



Corporate Trust **CONNECTION**

fall 2008

Choose U.S. Bank for Financial Strength and Stability

In the current uncertain economic environment, U.S. Bancorp remains strong, stable and committed to providing our customers with the financial products and services they need, as well as creative solutions and exceptional customer service. As our President and CEO Richard Davis reminds us often, U. S. Bank is “open for business.”

The company’s core strengths include a diversified business mix, prudent lending and risk management, a strong balance sheet and capital position, and commitment to investing for future growth. Highlights include:

- For the third year in a row, U.S. Bank ranked first in the nation in the Ponemon Institute’s 2008 Privacy Trust Study for Retail Banking. This study measures consumer perceptions of trustworthiness in retail banking.
- In his second quarter 2008 conference call, Davis pointed out that, along with Institutional Trust & Custody, Corporate Trust Services is benefiting from the “flight to quality” as customers seek stability in their financial provider. Customers specifically cite the superior credit quality and service levels of U.S. Bank as reasons for leaving their current providers and bringing their business to us.
- Earnings per common share in second quarter were \$0.53. Return on average assets was 1.58%, while return on average common equity was 17.9%. In fact

U.S. Bank’s ROE and ROA rank us No. 1 among our peer banks in the country.

- U.S. Bancorp has \$247 billion in assets and is the parent company of U.S. Bank, the 6th largest commercial bank in the United States, with 2,542 banking offices in 24 states.

Bryan Calder, president of Corporate Trust Services at U.S. Bank, states, “Like the bank, Corporate Trust Services is open for business. We are having an exceptional year despite the turmoil in the capital markets. I am most proud of the fact that we have been there for our clients and bondholders when they most needed us. During the peak of the credit crisis, we were able to fulfill all of our required obligations while providing value-added services and solutions to help our clients through a very difficult and unprecedented time. While the market continues to struggle through a difficult environment, I can assure you that both U.S. Bank and its Corporate Trust Division are open for business and stand ready to meet our clients’ needs and exceed their expectations.”

Investment and Insurance products are:

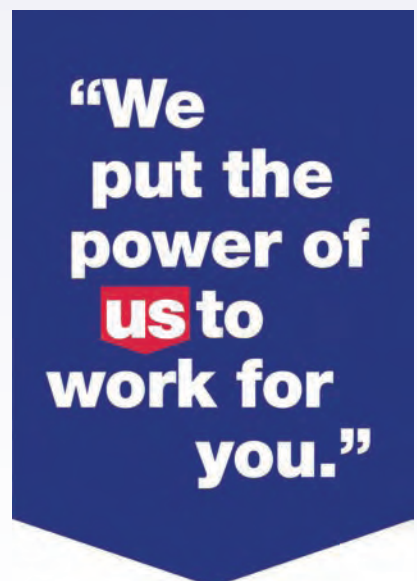
NOT A DEPOSIT	NOT FDIC INSURED
NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY	
MAY LOSE VALUE	NOT GUARANTEED BY THE BANK
U.S. Bank is not responsible for and does not guarantee the products, services, performance or obligations of its affiliates.	



Did You Know?

We Have a New
Mission Statement

U.S. Bancorp unveiled its new mission statement earlier this year – it’s our employees’ clear, strong commitment to our customers, communities and shareholders. We put our mission into action every day.



inside

- 2 Trustee for Hurricane Recovery Bonds
- 3 Spotlight on the Philadelphia Office
- 4 One-Stop Shopping for Financial Services



Proud to Be Trustee for Hurricane Recovery Bonds

In August and September of 2005, hurricanes Katrina and Rita hit Cleco Power of Pineville, La., and its customers with a one-two punch. Hurricane Katrina left 80,800 customers in the electric utility's service area north of New Orleans without power. Just as Cleco was restoring power to the last of its customers that could accept power, Rita hit. That storm left 136,584 customers throughout Cleco's entire service area without power.

All told, repairing damage to Cleco systems from the two hurricanes cost \$160 million. In September 2007, after a two-year process to create the financing framework, the Louisiana Public Service Commission approved a plan that would

In March 2008, Cleco Katrina/Rita Hurricane Recovery Funding LLC, a special purpose subsidiary of Cleco Power, issued \$180.6 million of securitized storm recovery bonds. U.S. Bank Corporate Trust Services was appointed trustee, registrar and paying agent.

allow Cleco Power to recover costs it incurred in the aftermath of the two hurricanes by issuing securitized bonds. The plan also authorized the creation of a \$50 million storm reserve to fund repair costs from future storms.

The Road to Recovery

In March 2008, Cleco Katrina/Rita Hurricane Recovery Funding LLC, a special purpose subsidiary of Cleco Power, issued \$180.6 million of securitized storm recovery bonds. U.S. Bank Corporate Trust Services was appointed trustee, registrar and paying agent.

The financing plan allows Cleco to lower storm recovery costs for its customers. The bonds are secured by a right to receive a storm recovery charge that is assessed on all existing and future customers of Cleco Power. They had been paying an interim storm surcharge, which the highly rated bond issue reduced by \$2.26 per average monthly residential bill.

"As Louisiana and the surrounding states continue their recovery efforts, U.S. Bank was very pleased to be able to offer the right combination of services, experience and pricing to make this transaction work for Cleco Power and all parties involved in the transaction," states Ed Kachinski, senior vice president.

A Highly Regulated Transaction

The bonds were issued in two tranches: a \$113 million, five-year weighted average life tranche was issued with an interest rate

of 4.41%, and a \$67.6 million, 10.5-year weighted average life tranche was issued with an interest rate of 5.61%. It's the first time a Louisiana utility has issued securitized bonds to finance storm restoration costs.

"It was quite a complex transaction to close," says Nancie Arvin, vice president. "It had many moving parts, and there were numerous regulatory requirements to be met and approvals that had to be received." The deal even required state legislative action.

Ratepayer bonds – those backed by payments from utility customers – are subject to stringent state and federal regulations and have unique servicing requirements. "U.S. Bank Corporate Trust Services is serving as trustee on several ratepayer bond issues," Arvin states. "We've received positive feedback from our clients."

Working Like Clockwork

"Now that the deal has closed, the activity level has decreased to a certain extent," Arvin explains. Cleco remits storm recovery charges to U.S. Bank Corporate Trust Services on a daily basis, at which point the funds are invested until they are disbursed. Semiannual payments to bondholders will begin next March. The storm recovery charge for Cleco customers will be adjusted semiannually to ensure there are sufficient funds in the account to pay the principal and interest on the bonds.

If you'd like to explore creative solutions to financing issues, contact your U.S. Bank Corporate Trust Services Account Manager.

Spotlight on the Philadelphia Office

Home to the Liberty Bell and Independence Hall, where the Declaration of Independence was adopted on July 4, 1776, “The City of Brotherly Love” is steeped in history. The U.S. Bank Corporate Trust Services office in Philadelphia has a long history as well, carrying on a tradition of exceptional customer service.

The Philadelphia Story

“The Philadelphia office is a ‘legacy’ office, resulting from multiple acquisitions throughout the years,” says Ken Benton, regional manager, Central Region. “There’s been a corporate trust presence in Philadelphia that reaches back at least to the early part of the 20th century.”

Some of the Philadelphia office’s current customers go back to the days of a major Philadelphia bank in the 1920s. “For example, this office has been the revenue bond trustee for the Pennsylvania Turnpike Commission since its first issue in October 1938,” says Lynn Hines, manager of the account managers in the Pennsylvania market. “We are trustee for the PECO Energy Company, which issued its first mortgage revenue bonds under a trust indenture that was signed in 1923. That kind of continuity stems from a deeply ingrained customer-service focus.”

There are six account managers and two set-up specialists in the Philadelphia office, providing the full range of corporate trust services to 1,600 accounts representing about 230 relationships. The level of experience the Philadelphia team offers its customers is impressive. “The average is about 29.5 years,” Hines says. “Our team has been together for a long time. We work hard, support each other and enjoy each other’s company. That is reflected in the kind of responsive customer service we provide, and one of the reasons our customers enjoy working with us.”

“The account managers have a close working relationship with each other and their customers,” Benton adds. “The team is driven to provide the best quality service.”

The Philadelphia office also includes a Trust Financial Management (TFM) group, managed by Alice Amoro, and a Tax Lien Services Group, managed by Nick Caramanico. TFM



Appearing from front row to back row, left to right: Ralph Jones, Ed Doyle, Lynn Hines, Alice Amoro, John Coutee, Linda Mulholland, Stacy Mitchell, Maryanne Schrader, Nancy Sawello, Eileen Cassidy, Carolyn Racek, Maureen McLaughlin, Kate Carlile, Colleen Fry, Laura Tuzinski, Con Hromych, Tom O’Connell, Terry McPoyle, George Rayzis, Dara Drummond, Linda Jackson, Jerry Arleth, Steve Kaba, John Brown. Not pictured: Nick Caramanico, Elaine Barbuto, Yolanda Poe, Nicoleta Edwards, Bertha McClean, Caroline Hunter and Anna Rossi.

handles the cash and investment transactions associated with the municipal and corporate products of Corporate Trust Services. The Tax Lien Services Group provides services to U.S. Bank customers who invest in tax certificates, which represent tax liens on properties that are delinquent in paying taxes and had liens placed upon them by the taxing authority.

Sampling Philly’s Best

Exceptional corporate trust products and services aren’t the only thing you’ll find at the Philadelphia office. The team likes to show off “Philly’s finest.” They often treat their out-of-area customers to cheesesteaks, soft pretzels or Tastykakes.[®] So if you happen to visit Philadelphia, be sure to stop by the U.S. Bank Corporate Trust Services office. They just might share a soft pretzel with you.



“There’s been a corporate trust presence in Philadelphia that reaches back at least to the early part of the 20th century.”

U.S. Bank Strives to Provide Convenient One-Stop Shopping for Financial Services

U.S. Bank Corporate Trust Services has grown rapidly over the past several years, largely through strategic acquisitions designed to capitalize on our strengths. With an eye toward providing the specialized employee skills, industry and regulatory knowledge, and superior products and services for which we are known to a broader range of customers, we continue to expand our geographic reach.

“We now have Corporate Trust Services offices in 47 locations nationwide,” says Lars Anderson, senior vice president and national sales manager. “In recent years, we’ve established a strong presence in markets where we had no presence before, such as New England and the Southeastern United States. Our customers there benefit from the

experience and full range of financial products and services that U.S. Bank brings to the table.

“At the same time, commercial operations of U.S. Bank is also undertaking a geographic expansion through strategic acquisitions,” Anderson adds. “A recent example is the Mellon 1st Business Bank acquisition in Southern California.”

Sean Foley, regional chairman for Southern California Commercial Banking and formerly executive vice president and group manager of commercial banking with Mellon 1st Business Bank states, “We are very pleased to be part of the U.S. Bank family and to be able to offer a broad range of business services to corporate trust customers.” Foley adds, “At the same time, our business banking customers benefit from having convenient, easy access to the full suite of escrow and trust products offered by Corporate Trust Services. It’s a win-win situation for all of our customers.”

Leveraging the Bank’s Position

U.S. Bank is working from its well-established strength in the central through western regions of the United States to bring its unique brand of customer service and approach to banking to other areas of the country. With 2,542 banking offices around the nation, U.S. Bank provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, trust and payment services products to consumers, businesses and institutions.

If you’re a Corporate Trust Services customer, we can refer you to other areas of the bank that can help you with business and personal banking, investments and more.

If you have questions about any of the products and services that U.S. Bank Corporate Trust Services can provide, please contact your account manager.



The articles and information included in this newsletter are for your information and are not intended as legal, accounting or tax advice. While the information is intended to be accurate, neither U.S. Bank Corporate Trust Services nor the publisher accepts responsibility for relying on the information provided. Images may be from one or more of these sources: ©Jupiterimages, ©Getty Images, ©iStock, ©PhotoSpin. ©2008 U.S. Bank Corporate Trust Services. Member FDIC.

Comments and suggestions for the newsletter are welcome and should be forwarded to Jessica Johnson, *Corporate Trust Connection*, U.S. Bank Corporate Trust Services, (651) 495-3928 (phone) or marketing.corporatetrust@usbank.com (e-mail). For more information, visit our Web site at usbank.com/corporatetrust.

60 Livingston Avenue
EP-MN-WS3W
St. Paul, MN 55107

