



# News Release

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## U.S. BANCORP REPORTS NET INCOME FOR THE FIRST QUARTER OF 2007

EARNINGS SUMMARY				Table 1	
(\$ in millions, except per-share data)					
	1Q	4Q	1Q	Percent	Percent
	2007	2006	2006	Change	Change
				1Q07 vs	1Q07 vs
				4Q06	1Q06
Net income	\$1,130	\$1,194	\$1,153	(5.4)	(2.0)
Diluted earnings per common share	.63	.66	.63	(4.5)	--
Return on average assets (%)	2.09	2.18	2.23		
Return on average common equity (%)	22.4	23.2	23.3		
Net interest margin (%)	3.51	3.56	3.80		
Efficiency ratio (%)	46.0	47.2	44.9		
Tangible efficiency ratio (%) (a)	43.2	44.5	42.4		
Dividends declared per common share	\$.40	\$.40	\$.33	--	21.2
Book value per common share (period-end)	11.37	11.44	10.80	(.6)	5.3

(a) computed as noninterest expense divided by the sum of net interest income on a taxable-equivalent basis and noninterest income excluding securities gains (losses), net and intangible amortization.

**MINNEAPOLIS, April 17, 2007** – U.S. Bancorp (NYSE: USB) today reported net income of \$1,130 million for the first quarter of 2007, compared with \$1,153 million for the first quarter of 2006. Diluted earnings per common share were \$.63 for the first quarter of 2007 and for the first quarter of 2006. Return on average assets and return on average common equity were 2.09 percent and 22.4 percent, respectively, for the first quarter of 2007, compared with returns of 2.23 percent and 23.3 percent, respectively, for the first quarter of 2006.

U.S. Bancorp President and Chief Executive Officer Richard K. Davis said, “Our Company’s first quarter results were solid in light of the challenging economic environment confronting the banking industry as a whole. Historically, growth in the first quarter of each year is seasonally lower for our Company, while the second and third quarters tend to be seasonally strongest. This year was no exception, as earnings per diluted common share of \$.63 were equal to the same period of 2006 and lower than the earnings per diluted common share of \$.66 reported in the fourth quarter of 2006. However, as we discussed

in January, our fourth quarter earnings benefited from a number of notable items, including a gain on the sale of the Company's 401(k) defined contribution recordkeeping business and incremental tax benefits from the resolution of certain state and federal tax examinations. After consideration of these significant items, net income in the first quarter of this year was actually slightly higher than the fourth quarter. Reflected in this quarter's results were continued strong growth in our fiduciary-related fee income businesses and double digit year-over-year growth in payment services, as well as prudent balance sheet expansion, controlled expenses and strong credit quality. Further, our profitability metrics remained among the best in the industry, with return on average assets of 2.09 percent and return on average common equity of 22.4 percent. These results, which did not include any unusual income or expense items, establish a strong base from which our earnings will grow in the remaining quarters of 2007 and beyond.

"Although our fee-based businesses continued to show good growth, our net interest margin declined to 3.51 percent in the first quarter. This was a 29 basis point decline from the first quarter of 2006 and a 5 basis point decline from the fourth quarter of 2006. On a linked quarter basis, the 5 basis point reduction was slightly more than we had expected for a number of reasons, one of which was an accelerated stock repurchase agreement that the Company initiated in February. We do expect the margin to decline slightly over the next few quarters, but our fee-based businesses, efficient operations, balance sheet growth and strong credit quality should mitigate the impact of the margin pressure.

"Credit quality was strong again this quarter. Total nonperforming assets declined from the balance outstanding at year end, and net charge-offs were only slightly higher than the prior quarter at 50 basis points of average loans outstanding. As we discussed in our recent Annual Report and Form 10K filing, our exposure to the sub-prime residential real estate market, including related wholesale businesses, is minimal and very manageable. We have worked very hard over the past number of years to reduce the overall risk profile of the Company. Our objective going forward is to continue to grow our balance sheet, while maintaining a prudent risk/reward profile.

"I would like to take this opportunity to recognize the many contributions our employees have made during this past quarter. Specifically, we successfully converted the systems and operations of the acquired corporate trust business of SunTrust. In addition, we completed the acquisition of United Financial Corp., the parent company of Heritage Bank. Further, I am very proud of our first quarter customer service loyalty and satisfaction scores. We have been tracking customer satisfaction since the first quarter of 2002 and have experienced steady improvement. The scores for the first quarter of 2007 were the highest we have seen to

date. I want to thank all of our employees for their continued focus and dedication to serving our customers so well.

“As a Company, we will continue to focus on organic growth and invest in businesses that enhance our product and service offerings. I believe we are very well positioned to produce a consistent, predictable and repeatable earnings stream going forward for the benefit of our customers, communities, employees and shareholders.”

The Company’s results for the first quarter of 2007 declined modestly over the same period of 2006, as growth in fee-based revenues was more than offset by increased credit costs reflecting the favorable impact a year ago of changes in bankruptcy laws, lower net interest income due to the current yield curve and operating costs of acquired businesses. On a linked quarter basis, net income declined \$64 million, or \$.03 per diluted common share, reflecting several notable items during the fourth quarter of 2006. These notable items included a gain from the sale of the Company’s 401(k) recordkeeping business and tax benefits from the resolution of federal and state tax examinations.

Total net revenue on a taxable-equivalent basis for the first quarter of 2007 was \$3,362 million, \$23 million (.7 percent) higher than the first quarter of 2006, primarily reflecting a 5.1 percent increase in noninterest income, partially offset by a 3.4 percent decline in net interest income from a year ago. Noninterest income growth was driven by organic business growth and expansion in payment processing and trust businesses. Fee-based revenue growth was offset somewhat by the net impact in the first quarter of 2006 of \$17 million from several previously reported items, including a \$44 million trading gain related to derivatives, a \$10 million gain related to a favorable settlement in the merchant processing business and a \$37 million reduction in mortgage banking revenue due principally to the adoption of fair value accounting standards for mortgage servicing rights. On a linked quarter basis, total net revenue declined \$62 million, primarily reflecting the gain of the sale of the 401(k) recordkeeping business and gains representing the liquidation of securities previously acquired a part of a loan workout process. An improvement in mortgage banking revenue was essentially offset by seasonally lower revenues compared with the prior quarter.

Total noninterest expense in the first quarter of 2007 was \$1,545 million, \$45 million (3.0 percent) higher than the first quarter of 2006, principally due to investments in business initiatives, operating and business integration costs associated with recent acquisitions and higher expenses related to incremental investments in tax-advantaged projects from a year ago. On a linked quarter basis, total noninterest expense was lower by \$67 million (4.2 percent) reflecting a debt prepayment charge and costs related to the timing of

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business initiatives and certain tax advantaged investments in the fourth quarter of 2006, offset somewhat by seasonally higher employee benefits costs.

Provision for credit losses for the first quarter of 2007 was \$177 million, an increase of \$62 million from the first quarter of 2006 and \$8 million higher than the fourth quarter of 2006. The lower provision for credit losses in the first quarter of 2006 reflected the favorable impact on net charge-offs of changes in bankruptcy laws in the fourth quarter of 2005. Net charge-offs in the first quarter of 2007 were \$177 million, compared with fourth quarter of 2006 net charge-offs of \$169 million and first quarter of 2006 net charge-offs of \$115 million. The Company's credit quality continues to be strong. Total nonperforming assets declined to \$582 million at March 31, 2007, compared with \$587 million at December 31, 2006, and \$619 million at March 31, 2006. The ratio of the allowance for credit losses to nonperforming loans was 498 percent at March 31, 2007, compared with 480 percent at December 31, 2006, and 432 percent at March 31, 2006.

<b>INCOME STATEMENT HIGHLIGHTS</b>			<b>Table 2</b>		
(Taxable-equivalent basis, \$ in millions, except per-share data)	<b>1Q</b>	<b>4Q</b>	<b>1Q</b>	<b>Percent</b>	<b>Percent</b>
	<b>2007</b>	<b>2006</b>	<b>2006</b>	<b>Change</b>	<b>Change</b>
				<b>1Q07 vs</b>	<b>1Q07 vs</b>
				<b>4Q06</b>	<b>1Q06</b>
Net interest income	\$1,666	\$1,695	\$1,725	(1.7)	(3.4)
Noninterest income	1,696	1,729	1,614	(1.9)	5.1
Total net revenue	3,362	3,424	3,339	(1.8)	.7
Noninterest expense	1,545	1,612	1,500	(4.2)	3.0
Income before provision and taxes	1,817	1,812	1,839	.3	(1.2)
Provision for credit losses	177	169	115	4.7	53.9
Income before taxes	1,640	1,643	1,724	(.2)	(4.9)
Taxable-equivalent adjustment	17	15	10	13.3	70.0
Applicable income taxes	493	434	561	13.6	(12.1)
Net income	\$1,130	\$1,194	\$1,153	(5.4)	(2.0)
Net income applicable to common equity	\$1,115	\$1,179	\$1,153	(5.4)	(3.3)
Diluted earnings per common share	\$.63	\$.66	\$.63	(4.5)	--

### Net Interest Income

First quarter net interest income on a taxable-equivalent basis was \$1,666 million, compared with \$1,725 million in the first quarter of 2006. Average earning assets for the period increased over the first quarter of 2006 by \$8.0 billion (4.4 percent), primarily driven by an increase of \$6.9 billion (5.0 percent) in

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total average loans. The positive impact to net interest income from the growth in earning assets was more than offset by a lower net interest margin. The net interest margin in the first quarter of 2007 was 3.51 percent, compared with 3.80 percent in the first quarter of 2006, reflecting the competitive environment and the impact of changes in the yield curve from a year ago. Since the first quarter of 2006, credit spreads have tightened by approximately 11 basis points across most lending products due to competitive loan pricing and a change in mix reflecting growth in lower-spread credit products. Also, fewer interest recoveries from loans are occurring given the stage of the business cycle. Funding costs have increased as rates on interest-bearing deposits have risen and the mix continues to shift toward higher cost deposits and other funding sources. An increase in the margin benefit of net free funds partially offset these factors.

Net interest income in the first quarter of 2007 decreased from the fourth quarter of 2006 by \$29 million (1.7 percent). Net interest income generated by growth in average earning assets of \$1.5 billion was offset by the impact of fewer business days in the quarter, seasonally lower noninterest-bearing deposits in trust and business demand accounts and higher funding costs. The net interest margin was 3.51 percent for the first quarter of 2007, compared with 3.56 percent for the fourth quarter of 2006. Of this decrease, approximately 3 basis points were related to specific management decisions, including incremental investment in a bank-owned life insurance program and an accelerated share repurchase agreement executed in February of 2007. Lower than expected interest recoveries reduced net interest margin by another basis point for the first quarter of 2007. Given the current rate environment, the Company expects that net interest margin could decline another five to ten basis points, in aggregate, during the next few quarters.

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<b>NET INTEREST INCOME</b>				<b>Table 3</b>	
(Taxable-equivalent basis; \$ in millions)					
	<b>1Q</b>	<b>4Q</b>	<b>1Q</b>	<b>Change</b>	<b>Change</b>
	<b>2007</b>	<b>2006</b>	<b>2006</b>	<b>1Q07 vs</b>	<b>1Q07 vs</b>
				<b>4Q06</b>	<b>1Q06</b>
<b>Components of net interest income</b>					
Income on earning assets	\$3,223	\$3,236	\$2,903	\$(13)	\$320
Expense on interest-bearing liabilities	1,557	1,541	1,178	16	379
Net interest income	\$1,666	\$1,695	\$1,725	\$(29)	\$(59)
<b>Average yields and rates paid</b>					
Earning assets yield	6.81%	6.79%	6.40%	.02%	.41%
Rate paid on interest-bearing liabilities	3.88	3.84	3.10	.04	.78
Gross interest margin	2.93%	2.95%	3.30%	(.02)%	(.37)%
Net interest margin	3.51%	3.56%	3.80%	(.05)%	(.29)%
<b>Average balances</b>					
Investment securities	\$40,879	\$40,266	\$39,680	\$613	\$1,199
Loans	144,693	143,686	137,779	1,007	6,914
Earning assets	191,135	189,660	183,101	1,475	8,034
Interest-bearing liabilities	162,682	159,469	153,911	3,213	8,771
Net free funds (a)	28,453	30,191	29,190	(1,738)	(737)
(a) Represents noninterest-bearing deposits, allowance for loan losses, unrealized gain (loss) on available-for-sale securities, non-earning assets, other noninterest-bearing liabilities and equity.					

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<b>AVERAGE LOANS</b>				<b>Table 4</b>	
(\$ in millions)				<b>Percent</b>	<b>Percent</b>
	<b>1Q</b>	<b>4Q</b>	<b>1Q</b>	<b>Change</b>	<b>Change</b>
	<b>2007</b>	<b>2006</b>	<b>2006</b>	<b>1Q07 vs</b>	<b>1Q07 vs</b>
				<b>4Q06</b>	<b>1Q06</b>
Commercial	\$41,470	\$41,264	\$38,847	.5	6.8
Lease financing	5,549	5,394	5,078	2.9	9.3
Total commercial	47,019	46,658	43,925	.8	7.0
Commercial mortgages	19,672	19,897	20,269	(1.1)	(2.9)
Construction and development	8,960	9,029	8,347	(.8)	7.3
Total commercial real estate	28,632	28,926	28,616	(1.0)	.1
Residential mortgages	21,569	21,235	20,987	1.6	2.8
Credit card	8,635	8,242	7,120	4.8	21.3
Retail leasing	6,845	7,015	7,250	(2.4)	(5.6)
Home equity and second mortgages	15,555	15,444	14,935	.7	4.2
Other retail	16,438	16,166	14,946	1.7	10.0
Total retail	47,473	46,867	44,251	1.3	7.3
Total loans	\$144,693	\$143,686	\$137,779	.7	5.0

Average loans for the first quarter of 2007 were \$6.9 billion (5.0 percent) higher than the first quarter of 2006, driven by growth in average total retail loans of \$3.2 billion (7.3 percent), total commercial loans of \$3.1 billion (7.0 percent), and residential mortgages of \$582 million (2.8 percent). Average loans for the first quarter of 2007 were higher than the fourth quarter of 2006 by \$1.0 billion (.7 percent), primarily reflecting growth in total retail loans due principally to an increase in average credit card balances. The increase in the average credit card balances compared with the first quarter of 2006 and the fourth quarter of 2006 was the result of organic growth initiatives and portfolios acquired from financial partners. Residential mortgages and total commercial loans also grew modestly in the first quarter of 2007 compared with the fourth quarter of 2006. Total commercial real estate declined slightly from the fourth quarter of 2006, reflecting customer refinancings in light of the liquidity available in the financial markets, a decision to reduce condominium construction financing and a slowdown in residential homebuilding during 2006. At the end of the first quarter of 2007, the residential and home equity and second mortgage portfolios included approximately \$3.1 billion and \$900 million, respectively, of loans to customers that may be defined as sub-prime borrowers. Together, these balances represent just 2.7 percent of the Company's total loans outstanding at March 31, 2007.

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Average investment securities in the first quarter of 2007 were \$1.2 billion (3.0 percent) higher than the first quarter of 2006, driven primarily by an increase in the municipal securities portfolio partially offset by a reduction in mortgage-backed assets. These changes reflected asset/liability management decisions to reduce the focus on residential mortgage-backed assets given the changing rate environment and mix of loan growth.

<b>AVERAGE DEPOSITS</b>				<b>Table 5</b>	
(\$ in millions)				<b>Percent</b>	<b>Percent</b>
	<b>1Q</b>	<b>4Q</b>	<b>1Q</b>	<b>Change</b>	<b>Change</b>
	<b>2007</b>	<b>2006</b>	<b>2006</b>	<b>1Q07 vs</b>	<b>1Q07 vs</b>
				<b>4Q06</b>	<b>1Q06</b>
Noninterest-bearing deposits	\$27,677	\$29,020	\$28,837	(4.6)	(4.0)
Interest-bearing deposits					
Interest checking	25,076	24,127	23,141	3.9	8.4
Money market savings	25,712	26,214	27,378	(1.9)	(6.1)
Savings accounts	5,401	5,392	5,689	.2	(5.1)
Total of savings deposits	56,189	55,733	56,208	.8	--
Time certificates of deposit less than \$100,000	14,775	13,974	13,505	5.7	9.4
Time deposits greater than \$100,000	22,087	22,255	21,613	(.8)	2.2
Total interest-bearing deposits	93,051	91,962	91,326	1.2	1.9
Total deposits	\$120,728	\$120,982	\$120,163	(.2)	.5

Average noninterest-bearing deposits for the first quarter of 2007 decreased \$1.2 billion (4.0 percent) compared with the first quarter of 2006, reflecting a decline in business demand deposits within most business lines as these customers reduced excess liquidity to fund business growth. The decline in business demand account balances was partially offset by higher corporate trust deposits driven by acquisitions and business growth.

Average total savings deposits remained relatively flat year-over-year as an increase of \$1.9 billion (8.4 percent) in interest checking balances due to higher broker dealer, government and institutional trust balances was offset by a decline of \$2.0 billion (5.9 percent) in average money market and savings balances primarily due to a decline in balances within Consumer Banking. A portion of branch-based money market savings accounts have migrated to fixed-rate time certificates, as customers take advantage of higher interest rates for these products.



Average time certificates of deposit less than \$100,000 were higher in the first quarter of 2007 than in the first quarter of 2006 by \$1.3 billion (9.4 percent) and time deposits greater than \$100,000 grew by \$474 million (2.2 percent) over the same period. This year-over-year growth included increases in corporate trust balances and consumer-based time deposits reflecting customer migration to higher rate deposit products.

Average noninterest-bearing deposits for the first quarter of 2007 decreased \$1.3 billion (4.6 percent) compared with the fourth quarter of 2006, primarily due to a seasonal decline in business demand deposits and corporate trust deposits. Total savings deposits had a modest increase of \$456 million (.8 percent) from the fourth quarter of 2006, while time deposits increased \$633 million (1.7 percent) from the prior quarter, reflecting customer migration to these deposit products.

<b>NONINTEREST INCOME</b>				<b>Table 6</b>	
(\$ in millions)				<b>Percent</b>	<b>Percent</b>
	<b>1Q</b>	<b>4Q</b>	<b>1Q</b>	<b>Change</b>	<b>Change</b>
	<b>2007</b>	<b>2006</b>	<b>2006</b>	<b>1Q07 vs</b>	<b>1Q07 vs</b>
				<b>4Q06</b>	<b>1Q06</b>
Credit and debit card revenue	\$205	\$210	\$182	(2.4)	12.6
Corporate payment products revenue	145	141	127	2.8	14.2
ATM processing services	59	60	59	(1.7)	--
Merchant processing services	250	244	213	2.5	17.4
Trust and investment management fees	322	319	297	.9	8.4
Deposit service charges	243	259	232	(6.2)	4.7
Treasury management fees	111	107	107	3.7	3.7
Commercial products revenue	100	104	104	(3.8)	(3.8)
Mortgage banking revenue	67	25	24	nm	nm
Investment products fees and commissions	34	36	38	(5.6)	(10.5)
Securities gains (losses), net	1	11	--	(90.9)	nm
Other	159	213	231	(25.4)	(31.2)
<b>Total noninterest income</b>	<b>\$1,696</b>	<b>\$1,729</b>	<b>\$1,614</b>	<b>(1.9)</b>	<b>5.1</b>

### Noninterest Income

First quarter noninterest income was \$1,696 million, an increase of \$82 million (5.1 percent) from the same quarter of 2006 and \$33 million (1.9 percent) lower than the fourth quarter of 2006. The increase in noninterest income over the first quarter of 2006 was driven by organic growth in the majority of fee income categories and the benefit of acquired businesses. In addition, certain revenue categories were impacted by accounting items in the first quarter of 2006.

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Credit and debit card revenue and corporate payment products revenue were higher in the first quarter of 2007 than the first quarter of 2006 by \$23 million and \$18 million, or 12.6 percent and 14.2 percent, respectively. The strong growth in credit and debit card revenue was primarily driven by higher customer transaction volumes from a year ago. The corporate payment products revenue growth reflected organic growth in sales volumes and card usage and acquired business expansion. Merchant processing services revenue was higher in the first quarter of 2007 than the same quarter a year ago by \$37 million (17.4 percent), reflecting an increase in sales volume driven by acquisitions and higher same store sales. Trust and investment management fees increased by \$25 million (8.4 percent) year-over-year due to favorable equity market conditions and core account growth. Deposit service charges grew year-over-year by \$11 million (4.7 percent) primarily due to increased transaction-related fees and the impact of net new checking accounts of 78,000 (5.3 percent annualized growth). Mortgage banking revenue increased \$43 million in the first quarter of 2007 compared with the same quarter of 2006. Included in the first quarter of 2006 were changes in accounting for mortgage servicing rights and mortgage banking revenue of \$37 million. The incremental improvement in mortgage banking revenue was related to higher servicing income and mortgage production gains. These favorable changes in fee-based revenue were partially offset by the decline in other income of \$72 million (31.2 percent) compared with the first quarter of 2006. The reduction in other income resulted from a \$44 million trading gain recognized in the first quarter of 2006 related to terminating certain interest rate swaps previously designated as cash flow hedges that did not qualify as hedges in accordance with SFAS 133, "Accounting for Derivatives" and a \$10 million favorable settlement within the merchant processing business recorded in 2006. In addition, revenues from equity investments and student loan sales were lower in the first quarter of 2007 as compared with the same period of 2006.

Noninterest income was lower by \$33 million (1.9 percent) in the first quarter of 2007 compared with the fourth quarter of 2006 primarily due to seasonality and certain non-recurring gains in the previous quarter. Credit and debit card revenue decreased \$5 million (2.4 percent) and deposit service charges declined \$16 million (6.2 percent) primarily reflecting seasonally lower post-holiday customer transaction volumes. Other income declined due to a \$52 million gain on the sale of the Company's 401(k) recordkeeping business and \$6 million in trading gains related to certain interest rate swaps, both of which were recorded in the fourth quarter of 2006. In addition, there was a \$10 million reduction in net securities gains in the first quarter 2007 as compared with the fourth quarter of 2006, which included the sale of securities from a business previously acquired through the loan workout process. Partially offsetting these

unfavorable variances were increases in merchant processing and corporate payment products volumes resulting in increases of \$6 million (2.5 percent) and \$4 million (2.8 percent), respectively. In addition, mortgage banking revenue was higher than the fourth quarter of 2006 by \$42 million, primarily due to an adverse change in the fourth quarter of 2006 related to the valuation of MSR's and the corresponding MSR economic hedges. In addition, production gains and mortgage servicing revenue increased 4.9 percent as compared with the fourth quarter of 2006.

<b>NONINTEREST EXPENSE</b>				<b>Table 7</b>	
(\$ in millions)				<b>Percent</b>	<b>Percent</b>
	<b>1Q</b>	<b>4Q</b>	<b>1Q</b>	<b>Change</b>	<b>Change</b>
	<b>2007</b>	<b>2006</b>	<b>2006</b>	<b>1Q07 vs</b>	<b>1Q07 vs</b>
				<b>4Q06</b>	<b>1Q06</b>
Compensation	\$635	\$621	\$633	2.3	.3
Employee benefits	133	102	133	30.4	--
Net occupancy and equipment	165	166	165	(.6)	--
Professional services	47	69	35	(31.9)	34.3
Marketing and business development	48	61	40	(21.3)	20.0
Technology and communications	125	133	117	(6.0)	6.8
Postage, printing and supplies	69	67	66	3.0	4.5
Other intangibles	94	92	85	2.2	10.6
Debt prepayment	--	22	--	nm	nm
Other	229	279	226	(17.9)	1.3
<b>Total noninterest expense</b>	<b>\$1,545</b>	<b>\$1,612</b>	<b>\$1,500</b>	<b>(4.2)</b>	<b>3.0</b>

### Noninterest Expense

First quarter noninterest expense totaled \$1,545 million, an increase of \$45 million (3.0 percent) from the same quarter of 2006 and a decrease of \$67 million (4.2 percent) from the fourth quarter of 2006. Compensation expense remained relatively flat as compared with the same period of 2006 as increases in salary costs related to business expansion were offset by lower stock-based compensation expense. In the first quarter of 2006, the Company adopted new accounting standards for share-based compensation. Under the new standard, the Company recorded incremental stock-based compensation expense to immediately recognize the value of stock awards for employees that met retiree status, despite their continued active employment service. Professional services expense increased by \$12 million (34.3 percent) due primarily to revenue enhancement-related business initiatives, including the cost involved with establishing a bank in Ireland to support pan-European payment processing. Marketing and business development and technology

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and communications expenses both increased \$8 million, 20.0 percent and 6.8 percent, respectively, year-over year due to the timing of customer campaigns and increased volumes for business expansion initiatives including prepaid card programs. Other intangibles expense increased by \$9 million (10.6 percent) from same period of 2006 due to recent acquisitions in Consumer Banking, Wealth Management and Payment Services.

Noninterest expense in the first quarter of 2007 was lower than the fourth quarter of 2006 by \$67 million (4.2 percent) primarily due to the timing of certain business initiatives and investments, offset somewhat by seasonally higher employee benefits expenses. Professional services and marketing and business development decreased \$22 million (31.9 percent) and \$13 million (21.3 percent), respectively, due to the timing of business initiatives within the Consumer Banking and Payment Services business lines. Technology and communications costs decreased by 6.0 percent, on a linked quarter basis, due to usage-based expense credits that are typically determined in the first quarter of each year. The decrease in other expense was driven, in part, by lower costs associated tax-advantaged investments given the timing of these investments and a \$22 million debt prepayment charge in the fourth quarter of 2006.

#### Provision for Income Taxes

The provision for income taxes for the first quarter of 2007 resulted in an effective tax rate of 30.4 percent compared with an effective tax rate of 32.7 percent in the first quarter of 2006. The effective tax rate was 26.7 percent in fourth quarter of 2006. The reduction in the effective rate from the same quarter of the prior year primarily reflected investments in tax-exempt municipal securities and bank-owned life insurance as well as incremental tax credits from affordable housing projects and other tax-advantaged investments.

<b>ALLOWANCE FOR CREDIT LOSSES</b>					<b>Table 8</b>
(\$ in millions)	<b>1Q</b>	<b>4Q</b>	<b>3Q</b>	<b>2Q</b>	<b>1Q</b>
	<b>2007</b>	<b>2006</b>	<b>2006</b>	<b>2006</b>	<b>2006</b>
Balance, beginning of period	\$2,256	\$2,256	\$2,251	\$2,251	\$2,251
Net charge-offs					
Commercial	32	24	18	13	5
Lease financing	3	7	3	7	7
Total commercial	35	31	21	20	12
Commercial mortgages	1	2	--	(1)	2
Construction and development	--	--	--	1	--
Total commercial real estate	1	2	--	--	2
Residential mortgages	12	12	11	11	7
Credit card	74	68	56	50	46
Retail leasing	3	4	4	2	4
Home equity and second mortgages	16	13	12	13	12
Other retail	36	39	31	29	32
Total retail	129	124	103	94	94
Total net charge-offs	177	169	135	125	115
Provision for credit losses	177	169	135	125	115
Acquisitions and other changes	4	--	5	--	--
Balance, end of period	\$2,260	\$2,256	\$2,256	\$2,251	\$2,251
Components					
Allowance for loan losses	\$2,027	\$2,022	\$2,034	\$2,039	\$2,035
Liability for unfunded credit commitments	233	234	222	212	216
Total allowance for credit losses	\$2,260	\$2,256	\$2,256	\$2,251	\$2,251
Gross charge-offs	\$237	\$217	\$195	\$176	\$175
Gross recoveries	\$60	\$48	\$60	\$51	\$60
Allowance for credit losses as a percentage of					
Period-end loans	1.56	1.57	1.58	1.61	1.64
Nonperforming loans	498	480	476	500	432
Nonperforming assets	388	384	392	409	364

### Credit Quality

The allowance for credit losses was \$2,260 million at March 31, 2007, compared with \$2,256 million at December 31, 2006, and \$2,251 million at March 31, 2006. The ratio of the allowance for credit losses to period-end loans was 1.56 percent at March 31, 2007, compared with 1.57 percent at December 31, 2006, and 1.64 percent at March 31, 2006. The ratio of the allowance for credit losses to nonperforming loans was 498 percent at March 31, 2007, compared with 480 percent at December 31, 2006, and 432 percent at March 31, 2006. Total net charge-offs in the first quarter of 2007 were \$177 million, compared with the fourth quarter of 2006 net charge-offs of \$169 million and the first quarter of 2006 net charge-offs of \$115 million.

(MORE)

The year-over-year increase in total net charge-offs was due, in part, to the implementation of minimum balance payment programs, as well as an expected increase in consumer bankruptcies. Bankruptcy levels declined substantially in 2006 as a result of changes in bankruptcy legislation that went into effect in late 2005.

Commercial and commercial real estate loan net charge-offs increased to \$36 million in the first quarter of 2007 (.19 percent of average loans outstanding) compared with \$33 million (.17 percent of average loans outstanding) in the fourth quarter of 2006 and \$14 million (.08 percent of average loans outstanding) in the first quarter of 2006. The Company expects commercial net charge-offs to continue to increase somewhat over the next several quarters, due to slightly higher gross charge-offs and lower commercial loan recoveries.

Retail loan net charge-offs were \$129 million in the first quarter of 2007 compared with \$124 million in the fourth quarter of 2006 and \$94 million in the first quarter of 2006. Retail loan net charge-offs increased as compared with the fourth quarter of 2006 and from the first quarter of 2006, reflecting the impact of the bankruptcy legislation changes that occurred in the fourth quarter of 2005 and implementing the minimum balance payment requirements. Retail loan net charge-offs as a percent of average loans outstanding were 1.10 percent in the first quarter of 2007, compared with 1.05 percent and .86 percent in the fourth quarter of 2006 and first quarter of 2006, respectively. The Company anticipates modestly higher delinquencies and net charge-offs in the retail portfolios during 2007.

<b>CREDIT RATIOS</b>					<b>Table 9</b>
(Percent)	<b>1Q</b>	<b>4Q</b>	<b>3Q</b>	<b>2Q</b>	<b>1Q</b>
	<b>2007</b>	<b>2006</b>	<b>2006</b>	<b>2006</b>	<b>2006</b>
<b>Net charge-offs ratios (a)</b>					
Commercial	.31	.23	.18	.13	.05
Lease financing	.22	.51	.23	.54	.56
Total commercial	.30	.26	.18	.18	.11
Commercial mortgages	.02	.04	--	(.02)	.04
Construction and development	--	--	--	.05	--
Total commercial real estate	.01	.03	--	--	.03
Residential mortgages	.23	.22	.21	.21	.14
Credit card	3.48	3.27	2.85	2.72	2.62
Retail leasing	.18	.23	.22	.11	.22
Home equity and second mortgages	.42	.33	.31	.35	.33
Other retail	.89	.96	.79	.77	.87
Total retail	1.10	1.05	.90	.84	.86
Total net charge-offs	.50	.47	.38	.36	.34
<b>Delinquent loan ratios - 90 days or more past due <b>excluding</b> nonperforming loans (b)</b>					
Commercial	.07	.05	.06	.05	.05
Commercial real estate	.04	.01	.01	--	--
Residential mortgages	.46	.45	.36	.30	.31
Retail	.54	.48	.41	.39	.38
Total loans	.27	.24	.21	.19	.18
<b>Delinquent loan ratios - 90 days or more past due <b>including</b> nonperforming loans (b)</b>					
Commercial	.46	.57	.55	.58	.64
Commercial real estate	.69	.53	.54	.40	.51
Residential mortgages	.63	.62	.53	.49	.53
Retail	.63	.58	.52	.52	.54
Total loans	.59	.57	.54	.51	.56
(a) annualized and calculated on average loan balances					
(b) ratios are expressed as a percent of ending loan balances					

<b>ASSET QUALITY</b>		<b>Table 10</b>				
(\$ in millions)						
	<b>Mar 31</b>	<b>Dec 31</b>	<b>Sep 30</b>	<b>Jun 30</b>	<b>Mar 31</b>	
	<b>2007</b>	<b>2006</b>	<b>2006</b>	<b>2006</b>	<b>2006</b>	
Nonperforming loans						
Commercial	\$147	\$196	\$192	\$203	\$219	
Lease financing	41	40	39	38	41	
Total commercial	188	236	231	241	260	
Commercial mortgages	114	112	114	88	123	
Construction and development	71	38	40	25	23	
Total commercial real estate	185	150	154	113	146	
Residential mortgages	38	36	36	39	45	
Retail	43	48	53	57	70	
Total nonperforming loans	454	470	474	450	521	
Other real estate	113	95	79	77	71	
Other nonperforming assets	15	22	22	23	27	
Total nonperforming assets (a)	\$582	\$587	\$575	\$550	\$619	
Accruing loans 90 days or more past due	\$397	\$349	\$295	\$264	\$251	
Restructured loans that continue to accrue interest	\$411	\$405	\$369	\$370	\$371	
Nonperforming assets to loans plus ORE (%)	.40	.41	.40	.39	.45	

(a) does not include accruing loans 90 days or more past due or restructured loans that continue to accrue interest

Nonperforming assets at March 31, 2007, totaled \$582 million, compared with \$587 million at December 31, 2006, and \$619 million at March 31, 2006. The ratio of nonperforming assets to loans and other real estate was .40 percent at March 31, 2007, compared with .41 percent at December 31, 2006, and .45 percent at March 31, 2006. Restructured loans that continue to accrue interest have increased from the first quarter of 2006, reflecting the impact of implementing higher minimum balance payment requirements for credit card customers in response to industry guidance issued by the banking regulatory agencies.



<b>CAPITAL POSITION</b>					<b>Table 11</b>
(\$ in millions)	<b>Mar 31</b>	<b>Dec 31</b>	<b>Sep 30</b>	<b>Jun 30</b>	<b>Mar 31</b>
	<b>2007</b>	<b>2006</b>	<b>2006</b>	<b>2006</b>	<b>2006</b>
Total shareholders' equity	\$20,800	\$21,197	\$20,926	\$20,415	\$20,256
Tier 1 capital	16,917	17,036	17,042	16,841	16,478
Total risk-based capital	25,826	24,495	25,011	24,893	24,328
Tier 1 capital ratio	8.6 %	8.8 %	8.8 %	8.9 %	8.9 %
Total risk-based capital ratio	13.1	12.6	13.0	13.1	13.1
Leverage ratio	8.0	8.2	8.3	8.2	8.2
Common equity to assets	8.9	9.2	9.2	9.1	9.2
Tangible common equity to assets	5.3	5.5	5.4	5.6	5.4

Total shareholders' equity was \$20.8 billion at March 31, 2007, compared with \$21.2 billion at December 31, 2006, and \$20.3 billion at March 31, 2006. The increase year-over-year was the result of corporate earnings, partially offset by share buybacks, including the accelerated share repurchase agreement, and dividends.

The Tier 1 capital ratio was 8.6 percent at March 31, 2007, compared with 8.8 percent at December 31, 2006, and 8.9 percent at March 31, 2006. The total risk-based capital ratio was 13.1 percent at March 31, 2007, compared with 12.6 percent at December 31, 2006, and 13.1 percent at March 31, 2006. The leverage ratio was 8.0 percent at March 31, 2007, compared with 8.2 percent at December 31, 2006, and at March 31, 2006. Tangible common equity to assets was 5.3 percent at March 31, 2007, compared with 5.5 percent at December 31, 2006, and 5.4 percent at March 31, 2006. All regulatory ratios continue to be in excess of stated "well capitalized" requirements.

<b>COMMON SHARES</b>		<b>Table 12</b>				
(Millions)	<b>1Q</b>	<b>4Q</b>	<b>3Q</b>	<b>2Q</b>	<b>1Q</b>	
	<b>2007</b>	<b>2006</b>	<b>2006</b>	<b>2006</b>	<b>2006</b>	
Beginning shares outstanding	1,765	1,763	1,783	1,783	1,815	
Shares issued for stock option and stock purchase plans, acquisitions and other corporate purposes	11	12	10	9	9	
Shares repurchased	(34)	(10)	(30)	(9)	(41)	
Ending shares outstanding	1,742	1,765	1,763	1,783	1,783	

On August 3, 2006, the Company announced that the Board of Directors approved an authorization to repurchase 150 million shares of common stock through December 31, 2008. During the first quarter of 2007, the Company repurchased 34 million shares of common stock which included approximately 25 million shares repurchased in connection with an accelerated stock repurchase agreement initiated in February. As of March 31, 2007, there were approximately 88 million shares remaining to be repurchased under the current authorization.

LINE OF BUSINESS FINANCIAL PERFORMANCE (a)						Table 13
(\$ in millions)						
Business Line	Net Income			Percent Change		1Q 2007 Earnings Composition
	1Q 2007	4Q 2006	1Q 2006	1Q07 vs 4Q06	1Q07 vs 1Q06	
Wholesale Banking	\$275	\$284	\$307	(3.2)	(10.4)	24 %
Consumer Banking	429	417	411	2.9	4.4	38
Wealth Management	153	156	137	(1.9)	11.7	14
Payment Services	229	237	225	(3.4)	1.8	20
Treasury and Corporate Support	44	100	73	(56.0)	(39.7)	4
Consolidated Company	\$1,130	\$1,194	\$1,153	(5.4)	(2.0)	100 %
(a) preliminary data						

### Lines of Business

Within the Company, financial performance is measured by major lines of business, which include Wholesale Banking, Consumer Banking, Wealth Management, Payment Services, and Treasury and Corporate Support. These operating segments are components of the Company about which financial information is available and is evaluated regularly in deciding how to allocate resources and assess performance. Noninterest expenses incurred by centrally managed operations or business lines that directly support another business line's operations are charged to the applicable business line based on its utilization of those services primarily measured by the volume of customer activities, number of employees or other relevant factors. These allocated expenses are reported as net shared services expense within noninterest expense. Designations, assignments and allocations change from time to time as management systems are enhanced, methods of evaluating performance or product lines change or business segments are realigned to better respond to the Company's diverse customer base. During 2007, certain organization and methodology changes were made and, accordingly, prior period results have been restated and presented on a comparable basis.

Wholesale Banking offers lending, equipment finance and small-ticket leasing, depository, treasury management, capital markets, foreign exchange, international trade services and other financial services to middle market, large corporate, commercial real estate, and public sector clients. Wholesale Banking contributed \$275 million of the Company's net income in the first quarter of 2007, a 10.4 percent decrease from the same period of 2006 and a 3.2 percent decrease as compared with the fourth quarter of 2006. The

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decrease in Wholesale Banking's first quarter of 2007 contribution from the same quarter of 2006 was primarily the result of an unfavorable variance in total net revenue (3.8 percent) and an increase in the provision for credit losses from a year ago. The decrease in net interest income was due to tighter credit spreads and a decline in average noninterest-bearing deposit balances as customers utilized their liquidity to fund business growth, partially offset by growth in average loan balances and the margin benefit of deposits. Total noninterest income remained relatively flat, as an increase in treasury management fees was offset by a decline in equity investment revenue. Total noninterest expense also remained relatively flat as an increase in compensation and benefits expense was offset by a decline in net shared services. The unfavorable variance in the provision for credit losses was due to a \$22 million increase in net charge-offs in the first quarter of 2007 compared with a year ago. The change in net charge-offs reflected fewer wholesale loan recoveries and an increase in gross charge-offs at this stage of the business cycle.

Wholesale Banking's contribution to net income in the first quarter of 2007 compared with the fourth quarter of 2006 was \$9 million (3.2 percent) lower due to unfavorable variances in total net revenue (1.9 percent) and the provision for credit losses. Total net revenue was lower on a linked quarter basis due to lower net interest income driven primarily by fewer business days in the quarter and seasonally lower deposit balances offset somewhat by stronger fee-based income. Total noninterest income grew modestly with increases in treasury management fees and equity investment revenue offset by a reduction in net securities gains. Included in the fourth quarter of 2006 were securities gains associated with the sale of shares previously received as part of a loan workout process. Total noninterest expense declined from the fourth quarter of 2006 as an increase in compensation and employee benefits expense was more than offset by a decline in net shared services expense. The provision for credit losses increased on a linked quarter basis due to an increase in net charge-offs.

Consumer Banking delivers products and services through banking offices, telephone servicing and sales, on-line services, direct mail and ATMs. It encompasses community banking, metropolitan banking, in-store banking, small business banking, consumer lending, mortgage banking, consumer finance, workplace banking, student banking, and 24-hour banking. Consumer Banking contributed \$429 million of the Company's net income in the first quarter of 2007, a 4.4 percent increase from the same period of 2006 and a 2.9 percent increase from the prior quarter. Within Consumer Banking, the retail banking division contributed \$401 million of the total contribution, a 1.7 percent decrease for the division on a year-over-year basis. Net interest income was higher than a year ago primarily due to growth in average loan balances,

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stronger loan fees and the margin benefit of deposits, somewhat offset by lower credit spreads given the competitive lending environment. Total noninterest income for the retail banking division was relatively unchanged from a year ago as growth in deposit service charges of 4.8 percent, driven by higher transaction levels, was offset by the extent and timing of student loan sales. Total noninterest expense in the first quarter of 2007 increased 3.4 percent compared with the same quarter of 2006 primarily due to an increase in compensation and employee benefits expense related to recent acquisitions, professional services and marketing and business development expense for various business initiatives and the timing of customer marketing programs, partially offset by a reduction in net shared services expense. The business line experienced a \$6 million year-over-year increase in net charge-offs (9.5 percent) reflecting higher levels of bankruptcy-related losses. Bankruptcies were generally lower in 2006 due to the lingering effects of changes in bankruptcy laws in late 2005. In the first quarter of 2007, the mortgage banking division's contribution was \$28 million. This division's total net revenue increased \$40 million (85.1 percent) from a year ago. Included in the first quarter of 2006 was a \$37 million reduction in mortgage banking revenue, principally related to the adoption of fair value accounting for mortgage servicing rights. Total noninterest expense for the mortgage banking division was essentially unchanged from the first quarter of 2006.

The increase in Consumer Banking's contribution in the first quarter of 2007 from the fourth quarter of 2006 was principally due to higher fee-based revenues in the mortgage banking division. The retail banking division's contribution declined by 3.6 percent on a linked quarter basis due to lower net interest income driven by fewer days in the first quarter of 2007 and seasonally lower deposit service charges (6.2 percent). Total noninterest expense for the retail banking division on a linked quarter basis was essentially unchanged. Seasonally higher compensation costs and the impact of costs associated with recent acquisitions were substantially offset by lower net shared services expense from processing volumes and administrative costs. The provision for credit losses during the quarter reflected a \$3 million decrease in net charge-offs relative to the fourth quarter of 2006. The contribution of the mortgage banking division increased \$27 million from the fourth quarter of 2006 driven by an increase in total noninterest income. This increase in revenue reflected valuation changes of mortgage servicing rights and the corresponding derivatives economically hedging the servicing rights due to market rates at year end. Mortgage production gains and servicing income increased 4.9 percent as compared with the prior quarter. Total noninterest expense of the mortgage banking division was essentially unchanged from the fourth quarter of 2006.

Wealth Management provides trust, private banking, financial advisory, investment management, retail brokerage services, insurance, custody and mutual fund servicing through six businesses: Private Client Group, Corporate Trust, U.S. Bancorp Investments and Insurance, FAF Advisors, Institutional Trust and Custody and Fund Services. Wealth Management contributed \$153 million of the Company's net income in the first quarter of 2007, an 11.7 percent increase over the same period of 2006 and a 1.9 percent decrease from the fourth quarter of 2006. The growth in the business line's contribution in the first quarter of 2007 over the same quarter of 2006 was the result of core account fee growth and improved equity market conditions relative to a year ago. Net interest income was unfavorably impacted year-over-year by deposit pricing and tightening credit spreads partially offset by earnings from deposit growth. Total noninterest income increased by 6.3 percent from the same quarter of 2006, primarily due to core account fee growth and favorable equity market conditions. A decrease in total noninterest expense was primarily due to the completion of certain acquisition integration activities and a reduction in net shared services expense.

The decrease in the business line's contribution in the first quarter of 2007 as compared with the fourth quarter of 2006, was due to a reduction in net interest income driven by a decline in average loan balances and changes in the mix of deposits during the quarter.

Payment Services includes consumer and business credit cards, stored-value cards, debit cards, corporate and purchasing card services, consumer lines of credit, ATM processing and merchant processing. Payment Services contributed \$229 million of the Company's net income in the first quarter of 2007, a 1.8 percent increase over the same period of 2006 and a 3.4 percent decrease from the fourth quarter of 2006. The increase in Payment Services' contribution in the first quarter of 2007 from the same period of 2006 was the result of higher total net revenue (9.7 percent), partially offset by an unfavorable variance in the provision for credit losses (55.0 percent) and total noninterest expense (9.7 percent). The increase in total net revenue year-over-year was due to growth in total noninterest income (11.4 percent) and net interest income (3.7 percent), reflecting growth in higher yielding retail loan balances, partially offset by declining spreads on retail credit cards. All revenue categories benefited from higher transaction volumes, rate changes and business expansion initiatives. The increase in noninterest income was partially offset by the merchant processing settlement recorded in the first quarter of 2006. The growth in total noninterest expense year-over-year primarily reflected new business initiatives, including costs associated with acquisitions. The increase in the provision for credit losses was driven by an increase of \$33 million in net charge-offs, year-over-year, reflecting the impact of implementing minimum balance payment requirements and a higher level

of bankruptcy-related losses as the lingering favorable effects of changes in bankruptcy laws were realized throughout 2006.

The decrease in Payment Services' contribution in the first quarter of 2007 from the fourth quarter of 2006 was due to seasonally lower total net revenue (1.4 percent) and higher credit losses (9.4 percent), partially offset by a decrease in total noninterest expense (1.8 percent). Total net revenue was lower as net interest income declined due to fewer business days during the first quarter and a lower yield on retail credit cards, while total noninterest income declined due to seasonally lower credit and debit card revenue. The decrease in total noninterest expense was primarily due to the timing of marketing and professional service costs from retail payment system and other business expansion initiatives.

Treasury and Corporate Support includes the Company's investment portfolios, funding, capital management and asset securitization activities, interest rate risk management, the net effect of transfer pricing related to average balances and the residual aggregate of those expenses associated with corporate activities that are managed on a consolidated basis. Treasury and Corporate Support recorded net income of \$44 million in the first quarter of 2007, compared with net income of \$73 million in the first quarter of 2006 and \$100 million in the fourth quarter of 2006. Net interest income decreased in the current quarter from the first quarter of 2006 by \$49 million, reflecting the adverse impact of a flatter yield curve and the issuance of higher cost wholesale funding to support earning asset growth. Total noninterest income decreased due to trading gains realized in the first quarter of 2006 related to terminating certain interest rate derivatives. Total noninterest expense remained relatively flat year-over-year, as the decrease in compensation and benefits expense due the immediate recognition in the first quarter of 2006 of the value of stock awards for employees that met retiree status was offset by an unfavorable change in net shared services allocated to the lines of business. The favorable change in income taxes, compared with a year ago, resulted from incremental investment in tax-exempt municipal securities, tax-advantaged investments and expansion of a bank-owned life insurance program.

Net income in the first quarter of 2007 was lower than the fourth quarter of 2006 due to a decrease in total net revenue and an unfavorable variance in income taxes, partially offset by a decrease in total noninterest expense. Net interest income decreased primarily due to the higher cost of wholesale funding and specific management decisions, including expanding the bank-owned life insurance program and an accelerated share repurchase program initiated in February of 2007. Total noninterest income decreased \$60 million due to the \$52 million gain on the sale of the Company's 401(k) recordkeeping business and \$6

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million related to terminating a derivative in the fourth quarter of 2006. Total noninterest expenses decreased by \$52 million primarily due to a \$22 million debt prepayment charge in the fourth quarter of 2006 and lower costs related to tax-advantaged investments given the timing of these investments in late 2006. The residual tax benefits recognized by the Treasury and Corporate Support business line decreased during the first quarter of 2007 primarily due to lower levels of tax credits related to tax-advantaged investments.

Additional schedules containing more detailed information about the Company's business line results are available on the web at [usbank.com](http://usbank.com) or by calling Investor Relations at 612-303-0781.

**PRESIDENT AND CHIEF EXECUTIVE OFFICER, RICHARD K. DAVIS, AND VICE CHAIRMAN AND CHIEF FINANCIAL OFFICER, ANDREW CECERE, WILL HOST A CONFERENCE CALL TO REVIEW THE FINANCIAL RESULTS AT 1:00 P.M. (CDT) ON TUESDAY, APRIL 17, 2007. The conference call will be available by telephone or on the internet. To access the conference call, please dial 800-909-7113 and ask for the U.S. Bancorp earnings conference call. Participants calling from outside the United States, please dial 785-830-1914. For those unable to participate during the live call, a recording of the call will be available approximately one hour after the conference call ends on Tuesday, April 17<sup>th</sup>, and will run through Tuesday, April 24<sup>th</sup>, at 11:00 p.m. (CDT). To access the recorded message dial 800-839-1229. If calling from outside the United States, please dial 402-220-0459 to access the recording. Find the recorded call via the internet at [usbank.com](http://usbank.com).**

Minneapolis-based U.S. Bancorp ("USB"), with \$221 billion in assets, is the 6th largest financial holding company in the United States. The Company operates 2,498 banking offices and 4,837 ATMs in 24 states, and provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, trust and payment services products to consumers, businesses and institutions. U.S. Bancorp is the parent company of U.S. Bank. Visit U.S. Bancorp on the web at [usbank.com](http://usbank.com).



### Forward-Looking Statements

The following information appears in accordance with the Private Securities Litigation Reform Act of 1995:

This press release contains forward-looking statements about U.S. Bancorp. Statements that are not historical or current facts, including statements about beliefs and expectations, are forward-looking statements. These statements often include the words “may,” “could,” “would,” “should,” “believes,” “expects,” “anticipates,” “estimates,” “intends,” “plans,” “targets,” “potentially,” “probably,” “projects,” “outlook” or similar expressions. These forward-looking statements cover, among other things, anticipated future revenue and expenses and the future plans and prospects of the Company. Forward-looking statements involve inherent risks and uncertainties, and important factors could cause actual results to differ materially from those anticipated, including changes in general business and economic conditions, changes in interest rates, legal and regulatory developments, increased competition from both banks and non-banks, changes in customer behavior and preferences, effects of mergers and acquisitions and related integration, and effects of critical accounting policies and judgments. For discussion of these and other risks that may cause actual results to differ from expectations, refer to our Annual Report on Form 10-K for the year ended December 31, 2006, on file with the Securities and Exchange Commission, including the sections entitled “Risk Factors” and “Corporate Risk Profile.” Forward-looking statements speak only as of the date they are made, and the Company undertakes no obligation to update them in light of new information or future events.

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U.S. Bancorp

**Consolidated Statement of Income**

(Dollars and Shares in Millions, Except Per Share Data) (Unaudited)	Three Months Ended	
	March 31,	
	2007	2006
<b>Interest Income</b>		
Loans	\$2,578	\$2,307
Loans held for sale	59	51
Investment securities	516	490
Other interest income	34	43
Total interest income	3,187	2,891
<b>Interest Expense</b>		
Deposits	675	503
Short-term borrowings	328	270
Long-term debt	535	403
Total interest expense	1,538	1,176
Net interest income	1,649	1,715
Provision for credit losses	177	115
Net interest income after provision for credit losses	1,472	1,600
<b>Noninterest Income</b>		
Credit and debit card revenue	205	182
Corporate payment products revenue	145	127
ATM processing services	59	59
Merchant processing services	250	213
Trust and investment management fees	322	297
Deposit service charges	243	232
Treasury management fees	111	107
Commercial products revenue	100	104
Mortgage banking revenue	67	24
Investment products fees and commissions	34	38
Securities gains (losses), net	1	--
Other	159	231
Total noninterest income	1,696	1,614
<b>Noninterest Expense</b>		
Compensation	635	633
Employee benefits	133	133
Net occupancy and equipment	165	165
Professional services	47	35
Marketing and business development	48	40
Technology and communications	125	117
Postage, printing and supplies	69	66
Other intangibles	94	85
Other	229	226
Total noninterest expense	1,545	1,500
Income before income taxes	1,623	1,714
Applicable income taxes	493	561
Net income	\$1,130	\$1,153
Net income applicable to common equity	\$1,115	\$1,153
Earnings per common share	\$.64	\$.64
Diluted earnings per common share	\$.63	\$.63
Dividends declared per common share	\$.40	\$.33
Average common shares outstanding	1,752	1,801
Average diluted common shares outstanding	1,780	1,826

## U.S. Bancorp

### Consolidated Ending Balance Sheet

(Dollars in Millions)	March 31, 2007	December 31, 2006	March 31, 2006
<b>Assets</b>	(Unaudited)		(Unaudited)
Cash and due from banks	\$6,287	\$8,639	\$7,050
Investment securities			
Held-to-maturity	83	87	110
Available-for-sale	40,508	40,030	39,286
Loans held for sale	4,075	3,256	3,638
Loans			
Commercial	47,315	46,190	43,844
Commercial real estate	28,530	28,645	28,782
Residential mortgages	21,765	21,285	20,656
Retail	47,235	47,477	43,915
Total loans	144,845	143,597	137,197
Less allowance for loan losses	(2,027)	(2,022)	(2,035)
Net loans	142,818	141,575	135,162
Premises and equipment	1,818	1,835	1,817
Goodwill	7,585	7,538	7,267
Other intangible assets	3,215	3,227	3,128
Other assets	15,059	13,045	12,449
Total assets	\$221,448	\$219,232	\$209,907
<b>Liabilities and Shareholders' Equity</b>			
Deposits			
Noninterest-bearing	\$28,666	\$32,128	\$29,384
Interest-bearing	70,557	70,330	69,995
Time deposits greater than \$100,000	18,837	22,424	22,365
Total deposits	118,060	124,882	121,744
Short-term borrowings	28,516	26,933	20,651
Long-term debt	44,698	37,602	39,327
Other liabilities	9,374	8,618	7,929
Total liabilities	200,648	198,035	189,651
Shareholders' equity			
Preferred stock	1,000	1,000	1,000
Common stock	20	20	20
Capital surplus	5,745	5,762	5,819
Retained earnings	21,660	21,242	19,568
Less treasury stock	(6,972)	(6,091)	(5,394)
Other comprehensive income	(653)	(736)	(757)
Total shareholders' equity	20,800	21,197	20,256
Total liabilities and shareholders' equity	\$221,448	\$219,232	\$209,907

# **Supplemental Analyst Schedules**

**1Q 2007**

U.S. Bancorp

**Income Statement Highlights**

(Dollars and Shares in Millions, Except Per Share Data) (Unaudited)	Three Months Ended			Percent Change v. March 31, 2007	
	March 31, 2007	December 31, 2006	March 31, 2006	December 31, 2006	March 31, 2006
Net interest income (taxable-equivalent basis)	\$1,666	\$1,695	\$1,725	(1.7) %	(3.4) %
Noninterest income	1,696	1,729	1,614	(1.9)	5.1
Total net revenue	3,362	3,424	3,339	(1.8)	.7
Noninterest expense	1,545	1,612	1,500	(4.2)	3.0
Income before provision and income taxes	1,817	1,812	1,839	.3	(1.2)
Provision for credit losses	177	169	115	4.7	53.9
Income before income taxes	1,640	1,643	1,724	(.2)	(4.9)
Taxable-equivalent adjustment	17	15	10	13.3	70.0
Applicable income taxes	493	434	561	13.6	(12.1)
Net income	\$1,130	\$1,194	\$1,153	(5.4)	(2.0)
Net income applicable to common equity	\$1,115	\$1,179	\$1,153	(5.4)	(3.3)
Diluted earnings per common share	\$.63	\$.66	\$.63	(4.5)	--
Revenue per diluted common share (a)	\$1.89	\$1.91	\$1.83	(1.0)	3.3
<b>Financial Ratios</b>					
Net interest margin (b)	3.51 %	3.56 %	3.80 %		
Interest yield on average loans (b)	7.23	7.19	6.79		
Rate paid on interest-bearing liabilities (b)	3.88	3.84	3.10		
Return on average assets	2.09	2.18	2.23		
Return on average common equity	22.4	23.2	23.3		
Efficiency ratio (c)	46.0	47.2	44.9		
Tangible efficiency ratio (d)	43.2	44.5	42.4		

(a) Computed as the sum of net interest income on a taxable-equivalent basis and noninterest income excluding securities gains (losses), net divided by average diluted common shares outstanding

(b) On a taxable-equivalent basis

(c) Computed as noninterest expense divided by the sum of net interest income on a taxable-equivalent basis and noninterest income excluding securities gains (losses), net

(d) Computed as noninterest expense divided by the sum of net interest income on a taxable-equivalent basis and noninterest income excluding securities gains (losses), net and intangible amortization

## U.S. Bancorp

## Quarterly Consolidated Statement of Income

(Dollars and Shares in Millions, Except Per Share Data) (Unaudited)	Three Months Ended				
	March 31, 2007	December 31, 2006	September 30, 2006	June 30, 2006	March 31, 2006
<b>Interest Income</b>					
Loans	\$2,578	\$2,596	\$2,545	\$2,425	\$2,307
Loans held for sale	59	64	64	\$57	51
Investment securities	516	511	500	\$500	490
Other interest income	34	34	40	\$36	43
Total interest income	3,187	3,205	3,149	3,018	2,891
<b>Interest Expense</b>					
Deposits	675	668	640	578	503
Short-term borrowings	328	342	321	270	270
Long-term debt	535	515	528	484	403
Total interest expense	1,538	1,525	1,489	1,332	1,176
Net interest income	1,649	1,680	1,660	1,686	1,715
Provision for credit losses	177	169	135	125	115
Net interest income after provision for credit losses	1,472	1,511	1,525	1,561	1,600
<b>Noninterest Income</b>					
Credit and debit card revenue	205	210	206	202	182
Corporate payment products revenue	145	141	150	139	127
ATM processing services	59	60	63	61	59
Merchant processing services	250	244	253	253	213
Trust and investment management fees	322	319	305	314	297
Deposit service charges	243	259	268	264	232
Treasury management fees	111	107	111	116	107
Commercial products revenue	100	104	100	107	104
Mortgage banking revenue	67	25	68	75	24
Investment products fees and commissions	34	36	34	42	38
Securities gains (losses), net	1	11	--	3	--
Other	159	213	190	179	231
Total noninterest income	1,696	1,729	1,748	1,755	1,614
<b>Noninterest Expense</b>					
Compensation	635	621	632	627	633
Employee benefits	133	102	123	123	133
Net occupancy and equipment	165	166	168	161	165
Professional services	47	69	54	41	35
Marketing and business development	48	61	58	58	40
Technology and communications	125	133	128	127	117
Postage, printing and supplies	69	67	66	66	66
Other intangibles	94	92	89	89	85
Debt prepayment	--	22	--	11	--
Other	229	279	220	227	226
Total noninterest expense	1,545	1,612	1,538	1,530	1,500
Income before income taxes	1,623	1,628	1,735	1,786	1,714
Applicable income taxes	493	434	532	585	561
Net income	\$1,130	\$1,194	\$1,203	\$1,201	\$1,153
Net income applicable to common equity	\$1,115	\$1,179	\$1,187	\$1,184	\$1,153
Earnings per common share	\$.64	\$.67	\$.67	\$.66	\$.64
Diluted earnings per common share	\$.63	\$.66	\$.66	\$.66	\$.63
Dividends declared per common share	\$.40	\$.40	\$.33	\$.33	\$.33
Average common shares outstanding	1,752	1,761	1,771	1,781	1,801
Average diluted common shares outstanding	1,780	1,789	1,796	1,805	1,826
<b>Financial Ratios</b>					
Net interest margin (a)	3.51 %	3.56 %	3.56 %	3.68 %	3.80 %
Interest yield on average loans (a)	7.23	7.19	7.16	7.00	6.79
Rate paid on interest-bearing liabilities (a)	3.88	3.84	3.79	3.45	3.10
Return on average assets	2.09	2.18	2.23	2.27	2.23
Return on average common equity	22.4	23.2	23.6	24.3	23.3
Efficiency ratio (b)	46.0	47.2	45.0	44.4	44.9
Tangible efficiency ratio (c)	43.2	44.5	42.4	41.8	42.4

(a) On a taxable-equivalent basis

(b) Computed as noninterest expense divided by the sum of net interest income on a taxable-equivalent basis and noninterest income excluding securities gains (losses), net

(c) Computed as noninterest expense divided by the sum of net interest income on a taxable-equivalent basis and noninterest income excluding securities gains (losses), net and intangible amortization

# U.S. Bancorp

## Consolidated Ending Balance Sheet

(Dollars in Millions)	March 31, 2007	December 31, 2006	September 30, 2006	June 30, 2006	March 31, 2006
<b>Assets</b>	(Unaudited)		(Unaudited)	(Unaudited)	(Unaudited)
Cash and due from banks	\$6,287	\$8,639	\$6,355	\$7,234	\$7,050
Investment securities					
Held-to-maturity	83	87	91	98	110
Available-for-sale	40,508	40,030	39,429	38,364	39,286
Loans held for sale	4,075	3,256	4,126	3,992	3,638
Loans					
Commercial	47,315	46,190	46,594	45,369	43,844
Commercial real estate	28,530	28,645	28,973	28,562	28,782
Residential mortgages	21,765	21,285	21,215	21,063	20,656
Retail	47,235	47,477	46,149	44,985	43,915
Total loans	144,845	143,597	142,931	139,979	137,197
Less allowance for loan losses	(2,027)	(2,022)	(2,034)	(2,039)	(2,035)
Net loans	142,818	141,575	140,897	137,940	135,162
Premises and equipment	1,818	1,835	1,835	1,817	1,817
Goodwill	7,585	7,538	7,444	7,283	7,267
Other intangible assets	3,215	3,227	3,171	3,158	3,128
Other assets	15,059	13,045	13,507	13,519	12,449
Total assets	\$221,448	\$219,232	\$216,855	\$213,405	\$209,907
<b>Liabilities and Shareholders' Equity</b>					
Deposits					
Noninterest-bearing	\$28,666	\$32,128	\$30,554	\$30,730	\$29,384
Interest-bearing	70,557	70,330	69,095	69,302	69,995
Time deposits greater than \$100,000	18,837	22,424	21,312	22,687	22,365
Total deposits	118,060	124,882	120,961	122,719	121,744
Short-term borrowings	28,516	26,933	24,783	20,570	20,651
Long-term debt	44,698	37,602	41,230	41,952	39,327
Other liabilities	9,374	8,618	8,955	7,749	7,929
Total liabilities	200,648	198,035	195,929	192,990	189,651
Shareholders' equity					
Preferred stock	1,000	1,000	1,000	1,000	1,000
Common stock	20	20	20	20	20
Capital surplus	5,745	5,762	5,770	5,789	5,819
Retained earnings	21,660	21,242	20,770	20,164	19,568
Less treasury stock	(6,972)	(6,091)	(6,093)	(5,421)	(5,394)
Other comprehensive income	(653)	(736)	(541)	(1,137)	(757)
Total shareholders' equity	20,800	21,197	20,926	20,415	20,256
Total liabilities and shareholders' equity	\$221,448	\$219,232	\$216,855	\$213,405	\$209,907

# U.S. Bancorp

## Consolidated Quarterly Average Balance Sheet

(Dollars in Millions, Unaudited)	March 31, 2007	December 31, 2006	September 30, 2006	June 30, 2006	March 31, 2006
<b>Assets</b>					
Investment securities	\$40,879	\$40,266	\$39,806	\$40,087	\$39,680
Loans held for sale	3,843	3,968	3,851	3,555	3,269
Loans					
Commercial					
Commercial	41,470	41,264	40,781	39,871	38,847
Lease financing	5,549	5,394	5,287	5,199	5,078
Total commercial	47,019	46,658	46,068	45,070	43,925
Commercial real estate					
Commercial mortgages	19,672	19,897	19,941	20,195	20,269
Construction and development	8,960	9,029	8,760	8,600	8,347
Total commercial real estate	28,632	28,926	28,701	28,795	28,616
Residential mortgages	21,569	21,235	21,118	20,868	20,987
Retail					
Credit card	8,635	8,242	7,800	7,360	7,120
Retail leasing	6,845	7,015	7,069	7,115	7,250
Home equity and second mortgages	15,555	15,444	15,166	15,035	14,935
Other retail	16,438	16,166	15,569	15,127	14,946
Total retail	47,473	46,867	45,604	44,637	44,251
Total loans	144,693	143,686	141,491	139,370	137,779
Other earning assets	1,720	1,740	2,042	1,878	2,373
Total earning assets	191,135	189,660	187,190	184,890	183,101
Allowance for loan losses	(2,036)	(2,040)	(2,056)	(2,051)	(2,059)
Unrealized gain (loss) on available-for-sale securities	(619)	(615)	(1,185)	(1,431)	(799)
Other assets	31,032	30,435	30,140	30,999	29,782
Total assets	\$219,512	\$217,440	\$214,089	\$212,407	\$210,025
<b>Liabilities and Shareholders' Equity</b>					
Noninterest-bearing deposits	\$27,677	\$29,020	\$28,220	\$28,949	\$28,837
Interest-bearing deposits					
Interest checking	25,076	24,127	23,595	23,333	23,141
Money market savings	25,712	26,214	26,116	26,981	27,378
Savings accounts	5,401	5,392	5,598	5,720	5,689
Time certificates of deposit less than \$100,000	14,775	13,974	13,867	13,689	13,505
Time deposits greater than \$100,000	22,087	22,255	22,579	22,561	21,613
Total interest-bearing deposits	93,051	91,962	91,755	92,284	91,326
Short-term borrowings	26,687	27,461	23,601	22,246	24,356
Long-term debt	42,944	40,046	41,892	41,225	38,229
Total interest-bearing liabilities	162,682	159,469	157,248	155,755	153,911
Other liabilities	7,943	7,747	7,704	7,147	7,129
Shareholders' equity					
Preferred equity	1,000	1,000	1,000	1,000	55
Common equity	20,210	20,204	19,917	19,556	20,093
Total shareholders' equity	21,210	21,204	20,917	20,556	20,148
Total liabilities and shareholders' equity	\$219,512	\$217,440	\$214,089	\$212,407	\$210,025



**Consolidated Daily Average Balance Sheet and Related Yields and Rates (a)**

For the Three Months Ended March 31,  
2007 2006

(Dollars in Millions) (Unaudited)	Average		Yields and	Average		Yields and	% Change Average
	Balances	Interest	Rates	Balances	Interest	Rates	Balances
<b>Assets</b>							
Investment securities	\$40,879	\$546	5.34 %	\$39,680	\$496	5.00 %	3.0 %
Loans held for sale	3,843	59	6.22	3,269	51	6.23	17.6
Loans (b)							
Commercial	47,019	774	6.66	43,925	690	6.36	7.0
Commercial real estate	28,632	520	7.36	28,616	497	7.04	.1
Residential mortgages	21,569	323	6.02	20,987	294	5.62	2.8
Retail	47,473	967	8.26	44,251	832	7.63	7.3
Total loans	144,693	2,584	7.23	137,779	2,313	6.79	5.0
Other earning assets	1,720	34	8.02	2,373	43	7.33	(27.5)
Total earning assets	191,135	3,223	6.81	183,101	2,903	6.40	4.4
Allowance for loan losses	(2,036)			(2,059)			1.1
Unrealized gain (loss) on available-for-sale securities	(619)			(799)			22.5
Other assets	31,032			29,782			4.2
Total assets	<u>\$219,512</u>			<u>\$210,025</u>			4.5
<b>Liabilities and Shareholders' Equity</b>							
Noninterest-bearing deposits	\$27,677			\$28,837			(4.0)
Interest-bearing deposits							
Interest checking	25,076	76	1.22	23,141	45	.78	8.4
Money market savings	25,712	163	2.57	27,378	116	1.72	(6.1)
Savings accounts	5,401	5	.39	5,689	4	.29	(5.1)
Time certificates of deposit less than \$100,000	14,775	158	4.35	13,505	114	3.42	9.4
Time deposits greater than \$100,000	22,087	273	5.00	21,613	224	4.20	2.2
Total interest-bearing deposits	93,051	675	2.94	91,326	503	2.23	1.9
Short-term borrowings	26,687	347	5.28	24,356	272	4.54	9.6
Long-term debt	42,944	535	5.04	38,229	403	4.26	12.3
Total interest-bearing liabilities	162,682	1,557	3.88	153,911	1,178	3.10	5.7
Other liabilities	7,943			7,129			11.4
Shareholders' equity							
Preferred equity	1,000			55			*
Common equity	20,210			20,093			.6
Total shareholders' equity	21,210			20,148			5.3
Total liabilities and shareholders' equity	<u>\$219,512</u>			<u>\$210,025</u>			4.5 %
Net interest income		<u>\$1,666</u>			<u>\$1,725</u>		
Gross interest margin			2.93 %			3.30 %	
Gross interest margin without taxable-equivalent increments			2.89			3.28	
<b>Percent of Earning Assets</b>							
Interest income			6.81 %			6.40 %	
Interest expense			3.30			2.60	
Net interest margin			3.51 %			3.80 %	
Net interest margin without taxable-equivalent increments			3.47 %			3.78 %	

\* Not meaningful

(a) Interest and rates are presented on a fully taxable-equivalent basis utilizing a tax rate of 35 percent.

(b) Interest income and rates on loans include loan fees. Nonaccrual loans are included in average loan balances.



U.S. Bancorp  
**Loan Portfolio**

	March 31, 2007		December 31, 2006		September 30, 2006		June 30, 2006		March 31, 2006	
(Dollars in Millions, Unaudited)	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
<b>Commercial</b>										
Commercial	\$41,679	28.8 %	\$40,640	28.3 %	\$41,237	28.9 %	\$40,055	28.6 %	\$38,710	28.2 %
Lease financing	5,636	3.9	5,550	3.9	5,357	3.7	5,314	3.8	5,134	3.7
Total commercial	47,315	32.7	46,190	32.2	46,594	32.6	45,369	32.4	43,844	31.9
<b>Commercial real estate</b>										
Commercial mortgages	19,668	13.6	19,711	13.7	20,029	14.0	19,966	14.3	20,405	14.9
Construction and development	8,862	6.1	8,934	6.2	8,944	6.3	8,596	6.1	8,377	6.1
Total commercial real estate	28,530	19.7	28,645	19.9	28,973	20.3	28,562	20.4	28,782	21.0
<b>Residential mortgages</b>										
Residential mortgages	15,808	10.9	15,316	10.7	15,142	10.6	14,902	10.7	14,502	10.6
Home equity loans, first liens	5,957	4.1	5,969	4.1	6,073	4.2	6,161	4.4	6,154	4.5
Total residential mortgages	21,765	15.0	21,285	14.8	21,215	14.8	21,063	15.1	20,656	15.1
<b>Retail</b>										
Credit card	8,555	5.9	8,670	6.0	7,864	5.5	7,432	5.3	6,978	5.1
Retail leasing	6,750	4.7	6,960	4.9	7,068	4.9	7,092	5.1	7,161	5.2
Home equity and second mortgages	15,551	10.7	15,523	10.8	15,258	10.7	15,124	10.8	14,908	10.9
Other retail										
Revolving credit	2,498	1.7	2,563	1.8	2,601	1.8	2,505	1.8	2,438	1.8
Installment	4,629	3.2	4,478	3.1	4,369	3.1	4,090	2.9	3,773	2.7
Automobile	8,823	6.1	8,693	6.1	8,431	5.9	8,257	5.9	8,218	6.0
Student	429	.3	590	.4	558	.4	485	.3	439	.3
Total other retail	16,379	11.3	16,324	11.4	15,959	11.2	15,337	10.9	14,868	10.8
Total retail	47,235	32.6	47,477	33.1	46,149	32.3	44,985	32.1	43,915	32.0
Total loans	\$144,845	100.0 %	\$143,597	100.0 %	\$142,931	100.0 %	\$139,979	100.0 %	\$137,197	100.0 %

U.S. Bancorp  
**Supplemental Financial Data**

(Dollars in Millions, Unaudited)	March 31, 2007	December 31, 2006	September 30, 2006	June 30, 2006	March 31, 2006
<b>Book value of intangibles</b>					
Goodwill	\$7,585	\$7,538	\$7,444	\$7,283	\$7,267
Merchant processing contracts	804	797	824	871	900
Core deposit benefits	204	212	234	229	245
Mortgage servicing rights	1,447	1,427	1,324	1,323	1,228
Trust relationships	404	431	441	439	458
Other identified intangibles	356	360	348	296	297
Total	<b>\$10,800</b>	<b>\$10,765</b>	<b>\$10,615</b>	<b>\$10,441</b>	<b>\$10,395</b>
<b>Three Months Ended</b>					
	March 31, 2007	December 31, 2006	September 30, 2006	June 30, 2006	March 31, 2006
<b>Amortization of intangibles</b>					
Merchant processing contracts	\$38	\$38	\$39	\$38	\$34
Core deposit benefits	18	16	16	16	17
Trust relationships	19	19	14	19	19
Other identified intangibles	19	19	20	16	15
Total	<b>\$94</b>	<b>\$92</b>	<b>\$89</b>	<b>\$89</b>	<b>\$85</b>
<b>Mortgage banking revenue</b>					
Origination and sales	\$21	\$18	\$25	\$28	\$12
Loan servicing	86	84	79	80	76
Mortgage servicing rights fair value adjustment	(40)	(77)	(36)	(33)	(64)
Total mortgage banking revenue	<b>\$67</b>	<b>\$25</b>	<b>\$68</b>	<b>\$75</b>	<b>\$24</b>
Mortgage production volume	\$5,034	\$5,837	\$5,855	\$6,006	\$4,595
Mortgages serviced for others	\$87,096	\$82,892	\$79,233	\$76,375	\$74,009

A summary of the Company's mortgage servicing rights and related characteristics by portfolio as of March 31, 2007, was as follows:

(Dollars in Millions)	MRBP (a)	Government	Conventional	Total
Servicing portfolio	\$8,907	\$8,898	\$69,291	\$87,096
Fair market value	\$184	\$155	\$1,108	\$1,447
Value (bps) (b)	207	174	160	166
Weighted-average servicing fees (bps)	40	43	36	37
Multiple (value/servicing fees)	5.18	4.05	4.44	4.49
Weighted-average note rate	5.90 %	6.18 %	5.88 %	5.91 %
Age (in years)	3.2	3.1	2.6	2.7
Expected life (in years)	8.6	6.9	7.2	7.3
Discount rate	11.4 %	10.9 %	10.6 %	10.7 %

(a) MRBP represents mortgage revenue bond programs.

(b) Value is calculated as fair market value divided by the servicing portfolio.

U.S. Bancorp

**Line of Business Financial Performance\***

Three Months Ended (Dollars in Millions, Unaudited)	Wholesale Banking			Consumer Banking			Wealth Management		
	Mar 31, 2007	Mar 31, 2006	Percent Change	Mar 31, 2007	Mar 31, 2006	Percent Change	Mar 31, 2007	Mar 31, 2006	Percent Change
<b>Condensed Income Statement</b>									
Net interest income (taxable-equivalent basis)	\$453	\$479	(5.4) %	\$962	\$947	1.6 %	\$120	\$125	(4.0) %
Noninterest income	224	225	(.4)	424	383	10.7	372	350	6.3
Securities gains (losses), net	--	--	--	--	--	--	--	--	--
Total net revenue	677	704	(3.8)	1,386	1,330	4.2	492	475	3.6
Noninterest expense	226	225	.4	628	608	3.3	229	237	(3.4)
Other intangibles	4	4	--	14	13	7.7	23	22	4.5
Total noninterest expense	230	229	.4	642	621	3.4	252	259	(2.7)
Income before provision and income taxes	447	475	(5.9)	744	709	4.9	240	216	11.1
Provision for credit losses	14	(8)	**	69	63	9.5	--	--	--
Income before income taxes	433	483	(10.4)	675	646	4.5	240	216	11.1
Income taxes and taxable-equivalent adjustment	158	176	(10.2)	246	235	4.7	87	79	10.1
Net income	\$275	\$307	(10.4)	\$429	\$411	4.4	\$153	\$137	11.7
<b>Average Balance Sheet Data</b>									
Loans	\$51,669	\$49,810	3.7 %	\$73,817	\$70,823	4.2 %	\$5,413	\$5,024	7.7 %
Other earning assets	255	532	(52.1)	3,873	3,327	16.4	112	124	(9.7)
Goodwill	1,329	1,329	--	2,206	2,107	4.7	1,550	1,375	12.7
Other intangible assets	43	59	(27.1)	1,597	1,329	20.2	450	495	(9.1)
Assets	56,746	55,186	2.8	83,993	80,060	4.9	7,981	7,458	7.0
Noninterest-bearing deposits	10,784	11,995	(10.1)	12,146	12,685	(4.2)	4,250	3,637	16.9
Interest-bearing deposits	21,926	20,607	6.4	57,569	58,020	(.8)	12,124	9,831	23.3
Total deposits	32,710	32,602	.3	69,715	70,705	(1.4)	16,374	13,468	21.6
Shareholders' equity	5,792	5,579	3.8	6,435	6,249	3.0	2,496	2,345	6.4

Three Months Ended (Dollars in Millions, Unaudited)	Payment Services			Treasury and Corporate Support			Consolidated Company		
	Mar 31, 2007	Mar 31, 2006	Percent Change	Mar 31, 2007	Mar 31, 2006	Percent Change	Mar 31, 2007	Mar 31, 2006	Percent Change
<b>Condensed Income Statement</b>									
Net interest income (taxable-equivalent basis)	\$169	\$163	3.7 %	\$(38)	\$11	** %	\$1,666	\$1,725	(3.4) %
Noninterest income	657	590	11.4	18	66	(72.7)	1,695	1,614	5.0
Securities gains (losses), net	--	--	--	1	--	**	1	--	**
Total net revenue	826	753	9.7	(19)	77	**	3,362	3,339	.7
Noninterest expense	320	294	8.8	48	51	(5.9)	1,451	1,415	2.5
Other intangibles	53	46	15.2	--	--	--	94	85	10.6
Total noninterest expense	373	340	9.7	48	51	(5.9)	1,545	1,500	3.0
Income before provision and income taxes	453	413	9.7	(67)	26	**	1,817	1,839	(1.2)
Provision for credit losses	93	60	55.0	1	--	**	177	115	53.9
Income before income taxes	360	353	2.0	(68)	26	**	1,640	1,724	(4.9)
Income taxes and taxable-equivalent adjustment	131	128	2.3	(112)	(47)	**	510	571	(10.7)
Net income	\$229	\$225	1.8	\$44	\$73	(39.7)	\$1,130	\$1,153	(2.0)
<b>Average Balance Sheet Data</b>									
Loans	\$13,546	\$11,856	14.3 %	\$248	\$266	(6.8) %	\$144,693	\$137,779	5.0 %
Other earning assets	264	67	**	41,938	41,272	1.6	46,442	45,322	2.5
Goodwill	2,456	2,286	7.4	28	--	**	7,569	7,097	6.7
Other intangible assets	1,088	1,056	3.0	42	--	**	3,220	2,939	9.6
Assets	18,792	16,464	14.1	52,000	50,857	2.2	219,512	210,025	4.5
Noninterest-bearing deposits	453	293	54.6	44	227	(80.6)	27,677	28,837	(4.0)
Interest-bearing deposits	23	21	9.5	1,409	2,847	(50.5)	93,051	91,326	1.9
Total deposits	476	314	51.6	1,453	3,074	(52.7)	120,728	120,163	.5
Shareholders' equity	4,741	4,362	8.7	1,746	1,613	8.2	21,210	20,148	5.3

\* Preliminary data

\*\* Not meaningful

U.S. Bancorp

Line of Business Financial Performance\*

Three Months Ended (Dollars in Millions, Unaudited)	Wholesale Banking			Consumer Banking			Wealth Management		
	Mar 31, 2007	Dec 31, 2006	Percent Change	Mar 31, 2007	Dec 31, 2006	Percent Change	Mar 31, 2007	Dec 31, 2006	Percent Change
<b>Condensed Income Statement</b>									
Net interest income (taxable-equivalent basis)	\$453	\$468	(3.2) %	\$962	\$982	(2.0) %	\$120	\$125	(4.0) %
Noninterest income	224	213	5.2	424	393	7.9	372	373	(.3)
Securities gains (losses), net	--	9	**	--	--	--	--	--	--
Total net revenue	677	690	(1.9)	1,386	1,375	.8	492	498	(1.2)
Noninterest expense	226	230	(1.7)	628	635	(1.1)	229	227	.9
Other intangibles	4	4	--	14	12	16.7	23	24	(4.2)
Total noninterest expense	230	234	(1.7)	642	647	(.8)	252	251	.4
Income before provision and income taxes	447	456	(2.0)	744	728	2.2	240	247	(2.8)
Provision for credit losses	14	10	40.0	69	72	(4.2)	--	1	**
Income before income taxes	433	446	(2.9)	675	656	2.9	240	246	(2.4)
Income taxes and taxable-equivalent adjustment	158	162	(2.5)	246	239	2.9	87	90	(3.3)
Net income	\$275	\$284	(3.2)	\$429	\$417	2.9	\$153	\$156	(1.9)
<b>Average Balance Sheet Data</b>									
Loans	\$51,669	\$51,164	1.0 %	\$73,817	\$73,137	.9 %	\$5,413	\$5,777	(6.3) %
Other earning assets	255	435	(41.4)	3,873	4,061	(4.6)	112	116	(3.4)
Goodwill	1,329	1,329	--	2,206	2,181	1.1	1,550	1,466	5.7
Other intangible assets	43	47	(8.5)	1,597	1,521	5.0	450	467	(3.6)
Assets	56,746	56,305	.8	83,993	83,468	.6	7,981	8,268	(3.5)
Noninterest-bearing deposits	10,784	11,350	(5.0)	12,146	12,704	(4.4)	4,250	4,588	(7.4)
Interest-bearing deposits	21,926	21,702	1.0	57,569	57,079	.9	12,124	11,646	4.1
Total deposits	32,710	33,052	(1.0)	69,715	69,783	(.1)	16,374	16,234	.9
Shareholders' equity	5,792	5,772	.3	6,435	6,469	(.5)	2,496	2,454	1.7

Three Months Ended (Dollars in Millions, Unaudited)	Payment Services			Treasury and Corporate Support			Consolidated Company		
	Mar 31, 2007	Dec 31, 2006	Percent Change	Mar 31, 2007	Dec 31, 2006	Percent Change	Mar 31, 2007	Dec 31, 2006	Percent Change
<b>Condensed Income Statement</b>									
Net interest income (taxable-equivalent basis)	\$169	\$176	(4.0) %	\$(38)	\$(56)	32.1 %	\$1,666	\$1,695	(1.7) %
Noninterest income	657	662	(.8)	18	77	(76.6)	1,695	1,718	(1.3)
Securities gains (losses), net	--	--	--	1	2	(50.0)	1	11	(90.9)
Total net revenue	826	838	(1.4)	(19)	23	**	3,362	3,424	(1.8)
Noninterest expense	320	328	(2.4)	48	100	(52.0)	1,451	1,520	(4.5)
Other intangibles	53	52	1.9	--	--	--	94	92	2.2
Total noninterest expense	373	380	(1.8)	48	100	(52.0)	1,545	1,612	(4.2)
Income before provision and income taxes	453	458	(1.1)	(67)	(77)	13.0	1,817	1,812	.3
Provision for credit losses	93	85	9.4	1	1	--	177	169	4.7
Income before income taxes	360	373	(3.5)	(68)	(78)	12.8	1,640	1,643	(.2)
Income taxes and taxable-equivalent adjustment	131	136	(3.7)	(112)	(178)	37.1	510	449	13.6
Net income	\$229	\$237	(3.4)	\$44	\$100	(56.0)	\$1,130	\$1,194	(5.4)
<b>Average Balance Sheet Data</b>									
Loans	\$13,546	\$13,363	1.4 %	\$248	\$245	1.2 %	\$144,693	\$143,686	.7 %
Other earning assets	264	142	85.9	41,938	41,220	1.7	46,442	45,974	1.0
Goodwill	2,456	2,474	(.7)	28	10	**	7,569	7,460	1.5
Other intangible assets	1,088	1,125	(3.3)	42	14	**	3,220	3,174	1.4
Assets	18,792	18,170	3.4	52,000	51,229	1.5	219,512	217,440	1.0
Noninterest-bearing deposits	453	424	6.8	44	(46)	**	27,677	29,020	(4.6)
Interest-bearing deposits	23	23	--	1,409	1,512	(6.8)	93,051	91,962	1.2
Total deposits	476	447	6.5	1,453	1,466	(.9)	120,728	120,982	(.2)
Shareholders' equity	4,741	4,772	(.6)	1,746	1,737	.5	21,210	21,204	--

\* Preliminary data

\*\* Not meaningful