

DELAWARE DIVISION OF CORPORATIONS

2013 ANNUAL REPORT

Jeffrey W. Bullock, Secretary of State



Why Delaware?

Businesses are consistently and in ever increasing numbers choosing Delaware as their legal home for four main reasons:

First, Delaware's General Corporation Law is widely regarded as the most advanced and flexible business formation statute in the nation.

Second, our Court of Chancery is a unique, centuries old business court that has written most of the modern U. S. corporation case law.

Third, Delaware's corporate and legal services community has unparalleled expertise in the application of Delaware Corporate Law and receives strong, bipartisan support from the Delaware General Assembly and our Governor for its efforts to continuously improve the state's laws.

Finally, the Delaware Division of Corporations provides prompt, friendly and professional service and strives to continually improve based on what we hear from our customers.

Public Benefit Corporations

On July 2013, Governor Jack Markell joined legislators, entrepreneurs and investors to sign legislation (Senate Bill 47) enabling the formation of Public Benefit Corporations (PBCs) in Delaware. PBCs are a new kind of socially conscious, for-profit corporation intended to operate in a responsible and sustainable manner. Delaware became the 20th jurisdiction (including Washington, D. C.) to enact benefit corporation legislation.

A month later, 17 businesses submitted the necessary paperwork, with representatives from a dozen of those companies doing so in-person, setting a national record for the most companies filing on the first day of PBC legislation.

This law provides benefit corporations with the stability, efficiency and

predictability that are the hallmarks of Delaware corporate law. Our Courts, our corporate and legal services industry, and my staff stand ready to provide PBCs with the high-quality infrastructure and support that corporate managers and investors have come to expect from Delaware. Since the enactment of the legislation, more than 110 PBCs have formed in Delaware.

New Leadership of Delaware's Courts

Earlier this year, Leo E. Strine Jr. became the 8th Chief Justice of the Delaware Supreme Court which hears corporate cases on appeal from Delaware's Court of Chancery. Chief Justice Strine's incredible work ethic, passion for justice, powerful intellect and 15 years on the Court of Chancery ensure Delaware is well positioned to continue its long tradition of judicial excellence.

Meanwhile, Andre Bouchard was unanimously confirmed in April 2014 as the 22nd Chancellor of the 222 year old Delaware Court of Chancery, the premier U. S. forum for resolution of business disputes. With nearly 30 years of corporate law practice experience, Bouchard has

demonstrated a remarkable ability to analyze complex legal issues and vigorously represent his clients, and he will bring the same talent and expertise as the leader of the Court of Chancery.



Governor Jack Markell applies Delaware's ceremonial seal to the corporate charter of Plum Organics, one of the state's first public benefit corporations. Secretary of State Jeffrey Bullock (left) and Neil Grimmer (center), Plum Organics co-founder and president were present for the registration ceremony.

Delaware Division of Corporations

New IPOs

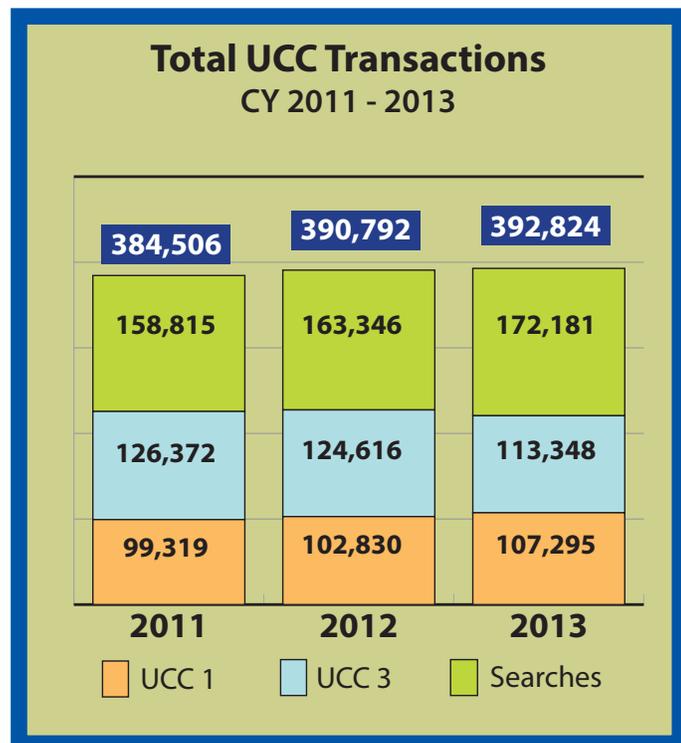
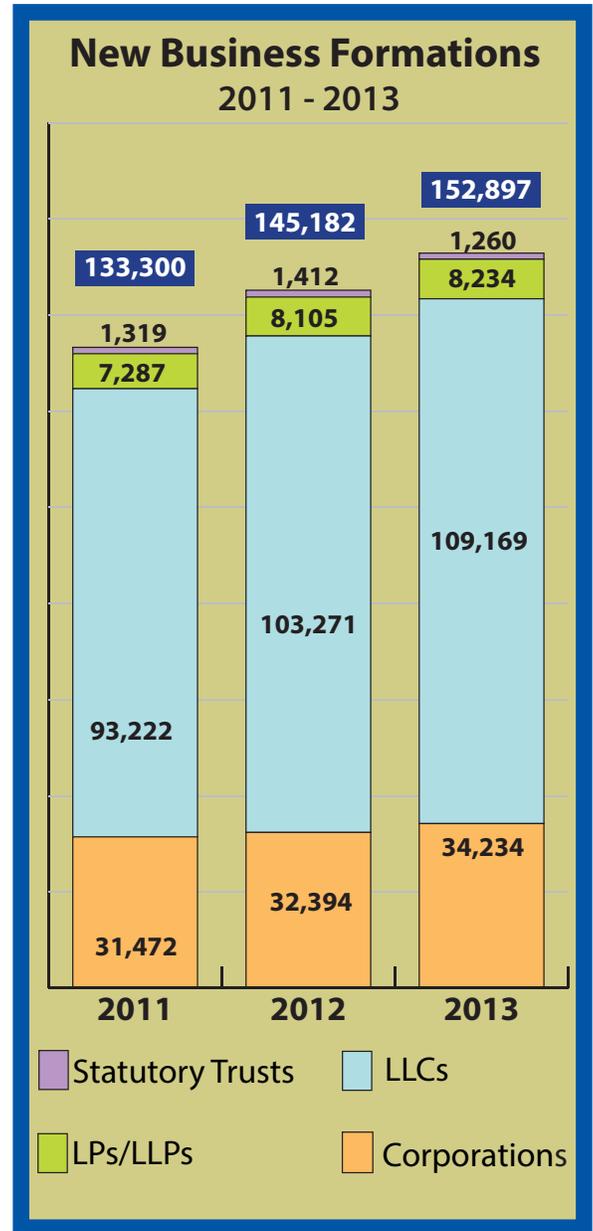
In 2013, 83% of all new U.S. Initial Public Offerings (IPOs) were incorporated in Delaware. In the past year, 71 venture-backed companies incorporated in the U. S. and 69 of them chose Delaware for their corporate home, including:

- Building materials distributor **Stock Building Supply**
- Global real estate network **REMAX Holdings**
- Storage solutions retailer **The Container Store**
- Social networking and microblogging service **Twitter**
- Movie theater and cinemas chain **AMC Entertainment**

Financial Results

General fund revenue collections by the Division of Corporations reached a record high of \$883.4 million in fiscal year (FY) 2013 and accounted for 24% of the state's general fund. The Division also distributed \$12.5 million to local governments in Delaware in the form of recording, courthouse and other fees.

Division of Corporations General Fund Revenue	(in millions \$)		
	FY 2011	FY 2012	FY 2013
Net Business Entity Taxes	759.7	766.0	776.7
Business Entity Fees	83.1	84.5	89.8
UCC Fees	16.4	16.7	16.9
Total Revenue	859.2	867.2	883.4



Continuing Growth

Delaware remains the chosen home of more than half of all U.S. publicly traded companies and 65% of Fortune 500® companies are incorporated in Delaware. At the end of 2013, there were over 1,052,000 active business entities in the state, a 5% increase from 2012. Overall new entity formation in 2013 grew 5% to 152,897. UCC transactional volumes rose 0.5% over 2012, continuing a steady upward climb.



Expanded International Marketing

My office continues to actively promote the advantage of incorporating in Delaware both here and abroad.

In July 2013, then Chief Justice Myron Steele led a corporate delegation to Israel to meet with Israeli judges and regulators, as well as with lawyers who have formed Delaware entities. The trip was the continuation of a long-term effort begun 15 years ago to build successful relationships with Israeli high-tech start-ups formed as Delaware legal entities.

The Secretary of State's Office led a small delegation that visited Brazil in September to meet with corporate attorneys in Sao Paulo to discuss the advantages of incorporating in Delaware.

Delaware Supreme Court Justice Jack Jacobs delivered the keynote address at the International Bar Association Corporate Governance Conference in Singapore this past January. His comments focused on the principles underlying Delaware corporate governance and how they can be applied to benefit shareholders in Singapore and other Asian countries.

Also in January, a Delaware delegation led by Supreme Court Justice Henry Ridgely traveled to the Netherlands to attend the Panel of Recognised International Market Experts in Finance (PRIME) Annual Conference at The Hague and a corporate governance conference organized by a prominent Dutch law firm. Delaware and the Netherlands have a long-standing relationship that builds on our reputations as legal and corporate centers.

Here in the U. S., in the fall of 2013, the State partnered with the John L. Weinberg Center for Corporate Governance at the University of Delaware which organized its first Delaware Law Issues Update Conference. The event featured many of the state's Supreme and Court of Chancery judges discussing corporate law matters essential to corporate secretaries and in-house and outside counsel.

In January 2014, Delaware co-hosted a "Conversation with Chancellor Strine," an event which attracted more than 100 top corporate lawyers in New York City.

Delaware Corporate & Legal Services Blog



In November 2013, the Delaware Secretary of State's Office and Court of Chancery's Rules Committee partnered to launch the new Delaware Corporate Law Website (www.corplaw.delaware.gov) highlighting the benefits of incorporating in Delaware to the international business and legal communities. The site includes helpful articles in ten languages (English, Arabic, Chinese, Dutch, French, German, Hebrew, Japanese, Portuguese, and Spanish).

An accompanying English language blog includes the latest news and in-depth features articulating how our law is used by companies and investors for international transactions. The content is written in a straightforward and non-technical manner, making it accessible and understandable. I invite anyone interested in Delaware corporate law to subscribe to e-mail updates at: www.decals.delaware.gov.

A Final Word

I've been privileged during my first five years as Secretary of State to be able to promote the Delaware advantage alongside a legend of Delaware corporate law, Myron T. Steele. Chief Justice Steele recently retired after 25 years of service to the citizens of Delaware, including 13 years on our Supreme Court. Chief Justice Steele authored over 400 corporate and commercial law opinions, many among the most influential and quoted in the halls of academia and corporate suites of America and abroad. Chief Justice Steele has been a forceful and tireless advocate for Delaware and its corporate law. He can be proud to have led the most admired state court system in the nation and he will be greatly missed.

The high standards of excellence Chief Justice Steele brought to state service can also be seen each day at the Division of Corporations. Every week, I receive letters from businesses and attorneys worldwide about how our employees continue working to find innovative solutions to complex issues. Their remarkable work further contributes to Delaware's prestige in corporate law and I am proud to serve with each of them.

Sincerely,

Jeffrey W. Bullock