

271B.12-020 Sale of assets other than in regular course of business.

- (1) A corporation may sell, lease, exchange, or otherwise dispose of all, or substantially all, of its property (with or without the good will), otherwise than in the usual and regular course of business, on the terms and conditions and for the consideration determined by the corporation's board of directors, if the board of directors proposes and its shareholders approve the proposed transaction.
- (2) For a transaction to be authorized:
 - (a) The board of directors shall recommend the proposed transaction to the shareholders unless the board of directors determines that because of conflict of interest or other special circumstances it should make no recommendation and communicates the basis for its determination to the shareholders with the submission of the proposed transaction; and
 - (b) The shareholders entitled to vote shall approve the transaction.
- (3) The board of directors may condition its submission of the proposed transaction on any basis.
- (4) The corporation shall notify each shareholder, whether or not entitled to vote, of the proposed shareholders' meeting in accordance with KRS 271B.7-050. The notice shall also state that the purpose, or one (1) of the purposes, of the meeting is to consider the sale, lease, exchange, or other disposition of all, or substantially all, the property of the corporation and contain or be accompanied by a description of the transaction.
- (5) Unless the articles of incorporation or the board of directors (acting pursuant to subsection (3) of this section) require a greater vote or a vote by voting groups, the transaction to be authorized shall be approved by a majority of all the votes entitled to be cast on the transaction.
- (6) After a sale, lease, exchange, or other disposition of property is authorized, the transaction may be abandoned (subject to any contractual rights) without further shareholder action.
- (7) A transaction that constitutes a distribution is governed by KRS 271B.6-400 and not by this section.

Effective: January 1, 1989

History: Created 1988 Ky. Acts ch. 23, sec. 122, effective January 1, 1989.