



## Corporate Trust **CONNECTION**

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### OMG: U.S. Bank and Partners Devise Creative Financing Solutions for Social Media Start-ups

Social media start-ups are among the fastest-growing companies today, and many face financing challenges, particularly if they are not ready or willing to go public. Pressures may build if the handful of early investors want liquidity and some institutional investors seek to invest, but there is no easy way to facilitate transactions. That's where private tender transactions, initiated by social media start-ups and their attorneys and administered through U.S. Bank, have filled a void.

#### Responding to a Need

Jamie Hutchinson, a partner with Goodwin Procter LLP in Washington, DC, explains the dilemma faced by some young social media companies.

"Many growing private technology companies have angel and venture capital investors, as well as employees who own shares and would like liquidity. But the difficulty arises when the company is not ready to go public and there is no other way for investors to exit," Hutchinson says. "A few years ago, Facebook® was facing this issue and decided to do a private tender offer allowing early investors and employees to sell a portion of their holdings to larger institutional investors.

"We were working with a large international investor to structure the purchase of shares from hundreds of Facebook employees who wanted to sell shares and trying to figure out how we could efficiently process such a transaction without having legal costs go through the roof. A tender and exchange transaction offered a way for institutional investors to buy in and Facebook to offer some liquidity to shareholders without going through an initial public offering. So I called Greg Jordan, a Business Development Officer with U.S. Bank Global Corporate Trust Services, to see if he could help."

Jordan, who had worked on a variety of other financing and mergers and acquisitions deals with Hutchinson over many years, was happy to respond. "U.S. Bank had the infrastructure to accommodate this and other social media tender and exchange transactions very efficiently and cost-effectively," he says. "U.S. Bank can serve as tender, exchange and paying agent. We facilitate the tender offers, collect and review the documents, ensure that proper payment instructions are in place, certificate numbers are accurate and options are consistent with company records."

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### Did You Know?

- U.S. Bancorp ranked 35<sup>th</sup> out of 100 on Barron's "World's Most Respected Companies" survey of money managers, released in June 2012. The majority of respondents either "respect" or "highly respect" U.S. Bancorp.
- U.S. Bancorp is ranked among the world's most valuable brands, ranking No. 72 in the annual BrandZ study by market researcher Millward Brown. U.S. Bancorp gained 12 spots from last year's study and has a brand value of \$11.49 billion, according to the study. The top 10 brands in the study are dominated by tech and telecom companies such as Apple Inc., No. 1 with a brand value of \$183 billion, followed by IBM and Google.
- Fortune recently released its 2012 "Fortune 500" rankings of America's largest corporations based on revenue, and U.S. Bancorp came in at No. 132. Among the Fortune 500, U.S. Bancorp ranked No. 27 for return on revenues, No. 35 overall for profitability, No. 37 as measured by equity and No. 46 in market value.
- U.S. Bank was honored earlier this year along with other winners of the 2011 Community Service Leadership Award. The award is presented by The Financial Services Roundtable to companies based on their philanthropic efforts.

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