

Testimony by
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Joint Judicial Committee
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Mr. Chairman, my name is John R. Malloy and I am senior vice president, external affairs, for the Du Pont Company. My areas of responsibility include investor affairs and government affairs.

I'm pleased to have an opportunity to testify this afternoon. My remarks will be brief.

Du Pont supports amendments to the Delaware General Corporation Law, by adding Section 203 as proposed by the Delaware Bar. In our judgment, the proposal is beneficial to shareholders and good for Delaware; in fact, such legislation is essential if our state is to maintain its position in the forefront of corporate law nationwide.

As you know, many other states have already enacted laws on the takeover issue. In our discussions with business leaders around the country, we have been asked repeatedly why Delaware has not yet acted. We are concerned that the uncertainty resulting from Delaware's failure to act will influence some of these companies to decide to reincorporate outside the state.

I'm sure that the members of the legislature need no reminder that such action would have a negative impact on state revenues, and if corporations move out in large numbers, every Delaware taxpayer would feel the burden as we replace lost revenues. We strongly urge you to end the uncertainty in this matter by acting favorably on the legislation.

Let me make two other points about the proposal.

First, we believe it was developed in a manner consistent with the best of Delaware's legislative tradition. Our state government has

I reputation for the care and expertise we bring to state governance -- and this is a key reason why so many choose to incorporate here. The nine-month study by the Section of the State Bar Association was very thorough, under way in this committee. No other bill proposed by the had as much attention and scrutiny. The bill reflects input from many sources, and the result is a very balanced

cond, as you know, Du Pont is the largest private employer in the state -- we have more than 23,000 employees in the state -- most of them are stockholders -- and more than 8,000 of our 50,000 pensioners are well. We have examined the proposal very carefully and are confident they will not be adversely affected by its enactment.

In our judgment, the legislation will not have a negative effect on the stock values of corporations incorporated in Delaware or the value of our pension fund. To the extent there would be any effect, it would be both minor and temporary.

Moreover, let me clarify any possible misunderstanding by stating that the legislation would have no impact on the pension benefits of active or retired Du Pont employees.

In summary, then, Du Pont supports the Delaware Bar proposal and encourages this committee and the legislature to give it favorable consideration. It is carefully constructed, balanced legislation that would be a positive addition to Delaware's corporation law and would not be detrimental to our employees and shareholders.