

- 1 (4) An amendment of the articles of incorporation that materially and
2 adversely affects rights in respect of a dissenter's shares because it (i)
3 alters or abolishes a preferential right of the shares; (ii) creates, alters,
4 or abolishes a right in respect of redemption, including a provision
5 respecting a sinking fund for the redemption or repurchase, of the
6 shares; (iii) alters or abolishes a preemptive right of the holder of the
7 shares to acquire shares or other securities; (iv) excludes or limits the
8 right of the shares to vote on any matter, or to cumulate votes; (v)
9 reduces the number of shares owned by the shareholder to a fraction of
10 a share if the fractional share so created is to be acquired for cash
11 under G.S. 55-6-04; or (vi) changes the corporation into a nonprofit
12 corporation or cooperative organization; or
13 (5) Any corporate action taken pursuant to a shareholder vote to the extent
14 the articles of incorporation, bylaws, or a resolution of the board of
15 directors provides that voting or nonvoting shareholders are entitled to
16 dissent and obtain payment for their shares.

17 For purposes of subdivision (4) of this subsection, an amendment of the articles of
18 incorporation to allow action to be taken on a matter without a meeting by less than all
19 shareholders entitled to vote on the matter pursuant to G.S. 55-7-04(a), or to provide
20 that advance notice of an action to be taken without meeting by shareholders is not
21 required pursuant to G.S. 55-7-04(d), or both, shall not constitute an amendment that
22 excludes or limits the right of shares to vote on any matter or to cumulate votes."

23 **SECTION 2.** This act becomes effective October 1, 2003.