

TABLE OF CONTENTS

Chapter 1. How to Use This Work — Summary of Terms, Abbreviations and Conventions	1-1
1-1. General	1-1
1-2. Defined Terms and Abbreviations	1-1
1-3. Unique Aspects of Illinois Law	1-2
1-4. Presentation of Forms and Comments	1-2
1-5. Use of Bold Face Type for Alternative or Optional Provisions	1-2
1-6. For-Profit Business Corporations Generally Are Assumed	1-3
1-7. The BCA of 1983 Is Assumed to Apply	1-3
1-8. Legal Descriptions Are Summaries	1-3
1-9. Default Provisions	1-3
1-10. Provisions That “Otherwise Provide”	1-4
1-11. Language Style	1-4
1-12. Limitations on the Use of Forms	1-5
1-13. Professional Responsibility; Identifying the Client	1-5
1-13A. Professional Responsibility	1-6
1-14. Lawyer Serving as a Director on a Client’s Board	1-7
1-15. Lawyer as a Shareholder	1-9
1-16. Additional Information Available	1-10
Chapter 2. When to Select Illinois	2-1
2-1. Introduction	2-1
2-2. The BCA Philosophy	2-1
2-3. Default Provisions Are Appropriate	2-2
2-4. The Statute Is Relatively Clear with Useful Legislative History	2-2
2-5. Incorporation	2-2
2-6. Bylaws	2-2
2-7. Articles of Incorporation — Generally	2-2.1
2-8. Articles of Incorporation — Amendments	2-3
2-9. Articles of Incorporation — Shares and Voting Rights	2-5
2-10. Board of Directors — Flexibility	2-5
2-11. Shareholders’ Rights — Meetings and Initiatives	2-6
2-12. Shareholders’ Rights — Voting	2-6
2-13. Shareholders’ Rights — Quorum	2-7
2-14. Shareholders’ Rights — Shareholder Agreements	2-7
2-15. Shareholders’ Rights — Duration of Proxies	2-8
2-16. Shareholders’ Rights — Voting Agreements and Voting Trusts	2-8
2-17. Shareholders’ Rights — No Need for Meeting	2-8
2-18. Shareholders’ Rights — Notice Requirements	2-8
2-19. Shareholders’ Rights — Dissenters’ Rights	2-9
2-19A. Shareholders’ Rights — Waiver	2-9
2-20. Staggered Board of Directors	2-9
2-21. Anti-Takeover Defenses — The Business Judgment Rule	2-10

ILLINOIS CORPORATE PRACTICE AND FORMS MANUAL

2-22.	Anti-Takeover Defenses — Statutory Provisions	2-11
2-23.	Corporate Finance	2-11
2-24.	Capital Structure	2-12
2-25.	Merger or Acquisition without Shareholder Approval	2-13
2-25A.	Conversion	2-13
2-26.	Indemnification and Related Matters.	2-14
2-27.	A Single Officer Is Permitted	2-14
2-28.	Statutory Share Exchange	2-14
2-29.	Interspecies Mergers	2-15
2-30.	Conversion to Not-for-Profit	2-15
 Chapter 3. The Forms — Suggestions for Their Use,		
	Our Drafting Approach and 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.	3-1
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.	3-5
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	3-8
 Chapter 4. Overview of the Law		4-1
4-1.	The Business Corporation Act — General Structure	4-1
4-2.	History of the BCA	4-2
4-3.	Coverage of the BCA.	4-3
4-4.	Classifications	4-3
 Chapter 5. Secretary of State Official Forms and Filing Procedures		5-1
5-1.	Secretary of State Forms	5-1
5-2.	Availability 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	5-35
5-6.	Authority of Secretary of State to Reject Filings	5-35
5-7.	Secretary of State’s Business Hours	5-35
5-8.	Filing Fees	5-35
5-9.	Addresses to Be Used in Filings	5-36
5-10.	Statement of Correction.	5-36
5-11.	Changes of Registered Agent and/or Registered Office	5-36

TABLE OF CONTENTS

5-12.	Filing Procedure	5-37
5-13.	Reinstatement	5-37
5-14.	Official Forms	5-37
Chapter 6.	The Incorporation Process	6-1
6-1.	Introduction	6-1
6-2.	Content of Articles of Incorporation	6-1
6-3.	Flexibility Intended	6-2
6-4.	Unique and Unusual Alternatives Available	6-2
6-5.	Default Provisions and Other BCA Provisions that May Be Relaxed, Restricted or Modified	6-2
6-6.	Overriding the BCA	6-2
6-7.	The Incorporator	6-3
6-8.	Corporate Name	6-3
6-9.	Reservation of Corporate Name	6-4
6-10.	Address to Be Used in Articles	6-4
6-11.	Registered Office	6-4
6-12.	Effective Date of Filing	6-4
6-13.	Use of Assumed Name	6-4
6-13A.	Protection of Name	6-5
6-14.	Preincorporation Subscription	6-5
6-15.	Organizational Minutes of Incorporators	6-5
6-16.	Organizational Meeting of the Shareholders	6-5
6-17.	Organizational Meeting of the Directors	6-6
6-18.	Collecting Information	6-6
6-18A.	Conversion of Illinois Corporations	6-6
6-19.	Form 6-1. Preincorporation Subscription Agreement	6-7
6-20.	Form 6-2. Organizational Action of Incorporator	6-8
6-21.	Form 6-3. Organizational Meeting of Shareholders	6-9
6-22.	Form 6-4. Organizational Meeting of Directors	6-10
6-23.	Form 6-5. Incorporation Information Sheet	6-13
Chapter 7.	Articles of Incorporation	7-1
7-1.	Introduction	7-1
7-2.	Forms Included Herein, Their Limitations and Suggestions for Their Use	7-1
7-3.	Article Provisions in Lieu of Bylaws	7-1
7-4.	Default Provisions and Other BCA Provisions That May Be Relaxed, Restricted or Modified	7-2
7-5.	Unique and Unusual Alternatives Available	7-2
7-6.	Restating Statutory Default Provisions	7-2
7-7.	Corporate Powers Generally	7-2
7-8.	Incorporation by Reference — Dividend Rights	7-3
7-9.	Mandatory Form for Articles	7-3
	Form 7-1. Articles of Incorporation	7-4
7-10.	Additional Provisions for Articles	7-6
7-11.	Form 7-2. General Purpose and Broad Powers	7-8
7-12.	Form 7-3. Limited Purpose	7-8
7-13.	Form 7-4. Right of Shareholders to Remove Directors without Cause	7-8
7-14.	Form 7-5. Setting Regular Meetings of Shareholders	7-9
7-15.	Form 7-6. Calling of Special Meetings of Shareholders	7-9
7-16.	Form 7-7. Reserved Power to Amend Articles	7-10

ILLINOIS CORPORATE PRACTICE AND FORMS MANUAL

7-17.	Form 7-8.	Setting a Quorum for Meeting of Shareholders	7-10
7-18.	Form 7-9.	Director Qualification Requirements	7-11
7-19.	Form 7-10.	Director Qualification Requirements — Another Alternative	7-11
7-20.	Form 7-11.	Permitting Action by Less than Unanimous Written Consent of Shareholders in Lieu of a Meeting.	7-12
7-21.	Form 7-12.	Eliminating Right of Directors to Act by Written Consent in Lieu of a Meeting.	7-12
7-22.	Form 7-13.	Eliminating Right of Shareholders to Act by Written Consent in Lieu of a Meeting	7-13
7-23.	Form 7-14.	The Right of Directors and Shareholders to Participate in Meetings by Conference Equipment	7-13
7-24.	Form 7-15.	Establishing a Classified Board of Directors with Staggered Terms	7-14
7-25.	Form 7-16.	Independent Directors to Constitute a Majority of Board	7-15
7-26.	Form 7-17.	Action by Majority of the “Whole Board”.	7-15
7-27.	Form 7-18.	Opting Out of Anti-Takeover Provisions.	7-16
7-28.	Form 7-19.	Factors to Be Considered by Directors	7-16
7-29.	Form 7-20.	Power of the Board to Adopt, Amend and Repeal Bylaws	7-16
7-30.	Form 7-21.	Amendment of Bylaws by Shareholders	7-17
7-31.	Form 7-22.	Term of Existence.	7-17
7-32.	Form 7-23.	Assuring the Existence of an “Independent Director”	7-17
7-33.	Form 7-24.	Quorum for Board Meeting	7-18
7-34.	Form 7-25.	Eliminating Cumulative Voting by Shareholders.	7-18
7-35.	Form 7-26.	Limiting Personal Liability of Directors for Breach of Fiduciary Duties	7-18
7-36.	Form 7-27.	Indemnification.	7-18
7-37.	Form 7-28.	Conduct of Board Activities	7-19
7-38.	Form 7-29.	Creating Authority to Establish Committees	7-19
7-39.	Form 7-30.	Limitation of Directors’ Power.	7-20
Chapter 8. Capital Stock Generally and Common Stock Provisions.			8-1
8-1.		Introduction	8-1
8-2.		Consideration for Issuance	8-1
8-3.		The BCA Does Not Use the Concept of Par Value	8-1
8-4.		The BCA Uses the Concept of Paid-In Capital	8-1
8-5.		Treasury Shares and Canceled Shares	8-2
8-6.		Authorized Capital Stock	8-2
8-7.		Default Provisions and Other BCA Provisions that May Be Relaxed, Restricted or Modified.	8-3
8-8.		[Reserved]	8-3
8-9.		Defining a Series by the Board	8-3
8-10.		Classes of Common Stock	8-3
8-11.		Authorizing Common and Preferred Classes	8-3
8-12.		Tracking, Alphabet, Notional or Letter Stock	8-3
8-13.		Publicly Available Description of Tracking Stock	8-5
8-14.		[Reserved]	8-5
8-15.		Additional Capital Stock Provisions	8-6
8-16.	Form 8-1.	Authorization of Shares without Regard to Class	8-8
8-17.	Form 8-2.	Articles of Incorporation — Preprinted Forms from Secretary of State	8-9
8-18.	Form 8-3.	Two Classes of Common Stock	8-11
8-19.	Form 8-4.	Two Classes of Common Stock with Different Voting Rights — One Vote per Share for the Common and Ten Votes for the Class A Common.	8-12
8-20.	Form 8-5.	Authorizing Common and Voting Preferred Stock.	8-16

TABLE OF CONTENTS

8-21.	Form 8-6.	Eliminating Cumulative Voting	8-16
8-22.	Form 8-7.	Creating Preemptive Rights	8-16
8-23.	Form 8-8.	Creating Preemptive Rights — A More Elaborate Provision	8-17
8-24.	Form 8-9.	Increasing Shareholder Vote Required to a Majority Entitled to Vote or a Stated Percentage (Not a Majority of Votes Cast)	8-18
8-25.	Form 8-10.	Authorizing Stock Dividends and Splits	8-19
8-26.	Form 8-11.	Variable Voting Rights	8-19
8-27.	Form 8-12.	Common Stock with Voting Rights in Limited Circumstances	8-20
8-28.	Form 8-13.	“Equity Shares” that May Have Attributes of Either a Junior Preferred Stock or a Common Stock	8-21
8-29.	Form 8-14.	Allocating Directors to Various Classes of Stock	8-22
8-30.	Form 8-15.	Consideration to Be Received for Shares	8-22
8-31.	Form 8-16.	Prohibition on Reissuing Reacquired Shares	8-23
8-32.	Form 8-17.	Converting Treasury Shares to the Status of Authorized but Unissued	8-23
8-33.	Form 8-18.	Restricting Transfer of Shares to Certain Persons	8-24
8-34.	Form 8-19.	Prohibiting Transfers of Shares by Certain Transferors to Persons Who Do Not Waive the Right to Receive Financial Statements	8-24
8-35.	Form 8-20.	Prohibiting Reacquired Shares from Being Treated as Authorized but Unissued.	8-25
8-36.	Form 8-21.	Clarifying Entitlement to Vote of Street Name Holders without Instructions from Beneficial Owners	8-26
8-37.	Form 8-22.	Provision on Distributions among the Shareholders of Multiple Classes	8-27
8-38.	Form 8-23.	Two Classes of Stock, One Initially with No Vote, Dividends or Distribution in Liquidation. The Junior Stock Converts to the Other Class when an Earnings Test Is Met	8-28
8-39.	Form 8-24.	Restrictive Legend for Stock Certificates Representing Shares of Unregistered Stock Issued by a Privately-Held Company	8-30
8-40.	Form 8-25.	Restrictive Legend for Stock Certificates Representing Shares of Unregistered Stock Issued by a Publicly-Traded Company	8-31
Chapter 9. Preferred Stock Provisions			9-1
9-1.		Preferred Stock Generally	9-1
9-2.		Enforceable Rights to Dividends, Redemptions and Other Distributions.	9-2
9-3.		Preferred Stock Features	9-2
9-4.		“Blank Check” Preferred Stock.	9-4.1
9-5.		Simple Dividend Preference	9-4.1
9-6.		Additional Preferred Stock Provisions	9-5
9-7.		Samples of More Complex Preferred Stock Provisions	9-7
9-8.	Form 9-1.	Authorization for Common and Blank Check Preferred Stock	9-8
9-9.	Form 9-2.	Authorization of Blank Check Preferred — A More Elaborate Provision	9-8
9-10.	Form 9-3.	Preferred Stock Dividend Preference	9-9
9-11.	Form 9-4.	Simple Preferred Stock Dividend Preference — Alternative Form	9-10
9-12.	Form 9-5.	Cumulative Dividend Preference with Interest on Arrearage and No Participation in Excess of the Preferential Dividend	9-10
9-13.	Form 9-6.	Dividend Preference that Cumulates Only during One Year, but Not Thereafter (with an Alternative for Partial Cumulation from Prior Years)	9-11
9-14.	Form 9-7.	Preferred Stock with a Floating Rate Dividend for One Class during an Initial Period and a Fixed Rate on Multiple Classes Thereafter.	9-13
9-15.	Form 9-8.	Simple Preferred Stock Liquidation Preference	9-14
9-16.	Form 9-9.	Liquidation Preference — Alternative Provision with Further Participation	9-14

ILLINOIS CORPORATE PRACTICE AND FORMS MANUAL

9-17.	Form 9-10.	Liquidation Preferences of Senior and Two Junior Classes of Preferred Stock	9-15
9-18.	Form 9-11.	Optional Redemption of Preferred Stock	9-16
9-19.	Form 9-12.	Optional and Mandatory Redemption Provisions with Two Classes of Preferred Stock Subject to Mandatory Redemption on Different Schedules	9-17
9-20.	Form 9-13.	Right to Elect Directors on a Dividend Default	9-19
9-21.	Form 9-14.	Sinking Fund Provision	9-20
9-22.	Form 9-15.	Automatic Conversion on a Public Offering	9-21
9-23.	Form 9-16.	Automatic Conversion when Number of Outstanding Shares Is Reduced	9-21
9-24.	Form 9-17.	Payment of a Partial Dividend Concurrently with Payment on a Class of Equal Rank	9-21
9-25.	Form 9-18.	Dividend Arrearage Bearing a Floating Interest Rate	9-22
9-26.	Form 9-19.	Treatment of Mergers, etc. for Purpose of a Liquidation Preference	9-22
9-27.	Form 9-20.	Rights of Preferred Stock in a Merger or Consolidation	9-23
9-28.	Form 9-21.	Treatment of Non-Cash Distributions	9-23
9-29.	Form 9-22.	Restrictions on Corporate Actions	9-24
9-30.	Form 9-23.	Action Requiring Approval of Preferred Shareholders	9-26
9-31.	Form 9-24.	Treating Preferred Classes Ratably on Liquidation Defaults	9-26
9-32.	Form 9-25.	Convertible Preferred Stock with a Mandatory Redemption Provision, No Dividend Preference, Voting and Dividend Rights Equal to the Underlying Common Stock into which the Shares Are Convertible and Automatic Conversion on a Public Offering	9-27
9-33.	Form 9-26.	Convertible Preferred Stock with Non-Cumulative Dividends, Participation in Liquidation and Special Voting Rights when Dividends are in Default	9-39
9-34.	Form 9-27.	Preferred Stock with Dividends Payable in Kind, Convertible into Common at a Fixed Rate (Subject to Antidilution Adjustments), Exchangeable into Common at the then Current Market Price, Redeemable for Cash or Notes, Increased Dividends on Defaults, and a Change of Control Provision	9-47
9-35.	Form 9-28.	Preferred Stock with a Liquidation Preference, a Cumulative Preferred Dividend, the Shareholder’s Right to Require Repurchase and Special Provisions Mandated by Regulation Applicable to the Corporation as a Securities and Commodities Broker-Dealer	9-74
9-36.	Form 9-29.	Term Sheet	9-76
9-37.	Form 9-30.	Weighted Averaged Anti-Dilution	9-84
Chapter 10. By-Laws			10-1
10-1.		Introduction	10-1
10-2.		Adoption of the By-Laws	10-1
10-3.		Persons Bound	10-2
10-4.		Content of the By-Laws	10-2
10-5.		Amendment of By-Laws	10-3
10-6.		Other BCA Provisions Relating to By-Laws	10-3
10-7.		By-laws Functioning as Shareholder Agreements	10-4
10-7A.		Forum Selection By-Law Provisions	10-4
10-8.		By-Laws Form Included	10-4.2
10-9.	Form 10-1.	By-Laws	10-5
Chapter 11. The Board of Directors and Officers			11-1
11-1.		General	11-1

TABLE OF CONTENTS

11-2.	Default Provisions and Other BCA Provisions that May Be Modified	11-2
11-3.	Number of Directors	11-2
11-4.	Qualifications	11-2
11-5.	Term of Office	11-2
11-6.	Election of Directors	11-3
11-7.	Vacancies	11-3
11-8.	Terms of Staggered Board	11-3
11-9.	Classified Board Regarding Shareholders Who Elect Them	11-4
11-10.	Board Meetings — Notice	11-4
11-11.	Method of Giving Notice of Meetings	11-4
11-12.	Waiver of Notice of Board Meetings	11-4
11-13.	Exceptions to Notice Requirements	11-4
11-14.	Place of Board Meetings and Attendance	11-4
11-15.	Meetings of Directors — Quorum and Actions Taken	11-5
11-16.	Attendance at Board Meetings by Conference Telephone	11-5
11-17.	Informal Action by Directors	11-5
11-18.	Notation of Dissent	11-6
11-19.	Alternate Directors	11-6
11-20.	Voting Rights of Directors	11-6
11-21.	Removal of Directors	11-6
11-22.	Committees	11-7
11-23.	A Trap for the Unwary on Committee Authority	11-8
11-23A.	Audit and Compensation Committees	11-9
11-24.	Alternate Committee Members	11-10
11-25.	Status of Committee Action	11-10
11-26.	Compensation of Directors and Officers	11-10
11-27.	Committees	11-10.1
	Form 11-1. Creation of an Executive Committee	11-11
	Form 11-2. Creation of a Compensation Committee	11-12
	Form 11-3. Creation of an Audit Committee	11-13
11-28.	Advisory Board	11-14
	Form 11-4. Creation of an Advisory Board	11-15
	Form 11-5. Charter of an Advisory Board	11-16
11-29.	Transactions with Interested Directors	11-20
11-30.	Standard of Care	11-21
11-31.	Justifiable Reliance by Directors	11-22.2
11-32.	Duty of Loyalty	11-22.3
11-33.	Director Exculpation	11-22.4
11-34.	The Business Judgment Rule	11-22.5
11-34A.	Obligations to Creditors	11-23
11-35.	Inconsistent Articles Ineffective	11-30.1
11-36.	Fiduciary Duties of Directors and Differences between Illinois and Other Jurisdictions	11-30.1
11-37.	Personal Liability of Directors and Officers	11-30.2
11-38.	Imputed Knowledge and Liability to Corporation	11-30.3
11-39.	No Need for Board Action if Shareholders Consent Unanimously	11-30.3
11-40.	Officers — Required Officers	11-31
11-41.	Officers — Qualifications	11-31
11-42.	Officers — Terms	11-31

ILLINOIS CORPORATE PRACTICE AND FORMS MANUAL

11-43.	Officers' Authority	11-31
11-44.	Officers — Standard of Care	11-32
11-45.	Officers — Removal	11-32
11-46.	Indemnification in Third-Party Actions	11-32
11-47.	Indemnification in Derivative and Corporate Actions	11-33
11-48.	Mandatory Indemnification of Expenses	11-33
11-49.	Procedure for Effecting Indemnification	11-33
11-50.	Advancing Expenses	11-34
11-50A.	Institutional Investors' Policies on Directors	11-34.1
11-50B.	Share Ownership by Directors	11-35
11-51.	Supplementary Coverage	11-35
11-52.	Power to Purchase Insurance	11-36
11-53.	Application to Surviving or New Corporations	11-36
11-54.	Application to Employee Benefit Plans	11-36
11-55.	Duration and Extent of Coverage	11-36
11-56.	Notice to Shareholders of Indemnification or Advanced Expenses	11-36
11-57.	Corporate Governance Practices	11-37
11-58.	Sarbanes-Oxley Act of 2002	11-44.1
Chapter 12.	Shareholder Matters	12-1
12-1.	General	12-1
12-2.	Dividends and Distributions to Shareholders	12-1
12-3.	Reduction of Paid-In Capital	12-2
12-4.	Voting Rights of Shareholders	12-3
12-5.	Lost Security Holders	12-9
12-6.	Voting of Shares by Certain Holders: Beneficial Owners, Deceased Persons, Minors, Other Persons with a Legal Disability, or Pledgee	12-9
12-7.	Corporate Records — Examination by Shareholders	12-9
12-8.	Form to Demand Inspection	12-11
12-9.	Financial Reports to Shareholders	12-11
12-10.	Shares May Be Uncertificated or Represented by Certificates	12-11
12-11.	Appointment of Custodian of Corporation on Deadlock or Other Cause	12-11
12-11A.	Shareholder Fiduciary Duties	12-14
12-11B.	Derivative and Personal Causes of Action	12-14
12-12.	Council of Institutional Investors' Policies on Shareholders	12-14
12-13.	Form 12-1. Statement of Cancellation of Non-Reissuable Shares	12-17
12-14.	Form 12-2. Shareholder's Demand for Inspection	12-18
12-15.	Form 12-3. Notice of Shareholder Waiver	12-19
12-16.	Form 12-4. Lost Stock Certificate Affidavit and Indemnity Agreement	12-20
Chapter 13.	Minutes and Resolutions	13-1
13-1.	General	13-1
13-2.	A Philosophy about Minutes	13-1
13-3.	Circumstances Calling for Detailed Minutes	13-2
13-4.	When the Minutes Should Be Recorded	13-3
13-5.	Consistency	13-4
13-6.	Coverage of Minutes	13-4
13-7.	Sensitive or Confidential Matters	13-4.1

TABLE OF CONTENTS

13-8.	Retention of Notes	13-5
13-9.	Who Takes the Minutes	13-6
13-10.	Signing of Minutes	13-6
13-11.	Distribution and Approval	13-6
13-12.	Recording Individual Actions	13-7
13-13.	Form of Recording Actions	13-8
13-14.	Committee Meeting	13-8
13-15.	Attachments and Back-Up Material	13-8
13-16.	Retention	13-8
13-17.	Retrieval of Information	13-8.1
13-18.	Additional Information	13-9
13-19.	Written Consent Forms	13-9
13-20.	Delivery of Written Consents to the Secretary	13-9
13-21.	Change of Registered Office	13-10
13-22.	Stock Dividends and Splits	13-10
13-23.	Reverse Splits or Combinations	13-10
13-24.	General Grant of Authority	13-12
13-25.	Officer's Certificate Relating to Minutes	13-12
13-26.	Form 13-1. Unanimous Consent of Directors (Shell) (Modify if There Is a Sole Director)	13-13
13-27.	Form 13-2. Action by Unanimous Written Consent of Shareholders in Lieu of a Meeting (Shell) (Modify if There Is a Sole Shareholder)	13-14
13-28.	Form 13-3. Action by Partial Written Consent of Shareholders in Lieu of a Meeting	13-15
13-29.	Form 13-4. Joint Action by Written Consent of Shareholders and Directors (Shell) (Modify if There Is a Sole Shareholder or a Sole Director)	13-16
13-30.	Form 13-5. Change of Registered Office	13-17
13-31.	Form 13-6. Stock Split	13-17
13-32.	Form 13-7. Stock Dividend	13-19
13-33.	Form 13-8. Reverse Stock Split or Combination	13-20
13-33A.	Form 13-8A. Articles Amendment for a Combination of Shares	13-20
13-34.	Form 13-9. General Grant of Authority	13-22
13-35.	Form 13-10. Officer's Certificate Relating to Minutes	13-22
13-36.	Form 13-11. Ratification	13-23
Chapter 14.	Amendment of Articles of Incorporation	14-1
14-1.	General	14-1
14-2.	Proposal of Amendments	14-1
14-3.	Shareholder Approval	14-1
14-4.	Statutory Voting Rights	14-2
14-5.	Adoption of an Amendment by Board without Shareholder Action	14-3
14-6.	Restatement of the Articles in Their Entirety	14-3
14-7.	Articles of Amendment	14-4
14-8.	Resolutions for Amending Articles of Incorporation	14-5
14-9.	Nonprofit Corporations	14-5
14-10.	Form 14-1. Articles of Amendment	14-6
14-11.	Form 14-2. Articles of Amendment Restated Articles of Incorporation	14-10
14-12.	Form 14-3. Resolutions for Amending Articles	14-14
Chapter 15.	Dissolution	15-1
15-1.	General	15-1

ILLINOIS CORPORATE PRACTICE AND FORMS MANUAL

15-2.	Authorization of Voluntary Dissolution by Written Consent of All Shareholders	15-1
15-3.	Authorization of Voluntary Dissolution by Vote of Shareholders	15-1
15-4.	Voluntary Dissolution by Incorporators or by Initial Directors	15-2
15-5.	Filing of Articles of Dissolution	15-2
15-6.	Revocation of Dissolution	15-3
15-7.	Effect of Dissolution; Survival of Rights and Remedies	15-3
15-8.	Administrative Dissolution	15-4
15-8A.	Liquidating Trusts	15-5
15-8B.	Dissolution by Action of a Shareholder	15-5
15-9.	Dissolution by Action of a Non-Shareholder	15-6.1
15-10.	Claims Against a Dissolved Corporation.	15-6.1
15-10A.	Statute of Limitations	15-6.2
15-11.	IRS Form 966.	15-6.3
15-12.	Forms Included	15-6.3
15-13.	Form 15-1. BCA-12.20 Articles of Dissolution	15-7
15-14.	Form 15-2. BCA-12.25 Articles of Revocation of Dissolution.	15-9
15-15.	Form 15-3. Resolutions of Shareholders Adopting Plan of Dissolution.	15-10
15-16.	Form 15-4. Resolutions of Directors Adopting Plan of Dissolution.	15-11
15-17.	Form 15-5. Notice of Dissolution	15-12
15-18.	Form 15-6. BCA-12.45/13.60.	15-13
15-19.	Form 15-7. Corporate Dissolution or Liquidation	15-15
Chapter 16.	Meetings of Shareholders	16-1
16-1.	General.	16-1
16-2.	Regular Shareholders' Meetings — Time — No Need for Meetings Annually.	16-1
16-3.	Special Shareholders' Meetings — Time	16-1
16-4.	[Reserved]	16-2
16-5.	Shareholder Meetings — Place	16-2
16-6.	Action by Written Consent in Lieu of a Meeting	16-2
16-7.	Shareholders' Meetings — Notices Generally	16-2
16-8.	Shareholders' Meeting — Notice Contents.	16-2
16-9.	Method of Giving of Notice of Shareholders' Meetings	16-3
16-10.	Waiver of Notice of Shareholders' Meetings.	16-3
16-11.	Fixing the Record Date	16-3
16-12.	Determination of Shareholders of Record when a Record Date Is Not Fixed.	16-3
16-13.	Quorum for Meetings	16-4
16-14.	Attendance at Shareholders' Meetings by Conference Telephone	16-4
16-15.	Attendance at Shareholders' Meetings Generally	16-4
16-16.	Proxies	16-4
16-17.	Execution and Filing of Proxies.	16-4
16-18.	Revocation and Duration of Proxies	16-5
16-19.	Proxies Coupled with an Interest.	16-5
16-20.	Form of General Proxy for a Private Corporation Not Related to a Specific Meeting.	16-5
16-21.	Form of Proxy for a Private Corporation for a Specific Meeting	16-5
16-22.	Form of Proxy Solicited under SEC Proxy Rules	16-5
16-23.	Inspectors of Election	16-6
16-24.	Voting Rights Generally	16-6
16-25.	Cumulative Voting	16-6

TABLE OF CONTENTS

16-26.	[Reserved]	16-8
16-27.	Election and Removal of Directors	16-8.1
16-28.	Proposal of Actions and Nomination of Candidates by Shareholders	16-8.1
16-29.	Default Provision on Required Vote and Exceptions Thereto	16-8.1
16-30.	Voting Lists	16-8.2
16-31.	Voting by Corporate Shareholders	16-8.2
16-32.	[Reserved]	16-8.2
16-33.	Voting by Fiduciaries	16-8.2
16-34.	Voting by Pledges	16-9
16-35.	[Reserved]	16-9
16-36.	Passing Dissenters' Rights from Record to Beneficial Owners	16-9
16-37.	[Reserved]	16-9
16-38.	[Reserved]	16-9
16-39.	Resolutions to Be Adopted at Routine Annual Meetings of Shareholders and Organizational Meetings of Directors	16-9
16-40.	Additional Public Company Requirements	16-9
16-41.	Additional Forms	16-9
16-42.	Form 16-1. Notice of Shareholder Meeting (Shell)	16-11
16-43.	Form 16-2. Waiver of Notice of Meeting	16-12
16-44.	Form 16-3. Private Corporation Proxy Not Related to Specific Meeting or Purpose	16-12
16-45.	Form 16-4. Private Corporation Proxy for a Specific Meeting	16-13
16-46.	Form 16-5. Annual Meeting of Shareholders	16-15
16-47.	Form 16-6. Organizational Meeting of Directors	16-15
16-48.	Form 16-7. Board Resolutions Regarding Annual Meeting	16-16
16-49.	Form 16-8. Script for Annual Meeting	16-18
16-50.	Form 16-9. Meeting Sign-In Sheet for Persons Other than Shareholders or Proxies	16-23
16-51.	Form 16-10. Meeting Sign-In Sheet for Shareholders or Proxies	16-24
16-52.	Form 16-11. Affidavit — List of Shareholders	16-25
16-53.	Form 16-12. Oath of Inspector of Election	16-26
16-54.	Form 16-13. Ballot for Shareholders' Meeting	16-27
16-55.	Form 16-14. Inspector of Election Report	16-28
16-56.	Form 16-15. Waiver of Notice of Meeting	16-29
16-57.	Form 16-16. Certificate of Mailing of Materials for Meeting	16-30
Chapter 17.	Share Certificates and Uncertificated Shares	17-1
17-1.	Introduction	17-1
17-2.	Contents and Form of a Share Certificate	17-1
17-3.	Execution	17-2
17-4.	Notation of Restrictions	17-3
17-5.	Uncertificated Shares	17-3
17-6.	Notice to Holders of Uncertificated Shares	17-3
17-7.	Fractional Shares or Scrip	17-3
17-8.	Payment and Consideration for Shares	17-4
17-9.	Transfer Agents and Registrars	17-4
17-10.	Form of Stock Certificate Face	17-5
17-11.	Transfer of Share Certificates	17-5
17-12.	Lost, Stolen or Destroyed Share Certificates	17-5
17-13.	Subscription for Shares	17-5
17-14.	Liability of Subscribers, Shareholders, Personal Representatives and Pledges	17-6

ILLINOIS CORPORATE PRACTICE AND FORMS MANUAL

17-15.	Expenses of Organization and Underwriting of Shares	17-6
17-16.	Form 17-1. Face of Stock Certificate	17-7
17-17.	Form 17-2. Rear of Stock Certificate	17-7
17-18.	Form 17-3. Legend for Stock Certificate Relating to Classes and Series of Shares as Contemplated by BCA.	17-8
17-19.	Form 17-4. Legend for Stock Certificate Relating to Absence of Registration under Securities Act of 1933 and Other Restrictions on Transfer	17-8
17-20.	Form 17-5. Stock Transfer Power.	17-9
17-21.	Form 17-6. Affidavit of Loss, Theft or Destruction of Stock Certificate	17-10
Chapter 18.	Foreign Corporations	18-1
18-1.	Foreign Corporations Generally.	18-1
18-2.	Qualification to Do Business in Illinois	18-1
18-3.	Activities Not Constituting Doing Business in Illinois.	18-2
18-4.	Consequences of Failure to Qualify as Required	18-2.1
18-5.	Revocation of Authority	18-3
18-6.	Termination of Qualified Status.	18-4
18-7.	Merger, Consolidation or Share Exchange of a Domestic and Foreign Corporation — Dissenters’ Rights.	18-4
18-8.	Uniform Foreign Money Judgments Recognition Act	18-4.1
18-9.	Form 18-1. BCA-13.15 Application for Certificate of Authority to Transact Business in Illinois	18-5
18-10.	Form 18-2. BCA-13.40 Application for Amended Certificate of Authority to Transact Business in Illinois	18-7
18-11.	Form 18-3. BCA-13.45 Application for Certificate of Withdrawal and Final Report	18-8
Chapter 19.	Not-for-Profit Corporations	19-1
19-1.	Introduction	19-1
19-2.	Similarities to the BCA	19-1
19-3.	The Incorporation Process.	19-2
19-4.	Purposes.	19-2
19-5.	Corporate Name.	19-3
19-5A.	Bylaws	19-3
19-5B.	General Powers	19-3
19-6.	Board of Directors	19-3
19-7.	Officers.	19-6
19-8.	Members	19-6
19-8A.	Books and Records	19-6.1
19-9.	Transferability of Membership	19-7
19-10.	Shares, Dividends and Distributions Prohibited	19-7
19-10A.	Electronic Delivery	19-7
19-11.	Tax Matters.	19-7
19-12.	Tax Status.	19-8
19-13.	Private Foundations — Federal Tax Laws.	19-10
19-14.	Dissolution.	19-10
19-15.	Annual Reports	19-12
19-16.	Charitable Trust Act.	19-12
19-17.	Solicitation for Charity Act	19-12
19-18.	Foreign Not-for-Profit Corporations	19-13

TABLE OF CONTENTS

19-19.	Forms, Fees and Publications	19-13
19-20.	Unemployment Insurance; Notice	19-13
19-21.	Form 19-1. Not-for-Profit Forms	19-14
Chapter 19A.	Benefit Corporations	19A-1
19A-1.	Purpose	19A-1
19A-2.	Accountability	19A-1
19A-3.	Transparency	19A-3
Chapter 20.	Statutory Close Corporations.	20-1
20-1.	Statutory Close Corporations Generally.	20-1
20-2.	Definition of Close Corporation.	20-2
20-3.	Use of Status and Alternatives	20-2
20-4.	Articles of Incorporation	20-3
20-5.	Articles of Incorporation — Mandatory Provisions	20-3
20-6.	Articles of Incorporation — Optional Provisions	20-3
20-7.	Shareholders' Agreements	20-3
20-8.	Share Certificates — Notice of Close Corporation Status and Other Matters	20-4
20-9.	Transfer of Shares in Breach of Transfer Restrictions	20-4
20-10.	Corporation Option where a Restriction on Transfer of a Security Is Held Invalid.	20-4
20-11.	Termination of Close Corporation Status.	20-5
20-12.	Summary of Provisions	20-5
20-13.	Form 20-1. Articles of Incorporation	20-7
Chapter 21.	Execution of Corporate Documents.	21-1
21-1.	General.	21-1
21-1A.	Counterparts	21-1
21-2.	No Seal Required for Validity	21-1
21-3.	Need for Consideration	21-2
21-3A.	Notarial Record	21-2
21-4.	Forms for Execution	21-2.1
21-5.	Form 21-1. Execution of a One Party Document Not under Seal	21-3
21-6.	Form 21-2. Execution of a One Party Document Not under Seal by Two Signatories	21-3
21-7.	Form 21-3. Execution of a Multiparty Document Not under Seal	21-4
21-8.	Form 21-4. Execution of a One Party Document under Seal	21-4
21-9.	Form 21-5. Execution of a Multiparty Document under Seal	21-5
21-10.	Form 21-6. Sample Notarial Record — Residential Real Property Transactions	21-5
Chapter 22.	Alternative Dispute Resolution and Arbitration Provisions in Corporate Governance Documents	22-1
22-1.	Introduction	22-1
22-2.	Selection of Arbitrators	22-1
22-3.	Arbitration of Disputes	22-2
22-3A.	Arbitration Provisions in Corporate Governance Documents	22-4
22-4.	Description of the Forms	22-4.1
22-5.	Form 22-1. Three-Step ADR Provision	22-5
22-6.	Form 22-2. Optional Arbitration Provisions	22-12

22-7.	Form 22-3.	Optional Provisions Permitting Appellate Review of Arbitration Awards	22-18.3
22-8.	Form 22-4.	Short Form ADR Provisions	22-22
22-9.	Form 22-5.	Mediation Agreement	22-23
22-10.	Form 22-6.	Alternative Method of Arbitrator Selection	22-26
22-11.	Form 22-7.	Model “Night Baseball” Arbitration Provisions	22-27
22-12.	Form 22-8.	CPR Mediation Clause	22-28
22-13.	Form 22-9.	CPR Mediation, with Arbitration if Necessary	22-29
22-14.	Form 22-10.	CPR Arbitration Clause	22-29
22-15.	Form 22-11.	Simple Multi-Step ADR Provision	22-29
22-16.	Form 22-12.	ADR Mediation Clause	22-30.1
22-17.	Form 22-13.	Arbitration of Disputes between Corporation and Shareholders	22-31
22-18.	Form 22-14.	Model International Arbitration Clause	22-33
22-19.	Form 22-15.	International Institute for Conflict Prevention and Resolution International Administered Arbitration Clauses	22-37
22-20.	Form 22-16.	International Institute for Conflict Prevention and Resolution International Non-Administered Arbitration Clauses	22-39
Chapter 23. Representations and Warranties			23-1
23-1.		Introduction	23-1
23-2.		Consequences of a Breach	23-2
23-3.		Updating	23-3
23-4.		Forms Included in This Work, Their Limitations and Suggestions for Their Use	23-3
23-5.		Materiality Qualifiers	23-4
23-5A.		Material Adverse Effects or Changes	23-5
23-6.		Knowledge Qualifiers	23-6
23-7.		The Form for Disclosing Exceptions	23-7
23-8.		Public Filing Requirements	23-8.1
23-8A.		Providers of Representations	23-8.2
23-9.	Form 23-1.	Representations and Warranties	23-9
Chapter 24. Mergers, Consolidations, Asset Sales, Share Exchanges and Business Combinations Generally			24-1
24-1.		Introduction	24-1
24-2.		Forms Included	24-3
24-3.		Filings Required	24-4
24-4.		Limitation on Use of the Forms	24-4
24-5.		Letters of Intent	24-4
24-6.		Confidentiality Agreement	24-4
24-7.		Standstill and No-Shop Agreements	24-4
24-7A.		Legal Opinions	24-4
24-7B.		Negotiation	24-5
24-8.		The Merger Process Generally	24-5
24-9.		The Plan of Merger	24-5
24-10.		Board Approval of Plan of Merger	24-5
24-11.		Shareholder Approval of Merger	24-6
24-12.		Business Combinations with Interested Shareholders	24-7
24-13.		Consideration to Be Issued in Merger	24-9
24-14.		Notice of Shareholders’ Meeting on Merger	24-9
24-15.		Articles of Merger; Filing Requirements	24-9
24-16.		Effects of a Merger	24-9

TABLE OF CONTENTS

24-17.	Dissenters' Rights in Merger	24-10
24-17A.	Specific Performance and Rescission	24-10
24-18.	Consolidations	24-11
24-19.	Sales of All or Substantially All of the Assets — Statutory Requirements	24-11
24-19A.	Effect of Sales of All or Substantially All of the Assets — In General	24-11
24-20.	Dissenters' Rights in a Major Sale	24-11
24-21.	Statutory Share Exchanges — General	24-12
24-22.	Statutory Share Exchanges — Dissenters' Rights	24-12
24-23.	Articles of Exchange	24-12
24-24.	Effect of a Plan of Exchange	24-13
24-25.	Checklists	24-13
24-25A.	Market Trends	24-13
24-25B.	Representations and Warranties Insurance	24-13
24-26.	Form 24-1. Buyer's Acquisition Checklist	24-14
24-27.	Form 24-2. Target's Acquisition Checklist	24-21
24-28.	Form 24-3. Labor/Employment Relations/ERISA Acquisition Checklist	24-25
24-29.	Form 24-4. Preliminary Legal Due Diligence Checklist	24-31
Chapter 25.	Acquisition Forms Generally	25-1
25-1.	Forms Generally.	25-1
25-2.	Letters of Intent	25-1
25-3.	Confidentiality and Standstill Provisions	25-1
25-4.	Additional Provisions and Considerations.	25-1
25-5.	Forms Included	25-2
25-6.	Principal Terms of Acquisition Agreements	25-3
25-7.	ABA Model Stock Purchase Agreement and Manual and Other References	25-4
25-8.	Alternative Definitions.	25-5
25-8A.	Sarbanes-Oxley Impact on Mergers and Acquisitions	25-5
25-9.	Form 25-1. Articles and Plan of Merger — Simple Form	25-6.4
25-10.	Form 25-2. Simple Agreement and Plan of Consolidation.	25-10
25-11.	Form 25-3. BCA-11.25 Articles of Merger Consolidation or Exchange	25-14
25-12.	Form 25-4. BCA-14.35 Report following Merger or Consolidation.	25-18
25-13.	Form 25-5. Definitions from ABA Model Stock Purchase Agreement.	25-20
25-14.	Form 25-6. Additional Definitions	25-27
Chapter 26.	Stock Purchase Agreement — Long Form	26-1
26-1.	Stock Purchase Agreement Form Included	26-1
26-2.	Limitations and Suggestions for Use of the Form	26-1
26-3.	Purchase Price Considerations Generally.	26-1
26-4.	Purchase Price Adjustments	26-2
26-5.	Earnout Transactions	26-3
26-6.	Deferred Closings	26-6
26-6A.	Special Tax Considerations: Section 338(h)(10) Election.	26-6
26-7.	Purchasing a Division, Subsidiary or Portion of a Business.	26-6.1
26-8.	Deferred Payments and Escrow Provisions.	26-6.1
26-9.	Description of the Business and Allocation of Responsibilities	26-6.2
26-10.	Form 26-1. Stock Purchase Agreement — Long Form	26-6.3
26-11.	Form 26-2. Preliminary Legal Due Diligence Checklist	26-21
26-12.	Form 26-3. Escrow Agreement	26-26

Chapter 27. Asset Purchase Agreement — Long Form	27-1
27-1. Asset Purchase Agreement Form Included	27-1
27-2. Limitations and Suggestions for Use of the Form	27-1
27-3. Other General Considerations	27-1
27-4. Reasons for Asset Purchase Transactions	27-1
27-5. Assets to be Purchased	27-2
27-6. Assignment of Contractual Rights	27-2
27-7. Governmental Authorizations	27-3
27-8. Assumed Liabilities	27-3
27-9. Successor Liability Doctrines	27-5
27-10. Income Taxes	27-10
27-11. Transfer Taxes	27-11
27-12. Acquiring the Assets of a Financially Troubled Target	27-12
27-13. Employment Issues	27-13
27-14. Shareholders as Parties or Escrows	27-13
27-15. Form 27-1. Asset Purchase Agreement	27-15
Chapter 28. Dissenters' Rights	28-1
28-1. Introduction	28-1
28-2. Actions Giving Rise to Dissenters' Rights	28-1
28-3. Optional Dissenters' Rights	28-2
28-4. Dissent by Record Owners Held for the Benefit of Others	28-2
28-5. Dissent by Beneficial Owners	28-2
28-6. Procedure to Perfect Dissenters' Rights	28-2
28-7. Forms Included	28-4.1
28-8. Form 28-1. Notice and Summary of Dissenters' Rights	28-6
28-9. Form 28-2. Notice of Merger and Dissenters' Rights when Corporate Action was Taken without a Shareholder Vote	28-8
Chapter 29. Shareholders' Agreements	29-1
29-1. Introduction	29-1
29-2. Forms Included Herein, Their Limitations and Suggestions for Their Use	29-2
29-3. Identifying the Client	29-2
29-4. Purposes of a Shareholders' Agreement	29-2
29-5. Parties to the Agreement	29-3
29-5A. Protective Provisions	29-4
29-6. Buy/Sell Arrangements — Purposes	29-4
29-7. Buy/Sell Arrangements — Triggering Events	29-5
29-7A. Rights of First Refusal and First Offer Compared	29-6
29-8. Exceptions to Triggering Events	29-7
29-9. Buy/Sell Arrangements — Purchase Price	29-7
29-10. Buy/Sell Arrangements — Identity of Purchasers and Their Obligations	29-9
29-11. Buy/Sell Arrangements — Obligations of Sellers	29-10
29-12. Buy/Sell Arrangements — Payment, Corporate Notes and Related Terms	29-10
29-13. Use of Insurance	29-11
29-14. Buy/Sell Obligation — Sequential Triggering Events	29-11
29-15. Buy/Sell Arrangements — Tag-Along and Drag-Along Rights	29-12
29-16. Restrictions on Transfer — Generally and Regulatory Requirements	29-13
29-17. Termination of Shareholders' Agreements	29-13

TABLE OF CONTENTS

29-18.	Dispute Resolution Mechanisms	29-14
29-19.	Shoot-Out Provisions	29-14
29-20.	Voting Rights	29-15
29-21.	Assuring Distributions	29-15
29-22.	Provisions Need Not Be Reciprocal or Symmetrical	29-16
29-23.	Notation on Certificates and Shareholder Records	29-16
29-24.	Tax Consequences	29-17
29-25.	By-Laws Provisions in Governing Documents and Other Agreements	29-17
29-26.	Important Note with Respect to Domestic Relations Considerations	29-17
29-27.	Form 29-1. Letter to Client on Domestic Relations Issues.	29-19
29-28.	Form 29-2. Form Shareholders' Agreement	29-20
29-29.	Form 29-3. Letter from Counsel to Non-Clients	29-49
29-30.	Form 29-4. Spousal Consent and Power of Attorney.	29-49
Chapter 30.	Employment Agreements	30-1
30-1.	Introduction	30-1
30-2.	Applicable Legal Requirements	30-1
30-3.	Consequences of Employer's Breach	30-2
30-4.	Severance and Code Section 409A	30-2
30-4A.	Parachute Provisions	30-4.2
30-5.	Checklist for Drafting	30-6
30-6.	Agreement Form Included	30-6
30-6A.	Employment Application	30-6
30-7.	Form 30-1. Employment Agreement Drafting Checklist.	30-6.1
30-8.	Form 30-2. Form Employment Agreement	30-13
30-9.	Form 30-3. Additional Provisions for Executive Agreements.	30-31
30-10.	Form 30-4. Short Form Employment Agreement	30-47
30-11.	Computer and Electronic Communications Policy and Agreement	30-50
30-12.	Applicable Legal Requirements	30-50
30-13.	Computer and Electronic Communications Policy and Agreement Form	30-51
30-14.	Form 30-5. Computer and Electronic Communications Policy and Agreement	30-52
30-15.	Release and Severance Agreements	30-56
30-16.	Applicable Legal Requirements	30-56
30-17.	Form 30-6. Release and Severance Agreement Drafting Checklist	30-57
30-18.	Form 30-7. Release and Severance Agreement — Employee(s) under 40	30-59
30-19.	Form 30-8. Release and Severance Agreement — For One Employee Age 40 and Over	30-63
30-20.	Form 30-9. Release and Severance Agreement — Group Termination — More than One Employee Age 40 and over.	30-67
30-21.	Form 30-10. Application for Employment	30-72
Chapter 31.	Equity Compensation Plans	31-1
31-1.	Introduction and Description of Forms Included	31-1
31-2.	Executive Summary	31-2
31-3.	Universal or Omnibus Plans	31-6
31-4.	Evergreen Plans; Shares Available	31-11
31-5.	Methods of Option Exercise	31-12
31-6.	Tax Withholding	31-14
31-6A.	Cost Basis Reporting	31-14

ILLINOIS CORPORATE PRACTICE AND FORMS MANUAL

31-7.	Transferable Options	31-15
31-8.	Post-Employment Exercise	31-15
31-9.	Forfeiture Provisions	31-16.1
31-10.	Performance-Based Options	31-16.1
31-11.	Variable Price Options	31-17
31-12.	Phantom Units	31-18
31-13.	Premium or Discount Options	31-19
31-14.	Duration of the Plan	31-20
31-15.	Covered Persons	31-20.1
31-16.	Change of Control Provisions	31-21
31-17.	Formula Awards	31-22
31-18.	Equity Awards in Lieu of Other Forms of Compensation	31-22
31-19.	Repriced or Substitute Options	31-23
31-20.	Stock Ownership and Equity Risk Sharing Provisions	31-24
31-21.	Administration	31-24.1
31-22.	Amendments	31-25
31-23.	Securities Issues: Registration and Disclosure	31-26
31-24.	Blue Sky Laws	31-28.4
31-25.	Accounting Issues	31-28.4
31-26.	Introduction to Checklist	31-28.5
31-27.	Form 31-1. Checklist for Preparing an Equity Compensation Plan	31-29
31-28.	Form 31-2. Purpose of Plan	31-30
31-29.	Form 31-3. Eligibility (§31-15)	31-30
31-30.	Form 31-4. Form of Grant or Award	31-30
31-31.	Form 31-5. Number of Shares Covered by the Plan	31-32
31-32.	Form 31-6. Methods of Exercise (§31-5)	31-33
31-33.	Form 31-7. Reload Options (§31-5)	31-34
31-34.	Form 31-8. Fixed Price Options	31-35
31-35.	Form 31-9. Variable Price Options (§31-11)	31-36
31-36.	Form 31-10. Performance-Based Grants and Awards (§31-10)	31-37
31-37.	Form 31-11. Tax Withholding (§31-6)	31-38
31-37A.	Form 31-11A. Cost Basis Reporting (§31-6A)	31-38
31-38.	Form 31-12. Transferable Options (§31-7)	31-38.1
31-39.	Form 31-13. Post-Employment Exercise	31-39
31-40.	Form 31-14. Forfeiture Provisions (§31-9)	31-40
31-41.	Form 31-15. Plan Duration (§5-14)	31-41
31-42.	Form 31-16. Changes of Control (§31-16)	31-42
31-43.	Form 31-17. Formula Awards (§31-17)	31-43
31-44.	Form 31-18. Amendments (§31-21)	31-44
31-45.	Form 31-19. Administration (§31-21)	31-45
31-46.	Form 31-20. Stock Ownership and Equity Risk-Sharing Provisions (§31-20)	31-46
31-47.	Form 31-21. Options in Lieu of Other Forms of Compensation (§31-18)	31-47
31-48.	Form 31-22. Repricing or Extending Options (§31-19)	31-48
31-49.	Form 31-23. Accounting Issues (§31-24)	31-48
31-50.	Form 31-24. Description of Tax Requirements of Incentive Stock Options	31-49
31-51.	Form 31-25. Description of Code §162(m)	31-50
31-51A.	Form 31-25A. Description of Code §409A	31-51
31-52.	Form 31-26. Requirements for Securities Act of 1933 Form S-8	31-52.15
31-53.	Form 31-27. Form of Stock Option Plan	31-52.16

TABLE OF CONTENTS

Chapter 32. Stock Purchase Warrants	32-1
32-1. General	32-1
32-2. Classes or Series of Warrants	32-2
32-3. A Warrant Agent	32-2
32-4. Related Agreements	32-2
32-5. Conversion Rights	32-2
32-6. Redeemable Warrants	32-3
32-7. Antidilution Adjustments	32-3
32-8. Forms Included	32-3
32-9. Form 32-1. Complex Stock Purchase Warrant	32-5
32-10. Form 32-2. Simple Stock Purchase Warrant	32-18
32-11. Form 32-3. Provisions for a Warrant Agent Agreement	32-21
Chapter 33. Voting Trusts	33-1
33-1. Introduction	33-1
33-2. Voting Rights of the Trustee	33-1
33-3. Duration of Voting Trust	33-2
33-4. Class of Shares Covered by the Agreement	33-2
33-5. Power of the Trustee to Sell Shares	33-3
33-6. Voting for Acquisitions	33-3
33-7. Compromises Regarding Liability Exposure	33-4
33-8. Dissenters' Rights	33-4
33-9. The Corporation as a Party	33-5
33-10. Joinder of Additional Shareholders	33-5
33-11. Successor Trustee	33-5
33-12. Termination or Modification of a Voting Trust	33-6
33-13. Fees and Expenses	33-6
33-14. Shareholders' Agreement	33-7
33-15. Other Voting Arrangements	33-7
33-16. Form 33-1. Voting Trust Agreement	33-8
Chapter 34. Registration Rights Agreements — Variables and Practical Considerations	34-1
34-1. Introduction	34-1
34-2. Overview of Demand and Piggyback Rights	34-3
34-3. Demand Registration Rights — Frequency and Extent of Exercise	34-4
34-4. Demand Rights — Updating Responsibility	34-4
34-5. Demand Rights — Obligation to Complete the Process	34-5
34-6. Demand Rights — The Holder's Obligation to Suspend Sales if Prospectus Is Not Current	34-6
34-7. Piggyback Registration Rights Generally	34-7
34-8. Piggyback Rights — Time Period for Acceptance of Registration Opportunity	34-8
34-9. Proration among and Sequencing of Registration Rights	34-8
34-10. Strategies for Negotiating Marketing Arrangements	34-9
34-11. Timing of Registration	34-13
34-12. Consequences of Breach	34-13
34-13. Coverage of the Agreement	34-16.1
34-14. Additional Considerations	34-17
34-15. Conclusion	34-19
34-16. Forms of Registration Rights Agreement Included Herein — Their Limitations and Suggestions for Their Use	34-20

34-17.	Form 34-1.	Registration Rights Agreement	34-21
34-18.	Form 34-2.	A Simple Demand and Piggyback Registration Provision to Be Included in Another Agreement.	34-39
34-19.	Form 34-3.	A Simple Piggyback Registration Provision to Be Included in Another Agreement.	34-42
Chapter 35. Final and Formal Agreement Provisions.			35-1
35-1.	Introduction	.....	35-1
35-2.	Use of These Provisions	.....	35-1
35-3.	Choice of Law Provisions	.....	35-3
35-4.	Execution of Documents by Corporations.	.....	35-5
35-5.	Form 35-1.	Miscellaneous, Formal and Final Clauses.	35-6
Chapter 36. Letters of Intent.			36-1
36-1.	Letters of Intent — Generally	.....	36-1
36-2.	Reasons to Use a Letter of Intent	.....	36-2
36-3.	Reasons Not to Use a Letter of Intent	.....	36-3
36-4.	General Effect of Letters of Intent; Agreements in Principle	.....	36-4
36-5.	Cases on Letters of Intent	.....	36-4
36-6.	Form of Letter of Intent.	.....	36-5
36-7.	Form 36-1.	Letter of Intent	36-6
Chapter 37. Confidentiality Agreements			37-1
37-1.	Introduction	.....	37-1
37-2.	Description of Information Covered by the Agreement	.....	37-1
37-3.	Exceptions to Confidentiality Requirements	.....	37-2
37-4.	Restrictions on Use of Information	.....	37-5
37-5.	Return or Destruction of Data	.....	37-5
37-6.	Term of Restriction	.....	37-6
37-7.	Method of Communicating Information	.....	37-6
37-8.	Phased Disclosure	.....	37-7
37-9.	Remedies	.....	37-7
37-10.	Standstill Provisions	.....	37-7
37-11.	No-Shopping Provisions	.....	37-8
37-12.	Letter of Intent	.....	37-8
37-13.	Disclaimer of Accuracy of Confidential Information	.....	37-8
37-14.	Non-Disclosure of Discussions	.....	37-9
37-15.	Illinois Trade Secrets Act.	.....	37-9
37-16.	Forms Included Herein, Their Limitations and Suggestions for Their Use	.....	37-9
37-16A.	Illinois Personal Information Protection Act.	.....	37-9
37-17.	Form 37-1.	Confidentiality Letter Agreement	37-10
37-18.	Form 37-2.	Confidentiality Agreement	37-19
37-19.	Form 37-3.	Simple Letter Agreement	37-22
37-20.	Form 37-4.	Simple Terms for Mutual Restrictions	37-24
37-21.	Form 37-5.	Confidentiality Provisions to Include in Another Agreement.	37-26
Chapter 38. Standstill, Lock-Up, No-Shopping and Go-Shopping Agreements.			38-1
38-1.	General	.....	38-1
38-2.	Standstill Provisions	.....	38-1

TABLE OF CONTENTS

38-2A.	Lockup Agreements and Securities Exchange Act Reporting — A Trap for the Unwary	38-2
38-3.	No-Shopping Provisions	38-5
38-3A.	Go-Shopping Provisions	38-6
38-4.	Fiduciary Obligations and Fiduciary Outs.	38-6.1
38-5.	Interrelationship of Provisions	38-6.2
38-5A.	Termination Fees	38-6.2
38-5B.	Reverse Termination Fees	38-6.2
38-6.	Form 38-1. Sample Standstill Provision	38-7
38-7.	Form 38-2. Sample No-Shopping Provision — Detailed Version	38-8
38-8.	Form 38-3. Sample No-Shopping Provision — Intermediate Version	38-10
38-9.	Form 38-4. Sample No-Shopping Provision — Simple Version	38-11
38-9A.	Form 38-4A. Sample “Go-Shop” Provision	38-12
38-10.	Form 38-5. Sample Fiduciary Out Provision	38-13
38-11.	Form 38-6. Sample Break-Up Fee Provision	38-14
38-12.	Form 38-7. Sample Reverse Termination Fee Provision	38-14
Chapter 39.	Conducting Sweepstakes and Related Promotions in Illinois.	39-1
39-1.	General	39-1
39-2.	Form 39-1. Form of Official Rules for Sweepstakes Conducted in Illinois in which the Grand Prize Is a Trip	39-2
Chapter 40.	Antidilution Adjustments	40-1
40-1.	General	40-1
40-2.	Principal Factors Subject to Adjustment	40-2
40-3.	Basic Types of Adjustment	40-2
40-4.	The Capital Changes Approach	40-2
40-5.	The Downward Conversion Weighted Average Approach	40-3
40-6.	The Current Quotient Approach	40-4
40-7.	The Full Ratchet Approach	40-5
40-8.	Sales below the then-Current Market Price.	40-5
40-9.	The Fixed Percentage Approach	40-7
40-10.	Cash Dividends and Distributions	40-8
40-11.	Exceptions	40-9
40-12.	Reversing Adjustments	40-10
40-13.	Expressing Antidilution Adjustments as Algebraic Equations	40-10
40-14.	Cascading Adjustments Resulting from Changes in Other Outstanding Rights	40-11
40-15.	Catchall Provisions	40-12
40-16.	Complexity.	40-12
40-17.	Absence of Contractual Provisions.	40-12.1
40-17A.	Antidilution Adjustments under Employee Benefit Plans	40-12.2
40-18.	Forms Included	40-12.3
40-19.	Form 40-1. Antidilution Provisions	40-15
40-20.	Form 40-2. The Full Ratchet Approach	40-26
40-21.	Form 40-3. The Holder Acquires a Fixed Percentage of the Outstanding Shares at the Time of Exercise	40-26
40-22.	Form 40-4. Capital Changes Adjustment — Simple Provisions.	40-27
40-23.	Form 40-5. Basic Antidilution Adjustments from the Model Simplified Indenture (Using Algebraic Equations).	40-28

40-24.	Form 40-6.	A Simple Clause to Adjust the Number of Shares Based upon the Adjustment to the Exercise Price	40-30
40-25.	Form 40-7.	A Catchall Provision	40-30
40-26.	Form 40-8.	Statement of Adjustment to Be Given to Holders	40-31
40-27.	Form 40-9.	Statement of Adjustment — Alternative Version	40-31
40-28.	Form 40-10.	Distributions of Rights, Options or Warrants, Convertible Securities or Indebtedness without Consideration	40-32
40-29.	Form 40-11.	Determining Market Price	40-33
40-30.	Form 40-12.	Readjustments	40-33
40-31.	Form 40-13.	Exceptions to Adjustments on Exercise or Related Rights	40-34
40-32.	Form 40-14.	Preservation of Rights in Merger, Consolidation, <i>etc.</i>	40-34
40-33.	Form 40-15.	Definition of “Shares”	40-34
40-34.	Form 40-16.	Retaining or Replacing Warrant Form after Adjustments in Company’s Discretion	40-35
40-35.	Form 40-17.	Issuance of a New Warrant Certificate to Reflect Certain Adjustments	40-35
40-36.	Form 40-18.	Fractional Shares Rounded	40-36
40-37.	Form 40-19.	Fractional Shares Paid in Cash	40-36
40-38.	Form 40-20.	Reservation of Shares	40-37
40-39.	Form 40-21.	Status of Shares; Expenses of Issuance	40-37
Chapter 41. The Public Offering Process			41-1
41-1.	Introduction		41-1
41-2.	Advantages of Going Public		41-2
41-3.	Disadvantages of Going Public		41-3
41-4.	Eligibility for Public Financing		41-4
41-5.	Selection of an Underwriter		41-5
41-6.	Going Public without an Underwriter and Internet Offerings		41-10
41-6A.	Public Ownership through Merger with a Shell or Smaller Operating Company		41-10
41-6B.	Registered Direct Offerings		41-10.1
41-7.	Structure of the Offering		41-10.1
41-8.	Smaller Public Companies		41-10.3
41-8A.	The Jobs Act (2012)		41-10.3
41-9.	The Registration Statement		41-11
41-10.	Preparing the Registration Statement		41-16
41-11.	Review by the SEC		41-19
41-12.	Pre-Effective and Post-Effective Offers		41-22
41-13.	Post-Effective Updating and Delivery of Prospectuses		41-30
41-14.	The Underwriting Agreement		41-32.2
41-14A.	Lockup Agreements		41-32.5
41-14B.	Friends and Family Shares		41-32.6
41-14C.	Free-Riding and Withholding		41-32.7
41-15.	Preliminary Preparation		41-32.7
41-16.	Timetable		41-32.12
41-17.	Expenses		41-34
41-18.	Liabilities		41-38
41-19.	Stock Trading		41-40
41-20.	SRO Policies — Conflicts of Interest		41-42
41-21.	SRO Policies — Voting Rights		41-42
41-22.	SRO Policies — Shareholder Votes Required		41-42

TABLE OF CONTENTS

41-23.	SRO Policies — Outside Directors — Audit Committees	41-42
41-24.	SRO Policies — Control on Future Stock Issuances	41-42.1
41-25.	SRO Policies — Timely Disclosure of Information	41-42.1
41-26.	Conclusion	41-42.1
41-27.	Questionnaire and Organizational Materials for an IPO	41-43
41-28.	Form 41-1. Questionnaire for Directors, Officers and 5% Shareholders	41-44
41-29.	Form 41-2. IPO Organizational Materials	41-67
41-30.	Public Offerings Exempt from '33 Act Registration and Subject to State Blue Sky Laws	41-88
41-31.	SCOR Offerings.	41-91
Chapter 42.	Consequences of Public Ownership.	42-1
42-1.	Introduction	42-1
42-2.	Registration under the Securities Exchange Act of 1934	42-8.1
42-3.	Periodic Reporting Requirements	42-9
42-3A.	CEO and CFO Certification of Financial Statements and Possible Forfeitures	42-15
42-4.	The Proxy Rules	42-18.1
42-4A.	Shareholder Nomination Process.	42-21
42-4B.	Responsibility of Directors and Officers for Filings	42-22.1
42-4C.	Shareholder Proposals and Nominations	42-22.2
42-4D.	Say on Pay, Say on Golden Parachutes and Other Executive Compensation Matters	45-22.6
42-5.	Smaller Reporting Companies	42-23
42-6.	Short-Swing Profit Recapture	42-24
42-7.	Reports of Beneficial Ownership.	42-26
42-8.	Short Sale Prohibition	42-29
42-9.	The Williams Act	42-29
42-10.	Foreign Corrupt Practices Act — Internal Controls	42-30
42-10A.	Internal Controls over Financial Reporting	42-32
42-11.	Reports to Shareholders.	42-34
42-11A.	Audit Committees	42-35
42-12.	Electronic Filing under the Edgar System.	42-41
42-13.	Year End Timetable	42-43
42-14.	Shareholder Meetings	42-43
42-15.	Disclosures Generally	42-44
42-16.	Confidentiality	42-52
42-17.	Relationship with the Board of Directors	42-53
42-17A.	Code of Ethics	42-53
42-18.	Individual Sales of Shares	42-54.1
42-18A.	Stock Exchange and NASDAQ Requirements	42-54.5
42-18B.	Prohibition of Certain Loans	42-54.8
42-18C.	Document Preservation	42-54.8
42-19.	Individual Responsibilities.	42-54.8
42-20.	Protection for Whistleblowers	42-54.11
42-20A.	Liability	42-54.12
42-20B.	Repurchase of Its Shares by a Corporation	42-54.13
42-20C.	Corporate Governance and Executive Compensation Changes	42-54.13
42-20D.	The Jobs Act (2012).	42-54.14
42-21.	Form 42-1. Calendar of Recurring Filing Dates and Events	42-54.15
42-22.	Form 42-2. Filings Not Recurring on a Regular Basis	42-54.17

ILLINOIS CORPORATE PRACTICE AND FORMS MANUAL

42-23.	NASDAQ Requirement	42-55
42-24.	Form 42-3. Policy Adopted by the Board of Directors Relating to Insider Trading in Company Securities and Confidentiality of Information.	42-56
42-24A.	Form 42-3A. Documents Relating to Obligation to File Form 4	42-59
42-25.	Form 42-4. Documents Relating to Obligation to File Form 5	42-67
42-25.	Form 42-5. Questionnaire for Members of Audit Committee.	42-72
42-26.	Form 42-6. Summary and Analysis of Regulation FD (Fair Disclosure).	42-77
42-27.	Form 42-7. Procedures for Release of Quarterly Financial Information	42-87
42-28.	Form 42-8. Sarbanes-Oxley Compliance Check	42-91
Chapter 43. Capital Raising in Private Placements		43-1
43-1.	Introduction	43-1
43-2.	Preemption of State Law	43-1
43-3.	Federal Exemptions for Private Placements — Introduction	43-2
43-4.	Regulation D	43-3
43-4A.	Summary of Regulation D	43-6.3
43-5.	Exemptions from Registration under Illinois Law	43-6.4
43-6.	ISL Transactional Exemptions	43-7
43-7.	The 4(G) Exemption	43-9
43-8.	The ISL and Regulation D Exempt Transactions	43-10
43-9.	Offering of Business Opportunities	43-11
43-10.	Documentation in a Private Placement	43-11
43-11.	Form 43-1. Illinois Form 4G.	43-12
43-11A.	Form 43-1A. United States Securities and Exchange Commission Form D	43-12
43-12.	Form 43-2. Form of Subscription Agreement.	43-12
43-13.	Form 43-3. Form of Private Placement Questionnaire	43-19
43-14.	Form 43-4. Purchaser Representative Letter	43-28
Chapter 44. Dividend Reinvestment and Stock Purchase Plans		44-1
44-1.	General	44-1
44-2.	Optional Features that May Be Included in a Plan	44-2
44-3.	Multiple Securities and/or Issuers	44-4
44-4.	Securities Regulation	44-4
44-5.	Antidilution Adjustment	44-5
44-6.	Authorizing Resolutions	44-6
44-7.	Sample Dividend Reinvestment Plans	44-6
44-8.	Form 44-1. Minutes to Authorize a Dividend Reinvestment/Stock Purchase Plan.	44-7
44-9.	Form 44-2. Dividend Reinvestment and Stock Purchase Plan with All Features and Enrollment Form	44-9
44-10.	Form 44-3. Dividend/Interest Reinvestment and Share Purchase Plan — A Simpler Form.	44-43
Chapter 45. Debt Instruments		45-1
45-1.	General	45-1
45-1A.	Commitment Letters	45-2.1
45-1B.	Defaulting Lenders	45-2.2
45-1C.	Unauthorized Financing Statements	45-2.2
45-2.	Form 45-1. Subordinated Debenture.	45-3
45-3.	Form 45-2. Rights on Default (A More Detailed Provision)	45-11
45-4.	Form 45-3. Security.	45-12

TABLE OF CONTENTS

45-5.	Form 45-4.	Severability, Decrease of Interest to Highest Lawful Rate	45-12.2
45-6.	Form 45-5.	Rights Cumulative	45-12.2
45-7.	Form 45-6.	Consent to Service	45-13
45-8.	Form 45-7.	Confession of Judgment	45-13
45-9.	Form 45-8.	Waiver of Jury Trial	45-14
45-10.	Form 45-9.	Notation of Advances	45-14
45-11.	Form 45-10.	Yield Maintenance or Prepayment Fee	45-15
45-12.	Form 45-11.	Form of Non-Negotiable Promissory Note	45-16
45-13.	Form 45-12.	Form of Affidavit of Fraudulent Record	45-21
Chapter 46. Trademarks			46-1
46-1.	Federal and State Law Govern Trademarks		46-1
46-2.	Selection of Trademarks		46-1
46-3.	Overview of Illinois Trademark Registration and Protection Act		46-2
46-4.	Who May Apply for Illinois Registration		46-2
46-5.	A Mark Must Be Used in Illinois to Be Registered under the Act		46-3
46-6.	Certain Marks Are Unregistrable		46-3
46-7.	Duration of Registration and Renewal of Registration		46-4
46-8.	Assignment of Mark		46-4
46-9.	Recordation of Change of Name		46-5
46-10.	Inspection of the Trademark Register		46-5
46-11.	Trademark Application, Assignment and Renewal Forms Included		46-5
46-12.	Limitations and Suggestions for Use of the Forms		46-5
46-13.	Form 46-1.	Application for Illinois Trademark or Service Mark Registration	46-6
46-14.	Form 46-2.	Renewal of Illinois Trademark or Service Mark Registration	46-10
46-15.	Form 46-3.	Assignment of Illinois Trademark or Service Mark Registration	46-10.2
46-16.	Form 46-4.	General Form of Assignment	46-11
46-17.	Form 46-5.	Application for Change of Name and/or Address of Registrant	46-14
Chapter 47. Trade Secrets and Employee Patent Act			47-1
47-1.	Illinois Trade Secrets Act		47-1
47-1A.	Illinois Common Law		47-4.1
47-2.	The Illinois Employee Patent Act		47-4.3
47-3.	Limitations and Suggestions for Use of the Form		47-5
47-4.	Form 47-1.	Form of Assignment	47-5
47-4A.	Form 47-1A.	Invention Assignment Agreement	47-6.1
47-5.	Form 47-2.	Patent Assignment	47-7
Chapter 48. Corporate Compliance and Record Retention			48-1
48-1.	General		48-1
48-2.	Impact of the Federal Sentencing Guidelines		48-1
48-3.	Compliance Program Contents Generally		48-3
48-4.	Written Policy Manual		48-3
48-5.	Substantive Laws		48-3
48-6.	Corporate Ethics		48-5
48-7.	Internal Procedures		48-6
48-8.	Corporate Compliance Officer		48-7

ILLINOIS CORPORATE PRACTICE AND FORMS MANUAL

48-9.	Training Seminars/Employee Acknowledgement/Audits	48-7
48-10.	Conclusion	48-8
Chapter 49.	Illinois Franchise Taxes and Corporate Income Taxes	49-1
49-1.	Introduction to Illinois Franchise Taxes	49-1
49-1A.	Repeal of Illinois Franchise Tax	49-1
49-2.	Corporations Subject to Illinois Franchise Tax	49-2
49-3.	Corporations Exempt from Illinois Franchise Tax	49-2
49-4.	Definition of Paid-In Capital	49-2
49-5.	Allocation of Paid-In Capital for Purposes of Determining Franchise Tax	49-5
49-6.	Computation of the Annual Franchise Tax, the Initial Franchise Tax and the Additional Franchise Tax on Changes in Paid-In Capital	49-8
49-7.	Reporting Requirements and Procedures	49-10
49-8.	Foreign Corporations and Illinois Franchise Tax	49-11
49-8A.	Franchise Tax Amnesty	49-12
49-9.	Major Forms	49-12.1
49-10.	Overview of the Illinois Corporate Income Tax	49-14
Chapter 50.	The Certification of Disadvantaged Business Enterprises Under the Illinois Unified Certification Program	50-1
50-1.	General	50-1
50-2.	DBE Program Certification Standards	50-2
50-3.	DBE Program Certification Procedures	50-2
50-4.	The Illinois Unified Certification Program	50-3
50-5.	Required Supporting Documentation	50-3
50-6.	DBE Certification Practice Checklist	50-5
50-7.	Form 50-1. Illinois UCP DBE Application	50-7
 INDICES		
	<i>Forms Index</i>	INDEX-1
	<i>Table of Cases</i>	INDEX-12
	<i>Table of Illinois Laws</i>	INDEX-38
	<i>Subject Index</i>	INDEX-50