

**CHAPTER 595**

**(House Bill 773)**

AN ACT concerning

**Corporations – Business Combinations**

FOR the purpose of altering the definition of “business combination” to exclude a disposition of certain assets of a corporation pursuant to a dividend or other method affording substantially proportionate treatment to the holders of voting stock; altering the definition of “interested stockholder” to limit its application to stockholders of a corporation after the date the corporation has a certain number of beneficial owners of its stock; altering a certain exemption from certain special voting requirements applicable to business combinations; defining a certain term; and generally relating to business combinations.

BY repealing and reenacting, with amendments,

Article – Corporations and Associations

Section 3-601(e)(2) and (j)(1) and 3-603(e)(1)(iii)

Annotated Code of Maryland

(1993 Replacement Volume and 1993 Supplement)

BY adding to

Article – Corporations and Associations

Section 3-601(n)

Annotated Code of Maryland

(1993 Replacement Volume and 1993 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND; That the Laws of Maryland read as follows:

**Article – Corporations and Associations**

3-601.

(e) “Business combination” means:

(2) Any sale, lease, transfer, or other disposition, other than in the ordinary course of business OR PURSUANT TO A DIVIDEND OR ANY OTHER METHOD AFFORDING SUBSTANTIALLY PROPORTIONATE TREATMENT TO THE HOLDERS OF VOTING STOCK, in one transaction or a series of transactions in any 12-month period, to any interested stockholder or any affiliate of any interested stockholder (other than the corporation or any of its subsidiaries) of any assets of the corporation or any subsidiary having, measured at the time the transaction or transactions are approved by the board of directors of the corporation, an aggregate book value as of the end of the corporation’s most recently ended fiscal quarter of 10 percent or more of the total market value of the outstanding stock of the corporation or of its net worth as of the end of its most recently ended fiscal quarter;