



**House  
Legislative  
Analysis  
Section**

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**CORPORATE TAKEOVER LAW**

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M 25100  
March 5, 1989

**House Bill 4548**  
**Sponsor: Rep. John Bennett**  
**Committee: Corporations and Finance**

**Complete to 4-17-89**

**A SUMMARY OF HOUSE BILL 4548 AS INTRODUCED 4-10-89**

The Business Corporation Act was amended in 1984 to provide Michigan-based companies protection, greater than that provided by federal law, from corporate takeovers. The bill would provide general amendments to the act.

For two companies to be combined, the act currently requires that at least an 80 percent majority vote of the company's shareholders is required to approve the merger. The bill would increase the majority required to at least 90 percent. The definition of "beneficial owner," as it is used with respect to any voting stock, means a person who individually or with associates has certain rights to acquire voting shares. The bill would amend this definition to specify that a person could not be considered the owner of voting shares which were tendered pursuant to a tender or exchange offer made by the person, or the person's affiliate or associate, until the tendered voting shares were accepted for purchase or exchange. Also, a person could not be considered the beneficial owner of voting shares if the person's right to vote the shares arose solely from a revocable proxy or consent given in response to a proxy or consent solicitation to 10 or more persons. "Subsidiary" would be defined as a corporation of which a majority of the voting shares were owned, directly or indirectly, by another corporation. The act requires that certain conditions must be met from the time a shareholder has expressed an interest in a takeover or merger and before consummating the takeover or merger. The bill would require additionally that before the combination could take place, there would have to be five years between the date a person became an interested shareholder and the date the business combination was consummated.

MCL 450.1776 et al.

House Bill 4548 (4-17-89)