April 17, 2003

Senator Stepp:

Attached is a revised version of the corporate law changes that you requested, incorporating changes suggested by the state bar. As you review the draft, please note the following:

1. I did not add language concerning the number of outstanding shares in the first sentence of proposed s. 180.0602 (3) (b) 1. because that language is already in the last sentence of that subsection.

2. Please review my treatment of the second sentence of proposed s. 180.0602 (3) (b) 1., which deals with the status of shares specified in a resolution under that subdivision. I was not entirely clear on what was intended with regard to this sentence.

3. I did not add language referring to a "board resolution" in the first sentence of proposed s. 180.0602 (3) (b) 1. because that sentence specifically authorizes the board to adopt a resolution (*i.e.,* a "board resolution").

4. Proposed s. 180.0602 (3) (b) 3. may need to be clarified. This provision allows the board to increase the number of shares of a class or series, but not beyond "the total number of authorized shares." It is unclear what is meant by "the total number of authorized shares." I assume that the phrase is not meant to refer to the number of shares of the class or series specified in the articles of amendment, although that is one possible interpretation. It would be helpful to clarify this provision by cross–referencing the statute under which the total number of authorized shares is established.

5. As a result of the cross–reference added to proposed s. 180.1150 (2), I deleted the requirement that the specification be adopted by "a majority" of the board of directors. By relying on the cross–reference to s. 180.0824 (3), a majority of a quorum will be the required vote.

Please feel free to call if you have any questions or desire any additional changes.

Robert J. Marchant
Legislative Attorney
Phone: (608) 261–4454
E–mail: robert.marchant@legis.state.wi.us