



**GREENERGY**  
Holdings

**GREENERGY HOLDINGS INCORPORATED**  
(formerly MUSX Corporation)  
54 National Road, Dampol II-A  
Pulilan, Bulacan  
Tel. No. (02) 661-6945

8 July 2013

**THE DISCLOSURE DEPARTMENT**  
**PHILIPPINE STOCK EXCHANGE, INC.**  
Philippine Stock Exchange Plaza  
Ayala Triangle, Ayala Ave.  
Makati City, Metro Manila

Attention : **MS. JANET A. ENCARNACION**  
Head, Disclosure Department

**MR. JUAN FEDERICO C. DE LEON**  
Senior Specialist, Disclosure Department

Subject : Creation of preferred shares, reclassification and  
increase of par value of common shares

Gentlemen:

We write in response to your letter dated 4 July 2013 requesting Greenergy Holdings Incorporated (the "Company") to provide additional information on the following matters approved by the Board of Directors on 27 June 2013:

a. Amendment of the Seventh Article of the Articles of Incorporation for the purpose of:

i. creating 1 Billion voting and participating preferred shares with a par value of Php0.10 per share from the authorized capital stock; and

ii. increasing the par value of all the remaining unissued and issued common shares from Php0.01 per share to Php1.00 per share;

which shall result in the Company having an authorized capital stock of Php2 Billion divided into 1.9 Billion common shares with a par value of Php1.00 per share and 1 Billion preferred shares with a par value of Php0.10 per share; and

b. Reclassification of the Php62.5 Million worth of common shares of the 25 Billion common shares of Earthright Holdings, Inc. into 625 Million fully paid preferred shares, and giving all holders of common shares as of June 27, 2013 the same right to reclassify their common shares into preferred shares in

such amounts and proportion between Earthright and all other stockholders that can be accommodated by the number of preferred shares created; provided that, stockholders must provide the Company with written notice to reclassify on or before the annual stockholders' meeting on August 16, 2013, provided further, that, any reclassification shall not result in the foreign ownership level of all outstanding common shares and preferred shares exceeding 40%.

In this regard, below is the additional information requested from the Company.

**A. Creation of 1 Billion voting and participating preferred shares and reclassification of common shares preferred shares**

**1. Rationale for the creation of 1 Billion voting and participating preferred shares and reclassification of common shares to preferred shares;**

Considering that the Company's business is primarily engaging in nationalized activities (e.g., renewable energy and land ownership), the foregoing modification of shares is being proposed so that the Company can accept more foreign investors while still maintaining the required Filipino ownership level.

**2. Other features of the 1 Billion voting and participating preferred shares;**

	<b>Par Value</b>	<b>Material Features</b>
Preferred Shares	Php0.10	Preferred only as to assets, voting, participating with the common shares as to dividends

Preferred shares only as to assets give the holder thereof preference in the distribution of the assets of the corporation in case of liquidation.

Voting preferred shares give the holder thereof the same rights of a holder of common shares in the stockholders' meeting and in relation to any matter submitted to the stockholders for approval and/or ratification.

Participating preferred shares entitle the holder thereof to participate with the holders of common shares in the retained earnings.

**3. Procedures and/ or guidelines, including the proposed timeline for the reclassification of common shares to preferred shares;**

The preferred shares to be issued to Earthright Holdings, Inc. ("Earthright") resulting from the reclassification of the Php62.5 Million worth of common shares of the 25 Billion common shares of Earthright into 625 Million fully paid preferred shares shall be taken from 1 Billion preferred shares with a par value of Php0.10 per share to be created from the authorized capital stock of the Company. Thus, the reclassification can only be implemented after the amendment of the Articles of Incorporation of the Company for the creation for the preferred shares is ratified by the stockholders during the annual stockholders' meeting on 16 August 2013 and approved by the Securities and Exchange Commission (SEC).

Further, as stated in the Company's disclosure dated 27 June 2013, the Board of Directors also approved a resolution giving all holders of common shares as of June 27, 2013 the same right to reclassify their common shares into preferred shares in such amounts and proportion between Earthright and all other stockholders that can be accommodated by the 1 Billion preferred shares created; provided that, stockholders must provide the Company with written notice to reclassify on or before the annual stockholders' meeting on August 16, 2013; and provided further, that, any reclassification shall not result in the foreign ownership level of all outstanding common shares and preferred shares exceeding 40%. Thus, all holders of common shares of the Company as of June 27, 2013 shall have until the annual stockholders' meeting on 16 August 2013 within which to submit their written notice to avail of the right to reclassify their common shares into preferred shares.

The Company intends to publish in a newspaper of general circulation the Notice and Agenda of the annual stockholders' meeting on 22 July 2013, the date when the Company intends to file its Definitive Information Statements (SEC Form 20-IS) with the SEC and distribute said document to the shareholders. This Notice and Agenda includes the deadline to submit the notice to reclassify. In the event that the number of shares to be reclassified exceeds the 1 Billion preferred shares to be created, the 1 Billion preferred shares shall be divided proportionally between Earthright and the other stockholders who opt to reclassify. In such an event, the preferred shares which will be issued to Earthright may be less than 625 Million.

**3. Effect(s) on the voting/ ownership structure, including the list of principal shareholders with their corresponding shareholdings and percentage ownership to total outstanding shares before and after the transaction;**

The above amendments, which shall be submitted for the ratification of the stockholders on 16 August 2013, shall result in the Company having an authorized capital stock of Php2 Billion divided into 1.9 Billion common shares with a par value of Php1.00 per share and 1 Billion preferred shares with a par value of Php0.10 per share, to wit:

	No. of Shares	Par Value	Authorized Capital
Common	1,900,000,000	Php1.00	Php1,900,000,000.00
Preferred	1,000,000,000	Php0.10	Php100,000,000.00
			<b>Php2,000,000,000.00</b>

Principal Shareholders	Before		After		
	No. of Shares	%	Number of Shares		%
			Common	Preferred	
Earthright Holdings, Inc.	25,000,000,000	14.45%	187,500,000	625,000,000	35.45%
Cleantech Projektgesellschaft Mbh	20,776,856,000	12.01%	207,768,560	----	9.06%
Sunchamp Real Estate Development Corp.	17,600,000,00	10.18%	176,000,000	----	7.68%

**4. Capital structure (before and after the transaction);**

	<b>Before</b>	<b>After</b>
<b>Par Value per Share</b>		
Common	Php0.01	Php1.00
Preferred	----	Php0.10
<b>Authorized Capital Stock</b>		
Common	Php2,000,000,000.00	Php1,900,000,000.00
Preferred	----	Php100,000,000.00
<b>Issued Shares</b>		
Common	172,952,856,500	1,667,068,565
Preferred	----	625,000,000*
<b>Outstanding Shares</b>		
Common	172,952,856,500	1,667,068,565
Preferred	----	625,000,000*
<b>Treasury Shares</b>		
Common	----	----
Preferred	----	----
<b>Listed Shares</b>		
Common	45,243,478,240**	452,434,782.4***
Preferred	----	----

\*Assuming that no other holders of common shares as of 27 June 2013 opt to reclassify their common shares into preferred shares. The final amount of common shares to be reclassified into preferred shares can only be determined after 16 August 2013.

\*\*The Company has a pending application with the PSE for the listing of a total of 54,476,856,000 common shares.

\*\*\*The shares subject of the pending application with the PSE for the listing of a total of 54,476,856,000 common shares will become 544,768,560 common shares.

**5. Any other information necessary to enable an investor to make an informed investment decision.**

All holders of common shares as of 27 June 2013 have the right to reclassify their common shares into preferred shares in such amounts and proportion between Earthright and all other stockholders that can be accommodated by the 1 Billion preferred shares to be created; provided that, said holders of common shares must provide the Company with written notice to reclassify on or before the annual stockholders' meeting on August 16, 2013; and provided further, that, any reclassification shall not result in the foreign ownership level of all outstanding common shares and preferred shares exceeding 40%.

**B. Change in par value of common shares**

**1. The rationale for the increase in the par value of the Company's common shares;**

The par value of a share is the nominal value of a security which is determined by the issuer to be the minimum price of the share. By increasing the par value of the Company's common shares, the investors can be confident that no new common shares can be issued for less than Php1.00, the new par value of common shares.

2. *The effects of the increase in the par value of the common shares on the capital structure of the Company (below is the suggested format):*

	<b>Before</b>	<b>After</b>
<b>Par Value per Share</b>		
Common	Php0.01	Php1.00
Preferred	----	Php0.10
<b>Authorized Capital Stock</b>		
Common	Php2,000,000,000.00	Php1,900,000,000.00
Preferred	----	Php100,000,000.00
<b>Issued Shares</b>		
Common	172,952,856,500	1,667,068,565
Preferred	----	625,000,000*
<b>Outstanding Shares</b>		
Common	172,952,856,500	1,667,068,565
Preferred	----	625,000,000*
<b>Treasury Shares</b>		
Common	----	----
Preferred	----	----
<b>Listed Shares</b>		
Common	45,243,478,240**	452,434,782.4***
Preferred	----	----

\*Assuming that no other holders of common shares as of 27 June 2013 opt to reclassify their common shares into preferred shares. The final amount of common shares to be reclassified into preferred shares can only be determined after 16 August 2013.

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\*\*\*The shares subject of the pending application with the PSE for the listing of a total of 54,476,856,000 common shares will become 544,768,560 common shares.

3. *Proposed timetable including the following:*

a. *Stockholder's approval;*

The above-described creation of preferred shares, reclassification and increase of par value of common shares shall be submitted for stockholders' ratification on 16 August 2013.

b. *Expected date of filing the amendments to the Articles of Incorporations with the SEC;  
and*

The Company intends to file the pertinent application for the amendment of its Articles of Incorporation with the SEC within approximately three (3) to four (4) weeks from ratification by the stockholders.

c. *Expected date of SEC approval of the Amended Articles of Incorporation.*

The date when the SEC approves the pertinent application for the amendment of the Company's Articles of Incorporation is not within the control of the Company. The period within which the SEC will approve said amendment will depend on the SEC examiner assigned

to the Company for such endeavor and the workload of said examiner. However, based on the Company's previous experience, amendments of this kind usually take two (2) to 3 (three) months to be approved by the SEC.

**4. The detailed procedures on updating the Company's stock certificates, in accordance with the Exchange's Policy on Updating of Stock Certificates. The procedures on updating stock certificates must include the following:**

- a. Details of the stock transfer agent (i.e., name, address and contact person);*

The details of the Company's stock transfer agent are as follows:

Name: **RGFS Registry & Agency Services, Inc.**

Address: Unit 5-F4, 8101 Pearl Plaza Bldg., Pearl Drive, Brgy. San Antonio, Ortigas Center, Pasig City

Telephone No.: (02) 687-0561

Contact persons: Rachele C. Bunao - Assistant Manager

Neil G. Molina - Senior Account Specialist

- b. Inclusive dates when the old stock certificates can be replaced;*

Old stock certificates can only be replaced after the amendment of the Articles of Incorporation for the purposes of (i.) increasing the par value of common shares from Php0.01 to Php1.00 and (ii.) creating the preferred shares is ratified by the stockholders and approved by the SEC. Old stock certificates may be surrendered to the stock transfer agent of the Company and new stock certificates obtained therefrom within twenty (20) business days from the approval by the SEC of said amendments. The Company will notify the PSE and the investing public of the approval by the SEC and the pertinent dates through a disclosure, as well through the publication of the same in a newspaper of general circulation.

- c. Documents to be presented by both individual and corporate shareholders or their authorized representatives;*

Individuals must present to the stock transfer agent the original old stock certificates and two (2) valid government identification cards. Their authorized representatives must present the same materials, plus, an authorization letter from the shareholder and a photocopy of the shareholder's identification card.

Representatives of corporate shareholders must present the original old stock certificates, two (2) valid government identification cards and the original secretary's certificate embodying the board resolution designating them as the authorized representatives for surrendering the old stock certificate and receiving the new stock certificate.

- d. Date of availability of new stock certificates;*

Old stock certificates may be surrendered to the stock transfer agent of the Company and new stock certificates obtained therefrom within twenty (20) business days from the approval by the SEC of said amendments. The Company will notify the PSE and the investing

public of the approval by the SEC and the pertinent dates through a disclosure, as well through the publication of the same in a newspaper of general circulation.

*e. Procedures in case of lost stock certificates; and,*

In accordance with the Corporation Code, the registered shareholder claiming to have lost a stock certificate must file with the stock transfer agent an affidavit of loss in triplicate setting forth the circumstances as to how the stock certificate was lost, stolen or destroyed; the number of shares covered by the stock certificate; the name of the corporation which issued the stock certificate and the serial number thereof.

Further, the registered shareholder shall publish a notice of said loss setting forth the circumstances as to how the stock certificate was lost, stolen or destroyed; the number of shares covered by the stock certificate; the name of the corporation which issued the stock certificate and the serial number thereof; once a week for three (3) consecutive weeks in a newspaper of general circulation published in the place where the Company's principal office is located, at the expense of the registered shareholder. If there is no contest presented to the Company or the stock transfer agent as to the lost stock certificate after the expiration of one (1) year from the date of the last publication of the notice, the new stock certificate shall be issued by the stock transfer agent to the registered shareholder.

However, the registered stockholder may obtain the new stock certificate after one (1) week from the last publication of the notice of loss if he/she furnishes the stock transfer agent a surety bond equivalent to 200% of the market value of the shares of stock covered by the lost stock certificate (closing price in the PSE) on the date that the same was lost.

*f. Any other relevant details.*

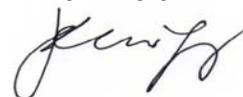
None.

**5. Any other information necessary to enable an investor to make an informed investment decision.**

The Company does not intend to have the preferred shares listed on the PSE. Further, the preferred shares will be included in the computation of the Company's foreign ownership level in accordance with SEC Memorandum Circular No. 8 Series of 2013 entitled "*Guidelines on Compliance with the Filipino-Foreign Ownership Requirements Prescribed in the Constitution and/or existing Laws by Corporations engaged in Nationalized and Partly Nationalized Activities*".

We trust that the foregoing is in order.

Very truly yours,



**JENNIFER T. ONG**  
Alternate Corporate  
Information Officer