

## **U.S. Bancorp Corporate Governance Guidelines**

U.S. Bancorp's business is managed under the direction of the Board of Directors. The Board delegates the conduct of business to U.S. Bancorp's senior management team. The following corporate governance guidelines have been adopted by the Board of Directors to provide a framework within which directors and management can effectively pursue U.S. Bancorp's objectives for the benefit of its stockholders. The Board annually reviews and updates these corporate governance guidelines.

### **Role of the Board of Directors**

1. **Effective Governance.** The Board believes that its primary responsibility is to provide effective governance over U.S. Bancorp's affairs for the benefit of its stockholders. The Board is the ultimate decision-making body of U.S. Bancorp, except with respect to those matters reserved to the stockholders, and each director will exercise sound, independent judgment in carrying out his or her oversight duties. The Board selects the Chairman of the Board and the Chief Executive Officer, acts as an advisor and counselor to the Chief Executive Officer and monitors the performance of senior management. In exercising its oversight responsibilities, the Board will question, challenge, and when necessary, oppose recommendations and decisions made by management.
2. **Management Succession.** The Board plans for succession to the position of Chief Executive Officer, as well as overseeing management succession for other senior management positions. The Board works with the Governance Committee to nominate and evaluate potential successors to the Chief Executive Officer, and with the Compensation and Human Resources Committee to review succession planning for executive officer positions other than the Chief Executive Officer. The Chief Executive Officer should at all times make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.
3. **Evaluation of the Chief Executive Officer.** The Compensation and Human Resources Committee annually evaluates the performance of the Chief Executive Officer and discusses its evaluation with the other independent directors. As part of this evaluation, the independent directors complete a written evaluation of the Chief Executive Officer's performance. Results of this evaluation are communicated to the Chief Executive Officer by the Chair of the Compensation and Human Resources Committee.

### **Composition of the Board of Directors**

1. **Size of the Board.** The Governance Committee makes recommendations to the Board concerning the appropriate size and needs of the Board. While the number of directors should not exceed a number that can function efficiently as a body, the Board believes that the quality of the individuals serving and the overall balance of the Board are more important than the precise number of members.

2. **Independence of the Board.** The Board will consist of a significant majority of non-employee directors who meet the independence requirements of the New York Stock Exchange. The Board would not expect to have more than one or two employee directors, including the Chief Executive Officer, except in unusual circumstances, such as during a transition in leadership.

The Board annually determines, upon the recommendation of the Governance Committee, whether each director is “independent” in accordance with the standards set forth in the NYSE Listed Company Manual. In considering the facts and circumstances relevant to an independence determination, the Board deems the following relationships to be categorically immaterial such that they will not, by themselves, affect an independence determination:

- (a) A relationship between the Company (or any of its subsidiaries) and an organization of which the director or an immediate family member (as defined in the NYSE Listed Company Manual) of the director is an executive officer if that role does not constitute his or her principal occupation;
- (b) Ordinary banking relationships (such as depository, lending, transfer agency, registrar, trust and custodial, private banking, investment management, securities brokerage, cash management and other services readily available from other large financial institutions); a banking relationship will not be considered “ordinary” if:
  - (1) the relationship is not on substantially the same terms as those prevailing at the time for comparable transactions with non-affiliated persons; or
  - (2) it is an extension of credit that has not been made in compliance with applicable law, including Regulation O of the Board of Governors of the Federal Reserve and Section 13(k) of the Securities Exchange Act of 1934; or
  - (3) an event of default has occurred and is continuing beyond any period of cure; or
  - (4) the relationship has other extraordinary characteristics;
- (c) Employment by the Company (or any of its subsidiaries) of an immediate family member of a director if the annual compensation paid to that person does not exceed \$120,000; and
- (d) A relationship between the Company (or any of its subsidiaries) and an organization with which the director or an immediate family member of the director is affiliated if (i) the relationship arises in the ordinary course of both parties’ operations and (ii) the aggregate annual amount paid by either party to the other does not exceed \$120,000.

Each director should inform the Company’s Corporate Secretary in advance of any contemplated transaction or relationship between that director (or his or her family

members or related interests) and the Company (or any of its subsidiaries) that arises between the annual independence determinations, other than those specified above as being categorically immaterial.

3. **Director Selection and Qualification Standards.** The Governance Committee is responsible for recommending to the Board appropriate individuals for nomination as directors. In evaluating candidates for nomination as a director of U.S. Bancorp, the Governance Committee will consider the following criteria, as well as such other factors as the Governance Committee deems appropriate:
  - (a) *Personal qualities:* The Governance Committee will only consider individuals as candidates for director who possess the highest personal and professional ethics and integrity, and who are committed to representing the long-term interests of all the Company's shareholders;
  - (b) *Business skills and qualifications:* The Governance Committee will consider the balance of business experience represented on the Board at any one time in the context of the current and anticipated needs of the Board and Company to identify any specific skills and backgrounds desirable in future Board members; and
  - (c) *Diversity:* The Governance Committee will ensure that the Board's composition reflects a mix of members representing various backgrounds, industries, skills, professional experiences, geographic communities, genders, races, and ethnicities.

The Governance Committee will identify director candidates based upon suggestions from current directors and executives and nominations received by shareholders, all of which will be given equal consideration; the committee may also engage a director search firm.

4. **Overboarding Restrictions.** Directors must be willing and able to devote sufficient time to carrying out their duties and responsibilities effectively. Directors will notify the Chairman of the Board before accepting a position on the board of another publicly traded company or other large, complex organization. The Chairman of the Board, together with the Corporate Secretary and the Governance Committee Chair, will determine whether the additional board service is appropriate in each case, but in no event will a director serve on more than three other boards of public companies in addition to the U.S. Bancorp Board unless the Board determines that so serving will not impair the director's service on the U.S. Bancorp Board, and a director who serves as the chief executive officer of a public company will not serve on more than two other boards of public companies in addition to the U.S. Bancorp Board.
5. **Director Retirement and Tenure Policy.** The Board annually reviews each director's contributions to the Board and considers each director's effectiveness and the composition of the Board during the annual evaluation process. At that time, the Board also considers the balance of tenure represented by the directors, in order to include the experience of longer-serving directors, the perspectives contributed by new directors, and the value of continuity as Board composition changes. In addition, the Board considers

the balance of skills and experience represented on the Board against the Company's business, strategy and environment. The Board believes that any director's continued service on the Board should also be evaluated for continued appropriateness in each of the following circumstances:

- (a) the director has a change in employment or other major responsibilities. In this event, the director will send written notification of the change to the Chairman of the Board, with a copy to the Corporate Secretary. This notice constitutes an offer to resign from the Board under these Guidelines. The Governance Committee will consider the appropriateness of the director's continued service on the Board and will make a recommendation to the Board regarding whether it should accept the director's offer to resign;
  - (b) an employee director ceases to be a Company employee; and
  - (c) the director will reach the age of 72 prior to the next annual shareholders' meeting (for annual nomination decision).
6. **Director Compensation.** Director compensation will reflect U.S. Bancorp's intention to attract and retain outstanding individuals to serve on the Board. Annual retainers, meeting and committee fees, equity-based awards and other forms of compensation, as appropriate, will be used in the furtherance of this objective. The Board believes it is desirable that a portion of overall director compensation be linked to Company common stock in order to align directors' interests with the long-term interests of stockholders, and for that reason, the Board's total compensation will be structured to include an element of stock-based compensation. Directors who are employees of the Company will not receive any additional compensation for their services as directors.
7. **Share Ownership of Directors and Executive Officers.** Directors and executive officers are expected to own U.S. Bancorp stock to further align their interests with those of our stockholders. U.S. Bancorp's requirements for stock ownership of directors and executive officers are set by the Compensation and Human Resources Committee.
8. **Advance Resignation to Address Majority Voting.** Director nominees submit a contingent resignation in writing to the Governance Committee to address majority voting in director elections. The resignation becomes effective only if the director fails to receive a sufficient number of votes for re-election at the annual meeting of stockholders and the Board accepts the resignation. The Board will nominate for election or re-election as director only candidates who have tendered such a resignation.

If an incumbent director fails to receive the required vote for re-election, the Governance Committee will act within 90 days after certification of the shareholder vote to determine whether to accept the director's resignation, and will submit such recommendation for prompt consideration by the Board. The Board expects the director whose resignation is under consideration to abstain from participating in any decision regarding that resignation. The Governance Committee and the Board may consider any factors they deem relevant in deciding whether to accept a director's resignation. The Board will

promptly publicly disclose the decision made with respect to the resignation (including the reasons for rejecting the resignation offer, if applicable).

If each member of the Governance Committee fails to receive the required vote in favor of his or her election in the same election, then those independent directors who did receive the required vote shall appoint a committee amongst themselves to consider the resignations and recommend to the Board whether to accept them. However, if the only directors who did not receive the required vote in the same election constitute three or fewer directors, all directors may participate in the decision regarding whether to accept the resignations.

### **Functioning of the Board of Directors**

1. **Board Meetings.** Board meetings typically are scheduled in advance and are held at least six times per year. However, the number of scheduled Board meetings will vary with the circumstances. Meetings may be held at U.S. Bancorp's headquarters in Minneapolis, Minnesota, or elsewhere. It is the responsibility of the directors to attend meetings of the Board.
2. **Board Leadership.** The Board has a flexible policy with respect to the separation of the offices of Chairman and Chief Executive Officer. The Board believes that this issue should be considered regularly in light of all relevant facts and circumstances. When the position of Chairman of the Board is not held by an independent director, the independent directors will elect a Lead Director who will have the duties and authority set forth herein.
3. **Lead Director.** The position of Lead Director will be held by an independent director. The Lead Director will be elected annually by the independent directors upon the recommendation of the Governance Committee, may not be elected for more than five consecutive terms, and generally will serve three consecutive terms in the discretion of the independent directors. When recommending to the independent directors candidates for Lead Director, the Governance Committee will consider factors such as business and financial acumen, depth of knowledge of the financial services industry, experience on boards of directors of other public companies, willingness to dedicate the additional time and attention required for the additional responsibilities of the position, and the overall level of respect and regard of the other members of the Board.

The Lead Director will have the following responsibilities and authority:

- (a) Lead executive sessions of the Board's independent or non-management directors, and preside at any session of the Board where the Chairman is not present;
- (b) Act as a regular communication channel between the independent directors and the CEO;
- (c) Approve the Board meeting agendas;

- (d) Approve meeting schedules to ensure there is sufficient time for discussion of all agenda items;
- (e) Approve information sent from management to the Board;
- (f) As appropriate, be the representative of the independent directors in discussions with major shareholders regarding their concerns and expectations;
- (g) Have the authority to call special Board meetings or special meetings of the independent directors;
- (h) Approve, on behalf of the Board, the retention of consultants who report directly to the Board;
- (i) Assist the Board and Company officers in assuring compliance with and implementation of the Company's Governance Guidelines;
- (j) Advise the independent Board committee Chairs in fulfilling their designated roles and responsibilities to the Board;
- (k) Review shareholder communications addressed to the full Board or to the Lead Director;
- (l) Interview all board candidates and make recommendations thereon to the Governance Committee and the Board; and
- (m) Communicate, as appropriate, with the Company's regulators.

If the Lead Director is unable to perform his or her responsibilities at any time, the Chair of the Governance Committee (if not the Lead Director) will act as Lead Director during that time. If the Chair of the Governance Committee is the Lead Director or is not available to assume these responsibilities at that time, then the Chair of the Risk Management Committee (if not the Lead Director) will act as Lead Director.

4. **Executive Sessions.** The non-management directors meet in executive session at each regular meeting of the Board without the Chief Executive Officer or any other member of management present. If this group includes directors who are not "independent," the independent directors alone will meet in executive session at least once per year. The Lead Director will preside at all of these sessions, unless the position of Chairman is held by an independent director, in which case the Chairman will preside. Each committee is encouraged to meet in executive session at each regular meeting.
5. **Board Committees.** The Board is organized so that a significant portion of its business is conducted by its committees. The Board will maintain Audit, Governance, Compensation and Human Resources, and Risk Management Committees, along with any other committees the Board believes are necessary to allow it to provide appropriate oversight to management of the Company and its businesses. In general, committees of the Board focus on issues that may require in-depth scrutiny, and committee Chairs

develop the committee meeting agendas in consultation with management and other committee members. All committees report to the Board, and all significant findings of a committee are presented to the Board for discussion and review.

6. **Committee Charters.** The Board approves a charter for each committee. The duties of each committee are annually reviewed by the committee and by the Governance Committee, and any recommended changes are presented to the Board for consideration. Committees are empowered to act on behalf of the Board for those areas which the Board has prescribed.
7. **Committee Composition.** The Audit, Governance, and Compensation and Human Resources Committees will be comprised entirely of independent directors. The Governance Committee, in consultation with the Chairman, will review Board committee assignments and committee Chair positions annually and recommend to the Board appointments of committee members and Chairs, with a view toward balancing director experience and interest, committee continuity and needs, and evolving legal and regulatory considerations. Committee Chairs are generally expected to serve for approximately 3-6 years, to allow the Board to benefit from a variety of leadership perspectives.
8. **Meeting Agendas and Conduct.** Board agendas are set by the independent Chairman or Lead Director, the Chief Executive Officer and the Corporate Secretary, with input from the directors. Committee agendas are set by the committee Chairs, in consultation with committee members and appropriate members of management. Each Board and committee member is free to suggest the inclusion of items on the agenda and to raise at any Board or committee meeting subjects that are not on the agenda for that meeting. The Board believes it is appropriate that Board and committee meetings be conducted in a manner that ensures open communication, objective and constructive participation and timely resolution of issues. The Board believes that long-range strategic issues should be discussed as a matter of course at regular Board meetings, but that, given the complexity of the organization and the level of change in the financial services industry, it is important to hold periodic meetings primarily devoted to discussion of strategic issues.
9. **Confidentiality of Board Information.** Non-public information about the Company and its performance is confidential and must not be disclosed, as described in U.S. Bancorp's Code of Ethics and Business Conduct. In addition, all Board materials, deliberations and discussions are confidential, regardless of subject matter. It is critical to Board effectiveness that all directors are confident that questions or remarks during Board meetings will not be revealed to outside parties, including any principals or employees of any business entity that employs the director or that has sponsored the director's election to the Board. This Board information may not be used by any director for his or her own benefit or for the benefit of others. Directors remain subject to this duty of confidentiality even after they have completed their service on the Board. In addition, directors are discouraged from retaining personal notes made at, or in preparation for, Board meetings, once appropriate review of the minutes of those meetings has been made.

10. **Interplay with Bank Board Committees.** Certain committees may meet simultaneously as committees of U.S. Bank National Association (the “Bank”), though they should hold separate sessions if necessary to address issues that are relevant to one entity but not the other or to consider transactions between the two entities or other matters where the Company and the Bank may have different interests. In addition, any such committee should consult with internal or outside counsel if, in the opinion of the committee, any matter under consideration by the committee has the potential for any conflict between the interests of the Company and those of the Bank or the Company’s other subsidiaries in order to ensure that appropriate procedures are established for addressing any such potential conflict and for ensuring the compliance with U.S. Bancorp’s policies regarding Sections 23A and 23B of the Federal Reserve Act.
11. **Meeting Materials.** Directors receive regular and timely information that is important to their understanding of U.S. Bancorp’s business and their consideration of matters to be addressed by the Board. Directors are responsible for reviewing and considering these materials in advance of all Board and committee meetings. A director should not hesitate to ask questions, to request additional information and, in particular, to ask for the facts and any assumptions underlying conclusions and opinions presented to the Board.
12. **Board Access to Management.** Directors have complete access to U.S. Bancorp’s senior management and management information. Management will be responsive to requests for information from directors. The Board encourages the Chief Executive Officer, from time to time, to bring to Board meetings managers who can provide additional insight into the items being discussed. Any other meetings or contacts with officers or employees that a director wishes to initiate may be arranged through the Chief Executive Officer or the Corporate Secretary or directly by the director. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company, and will, to the extent not inappropriate, copy the Chief Executive Officer on any written communications between a director and an officer or employee of the Company.
13. **Board Access to Independent Advisors.** The Board and its committees have complete access to outside counsel and other outside advisors of their choice with respect to any issues relating to their activities, which they may engage at the Company’s expense.
14. **Ethics and Conflicts of Interest.** The Board expects directors, as well as officers and employees, to act ethically at all times and to adhere to the requirements of U.S. Bancorp’s Code of Ethics and Business Conduct. If an actual or potential conflict of interest exists for a director, the director should promptly inform the Chair of the Governance Committee and the Chief Executive Officer, and if the director is the Chief Executive Officer or the Chair of the Governance Committee, the Lead Director or the independent Chairman of the Board. If a significant conflict exists and cannot be resolved, the director should submit his or her resignation to the Board. All directors must recuse themselves from any Board discussion or decision affecting their personal or professional interests.



15. **Director Orientation and Training.** New directors will participate in an orientation program including comprehensive background briefings by the Chief Executive Officer, other members of senior management and the Corporate Secretary. The orientation program is the responsibility of the Chairman and is administered by the Corporate Secretary. Each director is encouraged to participate in training programs pertinent to service on the Board. The Company will provide the directors with opportunities to attend appropriate continuing director education programs at the Company's expense, and will provide ongoing training and education relating to the Company's business and industry; risks that have a significant impact on the Company and the Bank; laws, regulations and supervisory requirements applicable to the Company and the Bank; and other topics identified by the Board.
16. **Communications with Stakeholders.** The Board believes that management speaks for the Company. Directors should not engage in discussions with third parties regarding the Company. If the CEO or the Board of Directors determines that a director should communicate with outside parties about the Company, such as investors, journalists, analysts, investment advisors or others, then the independent Chairman of the Board or the Lead Director will be invited to speak on behalf of the Board or the Company or may designate another director to make such communication.
17. **Annual Performance Evaluations.** The Governance Committee conducts an annual assessment of the Board's performance to determine whether it and its committees are functioning effectively. The Governance Committee is responsible for developing evaluation tools and procedures and for reporting the results of the evaluations to the Board and, as appropriate, to members of management. Each committee will conduct an annual assessment of its own performance.

The Governance Committee also reviews individual incumbent directors as part of the annual nomination process and in the context of the committee's overall review of the strengths and weaknesses of the Board as a whole. The committee reviews each individual incumbent director with respect to a variety of factors, including his or her attendance, participation in the work of the Board and overall contribution to the Board.
18. **Meeting Attendance.** Directors are expected to attend all meetings of the Board and the committees on which they serve, and to spend the time appropriate to properly discharge their responsibilities to the Company and its shareholders. Board members are expected to attend all annual meetings of shareholders in person.

### **Other Matters**

1. **Confidential Shareholder Voting.** All proxies, ballots and votes tabulated at a meeting of shareholders will be kept confidential, except (a) as necessary to meet applicable legal requirements, (b) if a shareholder writes comments on the proxy card directed to the Company's Board or management, (c) in the event a proxy solicitation in opposition to the election of an incumbent director is initiated, and (d) if disclosure is voluntarily made or requested by a shareholder. The Company will retain inspectors of election that are

independent of the Company and its management to receive, tabulate and certify shareholder votes.