

- d. Non-participating preferred stock – entitle the holder only to the amount stipulated paid to holders of preferred shares

Redeemable Shares. Those which grant the issuing corporation the power to redeem or purchase them after a certain period.

Founder's Shares. Those which grant to the founders certain rights and privileges not enjoyed by other shares.

Treasury Shares. Those which have been issued and fully paid for but subsequently reacquired by the issuing corporation by purchase, redemption, donation, or through some other lawful means.

Watered Shares. Those issued without compensation or with no adequate consideration.

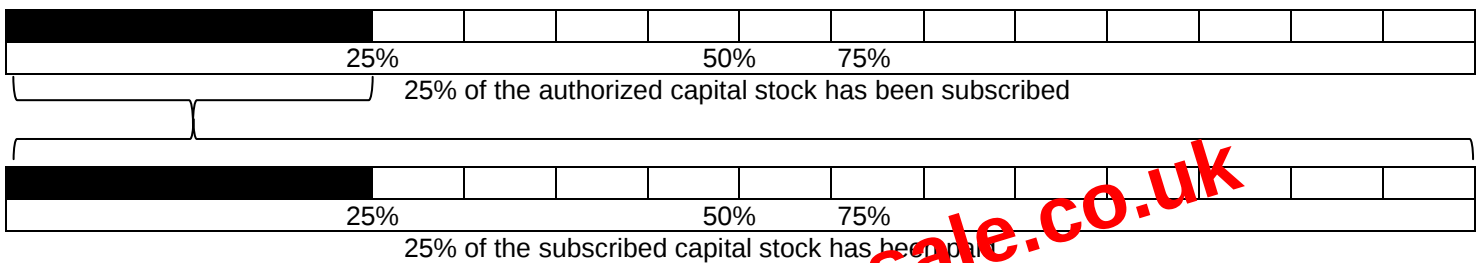
Voting Shares. Those entitled to vote in the meetings of the corporation.

Non-voting Shares. Those without voting rights, except in certain cases.

Incorporation and Organization of Private Corporations

Steps in Incorporation

1. Verification with SEC of the name to be used. No corporate name shall be allowed if the proposed name is:
 - a. Identical or deceptively similar to any existing corporation or any other name protected by law
 - b. Patently deceptive, confusing or contrary to existing laws.
2. Drafting and execution of articles of incorporation signed by the incorporators.



3. Filing of articles of incorporation with SEC.
4. Payment for the filing, publication and other fees.
5. Issuance of certificate of incorporation by SEC. [Start of the juridical personality of the corporation]

Contents of the Articles of Incorporation

1. Name of corporation.
 2. Purpose of the corporation.
 3. Place of principal office which must be in the Philippines
 4. Term of existence (maximum of 50 years, may be extended)
 5. Names, nationalities and residences of incorporators (majority are residents of Philippines, and must be at least a subscribed of one share of stock)
 6. Names, nationalities and residences of board of directors or trustees
 7. Amount of authorized capital stock, number of shares divided, and par value of each
 8. Names of subscribers, nationalities, shares subscribed, amount subscribed and amount paid in. (must not be lower than PHP 5,000)
 9. Other matters
 10. Name of temporary treasurer elected, notarial acknowledgement, and affidavit

Amendment of Articles of Incorporation

Votes required for amendment

1. Majority vote of directors
2. Vote or written assent of 2/3 of the outstanding capital stock or members

Effectivity

Upon approval by SEC or from the date of filing with Commission if not acted within 6 months

Non-use of corporate charter for:

- Two years – shall be deemed dissolved unless the same is due to causes beyond the control of the corporation as may be determined by SEC.

Continuous non-operation of corporation for:

- Five years – shall be grounds for revocation of its corporate franchise or certificate of incorporation, unless the same is due to causes beyond the control of the corporation as may be determined by SEC.