

Act No. 181
Public Acts of 2003
Approved by the Governor
October 7, 2003
Filed with the Secretary of State
October 7, 2003
EFFECTIVE DATE: October 7, 2003

**STATE OF MICHIGAN
92ND LEGISLATURE
REGULAR SESSION OF 2003**

Introduced by Reps. Huizenga, Taub, Garfield, Amos, Tobocman, Wenke, Howell, Sheen, Brandenburg, Palmer, Hummel, Vander Veen, Ruth Johnson, Kooiman, Emmons, Rocca, Rick Johnson, Koetje, Hoogendyk and Stahl

ENROLLED HOUSE BILL No. 4764

AN ACT to amend 1972 PA 284, entitled "An act to provide for the organization and regulation of corporations; to prescribe their duties, rights, powers, immunities and liabilities; to provide for the authorization of foreign corporations within this state; to prescribe the functions of the administrator of this act; to prescribe penalties for violations of this act; and to repeal certain acts and parts of acts," by amending section 791 (MCL 450.1791), as amended by 1993 PA 91, and by adding section 798a.

The People of the State of Michigan enact:

Sec. 791. (1) As used in this chapter, "control share acquisition" means the acquisition, directly or indirectly, by any person of ownership of, or the power to direct the exercise of voting power with respect to, issued and outstanding control shares.

(2) For purposes of this section, shares or the power to direct the exercise of voting power acquired within a 90-day period, or shares or the power to direct the exercise of voting power acquired pursuant to a plan to make a control share acquisition, are considered to have been acquired in the same acquisition.

(3) For purposes of this section, a person who acquires shares in the ordinary course of business for the benefit of others in good faith and not for the purpose of circumventing this chapter has voting power only of shares in respect of which that person would be able to exercise or direct the exercise of votes without further instruction from others.

(4) For purposes of this section, the acquisition of any shares of an issuing public corporation does not constitute a control share acquisition if the acquisition is consummated in any of the following circumstances:

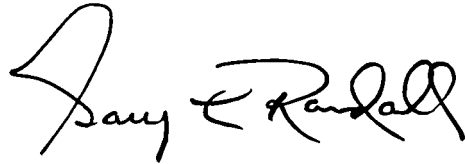
- (a) Before January 1, 1988.
- (b) Pursuant to a contract existing before January 1, 1988.
- (c) By gift, testamentary disposition, marital settlement, descent and distribution, or otherwise without consideration.
- (d) Pursuant to the satisfaction of a pledge or other security interest created in good faith and not for the purpose of circumventing this chapter.
- (e) Pursuant to a merger or share exchange effected in compliance with sections 701 to 735 if the issuing public corporation is a party to the agreement of merger or share exchange.
- (f) By a governmental official acting in an official or fiduciary capacity.

(5) For purposes of this section, the acquisition of shares of an issuing public corporation in good faith and not for the purpose of circumventing this chapter by any person whose voting rights previously had been authorized by shareholders in compliance with this chapter, or whose previous acquisition of shares of an issuing public corporation would have constituted a control share acquisition but for subsection (4), does not constitute a control share acquisition, unless the acquisition entitles a person, directly or indirectly, alone or as part of a group, to exercise or direct the exercise of voting power of the corporation in the election of directors in excess of the range of the voting power which the acquiring person was entitled to exercise or direct prior to such acquisition.

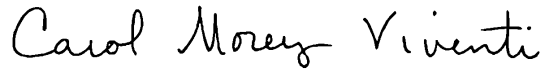
(6) For purposes of this section, the formation of a group does not constitute a control share acquisition of shares of an issuing public corporation held by members of the group.

Sec. 798a. Shares without voting rights because the formation of a group after April 1, 1988 was deemed to be a control share acquisition shall have the same voting rights as were accorded the shares before the formation of the group.

This act is ordered to take immediate effect.



Clerk of the House of Representatives



Secretary of the Senate

Approved

Governor