

supplementary with respect to the stock are effective shall cease to be voidable at the time the articles supplementary become effective; providing that a right or liability accrued by reason of the issuance of the stock prior to the time the articles supplementary are effective shall be extinguished at the time the articles supplementary become effective under certain circumstances; clarifying that a direct or indirect transfer of money or other property of a corporation in respect of any of its shares is a distribution; authorizing the board of directors of a corporation to delegate to a committee of the board or an officer of the corporation the power to fix the amount and other terms of a distribution under certain circumstances; altering certain notice requirements with respect to certain parent and subsidiary mergers; clarifying that certain stockholders retain their appraisal rights under certain circumstances; making certain stylistic, conforming, and technical changes; and generally relating to Maryland corporations.

BY repealing and reenacting, with amendments,

Article – Corporations and Associations

Section 2-208, 2-208.1, 2-301(a), 2-407(a), 2-411(a), 3-106(d), and 3-202(c)

Annotated Code of Maryland

(1999 Replacement Volume and 2002 Supplement)

BY adding to

Article – Corporations and Associations

Section 2-309(c)

Annotated Code of Maryland

(1999 Replacement Volume and 2002 Supplement)

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

Article – Corporations and Associations

2-208.

(a) (1) If, under a power contained in the charter, the board of directors classifies or reclassifies any unissued stock by setting or changing the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications, or terms or conditions of redemption, the board shall file articles supplementary for record with the Department.

(2) The board may not issue any of the stock that is classified or reclassified prior to the time the articles supplementary are effective, as provided in this section.

(b) Articles supplementary shall include:

(1) A description of the stock, including the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications, and terms and conditions of redemption, as set or changed by the board of directors; and