NEVADA SECRETARY OF STATE

Quarterly Economic & Business Activity Report

PUBLISHED BY: APPLIED ANALYSIS

Q1 ‣ 2011

Employment

vs. prior quarter — vs. prior year

New Entity Filings

vs. prior quarter — vs. prior year

Total List Filings

vs. prior quarter — vs. prior year

Unemployment

vs. prior quarter — vs. prior year

APPLIED ANALYSIS

The Quarterly Economic & Business Activity Report provides a quarterly review and analysis of trends in economic and business activities. It is intended to provide a unique perspective on business investments and market conditions within the State of Nevada. Data contained herein is sourced to the Nevada Secretary of State and other reporting agencies, including the Nevada Department of Employment, Training and Rehabilitation.

Trends in New Business Entity Filings Are Encouraging

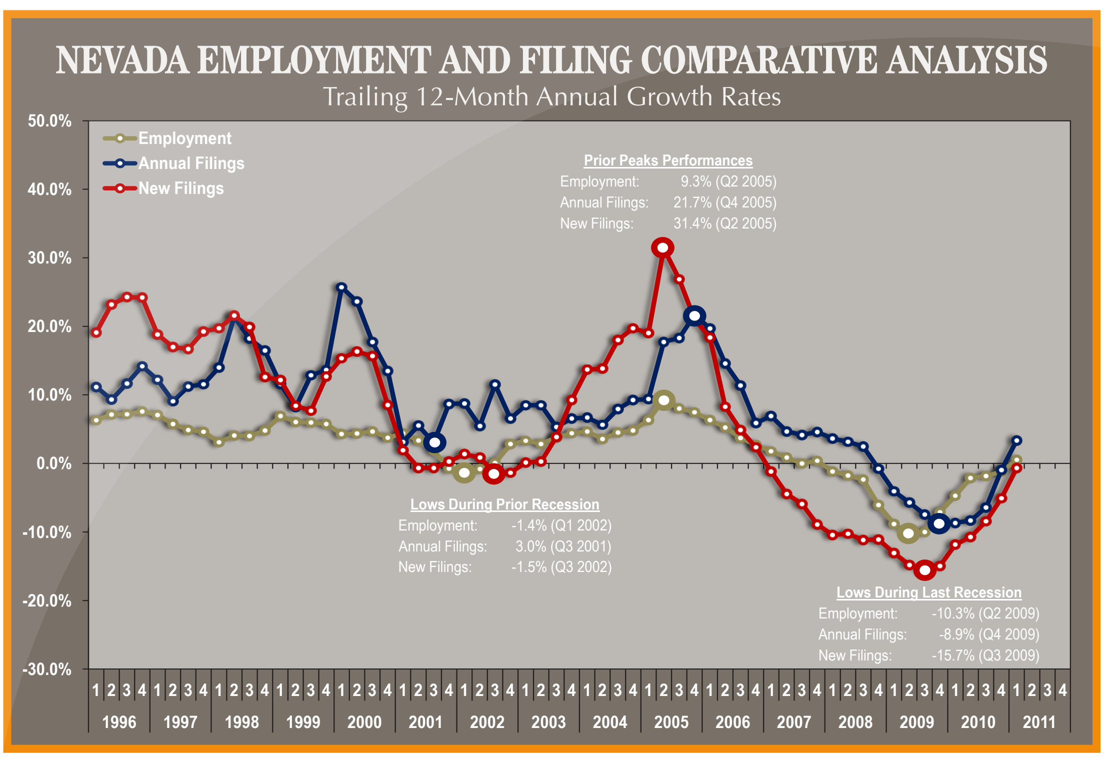
Two Consecutive Quarters of Expansion

New Entity Filings *[Leading Indicator]*

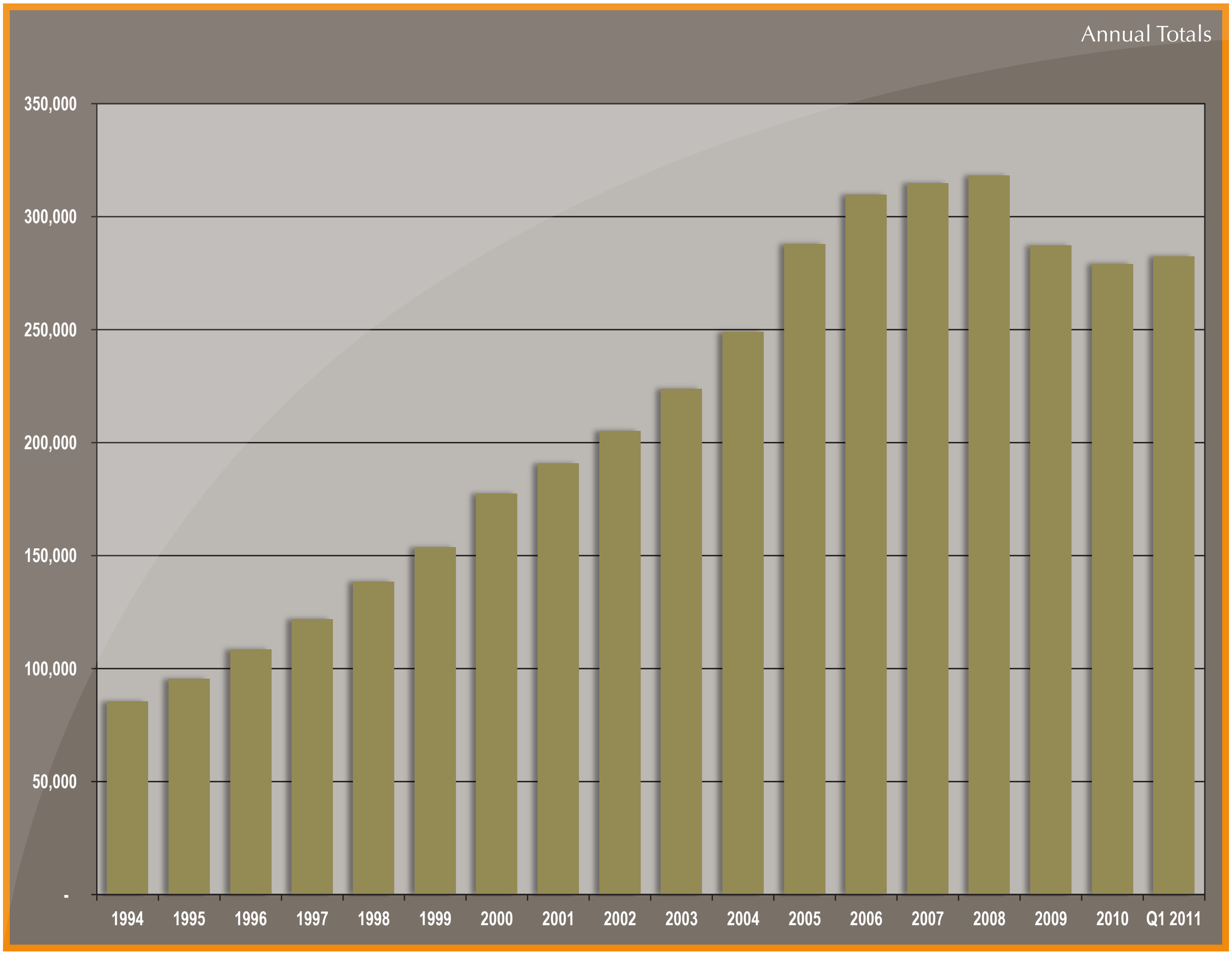
- During the first quarter of 2011, the number of new entity filings grew 12.0 percent over the same period of the prior year. The latest quarterly growth followed the preceding quarter's positive performance, which was the first since mid-2006. While two consecutive quarterly expansions may not demonstrate broader economic recovery, it does suggest additional investments are likely taking place and business activity may begin to benefit.
- Improved new entity filings were attributed to both domestic (Nevada) entities as well as foreign (non-Nevada) entities registering in the Silver State. During the first quarter of 2011, new domestic entity filings grew 11.9 percent while filings of new foreign (non- Nevada) entities rose 13.4 percent over the same period of the prior year. Reflecting the positive growth trend of only the two most recent quarters, the annual comparisons moderated. For the 12 months ended March 2011, new entity filings rose 3.0 percent over the 12 months ended December 2010 and edged down 0.7 percent when compared to the same period of the prior year.

Total List Filings *[Lagging Indicator]*

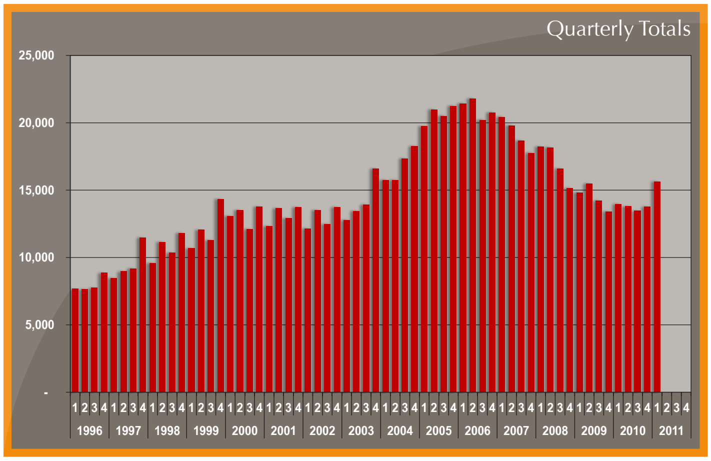
- The number of initial, annual and amended list filings climbed 8.1 percent during the first three months of 2011 as compared to the three months ended December 2010. Additionally, total list filings were up 8.5 percent compared to the first three months of 2010. Total list filings growth (8.5 percent) remains ahead of employment growth in the state (0.5 percent), which reported annual expansion in March 2011 for the first time since the Great Recession impacted Nevada.
- For the 12 months ended March 2011, approximately 297,000 entities filed lists, representing an improvement of 2.2 percent over the 12 months ended December 2010 and a 3.5-percent gain compared to the 12 months ended March 2010. All entity types posted positive year-over-year growth with the exception of limited partnerships, which declined by 4.5 percent during the past 12 months. Accounting for nearly 48 percent of all list filings, corporations reported 141,638 filings; limited liability companies also represent a large share accounting for nearly 47 percent of the total.



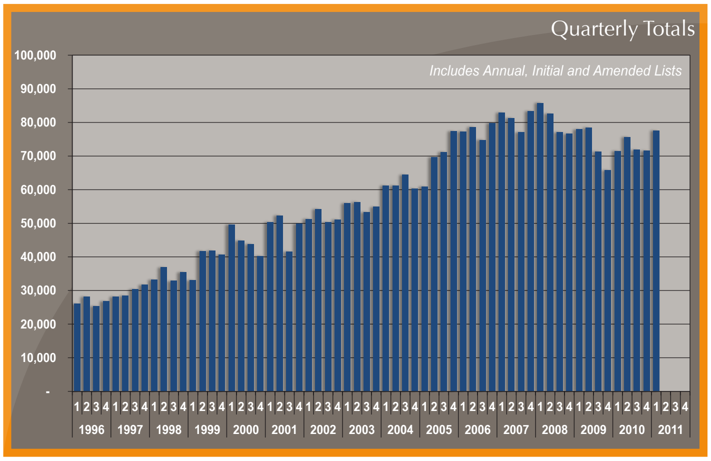
Entities in Good Standing



New Entity Filings [Leading Indicator]



Total List Filings [Lagging Indicator]



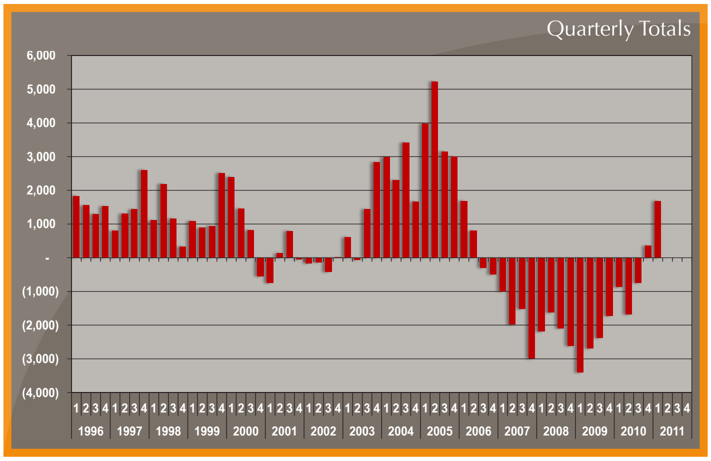
Quarterly Indicators [1]

Three Months Ended March 2011

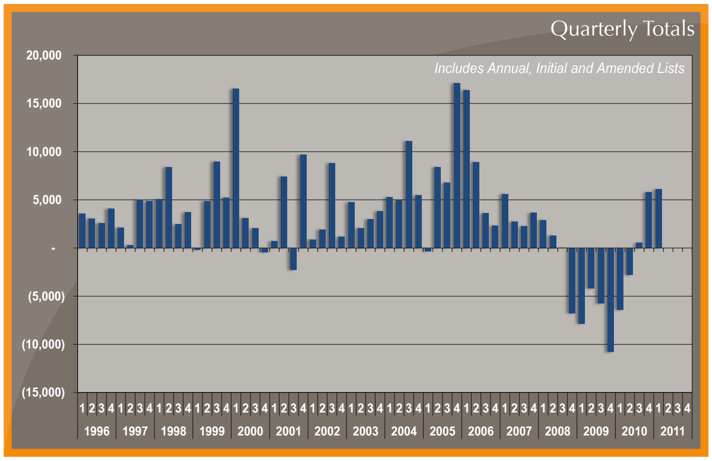
	Current	Prior Period			Prior Year		
	Value	Value	Change	% Change	Value	Change	% Change
TOTAL LIST FILINGS [2]							
Corporations	36,348	34,728	1,620	4.7% ▲	34,460	1,888	5.5% ▲
Limited Partnerships	3,740	4,209	(469)	-11.1% ▼	3,921	(181)	-4.6% ▼
Limited Liability Companies	37,260	32,641	4,619	14.2% ▲	32,958	4,302	13.1% ▲
Limited Liability Partnerships and Business Trusts	268	194	74	38.1% ▲	207	61	29.5% ▲
TOTAL	**77,616**	**71,772**	**5,844**	**8.1%** ▲	**71,546**	**6,070**	**8.5%** ▲
NEW FILINGS - DOMESTIC (NEVADA) ENTITIES [3]							
Corporations	4,671	4,498	173	3.8% ▲	4,253	418	9.8% ▲
Limited Partnerships	236	239	(3)	-1.3% ▼	418	(182)	-43.5% ▼
Limited Liability Companies	9,625	8,021	1,604	20.0% ▲	8,330	1,295	15.5% ▲
Limited Liability Partnerships and Business Trusts	61	35	26	74.3% ▲	37	24	64.9% ▲
TOTAL	**14,593**	**12,793**	**1,800**	**14.1%** ▲	**13,038**	**1,555**	**11.9%** ▲
NEW FILINGS - FOREIGN (NON-NEVADA) ENTITIES [3]							
Corporations	561	559	2	0.4% ▲	537	24	4.5% ▲
Limited Partnerships	20	25	(5)	-20.0% ▼	12	8	66.7% ▲
Limited Liability Companies	470	418	52	12.4% ▲	383	87	22.7% ▲
Limited Liability Partnerships and Business Trusts	10	6	4	66.7% ▲	4	6	150.0% ▲
TOTAL	**1,061**	**1,008**	**53**	**5.3%** ▲	**936**	**125**	**13.4%** ▲
NEW FILINGS - TOTAL (DOMESTIC & FOREIGN) [3]							
Corporations	5,232	5,057	175	3.5% ▲	4,790	442	9.2% ▲
Limited Partnerships	256	264	(8)	-3.0% ▼	430	(174)	-40.5% ▼
Limited Liability Companies	10,095	8,439	1,656	19.6% ▲	8,713	1,382	15.9% ▲
Limited Liability Partnerships and Business Trusts	71	41	30	73.2% ▲	41	30	73.2% ▲
TOTAL	**15,654**	**13,801**	**1,853**	**13.4%** ▲	**13,974**	**1,680**	**12.0%** ▲
KEY ECONOMIC INDICATORS							
Employment [4]	1,114,400	1,120,400	(6,000)	-0.5% ▼	1,108,600	5,800	0.5% ▲
Unemployment [4]	13.2%	14.7%	-1.5%	-10.2% ▼	14.9%	-1.7%	-11.4% ▼
Initial Jobless Claims	61,424	71,235	(9,811)	-13.8% ▼	77,862	(16,438)	-21.1% ▼
Bankruptcies - Chapter 7 [5]	3,438	4,066	(628)	-15.4% ▼	4,176	(738)	-17.7% ▼
Bankruptcies - Chapter 11 [5]	85	73	12	16.4% ▲	96	(11)	-11.5% ▼
Bankruptcies - Chapter 13 [5]	1,290	1,428	(138)	-9.7% ▼	1,406	(116)	-8.3% ▼

[1] Indicator values reflect three month quarterly totals, unless otherwise noted. [2] Includes annual, initial and amended lists. [3] New entity registration/qualification filings. [4] As of the end of the reporting period. [5] Current value is based on the trailing 3-months ending January 2011 (latest data available).

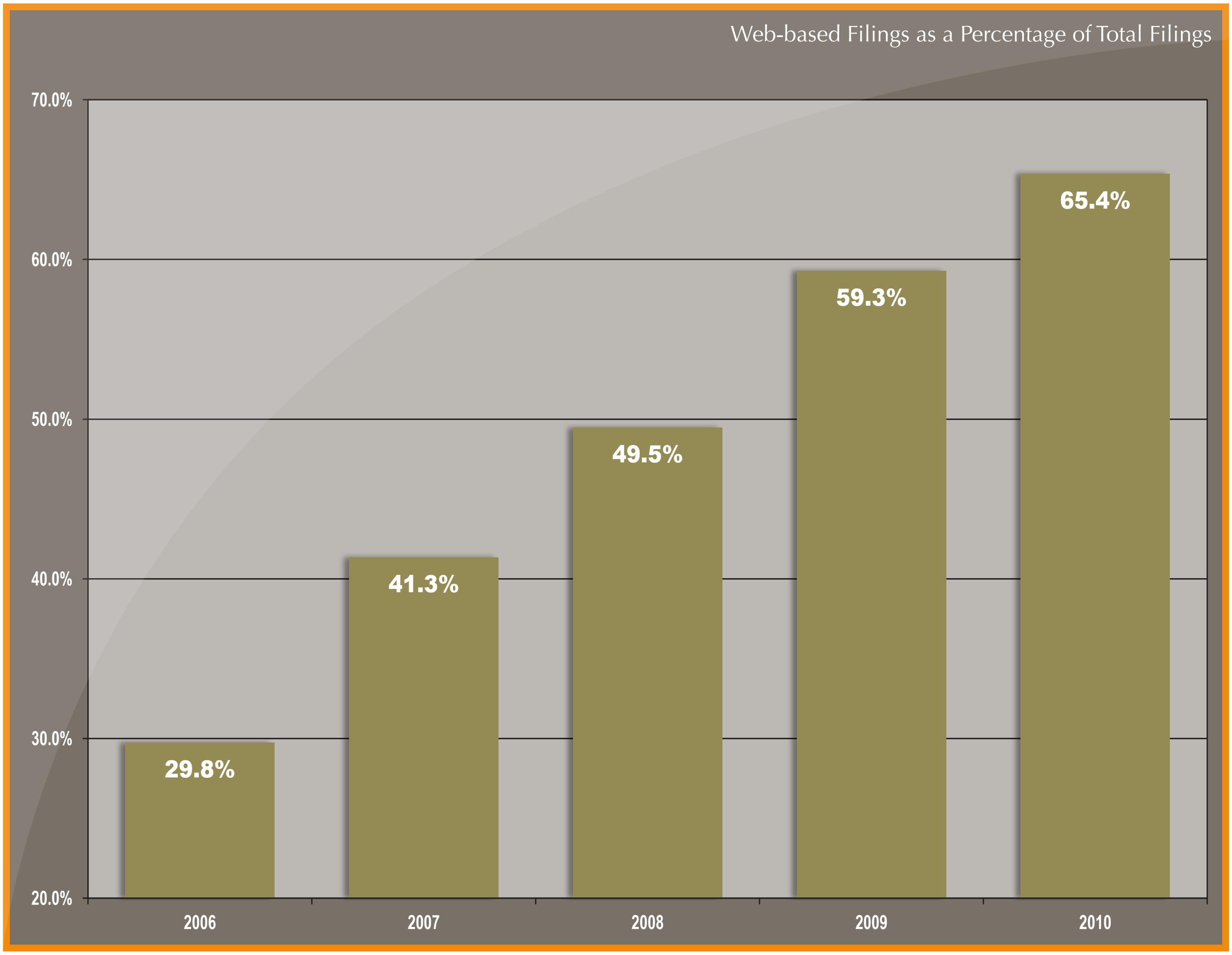
Annual Change in New Entity Filings



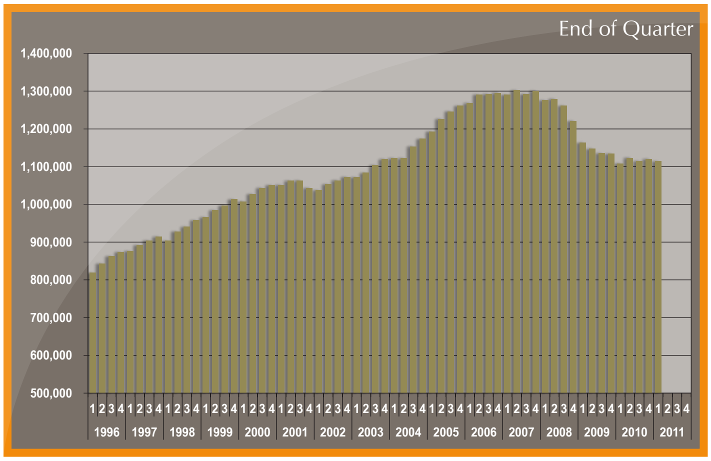
Annual Change in Total List Filings



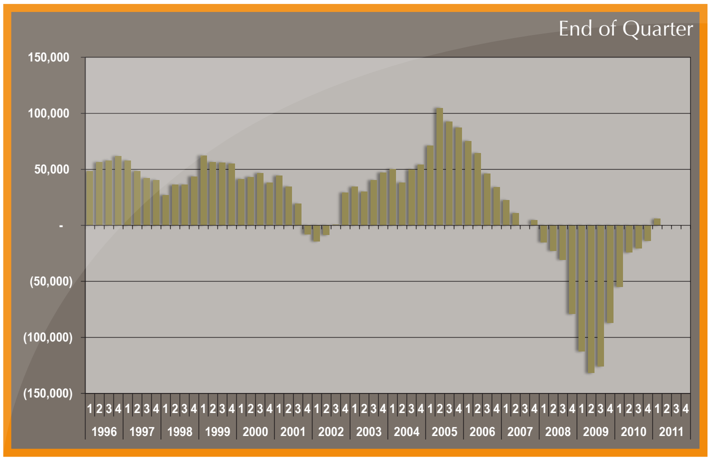
On-line Filing Utilization



Employment



Annual Change in Employment



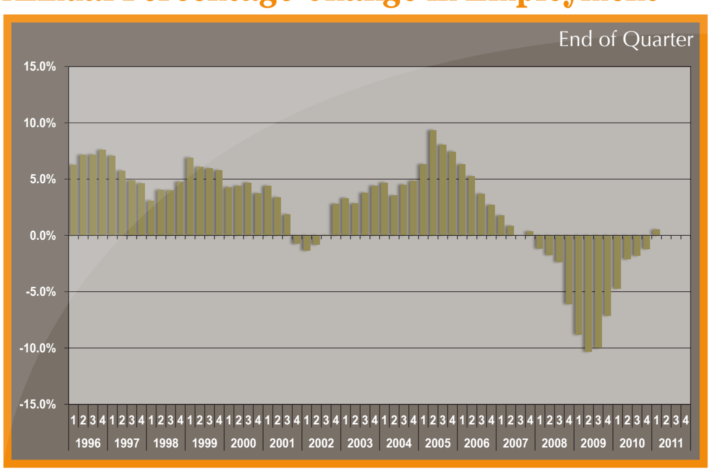
Annual Indicators [1]

Twelve Months Ended March 2011

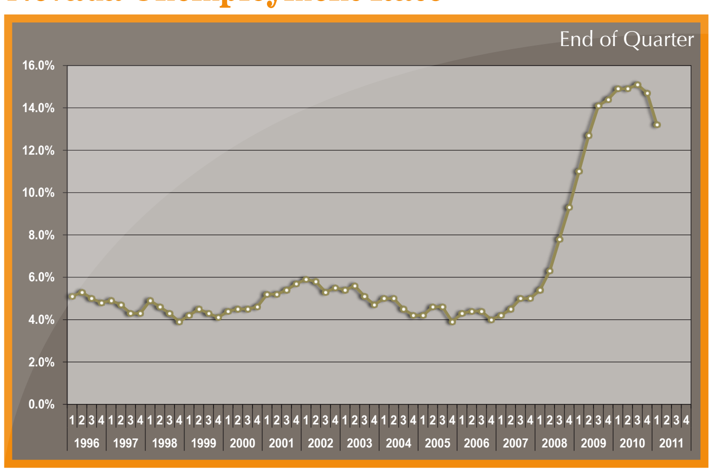
Current Quarter	Current Value	Prior Period Value	Prior Period Change	Prior Period % Change	Prior Year Value	Prior Year Change	Prior Year % Change
TOTAL LIST FILINGS [2]							
Corporations	141,638	139,809	1,829	1.3%	139,157	2,481	1.8%
Limited Partnerships	15,824	15,993	(169)	-1.1%	16,562	(738)	-4.5%
Limited Liability Companies	138,645	134,064	4,581	3.4%	130,482	8,163	6.3%
Limited Liability Partnerships and Business Trusts	940	800	140	17.5%	881	59	6.7%
TOTAL	**297,047**	**290,666**	**6,381**	**2.2%**	**287,082**	**9,965**	**3.5%**
NEW FILINGS - DOMESTIC (NEVADA) ENTITIES [3]							
Corporations	17,829	17,424	405	2.3%	17,863	(34)	-0.2%
Limited Partnerships	1,020	1,205	(185)	-15.4%	1,504	(484)	-32.2%
Limited Liability Companies	33,466	32,173	1,293	4.0%	34,331	(865)	-2.5%
Limited Liability Partnerships and Business Trusts	200	189	11	5.8%	159	41	25.8%
TOTAL	**52,515**	**50,991**	**1,524**	**3.0%**	**53,857**	**(1,342)**	**-2.5%**
NEW FILINGS - FOREIGN (NON-NEVADA) ENTITIES [3]							
Corporations	2,382	2,359	23	1.0%	1,899	483	25.4%
Limited Partnerships	88	80	8	10.0%	56	32	57.1%
Limited Liability Companies	1,708	1,624	84	5.2%	1,289	419	32.5%
Limited Liability Partnerships and Business Trusts	32	28	4	14.3%	14	18	128.6%
TOTAL	**4,210**	**4,091**	**119**	**2.9%**	**3,258**	**952**	**29.2%**
NEW FILINGS - TOTAL (DOMESTIC & FOREIGN) [3]							
Corporations	20,211	19,783	428	2.2%	19,762	449	2.3%
Limited Partnerships	1,108	1,285	(177)	-13.8%	1,560	(452)	-29.0%
Limited Liability Companies	35,174	33,797	1,377	4.1%	35,620	(446)	-1.3%
Limited Liability Partnerships and Business Trusts	232	217	15	6.9%	173	59	34.1%
TOTAL	**56,725**	**55,082**	**1,643**	**3.0%**	**57,115**	**(390)**	**-0.7%**
KEY ECONOMIC INDICATORS							
Employment [4]	1,114,400	1,120,400	(6,000)	-0.5%	1,108,600	5,800	0.5%
Unemployment [4]	13.2%	14.7%	-1.5%	-10.2%	14.9%	-1.7%	-11.4%
Initial Jobless Claims	260,007	276,445	(16,438)	-5.9%	325,961	(65,954)	-20.2%
Bankruptcies - Chapter 7 [5]	17,786	17,888	(102)	-0.6%	17,985	(199)	-1.1%
Bankruptcies - Chapter 11 [5]	383	377	6	1.6%	328	55	16.8%
Bankruptcies - Chapter 13 [5]	5,951	6,008	(57)	-0.9%	7,023	(1,072)	-15.3%

[1] Indicator values reflect twelve month quarterly totals, unless otherwise noted. [2] Includes annual, initial and amended lists. [3] New entity registration/qualification filings. [4] As of the end of the reporting period. [5] Current value is based on the trailing 12-months ending January 2011 (latest data available).

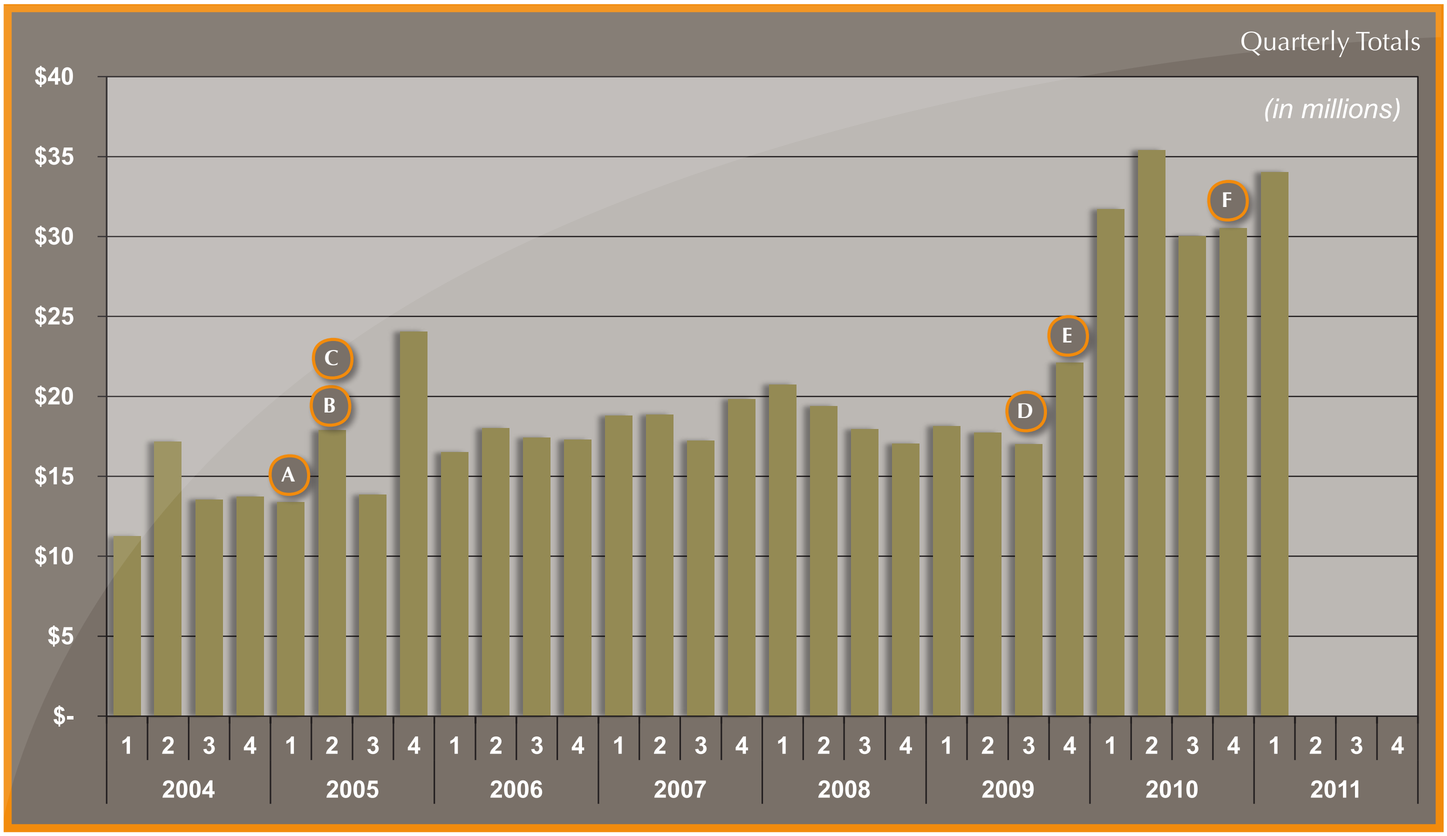
Annual Percentage Change in Employment



Nevada Unemployment Rate



Commercial Recordings Revenue



1991 – Major overhaul of Nevada business law, including the start of a business friendly environment (Delaware of the west), limited liability companies (LLCs) available in Nevada

1997 to 1998 – Implementation of floater division and changes in processes and staffing to reduce turnaround time from 8 to 10-plus weeks to 10 days or less

Q1 2001 – Height of filing increases preceding economic downturn and the events of September 11, 2001

October 1, 2001 – Fee increases in response to economic downturn, representing the first fee increases in 10 years; filing fees for articles rose from $125 to $175; initial lists increased from $85 to $165; and other fee increases were implemented

October 1, 2003 – Another significant fee change occurred: annual lists increased from $85 to $125 with a maximum of $11,100 based on capitalization; new filings fee decreased from $175 to $75 and the maximum raised from $25,000 to $35,000 based on capitalization

A **January 29, 2005 –** Implementation of e-SoS processing system for commercial recordings

B **April 2005 –** Implementation of online services for initial, amended and annual lists

C **Q2 2005 –** Peak of new filing increases

D **July 1, 2009 –** Nevada state business license fee increased from $100 to $200 annually

E **October 1, 2009 –** Nevada state business license authority transferred from the Department of Taxation to the Secretary of State of Nevada

F **December 2010 –** Implementation of online articles services allowing customers to file new domestic corporations and limited liability companies (LLCs) online

New Online Services Added

New companies can now file their Articles of Incorporation/ Organization online at www.nvsos.gov. Upon successful completion of the online filing, companies will get immediate confirmation and a copy of their new documents. The public information about the new entity will also be immediately available on the Secretary of State's website. Domestic (Nevada), corporations and Limited Liability Companies (LLCs) can now file their Articles of Incorporation/Organization online. All new corporations and LLC's can also file their initial list of officers or members and apply for and receive their annual business license in the same online visit. All filing fees remain the same.

Wizard technology will guide users through the quick and simple process of filing online articles of incorporation or organization. Users who have taken advantage of other online services offered by the Secretary of State's office may have to create a new user name and password, depending on how recently they have used the system. The filing fees may be paid by credit/debit card or with an established trust account. E-checks will not be accepted.

Other online filing services available to businesses include:

- Nevada State Business License
- Initial, Amended and Annual Lists of Officers/Members
- Name Reservations
- Certificates of Good Standing
- Uniform Commercial Code statements, amendments and copies

Business customers may still file all documents with the Secretary of State's office in person or by mail (more than 200 forms can be found and downloaded online). For more information about online business services, customers may visit the Business Center at www.nvsos.gov , call the Customer Service Division at 775-684-5708 or email Customer Service at sosmail@sos.nv.gov.

Domestic (Nevada) Entities vs. Foreign (Non-Nevada) Entities – A domestic entity is an entity created pursuant to Nevada Law that may or may not have nexus in Nevada. Its formation documents are on file and a matter of public record in the office of the Secretary of State. A foreign entity is an entity created pursuant to the laws of a jurisdiction other than Nevada, which is qualified to do business in Nevada. Generally, most foreign entities have some sort of nexus in Nevada because they qualify so they may conduct business in Nevada.

Leading vs. Lagging Indicators – Generally, a lagging indicator is a measurable economic factor that changes after the economy has already begun to follow a particular trend or pattern. A leading indicator is a measurable economic factor that changes before the economy starts to follow a particular trend or pattern. Leading indicators can be used to predict changes in the economy. In this instance, new business entity filings provide directional insight into investments and business formation in the State of Nevada.

Nevada Secretary of State

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Ross Miller became the youngest Secretary of State in America and the youngest in Nevada history when he was elected in 2006. Unanimously selected by his peers to serve as President of the National Association of Secretaries of State for 2012, Ross' record of achievement since taking office reflects a true commitment to accountability and results. His accomplishments reflect a combination of enthusiasm for the job, and a vision for serving his constituents.

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