

# COVER SHEET

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SEC Registration Number

A B S - C B N H O L D I N G S C O R P O R A T I O N

(Company's Full Name)

4 t h F l o o r , B e n p r e s B u i l d i n g , E x c h  
 a n g e R o a d c o r n e r M e r a l c o A v e n u e ,  
 P a s i g C i t y

(Business Address: No. Street City/Town/Province)

**Mr. Enrique I. Quiason**  
 (Contact Person)

**631-3111**  
 (Company Telephone Number)

1 2      3 1  
 Month    Day  
 (Fiscal Year)

AMENDED  
 2 0 - I S  
 (Form Type)

    Month    Day  
 (Annual Meeting)

\_\_\_\_\_  
 (Secondary License Type, If Applicable)

\_\_\_\_\_  
 Dept. Requiring this Doc.

\_\_\_\_\_  
 Amended Articles Number/Section

\_\_\_\_\_  
 Total No. of Stockholders

Total Amount of Borrowings

\_\_\_\_\_  
 Domestic

\_\_\_\_\_  
 Foreign

To be accomplished by SEC Personnel concerned

\_\_\_\_\_  
 File Number

\_\_\_\_\_  
 LCU

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 Document ID

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 Cashier

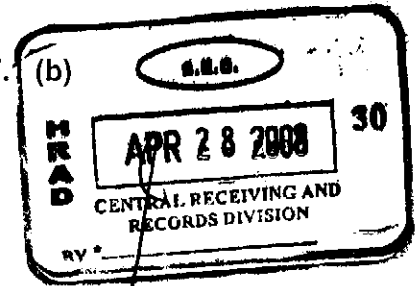
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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

Information Statement Pursuant to Section 17. (b)  
of the Securities Regulation Code



1. Check the appropriate box:  
 Preliminary Information Statement  
 Amended Preliminary Information Statement  
 Definitive Information Statement
2. Name of the Registrant as specified in its charter:  
**ABS-CBN HOLDINGS CORPORATION**
3. Province, country or other jurisdiction on incorporation or organization  
**METRO MANILA, PHILIPPINES**
4. SEC Identification Number: **A1999-0454**
5. BIR Tax Identification Code: **203-420-423**
6. Address of principal office: **4<sup>TH</sup> FLOOR, BENPRES BUILDING  
 EXCHANGE ROAD CORNER MERALCO AVENUE  
 PASIG CITY 1605**
7. Registrant's telephone including area code: **(632) 631-0981**
8. Date, time and place of the meeting of security holders:  
 Date - **June 6, 2008**  
 Time - **10:00 a.m.**  
 Place - **6<sup>th</sup> Floor, Benpres Building  
 Exchange Road, Ortigas Center  
 Pasig City**
9. Approximate date on which the Information Statement is first to be sent or given to security holders: **May 16, 2008**
10. Securities pursuant to sections 4 and 8 of the SRC: (information on number of shares and amount of debt is applicable only to corporate registrants):  

<u>Title of Each Class</u>	<u>Subscribed and Outstanding</u> <u>(No. of shares)</u>
<b>Philippine Depository Receipts</b>	<b>271,959,300 shares</b>
11. Are any or all of the registrant's securities listed on the Philippine Stock Exchange  
 Yes (  ) *Common shares*                      No (  )

May 16, 2008

**NOTICE OF ANNUAL STOCKHOLDERS' MEETING**

To: All Stockholders of ABS-CBN Holdings Corporation

Please be advised that the annual meeting of the stockholders of ABS-CBN Holdings Corporation will be held on **Friday, June 6, 2008** at 10:00 a.m. at 6<sup>th</sup> Floor, Benpres Building, Exchange Road, Ortigas Center, Pasig City, to discuss the following:

**AGENDA**

1. Call to Order
2. Proof of Service of Notice
3. Certification of Quorum
4. Approval of Minutes of June 14, 2007 Annual Stockholders' Meeting
5. Report of the President
6. Approval of the Audited Financial Statements
7. Election of Directors for Ensuing Year
8. Appointment of External Auditor
9. Other Business
10. Adjournment

For purposes of the meeting, only stockholders of record as of May 12, 2008 are entitled to attend and vote in the said meeting.

Should you be unable to attend the meeting in person, you may execute the necessary proxy and have it delivered to the undersigned at P.O. Box No. 13951, Ortigas Center Post Office, 1600 Pasig, Metro Manila. Under the by-laws, proxies must be received not later than May 27, 2008.

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

By order of the Board of Directors



**Enrique I. Quiason**  
Corporate Secretary

# **ABS-CBN HOLDINGS CORPORATION**

## **INFORMATION STATEMENT**

This Information Statement is dated May 16, 2008 and is being furnished to stockholders of record of ABS-CBN Holdings Corporation as of May 12, 2008 in connection with the Annual Stockholders' Meeting.

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

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### **A. General Information**

#### **Date, Time and Place of Meeting of Security Holders**

Date -	June 6, 2008
Time -	10:00 AM
Place -	6th Floor, Benpres Building Exchange Road corner Meralco Avenue Ortigas Center, Pasig City 1605
Principal Office -	4th Floor, Benpres Building Exchange Road corner Meralco Avenue Ortigas Center, Pasig City 1605

#### **Dissenter's Right of Appraisal**

A stockholder has a right to dissent and demand payment of the fair value of his share:

- (i) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares of authorizing preferences over the outstanding shares or of extending or shortening the term of corporate existence;
- (ii) in case any sale, lease mortgage or disposition of all or substantially all the corporate property assets; and
- (iii) in case of merger or consolidation.

The Company is not aware of any action or matter to be taken up at the Annual Stockholders' Meeting that will give rise to the exercise by a shareholder of the right of appraisal.

However, if any time after the Information statement has been sent out, an action which may give rise to the right of appraisal is proposed at the meeting, any shareholder who wishes to exercise such right and who voted against the proposed action must make a written demand within 30 days after the date of the meeting or when the vote was taken for the payment of fair market value of his share. Upon payment, he must surrender his certificate of stock. No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment.

#### **Interest of Certain Persons in or Opposition to Matters to be Acted Upon**

No director, officer or associate of directors and officers has any substantial interest, direct or indirect, in any matter to be acted upon during the Annual Stockholders' Meeting, other than the election to office of the nominees.

The Company has not received any information than an officer, director or stockholder intends to oppose any action to be taken at he Annual Stockholders' Meeting.

## B. CONTROL AND COMPENSATION INFORMATION

### Voting Securities and Principal Holders Thereof

- (a) The Company has 400 shares subscribed and outstanding as of April 23, 2008. Each stockholder shall be entitled to one vote for each share of stock held as of the established record date.
- (b) All stockholders of record as of May 12, 2008 are entitled to notice and to vote at the Annual Stockholders' Meeting.
- (c) With respect to the election of directors, the stockholders may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many vote as the number of directors to be elected or he may distribute them on the same principle among as many candidates as he shall see fit; provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.
- (d) Pursuant to Article I, Section 5 of the By-Laws of the Company, a quorum of any meeting of the stockholders shall consist of a majority of the subscribed capital stock of the Company represented in person or by proxy, and a majority of such quorum shall decide any question that may come before the meeting, except in those several matters in which the laws of the Philippines require the affirmative vote of a greater proportion.

Voting upon all questions at all meetings of the stockholders shall be by shares of stock. One share has one vote. The stockholders may vote at all meetings the number of shares registered in their respective names either in person or by proxy duly represented to the Secretary for inspection and record.

- (e) As of April 23, 2008 the Company knows of no beneficial owner or voting trust holder of 5% or more among the stockholders except as set forth below:

(1) Title of Class	Name and Address Record/Beneficial Owner	(3) Citizenship	(4) Amount and Nature of Record/Beneficial of Ownership (Indicate by "r" or "b")	(5) Percent Class
Common	Lopez, Inc.	Filipino	200 r*	50%
Common	Oscar M. Lopez	Filipino	40 r*	10%
Common	Manuel M. Lopez	Filipino	40 r*	10%
Common	Presentacion L. Psinakis	Filipino	40 r*	10%
Common	Angel S. Ong	Filipino	40 r*	10%
Common	Eugenio Lopez III	Filipino	40 r*	10%

\* Lopez, Inc. is the holding company of the Lopez family. It is owned by the respective holding companies of the families of Oscar M. Lopez, Manuel M. Lopez and Presentacion L. Psinakis.

Address of the record and beneficial owner of more than 5%:

5<sup>th</sup> Floor, Benpres Building  
Exchange Road corner Meralco Avenue  
Pasig City

Mr. Oscar M. Lopez, chairman, president, CEO and COO, is authorized to vote for the shares of Lopez, Inc.

- (f) There are no arrangements which have resulted in a change in control of the registrant during the periods covered by this Information Statement.
- (g) Security Ownership of Management as at April 23, 2008:

(1) Title of Class	(2) Name of record or beneficial owner	(3) Citizenship	(4) Amount and nature of record/beneficial ownership	r or b	(5) Percent owner of class
Common	Oscar M. Lopez	Filipino	40 (sole voting)	r/b	10%
"	Manuel M. Lopez	Filipino	40 (sole voting)	r/b	10%
"	Eugenio Lopez III	Filipino	40 (sole voting)	r/b	10%
"	Angel S. Ong	Filipino	40 (sole voting)	r/b	10%
"	Presentacion L. Psinakis	Filipino	40 (sole voting)	r/b	10%
"	All directors and executive officers as a group	Filipino	40 (sole voting)	r/b	50%

(h) Changes in Control

The Company is not aware of any arrangement which 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 shareholders.

(i) Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No director, officer or associate of directors and officer has any substantial interest, direct or indirect, in any matter to be acted upon during the Annual Stockholder's Meeting, other than the election to office of the nominees.

The Company has not received any information that an officer, director or stockholder intends to oppose any action to be taken at the Annual Stockholders' Meeting.

**Directors and Executive/Corporate Officers**

- (a) The directors of the Company have a term of one year and are elected annually. The present directors and officers of the Company are as follows:

Mr. Oscar M. Lopez, Chairman  
 Mr. Manuel M. Lopez  
 Mr. Eugenio Lopez, III  
 Ms. Presentacion L. Psinakis  
 Mr. Angel S. Ong

Executive / Corporate Officers

Oscar M. Lopez	Chairman of the Board, President, Chief Executive Officer and Chief Operating Officer
Eugenio Lopez III	Treasurer and Comptroller
Enrique I. Quiason	Corporate Secretary

**OSCAR M. LOPEZ**

Mr. Oscar M. Lopez, aged 78, received a Bachelor of Arts degree from Harvard College and a Masters degree in Public Administration from Harvard University. He is chairman and chief Executive officer of FPHC (since 1986), chairman and president of Lopez, Inc. (since 1999) and chairman of among others, FPIDC, MNTC, MWSI, Sierra Tours, BayanTel, Sky Vision and RCPI. He is vice chairman of the Board at Rockwell Land and is a director of ABS-CBN.

**EUGENIO LOPEZ, III**

Mr. Eugenio Lopez III, aged 56, received a Bachelor of Arts degree in Political Science from Bowdoin College and a Masters degree in Business Administration from the Harvard Business School. He is chairman and chief executive officer of ABS-CBN since 1997, president and director of Sky Vision, vice chairman of the board at BayanTel and vice chairman and president of RCPI, among others. He was president of ABS-CBN from 1993 to 1997.

**MANUEL M. LOPEZ**

Mr. Manuel M. Lopez, aged 66, 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 president of Meralco, chairman of the board at Rockwell Land, and is a director of among others, ABS-CBN, MNTC, Sierra Tours, FPIDC, FPHC, BayanTel, Sky Vision and Lopez, Inc. He was president of Meralco from 1986 to June 2001.

**PRESENTACION L. PSINAKIS**

Ms. Psinakis, aged 72, attended St. Scholastica's College. She is currently a Director of ABS-CBN, Lopez, Inc., Benpres Insurance Agency and Sierra Tours.

**ANGEL S. ONG**

Mr. Angel S. Ong, aged 58, was elected director and president and chief operating officer of Benpres Holdings Corporation 2004. He was the Company's EVP-chief financial officer from 2001 to 2004 and vice president for finance from 1998-2000. He received his Bachelor of Science in Commerce degree from the Philippine College of Commerce and a Master Degree in Business Administration from the University of the Philippines. He is a director of ABS-CBN, MNTC, among others. He owns x Benpres shares.

**ENRIQUE I. QUIASON**

Mr. Enrique I. Quiason, aged 47, 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, FPIDC, MNTC, Rockwell Land, BayanTel, Sky Vision, RCPI, Sierra Tours, and Lopez, Inc. He is also Assistant corporate secretary of ABS-CBN.

The Directors of the Company are elected at the Annual Stockholders' Meeting to hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified.

Officers are appointed or elected annually by the Board of Directors at its first meeting following the Annual Meeting of Stockholders, each to hold office until a successor shall have been appointed.

(b) Family Relationships

There are no other family relationships among the directors and officers listed above except for the following: Messrs. Oscar M. Lopez and Manuel M. Lopez are brothers; Mr. Eugenio Lopez III is the nephew of Mr. Oscar and Manuel Lopez; Mr. Federico R. Lopez is the nephew of Mr. Manuel M. Lopez and the son of Mr. Oscar M. Lopez; and Mr. Steve Psinakis is the brother-in-law of Mr. Oscar and Manuel Lopez.

(c) Involvement of Directors and Executive Officers in Certain Legal Proceedings

The Company is not aware of (i) 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 party of which any of their property is subject, (ii) any conviction by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, of any of its director, person nominated to become a director, executive officer, or control person, (iii) 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, nor (iv) 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.

(d) Certain Relationships and Related Transactions

There have been no material transactions during the past two years, nor is any material transactions presently proposed, to 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 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.

Lopez, Inc. is the registered and beneficial owner of 50% of the voting stock of the Company, as of April 23, 2008.

- (e) No person who is not an executive officer is expected by the Company to make a significant financial contribution to the business
- (f) No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual meeting of the Company because of a disagreement with the Company on matters relating to the Company's operations, policies and practices.

### **Nominees for Election of Directors**

As of April 23, 2008, the Company received nominations for the following as members of the Board of Directors for the ensuing year (2007-2008):

Mr. Oscar M. Lopez, Chairman  
Mr. Manuel M. Lopez  
Mr. Eugenio Lopez, III  
Ms. Presentacion L. Psinakis  
Mr. Angel S. Ong

All the directors were nominated by Lopez, Inc.

### **Compensation of Directors and Executive Officers**

Information as to the aggregate compensation paid or accrued during the last two fiscal years and to be paid in the ensuing fiscal year to the Company's Chief Executive Officer and four other most highly compensated executive officers: Not Applicable.

- 1) The directors receive standard per diems of ₱10,000 for each board meeting. There are no other arrangements for compensation either by way of payments for committee participation or consulting contracts.
- 2) There are no other arrangements or consulting contracts on which any director is compensated, whether directly or indirectly.
- 3) There are no existing employment contracts with executive officers. There are no arrangements for compensation to be received from the Company in the event of a resignation, retirement or termination of the executive officer's employment or a change of control of the Company. There are no outstanding warrants or stock options held by any of the Company's executives.

### **Appointment of External Auditors**

The accounting firm of Sycip Gorres Velayo & Co. (SGV) has been the Company's Independent Public Accountants for the last eight (8) years. Representatives of SGV will be present during the annual meeting and will be given the opportunity to make a statement if they desire to do so. They are also expected to respond to appropriate questions if needed.

Pursuant to Memorandum Circular No. 8, Series of 2003 (Rotation of External Auditors), the Company has not engaged an SGV partner for more than five years. Mr. Jose Joel M. Sebastian has been assigned as partner for the Company effective 2007.

There was no event in the past five years where SGV had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure except for PAS 39, which was adopted in the current year. The Company availed of the exemption under PFRS 1 and applied PAS 39 effective January 1, 2005.



The Independent Public Accountants, SGV, are willing to stand for re-election.

### **Compensation Plans**

No action is to be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

## **C. ISSUANCE AND EXCHANGE OF SECURITIES**

### **Financial and Other Information**

The registrant's audited financial statements for the calendar year ended December 31, 2007 as well as the Management's discussion and analysis and plan of operations for the same period are provided for in the Annual Report. The Annual Report will be distributed to the stockholders for approval/ratification.

A copy of the registrant's annual report will be provided free of charge upon written request addressed to:

Mr. Enrique I. Quiason  
Corporate Secretary  
4<sup>th</sup> Floor, Benpres Building  
Meralco Avenue, Pasig City 1605

## **D. OTHER MATTERS**

### **Action with Respect to Reports**

The minutes of the previous Annual Stockholders' Meeting held on June 14, 2007 shall be submitted to the stockholders for approval. The minutes of the said meeting contain discussions of the following items:

- Approval of Minutes of June 9, 2006 Annual Stockholders' Meeting
- Report of the President
- Approval of the Audited Financial Statements
- Election of Directors for Ensuing Year
- Appointment of External Auditor

Also to be submitted for approval or ratification is the annual report and the audited financial statements for the year 2007.

### **Voting Procedures**

#### *Vote Required*

A quorum for any meeting of stockholders shall consist of the majority of the outstanding capital stock of the Corporation, and a majority of such quorum shall decide any question in the meeting except those matters which the Corporation Code requires a greater proportion of affirmative vote.

Regarding the election of members of the Board of Directors, nominees who receive the highest number of votes shall be declared elected pursuant to Section 24 of the Corporation Code of the Philippines. Likewise, the nominee – for the Company's external auditor – who receives the highest number of votes shall be declared elected.

The amendment of the articles of incorporation requires the vote of the owners of at least two-thirds of the outstanding capital stock of the Company. The amendment of the by-laws require the vote of owners of at least a majority of the outstanding capital stock of the Company.

The manner of voting is non-cumulative, except as to the election of directors and each stockholder shall have one vote for each share entitled to vote and registered in his name. Unless a motion is duly made and seconded, voting shall be made viva voce and counted manually by the Corporate Secretary. Voting shall be

done by balloting upon motion duly made and seconded and the transfer agent shall count and canvass the ballots.

*The Method by which the votes will be counted*

In the election of directors, the top eight (8) nominees with the most number of votes will be elected as directors. If the number of nominees does not exceed the number of directors to be elected all the shares present or represented at the meeting will be cast in favor of the nominees. If the number of nominees exceeds the number of directors to be elected, voting will be done by ballots. On the election of directors, each stockholder may vote such number of shares for as many person (s) as there are directors to be elected or he may cumulate such shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

The manner of voting is non-cumulative, except as to the election of directors and each stockholder shall have one vote for each share entitled to vote and registered in his name. Unless a motion is duly made and seconded, voting shall be made viva voce and counted manually by the Corporate Secretary. Voting shall be done by balloting upon motion duly made and seconded and the transfer agent shall count and canvass the ballots.

Other than the nominees' election as directors, no director, executive officer, nominee or associate of the nominees has any substantial interest, direct or indirect by security holdings or otherwise in any way of the matters to be taken upon during the meeting.

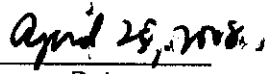
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto authorized.

**ABS-CBN HOLDINGS CORPORATION**

By:



\_\_\_\_\_  
**ENRIQUE I. QUIASON**  
Corporate Secretary



\_\_\_\_\_  
Date

## The Company

ABS-CBN Holdings Corporation (the "Company") was incorporated on March 30, 1999 as Worldtech Holdings Corporation, for the primary purpose of investing, purchasing and holding real and personal property including but not limited to shares of stock, bonds, debentures, notes, evidences of indebtedness or other securities or obligations. On September 16, 1999, the Securities and Exchange Commission approved the change in the Company's corporate name to ABS-CBN Holdings Corporation.

The Company issued Philippine Deposit Receipts (PDRs) in September 1999. The PDRs were then listed on the Philippine Stock Exchange the following month.

For as long as the PDRs are outstanding, the Company will not engage in any activities other than in connection with the issuance of PDRs, the performance of obligations under the PDRs and the acquisition and holding of shares of ABS-CBN Broadcasting Corporation (ABS-CBN) in respect of which PDRs are issued.

Any cash dividends received or other cash distributions in respect of the underlying ABS-CBN shares shall be applied towards the operating expenses of the Company and any amounts remaining shall be distributed pro rata among outstanding PDR holders.

The PDRs unlocked the share value of ABS-CBN, allowing foreigners to participate in a media enterprise whose ownership is constitutionally limited to Filipinos. With foreigners allowed to buy PDRs, ABS-CBN shares which have long been undervalued, can now play catch-up with regional media counterparts.

### Market for Registrant's Common Equity and Related Stockholder Matters

#### Market Information

The Company's Common Equity is not traded in any stock exchange.

However, the Company's Philippine Depositary Receipts relating to ABS-CBN Broadcasting Corporation's shares are listed and traded in the Philippine Stock Exchange since September 29, 1999.

	<u>Stock Prices</u>	
	<u>High</u>	<u>Low</u>
2008		
First Quarter	33.00	23.00
2007		
First Quarter	26.50	18.75
Second Quarter	33.50	26.00
Third Quarter	37.50	29.50
Fourth Quarter	34.50	30.00
2006		
First Quarter	13.00	10.25
Second Quarter	17.75	11.50
Third Quarter	17.25	15.75
Fourth Quarter	22.75	16.50
2005		
First Quarter	18.75	14.75
Second Quarter	16.00	10.50
Third Quarter	14.75	10.25
Fourth Quarter	16.25	12.50

#### Shareholder Information

The number of shareholders of record as of December 31, 2007 was 6. Common shares subscribed as of December 31, 2007 were 400 or ₱40,000, including subscriptions receivable of ₱10,000.

List of stockholders as of December 31, 2007:

<u>Name of Stockholders</u>	<u>No. of Shares Held</u>	<u>% to Total</u>
1. Lopez, Inc.	200	50
2. Oscar M. Lopez	40	10
3. Manuel M. Lopez	40	10
4. Presentacion L. Psinakis	40	10
5. Angel S. Ong	40	10
6. Eugenio Lopez III	40	10

#### Dividend Information

The Company is authorized to pay dividends on the shares in cash, in additional shares, in kind, or in a combination of the foregoing. Dividends paid in cash are subject to approval by the Board and no stockholder approval is required. Dividends paid in the form of additional shares are subject to approval by the Board and holders of at least two-thirds of the outstanding capital stock of the Company. Holders of outstanding Shares on a dividend record date for such Shares will be entitled to the full dividend declared without regard to any subsequent transfer of such Shares.

Any cash dividends or other cash distributions in respect of the underlying ABS-CBN shares shall be applied by the Company towards its operating expenses and any amounts remaining shall be distributed pro rata among outstanding PDR holders. Cash Distributions are made to the PDR holders and declared as interest. Cash distributions to PDR holders are as follows: ₱116.04 million in 2007, none in 2006 and 2005.

There are no restrictions that limit the ability to pay dividends on common equity.

There are no recent Sales of Unregistered Securities - None.

### **Management Discussion and Analysis of Results of Operations and Financial Condition**

The following discussion should be read in conjunction with the Financial Statements of the Company that is incorporated to this Annual Report by reference. Such Consolidated Financial Statements have been prepared in accordance with Philippine GAAP.

The Company has undertaken not to conduct any business other than in connection with the issuance of Philippine Depositary Receipts [PDRs (see Note 4 of the financial statements)], the performance of obligations under the PDRs and the acquisition and holding of shares of ABS-CBN Broadcasting Corporation (ABS-CBN) in respect of which PDRs are issued.

Any cash dividends or other cash distributions distributed in respect of ABS-CBN shares received by the Company (or the Security Agent on its behalf) shall be applied towards its operating expenses then due (including but not limited to applicable taxes, fees and maintenance costs charged by the Philippine Stock Exchange) of the Company (the "Operating Expenses") for the current and preceding year. Any further amount equal to the operating expenses in the preceding year (The "Operating Fund") shall be set aside to meet operating or other expenses for the succeeding year. Any amount in excess of the aggregate of the Operating Expenses paid and the Operating Fund for such period (referred to as "Interest") shall be distributed to Holders *pro rata* on the day after such cash dividends are received by the Company.

The Company's **key performance indicators** are focused only on the dividends received by the registrant to meet the PDR holders' expectation and monitor the cash and cash equivalents level to meet its obligations with respect to the Company's current and preceding year's operations.

In May 2007, the Company received cash dividends of ₱122.37 million for its investment in ABS-CBN shares and in turn distributed interest of ₱116.04 million or ₱0.4267 per PDRs to its holders.

#### **Results of Operations of ABS-CBN Holdings Corporation for the year ended December 31, 2007 compared with year ended December 31, 2006**

The Company posted revenues of ₱1.93 million for the year ended December 31, 2007, and increased from year ago of ₱1.79 million. It is mainly due to interest income earned from its money market placement coming from dividends received from its investment in ABS-CBN shares at ₱.045 per PDRs. Thus, cash and cash equivalents level increased by 140% to ₱5.3 million as of December 31, 2007 from ₱2.2 million as of December 31, 2006.

On the other hand, exercise fees decreased by 85% to ₱3,000 as there were only 30,000 PDRs converted into ABS-CBN shares versus 200,000 conversion of PDRs in 2006.

In 2006, the balance of unearned income, exercise fees and interest income earned during the year is not enough to cover the actual operating expenses. The deficiency amounted to ₱511,296 and is shown as part of "Other current assets – Receivable from PDR holders" account in the 2006 balance sheet. As provided for under the agreement with the PDR holders, such deficiency will be applied against the future dividends that will be received from ABS-CBN.

Operating expenses increased by 8% primarily due to increase in listing fee that is based in market capitalization of the company of the previous year-end stock price.

Unearned income, shown as part of "Trade and Other Payables" account in 2007 pertains to "Operating fund".

#### **Year ended December 31, 2006 compared with year ended December 31, 2005**

The Company posted revenues of ₱1.79 million for the year ended December 31, 2006, a decline from year ago of ₱1.80 million. It is mainly due to conversion of PDRs to ABS-CBN shares in 2005. Hence, exercise fees decreased by 92%. Reimbursement from PDR holders represents excess of operating expenses over interest income and exercise fees (see Notes 2 and 5).

*Financial condition.* Cash and cash equivalents decreased by ₱649,525 or 23% mainly due to payment of annual listing fee to Philippine Stock Exchange. "Other current assets" account represents receivable from PDR holders in 2006 (see Notes 2 and 5) and input VAT in 2005. Accrual of operating expenses in 2006 resulted to an increase in "Accounts payable and accrued expenses" account offset by the decrease in unearned income due to deficiency of income over operating expenses of the Company (see Notes 2 and 5).

#### **Financial Statements**

The financial statements of the Company are incorporated herein by reference.

The audited financial statements has been prepared in accordance with Section 17 of the Securities Regulations Code. The company has undertaken not to conduct any business other than in connection with the issuance of Philippine Depository Receipts (PDRs), the performance of obligations under the PDRs and the acquisition and holding of shares of ABS-CBN Broadcasting Corporation in respect of which PDRs are issued.

#### **Changes in and Disagreements With Accountants on Accounting and Financial Disclosure**

There are no changes in and disagreements with the external auditors on accounting and financial disclosures.

#### **Compliance with Leading Practice on Corporate Governance**

The Company has adopted a Manual of Corporate Governance to institutionalize corporate governance principles. A Compliance Officer has been appointed who reports to the Board of Directors and monitors compliance of corporate governance matters. The Board of Directors has created an Audit Committee, a Nomination Committee and a Compensation and Remuneration Committee in accordance with its Manual of Corporate Governance. There were no deviations from the Manual of Corporate Governance reported during the year. The Company pursues initiatives to improve corporate governance of the Company such as risk management and improvement of internal auditing processes.

Upon the written request of a stockholder, the Company undertakes to furnish the said stockholder a copy of the Company's annual report on SEC Form 17-A free of charge. Such written request shall be directed to the Corporate Secretary, ABS-CBN Holdings Corporation, 4<sup>th</sup> Floor, Benpres Building, Meralco Avenue, 1605 Pasig City.

