

Corporate Trust Connection

Summer 2005

Mergers and Acquisitions

Escrow Agent Plays a Key Role

When Charles Darwin put forth the idea of survival of the fittest, he wasn't referring to the business world. Yet, his theory applies to companies in today's market. Robust companies acquire weaker ones, and large firms merge to become even larger. Fed by a healthy combination of low interest rates and solid stock prices, mergers and acquisitions are on an upswing. In 2004, 8,506 deals were announced, up from 7,715 in 2003 and 7,031 in 2002.*



This increase has meant an upsurge in contracts to act as escrow agent. When companies acquire or merge

with other companies, they need a neutral third party to act as escrow agent and handle the cash and/or stock. A solid, experienced escrow agent can prove to be a valuable member of your merger and acquisition team.

"The markets are really exploding with new merger and acquisition deals," says Terry McRoberts, U.S. Bank executive vice president in charge of corporate trust operations. "When we heard the market forecast for mergers and acquisitions, we focused on strengthening our Escrow Services Operations Group. We wanted to ensure U.S. Bank Corporate Trust Services was ready to handle this surge in escrows, while maintaining the high-quality service levels we are known for within the industry."

Escrow Agent Duties

Some escrow transactions are cash only, some are stock only and some involve both cash and stock. Depending on the circumstances and type of escrow collateral, the escrow agent's duties are varied.

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Did You Know...

U.S. Bank Corporate Trust Services has opened a new office in Texas as part of the firm's efforts to expand into additional markets nationwide. Our Texas customers can take advantage of our experience and knowledge by contacting their local corporate trust services experts. They will benefit from the personal touch that can only come from a professional who is familiar with your needs and your community.

Kevin McIlwaine, vice president of U.S. Bank Corporate Trust Services, will manage our new office. Contact information is as follows:

U.S. Bank Corporate Trust Services
14241 Dallas Parkway, Suite 490
Dallas, TX 75254
Phone: (972) 458-4506
Fax: (972) 789-9605

If you need corporate trust or escrow services anywhere in Texas, contact Kevin at U.S. Bank.

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On a Personal Note

U.S. Bank Offers Financial Planning Solutions

In your professional position, you put a great deal of time and effort into the financial decisions you make on behalf of your organization. But between the demands of your work and personal life, your own financial planning may take a back seat.

The Private Client Group at U.S. Bank, dedicated to meeting the banking needs of affluent individuals and families, has a solution to help busy professionals and executives pursue their financial goals: 7-Step Financial Planning.

How It Works

With the 7-Step Financial Planning approach, specialists meet with you to gather information about your personal and financial goals, time frame and risk tolerance. They'll provide a written analysis of your situation and a recommended action plan, based on the priorities you've identified.

This sophisticated approach to financial planning will help you clarify your goals, organize your finances, maximize your resources and start you on the path toward reaching those goals. Because it is an ongoing process with regular follow-up and review, you can monitor your progress and make adjustments along the way as necessary.

Offered in a flexible, modular fashion, the process encompasses a thoughtful and organized approach to financial



A customized financial planning solution may help you reach your personal goals.

planning, which involves gathering important information and data, as well as providing targeted financial recommendations in a time frame that's customized for you.

Here are some common objectives the 7-Step Financial Planning process can help with:

- > Analyzing retirement income needs, the assets needed to fund those needs and a calculation of monthly savings necessary to achieve your goals.
- > Balancing the need to save for retirement and your children's education, and choosing the best methods to do so.
- > Developing an appropriate asset allocation strategy for your investments.

- > Estate planning, including appropriate documents, naming guardians for minor children and charitable issues, completed with the aid of your attorney.
- > Recommending methods to diversify an overly concentrated portfolio or exposure to a single stock, including tax considerations and hedging strategies during the transition period.
- > Assessing current life insurance coverage.

If you're interested in learning more about the financial planning services available through The Private Client Group at U.S. Bank, please ask your Account Manager for a referral.

Taking It Step-by-Step

The Private Client Group's 7-Step Financial Planning approach includes individual modules on:

- > Setting life and financial goals
- > Asset allocation assessment
- > Cash flow and retirement planning
- > Education planning
- > Insurance and long-term care planning
- > Estate planning
- > Implementation and ongoing review



Because each key topic is broken into a separate planning module, a representative from The Private Client Group can help you develop your financial strategy over the period of time that works for you, easily accommodating your busy lifestyle and schedule.

Spotlight on the Arizona Offices

Not just a hotspot for snowbirds and retirees, Arizona includes some of the fastest-growing areas in the nation. U.S. Bank Corporate Trust Services has two offices there, in Phoenix and Tempe, and has greatly expanded its presence in other business lines.

The Phoenix Office

The region covered by the U.S. Bank Corporate Trust Services Phoenix office stretches from the Sonoran Desert floor to the Grand Canyon to the San Francisco Peaks north of Flagstaff, as well as from Las Vegas to Reno and Lake Tahoe in Nevada.

“We’re lucky to live and work in this area,”

says Rob Von Hess, vice president and manager of the Phoenix office. “It encompasses great natural beauty and is a spectacular area for growth. And we’re excited about our new offices in the U.S. Bank Center in downtown Phoenix, the second-tallest building in the state.

“We offer the full range of corporate trust products and services, but concentrate on municipal trustee, registrar and paying agent, and escrow services,” Von Hess says. “We have acted as primary trustee for the City of Phoenix for many years, and we are sole trustee for Salt River Project, which is one of Arizona’s top two utilities and one of the largest issuers in the state. We are also the sole paying agent for the State of Nevada. These are just three of our numerous relationships, many of which we’ve had for years,” he adds.

Von Hess attributes their success as a preferred provider to two main factors. “One is our experience,” he says. “In the Phoenix office, we have almost 80 years’ experience in banking and 50 in corporate trust. The other is our reputation for superior service. As a result, we have been able to maintain longstanding relationships and have been able to capture several successor trustee opportunities because of the service deficiencies of other providers.”

“We are very proud of our Phoenix office,” says Teresa Caspary, senior vice president and Western Regional Manager. “They had a banner new business year in 2004, with our Arizona market share nearly doubling from 2003. This reflects how our staff’s reputation for high-quality service is attracting new customers, as well as earning the loyalty of our existing customers. U.S. Bank also recognizes that Arizona is a very high-growth market and consequently is expanding its presence and investment in the Arizona marketplace.”



Pictured from left: Rob Von Hess, Debbie Scherer and Mary Ambriz-Reyes of the Phoenix office.

The Tempe Office

The Tempe office is one of four U.S. Bank Corporate Trust Services offices specializing in document custody services (DCS). The others include Boston, Mass.; Florence, S.C.; and Saint Paul, Minn.

“The Tempe office, as with all of our other sites, is positioned to assist customers on a national level,” says John Curcio, vice president and site manager. “We have 45 people on site and currently house about 1.1 million mortgages. We have capacity for growth, both in this region and for customers of other regions.”

Curcio attributes their success to depth of knowledge and a constantly reinforced focus on customer service and continuous improvement in processes. “The employees in Tempe bring a wealth of experience to their work,” Curcio says. “Customers appreciate that, as specialists in custody services, we provide them with both broad and in-depth knowledge in all areas of chattel, commercial, single- and multi-family mortgages and other related collateral documents.”

The Tempe office is on target to upgrade their vendor-based system, WinCMSS, in June. “We’re excited about the conversion because it will help us provide even more efficient service and will offer expanded functionality for our customers,” Curcio says.

According to Greg Hanson, senior vice president, the focus on customer service at Tempe and the other DCS offices is clear. “We’ve added quality assurance and risk management staff and have launched national training programs across all sites to increase the caliber and expertise of our staff. We want our customers to know that our focus is on quality, productivity and expense management, and they can be assured of outstanding customer service.”



DCS employees at the Tempe office, back row, left to right: Tonya Tsinnie, Mollie Mucker, John Curcio, Maggie Tella. Front row, left to right: Barbara Friend, Lynn Butts, Amy Melus, Jessica Moretti.



Attending the new building dedication ceremony for the U.S. Bank Center at 101 N. 1st Ave. in Phoenix are (from left): Jerry Grundhofer, City of Phoenix Mayor Michael Johnson, Mary Ambriz-Reyes and Debbie Scherer.

Escrow Agent... *continued from page 1*

On or before the tender date, the escrow agent mails out a letter of transmittal to all shareholders of the company being acquired. The letter of transmittal spells out the tender procedures, which the escrow agent has established. The shareholders must follow the steps to present their shares for cash (and/or stock) tendered. At the deal closing, the acquirer funds the escrow. Then the escrow agent takes in the certificates from the shareholders, validates records that have been transmitted by the transfer agent and remits funds to shareholders. This continues until all certificates have been presented and the escrow proceeds have been disbursed.

“A component of the shareholder base we service are the employees of the acquired company,”

McRoberts says. “Some of them may hold stock options and others own company shares within their 401(k) plans.”

Corporate Trust Services has a large, high-technology operation in Saint Paul, Minn., with experience taking in stock and bond certificates and remitting payment for them. “The Escrow Services Operations Group in Saint Paul has the expertise in accepting surrendered shares, responding to shareholder inquiries and paying out escrow funds – they are responsible for the entire operational side of the escrow,” McRoberts explains. “But having 30-plus regional offices around the country means the front office can work on the deal locally. The letter of transmittal, tender agent agreement and all of the terms are

established locally with the buyer and their counsel.

“U.S. Bank Corporate Trust Services is fortunate to be in a position where we can offer our customers the benefit of our extensive experience in all types of escrows, whether it’s a cash, stock or combined transaction,” states McRoberts.

Trust Experience and Reputation

Very often, U.S. Bank Corporate Trust Services is referred to the parties involved in merger and acquisition deals by their law firms or other trusted advisors. “Many law firms are familiar with our escrow services, and they are becoming more familiar with our tender agent services,” says McRoberts. “Our reputation is built on our expertise before, during and after the

closing. We can help get the escrow deal structured and we offer a variety of services, from supplying the letter of transmittal to providing a dedicated toll-free number for shareholders to call with questions. Our excellent reputation for flexibility, quick turnarounds and in-depth knowledge of the escrow product is what drives our repeat business from customers and law firms.”

As the mergers and acquisitions continue to book throughout 2005, you can rely on U.S. Bank Corporate Trust Services to provide you with the escrow and tender agent services you require, when and where you need them. To learn more about our escrow services, contact your Corporate Trust Services Account Manager.

* Source: *The Wall Street Journal*, April 1, 2005.

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4 Comments and suggestions for the newsletter are welcome and should be forwarded to Kathleen Engesser, Marketing Manager, U.S. Bank Corporate Trust Services, (651) 495-3973 (phone) or kathleen.engesser@usbank.com (email). For more information, visit our Web site at usbank.com/corporatetrust.

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