



Taking the Next Step Forward

"Conversion through Land and Asset Integration"

Bases Conversion Development Authority **BCDA**



Vision

The best managed government enterprise creating and maintaining globally competitive and sustainable growth centers with the participation of affected communities and the private sector.

Mission

To effect sustainable development through globally competitive and environment-friendly facilities in the Clark and Subic reservations and their extensions, and Morong in Bataan, that enhance the productivity and ingenuity of the Filipino, in partnership with the private sector and in consultation with affected communities.



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BCDA projects play a vital role in bringing economic progress to the countryside. Its new development objective is to foster the development of Central Luzon using the Subic and Clark base lands as catalysts.

Through the Subic Clark Alliance for Development (SCAD) program - the three main components - the Subic Sea Port, the Clark Airport and the Subic-Clark-Tarlac Toll Road to link the two zones - comprise the development puzzles that must be put together to bring about the realization of the Subic-Clark Growth Corridor.



MESSAGE OF PRESIDENT GLORIA MACAPAGAL-ARROYO

I am heartened that the BCDA continues to perform its mandate of creating and maintaining globally competitive and highly sustainable growth centers in its areas of operation.

The development plans devised and implemented by BCDA will help pave the way for the recognition of the Philippines as a regional hub for the movement of goods, services and information. This will enable us to compete side by side with the likes of Singapore, Hongkong, and the rest of our Asian neighbors, in the provision of world-class infrastructure and support facilities.

In this light, I am glad to note that the Subic-Clark Alliance for Development Program is in full swing with the

modernization of the Diosdado Macapagal International Airport, the construction of the Subic-Clark-Tarlac Expressway, and the development of the Subic Bay Container Terminal.

I find inspiration in the unwavering performance of the BCDA team as they work towards the fulfillment of their mandate with the highest standards of integrity, competence and professionalism.

My commendations go to the leadership of Chairman Florencio Padernal and President-CEO Rufo Colayco. With all these developments in your capable hands, we move surely towards our vision of a strong, prosperous, and progressive Republic.

A handwritten signature in black ink, which appears to read 'GMArroyo'.

MESSAGE OF THE CHAIRMAN

Today, our economy faces the challenge of global competitiveness and the urgent need for sustainable development. Rapid urbanization, congestion, environmental degradation, not to mention poverty, have become part of the already gaping scar on the face of Philippine society.

Through the years, the Bases Conversion Development Authority (BCDA) has remained steadfast and aggressive in pursuing its mandate in order to effect sustainable development programs that will enhance its revenue-generating activities and transform these into reliable economic opportunities for the Filipino people, which will tear down the walls of poverty. In this vein, BCDA sought strategic and reliable partnerships with its subsidiaries, other attached agencies, and the private sector to implement these objectives.

Now, BCDA takes the next step in the pursuit of its mission and begins by taking on the challenge of creating a new zone of economic growth for Filipinos at the heart of Central Luzon.

This endeavor is known as the Subic Clark Alliance for Development – a project which aims to consolidate resources of the Subic Bay Freeport Zone, the Clark Special Economic Zone and the Subic-Clark-Tarlac Expressway Project of BCDA. Also well under way is the North Luzon Railway System. The completion of these projects will surely blaze the path to a more vibrant and attractive investment haven for local and foreign capitalists.

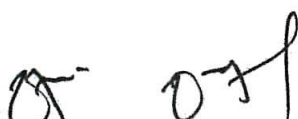
As BCDA takes on the bold objective to address the fundamental concerns of our country, the organization also strongly highlights its responsibilities to society. BCDA has, in fact, developed a more altruistic yet effective approach in dealing with informal settlers in some of its lands in the spirit of an equitable distribution of wealth, which is the bedrock of social justice.

Community projects like the Panagbenga Baguio Flower Festival, and some other small projects of the local government

of San Fernando City where the John Hay and Poro Point Special Economic Zones are located, were given full support by BCDA, among others – in line with its progressive social development program. Similarly, some infrastructure projects in Region 3 were also extended substantial assistance by the BCDA Board in keeping with its regional development plans.

Instrumental to the success of its endeavors is the organization's leadership and manpower, which have been truly commendable in forging better coordination among its subsidiaries, in ensuring an equitable ministrations of beneficial services and in maintaining consistency in policy implementation.

Indeed, as the government continues its march towards the establishment of a Strong Republic, the Bases Conversion Development Authority pledges to unceasingly pursue the sanctified vision of creating and maintaining globally-competitive growth centers in the country and to successfully develop an "empowered" citizenry to lead a life of hope, comfort, and self-sufficiency.


Florencio F. Padernal



MESSAGE OF THE PRESIDENT AND CEO

It is very saddening to note that millions of Filipinos need to work abroad because grossly insufficient jobs have been generated by hopelessly non-competitive Philippine industries. This can only get worse in the open market environment to which the Philippines has committed itself under the World Trade Organization (WTO).

A large part of the problem is that doing business in the Philippines costs a lot more than it does in other countries. The woefully inadequate infrastructure and choking bureaucracy create bottlenecks that further increase costs as well as cause delay.

Recently, even products that used to be sourced from local companies, such as clothing and household products, are now increasingly being imported by retailers in order to provide lower prices as well as better quality to consumers. At the rate this is happening, there could very well come a time when there would be no manufacturing jobs left in the country. Many more millions of Filipinos will have to find jobs abroad.

In practical terms, it is impossible to fix the bottlenecks in Metro Manila for it to ever become a place in which industries can compete effectively in the modern global markets. Much better to look north to Subic and Clark.

The two former US bases represent significant, high-quality infrastructure that would take billions of dollars to replicate. Linked to each other, they offer a unique opportunity for logistical synergy.

Presented in the succeeding parts of this report is an outline of a scheme by which Subic and Clark can be used to mobilize the resources of Metro Manila and Central Luzon to attract investments - and thereby generate employment - in industry, agriculture and services.

Dubbed as the the Subic Clark Alliance for Development or SCAD, this program has the potential to create a mega-project with global appeal - one that can make the country competitive with its ASEAN neighbors and even with the rest of the world. It will provide a unique opportunity for Subic and Clark to combine their strengths and coordinate investment promotion efforts. The Alliance aims to provide world-class infrastructure and support facilities, international access of people and goods through the Diosdado Macapagal International Airport (DMIA) in Clark and the Subic seaport, access to abundant and highly skilled manpower and competitive fiscal incentives.

To ensure the success of this project, it is crucial that not only the development but also the administration of key elements such as the seaport, airport, and road networks be placed under the responsibility of a government/private sector joint venture.

It is reasonable to expect that after the initial period, the joint venture would have the ability to acquire funding from the capital markets. Thus, the Philippine Government would not only accomplish its fundamental responsibility of generating employment, but will also own significant participation in what could easily become one of the flagship corporations in the country.

The success of this "experiment" could very well prove to be the beacon for nationwide reform - living proof that quality governance can be practiced in the Philippines just

as well as in other admired nations such as Singapore. In the end, that is the key to generating the livelihood that, at present, millions of Filipinos can only find in foreign lands.

As BCDA approaches a new decade, we take on this challenge of further fulfilling our mandate in converting the assets and resources placed under our stewardship. It is only fitting that we embark on a bold new initiative to address the fundamental concerns of our country. This plan that will mobilize the resources of two of the most crucial assets in Central and Northern Luzon represents our contribution to bringing about economic reform and progress to the countryside.



Rufo Colayco





BCDA: TAKING THE NEXT STEP FORWARD

A Corridor of Opportunity

Spurred by the vision of a mega-metropolis nestled right in the heart of Luzon and the prospect of bringing economic prosperity to the Philippine countryside, the Arroyo Administration has set out on a project that aims to create a new economic growth corridor anchored on two former US military bases.

Twelve years after reverting to Philippine government control, both the former Subic Bay Naval Base in Zambales and the neighboring Clark Air Force Base in Pampanga have been transformed into what are now the Subic Bay Special Economic and Freeport Zone and the Clark Special Economic Zone. All these years, the two economic zones have largely operated exclusive of each other, content to be separate enclaves of relative prosperity.

Individually, Subic and Clark have substantial strengths and assets. Both of them, however, have weaknesses that have hampered their growth. Clark has considerable potential to become a major international airport with its two massive runways that are capable of servicing next-generation aircraft but has no access to the sea. Subic, on the other hand, has a deep-water port that can conceivably compete with major Asian ports in Kaoshiung and Hong Kong, but the fact that it has limited flatlands is proving to be a hindrance to its full development. Beyond its two existing industrial estates,

there is very little land left in Subic suitable for similar development.

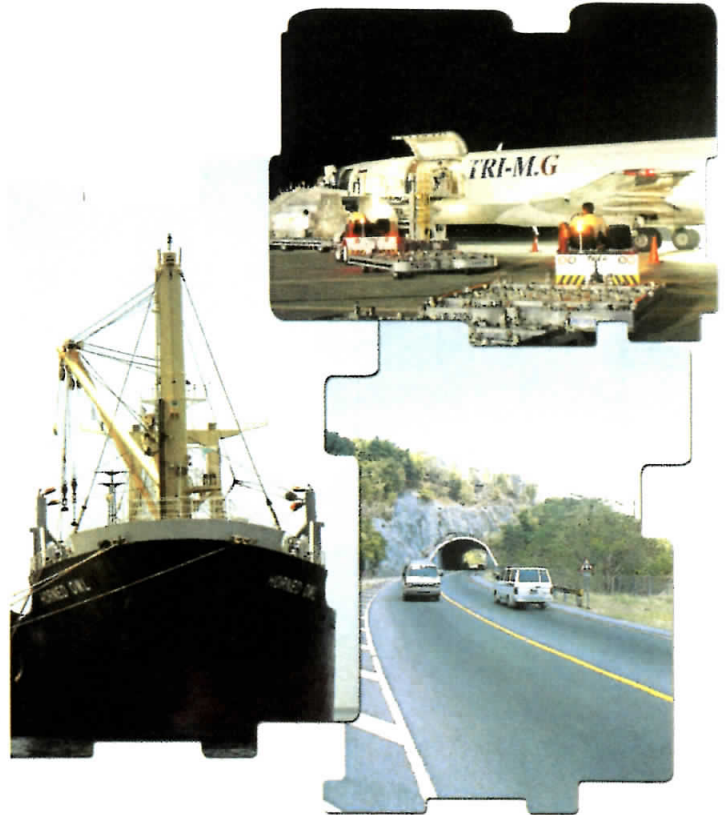
In June 2001, upon the direction of President Arroyo, the Bases Conversion Development Authority (BCDA), together with the Clark Development Corporation (CDC) and the Subic Bay Metropolitan Authority (SBMA), signed a Memorandum of Agreement (MOA) creating the Subic-Clark Alliance for Development (SCAD) Program. The program calls for the alignment of the long-term development goals of the Subic and Clark Economic Zones.

The SCAD program pursues a vision of complementation: combining the strengths of Subic with its natural deep waters and Clark for its huge land mass and airport. Implementation of vital infrastructure projects - construction of the Subic-Clark-Tarlac Toll Road, development of the container port at Subic, upgrading of the DMIA - will greatly enhance the competitiveness of the Philippines as a regional center for the movement of goods and the provision of services. It will likewise generate related business opportunities in the corridor between them, and lead to urbanization in a northward direction from the Metro Manila area.

The overall objectives of the SCAD program are as follows:

- Synchronize efforts in developing a regional land, sea and air logistics hub resulting in complementation and sharing of resources;
- Development of a world-class economic corridor comprising industrial, commercial, logistics and tourism activities;
- Provide a venue wherein Philippine businesses can compete with their international rivals;
- Attract companies and investment from around the world and position the Philippines as a major location for international multi-modal logistics and distribution center.

To date, the BCDA, the SBMA and the CDC are undertaking the construction of the Subic-Clark-Tarlac Expressway, the development of the Subic Bay Container Terminal, and the rehabilitation and modernization of the DMIA, respectively. These companion projects are the three main components of the SCAD program.

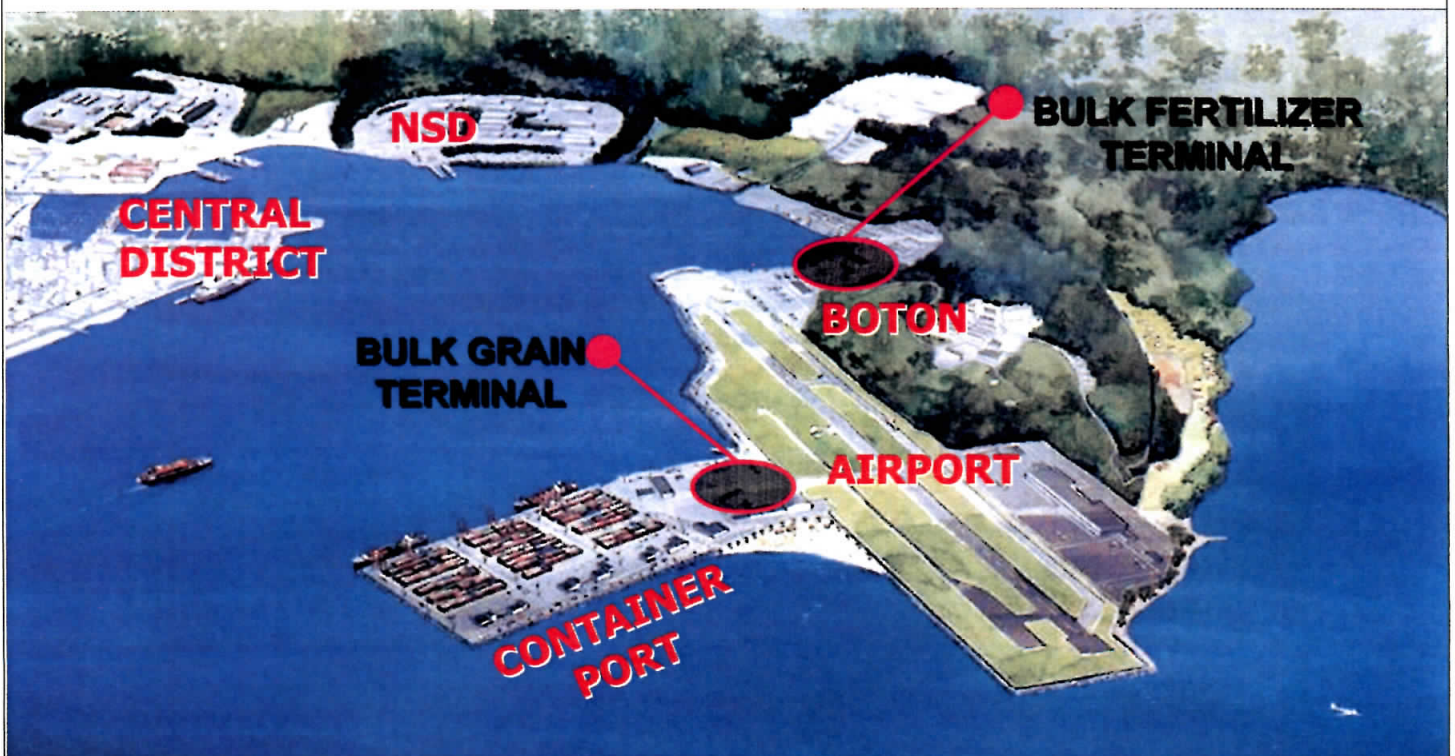


The SCAD Major Infrastructure Components: The Subic Seaport, Clark Airport and The Subic-Clark-Tarlac Expressway

By Sea: The Subic Bay Seaport

The second major component of the SCAD program is the development and modernization of the Subic Container Port. This is part of an extensive port modernization program being pursued by SBMA Chairman Felicito Payumo that aims to develop Subic as an alternative principal port of entry into the National Capital Region (NCR) and as a regional transshipment port.

Also financed by the JBIC, the SBMA's Port Development and Modernization Project calls for the construction of a new container terminal at the Cubi Point area, the rehabilitation of existing port facilities at the Naval Supply Depot (NSD) and Boton areas, the installation of new navigational aids and the procurement of gantry cranes and other cargo handling equipment. When finished, the Subic Port will be equipped with world-class container port facilities and will have roughly half the capacity of the Manila Port - the current principal port of entry for international trade.



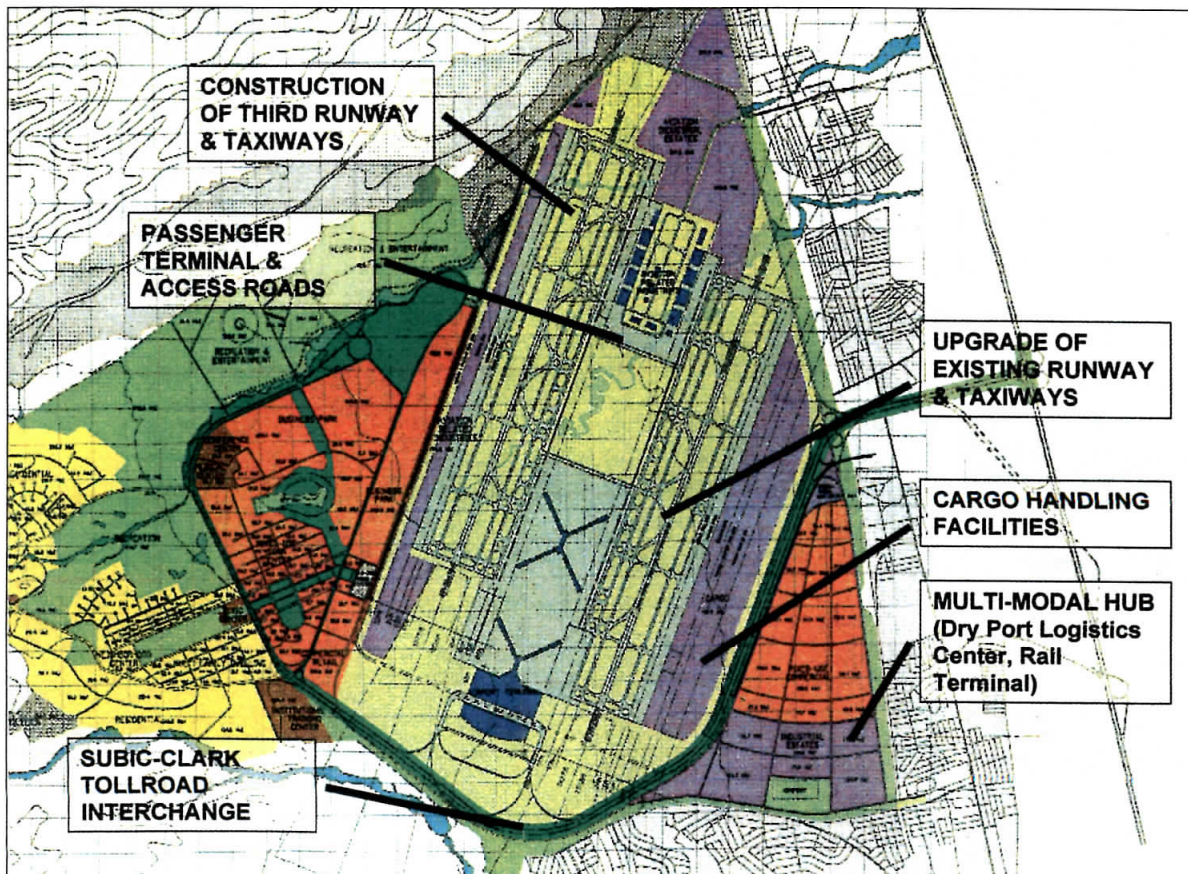
The Subic Bay Container Port Project: Long-Term Development Plan (up to 2020) approved by NEDA ICC for Obuchi Funding

By Air: The Diosdado Macapagal International Airport

The third major component of the SCAD program is the development of the Diosdado Macapagal International Airport (DMIA). The DMIA in Clark is modernizing its airport facilities and is rehabilitating its two world-class runways that were built by the Americans as an alternative landing site for the NASA Space Shuttles.

The advent of new technologies has caused a sea-change in the distribution of goods. With faster communication comes the need for faster delivery. Hence, the demand for break-bulk cum consolidation services at strategically located airports will grow by leaps and bounds in the next decade.

By the time all the development work in the DMIA is done, Clark will be ideally situated to become a regional logistics center at par with those found in Singapore, Hong Kong and Taiwan.



The Diosdado Macapagal International Airport (DMIA): Rehabilitation and Development Plan towards becoming the country's international gateway

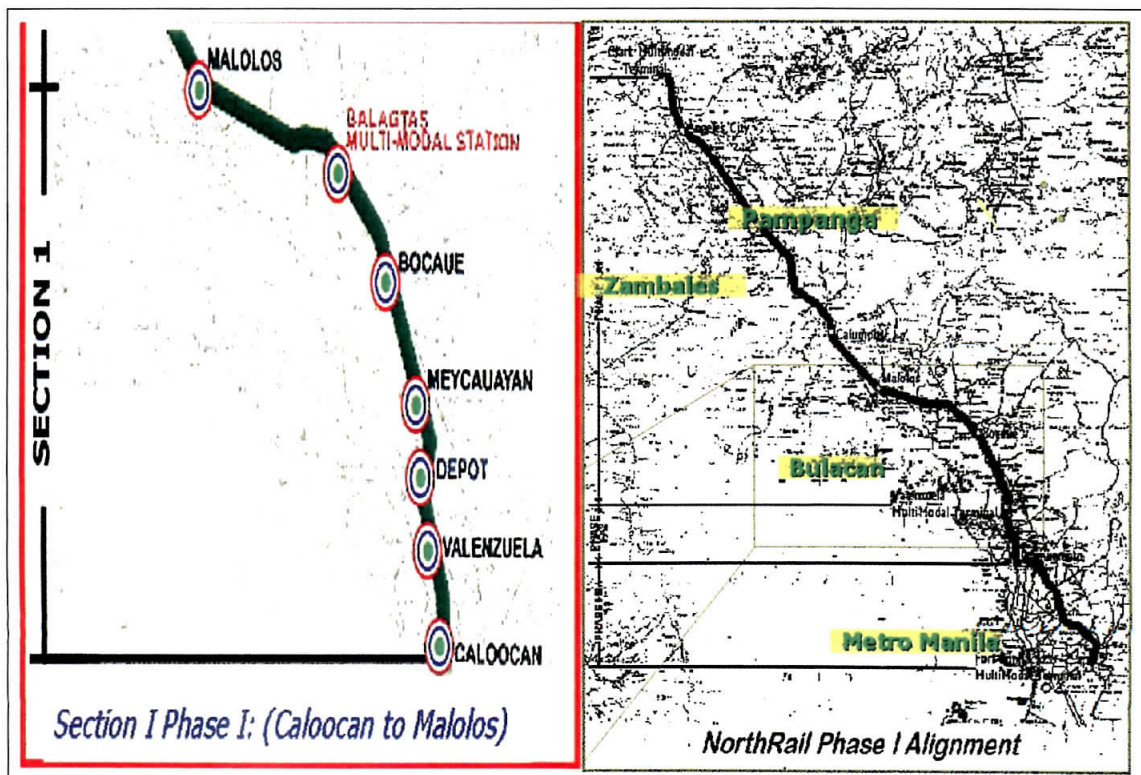


The NorthRail Project

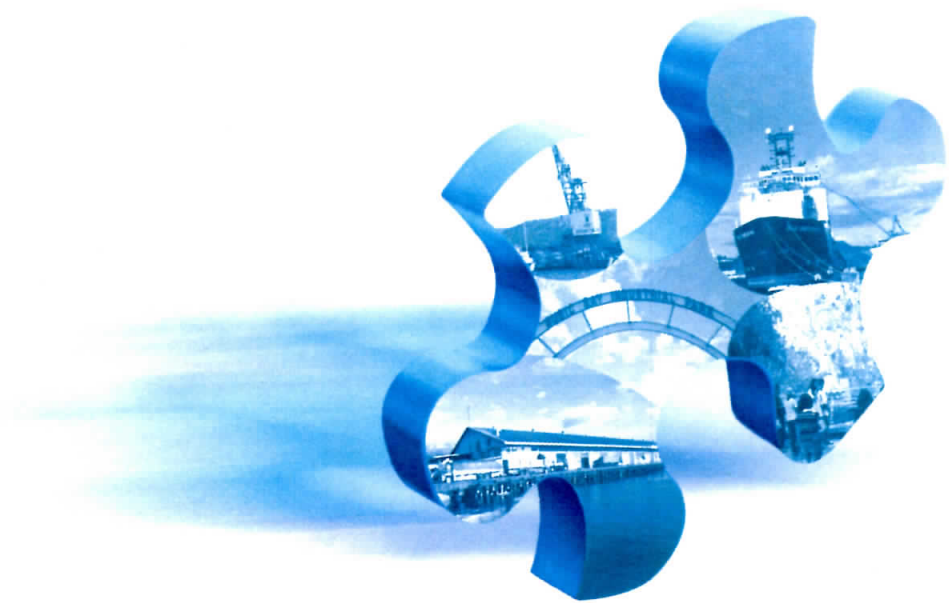
Several other projects have similarly been identified as key undertakings in the SCAD program. One of these is the NorthRail Project of the North Luzon Railways Corp. (NorthRail).

Declared by President Arroyo as a flagship project of her administration, the NorthRail Project has been reconfigured from a high-speed express train to connect

the Clark airport to Makati, to a commuter service train from Caloocan City in Metro Manila to, initially, Bulacan. The line will later be extended to Pampanga using the existing but idle lines of the Philippine National Railways (PNR). The NorthRail Project, along with the North Luzon Tollway extension project, should provide efficient passenger and cargo transfer to and from Metro Manila.



The NorthRail Project Alignment: Section 1 Phase I covers Caloocan in Metro Manila to Malolos in Bulacan



THE SCAD PROGRAM MASTER PLAN

Blueprint for the Subic-Clark Growth Corridor

The different infrastructure components of the SCAD program should create a modern and efficient crossroads for international and local access to products and services, to abundant resources, highly skilled manpower and competitive fiscal incentives.

Other than the integration of the seaport, airport and expressway, key institutional strategies are critical including, among others, the centralized master-planning for the SCAD corridor, tie-ups with foreign and local partners for funding and expertise, coordination with National Government Agencies and Local Government Units (LGUs) and consultation with the Bases Conversion Oversight Committee of Congress.

To further ensure the success of this program, it is vital to define the principal road arteries and land-use patterns to be followed from the start. For this reason, the fertile plains of Central Luzon have been earmarked as agricultural areas. Areas near the Subic-Clark transport axis, on the other hand, are set aside as industrial-logistical complexes suitable for light industries, manufacturing and processing, information technology and knowledge-based industries. Zambales, with its pristine beaches, is a natural choice for tourism-related development, while the verdant foothills and surreal lahar landscapes near Mt. Pinatubo are ideal for eco-adventure tourism.

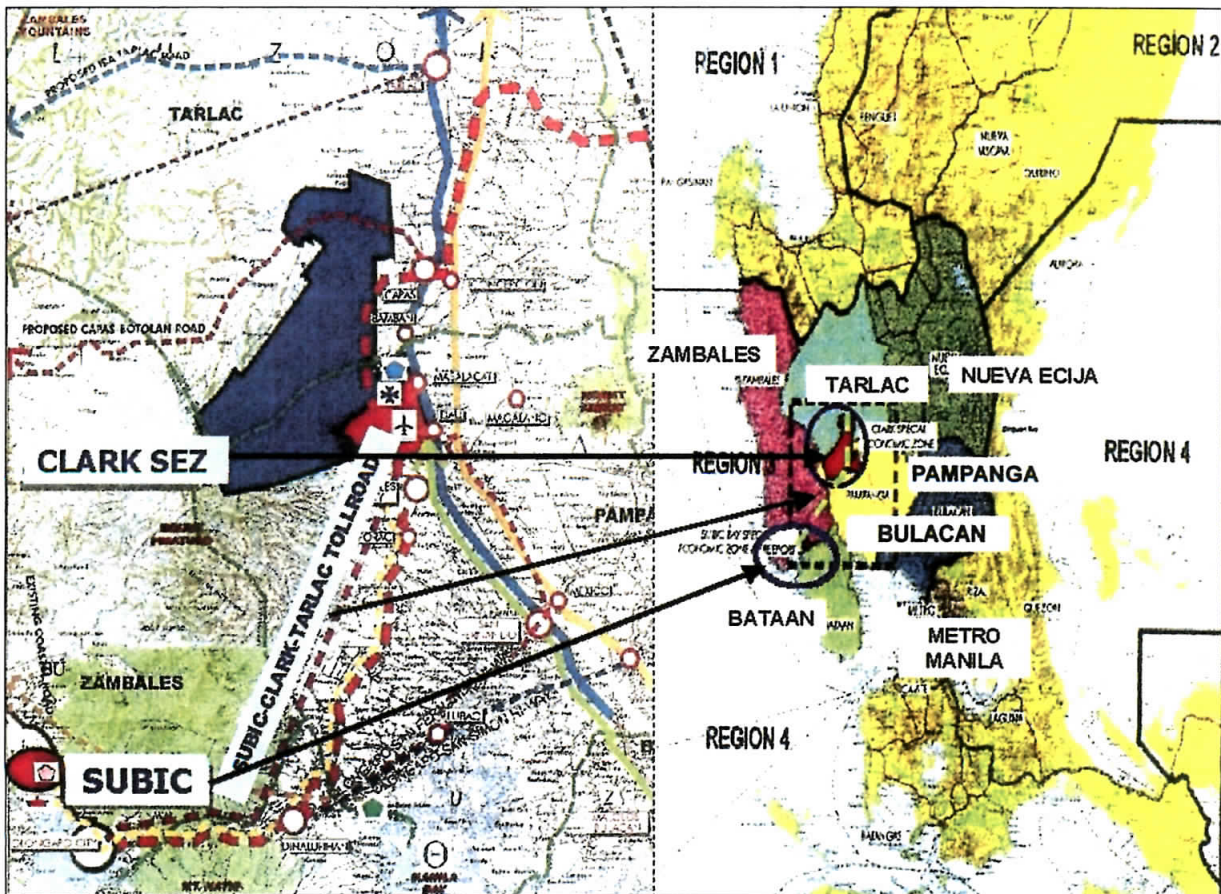
Food Produced Next Door

Subic and Clark also happen to be located in the Great Central Plain of Luzon immediately north of Metro Manila. The flat lands in this area (Region 3) have long been renowned as the finest agricultural lands in the country, but have been grossly underutilized during the last few decades.

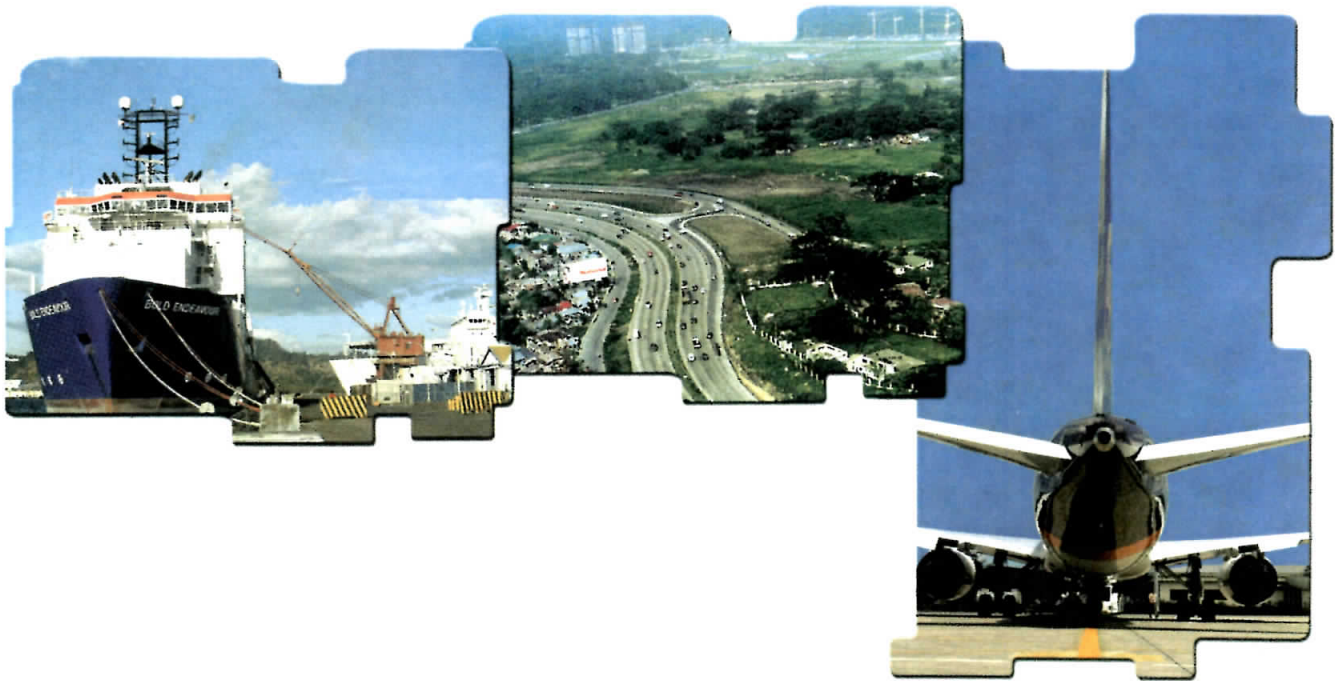
The SCAD Program will provide a golden opportunity to create an efficient agro-industrial-logistical complex immediately north of Metro Manila. With irrigation and flood control, these lands could produce as much as ten times the food that they do at present. Food grown on the vast plains of Central Luzon will be processed efficiently in industrial zones along the expressway, consumed in Metro Manila and distributed to both domestic as well as export markets through the Clark airport and Subic seaport.



Potentially, the region's produce can feed the whole country and even generate export earnings. Also, the knowledge-based and tourism-oriented industries will thrive on suitably prepared areas in the region.



Using Subic and Clark as Catalysts: Spurring the growth of the Central Luzon Region (Region 3)



Putting the Pieces Together

The Subic-Clark-Tarlac Toll Road, the Subic seaport, the Clark airport and all other companion projects are all pieces of the development puzzle that must be put together to bring about the realization of the Subic-Clark growth corridor.

All these projects are crucial to the viability of the SCAD program and each one is being pursued enthusiastically under the prodding of President Arroyo herself, driven by her determination to win the war on poverty over the next decade. Specifically, these projects will result in three things:

First, the enhanced Subic Bay Container Terminal will open Central Luzon to international sea lanes. Through Subic, Central Luzon will have direct access to a natural deep-water port that will offer far more efficient service than the Manila Port. Initially, it will provide industries in the hopelessly choked-up Valenzuela-Meycauayan and Northern Manila industrial centers with vastly superior access. Ultimately, it will draw those industries into Central Luzon, thus contributing to the success of the envisioned "W" Growth Corridor in the region.

Second, an inter-modal logistics hub will be created along the Subic-Clark Toll Road. Inter-modal distribution - the integration of land, sea and air transport in the drive for quicker and cheaper distribution of goods and services - arose from the need to survive the intense competition generated

by recent improvements in productivity and efficiency in international commerce.

Finally, the Subic-Clark-Tarlac Expressway, the Subic Container Port and the DMIA in Clark shall form the backbone of the Central Luzon economic corridor. Provided that an effective infrastructure plan is properly implemented, the integrated land-sea-air inter-modal logistics facility will create a potentially explosive development scenario.

It is also indispensable that proper communications, energy and water utilities are developed and made available at competitive rates and quality along the corridor. All these infrastructure developments will ensure efficient traffic movement within the region, linking key industrial areas designated under the land-use plan with the Clark airport and the Subic seaport.

Hence, Subic and Clark, connected through a direct toll road link will result in the development of a regional logistics hub offering world-class facilities for the manufacture, storage and movement of goods, data and services for international distribution. This, in turn, will create jobs in industry, agriculture and services, which should bring us full circle, back to the President's war on poverty. The only effective way to beat poverty is to give people jobs - and that is exactly what the SCAD Program intends to accomplish.



The SCAD Corporation

To operate the key assets within the Subic-Clark corridor, the SCAD Task Force crafted the basic framework for the creation of the Subic-Clark Alliance for Development Corporation (SCADC) – a separate entity composed of representatives from the BCDA, the SBMA and the CDC. Once established, this new corporation will control the development of key assets within the corridor.

The Department of Trade and Industry (DTI), BCDA, SBMA and CDC are spearheading the effort to create this joint venture that will manage and operate the Subic-Clark-Tarlac Toll Road, the Subic Seaport, the DMIA in Clark, and a land bank to create industrial, service and tourism centers along with the corresponding residential elements.

In their effort to develop a new economic corridor anchored on Clark and Subic, the proponents of the SCAD program need to be able to create a synergy between the two growth centers. The proponents believe that to ensure success of the project, it is crucial that not only the development but also the administration of key elements such as the seaport, airport, and road networks be placed under the responsibility of a government/private sector joint venture. Likewise, this joint venture will ensure continuity of all the projects under the SCAD program as it will be rendered immune to the uncertainties brought about by the ever-shifting political dynamics in the country.

Several briefings on the SCAD program, highlighting the institutional strategy of forming a joint venture corporation, have already been conducted among the Governors and majority of the Congressional members of Central Luzon (Region 3). The program was also endorsed by the Region 3 NEDA Regional Development Council (RDC).

The DTI, BCDA, SBMA and CDC and, certainly, the President herself, believe that the effort to develop a new economic corridor anchored on Clark and Subic is the fastest and surest way to turn the economy around. This could very well be a unique opportunity to mount a highly doable and credible initiative that can quickly change the negative perception of the Philippines as a venue for investments. Otherwise, all that we can hope to achieve is to create another third world facility and miss another opportunity to create jobs by which millions of Filipino families could be reunited with members who currently must toil on foreign soil just so their loved ones can survive.



THE 10-YEAR ACCOMPLISHMENT REPORT

Throughout its 10-year existence, the Bases Conversion Development Authority (BCDA) has persevered in its drive to convert the former US bases and other government-owned lands into productive civilian uses. It has harnessed the vast

potentials of these properties to generate revenues for the government. It has initiated infrastructure and other development projects to encourage investments and create employment opportunities.

Revenue Generation

1993

- The first sale of property took place when BCDA sold a portion of Fort Bonifacio land to the Philippine National Oil Company (PNOC) and the Department of Energy (DOE) for P307-million. That same year, the Jusmag property in Quezon City was sold for P17.5-million.

1994

- Received payment of P500 million from the securitization of Heritage Park Certificates. The first tranche of this project generated for BCDA a total of P2.5 billion.

1995

- The biggest transaction took place in 1995, when BCDA entered into a joint venture with the Metro Pacific Consortium for the privatization and development of 150 hectares of land in Fort Bonifacio. Proceeds amounting to P30.4-billion were realized when the property was sold at P33,283.88 per square meter.
- Dubbed as the Deal of the Century, the Fort Bonifacio transaction created the Fort Bonifacio Development Corporation (FBDC), the largest corporation registered with the Securities and Exchange Commission (SEC) of the Philippines, with a paid-up capital of P71.227-billion. The sale channeled P25.8-billion cash to government coffers and ballooned property values in the vicinity overnight.

2000

- Another landmark deal was reached as BCDA entered into a lease agreement with Ayala Land Inc. over a 9.8-hectare property in Fort Bonifacio. This lease generates a fixed lease of P117-million a year and a variable lease payment based on 10% of gross revenues from a mall to be developed on the site that is expected to reach P3.68-billion in 10 years, 5% of gross revenues from hotel and serviced apartment uses, and 20% of gross revenues from office and residential apartments. ALI paid upfront cash amounting to P700 million in 2000.

2001

- Received P300-million in advance payment from the Manila Japanese School for the 25-year lease of a 4-hectare parcel of land in the Fort Bonifacio Institutional area for its school facilities.
- Received P648-million from the Development Bank of the Philippines (DBP) representing proceeds from sales of Heritage Park Certificates.



Developmental Achievements

1993

- Creation of Clark Development Corporation (CDC) as a subsidiary to manage development efforts in Clark Air Base with an initial equity investment of P25.5-million.
- Creation of Club John Hay as a subsidiary to manage development efforts in Camp John Hay with an initial equity investment of P30-million.
- Designation of Wallace Air Station in La Union and its contiguous area as the Poro Point Special Economic and Freeport Zone.

1994

- Creation of Subic Bay Metropolitan Authority (SBMA) as an attached agency with authorized and paid-up capital stock of P20-billion to manage development efforts at the Subic Bay Freeport.
- Designation of Clark as a premier international airport.
- Classification of Club John Hay as a Special Economic Zone.

1995

- Finalized and approved the Master Development Plans for Club John Hay in Baguio City, for Poro Point in San Fernando, and for Villamor Air Base.
- Created and organized the following BCDA subsidiaries and affiliates: the Fort Bonifacio Development Corporation (FBDC), the Clark Development Corporation (CDC), the Subic Bay Metropolitan Authority (SBMA), the Camp John Hay Development Corporation (CJHDC), the Wallace Air Station Development Corporation (WASDC), and the Poro Point Development Corporation (PPDC).



(FBDC), the John Hay-Poro Point Development Corporation (JPDC), BCDA Holdings Inc., North Luzon Railways Corporation, and the Clark International Airport Corporation (CIAC).

1996

- Created the Bataan Technological Park Inc. (BTPI) with an initial budget of P100-million and undertook the groundwork for the conversion of the former Philippine Refugee Processing Center in Morong, Bataan into a technology park.
- Privatized the development and management of Club John Hay through a lease agreement with the consortium led by Penta Capital Corporation. The lease contract brings a minimum of P425-million annual lease rental for the first five years.
- Created the Bonifacio Estate Service Corporation and the Philippine Centennial Expo '98 Corporation.
- Entered into joint venture contracts with Metro Pacific Corporation and Pacific Plaza Inc., Republic Flour Mills Properties, Worldwide Consulting Services through BMHI, Philippine National Railways and Consortium through NorthRail.
- Began the transfer of properties of the following camps: Camp Claudio, Fort Abad, Camp Atienza/Melchor.

1997

- Began negotiations with the United States Embassy for the turnover of the Voice of America (VOA) facility in Camp John Hay.
- Entered into a Memorandum of Agreement (MOA) with FBDC and SMART Communications, creating the Bonifacio Communications Corporation to operate communication infrastructure and to provide related services within the Bonifacio Global City.

1999

- Completed a detailed engineering design for the development of the 82-hectare BCDA-owned Institutional Area in Fort Bonifacio. The area was subsequently leased to private educational institutions such as the Manila Japanese School, the British School and the International School. Lease contracts with these institutions are expected to generate a total of P5.3-million in five years.
- Cleared and turned over to the Manila International Airport Authority (MIAA) the 63.4 hectare site of the NAIA 3 International Passenger Terminal.

- Completed the Master Development Plan for the Villamor Air Base property.

2001

- Entered into a Loan Agreement with the Japan Bank for International Cooperation for the funding of the Subic-Clark-Tarlac Expressway, a major project to hasten the progress of the Subic-Clark-Alliance for Development. The loan accounted for 85% of the project cost of P20.4-billion.

Infrastructure Highlights

1995

- Began construction on the Villamor VIP Apron and Taxiways, in coordination with the Philippine National Construction Corporation (PNCC). The project was completed in 1996.

1996

- Invested P462.6-million for the installation of airport equipment and the construction of an interim passenger terminal at the Clark International Airport. The maiden flight from Clark Airport to Hong Kong took place in June that same year.
- BCDA also provided a guarantee in the form of a take-out undertaking for the completion of the Binictican-Barrio Tipo Road, a segment of the Manila-Clark-Subic Expressway. The road was inaugurated in November in time for the APEC Summit in Subic.
- Completed the construction of the Buendia-Kalayaan/EDSA Flyover – a joint undertaking of the BCDA, FBDC and the Department of Public Works and Highways (DPWH) wherein BCDA contributed P313-million. This major intersection effectively connects the Bonifacio Global City with the Makati Central Business District and the municipalities of Taguig and Pateros.



1997

- Began construction on the P117-million Mabalacat-Clark Spur Road, which was completed in time for the Centennial Celebration in 1998.
- Took over the management of the San Fernando Seaport at Poro Point, La Union.

1998

- Completed construction of the 910-meter Sacobia Bridge in Pampanga with a project cost of P704-million. The project, financed by the BCDA through the Clark Development Corporation (CDC), now facilitates traffic between and around the municipalities surrounding Clark and in Northern Luzon in general.

1999

- Financed the construction of Pennsylvania Avenue and Pier II extension at Wallace area in Poro Point in 1999.

2001

- Completed the P108-million backdoor access road connecting the Bataan Technology Park with Morong in Bataan and the Subic Freeport Zone.

Social Development

To enhance the social benefits of its projects, BCDA devotes significant time and resources to the relocation of families and communities displaced by its privatization efforts. Through its Housing and Relocation Program (HRP), the agency compensates the communities and other sectors affected by its projects. From 1992 to year end 2002, a total of 7,683 homeowners/families have benefited from the HRP:

- 3,157 beneficiaries of condominium units
- 1,914 beneficiaries of community lots in Villamor, Taguig & Baguio
- 1,435 beneficiaries of cash compensation
- 1,177 beneficiaries of relocation lots at Lupang Katuparan
- 59 beneficiaries of row house units at Pabahay 2000 in Gen. Trias, Cavite

BCDA's housing and relocation program represents the most successful, conscientious effort to address problems of affected or displaced communities. Beneficiaries were given the option to choose from different types of housing units, plots of land or cash compensation.

The first beneficiaries of the HRP were Fort Bonifacio residents, who were offered the opportunity to own highly subsidized condominium-style units at the Philippine Centennial Village – completed in 1995.

Phase 2 of the housing project came to fruition in June 1996 with the inauguration of the Pamayanang Diego Silang in Taguig.

A third housing site was developed in Camp O'Donnell in Capas, Tarlac in 1997, with 150 single-detached units in what was eventually called the new Philippine Army Village. Completed in 1998, the 50-hectare site was developed at a total cost of P158-million.

For families of enlisted Philippine Army men and civilians, there was Project Dreamland in Taguig – an 8.7-hectare site that features two-story, low-rise houses and duplexes. Replication of the Philippine Army Officers quarters was completed in 1998, along with the 5-storey, 200-bed Philippine Army Hospital.

In 2001, BCDA substantially completed site development work at Lupang Katuparan in Fort Bonifacio. A total of P89.3-million has been released for this project.

BCDA housing sites not only provide shelter, they also possess other amenities such as daycare and livelihood training centers. The Centennial Village Talipapa was completed in 1999. An Ecological Waste Management Project was also introduced. The Sewerage Treatment Plant at Pamayanang Diego Silang was completed in 2001.

In 1998, BCDA established Task Force Hanapbuhay to provide livelihood assistance to relocated families. The Task Force develops skills training programs and implements livelihood projects. Under the program, residents of relocated communities received training in the fields of handicraft making, computer courses, processed food preparation and other courses. The BCDA also establishes linkages with other government agencies and non-government organizations to accelerate delivery of livelihood projects.





YEAR 2002 HIGHLIGHTS

Asset Disposition

Fort Bonifacio. BCDA bidded out the 8.5-ha. Lot B (West of Multi-Modal Station) in Fort Bonifacio to Ayala Land Inc. (ALI) on 15 October 2002. BCDA expects to generate at least P2.5 billion from the property for the next 15 years.

BCDA also coordinated with the Armed Forces of the Philippines (AFP) the relocation of military facilities still located inside the Lawton Parkway - a property with an estimated value of P2.0-billion slated for disposition by 2nd quarter of 2003.

On August 2002, BCDA and Summit School signed the MOA for the lease of 8,000 sq.m. of land for the school, which is expected to open in the third quarter of 2003. BCDA expects to generate annual revenues of P2.4-million from the lease or a total of P92-million for 25 years. Likewise, British School-Manila (BS-M) signed the lease agreement with BCDA on 30 September 2002 for 3.4 hectares for their school site. The lease will generate P500-million for 25 years. The International School-Manila (ISM) opened classes in September 2002. Total lease for the ISM site is P927-million for 25 years.

Villamor Air Base (VAB). BCDA approved the Terms of Reference (TOR) for the disposition of the 6.75-hectare Villamor Driving Range and the 18-hectare Commercial Strip. The Driving Range will be developed into a residential, sports and recreation complex, while the Commercial Strip is master-planned as a mixed-use commercial area to complement the NAIA III development. Projected proceeds from the driving range is expected to generate P1.1-billion in the next 3 years. Likewise, sale of the commercial strip will generate P4-billion also within 3 years. Both properties are up for disposition by the third quarter of 2003.

Infrastructure Development

Multi-Modal Station. The 9.76-hectare Multi-Modal Station (Lot C) in Fort Bonifacio was formally turned over to Ayala Land Inc. (ALI) on 05 June 2002, with a first-year lease rental of P105-million. Construction began on its retail project, "Market, Market", expected to open by December 2003.

Sampaguita East On and Off Ramps. Construction was completed on the three-lane, 584-meter long Sampaguita East On-Ramp and the two-lane, 731-meter long Sampaguita East Off-Ramp. These two road connections will provide access to and from Fort Bonifacio and C-5 Road.

CD Road Segment/Mabini Ramp. The CD Road Segment (2-3A), with an estimated cost of P51.73-million was substantially completed on 05 October 2002. The 2-lane, 483-meter long segment is slated for completion by the 1st quarter of 2003.

Sampaguita West On and Off Ramps. Construction proceeded on the two-lane, one-kilometer-long Sampaguita West On- and Off-Ramps on 22 June 2002 and is expected to be completed within 10 months.

South Luna Off Ramp. BCDA engaged the services of Philips Technical Consultants to undertake a study and prepare the cost estimates for the construction of Luna Off-Ramp, the road connection from Bonifacio Global City to C5. Bidding for this project is scheduled by the last quarter of 2003.

Development of Special Economic Zones/ Growth Corridor

Subic Clark Tarlac Expressway Project (SCTEP). The Detailed Engineering Design (DED) Consultant for the project started with on-field surveys. The consultant, likewise, finished detailing the proposed pre-qualification criteria for the selection of contractors for the SCTEx project, subject for public bidding by mid-2003.

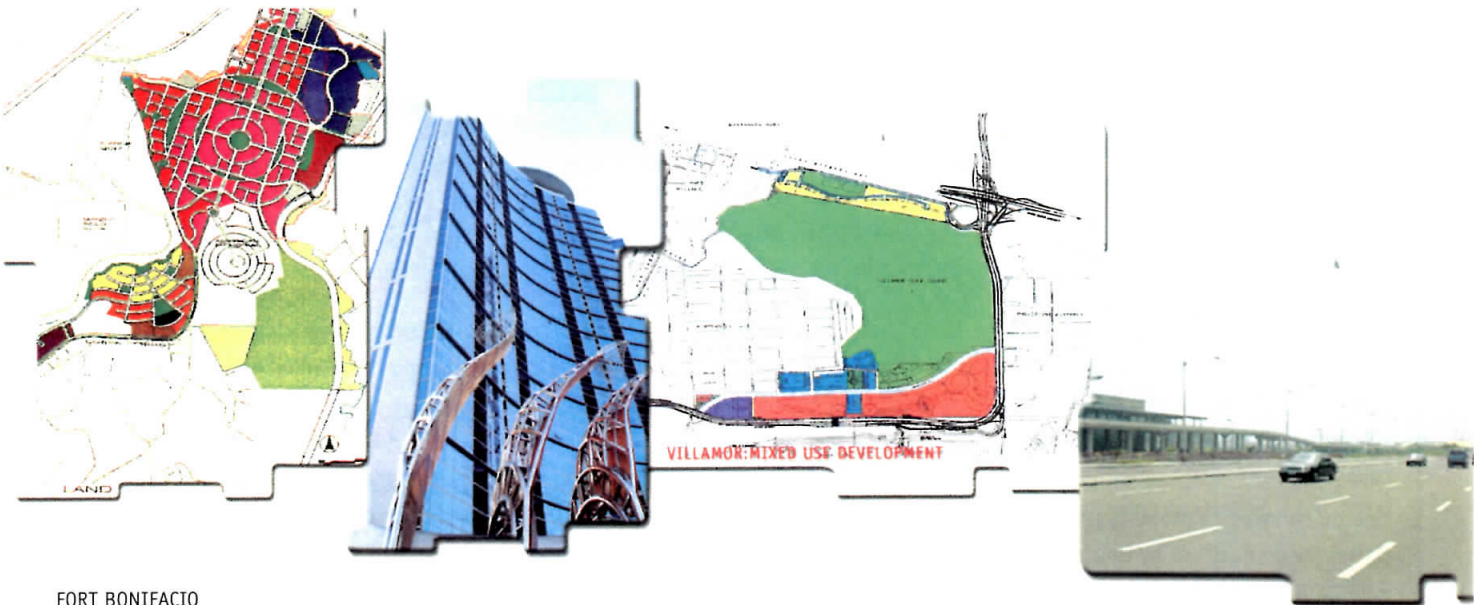
As of December 2002, BCDA had acquired a total of 33.2 hectares of private lands for Right-of-Way over the whole alignment of the SCTExpressway project. Negotiations with Luisita Development Corp., owner of 64 lots covering a land area of approximately 64 hectares, are also being finalized. Segregation of the right-of-way for government lands (24 hectares at Roosevelt National Park and 100 hectares at the Clark Special Economic Zone) is also being finalized.

Splitting of John Hay Poro Point Development Corporation (JPDC). Executive Order 132 authorized the creation of the Poro Point Management Corporation (PPMC) as the implementing arm of the Bases Conversion Development Authority (BCDA) over the Poro Point Special Economic and Freeport Zone (PPSEFZ). The E.O. also renamed the John Hay Poro Point Development Corporation (JPDC) as the John Hay Management Corporation (JHMC). BCDA started incorporation of the PPMC and began to effect the transfer of powers, functions, duties, rights, assets, liabilities and personnel from JPDC to PPMC. It also caused the amendment of the Articles of Incorporation and by-laws of JPDC in compliance of the said order.

Social Development

Turnover of BCDA Housing Projects. By virtue of Executive Order 70, BCDA's housing projects will be turned over to the administration of the Housing and Urban Development Coordinating Council (HUDCC). BCDA is currently awaiting the issuance of a Presidential Proclamation for the turnover of the Philippine Centennial Village, Lupang Katuparan and 35 hectares within the

BCDA Properties



FORT BONIFACIO

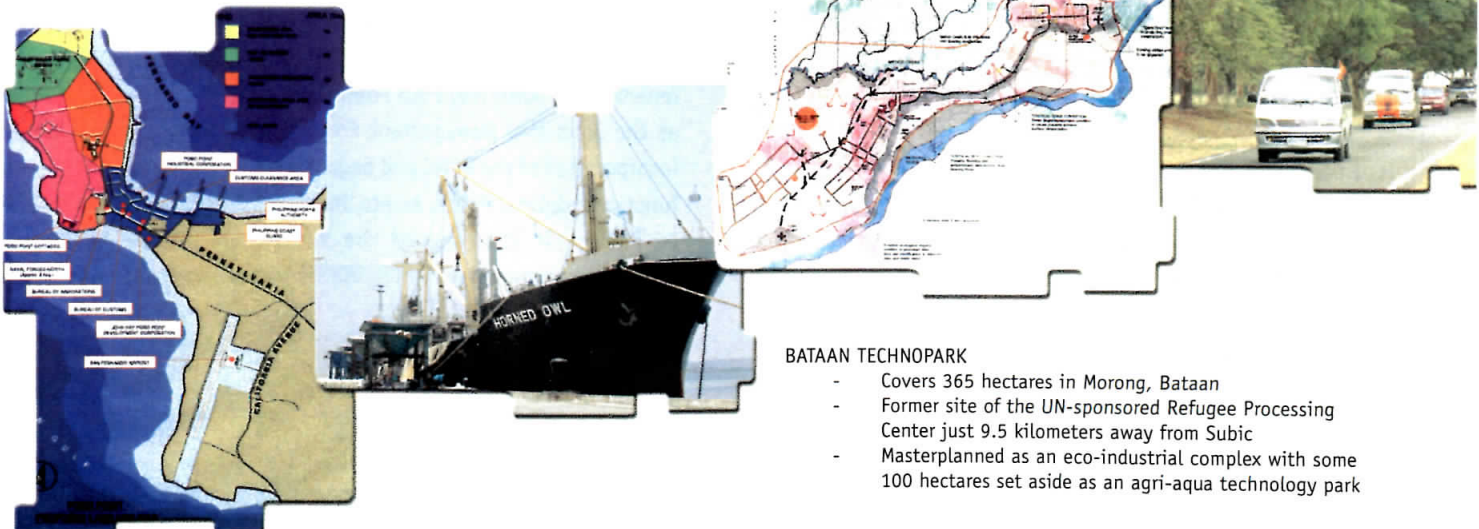
- Covers 440 hectares (150 hectares on a joint venture partnership with Metro Pacific and 290 hectares as BCDA retained properties) located in Taguig, proximate to the Makati Central Business District
- Site of the Bonifacio Global City
- Masterplanned areas to be developed as an "Intelligent City" consisting of commercial, residential and mixed-use districts, including an Institutional Area, memorial park, condominium buildings, a multi-modal station and mall project by Ayala Land, an information technology park, and an I.T. zone

VILLAMOR AIR BASE

- Covers approximately 160 hectares located across Fort Bonifacio and adjacent to the Manila International Airport
- Site of the development of the Ninoy Aquino International Airport Terminal III
- Masterplanned as an airport-related commercial development with portions allocated as relocation sites mainly for residents of Airmen's Village inside Villamor

PORO POINT

- Covers approximately 220 hectares at the former Wallace Air Station and contiguous areas in Poro Point, La Union
- Site of the San Fernando Seaport and a Special Economic and Freeport Zone
- Masterplanned as a mixed-use light industrial, commercial and tourism estate



BATAAN TECHNOPARK

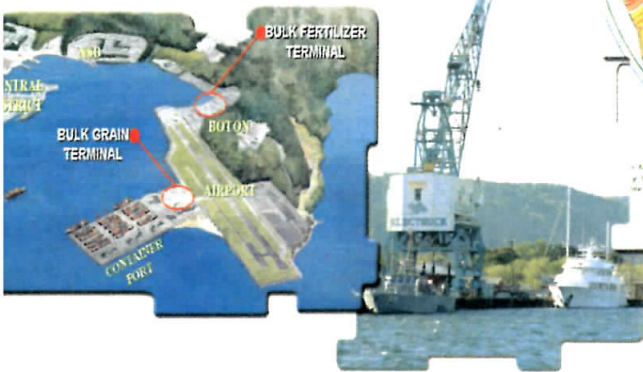
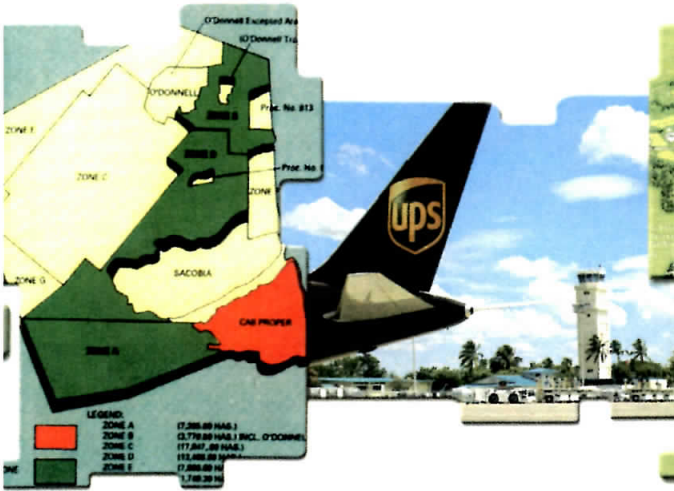
- Covers 365 hectares in Morong, Bataan
- Former site of the UN-sponsored Refugee Processing Center just 9.5 kilometers away from Subic
- Masterplanned as an eco-industrial complex with some 100 hectares set aside as an agri-aqua technology park

CLARK SPECIAL ECONOMIC ZONE

- Main Zone covers 4,400 hectares located in the former Clark Air Base in Pampanga
- Site of the Clark International Airport, various industrial estates in the Clark SEZ, as well as hotel and entertainment complexes
- Main Zone is master-planned and divided into a 2,200-hectare aviation complex, with another 2,200 hectares for tourism, industrial and residential complexes
- Subzone covers 29,000 hectares

CAMP JOHN HAY

- Covers 597 hectares in Baguio City, 247 hectares of which are leased to Club John Hay Development Corp. (CJHDevCo)
- Site of the John Hay Special Economic Zone and the 18-hole, par-69 championship golf course, opened in April 1999
- Masterplanned as a tourism and recreational complex with log cabins and a 185-room condo-hotel



SUBIC BAY FREEPORT ZONE

- Covers approximately 67,000 hectares at the former Subic Naval Base in Olongapo City
- Site of the Subic Bay Seaport and Container Terminal, as well as the Subic Bay International Airport
- Masterplanned as a Special Economic Zone and Freeport, with its own Central Business District, complemented by a marina, resort and commercial complexes
- SBMA is an attached autonomous authority of BCDA created by the same law, RA 7227



HERITAGE PARK

- Covers 76 hectares along C-5 in Taguig adjacent to Fort Bonifacio
- Masterplanned as a memorial park complete with amenities such as terrasolements and a public garden

OTHER METRO CAMPS
 Covers the 5-hectare Camp Bago Bantay in Quezon City, the 5-hectare Camps Melchor and Atienza in Quezon City, the one-hectare Fort Abad along Roxas Boulevard in Pasay, and the 2-hectare Camp Claudio in Parañaque

Financial Report

BASES CONVERSION DEVELOPMENT AUTHORITY

BALANCE SHEET

(In million pesos)

	1998	1999	2000	2001	2002
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalent	1,992	1,314	1,251	1,152	1,144
Receivables	928	1,527	2,047	2,972	4,834
Inventories	2,006	1,715	1,594	913	874
Other Current Assets	167	211	188	92	122
Total Current Assets	5,093	4,767	5,080	5,129	6,973
INVESTMENTS	36,598	28,835	30,122	30,673	28,243
PROPERTY AND EQUIPMENT	40,722	41,618	43,466	43,878	43,469
OTHER ASSETS	10,704	57	58	71	98
TOTAL ASSETS	93,117	75,277	78,726	79,751	78,783
LIABILITIES AND CAPITAL					
Current Liabilities					
Accounts Payable	214	882	1,227	309	1,486
Trust Liabilities	1,097	1,139	622	1,255	1,692
Total Current Liabilities	1,311	2,021	1,849	1,564	3,178
Long-Term Liabilities	8,815			500	1,200
Deferred Revenues	799	498	1,263	1,287	1,148
Total Liabilities	10,925	2,519	3,112	3,351	5,526
Capital					
Paid-up Capital	78,530	67,712	69,656	70,193	68,542
Contingent Capital	1	1	1	1	1
Donated Capital	1	1	1	1	1
Retained Earnings	3,660	5,044	5,956	6,205	4,712
Total Capital	82,192	72,758	75,614	76,400	73,257
TOTAL LIABILITIES AND CAPITAL	93,117	75,277	78,726	79,751	

Financial Report

BASES CONVERSION DEVELOPMENT AUTHORITY
STATEMENT OF INCOME AND RETAINED EARNINGS
(In million pesos)

	1998	1999	2000	2001	2002
REVENUES					
Joint Venture Income	61	225	308	271	(19)
Seaport/Airport Income	55	69	2	51	50
Lease/Miscellaneous Income	3	30	71	77	79
TOTAL REVENUES	119	324	381	398	111
EXPENDITURES					
Personal Services	66	73	94	85	87
Maintenance & Other Operating Expenses	429	484	490	423	359
TOTAL EXPENDITURES	495	557	584	508	446
Net Income (Loss) from Operations	(376)	(233)	(203)	(110)	(335)
Other Income (Expenses)					
Equity in net income of subsidiaries/affiliates	686	1,502	918	194	(1,130)
Interest Income	472	163	112	115	129
Interest Expense			(8)	(7)	(147)
Financing and Administrative Charges				(0)	(5)
Net Income Before Tax	782	1,432	820	192	(1,488)
Provision for Income Tax	(2)	(6)	(8)	(8)	(2)
NET INCOME	780	1,426	812	184	(1,491)
Retained Earnings, Beginning	2,892	3,659	5,044	5,956	6,205
Prior Period Adjustments	18	7	100	65	(2)
Cash dividends	(31)	(48)	-	-	-
Retained Earnings, End	3,659	5,044	5,956	6,205	4,712

Board of Directors



Rufo Colayco
President / CEO

Dr. Florencio F. Padernal
Chairman

Isaac S. Puno III
Director/EVP

Ari-ben C. Sebastian
Director

Jesulito A. Manalo
Director



Rafael Julian V. Azanza
Director

Gerard R. Seno
Director

Alvin P. Capino
Director

Liberato P. Laus
Director

James G. Lorenzana
Director
(New Appointee)

SUBSIDIARIES & AFFILIATES



Dr. Florencio F. Padernal

Isaac S. Puno III

Rizalino S. Navarro

Dr. Emmanuel Y. Angeles



Poro Point Management Corporation

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Chairman

Fortunato U. Abat
President

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BCDA Management & Holdings Inc.

Dr. Florencio F. Padernal
Chairman

Isaac S. Puno III
President and CEO



Bataan Technology Park, Inc.

Rufo Colayco
Chairman

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Felicito C. Payumo

Francisco H. Licuanan

Usec. Jose L. Cortes



**Subic Bay
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Felicito C. Payumo
Chairman

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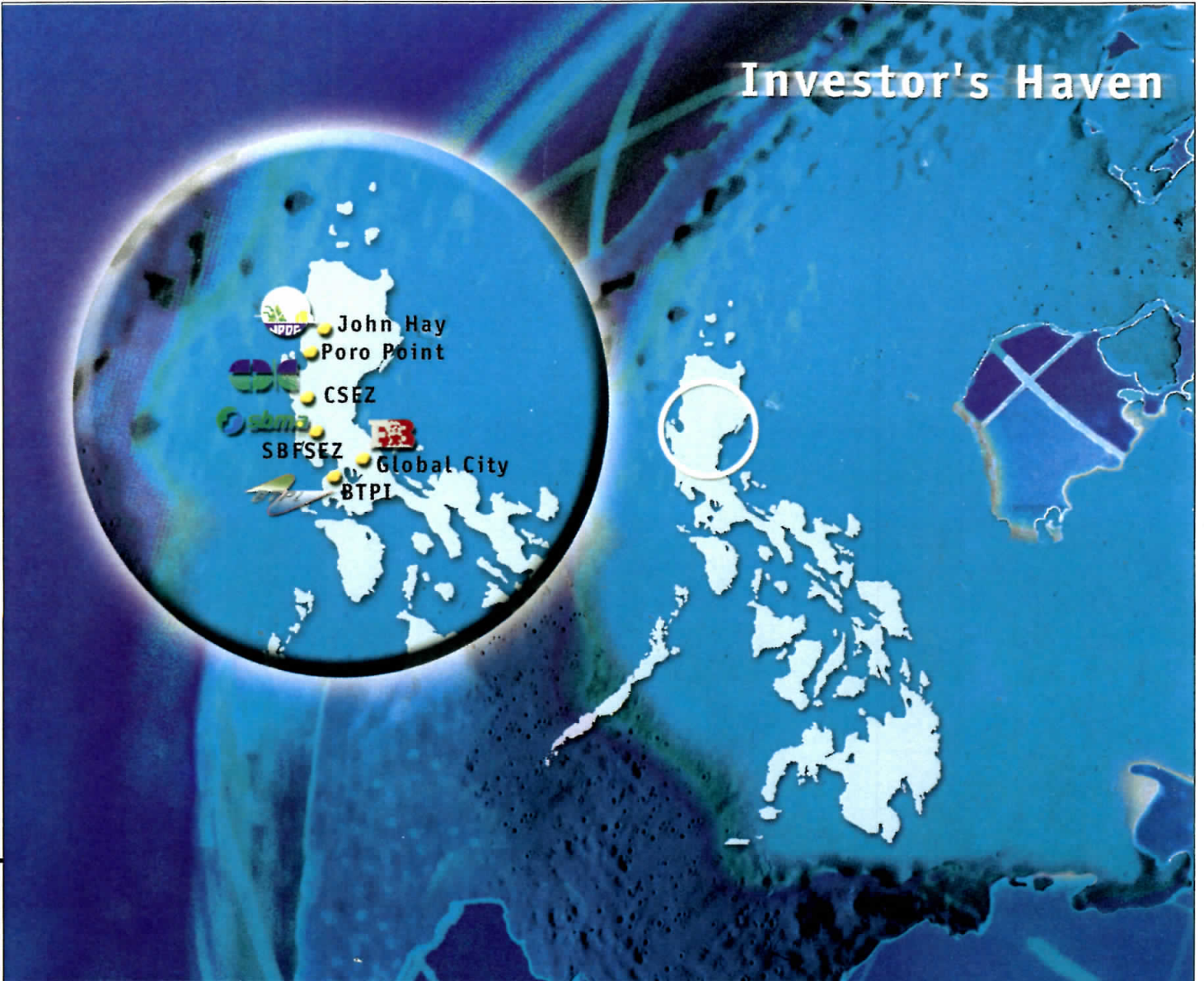


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(632) 551-5122

Investor's Haven



Investors setting up their business in the special economic and freeport zones of **SUBIC**, **CLARK**, **JOHN HAY**, **PORO POINT** or **MORONG** enjoy government-guaranteed incentives such as:

- 5% levy on Gross Income Earned (GIE) in lieu of all national and local taxes and duties
- tax and duty-free importation of capital goods, machinery, raw materials, supplies and finished goods
- management of the zone as a separate customs territory, ensuring free flow of articles within the zone
- unlimited purchase and consumption of tax- and duty-free consumer goods within the zone
- liberalized banking rules/no foreign exchange controls
- businesses within the zones may be 100% foreign-owned
- security and infrastructure of a special economic and freeport zone.

The **SUBIC BAY FREEPORT AND SPECIAL ECONOMIC ZONE**, with excellent seaport facilities, is ideal for light-to-medium and high-tech industries.

The **CLARK SPECIAL ECONOMIC ZONE**, future site of a world-class international civil-aviation complex, is best suited for the establishment of industrial, commercial, tourism and trade centers.

The **JOHN HAY SPECIAL ECONOMIC ZONE** and **PORO POINT SPECIAL ECONOMIC AND FREEPORT ZONE** provide the ultimate in tourism facilities as they combine the exotic pleasure of John Hay's mountain haven and Poro Point's waterfront resort with an industrial and tourism complex along the finest coastlines of Northern Philippines.

The **MORONG SPECIAL ECONOMIC ZONE** is being developed into an agro-industrial zone to complement Subic.

MANAGEMENT DIRECTORY

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Pamayanang Diego Silang
COL. RONNIE O. ABAD
Estate Manager
Tel No. (632)541-31-60

Philippine Centennial Village
ROLANDO C. MANALO
Estate Manager

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& Management
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ELEANOR L. ATIENZA
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551-3006 to 11 loc. 149

Credits:

Manila Japanese School
Toshio Ozeki - Principal
Shoji Hara - Old Principal

British School Manila
Helen Kinsey-Whiteman - Head, Principal
John Hawkins - Chairman, Board of Governors

International School Manila
David Toze - Superintendent

Heritage Park
Emir Tubayan - General Manager

Amertron Inc.
Kelichi Sekiya - Senior Vice President

L & T International Group (Phils) Inc.
Willie Tan
General Manager

Yokohama Tire Philippines, Inc.
Seigi Dakai
Joseph Serrano

Wistron Infocomm
Kenny Wang

Subic Bay Yacht Club
Jose Mari Vargas
General Manager

Legenda Hotel
Mr. Khoo Boo Boon
General Manager

United Parcel Services
Matthew Ong
Country Manager

Fontana Resort & Country Club
Leonardo B. Dayao
Executive Vice President

Manor House
Noli Reyes
General Manager

A large, stylized blue gear is the central focus of the image. The gear has a complex, multi-lobed shape with several circular cutouts. It is rendered with a 3D effect, showing depth and shadows. In the bottom left corner, two small black silhouettes of people in business attire are standing on the base of the gear, providing a sense of scale. The background is a light, hazy blue gradient.

BCDA Corporate Center

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