FROST BROWN TODD AND WAHLERT RECHTSANWÄLTE FORM US-GERMAN ALLIANCE

October 18, 2005—Frost Brown Todd LLC and Wahlert Rechtsanwälte are proud to announce their strategic US-German alliance, which creates seamless legal service for U.S. companies doing business in Europe, especially Germany, and for European companies doing business in the U.S. FBT has approximately 350 attorneys in Kentucky, Ohio, Indiana, and Tennessee, and Wahlert has eleven attorneys in Stuttgart, the capital of the German state of Baden-Württemberg, which is centrally located near the Netherlands, France, Switzerland, Italy, Austria, and other German industrial centers, such as Bavaria.

This strategic alliance is a result of the firms’ participation in MULTILAW, a global network of law firms, chaired by Jobst von Wahlert. Stuttgart is the industrial center of Germany with a strong automotive and manufacturing presence, including the headquarters of Daimler-Chrysler, Porsche, Robert Bosch, the European operations of Whirlpool, the German headquarters of IBM, Hewlett Packard, and Reader’s Digest, as well as large branches of Siemens and Agilent. The FBT states are home to many German companies such as AEG, Bayer, BASF, Beiersdorf, Bosch, Continental, Degussa, ThyssenKrupp, Süd-Chemie, Linde, Montaplast, Osram, Balluff, Faber-Castell, Bertelsmann, E.ON, Klockner, Kaltenbach, Mahle, and Siemens.

Managing the alliance is Hamburg native Nicolaus Susta, Attorney-at-Law (New York), who has worked at international law firms in Germany and the U.S. and is fluent in both German and English. “When visiting the various FBT offices, I am struck by the similarities between the Midwest and Baden-Württemberg. Both regions have a lot of high-tech manufacturing, hard-working people, and a high quality of life,” said Nic Susta of Wahlert Rechtsanwälte, “and the cost of living and doing business is much lower than in New York.”

“Our Alliance with the Wahlert firm means seamless legal services for clients operating in the Midwest U.S. and Germany. Through it, we provide clients bilingual and bicultural legal services to assist them in the first and third largest economies in the world. Frost Brown Todd is pleased to establish its first foreign desk in Stuttgart, an industrial powerhouse of Europe,” said Joseph Dehner, head of FBT’s International Practice Group.

“The investor-friendly Midwest is the perfect gate to the U.S., and the alliance with Frost Brown Todd offers a great opportunity for our clients to enter the American market with the region’s leading law-firm at their side. The alliance gives FBT’s and Wahlert’s clients huge benefits,” said Jobst von Wahlert of Wahlert Rechtsanwälte.

“Our alliance with Wahlert is another step in our ongoing effort to provide unparalleled services to our clients throughout our region. We hope this alliance will be of valuable assistance to our clients who do business internationally. The Wahlert firm is an outstanding group of attorneys, and its strategic location in Stuttgart, Germany, opens up tremendous opportunities for our clients here in the U.S. and in Europe,” said Ed Glasscock, Co-Managing Member of Frost Brown Todd.

Frost Brown Todd LLC was selected as a "Go To Law Firm" and will be listed in the 2006 Directory of In-House Law Departments at the Top 500 Companies produced by Corporate Counsel and American Lawyer Media. The FBT website, www.frostbrowntodd.com, has been awarded the 2005 Best Legal Website WebAward by the Web Marketing Association. Sixty six of the Firm's lawyers have been named in The Best Lawyers in America® 2006 and 38 have been highly ranked in the 2005 Edition of Chambers USA. Additionally, the Firm has been recognized as a Top corporate law firm in Kentucky by Corporate Board Member magazine, as well as one of the Top 10 Patent Litigation Firms in the United States by Managing Intellectual Property magazine.

Wahlert has been recognized for their innovative [ex→in®] concept, which stands for “external in-house counsel”. Wahlert sends its attorneys to [ex→in®] clients at regular intervals, who act like in-house counsel, so the client gets the equivalent of a complete in-house legal department with all its benefits.
U.S.-JAPAN INTERNATIONAL SOCIAL SECURITY AGREEMENT BY CORNELIUS J. SMAL

On October 1, 2005, Japan became the latest country to be added to the list of states with which the United States of America has Social Security Agreements in effect. To date the U.S. has entered into twenty-one of these agreements, the oldest of which is the treaty with Italy—it went into effect in 1978. In the meantime, the U.S. entered into Social Security Agreements with Germany, Switzerland, Belgium, Norway, Canada, United Kingdom, Sweden, Spain, France, Portugal, Netherlands, Austria, Finland, Ireland, Luxembourg, Greece, South Korea, Chile, Australia and Japan.

Also known as Totalization Agreements, Social Security Agreements have two main purposes. In the first place, they eliminate dual Social Security Taxation. Dual Social Security Taxation occurs when a worker is forced to pay Social Security Taxes on the same income in two different countries. Secondly, the agreements fill gaps in benefit protection for workers who have divided their careers between two countries, both of which levy Social Security Taxes. Without such an agreement, a worker who has paid social security taxes in a foreign country, could end up being unable to claim benefits from a system into which he was forced to make contributions. A situation could also occur where a worker who has paid Social Security Taxes in both states will be unable to claim benefits in one or the other, because he or she has not earned enough credits in one of the two systems. The terms of a Social Security Agreement allow a worker to add credits earned under both treaty countries' social security systems, enabling the worker to become eligible for benefits.

Social Security Agreements also lessen the cost of transferring workers between countries that levy Social Security Taxes. If an employer guarantees that an employee’s transfer will not result in a reduction of an employee’s after-tax income, the employer will have to compensate the employee for the increase in taxes paid by the employee. Needless to say, this adds to the cost of transferring an employee to the other country.

The U.S.-Japan Social Security Agreement distinguishes among people transferred by a company to work in the other state’s territory (e.g., a U.S. company transfers a worker to Japan), nationals employed by their government (e.g., a Japanese citizen working in Japan’s U.S. Embassy), self employed persons, and persons hired in their country of employment by a firm based in one of the states party to the agreement (e.g., a U.S. company hires a Japanese national to work in Japan). Per the U.S.-Japan Social Security Agreement, a worker will be exempt from paying dual taxes on the same income if the period of employment in the other country is not more than five years. It is also worth noting that the agreement allows for an extension beyond this five-year period, but one will have to apply for such an extension with the relevant authorities.

Employers cannot simply stop making social security deductions. To establish exemption from compulsory coverage and taxes in a particular member state, an employer must first obtain a certificate of coverage. This certificate serves as proof of exemption from social security taxes on the same earnings in the other country. The effective date of exception from paying social security taxes will be indicated on the document.

To establish an exemption from taxes under the Japanese system, a U.S. employer must request a certificate of coverage (form USA/J6) from The Social Security Administration's Office of International Programs. No special form is required to request a certificate, but the request must be in writing and must provide, inter alia, the following information: full name of worker, date and place of birth, citizenship, country of worker’s permanent residence, U.S. social security number, date and country of hire, etc. A statement as to whether the employee, while working in Japan, will be employed by the U.S. company or its Japanese affiliate, and information about an employee’s health insurance coverage also need to be provided.

To establish exemption under U.S. Social Security coverage, a Japanese employer must also request a certificate of coverage (form J/USA6) from the local Japanese Social Insurance Agency that collects a particular employee's social security taxes in Japan. Save for a few exceptions, the same information as required by the U.S. Social Security Administration must be provided to the Japanese authorities. Certificates issued in Japan will be drafted using Japanese characters; it will be the employer’s responsibility to have it translated into English.
As mentioned earlier, not only do Social Security Agreements benefit employees, but they also reduce the cost of transferring personnel between countries that levy Social Security Taxes. It is therefore important that any institution with operations in more than one country be aware of these Agreements’ existence, and when they apply.

**ISG People**

Celebrating the FBT-Wahlert Alliance in Stuttgart: (L-R) Horst Teller, Ohio Governor Robert Taft, Jobst von Wahlert, Nicolaus Susta, Joerg Staudenmayer and Joe Dehner. Governor Taft and four FBT attorneys participated in the events announcing the Alliance. Horst, Jobst, Nicolaus and Joerg are with Wahlert.

(L-R) Susan Faller, Janet Bodoh, Judge William Bodoh and Nicole Hudson during their visit to Stuttgart. Susan, Bill, Nicole and Joe Dehner participated in three FBT-Wahlert Seminars launching the Alliance.
Barry Rosenstock, Director of State of Ohio office in Japan, Joe Dehner of FBT and Samuel Kidder, Chief Commercial Officer at the U.S. Embassy in Tokyo at a recent event on “Doing Business with Japan” held in Cincinnati.

(L-R) N. Alex Hara, Vice President, JP Morgan Chase; Ken Kabira, Senior Vice President, National-Louis University; Dave Baeckelandt, President, Chicago Pacific Capital Advisors, Inc.; Joe Dehner of FBT (moderator); David R. Scholl, President and CEO, Diagnostic Hybrids, Inc.; and Tomo Shimizu, Senior Consultant, Hewitt Associates, were the panelists at “Doing Business in Japan.”

ISG Events

PLANNING AND IMPLEMENTING A PAN-EUROPEAN BUSINESS: PITFALLS AND OPPORTUNITIES
Frost Brown Todd International Services Group - Free Luncheon International Update Series
THURSDAY, November 17, 2005