

Corporate Trust Connection

Fall 2002

Expanded Capabilities Help Serve You Better

U.S. Bank Corporate Trust Services has expanded its structured finance capability in corporate trust. We're pleased to announce the formation of an in-house team that provides bond calculations and tax administration services that were previously performed by an independent company. This team of 25 handles about 500 securitizations worth roughly \$200 billion.

"It is one of the largest pure analytics groups for structured finance anywhere in the country," says David Jackson, senior vice president of structured finance at



U.S. Bank Corporate Trust Services. "The talent and experience of this team streamlines and fully integrates these services

within the scope of U.S. Bank's products."

All Under One Roof

"It's typical that our competitors contract for these services from a third party. But at U.S. Bank, every component of a transaction is now done in-house in a fully integrated manner," Jackson says. "The integrated approach is more efficient, provides a higher level of service and is extremely cost-effective for clients."

In addition, U.S. Bank uses the most advanced technology and systems available. U.S. Bank acquired specific technology for its new team that is unparalleled in the industry.

Did You Know...

The following information has been provided by U.S. Bancorp Asset Management. As of July 17, 2002:

- Including the current episode, there have been:
 - 32 bear markets* in the Dow Jones Industrial Average (DJIA) since 1900
 - 25 bear markets in the S&P 500 Index since 1929
- The average decline in the DJIA during the 12 worst bear markets has been 43.2%
- The decline in the S&P 500 of 38.5% has been worse than the average decline of 29.5% but is less than:
 - The bear market of 73-74 (45.9%)
 - The World War II decline (43.3%)
 - The decline at the onset of the depression in 1930 (82.9%)

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usbank
Five Star Service Guaranteed

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Are You in the Public Sector?

What U.S. Bank Government Banking Can Do for You

As a customer of U.S. Bank Corporate Trust Services, you're accustomed to a level of quality and service unrivaled in the industry. Our philosophy of outstanding service, and our Five Star Service Guarantee, extend to every area of U.S. Bank. So you may want to consider some of the products and services provided by U.S. Bank Government Banking, a key banking partner to local, state and federal government entities for more than 25 years.

Dedicated to a Unique Market

U.S. Bank Government Banking provides specialized depository, treasury management and credit products to:

- municipal, city and county governments
- school districts
- fire, water and sanitary districts
- state colleges and universities
- government housing agencies
- health care and other specialized facilities
- state governments
- agencies of the federal government
- other public sector and not-for-profit enterprises.

"Often, the financial needs, regulatory issues and reporting requirements of the public sector differ markedly from those of individual and commercial enterprises," says Timothy Somers, manager, Government Banking. "We strive to meet your needs with a variety of services developed specifically with the public sector in mind."

If your institution or organization requires any of the following, U.S. Bank Government Banking can help:

Depository services. We specialize in conservative management of deposited funds and careful collateralization in accordance with applicable state and federal regulations. You're assured of timely, accurate account coding and reporting.

Treasury management services. We can provide customized accounting, including collection, disbursement and information management services. As part of our ongoing commitment to our customers, we've made significant investments in three lockbox factories in Missouri and Ohio for agencies of the federal government, as well as an Internet tax payment portal developed for state and large municipal governments. We also provide electronic payment processing for the Internal Revenue Service, numerous state agencies and large political subdivisions.

Credit services. Government Banking is acutely aware of the intricacies of public entity borrowing, financial structures and accounting methods and governance. You can be assured



We strive to meet your needs with a variety of services developed specifically with the public sector in mind.

that these services are provided with strict adherence to Government Accounting Standards Board (GASB) principles.

"In addition, Government Banking works in tandem with U.S. Bank Corporate Trust Services, as well as U.S. Bancorp Piper Jaffray," Somers says. "We can refer you to appropriate trustee, registrar, custody and investment management services throughout U.S. Bank. Our goal is to make it easy and convenient for you to obtain all the financial services you need under one umbrella."

Wealth of Experience and Resources

U.S. Bank Government Banking employs 65 professionals working from 22 offices in 15 states and the District of Columbia. "We're a market leader in providing solutions to public sector clients," Somers says. "Our staffers are veteran bankers, averaging 18 years of direct client management experience. Our market-leading technology can speed processing, enhance security, reduce costs and promote efficiency. Most important, you can count on dedicated, responsive, timely customer service with a results-oriented focus."

Some of Government Banking's largest customers include the Internal Revenue Service; the U.S. Postal Service; the states of Wisconsin, Oregon, Washington, Utah, Montana, Missouri, Iowa, Illinois and Nebraska; and the U.S. Department of Agriculture. We also serve numerous cities, counties and universities.

We'd like to talk with you about becoming one of our valued customers. To learn more about what Government Banking can do for you, contact your U.S. Bank Corporate Trust Services Account Manager. He or she can refer you to a Government Banking officer for more information.

Spotlight on the Seattle Office

From the bustle of Pike Place Market to the majestic beauty of Mount Rainier, Seattle has something to offer almost everyone. The Seattle staff of U.S. Bank Corporate Trust Services is fortunate to “work with wonderful customers, doing what we enjoy and do well, in an incredible environment,” according to Dyan Huhta, vice president and manager of the account managers in the Northwest region.

Serving Customers, Supporting Staff

“We offer a full range of corporate trust services, including trustee, escrow and paying agency services, at the Seattle office,” Huhta explains. “Our largest customers are several state housing authorities. We act as trustee on their multi-family and some single-family housing bond financings. We also oversee two tobacco securitizations for the state of Alaska, which is fairly unique.”

As a hub office, Seattle provides support services to the entire Northwest region, including Alaska, Washington, Oregon, Idaho, Montana, Utah and Colorado, as well as Hawaii.

Experience and Teamwork

Of the 24 people in the Seattle office, several have more than 25 years of experience in corporate trust. According to Teresa Caspary, senior vice president, who oversees the Western region, they are experienced and driven to excel. “Seattle has a very seasoned, high-performing group of people who are extremely focused on providing the best possible service to our customers,” she says. “The Seattle office averages 15 years of experience per person. That type of experience is invaluable to the people we serve.”

Huhta agrees. “One of our biggest strengths is that we have been together as a team

for a long time. Many of us have been working together for more than 17 years. We can take advantage of each other’s expertise and experience. Plus, we work very closely with our bankers. That helps us provide convenience and come up with solutions to the financial needs of our customers that may go beyond corporate trust products and services.”

So the next time you’re in Seattle, stop by for – what else? – a cup of coffee. And if you have questions about housing bond financings, tobacco securitizations or any other corporate trust need, please contact your Account Manager or get in touch with a representative in your area by visiting our web site at usbank.com/corporatetrust.



The staff of U.S. Bank Corporate Trust Services in Seattle enjoy fulfilling work in a beautiful environment.

Expanded Capabilities

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Expertise in New Markets

The new team also allows U.S. Bank Corporate Trust Services to expand into two key markets: collateralized debt obligations (CDOs) and commercial mortgage-backed securities (CMBS). The team’s specialists have originated, serviced and securitized more than \$1 billion of CMBS assets and have performed CMBS bond and tax functions since 1993. With regard to CDOs,

the team’s specialists pioneered the trustee technology necessary to support trade testing and complex analytics for CDOs virtually since the inception of that market.

“These vehicles – particularly in the case of CDOs – are starting to be structured so that they own parts of other securities, such as residential mortgage-backed securities (RMBS), asset-backed securities (ABS) and CMBS,” Jackson explains. “It’s most

beneficial to have the trustee on the CDO also be the trustee on the underlying asset (RMBS, ABS or CMBS).

“The experience of this new group in these areas enhances U.S. Bank’s efficiency and cost-effectiveness as a trustee.”

If you’re interested in having U.S. Bank Corporate Trust Services assist you with a CDO or CMBS, please contact your Account Manager.

96th Annual GFOA Conference a Success

The Government Finance Officers Association held its 96th Annual Conference in Denver June 16-19. Educational sessions included such topics as accounting, financial planning, health-care inflation, technology and current economic conditions. Another part of the conference was the exhibit hall, which allowed staff and directors of city and county agencies to meet with each other, exchange ideas and explore new vendors and services.

Representatives from several U.S. Bank business groups attended, including Corporate Trust Services, Government Banking and U.S. Bancorp Piper Jaffray. A special highlight of the conference was a dinner event at the Museum of Nature and Science, sponsored by U.S. Bank. Guests enjoyed specialty dishes from the western region and a tour of the museum exhibits, including a display of minerals and the largest collection of Colorado gold in the state.

Despite the warm temperatures, conference attendees were able to enjoy all that Denver has to offer, including baseball, historical attractions, shopping and Denver's new aquarium. The conference was again a success, and plans already are underway for next year in New York.

Did You Know...

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- Understanding that there is significant variation in the duration of these bear markets:
 - The average length for all DJIA bear markets described above is 413 days
 - The average length for all S&P 500 bear markets is 374 days
- Both the S&P 500 and the DJIA have remained in the current bear market for 915 days
- The longest bear market for both of these indices was 959 days, occurring during World War II from September 1939 to April 1942

* Bear Market Definition: We have used the definition of a bear market as described by Ned Davis Research. A bear market requires a 30% drop in the respective index after 50 calendar days or a 13% decline after 145 calendar days. Reversals of 30% in the Value Line Geometric Index also qualify. This applied to the 1990 and 1998 high and low values for the DJIA.

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Please consult an investment professional for advice concerning your particular circumstances.

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• May lose value.

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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) 244-8440 (phone) or kathleen.engesser@usbank.com (e-mail). For more information, visit our Web site at usbank.com/corporatetrust.

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