



News Release

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U.S. BANCORP REPORTS RECORD NET INCOME FOR THE SECOND QUARTER 2004

EARNINGS SUMMARY								Table 1
(\$ in millions, except per-share data)								
	2Q 2004	1Q 2004	2Q 2003	Percent Change 2Q04 vs 1Q04	Percent Change 2Q04 vs 2Q03	YTD 2004	YTD 2003	Percent Change
Income from continuing operations, net	\$1,036.9	\$1,008.4	\$915.0	2.8	13.3	\$2,045.3	\$1,799.1	13.7
Net income	1,036.9	1,008.4	919.9	2.8	12.7	2,045.3	1,804.7	13.3
Earnings per share from continuing operations (diluted)	0.54	0.52	0.47	3.8	14.9	1.06	0.93	14.0
Earnings per share (diluted)	0.54	0.52	0.48	3.8	12.5	1.06	0.94	12.8
Return on average assets (%)	2.19	2.14	1.97			2.16	1.96	
Return on average equity(%)	21.9	20.7	19.0			21.3	19.0	
Efficiency ratio (%)	38.6	47.0	50.6			42.7	49.5	
Dividends declared per share	\$0.24	\$0.24	\$0.205	--	17.1	\$0.48	\$0.41	17.1
Book value per share (period-end)	9.91	10.23	10.14	(3.1)	(2.3)			
Net interest margin (%)	4.28	4.29	4.52			4.28	4.56	

MINNEAPOLIS, July 20, 2004 – U.S. Bancorp (NYSE: USB) today reported net income of \$1,036.9 million for the second quarter of 2004, compared with \$919.9 million for the second quarter of 2003. Net income of \$.54 per diluted share in the second quarter of 2004 was higher than the same period of 2003 by \$.06 (12.5 percent). Return on average assets and return on average equity were 2.19 percent and 21.9 percent, respectively, for the second quarter of 2004, compared with returns of 1.97 percent and 19.0 percent, respectively, for the second quarter of 2003.

U.S. Bancorp Chairman, President and Chief Executive Officer Jerry A. Grundhofer said, “Our second quarter results represent the high-quality earnings that we are committed to produce for our shareholders. We saw very strong growth in our fee-based products and services, with the majority of categories displaying double-digit growth over both the previous year and the first quarter of 2004 on an annualized basis. The net interest margin was stable and earning assets were flat, compared with the first quarter of 2004, as loan growth was funded through reductions in

investment securities. Credit quality continues to show improvement, with the net charge-off ratio reaching 0.68 percent in the quarter and nonperforming assets declining 13.0 percent from March 31, 2004. In keeping with our target of returning 80 percent or more of earnings to our shareholders, we paid out 97 percent of earnings during the second quarter in the form of dividends and share repurchases. The products and services we now offer our customers are among the best in the industry and, along with our people and growing markets, are exactly what we need to drive organic growth.”

The Company’s results for the second quarter of 2004 improved over the same period of 2003, primarily due to growth in fee-based products and services and a lower provision for credit losses. Included in the current quarter were losses on the sale of securities of (\$171.7) million, a net reduction of \$384.8 million from securities gains realized in the second quarter of 2003. The current quarter also included a \$171.1 million reparation of mortgage servicing rights (“MSR”), a \$367.4 million favorable variance over the second quarter of 2003. Since the end of the first quarter of 2004, the yield on 10-year Treasury Notes increased 75 basis points to 4.58 percent. The yield on 30-year Fannie Mae commitments rose 70 basis points during the same timeframe. Driven by the rise in longer-term interest rates, the mortgage industry experienced a decline in refinancing activities, resulting in lower prepayments.

Total net revenue on a taxable-equivalent basis for the second quarter of 2004 was \$250.4 million (7.7 percent) lower than the second quarter of 2003, primarily reflecting the \$384.8 million net reduction in gains (losses) on the sale of securities. Favorable revenue growth in all fee-based products and services categories partially offset the reduction in securities gains.

Total noninterest expense in the second quarter of 2004 was lower than the second quarter of 2003, primarily reflecting the \$367.4 million favorable change in the valuation of mortgage servicing rights caused by rising interest rates from late first quarter 2004. Also contributing to the positive variance in expense year-over-year was a \$10.8 million reduction in merger and restructuring-related charges. These positive variances were partially offset by higher incentive-based compensation, employee benefits, insurance, and other operating expense.

Provision for credit losses for the second quarter of 2004 was \$204.5 million, a decrease of \$118.5 million (36.7 percent) from the second quarter of 2003. Net charge-offs in the second quarter of 2004 were \$204.5 million, compared with the first quarter of 2004 net charge-offs of \$233.9 million and the second quarter of 2003 net charge-offs of \$322.9 million. The decline in

losses from a year ago was primarily the result of an improving credit risk profile and collection efforts. Total nonperforming assets declined to \$910.9 million at June 30, 2004, from \$1,046.6 million at March 31, 2004 (13.0 percent), and \$1,359.7 million at June 30, 2003 (33.0 percent). The ratio of the allowance for credit losses to nonperforming loans was 299 percent at June 30, 2004, compared with 258 percent at March 31, 2004, and 194 percent at June 30, 2003.

On December 31, 2003, the Company completed the spin-off of Piper Jaffray Companies (NYSE: PJC). In connection with the spin-off, accounting rules require that the financial statements be restated for all prior periods. As such, historical financial results related to Piper Jaffray Companies have been segregated and accounted for in the Company's financial statements as discontinued operations. Net income in the second quarter of 2003 included after-tax income from the discontinued operations of Piper Jaffray Companies of \$4.9 million, or \$.01 per diluted share.

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INCOME STATEMENT HIGHLIGHTS								Table 2
(Taxable-equivalent basis, \$ in millions, except per-share data)			Percent Change 2Q04 vs 1Q04	Percent Change 2Q04 vs 2Q03	YTD 2004	YTD 2003	Percent Change	
	2Q 2004	1Q 2004	2Q 2003					
Net interest income	\$1,779.4	\$1,779.0	\$1,798.6	--	(1.1)	\$3,558.4	\$3,575.3	(0.5)
Noninterest income	1,241.7	1,318.3	1,472.9	(5.8)	(15.7)	2,560.0	2,839.0	(9.8)
Total net revenue	3,021.1	3,097.3	3,271.5	(2.5)	(7.7)	6,118.4	6,414.3	(4.6)
Noninterest expense	1,232.6	1,454.9	1,546.6	(15.3)	(20.3)	2,687.5	3,001.2	(10.5)
Provision for credit losses	204.5	235.0	323.0	(13.0)	(36.7)	439.5	658.0	(33.2)
Income from continuing operations before income taxes	1,584.0	1,407.4	1,401.9	12.5	13.0	2,991.4	2,755.1	8.6
Taxable-equivalent adjustment	7.0	7.2	6.7	(2.8)	4.5	14.2	14.0	1.4
Applicable income taxes	540.1	391.8	480.2	37.9	12.5	931.9	942.0	(1.1)
Income from continuing operations	1,036.9	1,008.4	915.0	2.8	13.3	2,045.3	1,799.1	13.7
Income from discontinued operations (after-tax)	--	--	4.9	nm	nm	--	5.6	nm
Net income	\$1,036.9	\$1,008.4	\$919.9	2.8	12.7	\$2,045.3	\$1,804.7	13.3
Diluted earnings per share:								
Income from continuing operations	\$0.54	\$0.52	\$0.47	3.8	14.9	\$1.06	\$0.93	14.0
Discontinued operations	--	--	0.01	nm	nm	--	0.01	nm
Net income	\$0.54	\$0.52	\$0.48	3.8	12.5	\$1.06	\$0.94	12.8

Net Interest Income

Second quarter net interest income on a taxable-equivalent basis was \$1,779.4 million, compared with \$1,798.6 million recorded in the second quarter of 2003. Average earning assets for the period increased over the second quarter of 2003 by \$7.6 billion (4.7 percent), primarily driven by increases in investment securities, residential mortgages, and retail loans, partially offset by a decline in commercial loans and loans held for sale related to mortgage banking activities. The net interest margin in the second quarter of 2004 was 4.28 percent, compared with 4.29 percent in the first quarter of 2004 and 4.52 percent in the second quarter of 2003. The decline in the net interest margin in the second quarter of 2004 from the second quarter of 2003 primarily reflected growth in lower-yielding investment securities as a percent of total earning assets, a change in loan mix, and a decline in the margin benefit from net free funds due to lower interest rates. In addition, the net interest margin declined year-over-year as a result of consolidating high

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credit quality, low margin loans from Stellar Funding Group, Inc., a commercial loan conduit, onto the Company's balance sheet during the third quarter of 2003.

NET INTEREST INCOME							Table 3	
(Taxable-equivalent basis; \$ in millions)								
	2Q 2004	1Q 2004	2Q 2003	Change 2Q04 vs 1Q04	Change 2Q04 vs 2Q03	YTD 2004	YTD 2003	Change
Components of net interest income								
Income on earning assets	\$2,243.2	\$2,265.3	\$2,334.5	\$ (22.1)	\$ (91.3)	\$4,508.5	\$4,673.0	\$ (164.5)
Expense on interest-bearing liabilities	463.8	486.3	535.9	(22.5)	(72.1)	950.1	1,097.7	(147.6)
Net interest income	\$1,779.4	\$1,779.0	\$1,798.6	\$ 0.4	\$ (19.2)	\$3,558.4	\$3,575.3	\$ (16.9)
Average yields and rates paid								
Earning assets yield	5.39 %	5.47 %	5.87 %	(0.08) %	(0.48) %	5.43 %	5.96 %	(0.53) %
Rate paid on interest-bearing liabilities	1.38	1.45	1.68	(0.07)	(0.30)	1.42	1.75	(0.33)
Gross interest margin	4.01 %	4.02 %	4.19 %	(0.01) %	(0.18) %	4.01 %	4.21 %	(0.20) %
Net interest margin	4.28 %	4.29 %	4.52 %	(0.01) %	(0.24) %	4.28 %	4.56 %	(0.28) %
Average balances								
Investment securities	\$42,489	\$44,744	\$36,142	\$(2,255)	\$6,347	\$43,617	\$35,187	\$8,430
Loans	121,161	118,810	117,803	2,351	3,358	119,985	117,061	2,924
Earning assets	166,990	166,359	159,425	631	7,565	166,674	157,784	8,890
Interest-bearing liabilities	134,819	134,966	127,552	(147)	7,267	134,893	126,119	8,774
Net free funds*	32,171	31,393	31,873	778	298	31,781	31,665	116
* 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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AVERAGE LOANS									Table 4
(\$ in millions)									
	2Q	1Q	2Q	Percent	Percent	YTD	YTD	Percent	
	2004	2004	2003	Change	Change	2004	2003	Change	
				2Q04 vs	2Q04 vs				
				1Q04	2Q03				
Commercial	\$34,484	\$33,629	\$36,581	2.5	(5.7)	\$34,057	\$36,460	(6.6)	
Lease financing	4,846	4,902	5,121	(1.1)	(5.4)	4,873	5,186	(6.0)	
Total commercial	39,330	38,531	41,702	2.1	(5.7)	38,930	41,646	(6.5)	
Commercial mortgages	20,477	20,554	20,105	(0.4)	1.9	20,515	20,173	1.7	
Construction and development	6,639	6,556	6,984	1.3	(4.9)	6,598	6,764	(2.5)	
Total commercial real estate	27,116	27,110	27,089	--	0.1	27,113	26,937	0.7	
Residential mortgages	14,052	13,610	11,012	3.2	27.6	13,831	10,570	30.9	
Credit card	5,989	5,878	5,388	1.9	11.2	5,933	5,389	10.1	
Retail leasing	6,484	6,192	5,762	4.7	12.5	6,338	5,756	10.1	
Home equity and second mortgages	13,775	13,376	13,316	3.0	3.4	13,575	13,392	1.4	
Other retail	14,415	14,113	13,534	2.1	6.5	14,265	13,371	6.7	
Total retail	40,663	39,559	38,000	2.8	7.0	40,111	37,908	5.8	
Total loans	\$121,161	\$118,810	\$117,803	2.0	2.9	\$119,985	\$117,061	2.5	

Average loans for the second quarter of 2004 were \$3.4 billion (2.9 percent) higher than the second quarter of 2003, primarily due to growth in average residential mortgages of \$3.0 billion (27.6 percent) and retail loans of \$2.7 billion (7.0 percent) year-over-year. Total commercial loans declined by \$2.4 billion (5.7 percent), while total commercial real estate loans increased by \$27 million (.1 percent). Although the consolidation of loans from the Stellar commercial loan conduit had a positive impact on average loan balances year-over-year, soft economic conditions throughout much of 2003 led to the overall decrease in total commercial loans. Average loans for the second quarter of 2004 were higher than the first quarter of 2004 by \$2.4 billion (2.0 percent), reflecting growth in commercial loans, residential mortgages and retail loans.

Average investment securities in the second quarter of 2004 were \$6.3 billion (17.6 percent) higher than the second quarter of 2003, reflecting the reinvestment of proceeds from declining commercial loan balances and deposit growth from a year ago. Investment securities at June 30, 2004, were \$4.7 billion higher than at June 30, 2003, but \$5.1 billion lower than the balance at

March 31, 2004. During the second quarter of 2004, the Company continued to reposition its investment portfolio as part of its asset/liability management activities by acquiring principally floating and shorter-term fixed-rate securities and selling fixed-rate mortgage-backed securities.

AVERAGE DEPOSITS									Table 5
(\$ in millions)									
	2Q 2004	1Q 2004	2Q 2003	Percent Change 2Q04 vs 1Q04	Percent Change 2Q04 vs 2Q03	YTD 2004	YTD 2003	Percent Change	
Noninterest-bearing deposits	\$30,607	\$29,025	\$32,515	5.5	(5.9)	\$29,815	\$32,669	(8.7)	
Interest-bearing deposits									
Interest checking	20,739	20,948	18,090	(1.0)	14.6	20,844	17,814	17.0	
Money market accounts	34,242	34,397	31,134	(0.5)	10.0	34,320	29,915	14.7	
Savings accounts	5,936	5,898	5,614	0.6	5.7	5,917	5,444	8.7	
Savings products	60,917	61,243	54,838	(0.5)	11.1	61,081	53,173	14.9	
Time certificates of deposit less than \$100,000	13,021	13,618	15,790	(4.4)	(17.5)	13,319	16,500	(19.3)	
Time deposits greater than \$100,000	12,571	12,133	13,008	3.6	(3.4)	12,352	13,642	(9.5)	
Total interest-bearing deposits	86,509	86,994	83,636	(0.6)	3.4	86,752	83,315	4.1	
Total deposits	\$117,116	\$116,019	\$116,151	0.9	0.8	\$116,567	\$115,984	0.5	

Average noninterest-bearing deposits for the second quarter of 2004 were lower than the second quarter of 2003 by \$1.9 billion (5.9 percent). The change was primarily due to lower deposits associated with mortgage banking activities and a decline in Federal government deposits related to their decision in the third quarter of 2003 to pay for treasury management services rather than maintain compensating balances. Average interest-bearing deposits increased by \$2.9 billion (3.4 percent) over the second quarter of 2003, driven by increases in savings products balances, partially offset by decreases in time certificates of deposit less than \$100,000 and time deposits greater than \$100,000.

Average noninterest-bearing deposits for the second quarter of 2004 were \$1.6 billion (5.5 percent) higher than the first quarter of 2004, primarily reflecting seasonality of corporate and individual tax filings. Average interest-bearing deposits were slightly lower than the first quarter of 2004 (.6 percent), primarily due to decreases in savings products and time certificates of deposit less than \$100,000, partially offset by an increase in time deposits greater than \$100,000.

Noninterest-bearing deposits at June 30, 2004, were lower than at June 30, 2003, by \$11.7 billion (26.3 percent), but were \$1.7 billion (5.5 percent) higher than at March 31, 2004.

NONINTEREST INCOME								Table 6
(\$ in millions)								
	2Q 2004	1Q 2004	2Q 2003	Percent Change 2Q04 vs 1Q04	Percent Change 2Q04 vs 2Q03	YTD 2004	YTD 2003	Percent Change
Credit and debit card revenue	\$158.8	\$141.8	\$142.3	12.0	11.6	\$300.6	\$269.7	11.5
Corporate payment products revenue	102.7	94.8	90.9	8.3	13.0	197.5	176.9	11.6
ATM processing services	44.9	42.2	41.9	6.4	7.2	87.1	84.3	3.3
Merchant processing services	165.1	141.1	141.8	17.0	16.4	306.2	269.1	13.8
Trust and investment management fees	251.7	248.6	238.9	1.2	5.4	500.3	467.5	7.0
Deposit service charges	202.1	185.2	179.0	9.1	12.9	387.3	342.2	13.2
Treasury management fees	121.5	117.5	111.8	3.4	8.7	239.0	223.8	6.8
Commercial products revenue	107.4	110.4	100.0	(2.7)	7.4	217.8	204.2	6.7
Mortgage banking revenue	109.9	94.2	90.3	16.7	21.7	204.1	185.7	9.9
Investment products fees and commissions	42.2	39.3	38.1	7.4	10.8	81.5	73.2	11.3
Securities gains (losses), net	(171.7)	--	213.1	nm	nm	(171.7)	353.8	nm
Other	107.1	103.2	84.8	3.8	26.3	210.3	188.6	11.5
Total noninterest income	\$1,241.7	\$1,318.3	\$1,472.9	(5.8)	(15.7)	\$2,560.0	\$2,839.0	(9.8)

Noninterest Income

Second quarter noninterest income was \$1,241.7 million, a decrease of \$231.2 million (15.7 percent) from the same quarter of 2003, and a \$76.6 million (5.8 percent) decrease from the first quarter of 2004. The decline in noninterest income from the second quarter of 2003 was driven by a net reduction in gains (losses) on the sale of securities of \$384.8 million. The net reduction in gains (losses) on the sales of securities year-over-year was partially offset by increases in all other categories of noninterest income. Credit and debit card revenue and corporate payment products revenue were higher in the second quarter of 2004 than the second quarter of 2003 by \$16.5 million (11.6 percent) and \$11.8 million (13.0 percent), respectively. Although credit and debit card revenue grew year-over-year, the growth was somewhat muted due to the impact of the settlement of the antitrust litigation brought against VISA USA and Mastercard by Wal-Mart Stores, Inc., Sears Roebuck & Co. and other retailers, which lowered the interchange rate on

signature debit transactions beginning in August 2003. The year-over-year impact of the VISA settlement on credit and debit card revenue was approximately \$7.4 million. This change in the interchange rate, in addition to higher customer loyalty rewards expenses, however, were more than offset by increases in transaction volumes and other rate adjustments. The corporate payment products revenue growth reflected growth in sales and card usage. Merchant processing services revenue was higher in the second quarter of 2004 than the same quarter of 2003 by \$23.3 million (16.4 percent), reflecting an increase in transaction volume and the purchase of two European merchant acquiring businesses, which accounted for approximately \$7.1 million of the increase. The favorable variance in trust and investment management fees of \$12.8 million (5.4 percent) in the second quarter of 2004 over the same period of 2003 was principally driven by higher equity market valuations year-over-year, as well as net new account growth. Deposit service charges were higher year-over-year by \$23.1 million (12.9 percent) due to account growth and revenue enhancement initiatives. Treasury management fees grew by \$9.7 million (8.7 percent) in the second quarter of 2004 over the same period of 2003. The increase in treasury management fees year-over-year was partially driven by a change during the third quarter of 2003 in the Federal government's payment methodology for treasury management services from compensating balances, reflected in net interest income, to fees. Commercial products revenue increased by \$7.4 million (7.4 percent) over the second quarter of 2003, primarily due to leasing fees and international product revenue. The favorable variance year-over-year in mortgage banking revenue of \$19.6 million (21.7 percent) was primarily due to higher origination and sales and loan servicing revenue. The \$4.1 million (10.8 percent) increase in investment products fees and commissions reflected higher sales activity in the Consumer Banking business line. Other income was higher year-over-year by \$22.3 million (26.3 percent), primarily due to higher income from equity investments relative to the same quarter of 2003.

Noninterest income was lower in the second quarter of 2004 than the first quarter of 2004 by \$76.6 million (5.8 percent), primarily due to the net reduction in gains (losses) on the sale of securities of \$171.7 million. This unfavorable variance was partially offset by growth in the majority of other noninterest income categories. Credit and debit card revenue, corporate payment products revenue and ATM processing services increased quarter-over-quarter by \$17.0 million (12.0 percent), \$7.9 million (8.3 percent) and \$2.7 million (6.4 percent), respectively, driven by seasonally higher transaction volumes. Merchant processing services revenue rose by \$24.0

million (17.0 percent) over the first quarter of 2004 due to seasonality, higher same store sales and the purchase of two European merchant acquiring businesses. Trust and investment management fees were higher in the second quarter of 2004 than the first quarter of 2004 by \$3.1 million (1.2 percent) due to tax preparation fees and net new account growth. Deposit service charges were higher in the second quarter by \$16.9 million (9.1 percent) than the first quarter, primarily due to pricing enhancements and an increase in transaction-related fees. Treasury management fees increased by \$4.0 million (3.4 percent) quarter-over-quarter, primarily due to federal tax receipts processing. Mortgage banking revenue was higher in the second quarter of 2004 than the first quarter of 2004 by \$15.7 million (16.7 percent) due to increased origination and sales and loan servicing revenue. Investment products fees and commissions and other income increased by \$2.9 million (7.4 percent) and \$3.9 million (3.8 percent), respectively. Higher investment product sales in Consumer Banking led to the improvement in investment products fees and commissions, while higher revenue from equity investments relative to the first quarter of 2004 was the primary reason for the favorable variance in other income.

NONINTEREST EXPENSE									Table 7
(\$ in millions)				Percent	Percent				
	2Q	1Q	2Q	Change	Change	YTD	YTD	Percent	
	2004	2004	2003	2Q04 vs	2Q04 vs	2004	2003	Change	
				1Q04	2Q03				
Compensation	\$572.6	\$535.8	\$547.6	6.9	4.6	\$1,108.4	\$1,093.6	1.4	
Employee benefits	91.2	100.2	79.6	(9.0)	14.6	191.4	171.3	11.7	
Net occupancy and equipment	153.4	155.7	159.5	(1.5)	(3.8)	309.1	320.8	(3.6)	
Professional services	34.7	32.4	32.9	7.1	5.5	67.1	59.3	13.2	
Marketing and business development	48.7	35.3	51.1	38.0	(4.7)	84.0	80.9	3.8	
Technology and communications	102.4	101.7	104.1	0.7	(1.6)	204.1	209.0	(2.3)	
Postage, printing and supplies	60.5	61.6	61.8	(1.8)	(2.1)	122.1	122.2	(0.1)	
Other intangibles	(47.6)	226.1	312.3	nm	nm	178.5	547.4	(67.4)	
Merger and restructuring-related charges	--	--	10.8	nm	nm	--	28.4	nm	
Other	216.7	206.1	186.9	5.1	15.9	422.8	368.3	14.8	
Total noninterest expense	\$1,232.6	\$1,454.9	\$1,546.6	(15.3)	(20.3)	\$2,687.5	\$3,001.2	(10.5)	

Noninterest Expense

Second quarter noninterest expense totaled \$1,232.6 million, a decrease of \$314.0 million (20.3 percent) from the same quarter of 2003 and a \$222.3 million (15.3 percent) decrease from the first quarter of 2004. The decline in expense year-over-year was primarily driven by the favorable change in MSR intangible valuations of \$367.4 million and a \$10.8 million reduction in merger and restructuring-related charges, offset by increases in compensation, employee benefits, professional services, and other expense. Compensation expense was higher year-over-year due to an increase in salaries, performance-based incentives and stock-based compensation, offset somewhat by lower contract labor costs. Employee benefits increased year-over-year by \$11.6 million (14.6 percent), primarily as a result of higher pension expense, training, education and recruitment costs and payroll taxes. Professional services were higher than the same period of 2003 by \$1.8 million (5.5 percent), while other expense rose by \$29.8 million (15.9 percent), primarily due to higher charge-back exposure associated with the Company's airline merchant processing portfolio, insurance, higher deposit fraud losses and processing expenses associated with the growth in payment services revenue.

Noninterest expense in the second quarter of 2004 was lower than the first quarter of 2004 by \$222.3 million (15.3 percent). The decline in noninterest expense from the first quarter of 2004

was primarily due to the favorable change in MSR intangible valuations of \$280.4 million, partially offset by increases in compensation, professional services, marketing and business development, technology and communication and other expense. The \$36.8 million (6.9 percent) increase in compensation expense quarter-over-quarter was primarily due to higher performance-based incentives, resulting from mortgage banking and product sales production, as well as stock-based compensation costs. The unfavorable variance in marketing and business development of \$13.4 million (38.0 percent) quarter-over-quarter was primarily due to the timing of promotional programs and brand advertising. Other expense grew by \$10.6 million (5.1 percent) over the first quarter of 2004, the result of higher merchant acquiring costs, higher mortgage loan expenses and slightly higher deposit fraud losses, offset by a charge taken in the first quarter of 2004 related to prepaying a portion of the Company's debt.

ALLOWANCE FOR CREDIT LOSSES					Table 8
(\$ in millions)	2Q 2004	1Q 2004	4Q 2003	3Q 2003	2Q 2003
Balance, beginning of period	\$2,369.7	\$2,368.6	\$2,367.7	\$2,367.6	\$2,408.5
Net charge-offs					
Commercial	35.7	53.6	100.9	123.9	122.9
Lease financing	18.9	21.3	14.9	19.2	26.9
Total commercial	54.6	74.9	115.8	143.1	149.8
Commercial mortgages	1.8	4.6	10.0	5.9	9.3
Construction and development	0.7	4.7	2.9	4.6	2.5
Total commercial real estate	2.5	9.3	12.9	10.5	11.8
Residential mortgages	7.3	7.3	7.2	7.3	6.5
Credit card	62.7	63.4	62.3	59.3	64.5
Retail leasing	9.8	11.0	11.3	12.2	12.6
Home equity and second mortgages	20.2	19.5	20.4	23.2	23.9
Other retail	47.4	48.5	55.2	54.3	53.8
Total retail	140.1	142.4	149.2	149.0	154.8
Total net charge-offs	204.5	233.9	285.1	309.9	322.9
Provision for credit losses	204.5	235.0	286.0	310.0	323.0
Acquisitions and other changes	--	--	--	--	(41.0)
Balance, end of period	\$2,369.7	\$2,369.7	\$2,368.6	\$2,367.7	\$2,367.6
Components					
Allowance for loan losses	\$2,244.4	\$2,238.3	\$2,235.0	\$2,241.2	\$2,266.2
Liability for unfunded credit commitments*	125.3	131.4	133.6	126.5	101.4
Total allowance for credit losses	\$2,369.7	\$2,369.7	\$2,368.6	\$2,367.7	\$2,367.6
Gross charge-offs	\$274.3	\$304.8	\$352.3	\$373.6	\$375.6
Gross recoveries	\$69.8	\$70.9	\$67.2	\$63.7	\$52.7
Net charge-offs to average loans (%)	0.68	0.79	0.95	1.02	1.10
Allowance as a percentage of:					
Period-end loans	1.93	1.98	2.00	1.98	1.98
Nonperforming loans	299	258	232	202	194
Nonperforming assets	260	226	206	180	174
* During the first quarter of 2004, the Company reclassified the portion of its allowance for credit losses related to commercial off-balance sheet loan commitments and letters of credit to a separate liability account.					

Credit Quality

The allowance for credit losses was \$2,369.7 million at June 30, 2004, equal to the allowance for credit losses at March 31, 2004, and essentially equal to the allowance for credit losses of \$2,367.6 million at June 30, 2003. The ratio of the allowance for credit losses to period-end loans was 1.93 percent at June 30, 2004, compared with 1.98 percent at both March 31, 2004, and June 30, 2003. The ratio of the allowance for credit losses to nonperforming loans was 299 percent at June 30, 2004, compared with 258 percent at March 31, 2004, and 194 percent at June 30, 2003. Total net charge-offs in the second quarter of 2004 were \$204.5 million, compared with the first quarter of 2004 net charge-offs of \$233.9 million and the second quarter of 2003 net charge-offs of \$322.9 million.

Commercial and commercial real estate loan net charge-offs were \$57.1 million for the second quarter of 2004, or .35 percent of average loans outstanding, compared with \$84.2 million, or .52 percent of average loans outstanding, in the first quarter of 2004 and \$161.6 million, or .94 percent of average loans outstanding, in the second quarter of 2003. The decline in net charge-offs continues to be broad-based across most industries within the commercial loan portfolio.

Retail loan net charge-offs of \$140.1 million in the second quarter of 2004 were \$2.3 million (1.6 percent) lower than the first quarter of 2004 and \$14.7 million (9.5 percent) lower than the second quarter of 2003. Retail loan net charge-offs as a percent of average loans outstanding were 1.39 percent in the second quarter of 2004, compared with 1.45 percent and 1.63 percent in the first quarter of 2004 and second quarter of 2003, respectively. Lower levels of retail loan net charge-offs principally reflected the Company's improvement in ongoing collection efforts and risk management.

CREDIT RATIOS		Table 9				
(Percent)	2Q	1Q	4Q	3Q	2Q	
	2004	2004	2003	2003	2003	
Net charge-offs ratios*						
Commercial	0.42	0.64	1.14	1.33	1.35	
Lease financing	1.57	1.75	1.19	1.52	2.11	
Total commercial	0.56	0.78	1.15	1.35	1.44	
Commercial mortgages	0.04	0.09	0.20	0.12	0.19	
Construction and development	0.04	0.29	0.16	0.25	0.14	
Total commercial real estate	0.04	0.14	0.19	0.15	0.17	
Residential mortgages	0.21	0.22	0.21	0.24	0.24	
Credit card	4.21	4.34	4.33	4.20	4.80	
Retail leasing	0.61	0.71	0.76	0.83	0.88	
Home equity and second mortgages	0.59	0.59	0.62	0.70	0.72	
Other retail	1.32	1.38	1.57	1.55	1.59	
Total retail	1.39	1.45	1.53	1.54	1.63	
Total net charge-offs	0.68	0.79	0.95	1.02	1.10	
Delinquent loan ratios - 90 days or more past due excluding nonperforming loans**						
Commercial	0.05	0.06	0.06	0.11	0.09	
Commercial real estate	0.01	0.01	0.02	0.01	0.02	
Residential mortgages	0.50	0.56	0.61	0.63	0.65	
Retail	0.48	0.54	0.56	0.57	0.63	
Total loans	0.24	0.27	0.28	0.29	0.30	
Delinquent loan ratios - 90 days or more past due including nonperforming loans**						
Commercial	1.37	1.67	1.97	2.31	2.27	
Commercial real estate	0.76	0.85	0.82	0.75	0.82	
Residential mortgages	0.79	0.87	0.91	0.98	1.13	
Retail	0.52	0.59	0.62	0.63	0.70	
Total loans	0.88	1.03	1.14	1.27	1.32	
* annualized and calculated on average loan balances						
** ratios are expressed as a percent of ending loan balances						

The overall level of net charge-offs in the second quarter of 2004 reflected the Company's ongoing efforts to reduce the overall risk profile of the organization. Net charge-offs are expected to continue to trend modestly lower.

ASSET QUALITY		Table 10				
(\$ in millions)						
	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	
	2004	2004	2003	2003	2003	
Nonperforming loans						
Commercial	\$415.7	\$510.7	\$623.5	\$793.9	\$795.2	
Lease financing	111.0	115.6	113.3	111.6	126.6	
Total commercial	526.7	626.3	736.8	905.5	921.8	
Commercial mortgages	163.8	184.9	177.6	161.5	182.0	
Construction and development	41.3	43.6	39.9	40.2	35.3	
Commercial real estate	205.1	228.5	217.5	201.7	217.3	
Residential mortgages	41.7	42.1	40.5	46.1	56.0	
Retail	18.4	20.4	25.2	21.6	24.2	
Total nonperforming loans	791.9	917.3	1,020.0	1,174.9	1,219.3	
Other real estate	70.0	76.0	72.6	70.4	71.5	
Other nonperforming assets	49.0	53.3	55.5	73.0	68.9	
Total nonperforming assets*	\$910.9	\$1,046.6	\$1,148.1	\$1,318.3	\$1,359.7	
Accruing loans 90 days or more past due	\$293.2	\$319.2	\$329.4	\$352.4	\$360.7	
Nonperforming assets to loans plus ORE (%)	0.74	0.87	0.97	1.10	1.14	
*does not include accruing loans 90 days or more past due						

Nonperforming assets at June 30, 2004, totaled \$910.9 million, compared with \$1,046.6 million at March 31, 2004, and \$1,359.7 million at June 30, 2003. The ratio of nonperforming assets to loans and other real estate was .74 percent at June 30, 2004, compared with .87 percent at March 31, 2004, and 1.14 percent at June 30, 2003. Given the Company's ongoing efforts to reduce the overall risk profile of the organization, nonperforming assets are expected to continue to trend lower.

CAPITAL POSITION					Table 11
(\$ in millions)	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
	2004	2004	2003	2003	2003
Total shareholders' equity	\$18,675	\$19,452	\$19,242	\$19,771	\$19,521
Tier 1 capital	14,294	14,499	14,623	14,589	13,950
Total risk-based capital	21,255	21,559	21,710	21,859	21,392
Common equity to assets	9.8 %	10.1 %	10.2 %	10.5 %	10.0 %
Tangible common equity to assets	6.3	6.4	6.5	6.6	6.0
Tier 1 capital ratio	8.7	8.9	9.1	9.0	8.5
Total risk-based capital ratio	12.9	13.3	13.6	13.5	13.0
Leverage ratio	7.8	8.0	8.0	8.0	7.8

Total shareholders' equity was \$18.7 billion at June 30, 2004, compared with \$19.5 billion at June 30, 2003. The decrease was the result of corporate earnings offset by dividends, including the special dividend of \$685 million related to the spin-off of Piper Jaffray Companies, share buybacks and the change in other comprehensive income, principally reflecting changes in securities valuations from a year ago.

Tangible common equity to assets was 6.3 percent at June 30, 2004, compared with 6.4 percent at March 31, 2004, and 6.0 percent at June 30, 2003. The Tier 1 capital ratio was 8.7 percent at June 30, 2004, compared with 8.9 percent at March 31, 2004, and 8.5 percent at June 30, 2003. The total risk-based capital ratio was 12.9 percent at June 30, 2004, compared with 13.3 percent at March 31, 2004, and 13.0 percent at June 30, 2003. The leverage ratio was 7.8 percent at June 30, 2004, compared with 8.0 percent at March 31, 2004, and 7.8 percent at June 30, 2003. All regulatory ratios continue to be in excess of stated "well capitalized" requirements.

COMMON SHARES					Table 12
(Millions)	2Q	1Q	4Q	3Q	2Q
	2004	2004	2003	2003	2003
Beginning shares outstanding	1,901.2	1,922.9	1,927.4	1,924.5	1,919.0
Shares issued for stock option and stock purchase plans, acquisitions and other corporate purposes	3.7	12.1	10.5	2.9	5.5
Shares repurchased	(20.8)	(33.8)	(15.0)	--	--
Ending shares outstanding	1,884.1	1,901.2	1,922.9	1,927.4	1,924.5

On December 16, 2003, the board of directors of U.S. Bancorp approved an authorization to repurchase 150 million shares of outstanding common stock during the following 24 months. During the second quarter of 2004, the Company repurchased 20.8 million shares of common stock. As of June 30, 2004, there were approximately 87 million shares remaining to be repurchased under the current authorization.

LINE OF BUSINESS FINANCIAL PERFORMANCE*									Table 13
(\$ in millions)									
Business Line	Operating Earnings**			Percent Change		YTD 2004	YTD 2003	Percent Change	2Q 2004 Earnings Composition
	2Q 2004	1Q 2004	2Q 2003	2Q04 vs 1Q04	2Q04 vs 2Q03				
Wholesale Banking	\$265.7	\$249.9	\$210.5	6.3	26.2	\$515.6	\$423.2	21.8	26 %
Consumer Banking***	394.5	283.8	333.2	39.0	18.4	678.3	646.4	4.9	38
Private Client, Trust and Asset Management	109.0	110.0	97.5	(0.9)	11.8	219.0	185.3	18.2	10
Payment Services	176.8	160.9	143.4	9.9	23.3	337.7	276.4	22.2	17
Treasury and Corporate Support	90.9	203.8	137.6	(55.4)	(33.9)	294.7	286.5	2.9	9
Consolidated Company	\$1,036.9	\$1,008.4	\$922.2	2.8	12.4	\$2,045.3	\$1,817.8	12.5	100 %

* preliminary data
 ** earnings before merger and restructuring-related items and discontinued operations
 *** In 2Q04 Consumer Banking's retail banking business grew operating earnings by 22.4 percent and 8.8 percent over 2Q03 and 1Q04, respectively. The Consumer Bank's mortgage banking business profitability declined slightly in 2Q04 from 2Q03, but significantly increased in 2Q04 over 1Q04 due to MSR impairment of \$109.3 million, which the Company elected not to offset by realizing securities gains for the business line in 1Q04.

Lines of Business

Within the Company, financial performance is measured by major lines of business which include Wholesale Banking, Consumer Banking, Private Client, Trust and Asset 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. Designations, assignments and allocations may 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 our diverse customer base. During 2004, 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, depository, treasury management and other financial services to middle market, large corporate and public sector clients. Wholesale Banking contributed \$265.7 million of the Company's operating earnings in the second quarter of 2004, a 26.2 percent increase over the same period of 2003 and a 6.3 percent increase over the first quarter

of 2004. The increase in Wholesale Banking's second quarter 2004 contribution over the second quarter of 2003 was primarily the result of favorable variances in the provision for credit losses (92.3 percent) and total noninterest expense (3.3 percent), partially offset by a decrease in total net revenue (3.5 percent). Total net revenue in the second quarter of 2004 was lower than in the second quarter of 2003, reflecting unfavorable variances in both net interest income (4.9 percent) and noninterest income (.6 percent). The decrease in net interest income was primarily due to a decline in average total loans outstanding (5.2 percent) and average noninterest bearing deposits (14.5 percent) due, in part, to lower deposits held by the Federal government. Although treasury management fees were higher (15.1 percent) year-over-year, the growth was more than offset by unfavorable variances in commercial products revenue (6.3 percent), primarily conduit servicing fees, and other revenue (32.7 percent). The increase in treasury management fees was principally driven by a change during the third quarter of 2003 in the Federal government's payment methodology for treasury management services from maintaining compensating deposit balances to paying fees. Wholesale Banking's favorable variance in total noninterest expense year-over-year was primarily driven by a decline in other expense (30.2 percent), the result of lower loan workout-related expense relative to the second quarter of 2003, partially offset by an increase in net shared services expense (5.9 percent), which is primarily driven by customer transaction volume and account activities. The decrease in the provision for credit losses year-over-year was the result of a reduction in net charge-offs, the result of improving credit quality. The increase in Wholesale Banking's contribution to operating earnings in the second quarter of 2004 over the first quarter of 2004 was the net result of favorable variances in the provision for credit losses (74.7 percent) and total net revenue (.3 percent), partially offset by higher total noninterest expense (1.5 percent). Total net revenue was slightly higher on a linked quarter basis, with a favorable variance in net interest income (1.1 percent), offset by an unfavorable variance in noninterest income (.8 percent). The change in net interest income reflected increases over the prior quarter in the business line's average total loans outstanding (1.0 percent) and average total deposits (2.4 percent). The unfavorable variance quarter-over-quarter in noninterest income was attributed to lower commercial products revenue, partially offset by higher treasury management fees and other revenue. The increase in noninterest expense was principally due to higher net shared services and loan-related expense, offset by lower compensation and employee benefits expense. Lower net

charge-offs from improving credit quality drove the favorable variance in provision for credit losses.

Consumer Banking delivers products and services to the broad consumer market and small businesses through banking offices, telemarketing, on-line services, direct mail and automated teller machines (“ATMs”). It encompasses community banking, metropolitan banking, branch ATM banking, small business banking, including lending guaranteed by the Small Business Administration, small-ticket leasing, consumer lending, mortgage banking, workplace banking, student banking, 24-hour banking, and investment product and insurance sales. Consumer Banking contributed \$394.5 million of the Company’s operating earnings in the second quarter of 2004, an 18.4 percent increase over the same period of 2003 and a 39.0 percent increase over the first quarter of 2004. While the retail banking business segment grew operating earnings by 22.4 percent and 8.8 percent over the second quarter of 2003 and the first quarter of 2004, respectively, the contribution of the mortgage banking business declined slightly year-over-year (3.7 percent), but provided a significant part of the growth for Consumer Banking over the first quarter of 2004. The decrease in the mortgage banking business’s contribution from the second quarter of 2003 was primarily the result of an increase in noninterest expense, excluding the change in MSR valuation, due to an increase in other intangible amortization, the result of the growing servicing portfolio. In the second quarter of 2004, as in the second quarter of 2003, net gains (losses) on securities in the mortgage banking business line were offset by the change in MSR valuation. The mortgage banking business line’s contribution rose in the second quarter of 2004 over the first quarter of 2004, primarily due to a favorable change in the MSR valuation of \$280.4 million, partially offset by the reduction in net gains (losses) on the sale of securities of \$171.1 million. In the first quarter of 2004, the Company elected not to sell higher yielding securities to offset MSR impairment in the mortgage banking business. The mortgage banking business also benefited from growth in both net interest and noninterest income and lower noninterest expense relative to the first quarter of 2004.

For the Consumer Banking business, as a whole, the unfavorable variance in gains (losses) on the sale of securities was offset with the favorable variance in MSR valuation year-over-year. Excluding net gains (losses) on the sale of securities, total net revenue was higher than the same quarter of the 2003 by 6.2 percent, including increases in both net interest income (1.0 percent) and noninterest income (18.2 percent). Consumer Banking’s results also benefited from a reduction in

the provision for credit losses (11.8 percent) and a favorable variance in total noninterest expense, excluding the change in MSR valuations (.6 percent), over the second quarter of 2003. Net interest income improved year-over-year, the result of increases in average loans outstanding (8.6 percent) and a favorable change in the mix of average total deposits, partially offset by declines in the average balance of loans held for sale and in the business line's net interest margin. Noninterest income improved in the second quarter of 2004 over the same period of 2003, primarily due to growth in deposit service charges (13.1 percent), commercial products revenue (47.9 percent), mortgage banking revenue (20.9 percent), investment products fees and commissions (11.7 percent) and other revenue (89.0 percent). Other revenue was higher due to lower lease residual losses and gains on the sale of student loans relative to the second quarter of 2003. Total noninterest expense, excluding the change in MSR valuation (.6 percent), in the second quarter of 2004 was lower than the second quarter of 2003, mainly due to a favorable change in net shared services expense (12.4 percent). A reduction in net charge-offs year-over-year drove the positive variance in the business line's provision for credit losses.

The increase in Consumer Banking's contribution in the second quarter of 2004 over the first quarter of 2004 was primarily the result of a favorable change in the MSR valuation of \$280.4 million, partially offset by the reduction in net gains (losses) on the sale of securities of \$171.1 million. In the first quarter of 2004, the Company elected not to sell higher yielding securities to offset MSR impairment in the mortgage banking business segment. Excluding the impact of the change in MSR and net gains (losses) on the sale of securities, Consumer Banking's contribution for the current quarter rose by 11.7 percent over the first quarter of 2004. The increase was primarily due to an increase in total net revenue, excluding net gains (losses) on the sale of securities (5.0 percent), and a reduction in the provision for credit losses (12.8 percent). Offsetting these favorable variances were higher noninterest expense, excluding the change in MSR valuation (2.2 percent). The growth in noninterest income, excluding net gains (losses) on the sale of securities, quarter-over-quarter was driven by deposit service charges, commercial products revenue, mortgage banking revenue, investment products fees and commissions and other revenue. The unfavorable variance in noninterest expense, excluding the change in MSR valuation, quarter-over-quarter was primarily the result of higher net shared services expense and other expense.

Private Client, Trust and Asset Management provides trust, private banking, financial advisory, investment management and mutual fund and alternative investment product services through five businesses: Private Client Group, Corporate Trust, Asset Management, Institutional Trust, and Custody and Fund Services, LLC. Private Client, Trust and Asset Management contributed \$109.0 million of the Company's operating earnings in the second quarter of 2004, 11.8 percent higher than the same period of 2003 and .9 percent lower than the first quarter of 2004. The favorable variance in the business line's contribution in the second quarter of 2004 over the second quarter of 2003 was the result of favorable variances in total net revenue (7.6 percent) and total noninterest expense (.7 percent), partially offset by a \$7.3 million increase in the provision for credit losses. Higher average loans outstanding (3.4 percent) and total deposits (34.0 percent) favorably impacted net interest income year-over-year, while noninterest income benefited from higher trust and investment management fees due to improving equity market valuations and net new account growth. The slight decrease in the business line's contribution (.9 percent) in the second quarter of 2004 from the first quarter of 2004 was the result of higher total net revenue (2.7 percent), offset by higher total noninterest expense (1.6 percent) and a \$7.9 million increase in the provision for credit losses, the result of higher net charge-offs in the second quarter of 2004. The increase in net interest income from the first quarter of 2004 to the second quarter of 2004 was primarily driven by an increase in average loans outstanding (2.2 percent) and total deposits (3.1 percent), while noninterest income benefited from tax preparation fees and net new account growth.

Payment Services includes consumer and business credit cards, corporate and purchasing card services, consumer lines of credit, ATM processing, merchant processing, and debit cards. Payment Services contributed \$176.8 million of the Company's operating earnings in the second quarter of 2004, a 23.3 percent increase over the same period of 2003, and a 9.9 percent increase over the first quarter of 2004. The increase in Payment Services' contribution in the second quarter of 2004 from the same period of 2003 was the result of higher total net revenue (10.0 percent) and a lower provision for credit losses (9.6 percent), partially offset by an increase in total noninterest expense (5.8 percent). The increase in total net revenue year-over-year was primarily due to growth in noninterest income (14.4 percent), partially offset by lower net interest income (2.3 percent), which primarily reflected higher corporate card rebates and a reduction in late fees relative to the prior year's quarter. The increase in noninterest income was principally the result of

growth in credit and debit card revenue (11.5 percent), corporate payment products revenue (13.0 percent), ATM processing service revenue (10.6 percent) and merchant processing services revenue (16.4 percent). Although credit and debit card revenue was negatively impacted in the second quarter of 2004 by the VISA debit card settlement and higher customer loyalty rewards expense, increases in transaction volumes and other rate adjustments more than offset these detrimental changes. The growth in total noninterest expense year-over-year primarily reflected an increase in processing expense related to the revenue growth. The increase in Payment Services' contribution in the second quarter of 2004 over the first quarter of 2004 was primarily due to seasonally strong total net revenue (8.1 percent), offset by a slight increase in the provision for credit losses (2.4 percent) and an increase in total noninterest expense (8.5 percent), the result of the increase in processing related expense.

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 expenses associated with business activities managed on a corporate basis, including enterprise-wide operations and administrative support functions. Operational expenses incurred by Treasury and Corporate Support on behalf of the other business lines are allocated back primarily based on customer transaction volume and account activities to the appropriate business unit and are identified as net shared services expense. Treasury and Corporate Support recorded operating earnings of \$90.9 million in the second quarter of 2004, compared with operating earnings of \$137.6 million in the second quarter of 2003 and \$203.8 million in the first quarter of 2004. The decrease in operating earnings in the current quarter from the second quarter of 2003 was largely due to lower total net revenue (6.5 percent) and higher total noninterest expense (45.8 percent). Lower net revenue reflected the Company's asset/liability management decisions to invest in lower-yield floating-rate securities, higher-cost fixed funding and repositioning of the balance sheet for changes in the interest rate environment. The increase in total noninterest expense year-over-year reflected higher performance and stock-based compensation costs during 2004. The unfavorable variance in operating earnings in the second quarter of 2004 from the first quarter of 2004 was principally the net result of a \$90.0 million credit in income tax expense and a \$35.4 million charge associated with the prepayment of debt, both of which were recorded in the first quarter of 2004. In addition, total net revenue declined 8.1 percent quarter-over-quarter, primarily due to the reduction in the

investment securities portfolio and continuing asset/liability management decisions of the Company.

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

CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER, JERRY A. GRUNDHOFER, AND VICE CHAIRMAN AND CHIEF FINANCIAL OFFICER, DAVID M. MOFFETT, WILL HOST A CONFERENCE CALL TO REVIEW THE FINANCIAL RESULTS ON TUESDAY, July 20, 2004, AT 1:00 p.m. (CDT). To access the conference call, please dial 800-540-0559 and ask for the U.S. Bancorp earnings conference call. Participants calling from outside the United States, please call 785-832-1508. 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, July 20, 2004, and will run through Tuesday, July 27, 2004, at 11:00 p.m. (CDT). To access the recorded message dial 888-567-0677. If calling from outside the United States, please dial 402-530-0419. After July 27th, a recording of the call will continue to be available by webcast on the U.S. Bancorp web site at usbank.com.

Minneapolis-based U.S. Bancorp ("USB"), with \$190 billion in assets, is the 6th largest financial services holding company in the United States. The company operates 2,315 banking offices and 4,565 ATMs, 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.

Forward-Looking Statements

This press release contains forward-looking statements. 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 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 the following, in addition to those contained in the Company's reports on file with the SEC: (i) general economic or industry conditions could be less favorable than expected, resulting in a deterioration in credit quality, a change in the allowance for credit losses, or a reduced demand for credit or fee-based products and services; (ii) changes in the domestic interest rate environment could reduce net interest income and could increase credit losses; (iii) inflation, changes in securities market conditions and monetary fluctuations could adversely affect the value or credit quality of the Company's assets, or the availability and terms of funding necessary to meet the Company's liquidity needs; (iv) changes in the extensive laws, regulations and policies governing financial services companies could alter the Company's business environment or affect operations; (v) the potential need to adapt to industry changes in information technology systems, on which the Company is highly dependent, could present operational issues or require significant capital spending; (vi) competitive pressures could intensify and affect the Company's profitability, including as a result of continued industry consolidation, the increased availability of financial services from non-banks, technological developments, or bank regulatory reform; (vii) changes in consumer spending and savings habits could adversely affect the Company's results of operations; (viii) changes in the financial performance and condition of the Company's borrowers could negatively affect repayment of such borrowers' loans; (ix) acquisitions may not produce revenue enhancements or cost savings at levels or within time frames originally anticipated, or may result in unforeseen integration difficulties; (x) capital investments in the Company's businesses may not produce expected growth in earnings anticipated at the time of the expenditure; and (xi) acts or threats of terrorism, and/or political and military actions taken by the U.S. or other governments in response to acts or threats of terrorism or otherwise could adversely affect general economic or industry conditions. 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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(MORE)

U.S. Bancorp
Consolidated Statement of Income

(Dollars and Shares in Millions, Except Per Share Data) (Unaudited)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2004	2003	2004	2003
Interest Income				
Loans	\$1,740.0	\$1,821.0	\$3,487.0	\$3,657.7
Loans held for sale	27.3	51.8	47.2	111.4
Investment securities				
Taxable	438.7	422.4	902.7	818.5
Non-taxable	4.7	7.5	10.0	16.4
Other interest income	25.5	25.1	47.4	55.0
Total interest income	2,236.2	2,327.8	4,494.3	4,659.0
Interest Expense				
Deposits	205.3	288.5	432.3	595.1
Short-term borrowings	58.9	38.9	108.8	78.4
Long-term debt	174.8	184.0	360.7	368.3
Junior subordinated debentures	24.8	24.5	48.3	55.9
Total interest expense	463.8	535.9	950.1	1,097.7
Net interest income	1,772.4	1,791.9	3,544.2	3,561.3
Provision for credit losses	204.5	323.0	439.5	658.0
Net interest income after provision for credit losses	1,567.9	1,468.9	3,104.7	2,903.3
Noninterest Income				
Credit and debit card revenue	158.8	142.3	300.6	269.7
Corporate payment products revenue	102.7	90.9	197.5	176.9
ATM processing services	44.9	41.9	87.1	84.3
Merchant processing services	165.1	141.8	306.2	269.1
Trust and investment management fees	251.7	238.9	500.3	467.5
Deposit service charges	202.1	179.0	387.3	342.2
Treasury management fees	121.5	111.8	239.0	223.8
Commercial products revenue	107.4	100.0	217.8	204.2
Mortgage banking revenue	109.9	90.3	204.1	185.7
Investment products fees and commissions	42.2	38.1	81.5	73.2
Securities gains (losses), net	(171.7)	213.1	(171.7)	353.8
Other	107.1	84.8	210.3	188.6
Total noninterest income	1,241.7	1,472.9	2,560.0	2,839.0
Noninterest Expense				
Compensation	572.6	547.6	1,108.4	1,093.6
Employee benefits	91.2	79.6	191.4	171.3
Net occupancy and equipment	153.4	159.5	309.1	320.8
Professional services	34.7	32.9	67.1	59.3
Marketing and business development	48.7	51.1	84.0	80.9
Technology and communications	102.4	104.1	204.1	209.0
Postage, printing and supplies	60.5	61.8	122.1	122.2
Other intangibles	(47.6)	312.3	178.5	547.4
Merger and restructuring-related charges	--	10.8	--	28.4
Other	216.7	186.9	422.8	368.3
Total noninterest expense	1,232.6	1,546.6	2,687.5	3,001.2
Income from continuing operations before income taxes	1,577.0	1,395.2	2,977.2	2,741.1
Applicable income taxes	540.1	480.2	931.9	942.0
Income from continuing operations	1,036.9	915.0	2,045.3	1,799.1
Income from discontinued operations (after-tax)	--	4.9	--	5.6
Net income	\$1,036.9	\$919.9	\$2,045.3	\$1,804.7
Earnings Per Share				
Income from continuing operations	\$.55	\$.48	\$1.07	\$.94
Discontinued operations	--	--	--	--
Net income	\$.55	\$.48	\$1.07	\$.94
Diluted Earnings Per Share				
Income from continuing operations	\$.54	\$.47	\$1.06	\$.93
Discontinued operations	--	.01	--	.01
Net income	\$.54	\$.48	\$1.06	\$.94
Dividends declared per share	\$.240	\$.205	\$.480	\$.410
Average common shares outstanding	1,891.6	1,922.3	1,903.5	1,920.6
Average diluted common shares outstanding	1,913.4	1,931.6	1,927.3	1,928.6

U.S. Bancorp

Consolidated Ending Balance Sheet

(Dollars in Millions)	June 30, 2004	December 31, 2003	June 30, 2003
Assets	(Unaudited)		(Unaudited)
Cash and due from banks	\$7,476	\$8,630	\$11,795
Investment securities			
Held-to-maturity	125	152	188
Available-for-sale	40,160	43,182	35,390
Loans held for sale	1,383	1,433	3,791
Loans			
Commercial	40,065	38,526	42,238
Commercial real estate	27,204	27,242	27,259
Residential mortgages	14,380	13,457	11,712
Retail	41,181	39,010	38,214
Total loans	122,830	118,235	119,423
Less allowance for loan losses	(2,244)	(2,369)	(2,368)
Net loans	120,586	115,866	117,055
Premises and equipment	1,893	1,957	2,064
Customers' liability on acceptances	169	121	148
Goodwill	6,226	6,025	6,329
Other intangible assets	2,475	2,124	1,984
Other assets	9,737	9,796	16,155
Total assets	\$190,230	\$189,286	\$194,899
Liabilities and Shareholders' Equity			
Deposits			
Noninterest-bearing	\$32,786	\$32,470	\$44,465
Interest-bearing	71,314	74,749	72,315
Time deposits greater than \$100,000	15,827	11,833	9,547
Total deposits	119,927	119,052	126,327
Short-term borrowings	11,592	10,850	7,387
Long-term debt	31,013	31,215	31,379
Junior subordinated debentures	2,652	2,601	2,652
Acceptances outstanding	169	121	148
Other liabilities	6,202	6,205	7,485
Total liabilities	171,555	170,044	175,378
Shareholders' equity			
Common stock	20	20	20
Capital surplus	5,860	5,851	5,836
Retained earnings	15,644	14,508	14,121
Less treasury stock	(2,316)	(1,205)	(1,092)
Other comprehensive income	(533)	68	636
Total shareholders' equity	18,675	19,242	19,521
Total liabilities and shareholders' equity	\$190,230	\$189,286	\$194,899

Supplemental Analyst Schedules

2Q 2004

U.S. Bancorp

Income Statement Highlights

Financial Results and Ratios on an Operating Basis
(Excluding Merger and Restructuring-Related Items and Discontinued Operations)

(Dollars and Shares in Millions, Except Per Share Data) (Unaudited)	Three Months Ended			Percent Change v. June 30, 2004	
	June 30, 2004	March 31, 2004	June 30, 2003	March 31, 2004	June 30, 2003
Net interest income (taxable-equivalent basis)	\$1,779.4	\$1,779.0	\$1,798.6	-- %	(1.1) %
Noninterest income	1,241.7	1,318.3	1,472.9	(5.8)	(15.7)
Total net revenue	3,021.1	3,097.3	3,271.5	(2.5)	(7.7)
Noninterest expense	1,232.6	1,454.9	1,535.8	(15.3)	(19.7)
Operating earnings before provision and income taxes	1,788.5	1,642.4	1,735.7	8.9	3.0
Provision for credit losses	204.5	235.0	323.0	(13.0)	(36.7)
Operating earnings before income taxes	1,584.0	1,407.4	1,412.7	12.5	12.1
Taxable-equivalent adjustment	7.0	7.2	6.7	(2.8)	4.5
Applicable income taxes	540.1	391.8	483.8	37.9	11.6
Operating earnings	1,036.9	1,008.4	922.2	2.8	12.4
Merger and restructuring-related items (after-tax)	--	--	(7.2)	--	*
Discontinued operations (after-tax)	--	--	4.9	--	*
Net income in accordance with GAAP	\$1,036.9	\$1,008.4	\$919.9	2.8	12.7
Diluted Earnings Per Share					
Operating earnings	\$.54	\$.52	\$.48	3.8	12.5
Net income	.54	.52	.48	3.8	12.5
Financial Ratios on an Operating Basis					
Net interest margin**	4.28 %	4.29 %	4.52 %		
Interest yield on average loans**	5.79	5.93	6.21		
Rate paid on interest-bearing liabilities	1.38	1.45	1.68		
Return on average assets	2.19	2.14	1.98		
Return on average equity	21.9	20.7	19.0		
Efficiency ratio***	38.6	47.0	50.2		
Tangible efficiency ratio****	40.1	39.7	40.0		

* Not meaningful

** On a taxable-equivalent basis

*** 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

**** 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

Income Statement Highlights

Financial Results and Ratios on an Operating Basis

(Excluding Merger and Restructuring-Related Items and Discontinued Operations)

(Dollars and Shares in Millions, Except Per Share Data) (Unaudited)	Six Months Ended		Percent Change
	June 30, 2004	June 30, 2003	
Net interest income (taxable-equivalent basis)	\$3,558.4	\$3,575.3	(.5) %
Noninterest income	2,560.0	2,839.0	(9.8)
Total net revenue	6,118.4	6,414.3	(4.6)
Noninterest expense	2,687.5	2,972.8	(9.6)
Operating earnings before provision and income taxes	3,430.9	3,441.5	(.3)
Provision for credit losses	439.5	658.0	(33.2)
Operating earnings before income taxes	2,991.4	2,783.5	7.5
Taxable-equivalent adjustment	14.2	14.0	1.4
Applicable income taxes	931.9	951.7	(2.1)
Operating earnings	2,045.3	1,817.8	12.5
Merger and restructuring-related items (after-tax)	--	(18.7)	*
Discontinued operations (after-tax)	--	5.6	*
Net income in accordance with GAAP	\$2,045.3	\$1,804.7	13.3
Diluted Earnings Per Share			
Operating earnings	\$1.06	\$.94	12.8
Net income	1.06	.94	12.8
Financial Ratios on an Operating Basis			
Net interest margin**	4.28 %	4.56 %	
Interest yield on average loans**	5.86	6.31	
Rate paid on interest-bearing liabilities	1.42	1.75	
Return on average assets	2.16	1.98	
Return on average equity	21.3	19.2	
Efficiency ratio***	42.7	49.1	
Tangible efficiency ratio****	39.9	40.0	

* Not meaningful

** On a taxable-equivalent basis

*** 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

**** 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

Quarterly Consolidated Statement of Income - Operating Basis

Financial Results and Ratios on an Operating Basis

(Excluding Merger and Restructuring-Related Items and Discontinued Operations)

(Dollars and Shares in Millions, Except Per Share Data) (Unaudited)	Three Months Ended				
	June 30, 2004	March 31, 2004	December 31, 2003	September 30, 2003	June 30, 2003
Net interest income (taxable-equivalent basis)	\$1,779.4	\$1,779.0	\$1,816.7	\$1,825.5	\$1,798.6
Noninterest Income					
Credit and debit card revenue	158.8	141.8	153.4	137.6	142.3
Corporate payment products revenue	102.7	94.8	88.7	95.7	90.9
ATM processing services	44.9	42.2	40.3	41.3	41.9
Merchant processing services	165.1	141.1	146.0	146.3	141.8
Trust and investment management fees	251.7	248.6	246.6	239.8	238.9
Deposit service charges	202.1	185.2	186.6	187.0	179.0
Treasury management fees	121.5	117.5	116.3	126.2	111.8
Commercial products revenue	107.4	110.4	98.5	97.8	100.0
Mortgage banking revenue	109.9	94.2	91.9	89.5	90.3
Investment products fees and commissions	42.2	39.3	36.2	35.5	38.1
Securities gains (losses), net	(171.7)	--	(.1)	(108.9)	213.1
Other	107.1	103.2	92.2	89.6	84.8
Total noninterest income	1,241.7	1,318.3	1,296.6	1,177.4	1,472.9
Total net revenue	3,021.1	3,097.3	3,113.3	3,002.9	3,271.5
Noninterest Expense					
Compensation	572.6	535.8	539.4	543.8	547.6
Employee benefits	91.2	100.2	81.3	75.8	79.6
Net occupancy and equipment	153.4	155.7	161.6	161.3	159.5
Professional services	34.7	32.4	44.2	39.9	32.9
Marketing and business development	48.7	35.3	50.8	48.6	51.1
Technology and communications	102.4	101.7	106.3	102.1	104.1
Postage, printing and supplies	60.5	61.6	61.8	61.6	61.8
Other intangibles	(47.6)	226.1	124.2	10.8	312.3
Other	216.7	206.1	165.2	199.2	186.9
Total noninterest expense	1,232.6	1,454.9	1,334.8	1,243.1	1,535.8
Operating earnings before provision and income taxes	1,788.5	1,642.4	1,778.5	1,759.8	1,735.7
Provision for credit losses	204.5	235.0	286.0	310.0	323.0
Operating earnings before income taxes	1,584.0	1,407.4	1,492.5	1,449.8	1,412.7
Taxable-equivalent adjustment	7.0	7.2	7.2	7.0	6.7
Applicable income taxes	540.1	391.8	510.0	495.4	483.8
Operating earnings	1,036.9	1,008.4	975.3	947.4	922.2
Merger and restructuring-related items (after-tax)	--	--	(5.0)	(6.7)	(7.2)
Discontinued operations (after-tax)	--	--	6.7	10.2	4.9
Net income in accordance with GAAP	\$1,036.9	\$1,008.4	\$977.0	\$950.9	\$919.9
Diluted Earnings Per Share					
Average diluted common shares outstanding	1,913.4	1,941.1	1,950.8	1,939.8	1,931.6
Diluted operating earnings per share	\$.54	\$.52	\$.50	\$.49	\$.48
Financial Ratios on an Operating Basis					
Net interest margin*	4.28 %	4.29 %	4.42 %	4.43 %	4.52 %
Interest yield on average loans*	5.79	5.93	5.99	6.03	6.21
Rate paid on interest-bearing liabilities	1.38	1.45	1.44	1.49	1.68
Return on average assets	2.19	2.14	2.04	1.98	1.98
Return on average equity	21.9	20.7	19.3	19.4	19.0
Efficiency ratio**	38.6	47.0	42.9	39.9	50.2
Tangible efficiency ratio***	40.1	39.7	38.9	39.6	40.0

* On a taxable-equivalent basis

** 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

*** 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

Quarterly Consolidated Statement of Income - GAAP Basis

(Dollars and Shares in Millions, Except Per Share Data) (Unaudited)	Three Months Ended				
	June 30, 2004	March 31, 2004	December 31, 2003	September 30, 2003	June 30, 2003
Interest Income					
Loans	\$1,740.0	\$1,747.0	\$1,796.0	\$1,818.3	\$1,821.0
Loans held for sale	27.3	19.9	31.3	59.5	51.8
Investment securities					
Taxable	438.7	464.0	432.5	403.6	422.4
Non-taxable	4.7	5.3	6.3	6.7	7.5
Other interest income	25.5	21.9	21.6	23.2	25.1
Total interest income	2,236.2	2,258.1	2,287.7	2,311.3	2,327.8
Interest Expense					
Deposits	205.3	227.0	245.1	256.4	288.5
Short-term borrowings	58.9	49.9	43.5	44.9	38.9
Long-term debt	174.8	185.9	166.0	167.9	184.0
Junior subordinated debentures	24.8	23.5	23.6	23.6	24.5
Total interest expense	463.8	486.3	478.2	492.8	535.9
Net interest income	1,772.4	1,771.8	1,809.5	1,818.5	1,791.9
Provision for credit losses	204.5	235.0	286.0	310.0	323.0
Net interest income after provision for credit losses	1,567.9	1,536.8	1,523.5	1,508.5	1,468.9
Noninterest Income					
Credit and debit card revenue	158.8	141.8	153.4	137.6	142.3
Corporate payment products revenue	102.7	94.8	88.7	95.7	90.9
ATM processing services	44.9	42.2	40.3	41.3	41.9
Merchant processing services	165.1	141.1	146.0	146.3	141.8
Trust and investment management fees	251.7	248.6	246.6	239.8	238.9
Deposit service charges	202.1	185.2	186.6	187.0	179.0
Treasury management fees	121.5	117.5	116.3	126.2	111.8
Commercial products revenue	107.4	110.4	98.5	97.8	100.0
Mortgage banking revenue	109.9	94.2	91.9	89.5	90.3
Investment products fees and commissions	42.2	39.3	36.2	35.5	38.1
Securities gains (losses), net	(171.7)	--	(.1)	(108.9)	213.1
Other	107.1	103.2	92.2	89.6	84.8
Total noninterest income	1,241.7	1,318.3	1,296.6	1,177.4	1,472.9
Noninterest Expense					
Compensation	572.6	535.8	539.4	543.8	547.6
Employee benefits	91.2	100.2	81.3	75.8	79.6
Net occupancy and equipment	153.4	155.7	161.6	161.3	159.5
Professional services	34.7	32.4	44.2	39.9	32.9
Marketing and business development	48.7	35.3	50.8	48.6	51.1
Technology and communications	102.4	101.7	106.3	102.1	104.1
Postage, printing and supplies	60.5	61.6	61.8	61.6	61.8
Other intangibles	(47.6)	226.1	124.2	10.8	312.3
Merger and restructuring-related charges	--	--	7.6	10.2	10.8
Other	216.7	206.1	165.2	199.2	186.9
Total noninterest expense	1,232.6	1,454.9	1,342.4	1,253.3	1,546.6
Income from continuing operations before income taxes	1,577.0	1,400.2	1,477.7	1,432.6	1,395.2
Applicable income taxes	540.1	391.8	507.4	491.9	480.2
Income from continuing operations	1,036.9	1,008.4	970.3	940.7	915.0
Income from discontinued operations (after-tax)	--	--	6.7	10.2	4.9
Net income	\$1,036.9	\$1,008.4	\$977.0	\$950.9	\$919.9
Earnings Per Share					
Income from continuing operations	\$.55	\$.53	\$.50	\$.49	\$.48
Discontinued operations	--	--	.01	--	--
Net income	\$.55	\$.53	\$.51	\$.49	\$.48
Diluted Earnings Per Share					
Income from continuing operations	\$.54	\$.52	\$.50	\$.48	\$.47
Discontinued operations	--	--	--	.01	.01
Net income	\$.54	\$.52	\$.50	\$.49	\$.48
Dividends declared per share	\$.240	\$.240	\$.240	\$.205	\$.205
Average common shares outstanding	1,891.6	1,915.4	1,927.3	1,926.0	1,922.3
Average diluted common shares outstanding	1,913.4	1,941.1	1,950.8	1,939.8	1,931.6

U.S. Bancorp

Reconciliation of Operating Earnings to Net Income in Accordance with GAAP

(Dollars in Millions, Except Per Share Data) (Unaudited)	Three Months Ended				
	June 30, 2004	March 31, 2004	December 31, 2003	September 30, 2003	June 30, 2003
Operating earnings	\$1,036.9	\$1,008.4	\$975.3	\$947.4	\$922.2
Merger and restructuring-related items					
Integration, conversion and other charges	--	--	(7.6)	(10.2)	(10.8)
Applicable tax benefit	--	--	2.6	3.5	3.6
Total merger and restructuring-related items (after-tax)	--	--	(5.0)	(6.7)	(7.2)
Discontinued operations (after-tax)	--	--	6.7	10.2	4.9
Net income in accordance with GAAP	\$1,036.9	\$1,008.4	\$977.0	\$950.9	\$919.9
Diluted Earnings Per Share					
Operating earnings	\$.54	\$.52	\$.50	\$.49	\$.48
Merger and restructuring-related items (after-tax)	--	--	--	(.01)	(.01)
Discontinued operations (after-tax)	--	--	--	.01	.01
Net income in accordance with GAAP	\$.54	\$.52	\$.50	\$.49	\$.48
Financial Ratios					
Return on average assets	2.19 %	2.14 %	2.05 %	1.98 %	1.97 %
Return on average equity	21.9	20.7	19.4	19.5	19.0
Efficiency ratio*	38.6	47.0	43.1	40.3	50.6
Financial Ratios on an Operating Basis					
Return on average assets	2.19 %	2.14 %	2.04 %	1.98 %	1.98 %
Return on average equity	21.9	20.7	19.3	19.4	19.0
Efficiency ratio*	38.6	47.0	42.9	39.9	50.2

* 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

U.S. Bancorp analyzes its performance on a net income basis determined in accordance with accounting principles generally accepted in the United States, as well as on an operating basis before merger and restructuring-related items and discontinued operations, referred to as "operating earnings." Management believes that separately capturing merger and restructuring-related items in the income statement is important because each transaction is discrete, and the amount and nature of the non-recurring items can vary significantly from transaction to transaction. Moreover, merger and restructuring-related items are not incurred in connection with the core operations of the business and their separate disclosure provides more transparent financial information about the Company. Operating earnings are presented as supplementary information to enhance the reader's understanding of, and highlight trends in, the Company's core financial results by excluding the effects of discrete business acquisitions and restructuring activities. Operating earnings should not be viewed as a substitute for net income and earnings per share as determined in accordance with accounting principles generally accepted in the United States. Merger and restructuring-related items excluded from net income to derive operating earnings may be significant and not comparable to other companies.

U.S. Bancorp

Reconciliation of Operating Earnings to Net Income in Accordance with GAAP

(Dollars in Millions, Except Per Share Data) (Unaudited)	Six Months Ended	
	June 30, 2004	June 30, 2003
Operating earnings	\$2,045.3	\$1,817.8
Merger and restructuring-related items		
Integration, conversion and other charges	--	(28.4)
Applicable tax benefit	--	9.7
Total merger and restructuring-related items (after-tax)	--	(18.7)
Discontinued operations (after-tax)	--	5.6
Net income in accordance with GAAP	\$2,045.3	\$1,804.7

Diluted Earnings Per Share

Operating earnings	\$1.06	\$.94
Merger and restructuring-related items (after-tax)	--	(.01)
Discontinued operations (after-tax)	--	.01
Net income in accordance with GAAP	\$1.06	\$.94

Financial Ratios

Return on average assets	2.16 %	1.96 %
Return on average equity	21.3	19.0
Efficiency ratio*	42.7	49.5

Financial Ratios on an Operating Basis

Return on average assets	2.16 %	1.98 %
Return on average equity	21.3	19.2
Efficiency ratio*	42.7	49.1

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

U.S. Bancorp analyzes its performance on a net income basis determined in accordance with accounting principles generally accepted in the United States, as well as on an operating basis before merger and restructuring-related items and discontinued operations, referred to as "operating earnings." Management believes that separately capturing merger and restructuring-related items in the income statement is important because each transaction is discrete, and the amount and nature of the non-recurring items can vary significantly from transaction to transaction. Moreover, merger and restructuring-related items are not incurred in connection with the core operations of the business and their separate disclosure provides more transparent financial information about the Company. Operating earnings are presented as supplementary information to enhance the reader's understanding of, and highlight trends in, the Company's core financial results by excluding the effects of discrete business acquisitions and restructuring activities. Operating earnings should not be viewed as a substitute for net income and earnings per share as determined in accordance with accounting principles generally accepted in the United States. Merger and restructuring-related items excluded from net income to derive operating earnings may be significant and not comparable to other companies.

U.S. Bancorp

Consolidated Ending Balance Sheet

(Dollars in Millions)	June 30, 2004	March 31, 2004	December 31, 2003	September 30, 2003	June 30, 2003
Assets	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)
Cash and due from banks	\$7,476	\$7,177	\$8,630	\$9,187	\$11,795
Investment securities					
Held-to-maturity	125	137	152	180	188
Available-for-sale	40,160	45,268	43,182	34,835	35,390
Loans held for sale	1,383	1,644	1,433	3,640	3,791
Loans					
Commercial	40,065	39,006	38,526	41,170	42,238
Commercial real estate	27,204	27,215	27,242	27,242	27,259
Residential mortgages	14,380	13,717	13,457	12,976	11,712
Retail	41,181	39,945	39,010	38,494	38,214
Total loans	122,830	119,883	118,235	119,882	119,423
Less allowance for loan losses	(2,244)	(2,238)	(2,369)	(2,368)	(2,368)
Net loans	120,586	117,645	115,866	117,514	117,055
Premises and equipment	1,893	1,924	1,957	2,028	2,064
Customers' liability on acceptances	169	148	121	143	148
Goodwill	6,226	6,095	6,025	6,329	6,329
Other intangible assets	2,475	2,025	2,124	2,138	1,984
Other assets	9,737	10,030	9,796	12,841	16,155
Total assets	\$190,230	\$192,093	\$189,286	\$188,835	\$194,899
Liabilities and Shareholders' Equity					
Deposits					
Noninterest-bearing	\$32,786	\$31,086	\$32,470	\$32,441	\$44,465
Interest-bearing	71,314	74,262	74,749	74,419	72,315
Time deposits greater than \$100,000	15,827	13,616	11,833	8,183	9,547
Total deposits	119,927	118,964	119,052	115,043	126,327
Short-term borrowings	11,592	13,431	10,850	12,864	7,387
Long-term debt	31,013	30,851	31,215	31,603	31,379
Junior subordinated debentures	2,652	2,717	2,601	2,605	2,652
Acceptances outstanding	169	148	121	143	148
Other liabilities	6,202	6,530	6,205	6,806	7,485
Total liabilities	171,555	172,641	170,044	169,064	175,378
Shareholders' equity					
Common stock	20	20	20	20	20
Capital surplus	5,860	5,832	5,851	5,853	5,836
Retained earnings	15,644	15,059	14,508	14,677	14,121
Less treasury stock	(2,316)	(1,853)	(1,205)	(1,031)	(1,092)
Other comprehensive income	(533)	394	68	252	636
Total shareholders' equity	18,675	19,452	19,242	19,771	19,521
Total liabilities and shareholders' equity	\$190,230	\$192,093	\$189,286	\$188,835	\$194,899

U.S. Bancorp

Consolidated Quarterly Average Balance Sheet

(Dollars in Millions, Unaudited)	June 30, 2004	March 31, 2004	December 31, 2003	September 30, 2003	June 30, 2003
Assets					
Taxable securities	\$42,102	\$44,307	\$40,261	\$37,221	\$35,517
Non-taxable securities	387	437	513	556	625
Loans held for sale	1,987	1,445	2,246	4,460	3,728
Loans					
Commercial					
Commercial	34,484	33,629	35,080	36,958	36,581
Lease financing	4,846	4,902	4,959	5,022	5,121
Total commercial	39,330	38,531	40,039	41,980	41,702
Commercial real estate					
Commercial mortgages	20,477	20,554	20,230	20,089	20,105
Construction and development	6,639	6,556	7,060	7,308	6,984
Total commercial real estate	27,116	27,110	27,290	27,397	27,089
Residential mortgages	14,052	13,610	13,374	12,234	11,012
Retail					
Credit card	5,989	5,878	5,713	5,606	5,388
Retail leasing	6,484	6,192	5,895	5,806	5,762
Home equity and second mortgages	13,775	13,376	13,084	13,093	13,316
Other retail	14,415	14,113	13,905	13,866	13,534
Total retail	40,663	39,559	38,597	38,371	38,000
Total loans	121,161	118,810	119,300	119,982	117,803
Other earning assets	1,353	1,360	1,385	1,646	1,752
Total earning assets	166,990	166,359	163,705	163,865	159,425
Allowance for loan losses	(2,289)	(2,431)	(2,441)	(2,451)	(2,472)
Unrealized gain (loss) on available-for-sale securities	(729)	(14)	(267)	(544)	694
Other assets	26,458	25,749	28,458	29,371	29,408
Total assets	\$190,430	\$189,663	\$189,455	\$190,241	\$187,055
Liabilities and Shareholders' Equity					
Noninterest-bearing deposits	\$30,607	\$29,025	\$29,647	\$31,907	\$32,515
Interest-bearing deposits					
Interest checking	20,739	20,948	20,595	20,148	18,090
Money market accounts	34,242	34,397	35,351	33,980	31,134
Savings accounts	5,936	5,898	5,708	5,846	5,614
Time certificates of deposit less than \$100,000	13,021	13,618	14,182	14,824	15,790
Time deposits greater than \$100,000	12,571	12,133	10,786	11,251	13,008
Total interest-bearing deposits	86,509	86,994	86,622	86,049	83,636
Short-term borrowings	15,310	13,419	11,926	11,850	8,982
Long-term debt	30,354	31,927	30,861	31,218	32,273
Junior subordinated debentures	2,646	2,626	2,581	2,576	2,661
Total interest-bearing liabilities	134,819	134,966	131,990	131,693	127,552
Other liabilities	5,961	6,088	7,812	7,281	7,553
Shareholders' equity	19,043	19,584	20,006	19,360	19,435
Total liabilities and shareholders' equity	\$190,430	\$189,663	\$189,455	\$190,241	\$187,055

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

For the Three Months Ended
June 30, 2004 June 30, 2003

(Dollars in Millions, Unaudited)	Average Balances	Interest	Yields and Rates	Average Balances	Interest	Yields and Rates	% Change Average Balances
Assets							
Taxable securities	\$42,102	\$438.7	4.17 %	\$35,517	\$422.4	4.76 %	18.5 %
Non-taxable securities	387	6.9	7.10	625	10.8	6.89	(38.1)
Loans held for sale	1,987	27.3	5.49	3,728	51.8	5.56	(46.7)
Loans (b)							
Commercial	39,330	542.3	5.54	41,702	584.5	5.62	(5.7)
Commercial real estate	27,116	372.7	5.53	27,089	400.5	5.93	.1
Residential mortgages	14,052	199.5	5.69	11,012	172.3	6.27	27.6
Retail	40,663	630.2	6.23	38,000	667.2	7.04	7.0
Total loans	<u>121,161</u>	<u>1,744.7</u>	5.79	<u>117,803</u>	<u>1,824.5</u>	6.21	2.9
Other earning assets	1,353	25.6	7.61	1,752	25.0	5.74	(22.8)
Total earning assets	<u>166,990</u>	<u>2,243.2</u>	5.39	<u>159,425</u>	<u>2,334.5</u>	5.87	4.7
Allowance for loan losses	(2,289)			(2,472)			(7.4)
Unrealized gain (loss) on available-for-sale securities	(729)			694			*
Other assets (c)	26,458			29,408			(10.0)
Total assets	<u>\$190,430</u>			<u>\$187,055</u>			1.8
Liabilities and Shareholders' Equity							
Noninterest-bearing deposits	\$30,607			\$32,515			(5.9)
Interest-bearing deposits							
Interest checking	20,739	14.5	.28	18,090	21.6	.48	14.6
Money market accounts	34,242	56.8	.67	31,134	84.0	1.08	10.0
Savings accounts	5,936	3.6	.24	5,614	6.0	.43	5.7
Time certificates of deposit less than \$100,000	13,021	83.5	2.58	15,790	115.0	2.92	(17.5)
Time deposits greater than \$100,000	12,571	46.9	1.50	13,008	61.9	1.91	(3.4)
Total interest-bearing deposits	<u>86,509</u>	<u>205.3</u>	.95	<u>83,636</u>	<u>288.5</u>	1.38	3.4
Short-term borrowings	15,310	58.9	1.55	8,982	38.9	1.74	70.5
Long-term debt	30,354	174.8	2.31	32,273	184.0	2.28	(5.9)
Junior subordinated debentures	2,646	24.8	3.76	2,661	24.5	3.69	(.6)
Total interest-bearing liabilities	<u>134,819</u>	<u>463.8</u>	1.38	<u>127,552</u>	<u>535.9</u>	1.68	5.7
Other liabilities (d)	5,961			7,553			(21.1)
Shareholders' equity	19,043			19,435			(2.0)
Total liabilities and shareholders' equity	<u>\$190,430</u>			<u>\$187,055</u>			1.8 %
Net interest income		<u>\$1,779.4</u>			<u>\$1,798.6</u>		
Gross interest margin			4.01 %			4.19 %	
Gross interest margin without taxable-equivalent increments			<u>3.99</u>			<u>4.17</u>	
Percent of Earning Assets							
Interest income			5.39 %			5.87 %	
Interest expense			1.11			1.35	
Net interest margin			<u>4.28 %</u>			<u>4.52 %</u>	
Net interest margin without taxable-equivalent increments			<u>4.26 %</u>			<u>4.50 %</u>	

* Not meaningful

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

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

(c) Includes approximately \$1,434 million of earning assets from discontinued operations in second quarter 2003.

(d) Includes approximately \$1,112 million of interest-bearing liabilities from discontinued operations in second quarter 2003.

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

For the Three Months Ended
June 30, 2004 March 31, 2004

(Dollars in Millions, Unaudited)	Average Balances	Yields and Interest	Rates	Average Balances	Yields and Interest	Rates	% Change Average Balances
Assets							
Taxable securities	\$42,102	\$438.7	4.17 %	\$44,307	\$464.0	4.19 %	(5.0) %
Non-taxable securities	387	6.9	7.10	437	7.7	7.08	(11.4)
Loans held for sale	1,987	27.3	5.49	1,445	19.9	5.52	37.5
Loans (b)							
Commercial	39,330	542.3	5.54	38,531	545.3	5.69	2.1
Commercial real estate	27,116	372.7	5.53	27,110	374.0	5.55	--
Residential mortgages	14,052	199.5	5.69	13,610	197.5	5.82	3.2
Retail	40,663	630.2	6.23	39,559	634.9	6.46	2.8
Total loans	<u>121,161</u>	<u>1,744.7</u>	5.79	<u>118,810</u>	<u>1,751.7</u>	5.93	2.0
Other earning assets	1,353	25.6	7.61	1,360	22.0	6.49	(.5)
Total earning assets	<u>166,990</u>	<u>2,243.2</u>	5.39	<u>166,359</u>	<u>2,265.3</u>	5.47	.4
Allowance for loan losses	(2,289)			(2,431)			(5.8)
Unrealized gain (loss) on available-for-sale securities	(729)			(14)			*
Other assets	26,458			25,749			2.8
Total assets	<u>\$190,430</u>			<u>\$189,663</u>			.4
Liabilities and Shareholders' Equity							
Noninterest-bearing deposits	\$30,607			\$29,025			5.5
Interest-bearing deposits							
Interest checking	20,739	14.5	.28	20,948	18.8	.36	(1.0)
Money market accounts	34,242	56.8	.67	34,397	67.4	.79	(.5)
Savings accounts	5,936	3.6	.24	5,898	4.5	.31	.6
Time certificates of deposit less than \$100,000	13,021	83.5	2.58	13,618	90.6	2.68	(4.4)
Time deposits greater than \$100,000	12,571	46.9	1.50	12,133	45.7	1.51	3.6
Total interest-bearing deposits	<u>86,509</u>	<u>205.3</u>	.95	<u>86,994</u>	<u>227.0</u>	1.05	(.6)
Short-term borrowings	15,310	58.9	1.55	13,419	49.9	1.50	14.1
Long-term debt	30,354	174.8	2.31	31,927	185.9	2.34	(4.9)
Junior subordinated debentures	2,646	24.8	3.76	2,626	23.5	3.57	.8
Total interest-bearing liabilities	<u>134,819</u>	<u>463.8</u>	1.38	<u>134,966</u>	<u>486.3</u>	1.45	(1)
Other liabilities	5,961			6,088			(2.1)
Shareholders' equity	19,043			19,584			(2.8)
Total liabilities and shareholders' equity	<u>\$190,430</u>			<u>\$189,663</u>			.4 %
Net interest income		<u>\$1,779.4</u>			<u>\$1,779.0</u>		
Gross interest margin			4.01 %			4.02 %	
Gross interest margin without taxable-equivalent increments			<u>3.99</u>			<u>4.00</u>	
Percent of Earning Assets							
Interest income			5.39 %			5.47 %	
Interest expense			1.11			1.18	
Net interest margin			<u>4.28 %</u>			<u>4.29 %</u>	
Net interest margin without taxable-equivalent increments			<u>4.26 %</u>			<u>4.27 %</u>	

* Not meaningful

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

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

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

For the Six Months Ended

June 30, 2004

June 30, 2003

(Dollars in Millions, Unaudited)	Average Balances	Interest	Yields and Rates	Average Balances	Interest	Yields and Rates	% Change Average Balances
Assets							
Taxable securities	\$43,205	\$902.7	4.18 %	\$34,518	\$818.5	4.74 %	25.2 %
Non-taxable securities	412	14.6	7.09	669	23.4	6.99	(38.4)
Loans held for sale	1,716	47.2	5.50	3,884	111.4	5.74	(55.8)
Loans (b)							
Commercial	38,930	1,087.6	5.61	41,646	1,172.9	5.67	(6.5)
Commercial real estate	27,113	746.7	5.54	26,937	801.0	6.00	.7
Residential mortgages	13,831	397.0	5.76	10,570	334.5	6.35	30.9
Retail	40,111	1,265.1	6.34	37,908	1,356.3	7.22	5.8
Total loans	<u>119,985</u>	<u>3,496.4</u>	5.86	<u>117,061</u>	<u>3,664.7</u>	6.31	2.5
Other earning assets	1,356	47.6	7.05	1,652	55.0	6.71	(17.9)
Total earning assets	<u>166,674</u>	<u>4,508.5</u>	5.43	<u>157,784</u>	<u>4,673.0</u>	5.96	5.6
Allowance for loan losses	(2,360)			(2,489)			(5.2)
Unrealized gain (loss) on available-for-sale securities	(372)			653			*
Other assets (c)	26,104			29,427			(11.3)
Total assets	<u>\$190,046</u>			<u>\$185,375</u>			2.5
Liabilities and Shareholders' Equity							
Noninterest-bearing deposits	\$29,815			\$32,669			(8.7)
Interest-bearing deposits							
Interest checking	20,844	33.3	.32	17,814	44.1	.50	17.0
Money market accounts	34,320	124.2	.73	29,915	159.5	1.07	14.7
Savings accounts	5,917	8.1	.27	5,444	11.3	.42	8.7
Time certificates of deposit less than \$100,000	13,319	174.1	2.63	16,500	248.2	3.03	(19.3)
Time deposits greater than \$100,000	12,352	92.6	1.51	13,642	132.0	1.95	(9.5)
Total interest-bearing deposits	<u>86,752</u>	<u>432.3</u>	1.00	<u>83,315</u>	<u>595.1</u>	1.44	4.1
Short-term borrowings	14,365	108.8	1.52	9,096	78.4	1.74	57.9
Long-term debt	31,140	360.7	2.33	30,888	368.3	2.40	.8
Junior subordinated debentures	2,636	48.3	3.67	2,820	55.9	3.97	(6.5)
Total interest-bearing liabilities	<u>134,893</u>	<u>950.1</u>	1.42	<u>126,119</u>	<u>1,097.7</u>	1.75	7.0
Other liabilities (d)	6,024			7,465			(19.3)
Shareholders' equity	19,314			19,122			1.0
Total liabilities and shareholders' equity	<u>\$190,046</u>			<u>\$185,375</u>			2.5 %
Net interest income		<u>\$3,558.4</u>			<u>\$3,575.3</u>		
Gross interest margin			4.01 %			4.21 %	
Gross interest margin without taxable-equivalent increments			<u>3.99</u>			<u>4.19</u>	
Percent of Earning Assets							
Interest income			5.43 %			5.96 %	
Interest expense			1.15			1.40	
Net interest margin			<u>4.28 %</u>			<u>4.56 %</u>	
Net interest margin without taxable-equivalent increments			<u>4.26 %</u>			<u>4.54 %</u>	

* Not meaningful

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

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

(c) Includes approximately \$1,530 million of earning assets from discontinued operations in 2003.

(d) Includes approximately \$1,094 million of interest-bearing liabilities from discontinued operations in 2003.

U.S. Bancorp
Loan Portfolio

	June 30, 2004		March 31, 2004		December 31, 2003		September 30, 2003		June 30, 2003	
(Dollars in Millions, Unaudited)	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Commercial										
Commercial	\$35,170	28.6 %	\$34,165	28.5 %	\$33,536	28.4 %	\$36,164	30.2 %	\$37,145	31.1 %
Lease financing	4,895	4.0	4,841	4.0	4,990	4.2	5,006	4.2	5,093	4.3
Total commercial	40,065	32.6	39,006	32.5	38,526	32.6	41,170	34.4	42,238	35.4
Commercial real estate										
Commercial mortgages	20,382	16.6	20,623	17.2	20,624	17.4	20,001	16.7	20,043	16.8
Construction and development	6,822	5.6	6,592	5.5	6,618	5.6	7,241	6.0	7,216	6.0
Total commercial real estate	27,204	22.2	27,215	22.7	27,242	23.0	27,242	22.7	27,259	22.8
Residential mortgages										
Residential mortgages	8,420	6.9	7,705	6.5	7,332	6.2	6,886	5.7	6,716	5.6
Home equity loans, first liens	5,960	4.8	6,012	5.0	6,125	5.2	6,090	5.1	4,996	4.2
Total residential mortgages	14,380	11.7	13,717	11.5	13,457	11.4	12,976	10.8	11,712	9.8
Retail										
Credit card	6,079	4.9	5,815	4.8	5,933	5.0	5,532	4.6	5,478	4.6
Retail leasing	6,640	5.4	6,365	5.3	6,029	5.1	5,825	4.8	5,783	4.8
Home equity and second mortgages	14,017	11.4	13,515	11.3	13,210	11.2	13,022	10.9	13,255	11.1
Other retail										
Revolving credit	2,544	2.1	2,477	2.1	2,540	2.1	2,520	2.1	2,561	2.1
Installment	2,656	2.2	2,441	2.0	2,380	2.0	2,540	2.1	2,243	1.9
Automobile	7,515	6.1	7,425	6.2	7,165	6.1	7,270	6.1	7,276	6.1
Student	1,730	1.4	1,907	1.6	1,753	1.5	1,785	1.5	1,618	1.4
Total other retail	14,445	11.8	14,250	11.9	13,838	11.7	14,115	11.8	13,698	11.5
Total retail	41,181	33.5	39,945	33.3	39,010	33.0	38,494	32.1	38,214	32.0
Total loans	\$122,830	100.0 %	\$119,883	100.0 %	\$118,235	100.0 %	\$119,882	100.0 %	\$119,423	100.0 %

U.S. Bancorp
Supplemental Financial Data

(Dollars in Millions, Unaudited)	June 30, 2004	March 31, 2004	December 31, 2003	September 30, 2003	June 30, 2003
Book value of intangibles					
Goodwill	\$6,226	\$6,095	\$6,025	\$6,329	\$6,329
Merchant processing contracts	751	527	552	567	560
Core deposit benefits	376	396	417	439	461
Mortgage servicing rights	863	634	670	628	437
Trust relationships	322	299	311	324	337
Other identified intangibles	163	169	174	180	189
Total	\$8,701	\$8,120	\$8,149	\$8,467	\$8,313

	Three Months Ended				
	June 30, 2004	March 31, 2004	December 31, 2003	September 30, 2003	June 30, 2003
Amortization of intangibles					
Merchant processing contracts	\$32.4	\$27.8	\$34.3	\$33.4	\$32.5
Core deposit benefits	20.3	20.9	21.9	22.0	22.1
Mortgage servicing rights	(123.6)	154.5	43.8	(68.8)	233.5
Trust relationships	11.9	11.8	13.3	13.3	13.4
Other identified intangibles	11.4	11.1	10.9	10.9	10.8
Total	\$(47.6)	\$226.1	\$124.2	\$10.8	\$312.3

Mortgage banking revenue					
Origination and sales	\$47.2	\$33.6	\$36.3	\$34.6	\$35.3
Loan servicing	62.5	60.6	55.6	55.4	55.1
Gain (loss) on sale of servicing rights	.2	--	--	(.5)	(.1)
Total mortgage banking revenue	\$109.9	\$94.2	\$91.9	\$89.5	\$90.3

Mortgage production volume \$5,220 \$3,733 \$3,879 \$9,086 \$8,944

Mortgages serviced for others \$58,675 \$57,667 \$53,990 \$51,028 \$48,227

A summary of the Company's mortgage servicing rights and related characteristics by portfolio as of June 30, 2004, was as follows:

(Dollars in Million)	MRBP*	Government	Conventional	Total
Servicing portfolio	\$7,696	\$8,872	\$42,107	\$58,675
Fair market value	\$116	\$159	\$588	\$863
Value (bps)	151	179	140	147
Weighted-average servicing fees (bps)	43	46	34	37
Multiple (value/servicing fees)	3.51	3.89	4.12	3.97
Weighted-average note rate	6.37 %	6.13 %	5.70 %	5.85 %
Age (in years)	3.5	2.0	1.4	1.8
Expected life (in years)	4.8	7.1	7.4	7.0
Discount rate	10.1 %	11.0 %	9.6 %	9.9 %

* MRBP represents mortgage revenue bond programs

Line of Business Financial Performance *

Three Months Ended (Dollars in Millions, Unaudited)	Wholesale Banking			Consumer Banking			Private Client, Trust and Asset Management		
	Jun 30, 2004	Jun 30, 2003	Percent Change	Jun 30, 2004	Jun 30, 2003	Percent Change	Jun 30, 2004	Jun 30, 2003	Percent Change
Condensed Income Statement									
Net interest income (taxable-equivalent basis)	\$399.3	\$419.8	(4.9) %	\$900.4	\$891.9	1.0 %	\$87.7	\$76.0	15.4 %
Noninterest income	189.4	190.5	(.6)	462.0	390.7	18.2	253.9	241.4	5.2
Securities gains (losses), net	--	--	--	(171.1)	196.3	**	--	--	--
Total net revenue	588.7	610.3	(3.5)	1,191.3	1,478.9	(19.4)	341.6	317.4	7.6
Noninterest expense	157.8	163.1	(3.2)	585.7	598.7	(2.2)	146.4	146.0	.3
Other intangibles	4.6	4.9	(6.1)	(108.0)	250.5	**	15.0	16.6	(9.6)
Total noninterest expense	162.4	168.0	(3.3)	477.7	849.2	(43.7)	161.4	162.6	(.7)
Operating earnings before provision and income taxes	426.3	442.3	(3.6)	713.6	629.7	13.3	180.2	154.8	16.4
Provision for credit losses	8.6	111.4	(92.3)	93.4	105.9	(11.8)	8.8	1.5	**
Operating earnings before income taxes	417.7	330.9	26.2	620.2	523.8	18.4	171.4	153.3	11.8
Income taxes and taxable-equivalent adjustment	152.0	120.4	26.2	225.7	190.6	18.4	62.4	55.8	11.8
Operating earnings	\$265.7	\$210.5	26.2	\$394.5	\$333.2	18.4	\$109.0	\$97.5	11.8
Merger and restructuring-related items (after-tax)									
Discontinued operations (after-tax)									
Net income in accordance with GAAP									
Average Balance Sheet Data									
Loans	\$42,621	\$44,975	(5.2) %	\$62,908	\$57,907	8.6 %	\$4,754	\$4,599	3.4 %
Other earning assets	225	206	9.2	2,252	4,076	(44.7)	7	7	--
Goodwill	1,225	1,228	(.2)	2,243	2,242	--	813	741	9.7
Other intangible assets	90	109	(17.4)	1,058	900	17.6	342	406	(15.8)
Assets	49,335	52,187	(5.5)	71,161	67,640	5.2	6,471	6,367	1.6
Noninterest-bearing deposits	13,266	15,517	(14.5)	14,192	13,639	4.1	3,250	3,056	6.3
Interest-bearing deposits	17,001	13,401	26.9	58,138	58,784	(1.1)	8,429	5,659	48.9
Total deposits	30,267	28,918	4.7	72,330	72,423	(.1)	11,679	8,715	34.0
Shareholders' equity	4,986	5,118	(2.6)	6,100	5,861	4.1	2,239	1,993	12.3

Three Months Ended (Dollars in Millions, Unaudited)	Payment Services			Treasury and Corporate Support			Consolidated Company		
	Jun 30, 2004	Jun 30, 2003	Percent Change	Jun 30, 2004	Jun 30, 2003	Percent Change	Jun 30, 2004	Jun 30, 2003	Percent Change
Condensed Income Statement									
Net interest income (taxable-equivalent basis)	\$141.5	\$144.8	(2.3) %	\$250.5	\$266.1	(5.9) %	\$1,779.4	\$1,798.6	(1.1) %
Noninterest income	463.8	405.4	14.4	44.3	31.8	39.3	1,413.4	1,259.8	12.2
Securities gains (losses), net	--	--	--	(.6)	16.8	**	(171.7)	213.1	**
Total net revenue	605.3	550.2	10.0	294.2	314.7	(6.5)	3,021.1	3,271.5	(7.7)
Noninterest expense	193.3	181.0	6.8	197.0	134.7	46.3	1,280.2	1,223.5	4.6
Other intangibles	39.3	38.9	1.0	1.5	1.4	7.1	(47.6)	312.3	**
Total noninterest expense	232.6	219.9	5.8	198.5	136.1	45.8	1,232.6	1,535.8	(19.7)
Operating earnings before provision and income taxes	372.7	330.3	12.8	95.7	178.6	(46.4)	1,788.5	1,735.7	3.0
Provision for credit losses	94.8	104.9	(9.6)	(1.1)	(.7)	57.1	204.5	323.0	(36.7)
Operating earnings before income taxes	277.9	225.4	23.3	96.8	179.3	(46.0)	1,584.0	1,412.7	12.1
Income taxes and taxable-equivalent adjustment	101.1	82.0	23.3	5.9	41.7	(85.9)	547.1	490.5	11.5
Operating earnings	\$176.8	\$143.4	23.3	\$90.9	\$137.6	(33.9)	\$1,036.9	\$922.2	12.4
Merger and restructuring-related items (after-tax)							--	(7.2)	
Discontinued operations (after-tax)							--	4.9	
Net income in accordance with GAAP							\$1,036.9	\$919.9	
Average Balance Sheet Data									
Loans	\$10,493	\$9,884	6.2 %	\$385	\$438	(12.1) %	\$121,161	\$117,803	2.9 %
Other earning assets	26	22	18.2	43,319	37,311	16.1	45,829	41,622	10.1
Goodwill	1,823	1,814	.5	--	306	**	6,104	6,331	(3.6)
Other intangible assets	763	669	14.1	8	13	(38.5)	2,261	2,097	7.8
Assets	13,405	13,066	2.6	50,058	47,795	4.7	190,430	187,055	1.8
Noninterest-bearing deposits	109	337	(67.7)	(210)	(34)	**	30,607	32,515	(5.9)
Interest-bearing deposits	10	10	--	2,931	5,782	(49.3)	86,509	83,636	3.4
Total deposits	119	347	(65.7)	2,721	5,748	(52.7)	117,116	116,151	.8
Shareholders' equity	3,109	2,986	4.1	2,609	3,477	(25.0)	19,043	19,435	(2.0)

* Preliminary data

** Not meaningful

Line of Business Financial Performance *

Three Months Ended (Dollars in Millions, Unaudited)	Wholesale Banking			Consumer Banking			Private Client, Trust and Asset Management		
	Jun 30, 2004	Mar 31, 2004	Percent Change	Jun 30, 2004	Mar 31, 2004	Percent Change	Jun 30, 2004	Mar 31, 2004	Percent Change
Condensed Income Statement									
Net interest income (taxable-equivalent basis)	\$399.3	\$395.0	1.1 %	\$900.4	\$880.6	2.2 %	\$87.7	\$82.9	5.8 %
Noninterest income	189.4	191.0	(.8)	462.0	417.0	10.8	253.9	249.8	1.6
Securities gains (losses), net	--	.9	**	(171.1)	--	**	--	--	--
Total net revenue	588.7	586.9	.3	1,191.3	1,297.6	(8.2)	341.6	332.7	2.7
Noninterest expense	157.8	155.2	1.7	585.7	574.0	2.0	146.4	143.9	1.7
Other intangibles	4.6	4.8	(4.2)	(108.0)	170.3	**	15.0	15.0	--
Total noninterest expense	162.4	160.0	1.5	477.7	744.3	(35.8)	161.4	158.9	1.6
Operating earnings before provision and income taxes	426.3	426.9	(.1)	713.6	553.3	29.0	180.2	173.8	3.7
Provision for credit losses	8.6	34.0	(74.7)	93.4	107.1	(12.8)	8.8	.9	**
Operating earnings before income taxes	417.7	392.9	6.3	620.2	446.2	39.0	171.4	172.9	(.9)
Income taxes and taxable-equivalent adjustment	152.0	143.0	6.3	225.7	162.4	39.0	62.4	62.9	(.8)
Operating earnings	\$265.7	\$249.9	6.3	\$394.5	\$283.8	39.0	\$109.0	\$110.0	(.9)
Merger and restructuring-related items (after-tax)									
Discontinued operations (after-tax)									
Net income in accordance with GAAP									
Average Balance Sheet Data									
Loans	\$42,621	\$42,183	1.0 %	\$62,908	\$61,425	2.4 %	\$4,754	\$4,650	2.2 %
Other earning assets	225	226	(.4)	2,252	1,710	31.7	7	8	(12.5)
Goodwill	1,225	1,225	--	2,243	2,243	--	813	769	5.7
Other intangible assets	90	95	(5.3)	1,058	986	7.3	342	357	(4.2)
Assets	49,335	48,450	1.8	71,161	68,917	3.3	6,471	6,404	1.0
Noninterest-bearing deposits	13,266	12,618	5.1	14,192	13,537	4.8	3,250	2,998	8.4
Interest-bearing deposits	17,001	16,949	.3	58,138	58,346	(.4)	8,429	8,331	1.2
Total deposits	30,267	29,567	2.4	72,330	71,883	.6	11,679	11,329	3.1
Shareholders' equity	4,986	5,151	(3.2)	6,100	6,285	(2.9)	2,239	2,123	5.5

Three Months Ended (Dollars in Millions, Unaudited)	Payment Services			Treasury and Corporate Support			Consolidated Company		
	Jun 30, 2004	Mar 31, 2004	Percent Change	Jun 30, 2004	Mar 31, 2004	Percent Change	Jun 30, 2004	Mar 31, 2004	Percent Change
Condensed Income Statement									
Net interest income (taxable-equivalent basis)	\$141.5	\$148.7	(4.8) %	\$250.5	\$271.8	(7.8) %	\$1,779.4	\$1,779.0	-- %
Noninterest income	463.8	411.1	12.8	44.3	49.4	(10.3)	1,413.4	1,318.3	7.2
Securities gains (losses), net	--	--	--	(.6)	(.9)	33.3	(171.7)	--	**
Total net revenue	605.3	559.8	8.1	294.2	320.3	(8.1)	3,021.1	3,097.3	(2.5)
Noninterest expense	193.3	179.7	7.6	197.0	176.0	11.9	1,280.2	1,228.8	4.2
Other intangibles	39.3	34.6	13.6	1.5	1.4	7.1	(47.6)	226.1	**
Total noninterest expense	232.6	214.3	8.5	198.5	177.4	11.9	1,232.6	1,454.9	(15.3)
Operating earnings before provision and income taxes	372.7	345.5	7.9	95.7	142.9	(33.0)	1,788.5	1,642.4	8.9
Provision for credit losses	94.8	92.6	2.4	(1.1)	.4	**	204.5	235.0	(13.0)
Operating earnings before income taxes	277.9	252.9	9.9	96.8	142.5	(32.1)	1,584.0	1,407.4	12.5
Income taxes and taxable-equivalent adjustment	101.1	92.0	9.9	5.9	(61.3)	**	547.1	399.0	37.1
Operating earnings	\$176.8	\$160.9	9.9	\$90.9	\$203.8	(55.4)	\$1,036.9	\$1,008.4	2.8
Merger and restructuring-related items (after-tax)							--	--	
Discontinued operations (after-tax)							--	--	
Net income in accordance with GAAP							\$1,036.9	\$1,008.4	
Average Balance Sheet Data									
Loans	\$10,493	\$10,203	2.8 %	\$385	\$349	10.3 %	\$121,161	\$118,810	2.0 %
Other earning assets	26	29	(10.3)	43,319	45,576	(5.0)	45,829	47,549	(3.6)
Goodwill	1,823	1,815	.4	--	--	--	6,104	6,052	.9
Other intangible assets	763	649	17.6	8	9	(11.1)	2,261	2,096	7.9
Assets	13,405	13,074	2.5	50,058	52,818	(5.2)	190,430	189,663	.4
Noninterest-bearing deposits	109	115	(5.2)	(210)	(243)	13.6	30,607	29,025	5.5
Interest-bearing deposits	10	11	(9.1)	2,931	3,357	(12.7)	86,509	86,994	(.6)
Total deposits	119	126	(5.6)	2,721	3,114	(12.6)	117,116	116,019	.9
Shareholders' equity	3,109	3,025	2.8	2,609	3,000	(13.0)	19,043	19,584	(2.8)

* Preliminary data

** Not meaningful

Line of Business Financial Performance *

Six Months Ended (Dollars in Millions, Unaudited)	Wholesale Banking			Consumer Banking			Private Client, Trust and Asset Management		
	Jun 30, 2004	Jun 30, 2003	Percent Change	Jun 30, 2004	Jun 30, 2003	Percent Change	Jun 30, 2004	Jun 30, 2003	Percent Change
Condensed Income Statement									
Net interest income (taxable-equivalent basis)	\$794.3	\$844.7	(6.0) %	\$1,781.0	\$1,767.8	.7 %	\$170.6	\$151.0	13.0 %
Noninterest income	380.4	387.5	(1.8)	879.0	771.5	13.9	503.7	468.9	7.4
Securities gains (losses), net	.9	--	**	(171.1)	302.1	**	--	--	--
Total net revenue	1,175.6	1,232.2	(4.6)	2,488.9	2,841.4	(12.4)	674.3	619.9	8.8
Noninterest expense	313.0	330.8	(5.4)	1,159.7	1,184.0	(2.1)	290.3	293.5	(1.1)
Other intangibles	9.4	9.8	(4.1)	62.3	424.0	(85.3)	30.0	33.1	(9.4)
Total noninterest expense	322.4	340.6	(5.3)	1,222.0	1,608.0	(24.0)	320.3	326.6	(1.9)
Operating earnings before provision and income taxes	853.2	891.6	(4.3)	1,266.9	1,233.4	2.7	354.0	293.3	20.7
Provision for credit losses	42.6	226.3	(81.2)	200.5	217.3	(7.7)	9.7	1.9	**
Operating earnings before income taxes	810.6	665.3	21.8	1,066.4	1,016.1	5.0	344.3	291.4	18.2
Income taxes and taxable-equivalent adjustment	295.0	242.1	21.9	388.1	369.7	5.0	125.3	106.1	18.1
Operating earnings	\$515.6	\$423.2	21.8	\$678.3	\$646.4	4.9	\$219.0	\$185.3	18.2
Merger and restructuring-related items (after-tax)									
Discontinued operations (after-tax)									
Net income in accordance with GAAP									
Average Balance Sheet Data									
Loans	\$42,401	\$44,938	(5.6) %	\$62,167	\$57,215	8.7 %	\$4,702	\$4,569	2.9 %
Other earning assets	225	209	7.7	1,981	4,309	(54.0)	7	6	16.7
Goodwill	1,225	1,229	(.3)	2,243	2,242	--	791	740	6.9
Other intangible assets	92	112	(17.9)	1,022	956	6.9	350	417	(16.1)
Assets	48,891	52,112	(6.2)	70,040	67,243	4.2	6,437	6,336	1.6
Noninterest-bearing deposits	12,942	15,875	(18.5)	13,864	13,489	2.8	3,124	2,886	8.2
Interest-bearing deposits	16,975	12,677	33.9	58,242	58,750	(.9)	8,380	5,367	56.1
Total deposits	29,917	28,552	4.8	72,106	72,239	(.2)	11,504	8,253	39.4
Shareholders' equity	5,069	5,047	.4	6,192	5,745	7.8	2,181	1,973	10.5

Six Months Ended (Dollars in Millions, Unaudited)	Payment Services			Treasury and Corporate Support			Consolidated Company		
	Jun 30, 2004	Jun 30, 2003	Percent Change	Jun 30, 2004	Jun 30, 2003	Percent Change	Jun 30, 2004	Jun 30, 2003	Percent Change
Condensed Income Statement									
Net interest income (taxable-equivalent basis)	\$290.2	\$304.7	(4.8) %	\$522.3	\$507.1	3.0 %	\$3,558.4	\$3,575.3	(.5) %
Noninterest income	874.9	777.4	12.5	93.7	79.9	17.3	2,731.7	2,485.2	9.9
Securities gains (losses), net	--	--	--	(1.5)	51.7	**	(171.7)	353.8	**
Total net revenue	1,165.1	1,082.1	7.7	614.5	638.7	(3.8)	6,118.4	6,414.3	(4.6)
Noninterest expense	373.0	356.7	4.6	373.0	260.4	43.2	2,509.0	2,425.4	3.4
Other intangibles	73.9	77.6	(4.8)	2.9	2.9	--	178.5	547.4	(67.4)
Total noninterest expense	446.9	434.3	2.9	375.9	263.3	42.8	2,687.5	2,972.8	(9.6)
Operating earnings before provision and income taxes	718.2	647.8	10.9	238.6	375.4	(36.4)	3,430.9	3,441.5	(.3)
Provision for credit losses	187.4	213.3	(12.1)	(.7)	(.8)	12.5	439.5	658.0	(33.2)
Operating earnings before income taxes	530.8	434.5	22.2	239.3	376.2	(36.4)	2,991.4	2,783.5	7.5
Income taxes and taxable-equivalent adjustment	193.1	158.1	22.1	(55.4)	89.7	**	946.1	965.7	(2.0)
Operating earnings	\$337.7	\$276.4	22.2	\$294.7	\$286.5	2.9	\$2,045.3	\$1,817.8	12.5
Merger and restructuring-related items (after-tax)							--	(18.7)	
Discontinued operations (after-tax)							--	5.6	
Net income in accordance with GAAP							\$2,045.3	\$1,804.7	
Average Balance Sheet Data									
Loans	\$10,348	\$9,827	5.3 %	\$367	\$512	(28.3) %	\$119,985	\$117,061	2.5 %
Other earning assets	27	22	22.7	44,449	36,177	22.9	46,689	40,723	14.7
Goodwill	1,819	1,813	.3	--	306	**	6,078	6,330	(4.0)
Other intangible assets	706	685	3.1	9	14	(35.7)	2,179	2,184	(.2)
Assets	13,239	13,058	1.4	51,439	46,626	10.3	190,046	185,375	2.5
Noninterest-bearing deposits	112	407	(72.5)	(227)	12	**	29,815	32,669	(8.7)
Interest-bearing deposits	11	9	22.2	3,144	6,512	(51.7)	86,752	83,315	4.1
Total deposits	123	416	(70.4)	2,917	6,524	(55.3)	116,567	115,984	.5
Shareholders' equity	3,067	2,987	2.7	2,805	3,370	(16.8)	19,314	19,122	1.0

* Preliminary data

** Not meaningful