

THE REHABILITATION OF THE AGRIX GROUP OF COMPANIES FOR AND FOR OTHER PURPOSES.

PRESIDENTIAL DECREE NO. 1717, August 21, 1980

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WHEREAS, Agrix Marketing, Inc. and its subsidiary and affiliate corporations had induced the public to invest funds upon the promise of excessive rates of interest under schemes the Securities and Exchange Commission has declared to be illegal devices;

WHEREAS, Agrix Marketing, Inc. and its subsidiary and affiliate corporations have defaulted on the on the payment of the promised yields including the principal, as a result of the deterioration of their financial position;

WHEREAS, pursuant to its powers under PD 902-A, the Securities and Exchange Commission found that these high interest-yielding investment contracts were illegal devices or schemes amounting to misrepresentations which are detrimental to the interest of the public particularly the small investors;

WHEREAS, after study and evaluation of the existing assets and liabilities, earnings and operations of the Agrix Group of corporations, it has been determined that the best way to salvage and protect the interests of its investors and creditors is to consolidate the assets and liabilities of the Agrix Group of Companies into a single corporation which will then be rehabilitated with, the assistance of government;

WHEREAS, under Letter of Instructions No. 1021, the National Development Company has been deputized to formulate and adopt a rehabilitation program, for the Agrix Complex corporations to best protect the interests of its investors and creditors;

WHEREAS, in view of the magnitude of investments and the number of small investors involved, there is a need to act expeditiously in order to protect the investing public and creditors and insure stability of the economy;

NOW, THEREFORE, I, FEDINAND E. MARCOS, President of the Republic of the Philippines, by virtue of the powers vested, in me by the Constitution, do hereby order:

SECTION 1. Rehabilitation Program. — The rehabilitation program of Agrix Marketing, Inc., and its subsidiary and affiliate corporations as formulated by the National Development Company is hereby approved, under terms and conditions set forth below.

SEC. 2. Dissolution of the Agrix Group of Companies and Organization of New Agrix, Inc. — In line with the rehabilitation program, the corporations comprising the Agrix Group of Companies are to be dissolved and their assets and liabilities are to be transferred to New Agrix, Inc. which is hereby authorized to be organized by a private stock corporation. The Securities and Exchange Commission is hereby instructed to permit the incorporation of New Agrix, Inc. with an authorized capital stock of Two Hundred Million Pesos (P200,000,000.00) divided into 200 million common shares with a par value of One (1) Peso per share.

The provisions of the Corporation Code regarding watered stocks notwithstanding, the paid-up capital of New Agrix, Inc. will consist of the sum of the valid claims of investors and shareholders in the Agrix Group of Companies. In the determination of valid claims, only the principal amount, without interest and dividends, of

investors and shareholders in the Agrix Group of Companies, excluding those against whom criminal charges have been or will be filed, will be considered.

SEC. 3. Procedure for Issuance of Common Shares of the New Agrix, Inc. — New Agrix, Inc. shall issue shares of stock equivalent to the principal amount of the valid claims of all Agrix investors and shareholders, other than those excluded in Sec. 2, upon submission by such investors and shareholders of original copies of proof of their investment. A Claims Committee, consisting of a representative from the National Development Company, the Securities and Exchange Commission and the Ministry of Justice, is hereby constituted to establish the rules and regulations for determining the validity of claims.

SEC. 4. Settlement of Monetary Obligations of Dissolved Corporations. — All monetary collections, whether secured or unsecured, of the dissolved corporations, duly submitted and verified shall be assured by the New Agrix, Inc., but only in respect of the principal value thereof, except for secured creditors. Payments thereof shall be subject to the following terms and conditions:

- Secured obligations shall bear interest at the rate of twelve per cent (12%) per annum on outstanding balances and shall be payable in equal annual installments over a 5-year period, commencing one year from date hereof. All mortgages and other liens presently attaching to any of the assets of the dissolved corporations are hereby extinguished.
- Unsecured obligations shall not bear interest and shall be payable in equal annual installment over a 10-year period, commencing one year from date hereof.
- All accrued interests, penalties or charges as of date hereof pertaining to the obligations, whether secured or unsecured, shall not be recognized.

SEC. 5. Interest-Free Rehabilitation Loan. — To assist in the attainment of the objectives of the rehabilitation program, the National Development Company shall extend an interest-free loan to the New Agrix, Inc. in an amount not to exceed Ten Million Pesos (10,000,000.00), unless authorized by the President of the Philippines.

SEC. 6. Exemption from taxes. — As a further assistance from the national government and in order to accelerate the rehabilitation program, New Agrix Inc. shall be exempt from all taxes under the National Internal Revenue Code, as amended, for a period of five years from date hereof.

SEC. 7. Management of the New Agrix, Inc. — In order to protect its interests and that of the investors, National Development Company shall manage the New Agrix, Inc. until such time as the interest-free loan has been fully paid. In carrying out this management responsibility, the National Development Company shall submit periodic and regular reports to the Board of Directors of New Agrix, Inc. which shall be duly organized in accordance with corporate rules, to represent the shareholders of New Agrix Inc. upon payment of the National Development Company loan, the Board of New Agrix, Inc. will appoint its own management.

SEC. 8. Exemption from Liability. — The National Development Company, including their officers and employees or any person or entity acting in their behalf, shall not be liable for any act or omission in connection with the implementation of this Decree.

SEC. 9. Actions or Proceedings Involving the Dissolved Corporations and/or their Assets. — All monetary claims against the dissolved corporations which are presently pending, or which are hereafter be filled, with the court or with any adjudicatory body, shall be dismissed. In addition, in all legal proceedings of whatever nature wherein a claim or charge is made against any of the assets of the dissolved corporations, no order shall be issued which may in any way interfere with the full possession and ownership of said assets by the New Agrix, Inc.

SEC. 10. Assistance of Government Agencies and Offices. — The Securities and Exchange Commission and such other government agencies or offices as may be involved in the implementation of this Decree shall extend all assistance to facilitate the achievement of the objectives of this Decree.

SEC. 11. Effectivity. — This Decree shall take effect 90 days from date hereof upon certification by the Ministry of Justice that the filing of criminal charges against Agrix principals has been completed, whichever is earlier.

Done in the City of Manila this 21st day of August, in the year of Our Lord, Nineteen Hundred and Eighty

(Sgd.) FERDINAND E. MARCOS
President of the Philippines

By the President:

(Sgd.) JOAQUIN T. VENUS, JR.
Presidential Assistant

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