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Benefit Corporation Governance

The benefit corporation model has emerged in the last decade, having been adopted in a majority of U.S. states, and by over 3,500 corporations. This new governance model broadens the perspective of traditional corporate law by incorporating concepts of purpose, accountability and transparency with respect to all corporate stakeholders, not just stockholders. Delaware, the corporate domicile of most U.S. public companies, adopted legislation authorizing the creation of Delaware public benefit corporations in 2013, and since then, hundreds of PBCs have been formed in Delaware.

Benefit corporations provide an option that allows corporations to be structured for the purposes of creating both public benefit and profits. Morris Nichols attorneys are well-versed in the nuances of the Delaware benefit corporation law, as well its constituency statute precursor. Our attorneys advise clients setting up PBCs and provide guidance relating to PBC operation, including engagement with key constituencies and change in control situations. In addition, we provide counseling on PBC alternatives that can achieve a similar fiduciary model in a limited liability company or limited liability partnership.

PBCs have a critical role to play in the twenty-first century economy. Members of the group have authored a practical guidebook for understanding and optimizing Delaware's model — the first comprehensive treatment of Delaware's provisions.

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