302A.402 SHARE DIVIDENDS, DIVISIONS, AND COMBINATIONS.

Subdivision 1. **Power to effect.** A corporation may effect a share dividend or a division or combination of its shares as provided in this section.

Subd. 2. **When shareholder approval required; filing of articles of amendment.** (a) Articles of amendment must be adopted by the board and the shareholders under section 302A.135 and, if required, section 302A.137 to effect a division or combination if, as a result of the proposed division or combination:

(1) the rights or preferences of the holders of outstanding shares of any class or series will be adversely affected; or

(2) the percentage of authorized shares of any class or series remaining unissued after the division or combination will exceed the percentage of authorized shares of that class or series that were unissued before the division or combination.

(b) If a division or combination is effected under this subdivision, articles of amendment must be prepared that contain the information required by section 302A.139.

Subd. 3. **By action of board alone; filing of articles of amendment.** (a) Subject to the restrictions provided in subdivision 2 or any provision in the articles that states that section 302A.402, subdivision 3, does not apply, a share dividend, division, or combination may be effected by action of the board alone, without the approval of shareholders under sections 302A.135 and 302A.137. In effecting a share dividend, division, or combination under this subdivision, the board may amend the articles to increase or decrease the par value of shares, increase or decrease the number of authorized shares, but only if the amendment will not result in the percentage of authorized shares of any class or series remaining unissued after the share dividend, division, or combination exceeding the percentage of authorized shares of that class or series that were unissued before the share dividend, division, or combination, and make any other change necessary or appropriate to ensure that the rights or preferences of the holders of outstanding shares of any class or series will not be adversely affected by the share dividend, division, or combination.

(b) If a share dividend, division, or combination that includes an amendment of the articles is effected under this subdivision, then articles of amendment must be prepared that contain the information required by section 302A.139 and a statement that the amendment will not adversely affect the rights or preferences of the holders of outstanding shares of any class or series and will not result in the percentage of authorized shares of any class or series that remains unissued after the share dividend, division, or combination exceeding the percentage of authorized shares of that class or series that were unissued before the share dividend, division, or combination.

Subd. 4. **Changes in voting rights; fractional shares.** For purposes of this section, an increase or decrease in the relative voting rights of the shares that are the subject of the share dividend, division, or combination that arises solely from the increase or decrease in the number of shares outstanding is not an adverse effect on the outstanding shares of any class or series and any increase in the percentage of authorized shares remaining unissued arising solely from the elimination of fractional shares under section 302A.423 must be disregarded.

History: *1991 c 49 s 5; 1992 c 603 s 1; 1993 c 17 s 24-26; 1997 c 10 art 1 s 12; 1999 c 85 art 1 s 6; 2004 c 199 art 14 s 13; 2010 c 250 art 1 s 5,6*