

CATELLUS DEVELOPMENT CORP

Form 425

June 06, 2005



Filer: ProLogis
Subject Company: Catellus Acquisition
1934 Act File Number: 001-31908

INVESTOR FAQ

1. Why is ProLogis acquiring Catellus?

In the U.S., ProLogis' market presence, asset quality and development capability will all be strengthened. Catellus' significant presence in the top six distribution markets, its strong occupancy levels, relatively young assets plus additional land and development capabilities will accelerate ProLogis' future earnings growth by supporting more rapid growth in ProLogis' property fund business.

2. What is involved in the merger process and how long will it take to complete?

The boards of both companies have approved the merger agreement. Shareholders of both companies will be asked to vote on the merger later this year, and a Proxy Statement will be mailed to all shareholders. We anticipate the transaction will close by the end of 2005.

3. Who will lead the combined company?

Jeffrey H. Schwartz will remain chief executive officer and Walter C. Rakowich will remain president, chief operating officer and chief financial officer. Ted Antenucci, president of Catellus Commercial Development, will become President of Global Development. Nelson C. Rising, chairman and chief executive officer of Catellus, will join the ProLogis Board.

4. Will there be a change in dividend policy?

To retain their unique tax status, real estate investment trusts (REITs) are required to dividend 90% of taxable income to shareholders to not pay taxes at the corporate level.

ProLogis' next quarterly dividend is scheduled to be paid in August.

5. Do I need to change stock certificates or contact the transfer agent?

No. There will be no changes to the ProLogis shares requiring investor action. ProLogis shareholders will be asked to approve the merger later this year, and a proxy statement will be mailed to shareholders.

In addition to receiving a proxy statement, Catellus shareholders will receive a prospectus as well as instructions for exchanging their Catellus shares in exchange for the cash and/or stock consideration being offered under the terms of the merger agreement.

6. Who should I contact if I have additional questions? How can I find more information as time goes on?

Press releases will be posted on both companies' websites at www.prologis.com and www.catellus.com. You may also call ProLogis investor relations at 303-576-2690 or Catellus investor relations at 415-974-4649. Later in the year, a proxy statement will be mailed to both companies' shareholders. Additionally, both Catellus and ProLogis file reports with the Securities and Exchange Commission. Those reports can be accessed on the SEC's website at

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KEY FACTS

| | ProLogis | Catellus |
|---|---|-----------------|
| Equity Market Capitalization (as of June 3, 2005) | \$7.8 billion | \$3.1 billion |
| Total Market Capitalization (as of June 3, 2005) | \$12.7 billion | \$4.3 billion |
| Stock Listing | NYSE: PLD S&P 500 | NYSE: CDX |
| 2004 Total Revenues (ProLogis revenues exclude \$1.3 billion of net sales proceeds) | \$601 mil. | \$814 mil. |
| North American Total Square Footage Owned, Managed and Under Development (as of March 31, 2005) | 310.8 million | 40.5 million |
| % Industrial Assets in Top Six U.S. Logistics Markets (S. Calif., N. Calif., Chicago, N. New Jersey, Dallas & Atlanta) | 37.0% | 82.0% |
| Buildable Land Sq. Footage (as of March 31, 2005) | 40,299,000 | 38,313,000 |
| % Buildable Land in Top Six U.S. Logistics Markets | 48% | 78% |
| Strong Customer Synergies | 8 of Catellus top ten customers are also ProLogis customers | |

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Website Update

6/6/05 ProLogis has agreed to purchase the shares of Catellus Development Corporation in a transaction valued at approximately \$4.9 billion. The transaction will strengthen ProLogis' portfolio in North America and greatly enhance the company's land position and development capabilities, accelerating future earnings growth.

Please join us for a conference call and webcast detailing the transaction to be held at 8:30 am ET on 6/6/05.

Please use the following links to access related materials

[Press release with conference call details](#)

[Slides to be discussed in conference call](#)

[Link to webcast/replay.](#)

[Related SEC filings](#)

[Learn more about Catellus](#)

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Email Subject Line: **ProLogis Acquires Catellus Conference Call Today**

Dear ProLogis Associates:

We are pleased to share with you some very exciting news.

ProLogis has just announced that the company will acquire Catellus for total consideration of approximately \$4.9 billion, payable in cash and ProLogis common shares. In this letter we would like to describe to all our employees the significance of this acquisition and its benefits to ProLogis. The financial details of the transaction are included in the attached press release.

The acquisition of Catellus will solidify our position as the world's leading provider of distribution facilities by consolidating two of North America's largest industrial property developers. When the acquisition is complete, ProLogis will have a global footprint more than three times the size of our nearest competitor.

This transaction offers great benefits for us at ProLogis, as well as for our customers, partners and shareholders.

We are especially excited about the growth potential created by combining our domestic and international platform with Catellus' U.S. platform and development opportunities. This transaction will expand our reach to include over 350 million square feet in more than 2,250 facilities owned, managed, or under development in North America, Europe and Asia.

The acquisition will meaningfully strengthen our market presence, asset quality and development capability in the United States. Catellus has a significant presence in the top six U.S. distribution markets, strong occupancy levels and relatively young assets, all of which will augment our current portfolio and increase our land and development capabilities.

Catellus' geographic mix of properties complements ProLogis' portfolio and will provide us with significant properties in especially high-growth markets, such as California, where 53% of Catellus' industrial assets are located, and Chicago, where an additional 17% are located.

The Catellus portfolio also provides ProLogis with the opportunity for strong growth with the addition of Catellus land holdings. We are pleased that Ted Antenucci, president of Catellus Commercial Development Corp., and several other experienced development professionals from Catellus will be joining ProLogis

following the close of the transaction. Their talent, combined with Catellus' quality land bank, which includes nearly 30 million buildable square feet in the six largest distribution markets in the U.S., will greatly enhance our development capabilities.

Strong customer synergies are also a benefit of the transaction. Catellus customers tend to be large companies seeking newer functional distribution centers, consistent with our targeted Focus 500 customers. In fact, eight of Catellus' top ten customers are also ProLogis customers. Through this transaction, we will continue to enhance our ability to meet our customers' needs across the globe.

To provide additional details, we will hold a short conference call for all employees at 10:00 a.m. (Mountain Time) today to discuss this transaction further. There are limited phone lines, so please try to listen at a conference room in your office. For those of you unable to get to a conference room at that time, you may call (877) 704-5385 for U.S.-based employees or (913) 312-1303 for international employees.

If you are unable either to attend the meeting in person or listen to it live, there will be a digital recording available on our intranet following the call. You will also be able to listen to a telephonic replay after the conference call has ended. Replay phone numbers are (888) 203-1112 for U.S.-based employees, and (719) 457-0820 for international employees. The passcode for both replay numbers is 9494641.

Today's announcement is only the first step in the merger process, and there is much to do between today and the completion of the merger. Most importantly, we must all stay focused on serving our customers. It is also important for you to be aware that until the merger is complete, Catellus remains a competitor of ours and we will operate as separate companies.

Given the level of interest we can expect about this announcement, please remember ProLogis' longstanding policy about handling questions from the media and investors. Please direct all media inquiries to Rick Roth at 303-576-2641. All investor questions should be directed to Melissa Marsden at 303-576-2622.

Finally, we want to thank each of you for what you contribute to ProLogis on a daily basis. Your hard work has enabled us to embark on this transaction, and your continued hard work will ensure its success.

Jeffrey H. Schwartz
Chief Executive Officer

Walter C. Rakowich
President and Chief Operating Officer

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**PROLOGIS ACQUISITION OF CATELLUS:
PROLOGIS EMPLOYEE FAQs**

1. Why is ProLogis acquiring Catellus?

With this transaction, ProLogis strengthens its position as the world's leading provider of distribution facilities. Combining our domestic and international platform with Catellus' U.S. platform and development opportunities will enhance our growth potential, customer service and shareholder value. This is great news for us, and for our future prospects.

2. What is involved in the merger process and how long will it take to complete?

We anticipate that the transaction will close by the end of 2005. So far, the boards of both companies have approved the merger agreement. Now, we need to secure the approval of both companies' shareholders, which we expect to occur in the next few months. In addition, the joint proxy statement / prospectus will be filed with the Securities and Exchange Commission, and other customary approvals must be obtained.

3. Until the transaction closes, how will the two companies work together? What restrictions are there on communications between the two companies?

There will be limitations of specific Catellus business activities established by the transaction. Keep in mind, until the transaction is closed, the two companies will continue to operate as separate entities, and we will compete in the marketplace as usual.

4. Who will manage the integration process?

Our integration team is being led by Walt Rakowich. We will discuss the integration plan and timetable in the days and weeks to come.

5. Will there be any changes to our executive management team?

Yes. Jeff Schwartz will remain chief executive officer and Walt Rakowich will remain president, chief operating officer and chief financial officer. Ted Antenucci, president of Catellus Commercial Development, will join ProLogis as president of global development. Nelson Rising, chairman and chief executive officer of Catellus, will join ProLogis' Board of Trustees.

6. How does this affect me?

This is a great acquisition that will help us grow stronger and will allow us to serve our customers even better than before. However, it is important to remember that until the transaction closes, the two companies will continue to operate as separate entities, and we will compete in the marketplace as usual.

7. How will this transaction affect our customers?

We will continue to put customers at the center of our company, but this acquisition will allow us to provide expanded products and services in key North American markets.

8. Does this change ProLogis strategy?

No, it supports our strategy. Our strategic plans remain the same and it is critically important to our future success for all of us to stay focused.

9. How should I respond if media or investors ask me questions about the transaction?

As always, please remember that any media inquiries should be directed to Rick Roth at 303-576-2641, and that any investor inquiries should be directed to Melissa Marsden at 303-576-2622.