

Delaware Division of Corporations 2015 Annual Report

Jeffrey W. Bullock, Secretary of State



“Serving Delaware and the World”

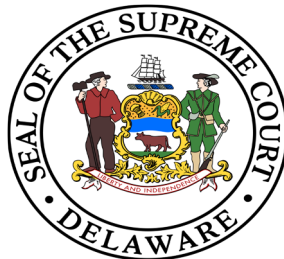
Continued Growth

2015 was another record year for Delaware’s incorporations industry.

- More than 1,181,000 legal entities are incorporated in Delaware - a 34 percent increase since 2008.
- Over 178,000 entities were formed under Delaware’s corporate and alternative entities laws, representing a 5 percent improvement over the record of 169,000 set last year.
- Dating back to November 2009, the Division of Corporations has seen improved formation activity in 56 of the last 62 months.
- 66 percent of all Fortune 500 companies are incorporated in Delaware, up from 58 percent in 2000.
- 86 percent of U.S. based Initial Public Offerings in 2015 chose Delaware as their corporate home, including Box, Etsy, Go Daddy, Shake Shack, and Square.

Changes to Delaware’s Courts

The remaking of the Court of Chancery and Supreme Court has continued with all 10 members appointed or reappointed by Governor Jack Markell during the past seven years. These institutions ensure continued expertise in corporate law and constitutionally mandated non-partisan balance in the courts.



Most recently, attorney Tamika Montgomery-Reeves and

former Superior Court Judge Joseph Slight III were unanimously confirmed to serve as vice chancellors on the Court of Chancery.

For more information on Delaware’s courts, visit the Delaware Courts webpage.

Improving Technology

The Delaware Division of Corporations’ information technology systems house 116 years of corporate records data. First developed in 1983, the Delaware Corporate Information System (DCIS) has been a workhorse - processing corporate filings, taxes, and fees totaling more than \$16 billion in revenue. Its last major platform upgrade occurred 25 years ago.

In September 2015, the Division launched the new DCIS system, a customized \$22 million platform, to expand flexibility and functionality for our staff and customers.

A project of this magnitude is not without its challenges. The Division’s staff, our online registered agents, and our technology team deserve credit for working so hard to make this transition as seamless as possible for our corporate clients around the world. And we’re pleased to report that we are working each and every day to ensure the Division provides the high quality services our customers expect.

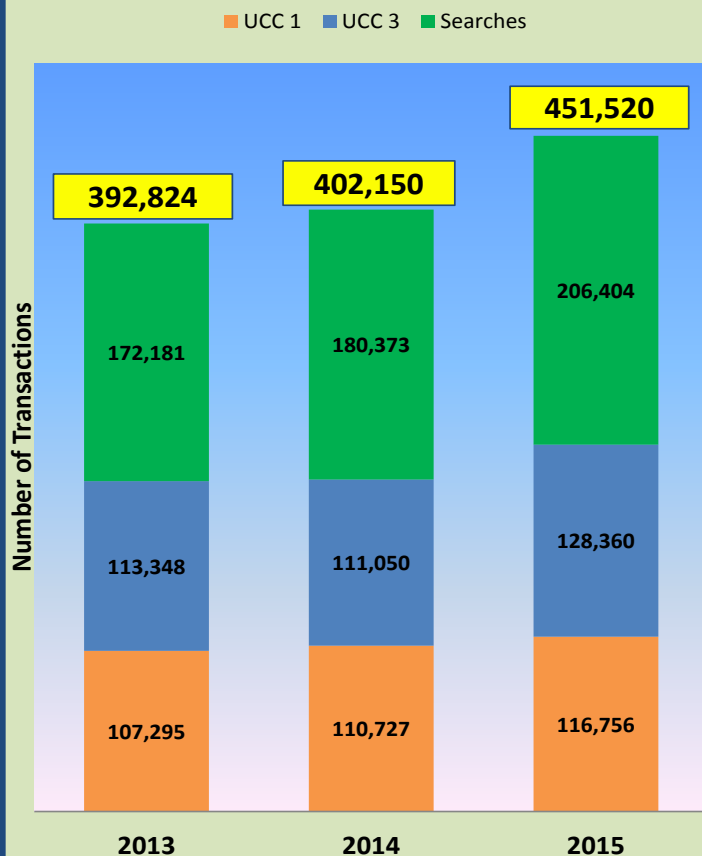
The new DCIS provides a modern platform from which the Division can make data more searchable and can leverage web services to increase flexibility and support increased import and distribution methods. Enhancements will be regularly rolled out in the years ahead - helping Delaware maintain its leadership in the industry.

MARCH 10, 1899

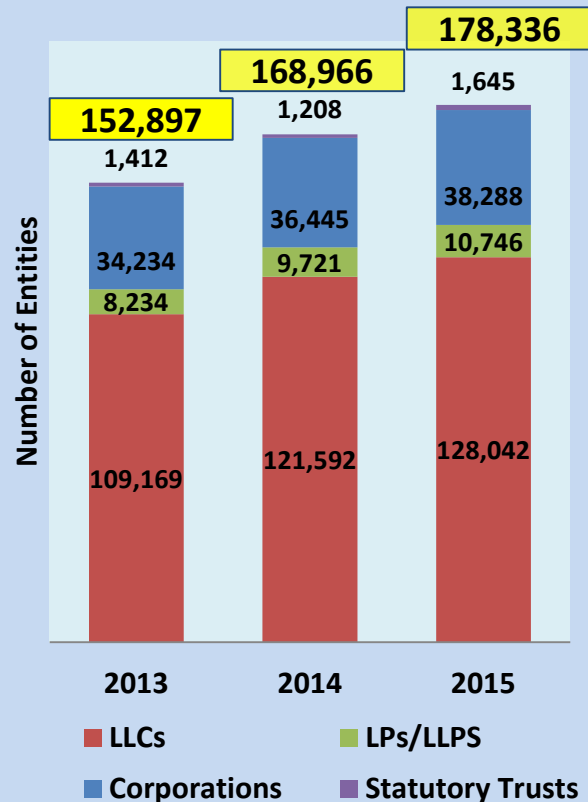
Delaware adopts General Corporation Act

Delaware Division of Corporations Facts & Figures 2015

Total Uniform Commercial Code (UCC) Transactions CY 2013 - 2015



New Business Formations CY 2013 - 2015



Financial Results

General fund revenue collections by the Delaware Division of Corporations grew by 11 percent from 2015, and topped \$1 billion for the first time. This revenue accounts for 26 percent of the State of Delaware's general fund revenues.

Certificates of Validation

In 2014, Delaware became the first state in the nation to provide corporations with clear statutory mechanisms to rectify defective corporate acts.

New Section 204 of the Delaware General Corporations Law (DGCL) established procedures for corporations to ratify these acts and new Section 205 gave the Court of Chancery jurisdiction to decide the validity of any defective corporate act. Amendments were adopted in 2015 to further simplify and improve the filing process, making Delaware's ratification statute a highly valued tool for practitioners nationwide. To date, 236 companies have filed 399 certificates of validation.

Division of Corporations General Fund Revenue	(In Millions \$)		
	FY 2013	FY 2014	FY 2015
Net Business Entity Taxes	776.8	814.6	910.9
Business Entity Fees	89.8	96.0	102.7
UCC Fees	16.9	17.2	18.3
Total Revenue	883.5	927.8	1,031.9
% Growth	1.8	5.0	11.2

Changes to Delaware Business Entity Laws

Delaware's General Assembly enacted significant changes to its corporation laws during its latest session, including new legislation that prohibits fee-shifting provisions, allows for forum selection provisions, and creates a fast-track arbitration option for dispute resolution.

Lawmakers approved legislation that prohibits Delaware corporations from including provisions in their certificates of incorporation or bylaws that would require stockholder claimants to bear the costs of unsuccessful internal corporate claims. Lawmakers also endorsed the use of exclusive forum clauses, which will allow companies to designate Delaware as the required forum to resolve internal corporate claims.

Another significant addition is the Delaware Rapid Arbitration Act, which provides Delaware businesses around the world with a fast-track arbitration option to resolve business disputes. The Act sets time limits on the arbitration process in order to help reduce the time and money spent on litigation or traditional arbitration. The Act offers the ability to have disputes resolved promptly and cost-effectively, with the parties foregoing comprehensive pre-hearing evidence gathering in exchange for a prompt resolution of their dispute.

The General Assembly also approved amendments to the Delaware Limited Liability Company Act, the Delaware Revised Uniform Limited Partnership Act, and the Delaware Revised Uniform Partnership Act which, among other things, confirm that statutory provisions addressing the irrevocability of powers of attorney apply also to proxies; confirm a member's or manager's default class or group voting requirements; and confirm that the Delaware Secretary of State can issue public records in the form of photocopies or electronic image copies.

A Final Word from the Secretary of State

It has been a privilege to serve as Delaware's Secretary of State for the past seven years in the Markell administration. During this time, the Division of Corporations has added 302,000 active legal entities, and our revenue has grown by 42 percent, or \$330 million.

These impressive numbers are a testament to the service provided by our Corporations team and the unparalleled record

of our court system. I'd like to specifically acknowledge the service of three individuals who have retired in the past year who were an integral part of our world-renowned courts - Vice Chancellor John Noble, Vice Chancellor Donald Parsons, and Supreme Court Justice Henry duPont Ridgely. We're grateful for their outstanding careers of service.

Delaware is a great place to do business, and on behalf of Governor Markell and the Delaware Department of State, thank you for the opportunity to be your partner. We appreciate your feedback, and please let us know how we are doing by taking our brief Customer Service Survey.

Sincerely,



Jeffrey W. Bullock
Secretary of State



Delaware Division of Corporations
corp.delaware.gov

General Information – 302-739-3073 option 2
Franchise Tax – 302-739-3073 option 3
Uniform Commercial Code – 302-739-3073 option 4
Service of Process – 302-739-3073 option 5
All other inquiries – 302-739-3073 option 0