

# Corporate Trust Connection

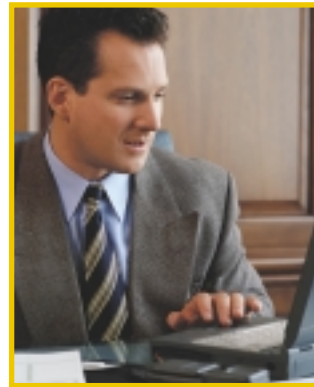
Summer 2001

## Online Convenience Is Coming to Commercial Paper

This summer, in response to customers' requests to have information delivered with more modern technology, U.S. Bank Corporate Trust Services, as Issuing and Paying Agent (IPA) bank, will process commercial paper transactions on the Internet. With the introduction of U.S. Bank Securities Processing Automated Note System Online (U.S. Bank SPANS Online), we will replace the front-end and back-end systems for money market instruments and have it processed entirely on the World Wide Web. We'll also be the first and only IPA to

utilize the new direct link to The Depository Trust Corporation (DTC) using MQ series software. This new link allows your trades to be delivered much faster than the current DTC link.

U.S. Bank SPANS Online will replace the old PC-based system, which required the customer to dial into the system with a modem to get trade data, and then copy it to their hard drive to be able to run reports. Access to your trade data will be as simple as accessing the site through a "bookmark," entering a security code and clicking your mouse.



*Corporate Trust Services will soon process CP transactions on the Internet.*

### More Features

One of the benefits of the new system will be full-featured Internet access and fully customizable reports and analysis of all money market instrument portfolios. U.S. Bank SPANS Online can handle all money market instruments: commercial paper (CP), certificates of deposit (CDs), medium-term notes (MTNs), bankers' acceptances (BAs), short-term bank notes and variable-rate demand obligations (VRDOs). Some of the other advantages include:

- Ability to choose from a variety of pre-formatted reports, which can be

## Did You Know?

U.S. Bank Corporate Trust Services has provided collateral custody services for our customers since 1997. As a collateral custodian, Corporate Trust Services holds and values securities on a daily, weekly or monthly basis, ensuring that investment and ratio requirements are met for each agreement. The Collateral Custody Group at U.S. Bank:

- Acts as a securities intermediary with principal balances outstanding of nearly \$6 billion.
- Processes an average of 1,200 security exchanges and 200 principal withdrawals per month.
- Monitors the posting and disburses interest and principal paydowns of over \$110 million on a monthly basis.
- Regularly reviews our technology, processes, and products to ensure our customers consistently receive quality servicing of their accounts in a cost-effective, efficient manner.

## What's inside

- 2 Structured Derivatives Provide Creative Financing Solutions
- 3 Merger Brings Expanded Services, Continued Commitment
- 4 U.S. Bancorp Libra Makes the Most of Ideas, Capital

**usbank**  
Corporate Trust  
Services

*continued on page 2*

# Structured Derivatives Provide Creative Financing Solutions

Most individual investors wouldn't know synthetic preferred stock from a reverse convertible bond. But recently the sort of sophisticated financial instruments long used by institutional investors have become available to retail investors. At U.S. Bank Corporate Trust Services, these are just two of the almost limitless variety of structured derivative transactions that we work with every day.

"Structured derivative transactions use cash flow manipulation and 'financial engineering,' such as swaps and options, to create new securities that meet the needs in the marketplace," explains Marlene Fahey, vice president, U.S. Bank Corporate Trust Services. "The goal of our investment banking customers is to create securities which do not exist conventionally but for which there is a demand, or to create new markets which offer investors an increased yield in exchange for assuming certain risks. By using derivatives as building blocks, our customers can create instruments to fit almost any economic and market conditions or to hedge against changes in those conditions."

Derivatives and securities incorporating derivatives can help an institution diversify its risk. For example, credit derivatives can allow a bank to protect itself against loss by transferring the credit risk on a loan to someone else,



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for a fee, while keeping the loan on its books.

## The World of Structured Derivatives

"Securities incorporating derivatives – or structured derivatives – are sold globally," Fahey continues. "We have the knowledge and experience to deal with settlements in multiple markets and currencies and to streamline settlements either through The Depository Trust Company in the United States or the European clearance systems."

In servicing and administering these transactions, U.S. Bank Corporate Trust Services may also handle tax issues and tax reporting.

## Service Is Key

One of the most critical skills U.S. Bank Corporate Trust Services brings to the

table is savvy with settlement procedures. "We make sure the mechanics work," Fahey says. "Some of the transactions have very fast turn-around – as few as three days." The knowledge of Fahey and other team members at U.S. Bank, combined with a talent for anticipating legal and compliance concerns, allows for fast, efficient processing.

Matthew R. Mayers, vice president, Salomon Smith Barney, has closed more than 50 deals with U.S. Bank Corporate Trust Services over the past several years and is enthusiastic about the service Corporate Trust Services provides. "Obviously, the most important aspect I look for in a trustee is service," Mayers says. "A lot of trustees are competent but inflexible. They can't 'think outside the

box.' Marlene is willing to work with us and is smart and fast. She knows the product and manages the process extraordinarily well. She comes up with creative solutions all the time."

Another plus for U.S. Bank Corporate Trust Services customers is that we are not in direct competition with many of the large institutions structuring these deals.

## We Have the Answers

Do you have a possible financing involving a structured derivative? U.S. Bank Corporate Trust Services has the experience and know-how to help you put these transactions together.

For more information about creative solutions, contact your U.S. Bank Corporate Trust Services Representative.

## Online Convenience..

easily customized to meet your specific needs.

- Use of index reporting to compare your portfolio of trades to an index, such as the Fed Funds rate, LIBOR (London Interbank Offering Rates) or H-15 (the Fed's version of the "going rate" for commercial paper). One broker's results can also be compared to another's, offering issuers with multiple dealers the opportunity to better monitor their relative performances.

# Merger Brings Expanded Services, Continued Commitment

**U**.S. Bancorp and Firststar Corporation announced the financial closing of our merger on February 27, 2001. The combined organization is the nation's 8th largest financial services holding company with more than \$160 billion in assets. As we complete the integration, Firststar offices will assume the U.S. Bank name.

Corporate Trust Services is excited about the opportunities this merger presents and, in particular, the addition of three new offices (Cincinnati, Milwaukee and St. Louis). "We're looking forward to combining and expanding our market coverage," Jeff Kerr, central region manager, says. "Our customers will benefit from our combined experience and strength.

"We'll be able to leverage the best practices of each group, which will enhance

the products and service quality we provide to our customers. Right now, we are working toward integrating the two corporate trust groups' service delivery platforms," Kerr continues. "We have experienced and talented corporate trust professionals from both organizations that are working extremely well together."

## New Stock Transfer Services

One clear benefit of the merger is the addition of Stock Transfer Agent services, already available at Firststar and now available to all U.S. Bank Corporate Trust Services customers. "Adding Stock Transfer Agent services will allow our customers to do their bond trusteeship and processing, as well as stock transfer processing, with the same group,"



*The merger combines the best practices of each organization.*

Keith Maurmeier, vice president, Corporate Trust Services-Stock Transfer, says.

"Technically, the transition will be invisible and this product is up and running today," Maurmeier says. "With our state-of-the-art stock transfer system we can provide transfer, registrar, dividend payment, dividend reimbursement and employee stock purchase as well as handle annual meeting coordination and proxy voting tabulation and much more.

"Corporate Trust Services is committed to the stock transfer product as evidenced by our development of additional services using the latest technology to enhance our product. For example, we offer use of the Internet to our clients and their shareholders to view their individual account information and vote their annual meeting proxy online. We also offer the availability of voting annual meeting proxies telephonically," Maurmeier adds.

For more information about stock transfer services, contact your Corporate Trust Services Representative.

## Committed to Your Interests

Corporate Trust Services remains committed to being your resourceful partner in finding financing solutions. You can be sure we will keep you updated on any changes that may affect your business.

*continued from page 1*

- Export trade data into a variety of formats including Excel and text files, or to create custom formats as required by third-party applications.
- Make full use of "PIMS" – the Pre-Issuance Messaging System that sends trade information directly from broker/dealers to the IPAs.
- One click to visit other U.S. Bank Web sites through commonly used hyperlinks.

Watch for U.S. Bank SPANS Online later this summer, and be prepared for a more convenient and fully featured approach to tracking a commercial paper portfolio. Current U.S. Bank customers will soon receive information on how they can take advantage of SPANS Online. Your U.S. Bank Corporate Trust Services representative will be happy to answer any questions.

## Top Municipal Trustee Rankings for First Quarter 2001

Rank	Issuer	# of Issues	Dollars in Thousands
1	<b>U.S. Bank</b>	102	2126.3
2	Bank of New York	82	3674.4
3	Banc One Investment Mgt. Group	68	1692.9
4	Wells Fargo Bank	54	1421.1
5	State Street Bank and Trust Co.	40	1896.1
6	The Chase Bank N.A.	38	2806.4
7	SunTrust Bank, Inc.	32	621.1
8	United States Trust Co.	30	1827.2
9	First Union National Bank	30	1436.4
10	National City Bank	19	691.8

Rankings are preliminary and subject to revision. Short-term notes maturing in under 13 months, private placements, and bonds sold by private non-profit electric cooperatives are excluded. Source: Securities Data Co. (4/02/01).

# U.S. Bancorp Libra Makes the Most of Ideas, Capital

**U**.S. Bancorp Libra recognizes that ideas without financial backing cannot be realized, and capital without ideas is just a commodity. Libra combines capital and ideas to provide solutions to companies through high-yield debt, mezzanine capital, investment grade debt and private equity capital.

**High-Yield Debt** – U.S. Bancorp Libra can manage or co-manage high-yield

offerings of \$75 million to more than \$300 million. Typical offerings have a seven- to 10-year maturity and may be used by public or privately held companies for acquisitions, buyouts or recapitalizations, refinancing existing debt or financing growth.

**Mezzanine Capital** – Mezzanine capital is privately placed debt or preferred stock that bears a higher return to investors than traditional bank financing. U.S. Bancorp Libra raises Mezzanine capital in amounts as low as \$20 million to as much as \$200 million.

**Investment Grade Debt** – U.S. Bancorp Libra can privately place debt issues from \$25 million to more than

\$300 million. Investment grade debt has maturities of five to 20 years at a fixed interest rate and is typically issued or guaranteed by large, creditworthy companies.

**Private Equity Capital** – Through relationships with numerous private equity firms, U.S. Bancorp Libra assists management teams and companies seeking to raise equity capital to finance buyouts, acquisitions, recapitalizations and growth. Libra raises from \$10 million to more than \$100 million of private equity capital, sometimes concurrently arranging for debt financing as well.

“U.S. Bancorp Libra combines the strength, capital and relationships of U.S. Bancorp with the entrepreneurship,

attentiveness, creativity and service of a boutique investment bank,” says Eben Perison, managing director of U.S. Bancorp Libra. “Our clients may use all the resources of U.S. Bancorp and benefit from their continual interaction with senior personnel with a high level of experience and a focus on specialized types of capital.”

## Look to Libra

Visit with your U.S. Bank Corporate Trust Services representative to discuss U.S. Bancorp Libra and find the solution your company requires.



4

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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).

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