

June 8, 2011

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

To: All Stockholders of Lopez Holdings Corporation

Please be advised that the annual meeting of the stockholders of Lopez Holdings Corporation (formerly Benpres Holdings Corporation) will be held on **Wednesday, June 29, 2011** at 2:30 p.m. at Philippine Stock Exchange Auditorium, G/F PSE 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 the Annual Stockholders' Meeting held on June 10, 2010 and the Minutes of the Special Stockholders' Meeting February 28, 2011
5. Report of the President
6. Approval of the Audited Financial Statements
7. Ratification of the Acts of the Board and of Management
8. Election of Directors for Ensuing Year
9. Appointment of External Auditor
10. Amendment of the following provisions of the By-laws:
 - a. Article II, Section 1, to affirm the mandate of the Board pursuant to the SEC Code of Corporate Governance;
 - b. Article II, Section 2, to provide the qualification and election of independent directors as prescribed by the Code of Corporate Governance;
 - c. Adding a new Article II, Section 3, to provide the disqualifications of a director;
 - d. Article II, Section 7 on meetings of directors, to provide that notices can be sent by facsimile transmission or short messaging system;
 - e. Article II, Section 10, to institutionalize the Corporation's commitment to good governance by providing for the suppletory applicability of the Manual of Corporate Governance;
 - f. Adding a new Article III, Section 2, to authorize the board to create additional committees;
 - g. Article IV, Section 4, to align the provisions on the duties of the President with actual practice;
 - h. Article IV, Section 7, to provide that the Treasurer shall sign receipts jointly with other officers designated by the Board;
 - i. Conforming changes in the numbering of the provisions of the By-laws; and
 - j. Revisions to Article 1 Section 1 and Article X Section 1 relating to the change in corporate name to Lopez Holdings Corporation.
11. Other Business
12. Adjournment

For purposes of the meeting, only stockholders of record as of April 28, 2011 are entitled to attend and vote in the said meeting.

Copies of the minutes of Annual Stockholders' Meeting held on June 10, 2010 and Special Stockholders' Meeting held on February 28, 2011 will be available upon request.

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 June 20, 2011.

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

PROXY

KNOW ALL MEN BY THESE PRESENTS:

The undersigned stockholder of **LOPEZ HOLDINGS CORPORATION**, formerly Benpres Holdings Corporation, (the "Corporation") hereby constitutes and appoints _____ or in his incapacity or non-attendance, the Chairman of the meeting, as Proxy to represent the undersigned, and vote all the shares owned by or registered under the name of the undersigned in the books of the Corporation at any and all regular and special meetings of the stockholders of the Corporation and adjournments or postponements thereof, as fully and to all intents and purposes as the undersigned might do if present and acting in person.

This proxy supersedes any previous proxies executed by the undersigned and shall continue to be in effect until withdrawn by the undersigned through notice in writing to the Secretary of the Corporation, but shall not apply in instances wherein the undersigned personally attends the meeting.

IN WITNESS WHEREOF, I have hereunto signed these presents this _____ day of _____, 2011 in _____.

(Printed Name of Stockholder and Signature)

(Address)

(This proxy is not required to be notarized)

LOPEZ HOLDINGS CORPORATION
(Formerly Benpres Holdings Corporation)
INFORMATION STATEMENT

This Information Statement is dated June 8, 2011 and is being furnished to stockholders of record of Lopez Holdings Corporation as of April 28, 2011 in connection with the Annual Stockholders' Meeting.

**MANAGEMENT IS NOT ASKING YOU FOR A PROXY AND
YOU ARE REQUESTED NOT TO SEND MANAGEMENT A PROXY.**

A. General Information

Date, Time and Place of Meeting of Security Holders

Date -	June 29, 2011
Time -	2:30 P.M.
Place -	Philippine Stock Exchange Auditorium G/F PSE Building, Exchange Road Ortigas Center, Pasig City
Principal Office -	4th Floor, Benpres Building Meralco Avenue, Pasig City 1605

Approximate date on which the Information Statement is first to be sent or given to security holders is June 8, 2011.

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 4,583,458,074 common shares subscribed and outstanding as of April 28, 2011. Each stockholder shall be entitled to one vote for each share of common stock held as of the established record date.
- (b) All stockholders of record as of April 28, 2011 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 28, 2011, 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	(2) Name and address of Record Owner and Relationship with the Company	(3) Name and Address of Beneficial Owner and Relationship with the Record Holder	(4) Citizenship	(5) No. of Shares	(6) Percent Class
Common	Lopez, Inc. 5 th Floor, Benpres Building Exchange Road Pasig City* is the majority owner of the Issuer	Lopez, Inc., 5 th Floor, Benpres Building, Exchange Road, Pasig City, is both the record and beneficial owner	Filipino	2,411,528,215	52.6%
Common	PCD Nominee Corp. c/o PCD Nominee, Makati City	PCD Nominee Corp. c/o PCD Nominee, Makati City	Filipino	1,423,402,673	31.1%

Common	PCD Nominee Corp. PSE Center, Ayala Avenue, Makati City	PCD Nominee Corp. PSE Center, Ayala Ave., Makati City	Foreign	521,681,774	11.4**
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* 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, Presentacion L. Psinakis, and Eugenio Lopez III and his siblings.

Mr. Oscar M. Lopez, chairman emeritus, is authorized to vote for the shares of Lopez, Inc.

Name and Address of the record and beneficial owner of more than 5% under PCD Nominee:

The Hongkong and Shanghai Banking Corp. Ltd. (HSBC)
HSBC Securities Services
12/F, The Enterprise Center, Tower I,
6766 Ayala Avenue, cor. Paseo de Roxas,
Makati City

** HSBC is the beneficial owner and Ms. Jocelyn Tan, AVP – Corporate Action, is authorized to vote for the 10.90% shares of PCD Nominee Corporation.

Deutsche Bank Manila (DB Manila)
26/F Ayala Tower One
Ayala Triangle, Makati City 1226

** DB Manila is the beneficial owner and authorized to vote for the 5.85% shares of PCD Nominee Corporation.

(f) Security Ownership of Management as at April 28, 2011:

(1) Title of Class	(2) Name beneficial owner	(3) Amount and nature of beneficial ownership	(4) Citizenship	(5) Percent owner of class
Common	Oscar M. Lopez	8,611,991 (direct)	Filipino	0.19%
"		7,457,025 (indirect)	Filipino	0.16%
"	Manuel M. Lopez	7,090,460 (direct)	Filipino	0.15%
"		10,985,000 (indirect)	Filipino	0.24%
"	Eugenio Lopez III	16,829 (direct)	Filipino	-%
"	Felipe B. Alfonso	1 (direct)	Filipino	-%
"	Washington Z. Sycip	1 (direct)	Filipino	-%
"	Cesar E.A. Virata	1 (direct)	Filipino	-%
"	Salvador G. Tirona	1 (direct)	Filipino	-%
"	Enrique I. Quiason	67,317 (direct)	Filipino	-%
"	Federico R. Lopez	2,857 (direct)	Filipino	-%
"		2,000 (indirect)	Filipino	-%
"	Miguel L. Lopez	192,300 (direct)	Filipino	%
"	Cielito R.A. Diokno	-	Filipino	-%
"	Maria Amina O. Amado	-	Filipino	-%
"	All directors and executive officers as a group	15,981,757 (direct)	Filipino	0.35%

(g) Voting Trust Holders of 5% or More

The Company is not aware of persons holding more than 5% of the outstanding common shares under a voting trust or similar agreement.

(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.

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 Emeritus
- Mr. Manuel M. Lopez, Chairman
- Mr. Eugenio Lopez, III
- Mr. Salvador G. Tirona
- Mr. Felipe B. Alfonso
- Mr. Washington Sycip (*independent*)
- Mr. Cesar E.A. Virata (*independent*)

Executive / Corporate Officers:

- Oscar M. Lopez Chairman Emeritus
- Manuel M. Lopez Chairman and Chief Executive Officer
- Salvador G. Tirona President and Chief Operating Officer
- Eugenio L. Lopez III Vice Chairman of the Board
- Federico R. Lopez Treasurer
- Miguel L. Lopez Vice President, Corporate Affairs
- Cielito R. A. Diokno Vice President, Human Resources
- Enrique I. Quiason Corporate Secretary
- Maria Amina O. Amado Compliance Officer

Oscar M. Lopez Chairman Emeritus	Oscar M. Lopez (aged 81) chairman emeritus, has been a director and vice chairman of the company since inception up to June 2000, and was the chairman from 2000 to June 2010. He served as president from 1999 until 2004. He was chief executive officer of Lopez Holdings from 1999 to June 2010. He received a Bachelor of Arts degree from Harvard College and a Master's degree in Public Administration from Harvard University. He is chairman emeritus of FPHC, chairman of Lopez, Inc. and is a director of among other Rockwell Land, and ABS-CBN. He attended the seminar, Corporate Governance for Directors of SGV & Co. He owns 8,611,911 Lopez Holdings Corporation (LPZ) shares.
Manuel M. Lopez Chairman	Manuel M. Lopez (aged 68), chairman and chief executive officer, has been a director of the company since inception, and was vice chairman from 2001 to June 2010. 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 served Meralco as president from 1986 to June 2001 and as chairman from 2001 until May 2011. He is the chairman of Rockwell Land, Sky Cable and Bayan, is the vice-chairman of Lopez, Inc. and is a director of among others, FPHC. He attended the two-day Briefing on Corporate Good Governance Risk Management of the Knowledge Institute of SGV & Co. He owns 7,090,460 LPZ shares.
Eugenio Lopez III Vice Chairman	Eugenio Lopez III (aged 58), vice chairman, has been a director of the company since inception and was treasurer from inception until June 2010. He received a Bachelor of Arts degree in Political Science from Bowdoin College and a Master's degree in Business Administration from the Harvard Business School. He has been chairman and chief executive officer of ABS-CBN since 1997, is president and director of

	<p>SkyCable, and vice chairman of the board and president of Bayan, among others. He was president of ABS-CBN from 1993 to 1997. He attended the 4th Corporate Governance Scorecard for Publicly Listed Corporations in the Philippines of the Institute of Corporate Directors. He owns 16,829 LPZ shares.</p>
<p>Felipe B. Alfonso Director</p>	<p>Felipe B. Alfonso (aged 73) has been a director of the company since 1996. He has been EVP-Human Resource Development since January 2001. He received a Bachelor of Laws degree from the Ateneo de Manila University and a Masters degree in Business Administration from New York University. He has been co-vice chairman of the board of trustees of the Asian Institute of Management (AIM) since September 1999. He was AIM president from June 1990 to 1999. He attended the Corporate Governance Course of the Executive Education & Life Long Learning Center of AIM. He owns 1 LPZ share.</p>
<p>Washington Z. Sycip (Independent Director)</p>	<p>Washington Z. SyCip (aged 89) has been a director of the company since 1996. He is an independent director. He received a Bachelor of Science degree in Commerce from the University of Santo Tomas and a Master of Science degree in Commerce from Columbia University. He is chairman of the board of trustees and board of governors of the Asian Institute of Management, and honorary chairman of Euro-Asia Centre, INSEAD of France. He is also a member of the Board of Overseers of the Columbia University Graduate School of Business, and a board member of the Joseph H. Louder Institute of Management and International Studies, University of Pennsylvania. He underwent the Mandatory Accreditation Programme of the Research Institute of Investment Analysts Malaysia. He owns 1 LPZ share.</p>
<p>Cesar E.A. Virata (Independent Director)</p>	<p>Cesar E.A. Virata (aged 80) was elected director of the company in July 2009. He is an independent director. He graduated in 1952 from the University of the Philippines with Bachelor of Science degrees in Mechanical Engineering and in Business Administration (cum laude). He received his Master's degree in Business Administration major in Industrial Management in 1953 from the University of Pennsylvania. Former Prime Minister of the Philippines (1981-1986) and Chairman of the Committee on Finance of the <i>Batasang Pambansa</i> (1978-1986), he is now chairman and president of the C. Virata and Associates, Inc. Management Consultants, director and corporate vice chairman of Rizal Commercial Banking Corporation, and concurrently serves as director and/or chairman of such organizations as RCBC Savings Bank, Inc., RCBC Capital Corporation, Malayan Insurance Company, Inc., Great Life Financial Assurance Corporation, BusinessWorld Publishing Corporation, Mapua Institute of Technology, and AY Foundation, Inc., among others. He attended the seminar, Corporate Governance for Bank Directors, Bank Chairmen & CEOs of the Institute of Corporate Directors and the <i>Bangko Sentral ng Pilipinas</i>. He owns 1 LPZ share.</p>
<p>Salvador G. Tirona</p>	<p>Salvador G. Tirona (aged 56), director, president and chief operating officer, joined the company as chief finance officer (CFO) in September 2005. 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's degree in Economics from the University of Ateneo de Manila and a Master of Business Administration from the same university. He attended the five-day Professional Directors' Program of the Institute of Corporate Directors. He owns 1 LPZ share.</p>
<p>Federico R. Lopez</p>	<p>Federico R. Lopez (aged 49), treasurer, was EVP-Regulatory Management from 2001 until June 2010. He is chairman and chief executive officer of FPHC (since June 2010) and First Gen Corporation, as well as director of ABS-CBN and various FPHC and First Gen subsidiaries. He is a graduate of the University of Pennsylvania with a Bachelor of Arts degree in Economics and International Relations (cum laude, 1983).</p>
<p>Miguel L. Lopez</p>	<p>Miguel L. Lopez (aged 42) was appointed Vice President and Head- Corporate Affairs on June 10, 2010. He joined from Meralco where he worked for 8 years, occupying various positions, the last of which was as Vice President and Head of Corporate Marketing. Prior to Meralco, from 1998 to 2002, with Maynilad as VP, Central Business Area and from 1994 to 1998, as AVP, Customer Division of Bayantel. He graduated with a degree in Business Administration from Menlo College of California, USA and has attended the Executive Development Program of the Asian Institute of Management. He owns 192,300 LPZ shares.</p>

Cielito R.A. Diokno	Cielito R.A. Diokno (aged 56) has been with the company since 1997. She received her Bachelor of Science degree in Psychology from the University of the Philippines.
Enrique I. Quiason	Enrique I. Quiason (aged 50) appointed as the Corporate Secretary and Compliance Officer, June 10, 2010. He has been the Corporate Secretary of the company since inception. He received his Bachelor of Science degree in Business Economics and Bachelor of Laws degree from the University of the Philippines, and Master of Laws degree in Securities Regulation from Georgetown University. He is a senior partner of the Quiason Makalintal Barot Torres & Ibarra Law Office. He is the corporate secretary of FPHC, Rockwell Land, Bayan, SkyCable, RCPI, Sierra Tours, and Lopez, Inc. He is also assistant corporate secretary of ABS-CBN. He owns 67,317 LPZ shares.
Ma. Amina O. Amado	Maria Amina O. Amado (aged 47) appointed as Assistant Secretary, June 10, 2010. She is currently a Senior Assistant Vice President for Legal of Lopez Holdings. She was the Compliance Officer of the Company from 2006 to 2009; an Assistant Vice President from 2005 to July 2010, and has been its Assistant Corporate Secretary since 1994. She is also the Corporate Secretary and Assistant Corporate Secretary of various Lopez Holdings subsidiaries and affiliates. She graduated with an A.B. Political Science degree in 1984 and a Bachelor of Laws degree in 1989 from the University of the Philippines. She completed the academic requirements for the Executive Masters in Business Administration program of the Asian Institute of Management.

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.

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

With respect to the last five years and up to the date of this Information Statement, 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 52.8%* of the voting stock of the Company, as of April 28, 2011.

* 9,264,670 shares representing 0.20% are covered by the SPURs issued by Lopez, Inc. to certain holders which give the holders thereof the right to delivery and/or sale of common shares of Lopez Holdings and other rights relating to certain rights (other than voting rights, distributions, payments, securities or any other property attributable to or derived from the shares).

- (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 28, 2011, the Company received nominations for the following as members of the Board of Directors for the ensuing year (2011-2012):

Mr. Oscar M. Lopez, Chairman Emeritus
Mr. Manuel M. Lopez, Chairman
Mr. Eugenio Lopez, III
Mr. Felipe B. Alfonso
Mr. Salvador G. Tirona
Mr. Washington Sycip (*independent*)
Mr. Cesar E.A. Virata (*independent*)

Messrs. SyCip and Virata are independent directors. The Company's two independent directors have one (1) share of the stock of the Company each in their respective names, are both 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. Mr. SyCip and Mr. Virata: (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 five (5) 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 five (5) years, either personally or through their firms; and (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 or insignificant. They do not possess any of the disqualifications enumerated under Article 3E of the Revised Code of Corporate Governance and SEC Memorandum Circular No. 6, Series of 2009.

All the directors, including the independent directors, were nominated by Lopez, Inc. The independent directors are independent of management and free from any business or other relationship with Lopez, Inc. The Nominations and Elections Committee passed upon the qualifications of the directors. The Chairman of the Nominations and Elections Committee is Mr. Oscar M. Lopez, and its members are Mr. Washington Z. Sycip and Mr. Cesar E. A. Virata. The stockholders of the Company has adopted SRC Rule 38 (Requirements on Nomination and Election of Independent Directors) at the stockholders meeting held on June 7, 2004 and has delegated the authority to the Board the amendment of the by-laws to incorporate such rules. Compliance therewith has been made pending application with SEC in June 2010.

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 follows (in million Php):

	<u>Year</u>	<u>Salary</u>	<u>Bonus</u>	<u>Total Annual Compensation</u>
Chief Executive Officer and four most highly compensated executive officers*	2009	27.75	10.58	38.33
	2010	22.25	21.53	43.78
	2011E	31.91	16.20	48.11
All officers and directors as a group unnamed	2009	40.33	14.67	55.00
	2010	35.25	25.08	60.33
	2011E	46.38	18.27	64.65

*Note: The CEO and four most highly compensated executive officers of the Company are Oscar M. Lopez, Manuel M. Lopez, Cielito R.A. Diokno, Angel S. Ong., Salvador G. Tirona &/or Eugenio Lopez III.

- 1) The directors receive standard per diems of P10,000 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.
- 4) The Compensation Committee has established a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors. It has three members, one of whom is an independent director, namely: Oscar M. Lopez – Chairman, Cesar E. A. Virata and Salvador G. Tirona.

Appointment of External Auditors

The accounting firm of Sycip Gorres Velayo & Co. (SGV) has been the Company's Independent Public Accountants for the last seventeen (17) 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 SRC Rule 68(3)(b)(iv) (Rotation of External Auditors), the Company has not engaged an SGV partner for more than five years. Mr. Gemilo J. San Pedro was assigned as partner for the Company in 2009.

There was no event in the past seventeen (17) 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.

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

The audit fees billed for the last two (2) fiscal years for professional services rendered by the external auditor amounted to P950,000 for years 2010 and 2009.

SGV was engaged by Lopez Holdings solely to audit its annual financial statements. It was not engaged to provide any other (non-audit) services for Lopez Holdings in 2010 and 2009.

The Audit Committee, composed of Sen. Cesar E.A. Virata, as Chairman, Mr. Washington Z. Sycip and Mr. Manuel M. Lopez, has the function of, among other things, reviewing the performance of the external auditor and exercising final approval on the appointment or discharge of external auditors as well as reviewing and approving audit-related

and permitted non-audit services to be rendered by external auditors. Upon recommendation of as the Audit Committee, the Board of Directors will again nominate SGV for re-appointment for the succeeding taxable year.

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 consolidated financial statements for the calendar year ended December 31, 2008 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.

D. OTHER MATTERS

Action with Respect to Reports

The minutes of the previous Annual Stockholders' Meeting held on June 10, 2010 and the Minutes of the Special Stockholders' Meeting held on February 28, 2011 shall be submitted to the stockholders for approval. The minutes of the Annual Stockholders' Meeting contain discussions of the following items:

- Approval of Minutes of June 11, 2009 Annual Stockholders' Meeting
- Report of the President
- Approval of the Audited Financial Statements
- Election of Directors for Ensuing Year
- Appointment of External Auditor
- Approval of Amended Articles of Incorporation changing the Corporate Name to Lopez Holdings Corporation
- Other Business
- Adjournment

The minutes of the Special Stockholders' Meeting held on February 28, 2011 contain discussions of the following items:

- Approval of the Corporation's Employee Stock Option Plan (ESOP) and Employee Stock Purchase Plan (ESPP)
- Amendment of Article VII of the Articles of Incorporation to provided that holders of common stocks shall not be entitled to subscribe to the 120 million shares allotted for the ESOP and ESPP

Also to be submitted for approval or ratification is the annual report and the audited financial statements for the year 2010.

With respect to the ratification of the Acts of the Board, and of Management for the past year and up to the date of the meeting, these cover items entered into in the ordinary course of business with those of significance having been covered by the proper disclosures such as: the election of corporate officers, membership in board committees, designation of authorized signatories, debt buy-back, sale of assets, opening of accounts, and includes the 2010 reports of the Chairman and President and the 2010 audited financial statements.

Amendment of By-laws

At the stockholders' meeting, it will be proposed that the stockholder approve the recommendation of the Board to amend the following provisions of the by-laws of the Corporation:

- a. Article II, Section 1, to affirm the mandate of the Board pursuant to the SEC Code of Corporate Governance
- b. Article II, Section 2, to provide the qualification and election of independent directors as prescribed by the Code of Corporate Governance

- c. Adding a new Article II, Section 3, to provide the disqualifications of a director
- d. Article II, Section 7 on meetings of directors, to provide that notices can be sent by facsimile transmission or short messaging system
- e. Article II, Section 10, to institutionalize the Corporation's commitment to good governance by providing for the suppletory applicability of the Manual of Corporate Governance
- f. Adding a new Article III, Section 2, to authorize the board to create additional committees
- g. Article IV, Section 4, to align the provisions on the duties of the President with actual practice; and;
- h. Article IV, Section 7, to provide that the Treasurer shall sign receipts jointly with other officers designated by the Board
- i. Conforming changes in the numbering of the provisions of the By-laws
- j. Revisions to Article 1 Section 1 and Article X Section 1 relating to the change in corporate name to Lopez Holdings Corporation.

Attached to this Information Statement as Annex A is a draft of the proposed amendment to the By-laws.

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 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 seven (7) 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.

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, Benpres Holdings Corporation, 4th Floor, Benpres Building, Meralco Avenue, 1605 Pasig City. At the discretion of management, a charge may be made for exhibits, provided that such charge is limited to reasonable expenses incurred by the Company in furnishing such exhibits.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Pasig City on June 8, 2011.

LOPEZ HOLDINGS CORPORATION

By:



ENRIQUE I. QUIASON
Corporate Secretary

PART I – BUSINESS AND GENERAL INFORMATION

Business

The Company

Lopez Holdings Corporation (formerly Benpres Holdings Corporation) was incorporated in 1993 by the Lopez family to serve as the holding company for investments in major development sectors such as broadcasting and cable; telecommunications; power generation and distribution; and banking. It added to its portfolio, investments in other basic service sectors but has since sold its interest in banking, toll roads, information technology, property development and health care delivery.

Its current interests are in multimedia communications, including broadcast, cable and telecom; and in power generation, especially in the development of clean, indigenous and/or renewable energy sources. No new businesses were developed in the last three years.

Please refer to Exhibit 1 on page 18 summarizing the list of the subsidiaries and direct associates of the registrant including their principal activities, and effective % of ownership.

Lopez Holdings further reduced its outstanding obligations in 2010

Pursuant to the Term Sheet dated December 2008, it issued a Notes Issuance Agreement last December 2010 for creditors who opted for to restructure their debt. Under the agreement, Lopez Holdings will provide a bullet payment for the principal amount in 12.5 years at an interest rate of 4 percent per annum gross of final tax for its US\$ obligations and an interest rate of 7% per annum gross of final tax for Philippine peso obligations.

Remaining parent company debt as of end-2010 is US\$65 million out of which approximately US\$20 million has been restructured. Creditors holding unstructured debt papers may opt to either sell them back to the company, subject to a discount and funds availability, or accede to the Notes Issuance Agreement.

In 2010, the company changed its name and adopted a new logo, connoting its vision to be “a world-class conglomerate committed to investments that improve the lives of Filipinos.” It seeks to continue the Lopez Group’s 82-year old tradition of nation building.

Lopez Holdings continued to derive value from its investments in leading Philippine corporations. The major investments of Lopez Holdings are in media and communications through ABS-CBN Corporation (ABS-CBN) and in sustainable energy development, infrastructure, property development and green manufacturing through First Philippine Holdings Corporation (FPHC).

ABS-CBN is the country’s largest multimedia content provider and drives synergies with affiliate Sky Cable Corporation and sister company Bayan Telecommunications, Inc. Lopez Holdings received P495 million in cash dividends from ABS-CBN in 2010.

FPHC is the parent company of leading clean and renewable energy advocate First Gen Corporation, which in turn controls geothermal energy pioneer Energy Development Corporation. FPHC also owns construction firm First Balfour, Inc.; pipeline operator First Philippine Industrial Corporation; Rockwell Land Corporation; First Philippine Industrial Park; and First Philec Corporation, parent company of solar wafer slicer First Philec Solar Corporation, flexible printed circuit maker First Sumiden Circuits, Inc., and distribution transformers manufacturer Philippine Electric Corporation, among others. Lopez Holdings received P508 million in cash dividends from FPHC in 2010.

Lopez Holdings posted P13.175 billion in net income attributable to equity holders of the Parent in 2010. The amount is 10.7 percent higher than the P11.901 billion reported in 2009.

Total revenues of P32.185 billion, up 29.5 percent from the previous year, reflects the record performance of associate ABS-CBN, which is consolidated in Lopez Holdings financial statements.

Equity in net earnings increased by 164.8 percent to P11.118 billion from P4.198 billion, as affiliate FPHC reported a net income attributable to equity holders of the Parent of P24.850 billion. FPHC completed the sale of a 6.6 percent stake in Meralco in March 2010. FPHC's consolidated revenues reached P64.3 billion in 2010, with sale of electricity accounting for 82 percent.

As of December 31, 2010, the company had US\$45.0 million and P872 million in direct obligations, slightly lower than end-2009 debt levels of US\$45.0 million and P875 million.

As Lopez Holdings cleaned up its balance sheet, its major investees ABS-CBN and FPHC showed improved valuations with the deliberate, careful and determined implementation of market-oriented strategies.

Media and Communications

In the media and communications group, ABS-CBN further strengthened its organization to realize synergy across platforms.

It changed its corporate name to ABS-CBN Corporation, dropping the 'Broadcasting', in response to changes in the media landscape brought about by technology. The media business has gone beyond broadcasting to encompass other platforms. ABS-CBN has interests in radio, free-to-air and cable television, movie production, publishing, and online news and content distribution.

ABS-CBN posted a consolidated net income attributable to Parent of P3.2 billion in 2010, 86.7 percent higher than its net income of P1.7 billion in 2009. Consolidated revenues increased by 29.5 percent year-on-year to P32.2 billion, as advertising revenues rose by 50 percent on the combined surge in total advertising minutes sold, programmed rate increase effective February 2010 and election-related and political advocacy advertisements.

Earnings before interest, taxes, depreciation and amortization (EBITDA) of P8.6 billion was 33 percent better than 2009 EBITDA of P6.5 billion, yielding an EBITDA margin of 27 percent in 2010 versus 26 percent the previous year.

The media conglomerate paid a cash dividend of P1.10 per share in 2010.

ABS-CBN received tremendous public support for Bayan Mo, I-Patrol Mo, as it promoted citizen journalism in the run up to the May 2010 presidential elections. Today, its 130,000 Boto Patrollers, almost 40,000 of them on Facebook, regularly contribute reports to ABS-CBN's news programs calling attention to issues and events in their communities. Reports come in the form of photos, text and video sent by email or by mobile phone.

With programming innovations, ABS-CBN maintained its lead in national audience share and TV ratings, averaging 43 percent in 2010. Primetime favorites like *Mara Clara*, *Imortal*, *Magkaribal*, *Kung Tayo'y Magkakalayo*, and *Habang May Buhay* kept competitors at bay.

In the international arena, ABS-CBN classic *Pangako sa'Yo* aired on China's national TV to rate second over all local and foreign programs. The teleserye hit the Top 30 list in the national weekly ranking, covering over 2,000 channels and capturing 1.3 billion viewers. Another ABS-CBN original, *Lobo*, premiered in Brunei to receptive audiences, strengthening the reputation of ABS-CBN Global's International Sales and Distribution as the top source of high quality Philippine programs.

TFC (The Filipino Channel) expanded coverage in Canada to include carriage on Rogers Cable. This widened ABS-CBN's cable footprint in the Eastern part of Canada, which includes Ontario, New Brunswick and selected areas in Quebec.

Finally, ABS-CBN forged three agreements with five Southeast Asian companies via the Smart Alliance, in which members collaborate on content, regional sales and marketing, and technology including equipment and facilities rental. Founding members are BBTV (Thailand), International Media Corporation (Vietnam), Media Nusantara Citra (Indonesia), Media Prima (Malaysia), and MediaCorp (Singapore).

SkyCable pursued its digital network rollout in 2010, posting a 36 percent hike in broadband subscribers although cable TV subscriber numbers remained flat. As a result, broadband revenues jumped by 64 percent, while cable TV revenues inched up by 5%. Overall total revenues grew by 10 percent.

Subscribers in Davao and in Cebu went digital, allowing them to customize channel and program selections, as well as to subscribe to video-on-demand. The Manny Pacquiao versus Joshua Clottey boxing match in Texas aired in true HD on SkyCable HD in March 2010.

Reception for iWantv! grew as subscribers began to appreciate the convenience of the medium's video-on-demand and live channel formats. Offered jointly by SkyCable and Bayan Telecommunications, Inc. (Bayan), video-on-demand allows user-set video streaming of top-rating ABS-CBN shows and selected programs of the Lifestyle network. Live channels allow viewing of programs as they air.

Bayan launched its voice SMS (short message service) for fixed line and mobile subscribers. Voice SMS is a recorded voice message that is delivered with an SMS notification. It became a channel for ABS-CBN Bayan Patrollers to submit reports and commentary during the May 2010 elections.

In 2010, Bayan posted core revenues of P5.98 billion, a 5 percent decrease over the P6.32 billion core revenue in 2009, due to lower voice revenues that is consistent with the industry performance.

Core EBITDA dropped by 11 percent from P1.96 billion to P1.75 billion mainly due to the lower revenue and higher operating cost to support the wireless landline expansion.

Bayan's data business, which includes DSL and other corporate data services, declined by 3 percent in 2010 to P2.97 billion from P3.05 billion in 2009. Data business revenues account for about half of Bayan's total revenue. Bayan's DSL business grew by 16 percent at P1.3 billion as subscribers continued to grow over the previous year to close to 130,000.

In terms of its debt obligations under the rehab plan, Bayan paid a total of P1.27 billion in 2010 for both principal and interest. This brings the company's total debt-related payments to more than P5.9 billion since the rehab plan was implemented in July 2004.

Bayan partnered with Thaicom Plc to address the lack of affordable connectivity options for the business transactions of small and medium enterprises. Thaicom's IPSTAR satellite covers almost the entire Philippines with bandwidth capacity to support up to 1.5 gigabits per second dedicated to the Philippine islands alone. The capacity is enough to support tens of thousands of Internet devices and provides more cost-effective connectivity solutions to businesses in underserved areas.

Bayan Business provides business solution packages that are custom-fit to SMEs, with dedicated acct mgrs. It started SamBayanan community, which allows customers to interact with one another, share business insights and find other partner-businesses.

Power and Energy

FPHC strengthened its portfolio by shifting more resources toward clean and renewable power generation.

In March 2010, FPHC sold a 6.6 percent stake in Manila Electric Company, after Metro Pacific Investment Corporation (MPIC) exercised its call option on the shares. As a result, FPHC's interest in Meralco went down to 6.6 percent as of end-2010 from 13.23 percent as of end-2009. Under an investment and cooperation agreement with MPIC, FPHC will continue to be entitled to one seat in Meralco's 11-member board of directors for as long as its interest does not fall below 5 percent.

FPHC had fully subscribed to the 1:1.756 stock rights offering of First Gen Corporation (First Gen), conducted from January 8 to 14, 2010. FPHC paid P10 for First Gen shares offered at P7 each.

First Gen owns natural gas pioneers First Gas Corporation and FGP Corporation, and controls geothermal energy pioneer Energy Development Corporation (EDC). First Gen passed the recertification audit of its Quality Management System under ISO 9001:2008 during the year, attesting to that processes are in place to ensure efficient and effective power plant operations in multiple locations.

FPHC's net income attributable to equity holders of the parent amounted to P24.9 billion, 185 percent increase over the P8.7 billion reported the previous year. The growth was mainly driven by the combined gain on sale of the 6.6 percent block of Meralco shares and mark-to-market restatement of the residual Meralco shares, as well as from

the improvement in the net earnings of subsidiaries and associates. The prior year's net income included a P9.0 billion gain from the sale of the initial 20 percent interest in Meralco.

Revenues reached P64.3 billion, 8.8 percent over that of the previous year's P59.1 billion.

FPHC continued to pay semi-annual cash dividends in favor of holders of its P4.3 billion-Series "B" perpetual preferred shares, in accordance with the terms and conditions of the shares. The FPHC board approved dividend payouts in February and August 2010 totaling P375 million. The preferred shares were listed on the Philippine Stock Exchange (PSE) on April 30, 2008 and the dividend rate was fixed at 8.7231 per cent for five years, with dividends payable in arrears semiannually.

First Gen posted a 319 percent year-on-year increase in net income attributable to parent to US\$70.2 million, on the back of a 22 percent hike in revenues to US\$1.2 billion. The performance was driven by the continued strength and reliability of the First Gas group, higher equity in net earnings from associates EDC and First Gen Hydro Power Corporation and EDC, as well as lower debt levels.

EDC reported a 31 percent rise in net income to P4.4 billion, primarily due to full year electricity revenues booked from subsidiary Green Core Geothermal, Inc., which operates the Tongonan and Palinpinon geothermal power plants in Leyte and Negros Oriental, respectively.

As First Gen and EDC lead the charge toward sustainable power generation through the efficient use of clean indigenous fuels, as well as the development of renewable energy sources, FPHC lends its full support to enhance First Gen's position as the leading world-class Filipino energy company. By delivering cost-effective and reliable energy services to customers, First Gen rises to the challenge of global competition.

First Gen's 2,887.4 megawatts account for about 19 percent of the country's total installed capacity. Its plants are serve all three Philippine grids - Luzon, Visayas and Mindanao.

On the manufacturing side of the business, First Philec Solar Corporation invested US\$44 million to expand its wafer slicing services at its plant in First Philippine Industrial Park. A new facility capable of accommodating 60 saws was inaugurated in December 2010. FPSC grew its capacity by 65 million wafers equivalent to 200 MW annually and increased its workforce from 450 to 1,090. It plans to complete the expansion of the new facility in the near future to further increase its capacity by 65 million wafers. FPSC is the first and only large-scale silicon wafer slicing company in the Philippines.

FPSC became the first private company in the Philippines to be inducted into the Palladium Balanced Scorecard Hall of Fame for Executing Strategy at the 2010 Palladium Asia Pacific Summit in September 2010. The honor recognizes high-performing organizations that use the Kaplan-Norton strategy management system based on the Balanced Scorecard to achieve breakthrough results. FPHC's interest in FPSC is held by wholly owned intermediate holding company, First Philec Corporation.

CORPORATE SOCIAL RESPONSIBILITY

Lopez Holdings Corporation renewed its involvement in social responsibility projects in 2010. With the substantial reduction of its debt, the company found opportunity to rebuild its relationship with causes that are consistent with its vision to improve the lives of Filipinos. The company provided support for educational and livelihood programs evaluated to be sustainable, with a measurable impact, and capable of being replicated across communities.

It provided P6 million in seed funding to Knowledge Channel Foundation, Inc. (KCFI) for the establishment of the Out-of-school and Mature Learners Alternative Learning Institute (OMLALI). OMLALI will support the work of some 1,700 mobile teachers and 2,300 district Alternative Learning System coordinators throughout the country, targeting to reach 350,000 Filipinos learners not served by the formal school system. Associate First Philippine Holdings Corporation also provided seed funding for OMLALI, separate from the Lopez Holdings contribution.

It also established an endowment fund in the amount of P50 million to support KCFI operations.

On the initiative of staff members, Lopez Holdings supported BayaniJuan (BnJ) sa Southville, formerly BnJ sa Calauan, through a P1.5 million donation. Through the coordination between ABS-CBN Foundation and the Department of Education, the donation funded the expansion of the canteen, the installation of artesian wells and

the rehabilitation of the electric water pump of the public elementary school in the area. The donation also covered the installation of 32 solar street lights in Site 1, including community facilities such as the chapel, community center, school, wet and dry market, wellness center, playground, and recycling facility.

Lopez Group Foundation, Inc.

Lopez Group Foundation Inc. (LGFI) was established in 2004 as the coordinative hub for corporate social responsibility (CSR) initiatives of the Lopez Group. It is accredited by the Philippine Council for NGO Certification (PCNC).

In January 2010, 16 members from the second and third Lopez generations, along with 20 Lopez Group executives, signed the Lopez CSR Magna Carta that embodies the Group's values, signifying their commitment to the principles by which CSR will be practiced. The Magna Carta encourages that CSR will be made an integral part of the business.

LGFI networks with internal and external stakeholders to generate awareness for Lopez CSR initiatives through memberships and board positions in CSR-oriented organizations; seeks funds from a broad spectrum of grant-giving institutions, foundations, donor agencies and corporations to support its flagship projects and those of the Lopez CSR family consisting of 7 foundations and 17 corporations; and promotes the practice of CSR through tool-kit sessions and sponsorships of CSR international forums and conferences.

Its flagship projects are: *Halad sa Guimaras* to rehabilitate the shattered lives of a fishing community displaced by an oil spill in August, 2006; *Family Planning in the Workplace Prism I and II* in partnership with USAID and Chemonix; *Lopez Lifelong Wellness*, generally a self-liquidating program to promote lifestyle change and wellness in the workplace; and *Peace Education* in partnership with the Department of Education, Culture and Sports and the Knowledge Channel.

Starting in 2011, LGFI's bi-annual report on the Group's CSR endeavors, entitled *Bridges*, will issue its first sustainability report towards the end of the fourth quarter. It will highlight five of the Group's CSR projects to include the BayaniJuan Calauan Resettlement project; Knowledge Channel; Bantay Kalikasan; and projects of Energy Development Corporation and First Phillipine Industrial Corporation.

ABS-CBN Foundation, Inc.

ABS-CBN Foundation Inc. (AFI) expanded its reach in 2010 as its programs united Filipinos from all sectors of society to act for the common good.

A total of 116,086 runners participated in the 10.10.10: Run for the Pasig River, organized by Kapit Bisig para sa Ilog Pasig (KBPIP), surpassing the world record of 110,000 set by the Bay to Breakers race in California in 1988. The run raised funds for the rehabilitation of Estero de Paco, a tributary of the Pasig River. This was a joint initiative of AFI, Pasig River Rehabilitation Commission, private companies, and local and national government agencies. The run boosted efforts to relocate informal dwellers in Estero de Paco to the BayaniJuan resettlement site in Calauan, Laguna. Other estuaries, such as those around Malacanang, are scheduled for cleanup in 2011, with the help of public sector and private sector partners.

Meanwhile, AFI continued its various programs targeting specific beneficiaries. Bantay Bata celebrated its 14th year of service with the launch of the mobile reporting of child abuse (**Text BB163 <space> REPORT, NAME <space> ADDRESS and send to 2366.**) BB163 has received and responded to a total of 14,521 reports of child abuse since inception.

E-Media bagged the 19th KBP Golden Dove Awards for Best Children Program "*Mathtinik*". Through its project, AFI for Public School of Excellence, E-media opened the school year with the inauguration of Dayap Elementary School Annex (Oscar M. Lopez Campus). This is a public school co-managed with the Department of Education in the Bayanijuan.

Sagip Kapamilya served immediate goods to 21,228 families from 64 barangays. It does not only provide immediate assistance during calamities, but it also does provide programs about disaster preparedness and risk reduction. A total of 17,556 participants from different parts of Metro Manila attended seminars on disaster risk reduction.

Bantay Kalikasan's watershed management program is born out of this triumph to further duplicate the success of its "Save the La Mesa Watershed Project." It took the challenge to rehabilitate the Ipo Watershed.

Finally, *Magandang Pilipinas* Ecotourism Project is living proof that community-based sustainable tourism benefits both the inhabitants and the environment. To date, tourism in Puerto Princesa, Palawan has ballooned from P190,000 to P2.85 million income, and its tourists, from 1,286 visitors in 2008 to 29,103 in 2010.

Knowledge Channel Foundation, Inc.

Knowledge Channel Foundation, Inc. (KCFI), through partners, has been providing public schools with access to Knowledge Channel (KCh) since 1999.

In 2010, KCFI committed to a four-point initiative for education that aims to use the power of media and technology to improve Philippine basic education. Key target groups are elementary and high school students; day care and pre-school learners; technical and vocational school enrollees; and out-of-school and adult learners. Learning modules will be produced for each of the four target groups to be aired on cable and streamed online as video-on-demand.

One of the programs under the four-point initiative is Expert Teachers On Air, which is envisioned to help high school students improve their mastery of English, Math and Science. To generate support for the project, KCFI organized "KaRUNungan 2010: Run for Knowledge" in November 2010, where some 2,000 runners participated.

The Out-of-School and Mature Learners Alternative Learning Institute will cater to those not enrolled in the formal education sector, and will provide mobile teachers with KCh LITE (Light Instructional Tools for Educators) as an aid for reaching remote communities where electricity supply may be intermittent – or not available at all.

Day Care programming will be developed with the Department of Social Welfare and Development, while Pre-School modules will be produced with the Department of Education. Lastly, KCFI will also be providing On-Air Technical Vocational Training programs to hone viewers' technical and vocational skills.

By end-2010, KCh was already available to three million elementary and high school students in over 2,000 schools across the Philippines through satellite, cable TV, and new media.

Competition

Lopez Holdings is a large publicly-listed conglomerate which focuses on utilities and basic infrastructure. Its operating companies are among the leaders in their respective industries.

ABS-CBN competes with other radio-TV broadcasting companies. FPHC's power generation business competes with other independent power producers.

Customers

Lopez Holdings has a broad customer base for its core businesses in communications and utilities. Major customers for FPHC's generation concerns are the National Power Corporation and Meralco. Rockwell caters to the high-end property market.

Sources and availability of raw materials and names of suppliers

Not Applicable.

Employees

Lopez Holdings had 21 full-time employees as of December 31, 2010. On a consolidated basis, the number of employees and talents of the Company totals 5,142 as of December 31, 2010.

Agreements of labor contracts, including duration

ABS-CBN management recognizes two labor unions, one for the supervisory employees and another for the rank and file employees of the Company. 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 was renewed last August 13, 2010, covering the period from August 1,

2010 until July 31, 2013, while the CBA for the rank and file employees, covering the period December 11, 2008 to December 10, 2011, was signed last March 11, 2009."

In July 2005, ABS-CBN implemented an employee reduction program or special separation package (SSP) in order to cut employee costs and improve efficiencies. Around 400 regular employees were covered by the SSP. For 2009, there was no significant increase or decrease in the ABS-CBN's headcount.

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.

Working Capital

As a holding company, Lopez Holdings is involved in project financing. It did not conduct any major fund-raising exercises in the last three years.

Effect of Existing or Probable Government Regulations in the Business

The Electricity Power Industry Reform Act of 2001 (EPIRA) was enacted in 2001. FPHC, First Gen, EDC and Meralco, which represent interests in power generation and distribution are expected to comply with the requirements of the law toward a deregulated industry.

Estimate of the amount spent for research and development activities (3 years)

Not Applicable. The Company is not engaged in research and development-intensive business.

Costs and Effects of Compliance with Environmental Laws

All operating businesses are compliant with or are in the process of complying with environmental laws. The costs of compliance with these laws are effectively taken into account in their existing cost structure of the respective businesses.

Properties

Lopez Holdings owns the third, fourth and fifth floors and the roof deck of the PCCI Corporate Center located in Makati City. It also owns the 32-B Luna Gardens Condominium of Rockwell located in Makati City. The following operating companies also own properties: ABS-CBN (for head office and subsidiary offices in Quezon City, TV and/or radio originating stations in Bacolod City, Cebu City, Davao City, Dagupan City, Naga City, Legaspi City, Zamboanga and General Santos); BayanTel (for exchange offices and transmission nodes in Quezon City and Valenzuela, provincial units in Naga, Legaspi, Tacloban, Cebu and Butuan); FPHC (for Philippine Electric Corp. in Rizal, First Sumiden Realty in Laguna, First Philippine Industrial Corp. in Batangas and Panay Power Corp. in Iloilo City).

Facilities owned by the operating companies are generally in good condition. There are certain limitations on ownership with regards to certain affiliates' properties i.e., under the terms of agreements covering the liabilities under trust receipts of BayanTel in 1998, certain properties and equipment used in operations have been released to BayanTel in trust for the banks. The trustee property and equipment will be returned to the banks in case of non-payment of the liabilities at maturity date.

Lopez Holdings has no intention nor expect to acquire properties in the next twelve months. Please also refer to Note 11 of the Consolidated Financial Statements attached and incorporated herein by reference.

Legal Proceedings

The Company is currently involved in various legal proceedings. The Company's estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling defense in these matters and is based upon an analysis of potential results. The Company currently does not believe these proceedings will have a material adverse effect on its consolidated financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of strategies relating to these proceedings.

Contingencies of Lopez Holdings, subsidiaries and associates are described in Notes 11 and 32 of the Consolidated Financial Statements, attached and incorporated herein by reference.

Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

OPERATIONAL AND FINANCIAL INFORMATION

Market for Registrant's Common Equity and Related Stockholder Matters

Market Information

Lopez Holdings common stock principally trades on the Philippine Stock Exchange.

	Stock Prices	
	High	Low
2011		
May 19	P6.75	P6.59
First Quarter	5.75	4.35
2010		
First Quarter	P3.65	P2.65
Second Quarter	3.90	3.20
Third Quarter	6.57	3.30
Fourth Quarter	6.60	4.42
2009		
First Quarter	P1.34	P1.02
Second Quarter	2.22	1.12
Third Quarter	3.80	1.96
Fourth Quarter	4.10	3.35
2008		
First Quarter	P4.55	P2.34
Second Quarter	2.85	1.04
Third Quarter	1.64	0.97
Fourth Quarter	1.40	0.96

Shareholder Information

The number of shareholders of record as of April 30, 2011 was 10,046. Common shares outstanding as of April 30, 2011 were 4,583,458,074.

Top 20 stockholders as of April 30, 2010

	Names	No. of Shares	%
1	Lopez, Inc.	2,411,528,215	52.61%
2	PCD Nominee Corp. (Filipino)	1,126,722,484	24.58%
3	PCD Nominee Corp. (Foreign)	826,591,793	18.03%
4	FPHC Retirement Fund	35,500,000	0.77%
5	Croslo Holdings Corporation	11,512,687	0.25%
6	Manuel M. Lopez &/or Ma. Teresa Lopez	10,985,000	0.24%
7	Oscar M. Lopez	8,597,182	0.19%
8	Raymond Monera Chu	8,500,000	0.19%

Names	No. of Shares	%
9 Lucio W. Yan &/or Clara Yan	8,216,500	0.18%
10 Ma. Consuelo R. Lopez	7,292,225	0.16%
11 Siao Tick Chong	7,128,500	0.16%
12 Manuel M. Lopez	7,089,114	0.15%
13 Andrew Ramon L. Montelibano	6,089,604	0.13%
14 Albert N. Enriquez	5,000,000	0.11%
15 Cora Ng Or	3,800,000	0.08%
16 Lopez Inc.	3,761,730	0.08%
17 Jordana Eden Montelibano	3,561,901	0.08%
18 Raphaela L. Gana	2,700,000	0.06%
19 Quality Investment & Sec. Corp. A/C#017003	2,683,000	0.06%
20 Elpidio Ibanez	1,834,217	0.04%

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.

There were no dividends declared for years 2010, 2009 and 2008.

There were no sales of unregistered securities.

Management Discussion and Analysis of Results of 2010 Audited Consolidated Financial Statements

The following management's discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the accompanying audited consolidated financial statements and the related notes as at December 31, 2010 and 2009 and for each of the three years in the period ended December 31, 2010, 2009 and 2008.

Results of Operations of Lopez Holdings Corporation (Lopez Holdings) and its Subsidiaries for the year ended December 31, 2010 compared with December 31, 2009

Lopez Holdings

Lopez Holdings reported a net income attributable to equity holders of the Parent of Php13.175 billion in 2010, up 10.7% from Php11.901 billion in 2009.

Total revenues of Php32.185 billion, up 29.5% from last year, reflects revenues of ABS-CBN which is consolidated in Lopez Holdings financial statements. Agency commissions, incentives and co-producers' share of Php4.431 billion (up 57.2%), production costs of Php7.865 billion (up 25.1%), cost of sales and services of Php6.964 billion (up 1.4%) and bulk of general and administrative expenses (up 27.8%), likewise, are ABS-CBN related expenses.

Other income and expenses amounted to Php2.735 billion and decreased by 39.3% from the previous year's Php4.504 billion. The drop in other income is attributed to a lower gain on extinguishment of debt. In 2010, Lopez Holdings reported a gain on extinguishment of debt of Php446 million compared to the gain of Php7.522 billion in 2009. The gain on extinguishment of debt is due to the debt buyback made by the Company for 2010 and 2009. As part of its efforts to restructure its existing financial obligations, Lopez Holdings, subject to the availability of cash, has an offer to buyback its debt at a discount to principal.

Equity in net earnings increased by 164.8% to Php11.118 billion from Php4.198 billion as affiliate First Philippine Holdings reported a net income attributable to equity holders of the Parent of Php24.850 billion out of which 44.3% is held by Lopez Holdings.

Key Performance Indicator (KPI)

On the basis of a holding (parent) company, Lopez Holdings derives revenues from asset sales and dividends from investees. Hence, the key performance indicator with the highest impact on Lopez Holdings is the net income of investees. For the period in review, the financial performance of investees was within expectations. In 2010, Lopez Holdings received a total Php1.009 billion in cash dividends from ABS-CBN and FPHC based on their 2009 audited net income.

The only operating subsidiary of Lopez Holdings is ABS-CBN. The KPIs of ABS-CBN were:

	December 31, 2010	December 31, 2009
Consolidated revenues	P32,185	P24,849
Advertising revenues	21,739	14,463
Consumer sales	10,446	10,386
EBITDA	8,642	6,514
Net income	3,179	1,702

Consolidated revenues for the year reached an exceptional level of P32.2 billion, posting a 30% growth from year ago. Advertising revenues accounted for 68% of consolidated revenues, while consumer sales accounted for the remaining 32%. Net revenues from political advertisements and advocates, the contribution share of consumer sales would be at 36%.

Reported earnings before interest, taxes, depreciation and amortization (EBITDA) for the year ending December 31, 2010 reached P8.6 billion, a 33% or P2.1 billion increase from the P6.5 billion total reported EBITDA in the same year-ago period. This translates to an EBITDA margin of 27% versus 26% from a year ago.

Net income for 2010 jumped 87% to P3.2 billion, P1.5 billion higher than reported net income a year ago.

Financial Results of Subsidiaries and Associates for 2010

ABS-CBN, 57.3% owned by Lopez Holdings through Convertible and Non-Convertible Notes, registered a net income attributable to equity holders of the Parent of Php3.179 billion, up 86.7% year-on-year. The jump in net income is due to the 29.5% growth in revenues from airtime and sale of services and goods. Airtime revenues grew 50.3% to Php21.739 billion due to a combination of an increase in advertising minutes sold, a rate increase in February 2010 and political advertisements. Combined sale of services and goods ("consumer sales") amounted to Php10.446 billion, mostly from SkyCable which accounted for 49% of consumer sales. Other significant contributors to consumer sales are ABS-CBN Global which contributed 38% of the total and ABS-CBN Film Production, Inc. (or Star Cinema) which contributed 13%.

ABS-CBN's production costs amounted to Php7.865 billion, up 25.1% from 2009, as ABS-CBN increased programming hours of in-house produced programs. ABS-CBN's general and administrative expenses grew by 31.6% to Php8.192 billion which includes a one-time expense for performance-based pay and non-recurring corporate initiatives.

First Philippine Holdings net income in 2010 reached Php24.850 billion from Php8.731 billion in 2009. The increase in net income is due to a Php23.6 billion gain on the sale of its 6.6% share in Meralco and mark-to-market accounting treatment for the remaining 6.6% shares. On March 30, 2010, Beacon Electric Asset Holdings, Inc. exercised its call option on the 6.6% outstanding common shares of Meralco held by the First Holdings group. First Holdings received Php300 per share or a total of Php22.4 billion for the sale.

First Philippine Holdings' consolidated revenues for 2010 reached Php64.300 billion, up by 9% compared to Php59.1 billion reported in 2009. Bulk of revenues came from sale of electricity which accounted for 82% of total revenues. Another 10% of revenues came from the sale of merchandise, which is from the sale of power and distribution transformers and production of silicon wafers.

Liquidity and Capital Resources of Lopez Holdings (Consolidated) as of December 31, 2010 compared with December 31, 2009

Total consolidated assets of Lopez Holdings as of December 31, 2010 grew by 31.1% to Php70.843 billion from Php54.024 billion as of December 31, 2009.

Total current assets amounted to Php16.379 billion increased from Php12.408 billion due to increases in cash and cash equivalents and trade and other receivables, both of which are mostly attributable to ABS-CBN.

Noncurrent assets similarly increased to Php54.464 billion from Php41.616 billion. The increase in noncurrent assets was due to higher investments in and advances to associates which reached Php29.361 billion in 2010 from Php17.336 billion of the previous year due to higher share in equity in net earnings coming mainly from the Company's share in the net income of First Philippine Holdings.

Total current liabilities amounted to Php14.848 billion, up 4.8% from Php14.165 billion the year ago. The increase came from trade and other payables of Php12.292 billion which is an ABS-CBN account. The trade payables are noninterest bearing and are generally on a 30- to 90- day term while accrued expenses are usually settled within the next 12 months. Current portion of interest-bearings loans decreased by 31.2% to Php2.447 billion as Lopez Holdings restructured some of its financial obligations.

Total noncurrent liabilities increased by 13.1% to Php11.570 billion from Php10.231 billion due to an increase in interest-bearings loans and borrowing. In 2010, Lopez Holdings noncurrent loans increased to Php997 million from only Php12 million the year ago as several creditors accepted the restructuring plan of the Company.

Total equity attributable to equity holders of the Parent increased by 63.5% to Php36.948 billion. The increase can be attributed to the following:

- a. Unrealized gain on fair value adjustments of AFS investments which amounted to Php1.555 billion from Php63 million last year. This pertains primarily to the movements in ABS-CBN's available-for-sale investments.
- b. Retained earnings more than doubled to Php35.581 billion from Php15.640 billion as a result of the Php13.175 billion net income realized in 2010 as well as an equity restructuring which applied Php6.766 billion of additional paid-in capital to reduce the deficit of the Parent Company.

As of December 31, 2010, Lopez Holdings had US\$45 million and Php872 million in direct obligations.

Direct Obligations				
	2010	2009	2008	2007
Long-term Commercial Papers	871		875	
Eurobond 7.875% Notes		21		45
Restructured Notes	1	24		

Results of Operations of Lopez Holdings and its Subsidiaries for the year ended December 31, 2009 compared with December 31, 2008

Lopez Holdings posted consolidated revenues of P24.849 billion in 2009, 11 percent more than 2008 consolidated revenues of P22.307 billion. Net income attributable to equity holders of the Parent reached to P11.901 billion or 3.1x the P2.920 billion the previous year, while net income grew 3.6x to P12.694 billion from P3.506 billion. The bottomline results were primarily due to a P7.522 billion-gain on the extinguishment of debt as Lopez Holdings bought back the equivalent of P12,615 billion in principal debt. The buyback led to the reversal of accrued interest and financing charges, and lower debt levels resulted in lower finance costs (-45 percent) year-on-year (YoY) and higher interest income (+172 percent).

Also contributing to the higher net income was the company's share in earnings of First Philippine Holdings Corporation (FPHC), which substantially increased because of the sale of its 20 percent ownership (common stock) in Meralco. Equity in net earnings of associates rose 6x to P4.198 billion from P650 million YoY, as FPHC reported a P8.957 million gain on the sale of a portion of its shares in Meralco. First Holdings sold 223 million Meralco shares in 2009 for P20.07 billion. It sold an additional 74.7 million Meralco shares, or 6.6 percent of Meralco, in March 2010 for P22.41 billion.

Foreign exchange gains amounted to P44 million, compared to a foreign exchange loss of P2,209 million the previous year. The peso appreciated against the dollar in 2008, closing the year at P46.20 from P47.52 at the end of 2008, and P41.28 at the end of 2007.

Gain on sale of investments decreased by 15 percent to P277 million on the sale in 2009 of company's stakes in Rockwell Land and Digital. This compares with a gain on sale of P3.337 billion from the sale in 2008 of its interests in First Philippine Infrastructure Development Corporation and Professional Services, Inc. (The Medical City).

Airtime (+7 percent) and Sales and services (+19 percent), Sale of goods (+2 percent) and License fees (no change YoY) represent ABS-CBN Broadcasting Corporation (ABS-CBN) revenues consolidated into Lopez Holdings. General and administrative expenses (+17 percent), Cost of sales and services (+18 percent), Production costs (no change), and Agency commissions, incentives and co-producers' share (+5 percent) also reflect ABS-CBN accounts.

Key Performance Indicator

On the basis of a holding (parent) company, Lopez Holdings derives revenues from asset sales and dividends from investees. Hence, the key performance indicator with the highest impact on Lopez Holdings is the net income of investees. For the period in review, the financial performance of investees was within expectations. In 2009, Lopez Holdings received a total Php822 million in cash dividends from ABS-CBN, FPHC and other associates based on their 2008 audited net income.

The only operating subsidiary of Lopez Holdings is ABS-CBN. The KPIs of ABS-CBN were:

	December 31, 2009	December 31, 2008
Consolidated revenues	P24,850	P22,307
Advertising revenues	14,325	13,419
Consumer sales	10,525	8,888
EBITDA	6,514	6,108
Net income	1,702	1,383

Consolidated revenues from advertising and consumer sales increased by P2.54 billion or 11% year-on-year to P24.85 billion. ABS-CBN fast-growing consumer sales businesses continued to raise their contribution to total revenues, reaching 42% of consolidated revenues in 2009 with double-digit growth in the subscription businesses of ABS-CBN Global and in the contribution of Sky Cable.

Reported earnings before interest, taxes, depreciation and amortization (EBITDA) for the year ended December 31, 2009 reached P6.51 billion, yielding an EBITDA margin of 26% for 2009, and is 7% or P405.65 million better than 2008 EBITDA of P6.11 billion.

Net income attributable to shareholders for 2009 went up by 23% to P1.7 billion, after an P85.25 million accounting adjustment required under Philippine Financial Reporting Standard 3.

Associates

ABS-CBN's net income remained strong at P1.759 billion, from P1.389 billion in 2008. Consolidated revenues were up by 11 percent YoY to P24.849 billion from P22.307 billion. Despite weak TV adspend, ABS-CBN's airtime revenues were flat, shedding just 1 percent year-on-year to P14.463 from P13.511 billion.

First Philippine Holdings Corporation (FPHC) registered consolidated revenues of P58,873 billion in 2009. This is slightly lower/higher than the P60.52 billion in consolidated revenues the previous year. Net income attributable to equity holders of the Parent was at P8.5 billion, higher by 614 percent from P1.2 billion in 2008.

Bayan Telecommunications, Inc. (Bayan) had total revenues of P6.63 billion, 5 percent higher than P6.32 billion the previous year. Earnings before interest, taxes, depreciation and amortization or EBITDA increased by 26 percent to P2.22 billion from 1.76 billion. Operating income recovered to P222 million from a loss of P222 million in 2008. Net loss decreased by 82 percent to P451 million from P2,528 million, while Bayan remained current on its restructured debt obligations. Bayan paid P452 million in principal and interest in 2009, bringing total debt payments to P4.67 billion since July 2004 when its rehabilitation plan was approved by the Court.

Liquidity and Capital Resources of Lopez Holdings (Consolidated) for the year ended December 31, 2009 compared with December 31, 2008

As of December 31, 2009, the company's total assets stood at P54.031 billion, 3 percent lower than P55.677 billion as of end-2008. Current assets decreased by 30 percent to P12.415 billion from P17.791 billion, the P5.31 billion-Notes receivable (-100 percent) and P583 million-Available-for-sale (AFS) investments-current (-100 percent) were used to buy back debt. Cash and cash equivalents rose by 5 percent with ABS-CBN incurring new debt. Trade and other receivables (+12 percent), Program rights and other intangible assets (-34 percent), Inventories (-25 percent) and Other current assets-net (+24 percent) represent ABS-CBN assets consolidated into Lopez Holdings.

Noncurrent assets increased by 10 percent to P41.616 billion from P37.886 billion, with most items representing ABS-CBN accounts as follows: Investments in and advances to associates (+22 percent); Property and equipment (no change); Goodwill (+11 percent); Program rights and other intangibles (+16 percent); Deferred tax assets (+6 percent); AFS-investments-noncurrent (+27 percent); Investment properties (-5 percent); and Other noncurrent assets (no change).

Estimated liabilities from guarantees and commitments (-100 percent) was extinguished with the buyback of debt in 2009 from the Avenue Asia Group and Current portion of interest-bearing loans and borrowings-current decreased by 66 percent for the same reason. Income tax payable surged by 44 percent with improved incomes of both ABS-CBN and Lopez Holdings.

Trade and other payables decreased by 19 percent to P10.127 billion. Of this amount, P2,507 billion accounts for the accrual of interest on Lopez Holdings's remaining obligations (lower debt) based on contracted rates. The rest of the item or P7,620 billion represents ABS-CBN trade and other payables. Also ABS-CBN accounts are the following items: Interest-bearing loans and borrowings-net of current portion (+12 percent); Accrued pension obligation (no change); Deferred tax liabilities (-19 percent); and Other noncurrent liabilities (+50 percent).

Total stockholders' equity at yearend increased by 78 percent to P29.628 billion from P16.623 billion. Unrealized gain on fair value adjustments of AFS investments (-80 percent), Share in equity adjustment from translation (-29 percent) and Share in unrealized gain on fair value of AFS investments (-50 percent) represent accounts of associates FPHC (for First Gen Corporation) and ABS-CBN (for SkyCable) consolidated into Lopez Holdings.

Retained earnings grew by 3x to P15.640 billion from P3.739 billion, given the net income posted in 2009.

In 2009, Lopez Holdings voluntarily made payments on its direct and contingent obligations that are covered in its proposed Balance Sheet Management Plan (BSMP). Pending agreement with its creditors on the BSMP, the company offered to make payments semi-annually based on the following rates:

- (a) At 6-months LIBOR plus a spread of 1.0% on all of its US dollar obligations but shall not exceed 6% p.a.; and
- (b) At the 6-months PDST-F rate plus a spread of 1.0% on all of its peso obligations but shall not exceed 9% p.a.

As of December 31, 2009, Lopez Holdings has US\$45 million and P875 million in direct obligations.

(In Millions)	At Dec 31, 2009		At Dec 31, 2008	
	PhP	US\$	PhP	US\$
Direct Obligations				
Long-term Commercial Papers (LTCP)	875		1,514	
Eurobond 7.875% Notes		45		150
Contingent Obligations				
BayanTel		0		167

There are no any known trends, demands, commitments, events or uncertainties that will have material impact on the Company's liquidity other than those disclosed above and in the notes to consolidated financial statements herein attached. Also, the Company has no material commitments for capital expenditures.

Financial Statements

The consolidated financial statements of the company are incorporated herein by reference.

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.

The Board, management, employees, and shareholders believe that good corporate governance is a necessary component of sound strategic business management and improves the economic and commercial prosperity of the corporation and its stockholders.

The Audit Committee checks all financial reports against its compliance with both the internal financial management handbook and pertinent accounting standards, including regulatory requirements. It performs oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis management. It consists of three Board members, two of whom are independent directors. The internal audit group of an affiliate serves as internal auditor of Lopez Holdings.

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.

PROPOSED AMENDMENTS TO THE BY-LAWS

Article II on Directors

Section 1. General Responsibility of the Board (new provision)

It is the Board's responsibility to foster the long-term success of the Corporation, and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interests of the corporation, and in proper cases, its stakeholders as a whole.

REASON: This affirms the mandate of the Board pursuant to SEC Memorandum Order No. 02-02 (Code of Corporate Governance). This statement is taken substantially from the Company's Manual for Corporate Governance.

Section 2. Number, Qualifications, and Independent Directors

The Board of Directors of the Corporation shall be seven (7) in number, subject to such change as may be determined by the stockholders in accordance with law. All directors shall be stockholders in their own right of at least one (1) share as of the date of their nomination, and shall be elected, **qualified and nominated** in accordance with these By-Laws, the Corporation Code, **rules and regulations prescribed by the Securities and Exchange Commission, or such other relevant governmental agency or body especially in connection with the nomination and election of independent directors.**

The Corporation shall have at least two (2) independent directors or such number of independent directors that constitutes twenty percent (20%) of the members of the Board, whichever is lesser, but in no case less than two (2).

An independent director shall mean a person who, is neither an officer or employee of the Corporation, its parent or subsidiaries or any other individual having a relationship with the Corporation, and who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

REASON: To comply with the Code of Corporate Governance. The second and third paragraphs are taken substantially from the Company's Manual for Corporate Governance.

Section 3. Disqualifications of Directors (new provision)

Any stockholder may be elected Director, provided, however, that no person shall qualify or be eligible for nomination or election to the Board of Directors if he is engaged in any business or activity which competes with or is antagonistic to that of the Corporation or any of its subsidiaries and affiliates. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged:

- a. If he is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of any corporation (other than one in which the Corporation owns at least 30% of the capital stock) engaged in a business or activity which the Board, by at least two-thirds vote of the directors present constituting a quorum, determines to be competitive or antagonistic to that of the Corporation or its subsidiaries and affiliates; or**
- b. If he is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of any other corporation or entity engaged in any line of business of the Corporation or that of its subsidiaries and affiliates**

- and in the judgment of the Board, by at least two-thirds vote of the directors present constituting a quorum, the laws against combinations in restraint of trade shall be violated by such person's membership in the Board of Directors; or
- c. If the Board, in the exercise of its judgment in good faith, determines by at least two thirds vote of the directors present constituting a quorum that he is the nominee of any person set forth in (a) or (b).

The following shall be additional grounds for the permanent disqualification of a director:

- a. Conviction by final judgment or order by a competent judicial or administrative body of any crime that (i) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (ii) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (iii) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliate person or any of them;
- b. Final judgment or order of the Securities and Exchange Commission or any court or administrative body of competent jurisdiction which enjoins a person, by reason of misconduct, from (i) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (ii) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (iii) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (i) and (ii) above, or willfully violating the laws that govern securities and banking activities.

The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

- c. Conviction by final judgment or order by a court for competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- d. Final judgment or order of the Securities and Exchange Commission, court or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Securities and Exchange Commission or BSP, or any of its rule, regulation or order;
- e. Employment as officer or employee or engagement as consultant of the corporation where he has been elected as an independent director.
- f. Judicial declaration of insolvency;

- g. Final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in subparagraphs a to e above; and
- h. Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.

The term "subsidiary" as used in this Section is defined as a corporation or entity in which the Corporation directly or indirectly owns, controls or has the power to vote at least majority of the shares or interests therein.

The term "affiliate" as used in this Section is defined as a corporation or entity in which the Corporation directly or indirectly owns, controls or has the power to vote at least ten percent (10%) but not more than fifty percent (50%) of the shares or interests therein.

A person can likewise be disqualified from continuing in office for the occurrence of any of the foregoing subsequent to his election.

In determining whether or not a person is engaged in business or activity which competes with or is antagonistic to that of the Corporation or any of its subsidiaries and affiliates, or if he is a controlling person, beneficial owner, or the nominee of another or if he has or suffers from the foregoing disqualifications, the Board may also take into account such factors as business, professional, family relationships and other circumstances as may be appropriate.

REASONS: Pursuant to sound corporate governance and the inherent power to adopt by-laws to regulate the conduct and prescribe the rights and duties of stockholders, it is deemed reasonable and beneficial for the Corporation to provide for additional grounds to disqualify a director to protect its interest and/or reputation. The right of a corporation to provide in its By-laws additional qualifications (which logically includes disqualifications) of directors is recognized under Section 47(5) of the Corporate Code. The additional grounds for the permanent disqualification of the directors comply with the Code of Corporate Governance and are taken from the Company's Manual for Corporate Governance.

Section 7. Meetings

The organizational meetings of the Board of Directors shall be held without notice on the same day following immediately after the annual meeting of the stockholders as provided in Section 1, Article 1 hereof, and thereafter all the meetings of the Board of directors shall be on such dates as may be fixed by resolution of the Board of Directors. Special meetings of the Board may be called by the President or by written request of any three Directors, upon at least one day's notice of the time and place of holding the same, given personally or by letter, telegram, telephone, facsimile transmission, electronic mail or short messaging system (SMS).

REASON: To align the manner of sending out notices with the modes of communication available presently.

Section 10. Manual of Corporate Governance (new provision)

To aid the Board of Directors in the promotion of and adherence to the principles of good governance, the Board adopted a Manual for Corporate Governance which may be amended from time to time as may be deemed fit by the Board and such Manual shall be suppletory to these By-laws.

REASON: This institutionalizes the Company's commitment to good governance by providing for the suppletory applicability of the Manual for Corporate Governance.

Article III on Committees

Section 2. Creation of Other Committees (new provision)

The Board of Directors shall have the power, among other things, to create committees and other bodies as may be necessary or beneficial in the operation and internal regulation of the Corporation. Such committees shall have such powers and functions as may be delegated to them by the Board or as defined in the Manual of Corporate Governance except those that may not be delegated under the Corporation Code. The Board shall have the power to appoint and remove the members of such committees, and may at any time, with or without cause, dissolve any of such committees.

REASON: To authorize the Board of Directors to form committees other than the Executive Committee.

Article IV on Officers

Section 4. The President

The President may be the chief executive officer of the Company. In the absence of the Chairman, the Vice-Chairman, and the chief executive officer, he shall preside at all meetings of the stockholders and of the Board of Directors. If applicable, he shall assist the chief executive officer in the general charge, direction and supervision of these business and affairs of the Company. He shall from time to time make such reports on the affairs of the Company as the Board of Directors may require and shall annually present a report of the preceeding year's business at the stockholders' meeting.

He shall sign all certificates of stock and all instruments required to be executed on the part of the Company, except as otherwise provided by the By-laws or by the Board of Directors. He shall do and perform such other duties as may be from time to time assigned to him by the Board of Directors. In the absence or disability of the President, his duties shall be performed by a Vice-President designated by the Board of Directors.

REASON: To align the provision with actual practice.

Section 7. The Treasurer

The Treasurer shall have the custody of all funds and securities of the Company which may have come into his hands; when necessary or proper, he shall endorse on behalf of the Company for collection, checks, notes and obligations and shall deposit the same to the credit of the Company in such bank or banks or depository as the Board of Directors may designate. He shall sign all receipts and vouchers for payment made to the Company jointly with such other officers as may be designated by resolution of the Board or Directors; he may sign all checks made by the Company and he shall pay out and dispose of the same under the direction of the Board. Whenever required by the Board of Directors he shall render a statement of his accounts. He shall enter regularly in the books of the Company to be kept by him for the purpose, full and accurate account of all the moneys received and paid by him on account of the Company. He shall perform all acts incident to the position of Treasurer subject to the control of the Board of Directors. The Board of Directors may also appoint an Assistant Treasurer.

REASON: To align the provision with actual practice.

There will also be conforming changes in the numbering of the provisions of the By-laws, and revisions to Article 1 Section 1 and Article X Section 1 relating to the change in corporate name to Lopez Holdings Corporation.

SECRETARY'S CERTIFICATION

ENRIQUE I. QUIASON, of legal age, Filipino, being the duly elected and qualified Secretary of **LOPEZ HOLDINGS CORPORATION** (the "Corporation"), a corporation duly organized and existing under Philippine law, with office address at the 4TH floor Benpres Building, Meralco Avenue, Pasig City, hereby certifies, to the attendance of the Directors of the Corporation in regular and special meetings of the Board of Directors held for the fiscal year from January 1, 2010 and ending on December 31, 2010, as follows:

1. Oscar M. Lopez – attended twelve out of twelve board meetings
2. Manuel M. Lopez – attended ten out of twelve board meetings
3. Eugenio Lopez III – attended eight out of twelve board meetings
4. Angel S. Ong¹ – attended six out of twelve board meetings
5. Washington Z. Sycip – attended eight out of twelve board meetings
6. Felipe B. Alfonso – attended nine out of twelve board meetings
7. Cesar E.A. Virata – attended twelve out of twelve board meetings
8. Salvador G. Tirona² – attended six out of twelve board meetings

IN WITNESS WHEREOF, I have hereunto set my hand this 27 ~~day~~ ^{JAN 2011} of January, 2011 at Pasig City.

ENRIQUE I. QUIASON
Secretary

OSCAR M. LOPEZ
Chairman

REPUBLIC OF THE PHILIPPINES)
PASIG CITY)S.S.

Subscribed and sworn to before me this 27 ^{JAN 2011} day of January, 2010 at Pasig City, Metro Manila, affiant personally known to me and exhibiting to me his Passport No. XX3587386, expires on April 27, 2014, issued at Manila, Philippines and with SSS No. 03-1539111-6 as his competent evidence of identity.

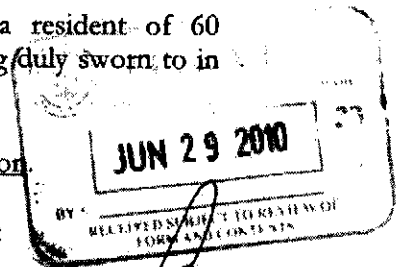
Doc. No. 203;
Page No. 42;
Book No. 41;
Series of 2010.

BENEDICT R. TUGONON
NOTARY PUBLIC
FOR AND IN THE CITY OF PASIG, TAGUIG AND
SAN JUAN AND IN THE MUNICIPALITY OF PATEROS
UNTIL DECEMBER 31, 2011
PTR NO. 661028; 1/4/11; PASIG CITY
IHP NO. 051216; 1/3/11; REP
REG. NO. 45288/APPOINTMENT NO. 153 (2010-2011)
217 Robinsons Equitable Tower
1999 Alabang St.
JICA Office Center, Pasig City

¹ Mr. Angel S. Ong has been replaced by Mr. Salvador G. Tirona
² Elected on June 10, 2010

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **WASHINGTON Z. SYCIP**, American, of legal age and a resident of 60 Cambridge Circle, North Forbes Park, Makati City, Philippines, after having duly sworn to in accordance with law do hereby declare that:



1. I am an independent director of Benpres Holdings Corporation.
2. I am affiliated with the following companies or organizations:

Company/Organization (Please see attached)	Position/Relationship	Period of Service

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Benpres Holdings Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.
4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.
5. I shall inform the corporate secretary of Benpres Holdings Corporation of any changes in the abovementioned information within five days from its occurrence.

Done this _____ day of _____ at Pasig City.

WASHINGTON Z. SYCIP
Affiant

SUBSCRIBED AND SWORN to before me this 29 JUN 2010 day of _____ at Pasig City, affiant exhibiting to me his Community Tax Certificate no. 12208918 issued at Makati City on January 5, 2010.

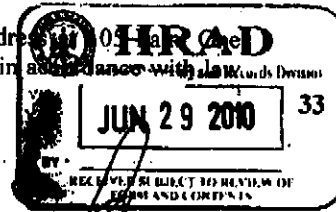
Doc. No. 126
Page No. 26
Book No. 126
Series of 2010.

NOTARY PUBLIC
Makati City, Philippines
Comm. Exp. Dec 31, 2010

NAME OF OFFICE	POSITION	FROM	TO
Aboitiz Transport Systems, Inc.	Independent Director	6-Aug-96	Present
Asian Eye Institute	Independent Director	22-Sep-00	Present
Belle Corp.	Independent Director	1-Jul-96	Present
Benpres Holdings Corp.	Independent Director	30-Apr-97	Present
Cityland Development Corp.	Chairman	1-Apr-97	Present
First Philippine Holdings Corp.	Independent Director	10-Nov-97	Present
Lufthansa Technik Philippines, Inc.	Chairman	12-Jul-00	Present
MacroAsia Corp.	Chairman	5-Nov-96	Present
Phil. Equity Management Inc.	Independent Director	26-Oct-98	Present
Philippine Airlines, Inc.	Director	11-Feb-97	Present
Philippine Hotelier, Inc.	Independent Director	3-Sep-97	Present
Philippine National Bank	Director	8-Dec-99	Present
Philamlife, Inc.	Independent Director	26-Apr-01	Present
Realty Investment, Inc.	Independent Director	28-Apr-50	Present
The PHINMA Group	Independent Director	12-Sep-96	Present
Stateland, Inc.	Independent Director	1-Jul-96	Present
Steag State Power, Inc.	Chairman	26-Mar-04	Present

9 CERTIFICATION OF INDEPENDENT DIRECTORS

I, **CESAR E. A. VIRATA**, of legal age, Filipino with residence address at Serendra, 11th Street, Global City, Taguig City, after having been duly sworn to in accordance with the Rules and Regulations do hereby declare that:



1. I am an independent director of Benpres Holdings Corporation;
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
C. Virata & Associates, Inc., Management Consultants	President & Principal Consultant	1986 – present
Rizal Commercial Banking Corporation (RCBC)	Vice Chairman & Non-Executive Director	1995 – present
Malayan Insurance Company, Inc.	Non-Executive Director	2005 – present
Bankard, Inc.	Vice Chairman & Non-Executive Director	2001 – present
RCBC Realty Corporation	Non-Executive Director	1998 – present
RCBC Forex Broker Corporation	Chairman & Non-Executive Director	1999 – present
RCBC International Finance Ltd., Hongkong	Non-Executive Director	2002 – present
Business World Publishing Corp.	Director (Independent)	
Belle Corporation	Director (Independent)	1996 – present
Malayan Colleges (operating under the name of Mapua Institute of Technology)	Non-Executive Director	1999 – present
UEM-Mara Philippines Corp.	Non-Executive Director	2009 – present
RCBC Savings Bank	Non-Executive Director	1999 – present
Luisita Industrial Park	Non-Executive Director	1999 – present
RCBC Land, Inc.	Chairman & Non-Executive Director	1999 – present
City and Land Developers, Inc.	Director (Independent)	2009 – present
YGC Corporate Services, Inc.	Non-Executive Director	2001 – present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Benpres Holdings Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations;
4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code; and
5. I shall inform the corporate secretary of Benpres Holdings Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

Done this 29 JUN 2010 day of May 2010, at Pasig City

Cesar E. A. Virata
CESAR E. A. VIRATA
 Affiant

SUBSCRIBED AND SWORN to before me this 29 JUN 2010 day of May 2010 at MANILA, affiant exhibited to me his Community Tax Certificate No. 27582143 issued on January 29, 2010 at Quezon City, and his Passport no. XX2739426.

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 Page No. 1

Keeg...
 ATTORNEY AT LAW



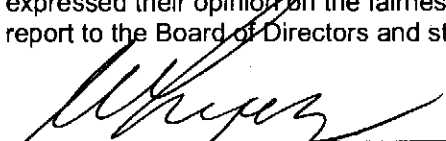
LÓPEZ
HOLDINGS CORP.


**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of Lopez Holdings Corporation, formerly Benpres Holdings Corporation, is responsible for all information and representations contained in the consolidated financial statements as of December 31, 2010 and 2009 and for each of the three years in the period ended December 31, 2010. The financial statements have been prepared in conformity with Philippine Financial Reporting Standards and reflect amounts that are based on the best estimates and informed judgment of management with appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized. The management likewise discloses to the company's audit committee and to its external auditors: (i) all significant deficiencies in the design or operation of internal controls that could adversely affect its ability to record, process, and report financial data; (ii) material weaknesses in the internal controls; and (iii) any fraud that involves management or other employees who exercise significant roles in internal controls.

The Board of Directors reviews the consolidated financial statements before such statements are approved and submitted to the stockholders of the Company. SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, have examined the consolidated financial statements of the Company in accordance with Philippine Financial Reporting Standards and have expressed their opinion on the fairness of presentation upon completion of such examination, in their report to the Board of Directors and stockholders.


MANUEL M. LÓPEZ
Chairman of the Board and Chief Executive Officer


SALVADOR G. TIRONA
President and Chief Operating Officer


MA. VICTORIA M. MARCELINO
SAVP – Financial Controls *mcc*


REPUBLIC OF THE PHILIPPINES)
QUEZON CITY) S. S.

9 APR 2011

SUBSCRIBED AND SWORN TO before me this _____, to the above affiants exhibiting to me their Community Tax Certificate as follows:

Name	CTC #	Date Issued	Place
Manuel M. Lopez	24973808	Feb. 25, 2011	Quezon City
Salvador G. Tirona	05656788	Jan. 13, 2011	Mandaluyong City
Ma. Victoria M. Marcelino	02173208	Jan. 18, 2011	Mandaluyong City

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Series of 2011


ATTY. TOMAS F. DULAY, JR.
NOTARY PUBLIC
Until December 31, 2012
Roll No. 16583 / March 13, 1961
IBP No. 801359 / 01-03-11-Q.C.
PTR No. 4559221 / 01-03-11-Q.C.
MCLE EXEMPTED