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Re: Amendments to Minnesota Business Corporation Act

Dear Clients and Other Friends:

Governor Tim Pawlenty recently signed into law amendments to the Minnesota Business Corporation Act (Minnesota Statutes Chapter 302A). These amendments will become effective on August 1, 2010. In summary, the amendments are as follows:

- The board of directors may now grant authority to the CEO to appoint and remove other officers (except the CFO). Previously, the authority to appoint and remove officers resided with the board of directors.
- Reduce the required shareholder vote for public corporations to eliminate cumulative voting for directors. Previously, a super-majority shareholder vote was required to eliminate cumulative voting. Now, shareholders of a public corporation can eliminate or modify cumulative voting by the affirmative vote of a majority of the voting power present at a shareholders' meeting. This amendment does not affect private corporations.
- Allow required books and records of a corporation to be kept at a place other than the corporation's principal executive offices. Frequently, corporate records are kept at an attorney's or an accountant's office. The amendment recognizes this practice, provided such required books and records are available ten days after a proper request.
- Allow the board of directors the same power to amend the Articles of Incorporation to increase the number of authorized shares in connection with a stock dividend as the board of directors has in connection with a stock split. Therefore, in the case of a 100% stock dividend (which is essentially the equivalent of a two-for-one stock split), the board of directors now has the power (without shareholder action) to authorize sufficient shares to cover the stock dividend.
- Clarify that a corporation may transfer all or substantially all of its assets to an indirectly wholly-owned subsidiary without shareholder approval. This amendment clarifies that a wholly-owned subsidiary of a wholly-owned

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subsidiary may be the transferee of all, or substantially all, of the "grandparent" corporation's assets, without shareholder approval.

Please let us know if you have any questions about these recent amendments. As noted above, they become effective on August 1 of this year.

Very truly yours,

Jule M. Hannaford IV

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