

[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 developmental projects prescribed therefor, now requires a restructured capital and organizational setup that shall allow greater responsiveness and flexibility in meeting management and capital demands and provide full protection for the national interest; and

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 of the Decree 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 bylaws, 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."

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

"SEC. 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."

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

"**SEC. 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 pesos (P10,000,000) 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 represent 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.

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

"**SEC. 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, the General Manager, Government Service Insurance System and two (2) other members to be appointed by