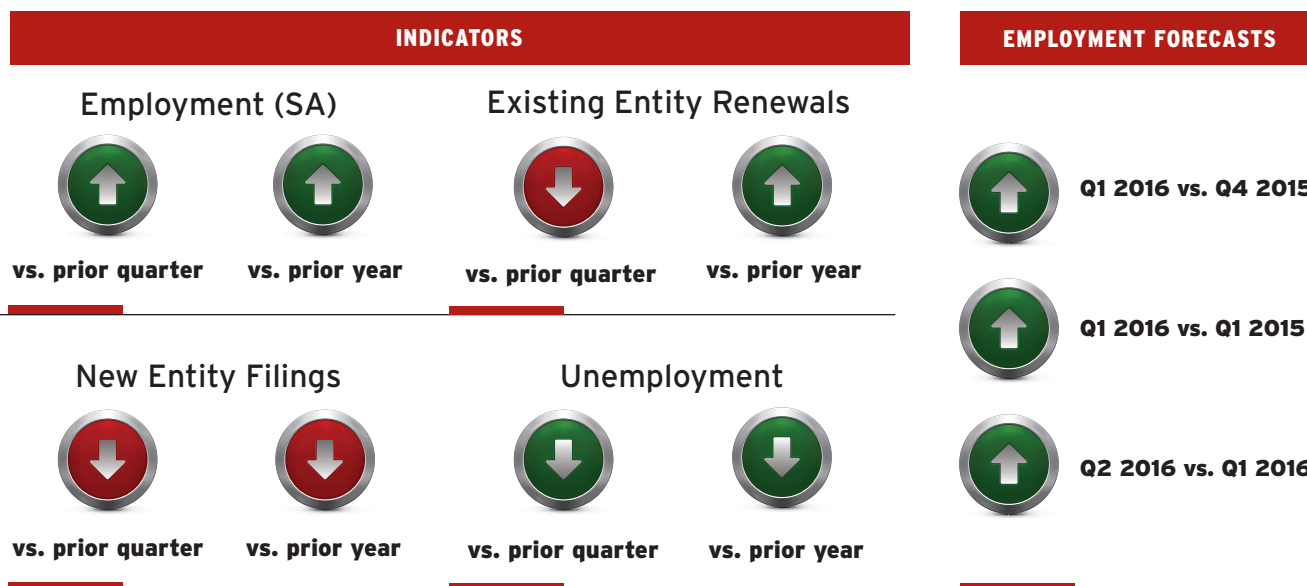
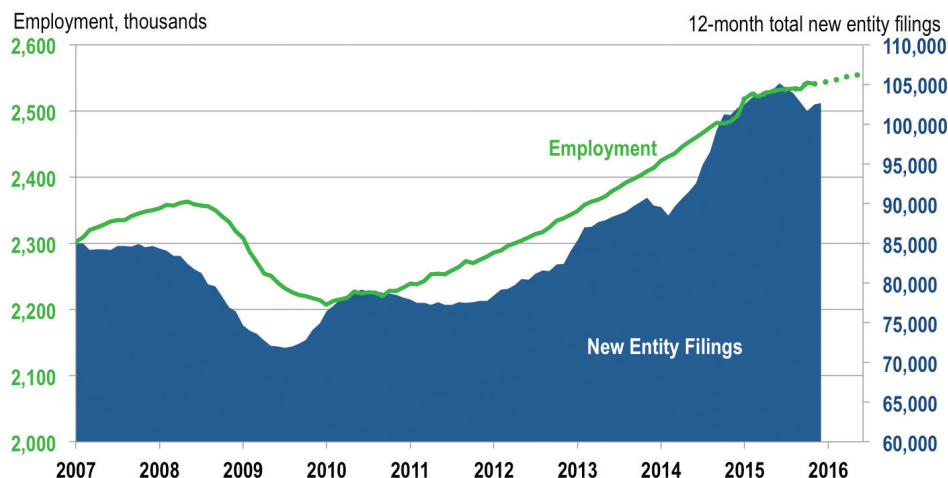


Secretary of State Business Filings Q4 2015 Data Analysis Summary

- Employment projected to continue expanding in Q1 2016 and Q2 2016 despite a modest drop in quarterly new business filings.
- Current Colorado economic indicators continue to show growth.
- Colorado oil rig count dips to 22, lowest level since 2002.
- Pace of national job growth strengthened; 2.71 million jobs added in 2015.



Employment and New Entity Filings



Note: Solid line displays actual seasonally adjusted employment numbers; dotted line reflects calculated forecasts.

Source: Seasonally adjusted, Colorado total nonfarm employees from the Bureau of Labor Statistics, Current Employment Statistics (CES), calculations by BRD research team

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The Secretary of State's office works to grow commerce and foster political freedom by building trust, instilling confidence, and offering innovative, value-driven solutions.

Secretary of State Business Filings Q4 2015 Data Analysis Summary

Business formation slowed. The state recorded a decrease in quarterly new entity filings in Q4 2015 compared to Q4 2014. A total of 102,670 new business filings were recorded in the 12-month period ending in December. Quarterly existing entity renewals increased for the year to 463,642 for the 12 months ending in December. The number of entities in good standing ticked up 5.5% compared to a year prior, to a new record of over 600,000.

Job growth rooted in existing businesses. Business renewals in Q4 2015 indicate the state will experience uninterrupted employment expansions in the first half of 2016. Quarterly total existing entity renewals were up 5.6% year-over-year and up 7.1% on a 12-month period ending in December.

Colorado business leaders gained more optimism ahead of Q4. Confidence remained in positive territory among state business leaders, with expectations increasing 1.7 points in the national index and 1.9 points for state economic outlook ahead of Q1 2016. The state index (59.3) was 8.6 points higher than the national index (50.5).

Economic activity on the rise. Real GDP increased for the quarter at an annualized rate

of 2% in Q3 2015 after expanding 3.9% in Q2 2015. According to the Bureau of Economic Analysis, the Q3 increase reflected positive contributions from personal consumption, nonresidential fixed investment, state and local government spending, residential fixed investment, and exports.

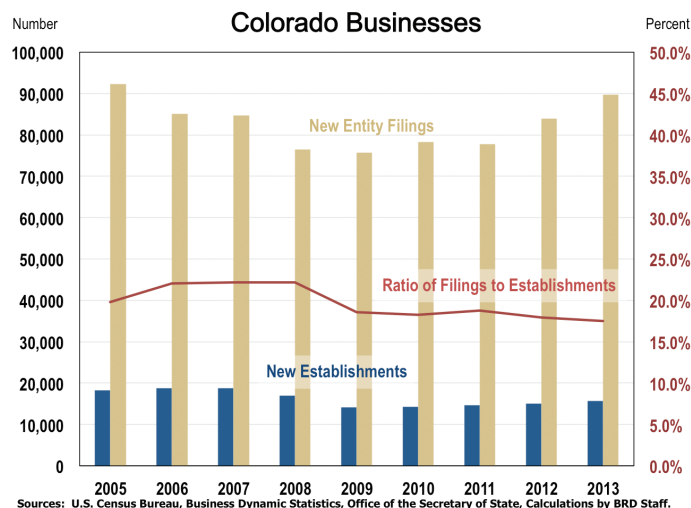
A total of 851,000 jobs were added in the United States in Q4 (292,000 in December), while unemployment remained at its lowest since April 2008, at 5%. Total wages grew by \$85.6 billion in Q2 2015 year-over-year, a 5.1% increase from Q2 2014 according to the Bureau of Labor Statistics. Initial jobless claims averaged 268,000 through September 19 and continuing claims averaged 2.2 million nationwide.

Consumers are still benefiting from low gasoline prices related to the low oil price environment. Gasoline prices were down 11.5% nationally from the end of Q3 to the end of Q4. In Colorado, gasoline prices decreased 22.6% in the same respective time period. In Q3 2015, seasonally adjusted retail and food services sales increased 2.2% year-over-year. According to the Consumer Price Index, prices increased by 0.4% November year-over-year, while core inflation (all items less food and energy) rose 2% in November.

Colorado's economy continued to grow in Q2 2015 according to the state GDP report, but the pace of growth slowed. As of November 2015, Colorado added 44,200 jobs year-over-year. According to the Bureau of Labor Statistics, year-over-year total wages and wages per employee increased in Q2, 6.3% and 3.2%, respectively.

National residential construction grew 13.4% year-to-date through November based on Census building permit data. Residential construction in Colorado picked up slightly through November 2015, posting 1.6% growth year-over-year. Home prices in Colorado are growing faster than any other state (12.4%) according to the Q3 Federal Housing Finance Agency Purchase-Only Index. In Q3, home prices rose in every state except for West Virginia.

New filings correlate to new establishments. The ratio of new establishments to new entity filings remained stable from 2005 to 2013, ranging from 17.5% to 22.2%. New entity filings may or may not become establishments, which are single physical locations where business is conducted or where services or industrial operations are performed.

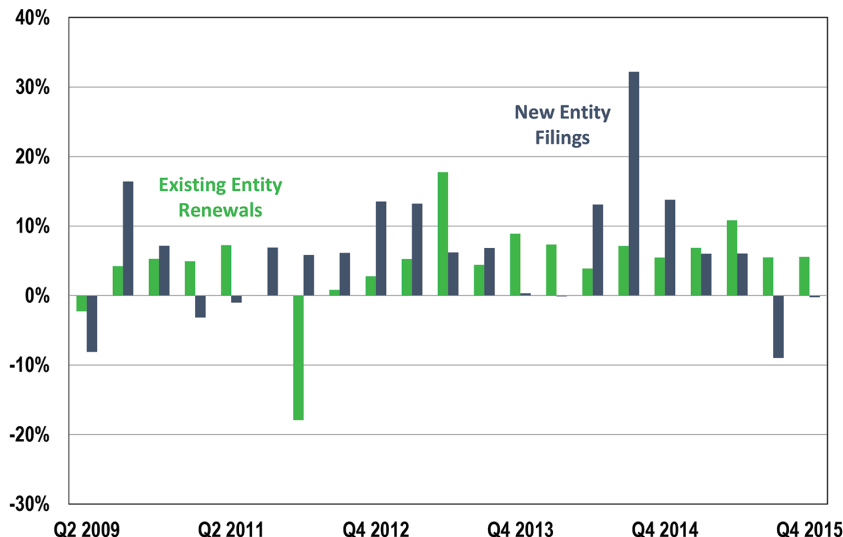


The Quarterly Business & Economic Indicators, produced by the Business Research Division (BRD) on behalf of the Colorado Secretary of State, reports on the correlations between various business filing data and economic metrics. The Business Research Division (BRD) of the Leeds School of Business conducts marketing and economic impact studies and customized research projects that assist companies, associations, nonprofits, and governmental agencies with making sound business and policy decisions.

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Existing Entity Renewals and New Entity Filings

Year-over-year percent change for the quarter



Business Filings Overview

Business formation continues to be soft in Q4 2015. The state saw 23,306 businesses formed in fourth quarter 2015. This compares to 25,164 the previous quarter and 23,360 in Q4 2014. Since December 2014, a total of 102,127 businesses have been created (0.5% increase year-over-year).

Existing entity renewals totaled 113,849 in Q4 2015, down from last quarter's 114,677 and 5.6% since Q4 2014. Dissolution filings increased to 6,770 in Q4 after decreasing to 5,346 in Q3. This compares to 6,125 dissolved businesses in Q4 2014.

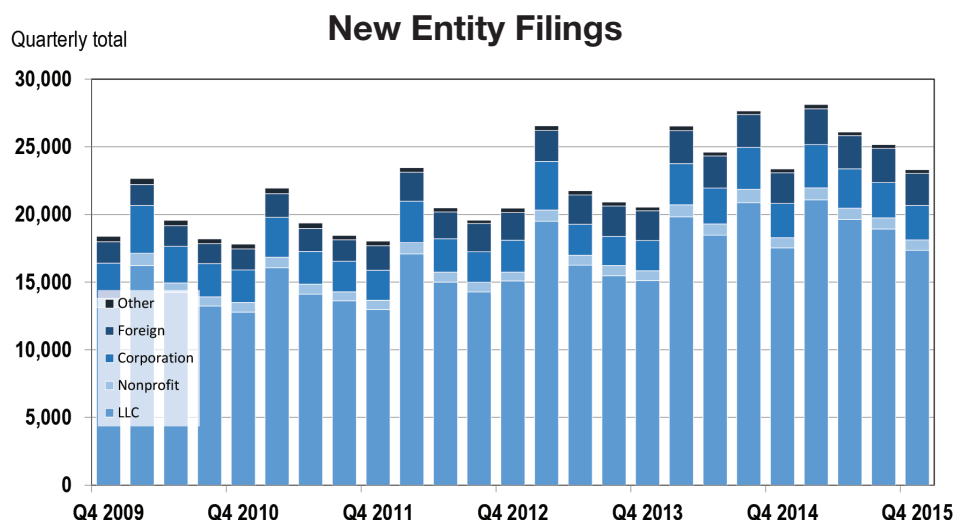
Quarterly trademark filings increased 6.6% year-over-year, while trade names fell (2.8%). The total number of businesses in good standing was 601,588 (5.5% increase year-over-year).

	Q4 2015	Q3 2015	Q4 2014	Percent Change over Prior Year		5-Year CAGR ^a	
New Entity Filings							
Domestic Limited Liability Company	17,359	18,920	17,534	-1.0%	▼	6.3%	▲
Domestic Nonprofit Corporation	764	833	748	2.1%	▲	1.6%	▲
Domestic Corporation	2,547	2,608	2,532	0.6%	▲	1.2%	▲
Other Entity Types	2,636	2,803	2,546	3.5%	▲	6.7%	▲
Total New Entity Filings	23,306	25,164	23,360	-0.2%	▼	5.5%	▲
Total New Entity Filings - 12 mo. trailing	102,670	102,724	102,127	0.5%	▲	5.6%	▲
Existing Entity Renewals							
Domestic Limited Liability Company	66,151	65,216	61,342	7.8%	▲	8.6%	▲
Domestic Nonprofit Corporation	9,924	10,631	9,703	2.3%	▲	1.6%	▲
Domestic Corporation	25,688	25,360	25,411	1.1%	▲	0.5%	▲
Other Entity Types	12,086	13,470	11,395	6.1%	▲	6.6%	▲
Total Existing Entity Renewals	113,849	114,677	107,851	5.6%	▲	5.6%	▲
Total Existing Entity Renewals - 12 mo. trailing	463,642	457,644	432,950	7.1%	▲	4.9%	▲
Other Business Filings							
Dissolution Filings	6,770	5,346	6,125	10.5%	▲	6.8%	▲
Dissolution Filings - 12 mo. trailing	24,318	23,673	21,761	11.8%	▲	6.2%	▲
Trademarks	827	707	776	6.6%	▲	8.1%	▲
Trademarks - 12 mo. trailing	3,214	3,163	3,276	-1.9%	▼	6.3%	▲
Trade Names	9,516	10,580	9,792	-2.8%	▼	-2.2%	▼
Trade Names - 12 mo. trailing	43,634	43,910	44,176	-1.2%	▼	-1.4%	▼
Entities in Good Standing							
Corporation	124,575	123,060	124,297	0.2%	▲	-0.7%	▼
Foreign	62,218	60,738	57,905	7.4%	▲	7.2%	▲
Limited Liability Company	356,960	346,826	331,064	7.8%	▲	8.1%	▲
Nonprofit Corporation	47,190	46,580	46,228	2.1%	▲	2.2%	▲
Other Entity Types	10,645	10,536	10,599	0.4%	▲	0.7%	▲
Total Entities in Good Standing	601,588	587,740	570,093	5.5%	▲	5.2%	▲

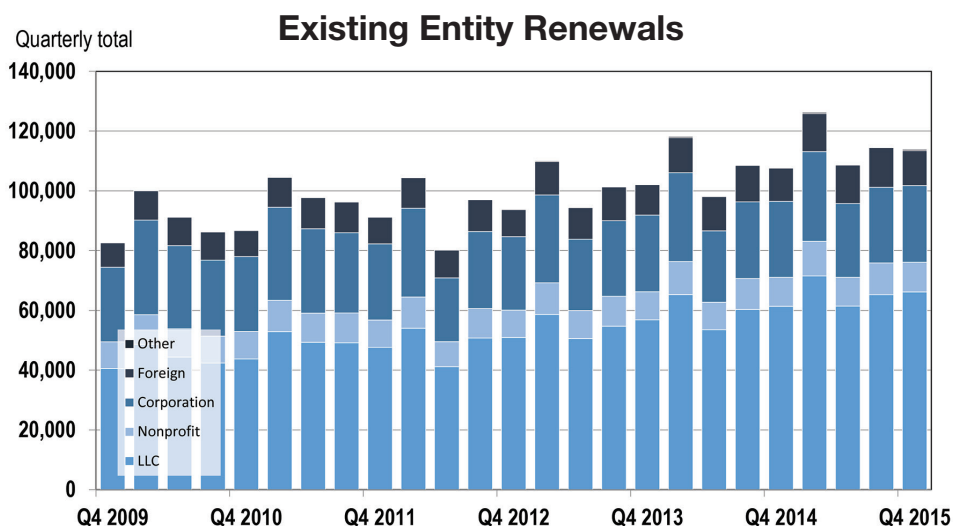
^a Compound Annual Growth Rate.

New Entity Filings & Existing Entity Renewals

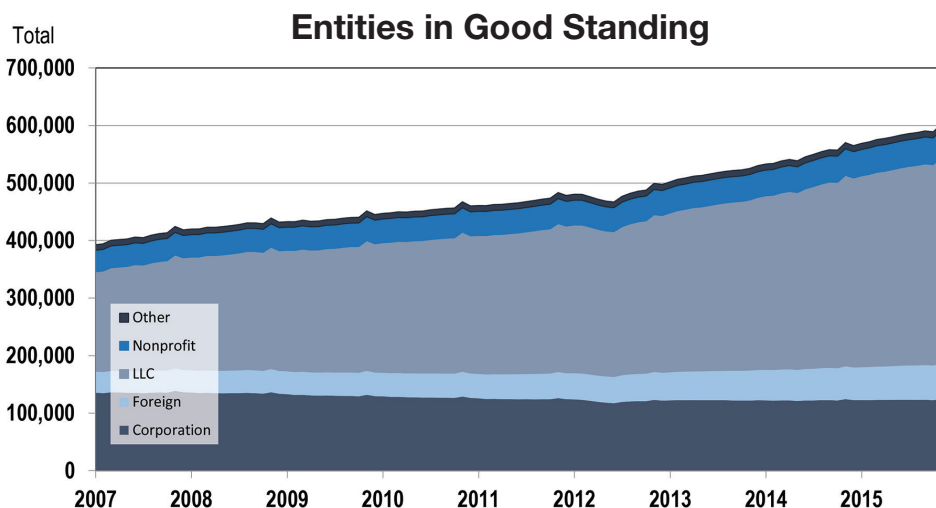
Business filings stall in Q4. Quarterly filings fell 0.2% year-over-year. Accounting for the seasonal fluctuations new business filings exhibit, a 12-month trailing total of new entity filings rose 0.5% year-over-year in Q4 2015 and were nearly flat compared to Q3. Quarterly filings for domestic corporations increased 0.6% year-over-year in Q4, filings for nonprofit corporations increased 2.1%, and filings for limited liability companies decreased 1%.



Renewals remain strong in Q4. After totaling 114,677 in Q3 2015, business renewals decreased in seasonal fashion, to 113,849 in Q4. However, filings posted a 5.6% increase year-over-year. Renewals by domestic corporations increased 1.1% year-over-year, while limited liability companies grew 7.8%. Domestic nonprofit corporations increased 2.3%.



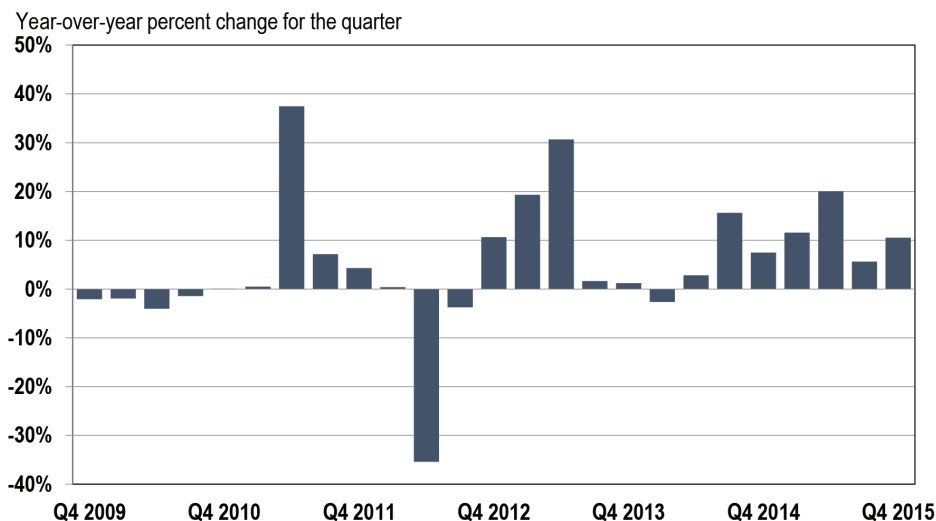
Businesses in good standing top 600,000 in Colorado. From Q4 2014 to Q4 2015, the number of entities in good standing in the state increased by 5.5%. Over the past five years, the number of entities in good standing have increased at a compound annual growth rate of 5.2%. Limited liability companies drove year-over-year growth (7.8%); foreign entities in good standing followed, with year-over-year growth of 7.4%.



Dissolutions, Trade Names, & Trademarks

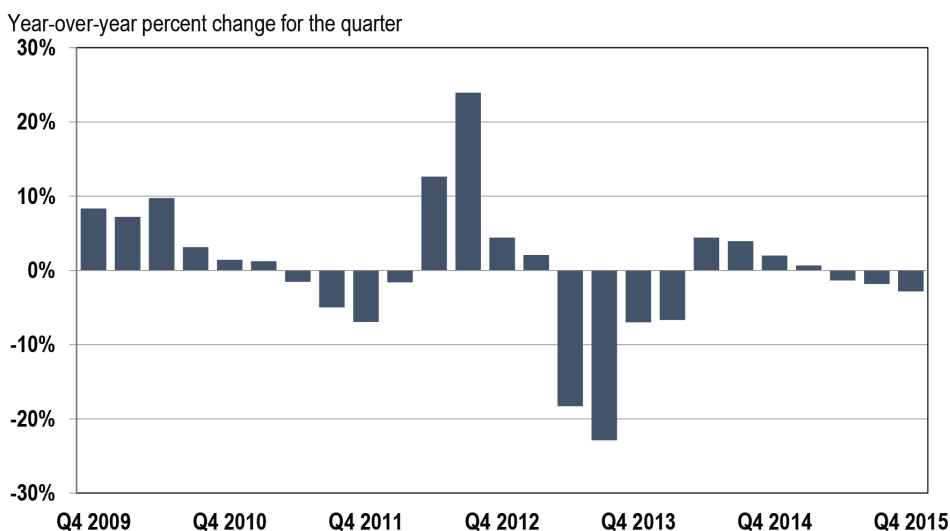
Dissolutions increased in Q4. A total of 6,770 businesses dissolved in Q4 2015. Quarterly dissolution filings increased from last quarter (26.6%) and compared to a year ago (10.5%). A 12-month trailing sum of dissolution filings increased 11.8% year-over-year with a five-year compound annual growth rate of 6.2%. Some businesses do not voluntarily dissolve without delay, and dissolution filings often lag the actual business dissolution.

Dissolution Filings



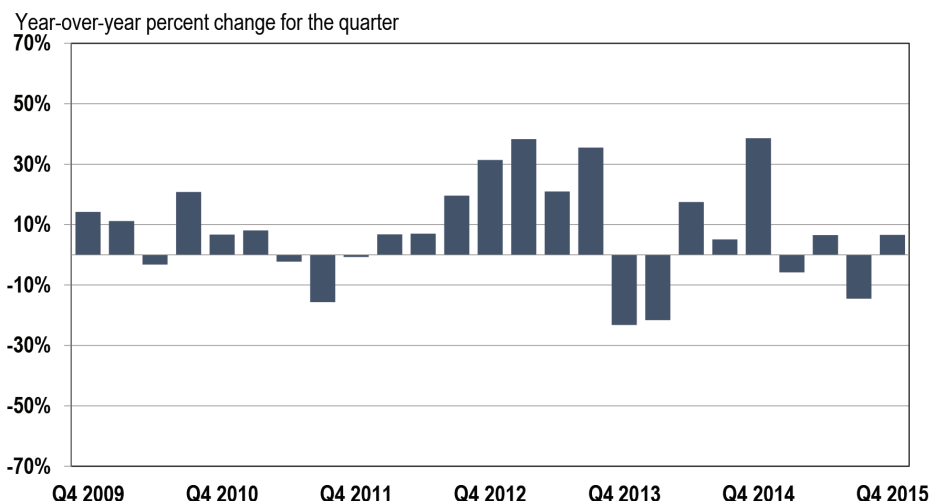
Trade name filings post a decline in Q4. A total of 9,516 trade names were filed in Q4 2015 compared to 10,580 last quarter and 9,792 in Q4 2014. A 12-month trailing sum of trade name filings reached 43,634, reflecting a 1.2% drop from the prior year. Entities must file a statement of trade name when operating under any name other than their true name.

Trade Name Filings

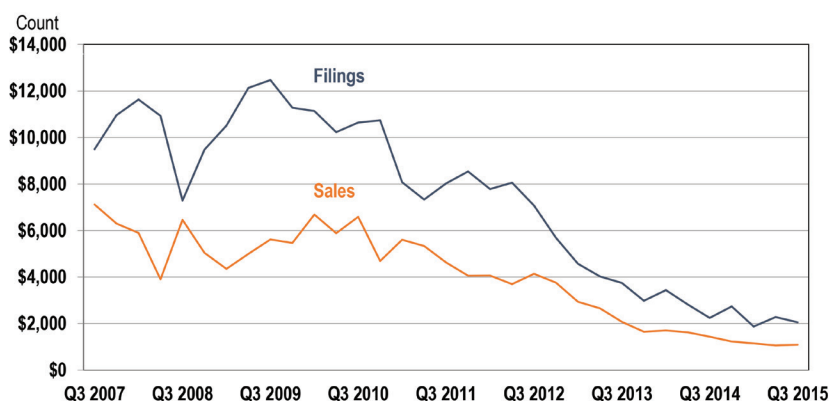


Number of trademark filings increased for the quarter. The number of trademark filings in Colorado totaled 827 in Q4 2015 compared to 707 in Q3 2015 and 776 in Q4 2014. While quarterly trademark filings were up 6.6% over the prior year, a 12-month trailing total decreased 1.9% year-over-year, totaling 3,276. Trademarks protect the symbols and words used in commerce.

Trademark Filings



Colorado Foreclosures Filings and Sales



Source: Colorado Division of Housing, Foreclosure Report.

Colorado Economic Indicators

Colorado's economy remains healthy and continues to grow. According to the Bureau of Labor Statistics, job growth has continued through November 2015. Colorado showed growth of 1.8% year-over-year while unemployment dropped to 3.6% year-over-year as of November 2015. Retail gasoline prices have decrease 15.5% from the prior period and currently sit at \$1.93; prices are down 3.1% annually. Personal income continued to grow, reaching \$277 million in Q3 2015, an annual increase of 5.3%. The FHFA Purchase-Only Home Price Index saw an increase of 3.2% from the previous period and an increase of 12.4% year-over-year. Year-to-year building permits decreased 1.1%, to 29,648, from the prior

period, and the 12-month trailing total valuation of building permits was valued at \$6.9 billion in November 2015. Foreclosure filings fell to 2,058 in Q3 2015, a decrease of 8.4% year-over-year. Colorado business leaders' perceptions of the state economy increased from Q4 2015 to Q1 2016 according to the Leeds Business Confidence Index, showing confidence in the state's economy.

	Current Period	3 Months Prior	Percent Change over Prior Period		Annual Percent Change		5-Year CAGR ^a	
Wealth								
Personal Income (millions of dollars)	277,086	274,013	1.1%	▲	5.3%	▲	5.5%	▲
Retail Sales, 12 mo. trailing (millions of dollars)	184,078	183,947	0.1%	▲	4.6%	▲	6.3%	▲
Taxable Sales, 12 mo. trailing (millions of dollars)	88,824	87,830	1.1%	▲	8.8%	▲	7.6%	▲
Sales Expectations (LBCI)	57.9	55.6	4.0%	▲	-6.4%	▼	-1.2%	▼
Profit Expectations (LBCI)	54.7	53.6	2.0%	▲	-7.3%	▼	-1.2%	▼
Business Outlays								
Annual Wages Per Employee (\$)	53,414	53,067	0.7%	▲	3.2%	▲	2.5%	▲
Hiring Expectations (LBCI)	54.6	53.1	2.9%	▲	-6.2%	▼	-0.6%	▼
Capital Expenditures Expectations (LBCI)	53.9	53.1	1.6%	▲	-9.3%	▼	-0.8%	▼
Retail Gasoline Price (dollars per gallon)	1.93	2.28	-15.5%	▼	-3.1%	▼	-7.9%	▼
Economic Overview								
Real Quarterly GDP (millions of chained 2009 dollars)	290,001	287,713	0.8%	▲	4.8%	▲	2.9%	▲
Employment (in thousands)	2,528.4	2,521.7	0.3%	▲	1.8%	▲	2.6%	▲
Unemployment Rate ^b	3.6%	4.2%	-0.6%	▼	-0.7%	▼	-5.2%	▼
Initial Jobless Claims	2,495	2,259	10.4%	▲	11.6%	▲	-7.5%	▼
Continuing Jobless Claims	28,846	26,134	10.4%	▲	-4.2%	▼	-12.4%	▼
Building Permits, Number of Units, 12 mo. trailing	29,648	29,963	-1.1%	▼	0.2%	▲	20.8%	▲
Valuation (millions of dollars), 12 mo. trailing	6,918	6,812	1.6%	▲	5.0%	▲	21.5%	▲
Foreclosures Filings, Number of Units	2,058	2,282	-9.8%	▼	-8.4%	▼	-28.0%	▼
Number of Sales	1,089	1,063	2.4%	▲	-24.0%	▼	-30.2%	▼
FHFA Purchase-Only Home Price Index	364	353	3.2%	▲	12.4%	▲	7.1%	▲
Private Firms	182,000	180,397	0.9%	▲	3.8%	▲	1.5%	▲
Oil Rig Count	22	30	-26.7%	▼	-66.2%	▼	NA	-
Total Business Bankruptcy Filings	123	117	5.1%	▲	7.9%	▲	-19.2%	▼
Chapter 7	103	79	30.4%	▲	14.4%	▲	-18.9%	▼
Chapter 11	15	32	-53.1%	▼	-21.1%	▼	-19.4%	▼
Chapter 13	4	6	-33.3%	▼	0.0%	▶	-23.2%	▼
State Economy Expectations (LBCI)	59.1	57.2	3.3%	▲	-10.8%	▼	0.9%	▲

Sources in order as metrics appear and dates in parentheses indicate most recent data at time of publication: Bureau of Economic Analysis, Quarterly Personal Income (SA) (Q3 15); Colorado Department of Revenue (NSA) (05/15); Leeds School of Business, Leeds Business Confidence Index (LBCI) (Q1 16); Colorado Department of Labor and Employment, QCEW (NSA) (Q2 15); U.S. Energy Information Administration, Weekly Retail Gasoline and Diesel Prices (01/11/16); Bureau of Economic Analysis, (SA) (Q2 15); Bureau of Labor Statistics, CES (SA) (11/15); Bureau of Labor Statistics, LAUS (SA) (11/15); U.S. Department of Labor, Employment and Training Administration (NSA) (12/26/15); Census Bureau, New Privately Owned Housing Units Authorized (NSA) (11/15); Colorado Division of Housing, Foreclosure Report (Q3 15); FHFA Purchase-Only Home Price Index (SA) (Q3 15); Bureau of Labor Statistics, QCEW (Q2 2015); Baker-Hughes (01/08/15); Administrative Office of the U.S. Courts (Q3 15); Leeds School of Business, Leeds Business Confidence Index (LBCI) (Q1 16); ^aCompound Annual Growth Rate. ^bPercentage point change.

WTI Price



National Economic Indicators

National oil price per barrel is at its lowest point since 2009. Cushing, OK West Texas Intermediate (WTI) oil prices were at \$31.42 on January 11, down 35% year-over-year and well below the five-year high of \$113.39. Crude prices have decreased 14.6% through the first 11 days of 2016 over concerns about lower Chinese demand, high domestic crude inventories, and an absence of restraint in global crude production. Retail gasoline prices decreased 13.5% from the prior period and currently sit at \$2.10. Retail gasoline prices are down 5.7% annually.

GDP growth continued with a 2.1% increase year-over-year while employment grew 1.9% year-over-year in November 2015. Personal income and average annual pay grew year-over-year, at 4.7% and 2.9%, respectively. According to the Leeds Business Confidence Index, the national economy expectations decreased 15.8% year-over-year but increased 3.6% from the previous period. The S&P 500 fell 4.6% in Q4 and 5.2% year-over-year. As of January 13, all three major U.S. stock indexes were in correction territory, falling over 10% from their respective 52-week highs.

	Current Period	3 Months Prior	Percent Change over Prior Period		Annual Percent Change		5-Year CAGR ^a	
Wealth								
Personal Income (billions of dollars)	15,468	15,277	1.2%	▲	4.7%	▲	4.4%	▲
Retail and Food Services Sales, 12 mo. trailing (billions of dollars)	5,297.7	5,274.3	0.4%	▲	2.4%	▲	4.6%	▲
S&P 500	1,923.7	2,017.5	-4.6%	▼	-5.2%	▼	8.7%	▲
Business Outlays								
Annual Wages Per Employee	52,004	51,650	0.7%	▲	2.9%	▲	3.1%	▲
Consumer Price Index	238.1	237.9	0.1%	▲	0.4%	▲	1.6%	▲
Energy	196.7	208.5	-5.7%	▼	-14.8%	▼	-2.2%	▼
Transportation Services	293.6	290.8	1.0%	▲	2.3%	▲	2.2%	▲
Retail Gasoline Price (dollars per gallon)	2.10	2.43	-13.5%	▼	-5.7%	▼	-7.7%	▼
Economic Overview								
Real Quarterly GDP (billions of chained 2009 dollars)	16,414	16,334	0.5%	▲	2.1%	▲	2.0%	▲
Employment (in thousands)	143,242	142,391	0.6%	▲	1.9%	▲	1.8%	▲
Unemployment Rate ^b	5.0%	5.1%	-0.1%	▼	-0.6%	▼	-4.3%	▼
Initial Jobless Claims	272,000	264,000	3.0%	▲	-5.9%	▼	-8.5%	▼
Continuing Jobless Claims	2,195,000	2,244,000	-2.2%	▼	-7.7%	▼	-11.6%	▼
Building Permits, Number of Units, 12 mo. trailing	1,165,777	1,140,034	2.3%	▲	13.3%	▲	14.3%	▲
Valuation (millions of dollars), 12 mo. trailing	218,238	211,894	3.0%	▲	15.0%	▲	16.7%	▲
FHFA Home Price Index	222.4	219.6	1.3%	▲	5.7%	▲	3.7%	▲
Total Business Bankruptcy Filings	6,338	6,166	2.8%	▲	-0.3%	▼	-14.6%	▼
Chapter 7	3,973	4,054	-2.0%	▼	-8.5%	▼	-16.5%	▼
Chapter 11	1,724	1,474	17.0%	▲	26.5%	▲	-10.0%	▼
Chapter 13	525	504	4.2%	▲	-5.7%	▼	-12.3%	▼
National Economy Expectations (LBCI)	50.5	48.8	3.6%	▲	-15.8%	▼	3.5%	▲

Sources in order as metrics appear and dates in parentheses indicate most recent data at time of publication: Bureau of Economic Analysis, Quarterly Personal Income (SA) (Q3 15); U.S. Census Bureau (NSA) (10/15); Bloomberg (01/11/16); Bureau of Labor Statistics, QCEW (NSA) (Q2 15); Bureau of Labor Statistics, All Urban Consumers, U.S. City Average (SA) (11/15); U.S. Energy Information Administration, Weekly Retail Gasoline and Diesel Prices (01/11/16); Bureau of Economic Analysis (SA) (Q3 15); Bureau of Labor Statistics, CES (SA) (12/15); Bureau of Labor Statistics (SA) (12/15); U.S. Department of Labor, Employment and Training Administration (SA) (12/12/15); Census Bureau, New Privately Owned Housing Units Authorized (NSA) (11/15); FHFA Purchase-Only Home Price Index (SA) (Q3 15); Administrative Office of the U.S. Courts (Q3 15); Leeds School of Business, Leeds Business Confidence Index (LBCI) (Q1 16).

^aCompound Annual Growth Rate. ^bPercentage point change.

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Overview of Business Types

Businesses are established under several different entity types. The most commonly formed is a *domestic limited liability company* (DLLC), blending structures from both corporations and partnerships/sole proprietorships. DLLCs provide owners with protection from personal liability and also offer benefits from the effects of pass-through income taxation. As an example, CrossFit, LLC is a company that offers a fitness experience different from traditional gyms.

Domestic corporations (DCs) are the second-most popular business filing received by the Secretary of State. DCs provide owners with limited liability, similar to DLLCs, and business must be conducted in the state in which it was formed. Comcast is a well-known DC in Colorado.

A third entity type is a *domestic nonprofit corporation* (DNC). DNCs differ from DLLCs and DCs in that they are formed not for profit

and pursue an agenda of social responsibility. The Kempe Foundation operates as a DNC with the goal of preventing and treating child abuse and neglect.

Public benefit corporations create a framework for companies that seek to solve social and environmental problems while benefiting their shareholders. ThinkImpact of Denver, which provides global experiential education programs, with offices in Ghana, Kenya, Rwanda, and South Africa, is an example of this type of corporation in Colorado.

Foreign entities, or business entities registered in a different state, are authorized to transact business or conduct activities in the state of Colorado. According to the Colorado Secretary of State, all foreign entity types are functionally equivalent to their domestic counterparts. Flagship Food Group LLC is an example of a foreign entity in Colorado.



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