	90%	Y
Ma. Rosario Santos-Concio	10	8	80%	Y
Oscar M. Lopez	10	10	100%	Y
Augusto Almeda Lopez	10	7	70%	Y
Presentacion L. Psinakis	10	7	70%	Y
Manuel M. Lopez	10	8	80%	N
Federico R. Lopez	10	9	90%	Y
Federico M. Garcia	10	6	60%	Y
Salvador Tirona	10	9	90%	Y
Justice Vicente V. Mendoza	10	8	80%	N
Javier J. Calero	10	10	100%	Y

Compensation of Directors

Members of the Board each receive per diems amounting to Php5,000.00 for their attendance to Board meetings. There are no other arrangements for remuneration either by way of payments for committee participation or consulting contracts.

Board of Advisors

The Board of Advisors was created to provide guidance to the Board of Directors. The Board of Advisors sit in all the Board Meetings and are members of the Board Committees. Messrs. Randolph S. David, Carlo L. Katigbak, Mario Luza Bautista and Honorio G. Poblador IV are the current members of the Board of Advisors.

Board Committees

There are seven Board committees that have been established to address any issues requiring the directors' attention.

The Programming Committee deliberates on the programming issues and strategies of the network, and is primarily a business strategy committee. It is composed of Federico M. Garcia, Ma. Rosario Santos-Concio and Emmanuel S. de Dios. Randolph S. David is an advisor.

The Compensation Committee reviews any recommendations on incentive schemes and issuance of stock options to employees. It is composed of Augusto Almeda Lopez, Federico R. Lopez, Antonio U. Periquet. Messrs. Mario Luza Bautista and Randolph S. David are advisors.

The Succession Planning Committee ensures that there is a pipeline to key positions in the organization, and that there are ready replacements for any key positions that are suddenly vacated. It oversees the replacement planning table of the organization, and identifies successors and gaps in succession, as well as any measures needed to fill such gaps. It is composed of Salvador G. Tirona, Emmanuel S. de Dios and Augusto Almeda Lopez. Randolph S. David and Carlo L. Katigbak are advisors.

The Compensation Committee for the Chairman and the Chief Executive Officer is composed of Augusto Almeda Lopez, Federico M. Garcia, and Antonio Jose U. Periquet. Randolph S. David is an advisor.

The Audit and Compliance Committee reviews the financial reports and risks, examines internal control systems, oversees the audit process as well as the company's compliance with laws, and evaluates the company's business conduct. It is composed of Antonio Jose U. Periquet, as Chairman, and Salvador G. Tirona and Emmanuel S. De Dios as members. Carlo L. Katigbak is an advisor.

To highlight the importance of risk management among the Company's strategic priorities, the Board of Directors created the Risk Management Committee to oversee the formulation and establishment of an enterprise-wide risk management system, including the review, analysis and recommendation of policies, frameworks, strategies and systems to be used by the company to manage risks, threats and liabilities. It is composed of Salvador G. Tirona, Federico M. Garcia, and Emmanuel S. De Dios.

The Nomination and Election Committee will review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and assess the effectiveness of the Board's processes and procedures in the election or replacement of directors. It is composed of Eugenio Lopez III, Ma. Rosario Santos-Concio, Antonio Jose U. Periquet and Emmanuel S. de Dios. Randolph S. David is an advisor.

Audit

Internal Audit

The Internal Audit Division is responsible for providing independent and objective assurance and consulting services to the Company's Board of Directors through its Audit Committee. Its main function is to evaluate the adequacy, effectiveness, and efficiency of the Company's internal control system and to recommend necessary control measures for its improvement. It likewise establishes an effective follow-up system to monitor the implementation of recommended controls.

The Group is composed of people with varied specializations, majority of which are certified public accountants. It also has certified internal auditors, certified information systems auditor, certified fraud examiners, certified forensic accountants, and accredited quality assurance validators. The Division has an Information Technology (IT) Audit and a Technical Audit Teams, which are composed of engineers and IT professionals.

The Group conducts regular audits of the Company and its Subsidiaries based on an annual audit plan in a 3-year audit cycle that is approved by the Audit Committee. Special audit projects are also undertaken as the need arises.

In 2012, the Internal Audit Division presented to the Audit Committee its audit plan, updates on the status of audit projects, highlights of significant findings, implementation status of audit recommendations, and other significant audit activities.

The Internal Audit Division also worked closely with the Company's Investor Relations and Corporate Planning Group in preparing the Company's responses to the Corporate Governance Scorecard for publicly listed companies from 2008 to 2012. Beginning 2012, the Group also worked closely with the Company's Risk Management Officer.

Audit Committee Report for 2012

The Audit Committee, in fulfillment of its oversight responsibilities, represents and assists the Board by looking at the:

- Reasonableness of the Company's financial statements and efficiency of the financial reporting process;
- Proper management of business risks and reliability of the internal control environment;
- Independence and on of internal audit functions and processes;
- Qualifications, independence, and fees of the Company's external auditors with regard to the annual review of the Company's financial statements; and
- Company's compliance with legal and regulatory requirements.

The roles and responsibilities of the Audit Committee are embodied in an Audit Committee Charter that is approved by the Board of Directors.

To comply with the Audit Committee Charter, the Audit Committee confirms that:

- Majority of the Audit Committee members are independent directors, including the Chairman;
- Quarterly meetings held and attended by the Chairman and members of the Committee;
- The Committee reviewed and approved the internal audit scope and plans, as well as the manpower resources and competencies necessary to carry out the audit plan;
- The Committee reviewed and discussed the reports of the internal auditors, including the necessary corrective actions, with concerned management and internal auditors;
- The Committee reviewed and discussed the audited annual financial statements of the Company and its Subsidiaries with the management, internal auditors, and external auditors taking into consideration that:
 - Management is responsible for the Company's financial statements and the related statements of financial condition and results of operations, and;
 - SGV & Co., the independent auditors, is responsible for expressing an opinion on the conformity of the Company's audited consolidated financial statements with the Philippine Financial Reporting Standards and International Financial Reporting Standards as appropriate.

Compliance Officer

The Company has appointed a Compliance Officer who is tasked to ensure the Company's observance of corporate governance best practices and provide recommendations to the Board for continuous improvement towards full compliance and adoption of global best practices. The Compliance Officer also issues an annual certification on the compliance of the Board with the Company's Corporate Governance Manual. The Company submitted to the SEC a certification of the Board's compliance with the Company's Corporate Governance Manual last January 22, 2013.

Code of Conduct

The Company also has a Code of Conduct. The Code defines the behaviors that are acceptable or not acceptable within the organization. It details the offenses versus the company's or the person's property, the schedule of penalties for each offense according to its gravity, and the grievance process, and defines the roles of the different people involved in disciplinary action. The Code covers all directors, employees, consultants, product and service providers, and anyone who acts in the name of ABS-CBN.

Assisting in the dissemination and implementation of this Code of Conduct is the Ethics Committee, which focuses on conflict-of-interest situations. The Committee helps make decisions and clarify stands in cases of personal or professional conflict, or in which the employee or the company stands to gain unfairly from an arrangement, relationship, or procedure. Essential to the idea of good and ethical conduct is the upholding of common corporate and individual values, which are disseminated through a process of values cascading.

Risk Management

ABS-CBN's Board of Directors and management are mindful of the potential impact of various risks to the Company's ability to deliver quality content across multiple platforms and consequently, as a result of its operations, value to shareholders. In 2009, the Audit Committee of the Board of Directors provided oversight on Enterprise Risk Management. In 2010 this responsibility was assumed by the newly created Risk Management Committee. At the same time the Board of Directors of the Company approved the appointment of a Chief Risk Management Officer, reporting directly to the Board of Directors. In November 2012, the Board of Directors approved the appointment of Mr. Raymund Martin T Miranda as the new Chief Risk Management Officer concurrent with his role as Chief Strategy Officer of ABS-CBN. As Chief Risk Management Officer, he will continue to provide the overall leadership, vision and direction for enterprise risk management by continuing to establish and implement an integrated risk management framework that covers all aspects of risk across the Company's organization, and improve the Company's risk management readiness. The Company's corporate strategy formulation and business decision-making processes always take into account potential risks and the steps and costs necessary to minimize, if not eliminate, such risks. As part of its stewardship responsibility and commitment to deliver optimum value to its stakeholders, ABS-CBN ensures that it has the proper control systems in place, and to the extent possible, adopted global best practices, to identify and assess, analyze and mitigate market, operating, financial, regulatory, community, reputational, and other risks.

Disclosures and Financial Reporting

ABS-CBN's financial statements comply with Philippine Financial Reporting Standards.

The annual consolidated financial statements provide information on the financial condition and results of operations of the businesses of ABS-CBN and its subsidiaries. These financial statements include detailed information on the total assets, total liabilities and shareholders' equity, revenues, costs and expenses, income before tax, net income attributable to shareholders of ABS-CBN and minority interest and earnings per share.

Business segment information is likewise provided for major business categories and includes information such as revenues, net income, assets and liabilities, capital expenditures and depreciation and amortization expenses, and EBITDA.

Dealings in Securities

ABS-CBN requires all members of the Board of Directors and principal officers to report any purchase, sale or change in their shareholdings of the Company's common shares or Philippine Depositary Receipts within five trading days, in compliance with the PSE's requirement for such disclosure.

Shareholder and Investor Relations

ABS-CBN fully respects shareholder rights and complies with regulatory and legal requirements that enforce and ensure that such rights are respected. These requirements include due and proper notification for general meetings and provision of adequate, transparent and timely information due shareholders.

As a publicly listed corporation, ABS-CBN is subject to reporting requirements prescribed by regulatory authorities, including the SEC and the PSE, among others. ABS-CBN is compliant in submitting timely structured and non-structured reports and disclosure filing required by the SEC and the PSE.

To complement these disclosures, ABS-CBN's Investor Relations group also holds regular analyst and press briefings coincident with its quarterly and annual report submissions that further explain, elaborate on and contextualize the Company's operating performance and financial condition and results. ABS-CBN's Chief Finance Officer, Head of Treasury, and its Head of Investor Relations are always present at these investor, analyst and press briefings to address any questions that may be raised concerning the Company's operating and financial results.

In addition, ABS-CBN's Chief Finance Officer, Head of Treasury, and its Head of Investor Relations, meet with representatives of institutional investors and investment funds upon request and at various investor conferences throughout the year for more intimate and detailed discussions about the Company's businesses, operating and financial results, business prospects and long-term plans. Inquiries from institutional and individual investors received by regular or electronic mail are also duly acknowledged and addressed in a timely and transparent manner.

ABS-CBN maintains an investor relations website that contains information on the history and businesses of the company, its Board of Directors and senior management executives, financial information and reports and disclosures filed with the SEC and the PSE, share price performance and dividend history, and investor relations contact information.

ABS-CBN's Investor Relations website may be found on <http://ir.abs-cbn.com>

FINANCIAL INFORMATION

The following pages set forth ABS-CBN's audited consolidated financial statements as at December 31, 2012 and 2011 and January 1, 2011 and for the years ended December 2012, 2011, 2010 and the unaudited interim condensed consolidated financial statements as at September 30, 2013 and for the nine months ended September 30, 2013 and 2012.