

PRESIDENTIAL DECREE NO. 346
December 14, 1973

AMENDING THE CHARTER OF THE PHILIPPINE AEROSPACE DEVELOPMENT CORPORATION, PRESIDENTIAL DECREE NO. 286, DATED SEPTEMBER 5, 1973, AND FOR OTHER PURPOSES

WHEREAS, the Philippine Aerospace Development Corporation, in undertaking development projects prescribed therefor, now requires a restructured capital and organizational set-up that shall allow greater responsiveness and flexibility in meeting management and capital demands and provide full protection for the national interest;

WHEREAS, for this purpose, its corporate charter, Presidential Decree No. 286, needs to be amended;

NOW, THEREFORE, I, FERDINAND E. MARCOS, Commander-in-Chief of all the Armed Forces of the Philippines, pursuant to Proclamation No. 1081, dated September 21, 1972, and General Order No. 1 dated September 22, 1972, as amended, do hereby decree and order that certain provisions of Presidential Decree No. 286, dated September 5, 1973, be amended:

SECTION 1. Section 1, is hereby amended to read as follows:

"SECTION 1. PURPOSE OF THE CORPORATION. — The Philippine Aerospace Development Corporation, hereinafter referred to as the Corporation, shall be governed by this Decree and its by-laws, as authorized hereunder, and shall have succession for a period of fifty years from and after the date of the approval of this Decree. The principal office of the Corporation SHALL BE LOCATED IN A PLACE TO BE DETERMINED BY THE BOARD OF DIRECTORS.

THE CORPORATION SHALL HAVE THE FOLLOWING PURPOSES:

- [1] a. To undertake all manner of activity, business or development projects for the establishment of a reliable aviation and aerospace industry, including the assembly and manufacture of all forms of aircraft, device, equipment or contraption and studies or researches for innovations and improvements thereon.
- [2] b. To engage in the maintenance, repair/overhaul, and modification of aerospace and associated flight and ground equipment and components thereof in order to provide technical services and overhaul support to the Philippine Air Force, the national airline, foreign airline companies, foreign air forces and to the aviation industry in general."

SECTION 2. Section 2 paragraph (7) of the Decree is hereby amended to read as follows:

"SECTION 2. POWERS OF THE CORPORATION In order to accomplish the foregoing corporate purposes, the Corporation shall be vested with the following powers:

7. TO INVEST, OWN OR OTHERWISE PARTICIPATE IN EQUITY IN ANY ESTABLISHMENT, FIRM OR ENTITY ENGAGED IN THE AEROSPACE INDUSTRY; TO FORM, ORGANIZE, ESTABLISH AND MAINTAIN SUCH SUBSIDIARY OR SUBSIDIARIES AS IT MAY DEEM NECESSARY TO UNDERTAKE ITS DEVELOPMENT PROJECTS, PROVIDED THAT SUCH SUBSIDIARY OR SUBSIDIARIES SHALL EACH HAVE A BOARD OF DIRECTORS OF SEVEN MEMBERS IN WHICH AT LEAST ONE OF THE DIRECTORS REPRESENTING THE GOVERNMENT SHALL BE ELECTED FROM AMONG THE SEVEN MEMBERS OF THE BOARD OF DIRECTORS OF THE CORPORATION; and to execute any and all acts which a partnership or a natural person is authorized to perform under laws now existing or which may hereafter be enacted; and" acd

SECTION 3. Section 3 of the Decree is hereby amended to read as follows:

"SECTION 3. CAPITAL STOCK. — THE CORPORATION SHALL HAVE A CAPITAL STOCK DIVIDED INTO THREE MILLION NO-PAR SHARES TO BE SUBSCRIBED, PAID FOR AND VOTED AS FOLLOWS:

- a. TWO MILLION SHARES OF STOCK SHALL BE SUBSCRIBED AND PAID FOR BY THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES. FOR THIS PURPOSE, THE AMOUNT OF TEN MILLION (P10,000,000.00) PESOS SET ASIDE AND APPROPRIATED FROM THE PROCEEDS OF THE GENERAL FUND UNDER PRESIDENTIAL DECREE NO. 286, DATED SEPTEMBER 5, 1973. SHALL BE APPLIED TO THE FULL PAYMENT OF THE TWO MILLION SHARES SUBSCRIBED BY THE GOVERNMENT.
- b. FIVE HUNDRED THOUSAND SHARES OF STOCK SHALL EACH BE SUBSCRIBED AND PAID FOR BY THE DEVELOPMENT BANK OF THE PHILIPPINES AND THE GOVERNMENT SERVICE INSURANCE SYSTEM AT ISSUE VALUES TO BE DETERMINED BY THE BOARD OF DIRECTORS OF THE CORPORATION.

The voting power pertaining to shares of stock subscribed by the Government of the Republic of the Philippines shall be vested in the President or in such person or persons as he may designate.

THE VOTING POWER PERTAINING TO SHARES OF STOCK SUBSCRIBED BY THE DEVELOPMENT BANK OF THE

PHILIPPINES AND THE GOVERNMENT SERVICE INSURANCE SYSTEM SHALL BE VESTED IN THE CHAIRMAN, BOARD OF GOVERNORS, AND THE GENERAL MANAGER, RESPECTIVELY.

Each share of stock shall present one vote and any agreement, contract, arrangement, scheme or plan that shall transfer ownership and voting rights over such shares SUCH THAT THE PUBLIC CORPORATE NATURE OF THE CORPORATION SHALL BE IMPAIRED OR REMOVED IS PROHIBITED."

SECTION 4. Section 4 of the Decree shall be amended to read as follows:

"**SECTION 4. BOARD OF DIRECTORS.** — The Corporation shall be governed and its activities shall be directed, controlled and managed by a Board of Directors which shall be composed of FIVE (5) ex-officio members, namely, the Executive Secretary, the Secretary of National Defense, THE SECRETARY OF INDUSTRY, the Chairman, Board of Governors of the Development Bank of the Philippines, GENERAL MANAGER, GOVERNMENT SERVICE INSURANCE SYSTEM AND TWO (2) OTHER members to be appointed by the President of the Philippines. The Two appointive directors shall each serve for a term of TWO (2) years. The President shall appoint a Chairman from among the seven directors."

SECTION 5. Section (5) paragraph (1) of the Decree is hereby amended to read as follows:

"**SECTION 5. Functions and Duties of the Board of Directors.** —

- (1) THE BOARD SHALL APPOINT AND FIX THE SALARIES OF SUCH EXECUTIVE OFFICERS and other officials of the Corporation as may be necessary for the accomplishment of its corporate purposes."

SECTION 6. A new section is hereby added to the Decree.

SECTION 8. FOREIGN LOANS. — THE CORPORATION IS HEREBY AUTHORIZED TO CONTRACT LOANS, CREDITS, ANY CONVERTIBLE FOREIGN CURRENCY OR CAPITAL GOODS, AND INDEBTEDNESS FROM TIME TO TIME FROM FOREIGN GOVERNMENTS, OR ANY INTERNATIONAL FINANCIAL INSTITUTIONS OR FUND SOURCES OR TO ISSUE BONDS, THE TOTAL OUTSTANDING AMOUNT OF WHICH, EXCLUSIVE OF INTEREST, SHALL NOT EXCEED ONE BILLION UNITED STATES DOLLAR OR THE EQUIVALENT THEREOF IN OTHER CURRENCIES, ON SUCH TERMS AND CONDITIONS AS IT SHALL DEEM APPROPRIATE FOR THE ACCOMPLISHMENT OF ITS PURPOSES AND TO ENTER INTO AND EXECUTE AGREEMENTS AND OTHER DOCUMENTS SPECIFYING SUCH TERMS AND CONDITIONS.

THE PRESIDENT OF THE PHILIPPINES, BY HIMSELF, OR THROUGH HIS DULY AUTHORIZED REPRESENTATIVE, IS HEREBY AUTHORIZED TO NEGOTIATE AND CONTRACT WITH FOREIGN GOVERNMENTS OR ANY INTERNATIONAL FINANCIAL INSTITUTIONS OR FUNDS SOURCES, IN THE NAME AND IN BEHALF OF THE CORPORATION, ONE OF SEVERAL LOANS, FOR THE ACCOMPLISHMENT OF ITS PURPOSES.

THE PRESIDENT OF THE PHILIPPINES, BY HIMSELF, OR THROUGH HIS DULY AUTHORIZED REPRESENTATIVE, IS HEREBY FURTHER AUTHORIZED TO GUARANTEE, ABSOLUTELY AND UNCONDITIONALLY, AS PRIMARY OBLIGOR AND NOT AS SURETY MERELY, IN THE NAME AND IN BEHALF OF THE REPUBLIC OF THE PHILIPPINES, THE PAYMENT OF THE LOANS, CREDITS, INDEBTEDNESS AND BONDS ISSUED UP TO THE AMOUNT WHICH THE PRESIDENT OF THE PHILIPPINES IS AUTHORIZED TO GUARANTEE UNDER REPUBLIC ACT NUMBERED SIXTY-ONE HUNDRED FORTY-TWO, AS AMENDED, AS WELL AS THE PERFORMANCE OF ALL OR ANY OF THE OBLIGATIONS UNDERTAKEN BY THE CORPORATION IN THE TERRITORY OF THE REPUBLIC OF THE PHILIPPINES PURSUANT TO LOAN AGREEMENTS OR ANY INTERNATIONAL FINANCIAL INSTITUTIONS OR FUND SOURCES.

THE LOANS, CREDITS AND INDEBTEDNESS CONTRACTED UNDER THIS SUBSECTION AND THE PAYMENT OF THE PRINCIPAL, INTEREST AND OTHER CHARGES THEREON, AS WELL AS THE IMPORTATION OF MACHINERY, EQUIPMENT, MATERIALS, SUPPLIES AND SERVICES, BY THE CORPORATION, PAID FROM THE PROCEEDS OF ANY LOAN, CREDIT OR INDEBTEDNESS INCURRED UNDER THIS ACT, SHALL ALSO BE EXEMPT FROM ALL DIRECT AND INDIRECT TAXES, FEES, IMPORTS, OTHER CHARGES AND RESTRICTIONS, INCLUDING IMPORT RESTRICTIONS PREVIOUSLY AND PRESENTLY IMPOSED, AND TO BE IMPOSED BY THE REPUBLIC OF THE PHILIPPINES, OR ANY OF ITS AGENCIES AND POLITICAL SUB-DIVISIONS."

This Decree shall take effect immediately.

Done in the City of Manila, this 14th day of December, in the year of Our Lord, nineteen hundred and seventy-three.