

MALACAÑANG
Manila

BY THE PRESIDENT OF THE PHILIPPINES

ADMINISTRATIVE ORDER NO. 63

**DIRECTING THE TRANSFER OF CERTAIN ASSETS AND LIABILITIES OF
THE NATIONAL DEVELOPMENT COMPANY IN FIRST CENTENNIAL
CLARK CORPORATION TO CLARK DEVELOPMENT CORPORATION**

WHEREAS, the National Development Company (NDC) was created by Commonwealth Act No. 182 to serve as an agency of the government in the furtherance of its economic policies;

WHEREAS, NDC, as the government's corporate vehicle, was thereafter restructured and revitalized under Presidential Decree No. 1648, as amended, to give necessary impetus to national economic development;

WHEREAS, NDC is presently one of the line corporate agencies attached to the Department of Trade and Industry (DTI);

WHEREAS, NDC's mandate is and has been to invest in pioneering development-oriented projects where the private sector is either unwilling or unable to venture into owning due to the high risks and/or the huge capital requirements involved, but which projects are nonetheless necessary for the nation's economic growth;

WHEREAS, in view of its mandate, the Government directed NDC to invest in, extend loans to and form a new corporation (NEWCO) together with Asian Construction Development Corporation (Asiakonstrukt) in order to finance and complete the PHILIPPINE CENTENNIAL EXPOSITION 1998 (the Project);

WHEREAS, pursuant to such directive, NEWCO was incorporated on 08 September 1997 under the name First Centennial Clark Corporation (FCCC);

WHEREAS, in compliance with the above-mentioned directive, NDC entered into a Loan Agreement dated 10 February 1998 (the Loan) with a consortium of government financial institutions (GFIs) composed of Social Security System, Development Bank of the Philippines, Land Bank of the Philippines and Government Service Insurance System, which Loan was secured by a guaranty issued by the Republic of the Philippines as well as a Deed of Assignment covering revenues from the Project, in order to finance part of its investment in the equity of and sub-loan to FCCC;



WHEREAS, on the same day, a Sub-Loan Agreement (Sub-Loan) was entered into between FCCC and NDC as a consequence of which FCCC executed in NDC's favor Promissory Notes and Deeds of Assignment covering tracts of land in the Clark Special Economic Zone (CSEZ), revenues from the Project, Non-Project revenues and Project properties;

WHEREAS, NDC, being FCCC's creditor and majority stockholder, owning sixty percent (60%) of its outstanding capital stock, has both equity investment and receivables in the company in the total amount of PESOS: TWO BILLION FORTY-EIGHT MILLION EIGHT HUNDRED TWENTY-TWO THOUSAND NINE HUNDRED FIFTY-SEVEN AND 50/100 (2,048,822,957.50) as of 31 December 2001;

WHEREAS, as a result of its investment in FCCC, NDC has incurred liabilities in the amount of PESOS: ONE BILLION SEVENTY-ONE MILLION NINE HUNDRED FIFTY-TWO THOUSAND ONE HUNDRED FIFTY-SEVEN AND 33/100 (P1,071,952,157.33) as of 31 December 2001;

WHEREAS, in order to maximize FCCC's business potentials and productivity and as one of the measures for the financial rehabilitation and restructuring of NDC, all its rights and interest over FCCC shall be transferred to Clark Development Corporation (CDC);

NOW, THEREFORE, I, GLORIA MACAPAGAL ARROYO, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order the immediate transfer to CDC of all of NDC's rights and interest in FCCC, including assets and receivables, consisting of the following:

1. The immediate transfer to CDC of all of NDC's rights and interest in FCCC including those assets with a value of PESOS: TWO BILLION FORTY-EIGHT MILLION EIGHT HUNDRED TWENTY-TWO THOUSAND NINE HUNDRED FIFTY-SEVEN AND 50/1000 (P2,048,822,957.50) as 31 December 2001 consisting of equity, loans receivable, dividend receivable and interest and other receivables;
2. The assumption by CDC of those liabilities of NDC in the amount of PESOS: ONE BILLION SEVENTY-ONE MILLION NINE HUNDRED FIFTY-TWO THOUSAND ONE HUNDRED FIFTY-SEVEN AND 33/100 (P1,071,952,157.33) as of 31 December 2001 arising from the Loan as a result of its investment in FCCC;



3. The value of the assets and the amount of liabilities stated in the immediately preceding sections shall be further revised/recomputed to reflect their value/amount as of the date of effectivity hereof;
4. The execution by NDC, after appropriate notice to FCCC, of Deeds of Assignment covering the leasehold rights in the CSEZ, Project revenues and Non-Project revenues in favor of CDC, CDC, in turn, shall execute Deeds of Assignment covering the same in favor of the GFIs. These Deeds of Assignment shall supercede those previously executed by NDC in favor of the GFIs;
5. Considering that the value of NDC's assets to be transferred exceeds the total liabilities to be assumed by CDC, CDC is hereby directed to provide additional compensation to NDC in order to approximate such difference between the value of the assets to be transferred and the liabilities that shall be assumed by CDC; and
6. All rights and obligations of NDC under the Loan shall be transferred to CDC and the Office of the President, through the Department of Finance, shall issue the corresponding Letter of Guaranty as security for the Loan and continue to extend the same guaranty to any restructuring agreed upon or to be concluded with the GFIs.

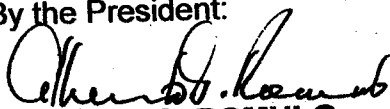
The Secretary of the Department of Trade and Industry is hereby directed and authorized to enter into, conclude, sign, execute and deliver, for and in behalf of NDC, such agreements, documents, instruments and deeds and other documents as may be necessary to implement the transfer of NDC's assets in FCCC and the assumption by CDC of the obligations contemplated herein.

All administrative issuances or part thereof which are inconsistent hereto, are hereby repealed or modified accordingly.

This Administrative Order shall take effect immediately.

Done in the City of Manila, Philippines, this ~~17th~~ day of ~~FEB~~ in the year of Our Lord, Two Thousand Three.

By the President:


ALBERTO G. ROMULO
 Executive Secretary



