

29 July 2020

HON. CARLOS G. DOMINGUEZ III

Secretary

Department of Finance

Roxas Blvd., Corner Pablo Ocampo Sr. Street,
Manila 2004

THRU : **HON. ANTONETTE C. TIONKO**
Undersecretary

Dear **Secretary Dominguez:**

Pursuant to the pertinent provisions of the revised implementing rules and regulations of Republic Act No. 7656, Clark International Airport Corporation (CIAC) is bound to declare and remit the amount of Php156,739,971.12 to the National Government (NG) for its CY 2019 net earnings.

However, the same law, mindful of the financial status of GOCCs, included under Section 7, circumstances where a GOCC can actually request for a rate lower than the minimum dividend rate.

It is within this purview that CIAC respectfully requests for a downward adjustment of the minimum dividend rate to 0% due to the following justifications:

- a) The retained earnings deficit of CIAC as of 31 December 2019 stands at Php323,956,338.21;
- b) Reduction of CIAC's revenue by about 75% due to the transfer of the airport operations to the Operations & Maintenance (O&M) private concessionaire;
- c) Anticipated further reduction of revenue as a result of the current N-Covid 19 pandemic;
- d) Outstanding loan obligations of CIAC as of 31 December 2019 stands at Php204.0 million.

The first citation on the negative retained earnings is based on Section 7(b) of the revised IRR which provides that where declaration and payment of dividends at the minimum dividend rate exceeds the unrestricted retained earnings, the GOCC may be allowed to request for a downward adjustment of the dividend rate.

The three (3) other aforementioned reasons would obviously deplete the present cash position of CIAC which is vital to ensure the viable operation of the corporation after the transfer of the terminal operations to the private operator.

May our humble request be attended to with your usual favorable support as we continue to exert effort to contribute to the national economy by delivering the abridged mandate of the corporation.

Thank you and our best regards.

Very truly yours,


GEN. AARON N. AQUINO, (Ret.)
President and Chief Executive Officer

CIAC-OP LETTER NO 20-873

Attachments:

1. Board Resolution No. RM 06-05, Series of 2020
2. Audited Financial Statements for CY 2019