

TABLE OF CONTENTS

<i>Dedication</i>	vi
<i>About the Editors</i>	vii
<i>Authors' Preface</i>	ix
<i>Software Instructions</i>	xi
<i>Summary Table of Contents</i>	xiii
Chapter 1 How to Use This Work — Summary of Terms, Abbreviations and Conventions	
§1-1. General	1-1
§1-2. Defined Terms and Abbreviations	1-1
§1-3. Additional Definitions	1-3
§1-4. Presentation of Forms and Comments	1-3
§1-5. Use of Bold Face Type for Alternative or Optional Provisions	1-3
§1-6. For-Profit Business Corporations Generally Are Assumed	1-3
§1-7. The CGCL and Securities Law Are Assumed to Apply	1-4
§1-8. Legal Descriptions Are Summaries	1-4
§1-9. Default Provisions	1-4
§1-10. Provisions That “Relax,” “Restrict” or “Otherwise Provide”	1-6
§1-11. Language Style	1-7
§1-12. Limitations on the Use of Forms	1-7
§1-13. Professional Responsibility; Identifying the Client	1-8
§1-14. Additional Information Available	1-9
Chapter 2 California, the Law of Choice for Many California-Based Corporations	
§2-1. Introduction	2-1
§2-2. Illustrative Provisions Included Herein	2-2
§2-3. The CGCL Philosophy	2-2
§2-4. Default Provisions	2-2
§2-5. Ability to Modify Default Provisions	2-2
§2-6. The Statute Is Relatively Clear with Useful Legislative History	2-3
§2-7. Special Provisions for Widely Held Corporations	2-3
§2-8. Directors and Management, General	2-3
§2-9. Election of Directors	2-3
§2-10. Removal of Directors	2-4
§2-11. Director Vacancies	2-4
§2-12. Director Duties and Liabilities	2-4.1
§2-13. Elimination of Director Liability	2-5

§2-14.	Indemnification of Directors, Officers and Other Parties	2-5
§2-15.	Shareholder Voting Rights	2-6
§2-16.	Corporate Finance	2-8
§2-17.	Reorganizations	2-12
§2-18.	Appraisal and Dissenters Rights	2-14
§2-19.	Takeover Defense	2-15
§2-20.	Derivative Suits	2-17
§2-21.	Books, Records, Reports and Inspection Rights	2-19
Chapter 3	The Forms — Suggestions for Their Use, Our Drafting Approach and a Philosophy for Drafting Agreements	3-1
§3-1.	General	3-1
§3-2.	Representative Form Presented	3-1
§3-3.	A Caution on the Use of Forms	3-2
§3-4.	A Philosophy for Drafting Agreements	3-2
§3-5.	Modular Forms	3-4
§3-6.	Drafting Technique — Overdrafting	3-4
§3-7.	Drafting Perspective	3-5
§3-8.	Agreement Forms — Sequence of Provisions	3-5
§3-9.	Agreement Forms — Defined Terms	3-6
§3-10.	Agreement Forms — Schedules and Exhibits	3-6
§3-11.	Presentation of Numbers	3-6
§3-12.	Execution of Documents by Corporations	3-7
§3-13.	Cross-References to Sections “Hereof”	3-7
§3-14.	References to Statutes “As Amended”	3-7
§3-15.	Recitals	3-7
§3-16.	Availability of Other Forms and Samples	3-10
Chapter 4	Overview of the Law	4-1
§4-1.	California Corporation Laws — General Structure	4-1
§4-2.	Brief History of the CGCL	4-2
§4-3.	Coverage of the CGCL	4-3
§4-4.	Corporate Classifications	4-3
Chapter 5	Secretary of State and Other Forms and Filing Procedures	5-1
§5-1.	State Forms; Availability	5-1
§5-2.	Use of Official Forms	5-1
§5-3.	List of Official Forms and Forms Included in This Work	5-1
§5-4.	Filings with the Secretary of State	5-2
§5-5.	Effectiveness of Filings	5-3
§5-6.	Authority of Department to Reject Filings	5-3
§5-7.	Filing Fees	5-3
§5-8.	Addresses to Be Used in Filings; Process Agent	5-4
§5-9.	Certificate of Correction	5-4

TABLE OF CONTENTS

§5-10.	Changes of Process Agent or Agent’s Address	5-4
§5-11.	Suspension and Revival	5-6
§5-12.	Contact the Secretary of State	5-6
§5-13.	Forms	5-6
§5-13.	Form 5-1. Certificate Pursuant to Section 1505 (Corporation Acting as Agent for Service of Process)	5-7
§5-14.	Form 5-2. Certificate of Correction	5-10
§5-15.	Form 5-3. Statement of Information (Domestic Stock Corporation)	5-11
§5-15A.	Form 5-3A. Statement of Information (Domestic Stock Corporation) (No Change Statement)	5-13
§5-16.	Form 5-4. Statement of Information (Domestic Nonprofit Corporation)	5-15
§5-17.	Form 5-5. Statement of Information (Foreign Corporation)	5-17
§5-17A.	Form 5-5A. Corporate Disclosure Statement (Domestic Stock and Foreign Corporation)	5-19
§5-17B.	Form 5-5B. Attachment to Corporate Disclosure Statement (Domestic Stock and Foreign Corporation)	5-22
§5-18.	Form 5-6. Statement of Information (Limited Liability Company)	5-24
§5-18A.	Form 5-6A. Statement by Common Interest Development Association	5-26
§5-19.	Form 5-7. Secretary of State Contact Information	5-28
Chapter 6	Section 2115 of the CGCL: The Quasi California Corporation	6-1
§6-1.	Introduction	6-1
§6-2.	Determination of Quasi California Corporation Status	6-2
§6-3.	Statutory Exemptions from §2115	6-5
§6-4.	Provisions of the CGCL Applicable to Quasi California Corporations	6-5
§6-5.	During What Periods Must a Quasi California Corporation Comply with §2115?	6-6
§6-6.	Practical Problems in Compliance with §2115	6-6.1
Chapter 7	The Incorporation Process	7-1
§7-1.	Introduction	7-1
§7-2.	Content of Articles of Incorporation	7-1
§7-3.	The Incorporator	7-2
§7-4.	Action by Written Consent of the Incorporator	7-2
§7-5.	Corporate Name	7-3
§7-6.	Availability and Reservation of Corporate Name	7-3
§7-7.	Unavailability of Corporate Name — Consent to Use of Name	7-3
§7-8.	Use of Fictitious Name	7-4
§7-9.	Agent for Service of Process	7-5
§7-10.	Collecting Information	7-5
§7-11.	Form 7-1. Action by Written Consent of the Sole Incorporator	7-6
§7-11A.	Form 7-1A. Name Availability Inquiry Letter	7-7

§7-12.	Form 7-2.	Name Reservation Request Form	7-8
§7-13.	Form 7-3.	Consent to Use of Name Letter	7-8.2
§7-14.	Form 7-4.	Incorporation Checklist (Short Form)	7-9
§7-15.	Form 7-5.	Incorporation Checklist (Long Form)	7-14
Chapter 8	Articles of Incorporation		8-1
§8-1.	Introduction		8-1
§8-2.	Forms Included Herein, Their Limitations and Suggestions for Their Use		8-1
§8-3.	Article Provisions in Lieu of Bylaws		8-1
§8-4.	Required and Optional Provisions of Articles		8-2
§8-5.	Approval of Optional Provisions		8-3
§8-6.	Restrictions on Transfer of Capital Stock		8-3
§8-7.	Restating Statutory Default Provisions		8-3
§8-8.	Corporate Powers Generally		8-4
§8-9.	Incorporation by Reference		8-4
§8-10.	Prohibited Provisions Relating to Directors and Shareholders		8-4
§8-11.	Anti-Takeover Concerns		8-5
§8-12.	Description of Forms for Articles		8-6
§8-13.	Form 8-1.	Official Form of Articles of Incorporation	8-7
§8-14.	Form 8-2.	Form of Document Filing Request Letter	8-8
§8-15.	Form 8-3.	Sample Articles Not Using Official Form	8-9
§8-16.	Additional Provisions for Articles		8-10
§8-17.	Form 8-4.	General Purpose and Powers	8-14
§8-18.	Form 8-5.	Limitations on Business, Purpose or Powers	8-15
§8-19.	Form 8-6.	Right of Shareholders to Remove Directors Without Cause	8-16
§8-20.	Form 8-7.	Calling of Special Meetings of Shareholders	8-17
§8-21.	Form 8-8.	Setting Annual Meetings of Shareholders	8-18
§8-22.	Form 8-9.	Setting a Quorum for Meeting of Shareholders	8-19
§8-23.	Form 8-10.	Notice to Shareholders and Waivers of Notice	8-20
§8-24.	Form 8-11.	Action by Partial Written Consent of Shareholders in Lieu of a Meeting	8-21
§8-25.	Form 8-12.	Establishing Shareholder Qualification Requirements ...	8-22
§8-26.	Form 8-13.	Establishing Shareholders' Right to Determine Consideration for Share Issuances	8-23
§8-27.	Form 8-14.	Supermajority Vote of Shareholders	8-24
§8-28.	Form 8-15.	Amendment of Articles by Shareholders	8-25
§8-29.	Form 8-16.	Amendment of Bylaws by Shareholders	8-26
§8-30.	Form 8-17.	Limiting Right of Directors to Participate in Meetings by Conference Equipment	8-27
§8-31.	Form 8-18.	Establishing a Classified Board of Directors of a Listed Corporation with Staggered Terms	8-28

TABLE OF CONTENTS

§8-32.	Form 8-19.	Cumulative Voting to Elect Directors Not Permitted	8-29
§8-33.	Form 8-20.	Amendment of Articles and Bylaws by the Board of Directors	8-30
§8-34.	Form 8-21.	Naming Initial Directors	8-31
§8-35.	Form 8-22.	Quorum and Approval for Board of Directors Meeting . . .	8-32
§8-36.	Form 8-23.	Standard of Care of Directors and Justifiable Reliance . . .	8-33
§8-37.	Form 8-24.	Term of Existence	8-34
§8-38.	Form 8-25.	Calling and Adjournment of Board of Directors Meetings	8-35
§8-39.	Form 8-26.	Limiting Liability and Indemnification of Directors, Officers and Others	8-36
§8-40.	Form 8-27.	Board of Directors' Power to Select Officers	8-37
§8-41.	Form 8-28.	Organization and Conduct of Shareholders Meetings	8-38
§8-42.	Form 8-29.	Conduct of Board Meetings	8-39
§8-43.	Form 8-30.	Proxies, Ballots and Vote Tabulations to Be Kept Secret	8-40
§8-44.	Form 8-31.	Limitation of Board of Directors' Power	8-41
§8-45.	Form 8-32.	Filling Vacancies on the Board of Directors	8-42
§8-46.	Form 8-33.	Director Qualifications	8-43
§8-47.	Form 8-34.	Establishing Variable Number of Directors	8-44
§8-48.	Form 8-35.	Distinctions Between Classes or Series of Shares and Preferences	8-45
§8-49.	Form 8-36.	Determination of Consideration for Any Issued Shares by Shareholders	8-48
§8-50.	Form 8-37.	Preemptive Rights	8-49
§8-51.	Form 8-38.	Redeemable and Convertible Shares	8-50
§8-52.	Form 8-39.	Assessment of Shares	8-53
§8-53.	Form 8-40.	Shareholder Buyout Provisions and Dissolution	8-54
Chapter 9	Capital Stock Generally and Common Stock Provisions		9-1
§9-1.	Introduction		9-1
§9-2.	Consideration for Issuance		9-1
§9-3.	The CGCL Does Not Use the Concept of Par Value		9-2
§9-4.	The CGCL Does Not Use the Concept of Treasury Shares		9-2
§9-5.	Authorized Capital Stock		9-2
§9-6.	Supermajority Voting		9-3
§9-7.	Elimination of Cumulative Voting		9-3
§9-8.	Disparate Treatment of Certain Persons		9-3
§9-9.	Creating a Class or Series by the Board		9-4
§9-10.	Distributions in Kind to Holders of Multiple Classes: The CGCL §203 Problem		9-4
§9-11.	Tracking, Alphabet, Notional or Letter Stock		9-4
§9-12.	Publicly Available Description of Tracking Stock		9-5

§9-13.	Capital Stock Provisions	9-8
§9-14.	Form 9-1. Authorization of a Single Class of Shares	9-9
§9-15.	Form 9-2. Authorizing Common and Blank Check Preferred Shares	9-10
Chapter 10 Preferred Stock Provisions		10-1
§10-1.	Preferred Stock Generally	10-1
§10-2.	Enforceable Rights to Dividends, Redemption and Other Distributions	10-1
§10-3.	Preferred Stock Features	10-2
§10-4.	“Blank Check” or “Rubber” Preferred Stock	10-5
§10-5.	Forms	10-5
§10-6.	Form 10-1. Restated Articles of Incorporation Providing for Series of Preferred Stock	10-6
§10-7.	Form 10-2. Provision for Articles — Blank Check Board Authorization to Issue Preferred	10-19
§10-8.	Form 10-3. Provision for Articles — Blank Check Board Authorization to Issue Preferred — More Detailed and Specific	10-20
§10-9.	Form 10-4. Provision — Redemption at Option of Company and Preferred Shareholders	10-22
Chapter 11 Bylaws		11-1
§11-1.	Introduction	11-1
§11-2.	Adoption of the Bylaws	11-1
§11-3.	Content of the Bylaws	11-2
§11-4.	Maintaining Bylaws and Shareholders’ Right to Inspect	11-3
§11-5.	Amendment of Bylaws	11-3
§11-6.	Amending Bylaws Relating to Number of Directors and Filling Board Vacancies	11-4
§11-7.	Bylaws Functioning as Shareholder Agreements	11-4
§11-8.	Form of Bylaws Included	11-5
§11-9.	Form 11-1. Bylaws for a California Corporation	11-6
Chapter 12 The Board of Directors and Officers		12-1
§12-1.	General	12-1
§12-2.	Default Provisions and Other CGCL Provisions That May Be Relaxed, Restricted or Modified	12-2
§12-3.	Number of Directors	12-2
§12-4.	Qualifications	12-3
§12-5.	Term of Office	12-3
§12-6.	Election of Directors	12-3
§12-7.	Vacancies	12-3
§12-8.	Classified Board with Staggered Terms	12-3
§12-9.	Classified Board Regarding Shareholders Who Elect Them	12-4
§12-10.	Board Meetings — Notice	12-4.1

TABLE OF CONTENTS

§12-11.	Method of Giving Notice of Meetings	12-5
§12-11A.	Electronic Transmission by and to the Corporation	12-5
§12-12.	Waiver of Notice of Board Meetings	12-6.2
§12-13.	Adjournment of Board Meetings	12-6.2
§12-14.	Place of Board Meetings	12-6.2
§12-15.	Meetings of Directors — Quorum and Actions Taken	12-6.2
§12-16.	Attendance at Board Meetings by Conference Telephone, Electronic Video Screen Communication or Electronic Transmission by and to the Corporation	12-6.3
§12-17.	Action by Unanimous Written Consent in Lieu of a Meeting	12-6.3
§12-18.	Removal of Directors	12-6.3
§12-19.	Committees	12-7
§12-20.	Alternate Committee Members	12-7
§12-21.	Status of Committee Action	12-7
§12-22.	Compensation of and Loans to or Guarantees of Obligations of Directors and Officers	12-8
§12-23.	Committees	12-8
§12-24.	Forms	12-9
§12-25.	Form 12-1. Creation of an Executive Committee	12-9
§12-26.	Form 12-2. Creation of an Audit Committee	12-10
§12-27.	Form 12-3. Creation of a Compensation Committee	12-11
§12-28.	Form 12-4. Creation of a Nominating Committee	12-12
§12-29.	Form 12-5. Creation of a Special Litigation Committee in Connection with Derivative Actions	12-13
§12-30.	Transactions with Interested Directors or Officers	12-13
§12-31.	Director’s Standard of Care	12-14
§12-32.	Justifiable Reliance by Directors	12-16
§12-33.	Exercise of Directors’ Power; Duty of Loyalty	12-16
§12-34.	Factors That May Be Considered	12-16.1
§12-35.	Presumption of Propriety — The Business Judgment Rule	12-16.1
§12-36.	Inconsistent Articles Ineffective	12-17
§12-37.	Differences Between California Law and Other Laws Regarding Fiduciary Duties of Directors	12-17
§12-38.	Personal Liability of Directors	12-19
§12-39.	Management Without Directors	12-20
§12-40.	Need for Board Action if Shareholders Consent Unanimously	12-20
§12-41.	Officers — Required Officers	12-20
§12-42.	Officers’ Qualifications	12-20
§12-43.	Officers’ Terms	12-20
§12-44.	Officers’ Authority	12-21
§12-45.	Officers’ Standard of Care	12-21
§12-46.	Officers — Removal	12-22
§12-47.	Indemnification in Third-Party Actions	12-22
§12-48.	Indemnification in Derivative and Corporate Actions	12-22

CALIFORNIA CORPORATE FORMS AND PRACTICE MANUAL

§12-49.	Mandatory Indemnification of Expenses	12-23
§12-50.	Procedure for Effecting Indemnification	12-23
§12-51.	Advancing Expenses	12-23
§12-52.	Supplementary Coverage	12-23
§12-53.	Power to Purchase Insurance	12-24
§12-54.	Application to Surviving or New Corporations	12-24
§12-55.	Application to Employee Benefit Plans	12-25
§12-56.	Duration and Extent of Coverage	12-25
§12-57.	Corporate Governance Principles Applicable to Boards of Directors	12-25
Chapter 13	Shareholder Matters	13-1
§13-1.	General	13-1
§13-2.	Dividends and Distributions to Shareholders	13-1
§13-3.	Indebtedness Incurred to Redeem Shares	13-3
§13-4.	Mandatory Redemptions of Preferred Stock	13-3
§13-5.	Voting Rights of Shareholders	13-3
§13-6.	Exceptions to Shareholder Notice Requirements	13-5
§13-7.	Shareholder Rights of Creditors and Others	13-5
§13-8.	Right of Inspection	13-5
§13-9.	Financial Reports to Shareholders and Waivers Thereof	13-7
§13-10.	Share Certificates	13-9
§13-11.	Restrictions on Transfer of Shares	13-9
§13-12.	Minors as Security Holders	13-9
§13-13.	Appointment of Provisional Director of Corporation on Deadlock of Directors or Shareholders	13-9
§13-14.	Form 13-1. Shareholder’s Demand for Inspection of Shareholder Lists	13-11
§13-15.	Form 13-2. Shareholder’s Demand for Inspection of Accounting Books and Records	13-13
§13-16.	Corporate Governance	13-14
Chapter 14	Minutes and Resolutions	14-1
§14-1.	General	14-1
§14-2.	A Philosophy about Minutes	14-1
§14-3.	Circumstances Calling for Detailed Minutes	14-2
§14-4.	Consistency	14-3
§14-5.	Coverage of Minutes	14-3
§14-6.	Sensitive or Confidential Matters	14-4
§14-7.	Retention of Notes	14-4
§14-8.	Who Takes the Minutes	14-5
§14-9.	Signing of Minutes	14-5
§14-10.	Distribution and Approval	14-6
§14-11.	Recording Individual Actions	14-6

TABLE OF CONTENTS

§14-12.	Form of Recording Actions	14-7
§14-13.	Committee Meetings	14-7
§14-14.	Attachments and Back-up Material	14-7
§14-15.	Retention	14-8
§14-16.	Retrieval of Information	14-8
§14-17.	Additional Information	14-8
§14-18.	Written Consent Forms	14-9
§14-19.	Delivery of Written Consents to the Secretary	14-9
§14-20.	Form 14-1. Unanimous Consent of Directors (Shell) (Modify if There Is a Sole Director)	14-10
§14-21.	Form 14-2. Action by Unanimous Written Consent of Shareholders in Lieu of a Meeting (Shell) (Modify if There Is a Sole Shareholder)	14-11
§14-22.	Form 14-3. Action by Partial Written Consent of Shareholders in Lieu of a Meeting	14-12
§14-23.	Form 14-4. Joint Action by Written Consent of Shareholders and Directors (Shell) (Modify if There Is a Sole Shareholder or a Sole Director)	14-13
§14-24.	Change of Registered Office	14-13
§14-25.	Form 14-5. Change of Registered Office	14-14
§14-26.	General Grant of Authority	14-14
§14-27.	Form 14-6. General Grant of Authority	14-15
§14-28.	Officer’s Certificate Relating to Minutes	14-15
§14-29.	Form 14-7. Officer’s Certificate Relating to Minutes	14-16
§14-30.	Ratification	14-16
§14-31.	Form 14-8. Ratification of Previous Actions	14-16
Chapter 15	Amendment of Articles of Incorporation	15-1
§15-1.	General	15-1
§15-2.	Proposal of Amendments	15-1
§15-3.	Shareholder Approval	15-1
§15-4.	Statutory Voting Rights	15-2
§15-5.	Permit from Corporations Commissioner	15-3
§15-6.	Adoption of an Amendment by Board Without Shareholder Action	15-4
§15-7.	Restatement of the Articles in Their Entirety	15-4
§15-8.	Certificate of Amendment	15-4
§15-9.	Form 15-1. Certificate of Amendment by Incorporators	15-6
§15-10.	Form 15-2. Certificate of Amendment by Majority of Directors	15-7
§15-11.	Form 15-3. Certificate of Amendment after Shareholder Approval	15-8
§15-11A.	Form 15-4. Restatement of Articles	15-9
§15-12.	Resolutions for Amending Articles of Incorporation	15-12
§15-13.	Nonprofit Corporations	15-13

Chapter 16	Dissolution	16-1
§16-1.	General	16-1
§16-2.	Proposal to Dissolve	16-1
§16-3.	Commencement of Dissolution	16-2
§16-4.	Pre-Dissolution Provision for Liabilities under CGCL §1903	16-2
§16-5.	Certificate of Dissolution	16-3
§16-6.	Contents of Certificate of Dissolution and Franchise Tax Clearance	16-3
§16-7.	Power of the Board	16-5
§16-8.	Dissolution of a Corporation That Has Not Commenced Business	16-5
§16-9.	Survival of Rights and Remedies	16-5
§16-10.	Involuntary Liquidation and Dissolution	16-7
§16-11.	Intervention by Creditors	16-8
§16-12.	Proceedings by Attorney General; Procedural Requirements	16-8
§16-13.	Winding Up Corporate Affairs and Bulk Sales Compliance	16-9
§16-14.	IRS Form 966	16-12
§16-15.	Form 16-1. Certificate of Election to Wind Up and Dissolve	16-13
§16-16.	Form 16-2. Certificate of Dissolution	16-14
§16-17.	Form 16-3. Resolutions to Be Adopted by Directors to Wind Up and Dissolve	16-16
§16-18.	Form 16-4. Resolutions to Be Adopted by Shareholders to Voluntarily Wind Up and Dissolve	16-17
§16-19.	Form 16-5. Notice of Dissolution to Be Mailed to Known Creditors and Claimants	16-18
§16-20.	Form 16-6. Notice of Commencement of Proceedings to All Shareholders, Creditors and Claimants	16-19
§16-21.	Form 16-7. Certificate of Revocation of Election to Wind Up and Dissolve	16-20
Chapter 17	Meetings of Shareholders	17-1
§17-1.	General	17-1
§17-2.	Regular Meetings of Shareholders; Time	17-1
§17-3.	Special Shareholder Meetings; Time	17-1
§17-4.	Shareholder Meetings; Adjournments	17-2
§17-5.	Shareholder Meetings; Place	17-2
§17-6.	Action by Written Consent in Lieu of a Meeting	17-2
§17-7.	Shareholder Meeting; Notice Generally	17-3
§17-8.	Shareholder Meeting; Contents of Notice	17-3
§17-9.	Form 17-1. Notice of Shareholder Meeting (Shell)	17-4
§17-10.	Shareholder Meeting; Notice of Adjournment	17-5
§17-11.	Method of Giving of Notice of Shareholder Meetings; Timing; Special Meetings	17-5
§17-12.	Waiver of Notice of Shareholder Meetings	17-6
§17-13.	Fixing the Record Date	17-6
§17-14.	Determination of Shareholders of Record When a Record Date Is Not Fixed	17-7

TABLE OF CONTENTS

§17-15.	Quorum for Meetings	17-7
§17-16.	Proxies — General	17-8
§17-17.	Revocation and Duration of Proxies	17-8
§17-18.	Irrevocable Proxies	17-8
§17-19.	Form of Proxy	17-9
§17-20.	Form 17-2. Private Corporation Proxy — Not Related to Specific Meeting or Purpose	17-10
§17-21.	Form 17-3. Private Corporation — Proxy for a Specific Meeting	17-11
§17-22.	Form 17-4. Proxy Pursuant to 1934 Act Rules	17-13
§17-23.	Proxies; Number of Shares “Held of Record”	17-14
§17-24.	Inspectors of Election	17-15
§17-25.	Voting Rights Generally	17-15
§17-26.	Election of Directors; Need for Ballots	17-15
§17-27.	Election of Directors; Cumulative Voting	17-16
§17-28.	Election of Directors; Action to Determine Validity of Elections; Judicial Relief	17-16.2
§17-29.	Voting by Corporate Shareholders	17-17
§17-30.	Voting by Fiduciaries, Pledgees, <i>etc</i>	17-17
§17-31.	Voting by Joint Holders of Shares	17-18
§17-32.	Shareholder and Voting Agreements	17-18
§17-33.	Supermajority Voting	17-19
§17-34.	Forms Included	17-20
§17-35.	Form 17-5. Checklist for Annual Meeting of Shareholders	17-22
§17-36.	Form 17-6. Timetable for Public Corporation’s Annual Meeting of Shareholders	17-27
§17-37.	Form 17-7. Letter to SEC re: Omission of Shareholder Proposal from Proxy Material	17-32
§17-38.	Form 17-8. Letter Transmitting Timetable to Client	17-33
§17-39.	Form 17-9. Letter Regarding Bogus Proxy Mailing Services	17-34
§17-40.	Form 17-10. Form of Search Card Including Request for NOBO Information When Registrant Does Not Intend to Mail Materials Directly	17-35
§17-41.	Form 17-11. Form of Search Card Including Request for NOBO Information When Registrant Intends to Mail Materials Directly	17-36
§17-42.	Form 17-12. Form of Letter Requesting NOBO Information Not in Connection with a Meeting of Shareholders	17-38
§17-43.	Form 17-13. Letter Transmitting Questionnaire	17-39
§17-44.	Form 17-14. Board Resolutions Regarding Annual Meeting	17-40
§17-45.	Form 17-15. Letter to Stock Exchange (to Be Mailed at Least 10 Days for NYSE and AMEX Before Record Date)	17-43
§17-46.	Form 17-16. Letter to Transfer Agent	17-44
§17-47.	Form 17-17. Letter Transmitting Preliminary Proxy Materials to SEC ..	17-45

§17-48.	Form 17-18. Letter Transmitting Definitive Proxy Materials to SEC When Preliminary Proxy Materials Were Not Filed	17-46
§17-49.	Form 17-19. Letter Transmitting Definitive Proxy Materials to SEC When Preliminary Proxy Materials Were Filed Previously	17-48
§17-50.	Form 17-20. Script for Annual Meeting	17-50
§17-51.	Form 17-21. Meeting Sign-in Sheet for Persons Other Than Shareholders or Proxies	17-55
§17-52.	Form 17-22. Treating Preferred Classes Ratably on Liquidation Defaults	17-56
§17-53.	Form 17-23. Affidavit — List of Shareholders	17-57
§17-54.	Form 17-24. Oath of Judge of Election	17-58
§17-55.	Form 17-25. Ballot for Shareholders Meeting	17-59
§17-56.	Form 17-26. Inspector of Election Report	17-60
§17-57.	Form 17-27. Waiver of Notice of Meeting	17-62
§17-58.	Form 17-28. Certificate of Mailing of Materials for Meeting	17-63
§17-59.	Form 17-29. Questions and Answers for Shareholders on Proxy Material and Annual Meeting	17-64
Chapter 18	Share Certificates and Uncertificated Shares	18-1
§18-1.	Introduction	18-1
§18-2.	Contents and Form of a Share Certificate	18-2
§18-3.	Execution	18-2
§18-4.	Notation of Restrictions	18-3
§18-5.	Uncertificated Shares	18-3
§18-6.	Initial Transaction Statement; Uncertificated Shares	18-4
§18-7.	Fractional Shares or Scrip	18-4
§18-8.	Shares That Are Not Fully Paid	18-4
§18-9.	Transfer Agents and Registrars	18-4
§18-10.	Form of Stock Certificate Face	18-5
§18-11.	Form 18-1. Face of Share Certificate	18-6
§18-12.	Form 18-2. Rear of Share Certificate	18-7
§18-13.	Form 18-3. Legend for Stock Certificate Relating to Restrictions on Transfer	18-8
§18-14.	Form 18-4. Legend for Stock Certificate Relating to Classes and Series of Shares as Contemplated by CGCL §417	18-9
§18-15.	Form 18-5. Legend for Stock Certificate Relating to Absence of Registration Under Securities Act of 1933	18-10
§18-16.	Transfer of Share Certificates	18-10
§18-17.	Form 18-6. Stock Transfer Power	18-11
§18-18.	Form 18-7. Stock/Bond Transfer Power	18-12
§18-19.	Lost, Stolen or Destroyed Share Certificates	18-12
§18-20.	Form 18-8. Affidavit of Loss, Theft or Destruction of Stock Certificate	18-13

TABLE OF CONTENTS

§18-21.	Security Interests in Shares	18-14
Chapter 19	Transactions with Affiliates	19-1
§19-1.	General	19-1
§19-2.	Interested Director Transactions	19-2
§19-3.	Fairness Opinion Requirements	19-3
§19-4.	Standard of Review of Transactions with Affiliates	19-4
§19-5.	Piercing the Corporate Veil	19-4
§19-6.	Regulation of Transactions with Affiliates Outside of the CGCL	19-5
Chapter 20	Foreign Corporations	20-1
§20-1.	Foreign Corporations Generally	20-1
§20-2.	Qualification to Do Business in California	20-1
§20-3.	Activities Not Constituting Doing Business in California	20-2
§20-4.	Annual Statement of Qualified Foreign Corporation	20-3
§20-5.	Consequences of Failure to Qualify as Required	20-4.1
§20-6.	Suspension of Certificate of Qualification	20-5
§20-7.	Termination of Qualified Status	20-5
§20-8.	Application of Certain Corporations Code Sections to Foreign Corporations	20-6
§20-9.	Form 20-1. Statement and Designation by Foreign Corporation	20-7
§20-10.	Form 20-2. Amended Statement by Foreign Corporation	20-9
§20-11.	Form 20-3. Certificate of Surrender of Right to Transact Intrastate Business	20-10
Chapter 21	Nonprofit Corporations	21-1
§21-1.	Introduction	21-1
§21-2.	Types of Nonprofit Corporations under the CNPL	21-1
§21-3.	Similarities to the CGCL	21-2
§21-4.	Purposes	21-4
§21-5.	Tax Status	21-4
§21-6.	The Incorporation Process	21-5
§21-7.	Forms Included	21-6
§21-8.	Form 21-1. Simple Articles of Incorporation of: (A) A Nonprofit Public Benefit Corporation, (B) A Nonprofit Mutual Benefit Corporation, and (C) A Nonprofit Religious Corporation	21-8
§21-9.	Powers	21-12
§21-10.	Bylaws	21-12
§21-11.	Board of Directors and Committees	21-12
§21-12.	Members	21-12.1
§21-13.	Liability of Members	21-13
§21-14.	Transferability of Membership	21-13
§21-15.	Expulsion	21-13

§21-16.	Termination and Expiration of Membership	21-14
§21-17.	Absence of Members	21-14
§21-18.	Other Associates — Use of Term “Member”	21-14
§21-19.	Financial Matters	21-14
§21-20.	Periodic Reports	21-15
§21-21.	Uniform Supervision of Trustees for Charitable Purposes Act and the California Nonprofit Integrity Act of 2004	21-16
§21-22.	Foreign Nonprofit Corporations	21-16
§21-23.	Form 21-2. Initial and Biennial Statement of Nonprofit Corporation	21-17
§21-24.	Form 21-3. Conflict of Interest Policy	21-19
Chapter 22	Statutory Close Corporations	22-1
§22-1.	Statutory Close Corporations Generally	22-1
§22-2.	Summary of Provisions	22-1
§22-3.	Articles of Incorporation — Mandatory Provisions	22-4
§22-4.	Minimum Vote Requirement	22-4
§22-5.	Share Certificates — Notice of Close Corporation Status and Other Matters ..	22-4
§22-6.	Preemptive Rights	22-5
§22-7.	Transfer of Shares in Breach of Transfer Restrictions	22-5
§22-8.	Dissenters Rights	22-5
§22-9.	Termination of Close Corporation Status	22-5
Chapter 23	Execution of Corporate Documents	23-1
§23-1.	General	23-1
§23-2.	Statutory Provision on Execution	23-1
§23-3.	No Seal Required for Validity	23-2
§23-4.	Execution of Documents by Non-Profit Corporations	23-2
§23-4A.	Electronic Execution	23-3
§23-5.	Forms for Execution	23-4.1
§23-6.	Form 23-1. Execution of a One Party Document	23-4.2
§23-7.	Form 23-2. Execution of a One Party Document by Two Signatories	23-5
§23-8.	Form 23-3. Execution of a Multiparty Document	23-6
Chapter 24	Stock Splits, Dividends and Recapitalizations	24-1
§24-1.	Introduction	24-1
§24-2.	Stock Splits and Reverse Stock Splits	24-1
§24-3.	Dividends	24-3
§24-4.	Recapitalizations	24-10
§24-5.	Form 24-1. Resolution Authorizing Stock Split	24-14
§24-6.	Form 24-2. Resolution Authorizing Reverse Stock Split	24-16
§24-7.	Form 24-3. Stock Split—Certificate of Amendment of Articles of Incorporation	24-18

§24-8.	Form 24-4. Letter Announcing Stock Split	24-19
Chapter 25	Representations and Warranties	25-1
§25-1.	Introduction	25-1
§25-2.	Drafting the Representations	25-2
§25-3.	Schedules	25-4
§25-4.	Negotiating the Representations	25-6
§25-4A.	Materiality	25-6
§25-4B.	Knowledge	25-8
§25-4C.	A Final Note on Qualifiers	25-8.1
§25-5.	Using the Forms	25-8.1
§25-6.	Form 25-1. Representations and Warranties	25-9
Chapter 26	Mergers, Consolidations, Asset Sales, Share Exchanges and Business Combinations Generally	26-1
§26-1.	Introduction	26-1
§26-2.	Codification of De Facto Merger Doctrine	26-3
§26-3.	Forms Included	26-4
§26-4.	Limitation on Use of the Forms	26-4
§26-5.	Letters of Intent	26-4
§26-6.	Confidentiality Agreement	26-4
§26-7.	Standstill and No-Shop Agreements	26-4
§26-8.	Attorney-Client Issues	26-4
§26-9.	The Agreement of Merger	26-5
§26-9A.	Limitations on Conversion of Securities	26-6
§26-10.	Board Approval of Reorganization	26-6
§26-11.	Shareholder Approval of Reorganization	26-6
§26-11A.	Interested Party Transactions	26-7
§26-12.	Consideration to Be in Reorganization	26-8
§26-13.	Filing Requirements	26-8
§26-14.	Effects of a Merger	26-9
§26-15.	Dissenters Rights	26-10
§26-15A.	Specific Performance	26-10
§26-16.	Mergers Involving Foreign Corporations	26-10
§26-17.	Interspecies Mergers	26-11
§26-18.	Other Approvals and Notices	26-11
§26-19.	Other Sources of Information	26-11
§26-20.	Buyer's Checklist	26-12
§26-21.	Form 26-1. Buyer's Acquisition Checklist	26-13
§26-22.	Form 26-2. Buyer's Due Diligence Checklist	26-20
§26-23.	Buyer's Real Estate Checklist	26-25
§26-24.	Form 26-3. Buyer's Real Estate Checklist	26-25
§26-25.	Target's Checklist	26-27
§26-26.	Form 26-4. Target's Checklist	26-27

§26-27.	Labor/Employment Relations/ERISA Checklist	26-29
§26-28.	Form 26-5. Labor/Employment Relations/ERISA Checklist	26-29
Chapter 27	Acquisition Forms Generally	27-1
§27-1.	Forms Generally	27-1
§27-2.	Letters of Intent	27-1
§27-3.	Confidentiality and Standstill Provisions	27-1
§27-4.	Additional Provisions and Considerations	27-1
§27-4A.	Material Adverse Effects or Changes	27-2
§27-5.	Forms Included	27-2
§27-6.	Triangular Mergers	27-3
§27-7.	Principal Terms of Acquisition Agreements	27-3
§27-8.	ABA Model Stock Purchase Agreement and Manual and Other References	27-4
§27-9.	Sample Certificate of Ownership	27-4
§27-10.	Form 27-1. Sample Certificate of Ownership	27-5
§27-11.	Sample Short-Form Agreement of Merger	27-5
§27-12.	Form 27-2. Sample Short-Form Agreement of Merger	27-6
§27-13.	Form 27-3. Sample Certificate of Approval of Agreement of Merger ..	27-7
§27-14.	Alternative Definitions	27-7
§27-15.	Form 27-4. Definitions from ABA Model Stock Purchase Agreement ..	27-8
§27-16.	Form 27-5. Additional Definitions	27-15
Chapter 28	Stock Purchase Agreement — Long Form	28-1
§28-1.	Stock Purchase Agreement — Form Included	28-1
§28-2.	Limitations and Suggestions for Use of the Form	28-1
§28-3.	Shares	28-1
§28-4.	Purchase Price Considerations Generally	28-2
§28-5.	Purchase Price Adjustments; Exchange Ratio	28-2
§28-6.	Earnout Transactions	28-3
§28-7.	Deferred Closings	28-4
§28-8.	Purchasing Division, Subsidiary or Portion of a Business	28-5
§28-9.	Payments, Deferred Payments and Escrow Provisions	28-5
§28-10.	Description of the Business and Allocation of Responsibilities	28-6
§28-11.	Advantages and Disadvantages of Stock Purchase	28-6
§28-12.	Form 28-1. Stock Purchase Agreement	28-8
Chapter 29	Asset Purchase Agreement — Long Form	29-1
§29-1.	Asset Purchase Agreement — Form Included	29-1
§29-2.	Limitations and Suggestions for Use of the Form	29-1
§29-3.	Other General Considerations	29-2
§29-4.	Identification of Assets	29-2
§29-5.	Assumption of Liabilities	29-2

TABLE OF CONTENTS

§29-6.	Purchase Price Considerations	29-3
§29-7.	Allocation of Purchase Price	29-3
§29-8.	Joinder by Shareholders	29-3
§29-9.	Additional Corporate Requirements	29-4
§29-10.	Bulk Sales Laws	29-4
§29-11.	Conveyance Issues	29-4
§29-12.	Advantages and Disadvantages of Asset Purchase	29-5
§29-13.	Form 29-1. Asset Purchase Agreement	29-6
Chapter 30	Mergers of Corporations and Other Business Entities	30-1
§30-1.	Introduction	30-1
§30-2.	Requirements	30-1
§30-3.	The Agreement of Merger	30-2
§30-4.	Limitations on Conversion of Securities	30-2
§30-5.	Adoption of an Agreement of Merger	30-3
§30-6.	Dissenters Rights	30-3
§30-7.	Effect of the Merger	30-3
§30-8.	Filing of Merger Documents	30-4
§30-9.	The Secretary of State’s Form of Certificate of Merger	30-5
§30-10.	Form 30-1. Secretary of State’s Official Form of Certificate of Merger	30-6
§30-11.	Merger with Foreign Entities	30-12
Chapter 31	Dissenters Rights	31-1
§31-1.	Introduction	31-1
§31-2.	Actions Giving Rise to Dissenters Rights	31-2
§31-3.	Generally Applicable Exceptions	31-2
§31-4.	Procedures to Perfect Dissenters Rights	31-3
§31-5.	Restriction on Attack of the Transaction; Exclusivity of Remedy	31-5
§31-6.	Modification of Dissenters Rights by Agreement	31-5
§31-7.	Section 2115 Conflicts	31-7
§31-8.	Forms Included	31-7
§31-9.	Form 31-1. Information Statement Summary of Dissenters Rights	31-8
§31-10.	Form 31-2. Notice of Reorganization and Dissenters Rights	31-11
Chapter 32	Shareholders’ Agreements	32-1
§32-1.	Introduction	32-1
§32-2.	Forms Included Herein, Their Limitations and Suggestions for Their Use	32-2
§32-3.	Identifying the Client	32-2
§32-4.	Purposes of a Shareholders’ Agreement	32-2
§32-5.	Parties to the Agreement	32-3
§32-6.	Buy/Sell Arrangements — Purposes	32-4

§32-7.	Buy/Sell Agreements — Triggering Events	32-4
§32-7A.	Rights of First Refusal and First Offer Compared	32-5
§32-8.	Exceptions to Triggering Events	32-6
§32-9.	Buy/Sell Arrangements — Purchase Price	32-6
§32-10.	Buy/Sell Arrangements — Identity of Purchasers and Their Obligations	32-8
§32-11.	Buy/Sell Arrangements — Obligations of Sellers	32-8
§32-12.	Buy/Sell Arrangements — Payment, Corporate Notes and Related Terms	32-9
§32-13.	Use of Insurance	32-10
§32-14.	Buy/Sell Obligation — Sequential Triggering Events	32-10
§32-15.	Buy/Sell Agreements — Tag-Along and Drag-Along Rights	32-10
§32-16.	Restrictions on Transfer	32-11
§32-17.	Termination of Shareholders’ Agreements	32-11
§32-18.	Dispute Resolution Mechanisms	32-12
§32-19.	Shoot-Out Provisions	32-12
§32-20.	Voting Rights	32-13
§32-21.	Ensuring Distributions	32-13
§32-22.	Provisions Need Not Be Reciprocal or Symmetrical	32-13
§32-23.	Notation on Certificates and Shareholder Records	32-14
§32-24.	Tax Consequences	32-14
§32-25.	Bylaws Provisions in Governing Documents and Other Agreements	32-14
§32-26.	Spousal Consents	32-15
§32-27.	Form 32-1. Form of Shareholders’ Agreement	32-16
§32-28.	Form 32-2. Letter to Client on Spousal Consent Issues	32-37
Chapter 33	Employment Agreements	33-1
§33-1.	Introduction	33-1
§33-2.	Applicable Legal Requirements	33-1
§33-3.	Severance and Deferred Compensation	33-2
§33-4.	Checklist for Drafting	33-5
§33-5.	Agreement Forms Included	33-5
§33-6.	Form 33-1. Checklist for Employment Agreement	33-6
§33-7.	Form 33-2. Employment Agreement	33-7
§33-8.	Reserved	
§33-9.	Form 33-3. Additional Provisions for Executive Agreements	33-27
Chapter 34	Stock Purchase Warrants	34-1
§34-1.	General	34-1
§34-2.	Classes or Series of Warrants	34-3
§34-3.	A Warrant Agent	34-3
§34-4.	Related Agreements	34-3
§34-5.	Conversion Rights	34-3
§34-6.	Redeemable Warrants	34-4
§34-7.	Antidilution Adjustments	34-4
§34-8.	Warrants for Convertible Securities	34-5

TABLE OF CONTENTS

§34-9.	Forms Included	34-6
§34-10.	Form 34-1. Stock Purchase Warrant	34-7
§34-11.	Form 34-2. Revisions for a Warrant Agent Agreement	34-22
§34-12.	Form 34-3. Simple Stock Purchase Warrant	34-28
Chapter 35	Voting Trusts	35-1
§35-1.	Introduction	35-1
§35-2.	Voting Rights of the Trustee	35-2
§35-3.	Duration of Voting Trust	35-2
§35-4.	Class of Shares Covered by the Agreement	35-2
§35-5.	Power of the Trustee to Sell Shares	35-3
§35-6.	Voting for Acquisitions	35-4
§35-7.	Compromises Regarding Liability Exposure	35-5
§35-8.	Dissenters Rights	35-5
§35-9.	The Corporation as a Party	35-6
§35-10.	Joinder of Additional Shareholders	35-6
§35-11.	Successor Trustee	35-6
§35-12.	Termination or Modification of a Voting Trust	35-7
§35-13.	Fees and Expenses	35-7
§35-14.	Shareholders' Agreement	35-8
§35-15.	Other Voting Arrangements	35-8
§35-16.	Form 35-1. Voting Trust Agreement	35-9
Chapter 36	Registration Rights Agreements — Variables and Practical Considerations	36-1
§36-1.	Introduction	36-1
§36-2.	Overview of Demand and Piggyback Rights	36-2
§36-3.	Demand Registration Rights — Frequency and Extent of Exercise	36-4
§36-4.	Demand Rights — Updating Responsibility	36-5
§36-5.	Demand Rights — Obligation to Complete the Process	36-5
§36-6.	Demand Rights — The Holder's Obligation to Suspend Sales if Prospectus Is Not Current	36-6
§36-7.	Piggyback Registration Rights Generally	36-7
§36-8.	Piggyback Rights — Time Period for Acceptance of Registration Opportunity	36-8
§36-9.	Proration among and Sequencing of Registration Rights	36-9
§36-10.	Strategies for Negotiating Marketing Arrangements	36-10
§36-11.	Timing of Registration	36-13
§36-12.	Consequences of Breach	36-14
§36-13.	Coverage of the Agreement	36-16
§36-14.	Additional Considerations	36-16
§36-15.	Conclusion	36-19
§36-16.	Form of Registration Rights Agreement Included Herein	36-19
§36-17.	Form 36-1. Registration Rights Agreement	36-20

Chapter 37	Final and Formal Agreement Provisions	37-1
§37-1.	Introduction	37-1
§37-2.	Use of These Provisions	37-2
§37-3.	Choice of Law Provisions	37-3
§37-4.	Execution of Documents by Corporations	37-5
§37-5.	Form 37-1. Miscellaneous, Formal and Final Clauses	37-6
Chapter 38	Letters of Intent	38-1
§38-1.	Letters of Intent — Generally	38-1
§38-2.	Reasons to Use a Letter of Intent	38-2
§38-3.	Reasons Not to Use a Letter of Intent	38-3
§38-4.	Cases on Letters of Intent	38-4
§38-5.	Form of Letter of Intent	38-6
§38-6.	Form 38-1. Letter of Intent	38-6.1
Chapter 39	Confidentiality Agreements	39-1
§39-1.	Introduction	39-1
§39-2.	Description of Information Covered by the Agreement	39-2
§39-3.	Exceptions to Confidentiality Requirements	39-2
§39-4.	Restrictions on Use of Information	39-4
§39-5.	Return or Destruction of Data	39-5
§39-5A.	Problems with Electronic Data	39-5
§39-6.	Term of Restriction	39-5
§39-7.	Method of Communicating Information	39-6
§39-8.	Phased Disclosure	39-6
§39-9.	Remedies	39-7
§39-10.	Standstill Provisions	39-7
§39-11.	No Shopping Provisions	39-7
§39-12.	Letter of Intent	39-7
§39-13.	Disclaimer of Accuracy of Evaluation Information	39-8
§39-14.	Non-Disclosure of Discussions	39-8
§39-15.	Legal Obligations Arising from Receipt of Confidential Data	39-8
§39-15A.	Regulation FD and Confidentiality Agreements	39-8
§39-15B.	IRS Anti-Tax Shelter Regulations and Confidentiality Agreements	39-8.1
§39-16.	Forms Included Herein, Their Limitations and Suggestions for Their Use ...	39-8.1
§39-17.	Form 39-1. Confidentiality Letter Agreement	39-9
§39-18.	Form 39-2. Confidentiality Agreement	39-19
§39-19.	Form 39-3. Simple Letter Agreement	39-23
§39-20.	Form 39-4. Simple Terms for Mutual Restrictions	39-26
§39-21.	Form 39-5. Simple Confidentiality Letter from Recipient	39-28
Chapter 40	Standstill and No Shopping Agreements	40-1
§40-1.	General	40-1

TABLE OF CONTENTS

§40-2.	Standstill Provisions	40-1
§40-2A.	Standstill Agreements and Securities Exchange Act Reporting — A Trap for the Unwary	40-3
§40-3.	Form 40-1. Standstill Provisions	40-6
§40-4.	No Shopping Provisions	40-8
§40-5.	Form 40-2. No Shopping Provision — Most Detailed Version	40-10
§40-6.	Form 40-3. No Shopping Provision — Intermediate Version	40-13
§40-7.	Form 40-4. No Shopping Provision — Simplest Version	40-14
§40-8.	Fiduciary Obligations and Fiduciary Outs	40-14
§40-8A.	No Talk Provisions and Fiduciary Outs	40-16
§40-9.	Go Shopping Provisions	40-19
§40-10.	Interrelationship of Provisions	40-19
Chapter 41	Trademarks	41-1
§41-1.	Federal and State Law Govern Trademarks	41-1
§41-2.	Selection of a Trademark	41-2
§41-3.	Overview of Trademark Registration under California Business and Professions Code	41-2
§41-4.	What Constitutes a Trademark	41-3
§41-5.	Who May Apply for California Registration of a Trademark	41-3
§41-6.	A Mark Must Be Used in California to Be Registered under the Trademark Law	41-3
§41-7.	Requirements for Filing an Application	41-4
§41-8.	Certain Marks Are Unregistered	41-5
§41-9.	Duration of Registration and Renewal of Registration	41-5
§41-10.	Assignment of Mark	41-6
§41-11.	Recordation of Change of Name	41-6
§41-12.	Inspection of the Trademark Register	41-6
§41-13.	Trademark Application, Assignment and Renewal Forms Included	41-7
§41-14.	Limitations and Suggestions for Use of the Forms	41-7
§41-15.	Form 41-1. Registration of Trademark or Service Mark	41-8
§41-16.	Form 41-2. Renewal of Trademark or Service Mark	41-14
§41-17.	Form 41-3. Assignment of Trademark or Service Mark	41-15
§41-18.	Form 41-4. General Form of Assignment of Trademark	41-17
Chapter 42	[Reserved]	42-1
Chapter 43	[Reserved]	43-1
Chapter 44	Alternative Dispute Resolution	44-1
§44-1.	Introduction	44-1
§44-2.	Description of Forms	44-3
§44-3.	Form 44-1. Standard Negotiation Clause	44-5

§44-4.	Form 44-2. Structured Negotiation with Additional Non-Binding Procedures	44-6
§44-5.	Form 44-3. Structured Negotiation with Assistance of Neutral Clause	44-7
§44-6.	Form 44-4. Negotiation plus Mini-Trial Agreement	44-9
§44-7.	Form 44-5. Standard Mediation Clause	44-10
§44-8.	Form 44-6. Enforcement Clause for Mediation Agreements	44-11
§44-9.	Form 44-7. Mandatory Mediation	44-12
§44-10.	Form 44-8. Mini-Trial	44-13
§44-11.	Form 44-9. Mediation-Arbitration	44-14
§44-12.	Form 44-10. Standard Arbitration Clause	44-15
§44-13.	Form 44-11. Standard Arbitration Clauses of International Providers	44-17
§44-14.	Form 44-12. Appointment of Arbitrator	44-18
§44-15.	Form 44-13. Qualifications of Arbitrator	44-19
§44-16.	Form 44-14. Confidentiality of Arbitration Proceedings	44-20
§44-17.	Form 44-15. Discovery and Evidentiary Rules in Arbitration	44-21
§44-18.	Form 44-16. Power of Arbitrators: Provisional Relief	44-23
§44-19.	Form 44-17. Power of Arbitrators: Remedies	44-24
§44-20.	Form 44-18. Arbitration: Access to the Courts for Interim Relief During Arbitration	44-25
§44-21.	Form 44-19. Stenographic Records	44-26
§44-22.	Form 44-20. Time Limits for Decisions and Relief	44-27
§44-23.	Form 44-21. Written Opinion by Arbitrators	44-28
§44-24.	Form 44-22. Interest on Arbitration Award	44-29
§44-25.	Form 44-23. Incorporation by Reference	44-30
§44-26.	Form 44-24. Fees and Expenses of Arbitrators	44-31
§44-27.	Form 44-25. Right to Appeal to Appellate Arbitration Panel	44-33
§44-28.	Form 44-26. Right to Judicial Review of Arbitrator's Decision	44-34
§44-29.	Form 44-27. International Arbitration: Language	44-35
§44-30.	Form 44-28. International Arbitration: Governing Law	44-36
§44-31.	Form 44-29. International Arbitration: Location	44-37
§44-32.	Form 44-30. International Arbitration: Enforceability of Award	44-38
§44-33.	Form 44-31. Judicial Reference	44-39
Chapter 45	Antidilution Adjustments	45-1
§45-1.	General	45-1
§45-2.	Principal Factors Subject to Adjustment	45-2
§45-3.	Basic Types of Adjustment	45-2
§45-3A.	Provisions in Revised Model Simplified Indenture	45-3
§45-4.	The Capital Changes Approach	45-3
§45-5.	The Downward Conversion Approach	45-4
§45-6.	The Current Quotient Approach	45-5
§45-7.	The Full Ratchet Approach	45-6

TABLE OF CONTENTS

§45-8.	Sales Below the Then-Current Market Price	45-6
§45-9.	The Fixed Percentage Approach	45-7
§45-10.	Cash Dividends and Distributions	45-8
§45-11.	Exceptions	45-10
§45-12.	Reversing Adjustments	45-11
§45-13.	Expressing Antidilution Adjustments as Algebraic Equations	45-11
§45-13A.	Reflecting Antidilution Adjustments Corporate Charter	45-12
§45-14.	Cascading Adjustments Resulting from Changes in Other Outstanding Rights	45-12
§45-15.	Catchall Provisions	45-12
§45-16.	Complexity	45-13
§45-17.	Absence of Contractual Provisions	45-14
§45-17A.	Antidilution Adjustments under Employee Benefit Plans	45-14
§45-18.	Forms Included	45-14.2
§45-19.	Form 45-1. Antidilution Provisions	45-15
§45-20.	Form 45-2. The Full Ratchet Approach	45-27
§45-21.	Form 45-3. The Holder Acquires a Fixed Percentage of the Outstanding Shares at the Time of Exercise (See §45-9 of This Work)	45-28
§45-22.	Form 45-4. Capital Changes Adjustment — A Simple Provision	45-29
§45-23.	Form 45-5. Basic Antidilution Adjustments from the Model Simplified Indenture (Using Algebraic Equations) (See §45-13 of This Work)	45-30
§45-24.	Form 45-6. A Simple Clause to Adjust the Number of Shares Based upon the Adjustment to the Exercise Price	45-33
§45-25.	Form 45-7. A Catchall Provision	45-34
§45-26.	Form 45-8. Statement of Adjustment to Be Given to Holders	45-35
§45-27.	Form 45-9. Statement of Adjustment — Alternative Version	45-36
§45-28.	Form 45-10. Distributions of Rights, Options or Warrants, Convertible Securities or Indebtedness Without Consideration	45-37
§45-29.	Form 45-11. Determining Market Price	45-38
§45-30.	Form 45-12. Readjustments	45-39
§45-31.	Form 45-13. Exceptions to Adjustments on Exercise or Related Rights	45-40
§45-32.	Form 45-14. Preservation of Rights in Merger, Consolidation, etc.	45-41
§45-33.	Form 45-15. Definition of “Shares”	45-42
§45-34.	Form 45-16. Retaining or Replacing Warrant Form after Adjustments in Company’s Discretion	45-43
§45-35.	Form 45-17. Issuance of a New Warrant Certificate to Reflect Certain Adjustments	45-44
§45-36.	Form 45-18. Fractional Shares Rounded	45-45
§45-37.	Form 45-19. Fractional Shares Paid in Cash	45-46
§45-38.	Form 45-20. Reservation of Shares	45-47

§45-39.	Form 45-21. Status of Shares; Expenses of Issuance	45-48
Chapter 46	The Public Offering Process	46-1
§46-1.	Introduction	46-1
§46-2.	Advantages of Going Public	46-2
§46-3.	Disadvantages of Going Public	46-3
§46-4.	Eligibility for Public Financing	46-5
§46-5.	Selection of an Underwriter	46-5
§46-6.	Going Public Without an Underwriter	46-9
§46-7.	Structure of the Offering	46-10
§46-8.	Small Business Issuers	46-13
§46-9.	The Registration Statement	46-13
§46-10.	Preparing the Registration Statement	46-16.2
§46-11.	Review by the SEC	46-21
§46-12.	Pre-Effective and Post-Effective Offers	46-23
§46-13.	Post-Effective Updating and Delivery of Prospectuses	46-28
§46-14.	The Underwriting Agreement	46-28.3
§46-14A.	Lockup Agreement	46-31
§46-14B.	Friends and Family Shares	46-31
§46-14C.	Restrictions on the Purchase and Sale of IPO Shares	46-32
§46-15.	Preliminary Preparation	46-32
§46-16.	Timetable	46-32.1
§46-17.	Expenses	46-33
§46-18.	Liabilities	46-37
§46-19.	Stock Trading	46-8
§46-20.	SRO Policies — Conflicts of Interest	46-40.3
§46-21.	SRO Policies — Voting Rights	46-41
§46-22.	SRO Policies — Shareholder Votes Required	46-41
§46-22A.	SRO Policies — Director Independence	46-42
§46-23.	SRO Policies — Audit Committees	46-43
§46-23A.	SRO Policies — Independent Committees	46-44
§46-23B.	SRO Policies — Codes of Conduct and Ethics	46-44
§46-24.	SRO Policies — Control on Future Stock Issuances	46-44
§46-25.	SRO Policies — Timely Disclosure of Information	46-45
§46-26.	Conclusion	46-45
§46-27.	Questionnaire and Organizational Materials for an IPO	46-45
§46-28.	Form 46-1. Questionnaire for Directors, Officers and 5% Shareholders	46-46.1
§46-29.	Form 46-2. IPO Organizational Materials	46-65
§46-30.	Public Offerings Exempt from 1933 Act Registration and Subject to State Blue Sky Laws	46-84
§46-31.	SCOR Offerings	46-87

§46-32.	Coordinated Equity Review (CER)	46-87
Chapter 47	Consequences of Public Ownership	47-1
§47-1.	Introduction	47-1
§47-2.	Periodic Reporting Requirements	47-2
§47-3.	Registration under the Securities Exchange Act of 1934	47-14.1
§47-4.	The Proxy Rules	47-16
§47-5.	Small Business Issuers	47-20
§47-6.	Short-Swing Profit Recapture	47-20.1
§47-7.	Reports of Beneficial Ownership	47-21
§47-8.	Short Sale Prohibition	47-24.1
§47-9.	The Williams Act	47-25
§47-10.	Foreign Corrupt Practices Act	47-26
§47-10A.	Financial Disclosure Reform under the Sarbanes-Oxley Act	47-28
§47-10B.	Regulation and Accountability of Officers and Directors under the Sarbanes-Oxley Act	47-33
§47-11.	Reports to Shareholders; Use of Electronic Techniques	47-36
§47-12.	Mandated Electronic Filing under the EDGAR System	47-37
§47-13.	Year End Timetable	47-39
§47-14.	Shareholder Meetings	47-40
§47-15.	Disclosures Generally	47-41
§47-15A.	Selective Disclosures — Regulation FD	47-46
§47-16.	Confidentiality	47-48.1
§47-17.	Relationship with the Board of Directors	47-49
§47-18.	Individual Sales of Shares	47-49
§47-19.	Individual Responsibilities	47-51
§47-20.	Liability	47-52.3
§47-21.	Form 47-1. Calendar of Recurring Filing Dates and Events	47-52.4
§47-22.	Form 47-2. Filings Not Recurring on a Regular Basis	47-52.6
§47-23.	Notice Requirement	47-52.6
§47-24.	Form 47-3. Policy Adopted by the Board of Directors Relating to Insider Trading in Company Securities and Confidentiality of Information	47-53
§47-25.	Form 47-4. Section 16 Compliance Program and Related Documents	47-56
§47-26.	Form 47-5. Form of Section 906 Certification	47-49
§47-27.	Form 47-6. Form of Section 302 Certification	47-70
Chapter 48	Raising Capital in Private Placements	48-1
§48-1.	Registration or Exemption	48-1
§48-2.	Preemption of Some State Laws	48-2
§48-3.	Federal Exemptions for Private Placements	48-3

CALIFORNIA CORPORATE FORMS AND PRACTICE MANUAL

§48-4.	Regulation D	48-5
§48-5.	Summary of Regulation D	48-8
§48-6.	Exemptions from Registration under Applicable California Law	48-9
§48-7.	Documentation in a Private Placement	48-14
§48-8.	Forms	48-15
§48-9.	Form 48-1. Investor Questionnaire	48-16
§48-10.	Form 48-2. Subscription Agreement	48-23
§48-11.	Form 48-3. Private Placement Memorandum	48-40
§48-12.	Form 48-4. Appointment of Purchaser Representative	48-57
Chapter 49 [Reserved]		49-1
Chapter 50 Debt Instruments		50-1
§50-1.	General	50-1
§50-2.	Form 50-1. Promissory Note	50-4
Chapter 51 Stock Option/Incentive Plans		51-1
§51-1.	Introduction and Description of Forms Included	51-1
§51-2.	Executive Summary	51-2
§51-3.	Universal or Omnibus Plans	51-5
§51-4.	Evergreen Plans	51-8
§51-5.	Methods of Exercise	51-9
§51-6.	Taxation and Tax Withholding	51-11
§51-7.	Exercisability and Vesting of Shares	51-12
§51-8.	Transferable Options	51-14
§51-9.	Post-Termination Exercise	51-14
§51-10.	Forfeiture Provisions	51-15
§51-11.	Performance-Based Options	51-16
§51-12.	Variable Price Options	51-17
§51-13.	Phantom Units	51-18
§51-14.	Premium or Discount Options	51-19
§51-15.	Duration of the Plan	51-20.1
§51-16.	Persons Covered	51-21
§51-17.	Change of Control and Corporate Transactions	51-21
§51-18.	Antidilution Provisions	51-22
§51-19.	Formula Awards	51-22
§51-20.	Options in Lieu of Other Forms of Compensation	51-23
§51-21.	Repriced or Substitute Options	51-23
§51-22.	Stock Ownership and Equity Risk Sharing Provisions	51-24
§51-23.	Amendments and Administration	51-25
§51-24.	Federal Securities Act Registration	51-25
§51-25.	Blue Sky Laws	51-28
§51-26.	Accounting Issues	51-28

TABLE OF CONTENTS

§51-27.	Introduction to Checklist	51-31
§51-28.	Form 51-1. Checklist for Preparing an Option/Incentive Plan	51-36
§51-29.	Form 51-2. Purpose of Plan	51-37
§51-30.	Form 51-3. Eligibility	51-38
§51-31.	Form 51-4. Form of Grant or Award	51-39
§51-32.	Form 51-5. Number of Shares Covered by the Plan	51-40
§51-33.	Form 51-6. Methods of Exercise	51-42
§51-34.	Form 51-7. Reload Options	51-43
§51-35.	Form 51-8. Fixed Price Options	51-44
§51-36.	Form 51-9. Variable Price Options	51-45
§51-37.	Form 51-10. Performance-Based Grants and Awards	51-46
§51-38.	Form 51-11. Tax Withholding	51-47
§51-39.	Form 51-12. Transferable Options	51-48
§51-40.	Form 51-13. Post-Termination Exercise	51-49
§51-41.	Form 51-14. Forfeiture Provisions	51-50
§51-42.	Form 51-15. Plan Duration	51-52
§51-43.	Form 51-16. Changes of Control	51-53
§51-44.	Form 51-17. Formula Awards	51-54
§51-45.	Form 51-18. Amendments	51-55
§51-46.	Form 51-19. Administration	51-56
§51-47.	Form 51-20. Stock Ownership and Equity Risk-Sharing Provisions	51-57
§51-48.	Form 51-21. Options in Lieu of Other Forms of Compensation	51-58
§51-49.	Form 51-22. Repricing or Extending Options	51-59
§51-50.	Form 51-23. Accounting Issues	51-60
§51-51.	Form 51-24. Description of Tax Requirements of Incentive Stock Options	51-61
§51-52.	Form 51-25. Description of Code §162(m)	51-63
§51-52A.	Form 51-25A. Description of California Option Plan Securities Requirements	51-64
§51-53.	Form 51-26. Requirements for Securities Act of 1933 Form S-8	51-67
§51-54.	Form 51-27. Business Combination Agreement Provision to Convert Options of Acquired Corporation into Options on Acquiring Corporation’s Stock	51-68
§51-55.	Form 51-28. Stock Incentive Plan for Non-Public Company — California Qualified Plan	51-69
§51-56.	Form 51-29. Stock Incentive Plan for Public Company	51-96
§51-57.	Form 51-30. Stock Option Agreement for Use with Public Company Stock Incentive Plan	51-117
§51-58.	Form 51-31. Stock Option Agreement for Use with Non-Public Company — California Qualified Plan	51-131
Chapter 52	Shareholder Rights Plans or “Poison Pills”	52-1
§52-1.	General	52-1
§52-2.	Effect of and Shareholder Reaction to Plans	52-3

CALIFORNIA CORPORATE FORMS AND PRACTICE MANUAL

§52-3.	Authority for Rights Plans	52-4
§52-4.	Designing Rights Plans	52-5
§52-5.	Role of Investment Bankers	52-7
§52-6.	Implementing a Rights Plan	52-7
§52-6A.	A Caution about Management’s Role	52-8
§52-7.	Forms Included	52-8
§52-8.	Form 52-1. Form of Rights Agreement	52-10
§52-9.	Form 52-2. General Description of Shareholder Rights Plans	52-66
§52-10.	Form 52-3. Form of Board Resolutions	52-72
§52-11.	Form 52-4. Form of Press Release	52-76
§52-12.	Form 52-5. Form of Letter to Shareholders with Respect to Adoption of a Rights Plan	52-78
<i>Forms Index</i>		INDEX-1
<i>Table of Cases</i>		INDEX-11
<i>Table of Federal Statutes</i>		INDEX-21
<i>Table of California Laws</i>		INDEX-33
<i>Subject Index</i>		INDEX-56