

PROSPECTUS

FIRST BANK SYSTEM, INC.

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89,676 SHARES  
OF  
COMMON STOCK  
(\$1.25 PAR VALUE)

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This Prospectus relates to an aggregate of 89,676 shares (the "Shares") of common stock, par value \$1.25 per share (the "Common Stock"), of First Bank System, Inc., a Delaware corporation (the "Company" or "FBS"), reserved for issuance upon exercise of warrants (the "Warrants") that were assumed by the Company on January 24, 1995 in connection with the Agreement of Merger and Consolidation, dated July 21, 1994 (the "Merger Agreement"), by and between Metropolitan Financial Corporation, a Delaware corporation ("MFC"), and the Company. The Warrants entitle the holders thereof to purchase Shares at an exercise price of \$6.94 per share until the expiration of the Warrants at 4:00 p.m. Minneapolis, Minnesota time on November 20, 2000. Assuming all of the Warrants are exercised, the Company will receive proceeds in the amount of \$622,352 before deducting expenses payable by the Company estimated at \$11,000.

The Common Stock is traded on the New York Stock Exchange. On January 23, 1995, the closing price of the Common Stock on the New York Stock Exchange was \$35.375 per share.

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THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE SECURITIES OFFERED HEREBY ARE NOT SAVINGS ACCOUNTS, DEPOSITS OR OTHER OBLIGATIONS OF ANY BANK OR SAVINGS ASSOCIATION AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, BANK INSURANCE FUND, SAVINGS ASSOCIATION INSURANCE FUND OR ANY OTHER GOVERNMENTAL AGENCY.

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No person has been authorized to give any information or to make any representations other than those contained in this Prospectus in connection with the offer contained herein, and, if given or made, such information or representations must not be relied upon as having been authorized by the Company. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities offered hereby in any jurisdiction in which it is not lawful or to any person to whom it is not lawful to make any such offer or solicitation. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that information herein is correct as of any time subsequent to the date hereof.

The date of this Prospectus is January 24, 1995.

## AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and, in accordance therewith, files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Reports, proxy statements and other information concerning the Company can be inspected and copied at the public reference facilities of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, and at the Commission's regional offices at 7 World Trade Center, Suite 1300, New York, New York 10048 and CitiCorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such materials can be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. In addition, the Common Stock of the Company is listed on the New York Stock Exchange, and reports, proxy statements and other information concerning the Company can also be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

The Company has filed a registration statement on Form S-3 (together with all amendments and exhibits thereto, including documents and information incorporated by reference, the "Registration Statement") with the Commission under the Securities Act of 1933, as amended (the "Securities Act"), relating to the Shares. This Prospectus does not contain all the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. For further information, reference is hereby made to the Registration Statement. Statements contained in this Prospectus as to the contents of any document are not necessarily complete, and in each instance reference is made to such document itself, each such statement being qualified in all respects by such reference.

## INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents of the Company which have been filed with the Commission are hereby incorporated by reference in this Prospectus: (i) the Company's Annual Report on Form 10-K for the year ended December 31, 1993; (ii) the Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 1994, June 30, 1994 and September 30, 1994; (iii) the Company's Current Reports on Form 8-K filed January 18, 1994, March 22, 1994, April 20, 1994, July 6, 1994 and August 5, 1994; (iv) the Company's Current Reports on Form 8-K/A filed September 9, 1994, November 14, 1994 and December 8, 1994 (amending the Current Report on Form 8-K filed August 5, 1994); and (v) the description of the Company's Common Stock contained in Item 1 of the Company's Registration Statement on Form 8-A dated March 19, 1984, as amended in its entirety by that Form 8 Amendment dated February 26, 1993 and that Form 8-A/A-2 dated October 6, 1994, and any amendment or report filed for the purpose of updating such description filed subsequent to the date of this Prospectus and prior to the termination of the offering described herein; and the description of the rights to purchase preferred stock contained in Item 1 of the Company's Registration Statement on Form 8-A dated December 21, 1988, as amended by that Form 8 Amendment dated June 11, 1990 and as amended in its entirety by that Form 8 Amendment dated February 26, 1993, and any amendment or report filed for the purpose of updating such description filed subsequent to the date of this Prospectus and prior to the termination of the offering described herein.

All documents filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the termination of the offering of the Common Stock shall be deemed to be incorporated by reference into this Prospectus and to be a part hereof from the respective dates of filing of such documents. Any statement contained herein or in a document all or part of which is incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any subsequently filed document which also is or is deemed to be incorporated by reference herein

modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Company will provide without charge to any person to whom this Prospectus is delivered, upon the written or oral request of such person, a copy of any or all of the foregoing documents incorporated herein by reference (excluding exhibits unless specifically incorporated therein). Requests for such copies should be directed to Ann E. Underbrink, First Bank System, Inc., First Bank Place, 601 Second Avenue South, Minneapolis, Minnesota 55402-4302, telephone number (612) 973-1111.

#### FIRST BANK SYSTEM, INC.

#### GENERAL

The Company is a regional bank holding company headquartered in Minneapolis, Minnesota. The Company is comprised of 9 banks, and several trust and nonbank subsidiaries with 225 offices primarily in Minnesota, Colorado, Illinois, Montana, North Dakota, South Dakota and Wisconsin. Through its subsidiaries, the Company provides commercial and agricultural finance, consumer banking, trust, capital markets, cash management, investment management, data processing, leasing, mortgage banking and brokerage services. At September 30, 1994, the Company and its consolidated subsidiaries had consolidated assets of \$26.3 billion, consolidated deposits of \$18.8 billion and shareholders' equity of \$2.3 billion.

The subsidiary banks of the Company engage in general commercial banking business, principally in domestic markets, and provide banking and ancillary services to individuals, businesses, institutional organizations, governmental entities and other financial institutions. The largest subsidiary bank, First Bank National Association ("FBNA"), had assets of \$14.3 billion at September 30, 1994.

The Company is a legal entity separate and distinct from its banking and non-banking affiliates. The principal sources of the Company's income are dividends, interest and fees from FBNA and the other banking and non-banking affiliates. The bank subsidiaries of the Company, including FBNA (the "Banks"), are subject to certain restrictions imposed by federal law on any extensions of credit to, and certain other transactions with, the Company and certain other affiliates unless the loans are secured by various types of collateral. Further, such secured loans, other transactions and investments by any of the Banks are generally limited in amount as to the Company and as to each of such other affiliates to 10% of such Bank's capital and surplus and as to the Company and all of such other affiliates to an aggregate of 20% of such Bank's capital and surplus. In addition, payment of dividends to the Company by the Banks is subject to ongoing review by banking regulators and is subject to various statutory limitations and in certain circumstances requires approval by banking regulatory authorities.

The Company was incorporated under Delaware law in 1929 and has functioned as a multi-bank holding company since that time. Its principal executive offices are located at First Bank Place, 601 Second Avenue South, Minneapolis, Minnesota 55402-4302 (telephone (612) 973-1111). For further information concerning the Company, see the Company documents incorporated by reference herein as described under "Incorporation of Certain Documents by Reference."

#### RECENT DEVELOPMENT

On July 21, 1994, the Company signed a definitive agreement to acquire MFC, a publicly held regional thrift holding company organized as the parent of Metropolitan Federal Bank, fsb, a federally chartered stock savings bank headquartered in Fargo, North Dakota. On January 24, 1995, the Company completed the acquisition of MFC pursuant to a merger of MFC with and into the

Company (the "Merger"). At September 30, 1994, MFC and its consolidated subsidiaries had consolidated assets of \$8.1 billion, consolidated deposits of \$5.5 billion and shareholders' equity of \$497.7 million. See "Incorporation of Certain Documents by Reference."

#### ASSUMPTION OF WARRANTS

On January 24, 1995, the Company acquired MFC pursuant to the terms of the Merger Agreement. The Warrants were originally issued in November 1990 by MFC in a public offering of units consisting of one share of MFC's \$2.875 Cumulative Perpetual Preferred Stock, Series B, and one Warrant to purchase MFC common stock. Prior to the Merger, each Warrant entitled the holder thereof to purchase 1.32 shares of MFC's common stock. Pursuant to the Merger Agreement, all of the Warrants were assumed by the Company at the effective time of the Merger and the Company is required to enter into a supplemental warrant agreement to the Warrant Agreement, dated as of November 20, 1990 (the "Warrant Agreement"), between MFC and American Stock Transfer and Trust Company, as warrant agent (the "Warrant Agent"). Each Warrant is deemed to constitute an option to acquire, on the same terms and conditions as were applicable under such Warrant prior to the Merger, the same number of shares of the Company's Common Stock as the holder of such Warrant would have been entitled to receive pursuant to the Merger had such holder exercised their Warrant in full immediately prior to the effective time of the Merger, at a price of \$6.94 per share of FBS Common Stock (such price per share being equal to (x) the exercise price for the shares of MFC common stock otherwise purchasable pursuant to such Warrant divided by (y) the number of full shares of the Company's Common Stock deemed purchasable pursuant to such Warrant). The exercise price for FBS Common Stock under the Warrants is subject to certain adjustments pursuant to the terms of the Warrant Agreement. The Company has taken all corporate action necessary to reserve for issuance a sufficient number of shares of FBS Common Stock for delivery upon exercise of the Warrants assumed by it. This prospectus is being distributed to holders of the Warrants and relates to the Shares issuable upon exercise of the Warrants.

#### USE OF PROCEEDS

Assuming that all of the Warrants are exercised, the Company will receive proceeds of approximately \$622,352, before deducting expenses payable by the Company estimated at \$11,000. The net proceeds to the Company from the sale of any Shares upon exercise of the Warrants will be used for working capital and other general corporate purposes.

#### DESCRIPTION OF WARRANTS AND PLAN OF DISTRIBUTION

The Shares offered hereby are being offered by the Company to holders of Warrants. See "Assumption of Warrants." Such Shares will be offered directly by the Company, without the use of an underwriter or placement agent. The Warrants entitle the holders thereof to purchase Shares at an exercise price of \$6.94 per Share, subject to adjustment under certain circumstances, payable in cash or by check, bank draft or money order. The Warrants terminate at 4:00 p.m. Minneapolis, Minnesota time on November 20, 2000. A Warrant can be exercised by surrendering the certificate representing the Warrant and the related Form of Exercise to Purchase to the Warrant Agent accompanied by payment of the exercise price for each Share as to which the Warrant is being exercised (together with an amount equal to any applicable transfer taxes and, if requested by the Company, any other taxes or governmental charges that the Company may be required by law to collect in respect of such exercise and any other charges required by the Warrants). A certificate or certificates representing the Shares purchased will be issued by the Company following the time of exercise. The date of exercise of any Warrant will be the date the Warrant and related Form of Election to Purchase is duly presented to the Warrant Agent accompanied by payment of the exercise price.

## CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

Under presently existing provisions of the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations promulgated thereunder, applicable judicial decisions and administrative rulings, all of which are subject to change, including changes that may be retroactive, the federal income tax consequences described below may arise in connection with the exercise of Warrants. Due to the complexity of the Code, the following statements are merely statements of general tax principles and likely tax consequences to the extent presently determinable, and such statements may not be authoritative in individual cases or where special rules may apply. An investor should consult his or her own tax advisor concerning this offering. Investors should also consult their own tax advisors as to the tax treatment arising from the application of foreign, state, and local tax laws and regulations.

### SALE OF WARRANTS

Upon a sale of Warrants, the holder thereof will recognize long-term or short-term capital gain or loss, depending upon whether the holding period therefor is more or less than six months, assuming that the holder is not a dealer in Warrants and the Common Stock of the Company is, or would be when acquired, a capital asset in the hands of the holder. The amount of gain or loss will be the difference between the amount realized and the tax basis, as adjusted, of the Warrants sold. The redemption of a Warrant may also be considered a sale or exchange so that any gain or loss recognized as a result thereof may also be a capital gain or loss. Any loss realized by a holder of a Warrant due to the failure to exercise prior to the expiration date will be treated as a capital loss.

As a result of the conversion of the Warrants from warrants to acquire shares of the common stock of MFC into warrants to acquire Common Stock of the Company, Warrant holders may be deemed to have recognized gain or loss equal to the difference, if any, between the Warrant holder's tax basis in such Warrants and the fair market value thereof immediately after the change in the terms of the Warrants. Warrant holders are urged to consult with their own tax advisors with respect to this matter. If such conversion is taxable as a deemed exchange, then a Warrant holder's tax basis therein will be equal to such fair market value.

### EXERCISE OF WARRANTS

Generally, a holder of Warrants will not recognize any gain or loss on the purchase of Shares for cash upon exercise of the Warrants. The tax basis of the Shares received will be equal to the tax basis, as adjusted, in the Warrants so exercised, plus the cash exercise price. The holding period of the Shares received upon exercise of a Warrant for cash will not include the period during which the Warrant was held, but will commence only upon the exercise date of the Warrant.

Section 305 of the Code and the applicable Treasury Regulations provide that in certain circumstances a change in the exercise price for the Warrants will be treated as a deemed distribution of an increased interest in the assets or earnings and profits of the Company that, in turn, will produce ordinary dividend income for a holder of Warrants. The amount of such deemed dividend will be equal to the fair market value of any additional shares of the Company's Common Stock (and cash in lieu of fractional shares) received as a result of the change in the exercise price of the Warrants. In certain other circumstances, Section 305 of the Code and the applicable Treasury Regulations provide that the absence of appropriate adjustments in the conversion price for the Warrants will produce dividend income for the holders of the Company's Common Stock.

## OTHER TAX CONSEQUENCES

No advice has been received as to local, income, franchise, personal property or other taxation in any state or locality or as to the tax effect of ownership of Warrants in any state or locality. Warrant holders are advised to consult their own tax advisors with respect to any state or local income, franchise, personal property or other tax consequences arising out of their ownership of Warrants.

THE DISCUSSION OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE TO A WARRANT HOLDER'S PARTICULAR TAX SITUATION. WARRANT HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF WARRANTS, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN FEDERAL OR OTHER TAX LAWS.

## EXPERTS

The consolidated financial statements of FBS appearing in FBS's Annual Report on Form 10-K for the year ended December 31, 1993 have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon included therein and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of MFC appearing in MFC's Annual Report on Form 10-K for the year ended December 31, 1993, and appearing in the Current Report on Form 8-K of FBS filed August 5, 1994 as amended by the Current Reports on Form 8-K/A of FBS filed September 9, 1994, November 14, 1994 and December 8, 1994, have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon included therein and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

## LEGAL MATTERS

The validity of the Shares offered hereby has been passed upon for the Company by Dorsey & Whitney P.L.L.P., 220 South Sixth Street, Minneapolis, Minnesota 55402. The Dorsey & Whitney P.L.L.P. firm and certain of its members are indebted to and have other banking and trust relationships with certain banking subsidiaries of the Company.