

BY-LAWS

OF THE

PHILIPPINE AEROSPACE DEVELOPMENT CORPORATION

Article I

OFFICE

SECTION I. Principal Office. - The principal office of PHILIPPINE AEROSPACE DEVELOPMENT CORPORATION shall be in Pasig, Rizal or such other places as the Board of Directors may determine.

SEC. 2. Plants and Branches. - In addition to the principal office, plants or branches may be set up anywhere in the Philippines or outside the Philippines as may be deemed necessary by the Board of Directors.

Article II

STOCKHOLDERS' MEETINGS

SECTION I. Annual Meetings. - The annual meeting of the stockholders shall be at the principal office of the Corporation or at any place determined by the Board of Directors, at 10:00 A.M., on the Third Monday of April, unless such day is a legal holiday, in which case it shall be held on the next business day following.

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SEC. 2. Special Meetings. - Special meetings of the stockholders may be held at the principal office of the Corporation, upon the call of the Chairman, by a majority of the Board of Directors, or upon the written request of stockholders owning at least one-half (1/2) of the capital stock of the Corporation.

SEC. 3. Notice of Meetings. - The notice of the meetings of the stockholders shall be prepared and mailed by the Secretary of the Corporation to each stockholder at such address as appears in the records of the Corporation at least two (2) days prior to the date of such meeting. If it is a special meeting, the notice shall state the object or objects of the same. Failure or irregularity of notice shall not invalidate any annual or special meeting or any proceeding thereat.

SEC. 4. Quorum. - At any meeting of the stockholders for the transaction of business, the majority of the voting stock issued and outstanding and entitled to vote in such meeting, present in person, shall constitute a quorum. The majority of such quorum shall decide any question that may come before the meeting except in those cases specifically mentioned herein which require the affirmative vote of a greater proportion.

SEC. 5. Conduct of meetings. - The Chairman of the Board, and in his absence, any director designated by the Board of Directors, shall preside over the stockholder's

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meetings. The Secretary of the Corporation shall act as secretary at all such meetings, and in his absence, the Chairman shall designate any person to act as secretary of the meeting.

SEC. 7. Order of Business. - The order of business of the annual meeting and as far as possible, at all other meetings of the stockholders, shall be as follows:

1. Calling of the roll.
2. Presentation of proofs of the due calling of the meeting.
3. Reading and disposal of prior minutes.
4. Reports of officers and committees.
5. Pending business.
6. New business.
7. Adjournment.

SEC. 8. Votes Required. - For purposes of approval or amendment of by-laws, sale of all or substantial all of the assets of the corporation, and incurring indebtedness in the amount exceeding ₱1,000,000, a majority vote of the subscribed capital stock shall be required.

### Article III

#### BOARD OF DIRECTORS

SECTION I. General Powers. - Unless otherwise specifically vested in stockholders by law or by these by-laws, the powers, business and property of the Corporation shall be exercised, conducted and controlled by the Board of Directors.

*Amended Article*

SEC. 2. Regular Meetings. - Unless otherwise prescribed by the Board of Directors, it shall hold regular meetings once a month at the principal office of the Corporation or such other place designated by the Chairman, on such date and hour as may be fixed by it.

SEC. 3. Special Meetings. - Special meetings of the Board of Directors may be held at the principal office of the Corporation or such other place designated by the Chairman, at any time at the call of the Chairman or of any six (6) other members of the Board, or may be held at any time and place without notice by unanimous consent of all the members of the Board or with the presence and participation of all members at such meetings.

SEC. 4. Notice of Meetings. - The Secretary of the Corporation shall notify in writing each member of the Board of all regular or special meetings, at least one (1) day before any such meetings, provided that in case of special meetings held by unanimous consent of all the members of the Board, no notice thereof shall be necessary. Failure to give notice shall not invalidate a regular meeting or any proceeding thereat. In case of special meetings, the object thereof need not be stated in the notice.

SEC. 5. Quorum. - A majority of the Board of Directors shall constitute a quorum, and a majority of such quorum shall decide any question that may come

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before the meeting. In the absence of a quorum, or for justifiable reason, a regular or special meeting may be adjourned or, upon previous notice to the members of the Board and with their consent, be set to a later date.

SEC. 6. Order of Business. - The order of business of the meetings of the Board shall be as follows, unless otherwise provided by the Board:

1. Presentation of proofs of the notice of the meeting.
2. Reading and disposal of unapproved minutes.
3. Reports of officers.
4. New business.
5. Adjournment.

#### Article IV

#### COMMITTEES

The Board of Directors may, by resolution or resolutions passed by the majority of the whole Board, designate one or more committees, each committee to consist of two or more directors of the Corporation which, to the extent provided in said resolution or resolutions or in these by-laws, shall have and may exercise any of the powers of the Board of Directors in the management of the business and affairs of the Corporation, and may have powers to authorize the seal of the Corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as

*Committee minutes*

may be determined from time to time by resolution adopted by the Board of Directors. Each committee shall keep regular minutes of its proceedings and report the same to the Board when required. The Board of Directors shall have power to change the members of any such committee at any time, to fill vacancies and to discharge any such committee either with or without cause.

Article V

OFFICERS

SECTION 1. Enumeration. - The officers of the Corporation shall be a Chairman of the Board of Directors, a President, an Executive Vice-President, one or more Vice-Presidents, a Secretary of the Corporation and a Treasurer and such other officers as the Board of Directors may determine.

SEC. 2. Election, Term of Office and Qualifications. - The President, Executive Vice President, one or more Senior Vice-Presidents and Vice-Presidents, a Treasurer and a Secretary shall be elected by the Board of Directors, each of whom shall hold office until his successor is elected and qualified in his stead, or until he shall have resigned or shall have been removed in the manner hereinafter provided. Each other officer as may from time to time be elected or appointed by the Board of Directors shall hold office for such period, have such authority and perform such duties as are provided in these by-laws or as the Board of Directors may determine.

*See minutes*

SEC. 3. Removal. - Any officer, except the Chairman of the Board, may be removed, either with or without cause, by vote of a majority of the whole Board of Directors.

SEC. 4. Resignations. - Any officer may resign at any time by giving written notice to the Board of Directors or to the President. Any such resignation shall take effect at the date of receipt of such notice or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SEC. 5. Appointments. - Except as otherwise provided by law or by these by-laws, all other employees of the Corporation shall be appointed by the Board of Directors, upon recommendation of the President, and may be removed in like manner.

SEC. 6. Compensation. - The compensation and allowances of the Directors, officers and employees shall be determined by the Board.

SEC. 7. Chairman, Powers and Duties. - The Chairman shall preside at all meetings of the Board of Directors, shall have the general supervision of the affairs of the Corporation, and shall perform all other functions assigned to him by law or by the Board of Directors. In the absence or inability of the Chairman,

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the Board of Directors may elect an Acting Chairman who shall exercise all the functions of the Chairman until the President of the Republic of the Philippines shall have appointed or designated his successor.

SEC. 8. The President. - The President shall be the chief executive officer of the Corporation and, subject to the control of the Board of Directors, shall have general and active care, supervision and direction of the business and affairs of the Corporation. He may sign with the Secretary or an Assistant Secretary any or all certificates of stock of the Corporation; may appoint and discharge, subject to the approval of the Directors, employees agents of the Corporation; shall see that the books, reports, statements and certificates required by law are properly kept, made and filed according to law; and in general shall perform all duties incident to the office of President and such other duties as may from time to time be assigned to him by the Board of Directors or as are prescribed by these by-laws.

SEC. 9. Executive Vice-Presidents. - At the request of the President, or in his absence or disability, the Executive Vice-President shall perform all the duties of the President and, when so acting, shall have all the powers of and be subject to all restrictions upon the President.

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SEC. 10. Senior Vice-Presidents. - The President or the chief executive of the subsidiaries of the Corporation shall concurrently be designated as Senior Vice-Presidents of the Corporation. The Senior Vice-Presidents shall perform such other duties as may from time to time be assigned to him by the Board or the President.

SEC. 11. Vice-Presidents. - The Board shall appoint Vice-Presidents who shall head the different functional departments of the Corporation and who shall perform such other duties as may from time to time be assigned to them by the Board or the President.

SEC. 12. The Secretary. - The Secretary shall keep or cause to be kept in books provided for the purpose the minutes of the meetings of the stockholders and of the Board of Directors; shall give or cause to be given notice of all meetings of stockholders and directors and all other notices required by law or by these by-laws; and in case of his absence or refusal or neglect to do so, any such notice may be given by the Assistant Secretary directed by the President, or by the directors or stockholders, upon whose requisition the meeting is called as provided in these by-laws; shall be custodian of the records and of the seal of the Corporation and see that the seal or a facsimile thereof is affixed to all documents the execution of which on behalf of the Corporation under its seal is duly authorized in accordance with the provisions of these by-laws, and shall attest the same; shall keep a register

*Records minute*

of the post office address of each stockholder, and make all proper changes in such register, retaining and filing his authority for all such entries; shall see that the books, reports, statements, certificates and all other documents and records required by law are properly kept and filed; may sign with the President or any Vice-Presidents any or all certificates of stock of the Corporation; shall, unless otherwise determined by the directors, have charge of the original stock books, transfer books and stock ledgers and act as transfer agent in respect of the stock and securities of the Corporation; and in general, the Secretary shall perform all duties incident to the office of Secretary, and such other duties as may, from time to time, be assigned to him by the Board of Directors or by the President.

SEC. 13. Assistant Secretary. - In the absence or disability of the Secretary, the Assistant Secretary, if any, shall perform all the duties of the Secretary and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the Secretary. The Assistant Secretary shall perform such other duties as from time to time may be assigned to him by the Board of Directors, the President or the Secretary.

SEC. 14. The Treasurer. - The Treasurer of the Corporation shall disburse such funds as may be necessary for the operation of the Corporation; shall have the custody of all moneys, securities and other valuables

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of the Corporation which may come into his possession and he shall keep regular books of accounts therefor. The Treasurer shall also perform all other duties incident to his office or such as may be assigned to him by the Board.

SEC. 15. Other Officers. - The duties and functions of the other officers of the Corporation shall be those which are ordinarily understood to be attached to their respective positions and those fixed by the Board.

Article VI

CAPITAL STOCK

SECTION 1. Authorized Capital Stock. - The initial authorized stock of the Corporation, pursuant to Presidential Decree No. 346, dated December 14, 1973, shall be divided into 3,000 no par-shares and to be broken up as follows:

(a) Two million shares shall be subscribed and paid for by the Government of the Republic of the Philippines.

Under Presidential Decrees No- 286 and 346, an appropriation for the amount of ₱10,000,000.00 is provided to fully pay for the above Government subscription.

(b) Five hundred thousand shares of stock shall each be subscribed and paid for by the Development

*provided with*

Bank of the Philippines and the Government Service Insurance System at issue values to be determined by the Board of Directors of the Corporation.

Article VII

SHARES AND THEIR TRANSFER

SECTION 1. Certificates of Stock. - Certificates for shares of the capital stock of the Corporation shall be in such form as shall be approved by the Board of Directors. They shall be numbered in the order of their issue, and shall be signed by the President or the Executive Vice-President and countersigned by the Secretary or an Assistant Secretary of the Corporation, and sealed with the seal of the Corporation. All certificates shall be numbered and issued in consecutive order therefrom.

The stock record books and the blank stock certificate books shall be kept by the Secretary or by a transfer agent or by any other officer or agent designated by the Board of Directors.

SEC. 2. Transfer of Stock. - Transfers of shares of the capital stock of the Corporation shall be made only on the books of the Corporation by the holder thereof, or by his duly authorized attorney or legal representative, so as to show the names of the parties to the transaction, the date of the transfer, the number of the certificate and the number of shares transferred, and upon such transfer the old certificate shall be surrendered to the

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Corporation by the delivery thereof to the person in charge of the stock and transfer books and ledgers, or to such other person as the Board of Directors may designate, by whom it shall be cancelled, and a new certificate shall thereupon be issued.

No transfer of shares of stock owned by the Government of the Republic of the Philippines shall, in any manner, be allowed.

Shares of stock subscribed by the DBP or GSIS shall be transferred only to the Government of the Republic of the Philippines or any of its financial or monetary institution or any government owned and controlled Corporation.

SEC. 3. Addresses of Stockholders. - Each stockholder shall designate to the Secretary of the Corporation an address at which notices of meetings and all other corporate notices may be served or mailed to him, and if any stockholder shall fail to designate such address, corporate notices may be served upon him by mail directed to him at his last known post office address.

SEC. 4. Lost, Destroyed and Mutilated Certificates. - The holder of any stock of the Corporation shall immediately notify the Corporation of any loss, destruction or mutilation of the certificate therefor, and the Board of Directors may cause to be issued to him a new certificate of stock, upon the surrender of the mutilated certificate or, in case of loss or destruction of the certificate, upon satisfactory proof of such loss or destruction.

*Leovides Urueta*

Article VIII IX  
SHARE SUBSCRIPTIONS

Unpaid subscriptions to the capital stock of the Corporation shall be due and payable at any time or from time to time as they shall be declared and payable by the Board of Directors. Interest shall not be payable on unpaid subscriptions.

Article IX X  
DIVIDENDS, SURPLUS, ETC.

Except as otherwise provided by law, the Board of Directors may declare dividends upon the capital stock of the Corporation as and when they deem expedient. Before declaring any dividend there may be set apart out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time in their absolute discretion may think proper for working capital or as a reserve to meet contingencies, or for equalizing dividends, or for any other purpose they may think conducive to the best interest of the Corporation.

Article XI

SEAL

SECTION 1. Seal. - The corporate seal of the Philippine Aerospace Development Corporation shall

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consist which shall be inscribed the name and words "PHILIPPINE AEROSPACE DEVELOPMENT CORPORATION, MANILA". In the lower space of the seal, there shall be inscribed the year "1973".

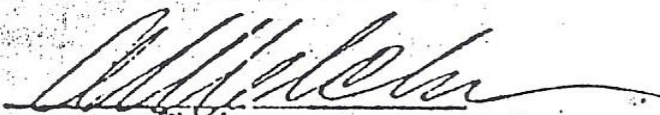
Article XII

AMENDMENTS

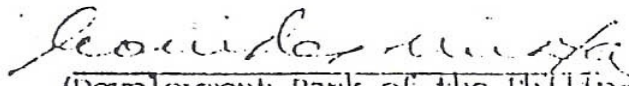
SECTION 1. Amendments. - These by-laws may be amended or repealed in whole or in part by a vote of a majority of the subscribed capital stock of any regular or special meeting called for that purpose. The owners of two-thirds of the subscribed capital stock may delegate to the Board of Directors the power to amend or repeal these by-laws or to adopt new by-laws.

Adopted in the City of Manila, Philippines, this 1st day of February 1974 by the affirmative vote of the undersigned shareholders representing majority of the subscribed capital stock of the Corporation:

ATTESTED:

  
Chairman

(Representing the Republic of the Philippines)

  
(Development Bank of the Philippines, represented by its Chairman)

