



News Release

Contact:

Steve Dale
Media Relations
(612) 303-0784

H. D. McCullough
Investor Relations
(612) 303-0786

Judith T. Murphy
Investor Relations
(612) 303-0783

U.S. BANCORP REPORTS RECORD NET INCOME FOR THE SECOND QUARTER OF 2005

EARNINGS SUMMARY								Table 1
(\$ in millions, except per-share data)								
	2Q 2005	1Q 2005	2Q 2004	Percent Change 2Q05 vs 1Q05	Percent Change 2Q05 vs 2Q04	YTD 2005	YTD 2004	Percent Change
Net income	\$1,121	\$1,071	\$1,037	4.7	8.1	\$2,192	\$2,045	7.2
Earnings per share (diluted)	0.60	0.57	0.54	5.3	11.1	1.17	1.06	10.4
Return on average assets (%)	2.23	2.21	2.19			2.22	2.16	
Return on average equity (%)	22.7	21.9	21.9			22.3	21.3	
Efficiency ratio (%)	48.3	41.7	38.6			45.1	42.7	
Dividends declared per share	\$0.30	\$0.30	\$0.24	--	25.0	\$0.60	\$0.48	25.0
Book value per share (period-end)	10.88	10.43	9.91	4.3	9.8			
Net interest margin (%)	3.99	4.08	4.28			4.03	4.28	

MINNEAPOLIS, July 19, 2005 – U.S. Bancorp (NYSE: USB) today reported net income of \$1,121 million for the second quarter of 2005, compared with \$1,037 million for the second quarter of 2004. Net income of \$.60 per diluted share in the second quarter of 2005 was higher than the same period of 2004 by \$.06 (11.1 percent). Return on average assets and return on average equity were 2.23 percent and 22.7 percent, respectively, for the second quarter of 2005, compared with returns of 2.19 percent and 21.9 percent, respectively, for the second quarter of 2004.

U.S. Bancorp Chairman and Chief Executive Officer Jerry A. Grundhofer said, “I am very proud to announce that our Company has achieved another quarter of record earnings and industry leading returns on equity and assets. The results included strong year-over-year and seasonal growth in our fee-based businesses, as well as exceptional credit quality. Loan growth in the second quarter of 2005 was excellent, increasing 8.3 percent over the same quarter of 2004 and at an annualized rate of 11.2 percent over the prior quarter. Once again, we exceeded our stated target

and returned 92 percent of earnings to our shareholders during the quarter in the form of dividends and share repurchases.

“Fee revenue, excluding the impact of securities gains (losses), continued to drive revenue growth this quarter, increasing 8.9 percent over the second quarter of 2004. Investments and core growth in our Payments Services and Consumer Banking business units were the primary drivers of the growth in fees, increasing 17.1 percent and 6.1 percent, respectively.

“The growth in commercial loans was particularly encouraging this quarter, as average outstandings grew 9.0 percent over the second quarter of 2004 and, more importantly, at an annualized rate of 16.8 percent over the first quarter of 2005. Although credit spreads continued to tighten, accounting for 4 of the 9 basis point drop in the net margin on a linked quarter basis, we have remained competitive and disciplined in our approach to the market, capitalizing on our ability to compete on price while offering a wide array of non-credit products to fulfill our customers’ needs.

“I am especially pleased with the exceptional improvement we have seen in the Company’s credit quality over the past year. Our loss and coverage ratios are better than our Company has experienced in many years and are the direct result of the actions we have taken to reduce the risk profile of the Company. We expect to continue to grow our credit-related businesses, both commercial and retail, while maintaining the discipline that has helped us reach these quality metrics today.

“We are well on our way to meeting our financial goals for 2005 and beyond. We will continue to invest in our franchise, as we have been, to create and enhance our set of products and services, increase our market penetration and provide outstanding service to our customers.”

The Company’s results for the second quarter of 2005 improved over the same period of 2004, as net income rose by \$84 million (8.1 percent), primarily due to growth in fee-based products and services, reduced credit costs and lower tax expense. During the second quarter of 2005, the Company recognized a \$53 million impairment of its mortgage servicing rights (“MSR”) asset, reflecting lower longer-term interest rates in the second quarter of 2005, compared with the recognition of \$171 million reparation of its MSR asset in the second quarter of 2004. Also included in the second quarter of 2005 results was a \$54 million charge related to a completed tender offer for debt securities and a \$94 million reduction in income tax expense related to the

resolution of federal tax examinations covering all of the Company's legal entities for all years through 2002.

Total net revenue on a taxable-equivalent basis for the second quarter of 2005 was \$281 million (9.3 percent) higher than the second quarter of 2004, primarily reflecting 8.9 percent growth in fee-based revenue across the majority of fee categories, expansion in payments processing businesses and a \$173 million favorable variance in securities gains (losses), partially offset by a 1.0 percent reduction in net interest income.

Total noninterest expense in the second quarter of 2005 was \$362 million (29.4 percent) higher than the second quarter of 2004, primarily reflecting the \$224 million unfavorable change in the valuation of mortgage servicing rights and the \$54 million charge related to the Company's recent tender offer for certain subordinated and trust preferred debt securities. In addition, expenses reflected incremental costs related to expanding the payment processing businesses, investments in in-store branches, adding middle market and community bankers, marketing initiatives and higher pension costs from a year ago.

Provision for credit losses for the second quarter of 2005 was \$144 million, a decrease of \$60 million (29.4 percent) from the second quarter of 2004. The decrease in the provision for credit losses year-over-year reflected a decrease in total net charge-offs. Net charge-offs in the second quarter of 2005 were \$144 million, compared with the first quarter of 2005 net charge-offs of \$172 million and the second quarter of 2004 net charge-offs of \$204 million. Total nonperforming assets declined to \$610 million at June 30, 2005, from \$665 million at March 31, 2005 (8.3 percent), and \$911 million at June 30, 2004 (33.0 percent). The ratio of the allowance for credit losses to nonperforming loans was 441 percent at June 30, 2005, compared with 404 percent at March 31, 2005, and 299 percent at June 30, 2004.

INCOME STATEMENT HIGHLIGHTS								Table 2
(Taxable-equivalent basis, \$ in millions, except per-share data)	2Q	1Q	2Q	Percent	Percent	YTD	YTD	Percent
	2005	2005	2004	Change	Change	2005	2004	Change
				2Q05 vs	2Q05 vs			
				1Q05	2Q04			
Net interest income	\$1,761	\$1,751	\$1,779	0.6	(1.0)	\$3,512	\$3,558	(1.3)
Noninterest income	1,541	1,382	1,242	11.5	24.1	2,923	2,560	14.2
Total net revenue	3,302	3,133	3,021	5.4	9.3	6,435	6,118	5.2
Noninterest expense	1,595	1,331	1,233	19.8	29.4	2,926	2,688	8.9
Income before provision and income taxes	1,707	1,802	1,788	(5.3)	(4.5)	3,509	3,430	2.3
Provision for credit losses	144	172	204	(16.3)	(29.4)	316	439	(28.0)
Income before income taxes	1,563	1,630	1,584	(4.1)	(1.3)	3,193	2,991	6.8
Taxable-equivalent adjustment	7	7	7	--	--	14	14	--
Applicable income taxes	435	552	540	(21.2)	(19.4)	987	932	5.9
Net income	\$1,121	\$1,071	\$1,037	4.7	8.1	\$2,192	\$2,045	7.2
Diluted earnings per share	\$0.60	\$0.57	\$0.54	5.3	11.1	\$1.17	\$1.06	10.4

Net Interest Income

Second quarter net interest income on a taxable-equivalent basis was \$1,761 million, compared with \$1,779 million recorded in the second quarter of 2004. Average earning assets for the period increased over the second quarter of 2004 by \$9.7 billion (5.8 percent), primarily driven by a \$3.3 billion (8.2 percent) increase in retail loans, a \$3.2 billion (8.1 percent) increase in total commercial loans and a \$3.1 billion (22.4 percent) increase in residential mortgages. The positive impact to net interest income from the growth in earning assets was more than offset by a lower net interest margin. The net interest margin in the second quarter of 2005 was 3.99 percent, compared with 4.28 percent in the second quarter of 2004. The decline in the net interest margin reflected the current lending environment, asset/liability management decisions and the impact of changes in the yield curve from a year ago. Since the second quarter of 2004, credit spreads have tightened by approximately 18 basis points across most lending products due to competitive pricing and a change in mix due to growth in lower spread credit products. The net interest margin also declined due to funding incremental growth with higher cost wholesale funding and asset/liability decisions designed to maintain a relatively neutral rate risk position, including reducing the duration of the securities portfolio, funding asset growth with more fixed rate long term debt and a 56 percent

reduction in the net receive fixed swap position between June 30, 2004, and June 30, 2005. Increases in the margin benefit of deposits and net free funds helped to partially offset these factors.

Net interest income in the second quarter of 2005 was higher than the first quarter of 2005 by \$10 million (.6 percent). Average earning assets grew quarter-over-quarter by \$3.4 billion (2.0 percent). Growth in most loan categories, including a 3.7 percent increase in total commercial loans, drove the increase in average earning assets over the prior quarter. The positive impact to net interest income from the growth in earning assets and day basis was partially offset by a lower net interest margin. The net interest margin in the second quarter of 2005 was 9 basis points lower than the net interest margin of 4.08 percent recorded in the first quarter of 2005. The decline in the net interest margin from the first quarter of 2005 reflected tighter credit spreads (4 basis points) due to increased competition, in addition to changes in loan mix. Higher short-term rates, funding a higher percentage of earning asset growth with wholesale funding and asset/liability actions designed to maintain a relatively neutral rate risk position, including a 31 percent reduction in the net receive fixed swap position between March 31, 2005, and June 30, 2005, also contributed to the margin reduction. This was partially offset by the higher margin benefit of deposits and net free funds and loan fees.

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NET INTEREST INCOME

Table 3

(Taxable-equivalent basis; \$ in millions)

	2Q	1Q	2Q	Change	Change	YTD	YTD	Percent
	2005	2005	2004	2Q05 vs	2Q05 vs	2005	2004	Change
				1Q05	2Q04			
Components of net interest income								
Income on earning assets	\$2,572	\$2,442	\$2,243	\$130	\$329	\$5,014	\$4,508	\$506
Expense on interest-bearing liabilities	811	691	464	120	347	1,502	950	552
Net interest income	\$1,761	\$1,751	\$1,779	\$10	\$(18)	\$3,512	\$3,558	\$(46)
Average yields and rates paid								
Earning assets yield	5.83%	5.69%	5.39%	0.14%	0.44%	5.76%	5.43%	0.33%
Rate paid on interest-bearing liabilities	2.23	1.97	1.38	0.26	0.85	2.10	1.42	0.68
Gross interest margin	3.60%	3.72%	4.01%	(0.12%)	(0.41%)	3.66%	4.01%	(0.35%)
Net interest margin	3.99%	4.08%	4.28%	(0.09%)	(0.29%)	4.03%	4.28%	(0.25%)
Average balances								
Investment securities	\$42,341	\$42,813	\$42,489	\$(472)	\$(148)	\$42,576	\$43,617	\$(1,041)
Loans	131,275	127,654	121,161	3,621	10,114	129,474	119,985	9,489
Earning assets	176,730	173,294	166,990	3,436	9,740	175,022	166,674	8,348
Interest-bearing liabilities	146,070	142,052	134,819	4,018	11,251	144,072	134,893	9,179
Net free funds*	30,660	31,242	32,171	(582)	(1,511)	30,950	31,781	(831)

* 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.

(MORE)

AVERAGE LOANS									Table 4
(\$ in millions)				Percent	Percent			Percent	
	2Q	1Q	2Q	Change	Change	YTD	YTD		
	2005	2005	2004	2Q05 vs	2Q05 vs	2005	2004	Change	
				1Q05	2Q04				
Commercial	\$37,595	\$36,083	\$34,484	4.2	9.0	\$36,843	\$34,057	8.2	
Lease financing	4,922	4,914	4,846	0.2	1.6	4,918	4,873	0.9	
Total commercial	42,517	40,997	39,330	3.7	8.1	41,761	38,930	7.3	
Commercial mortgages	20,156	20,268	20,477	(0.6)	(1.6)	20,212	20,515	(1.5)	
Construction and development	7,426	7,236	6,639	2.6	11.9	7,331	6,598	11.1	
Total commercial real estate	27,582	27,504	27,116	0.3	1.7	27,543	27,113	1.6	
Residential mortgages	17,198	15,827	14,052	8.7	22.4	16,517	13,831	19.4	
Credit card	6,527	6,417	5,989	1.7	9.0	6,472	5,933	9.1	
Retail leasing	7,314	7,198	6,484	1.6	12.8	7,256	6,338	14.5	
Home equity and second mortgages	15,003	14,844	13,775	1.1	8.9	14,924	13,575	9.9	
Other retail	15,134	14,867	14,415	1.8	5.0	15,001	14,265	5.2	
Total retail	43,978	43,326	40,663	1.5	8.2	43,653	40,111	8.8	
Total loans	\$131,275	\$127,654	\$121,161	2.8	8.3	\$129,474	\$119,985	7.9	

Average loans for the second quarter of 2005 were \$10.1 billion (8.3 percent) higher than the second quarter of 2004, driven by growth in average retail loans of \$3.3 billion (8.2 percent), total commercial loans of \$3.2 billion (8.1 percent) and residential mortgages of \$3.1 billion (22.4 percent). Total commercial real estate loans also increased slightly year-over-year by \$466 million (1.7 percent). Average loans for the second quarter of 2005 were higher than the first quarter of 2005 by \$3.6 billion (2.8 percent), reflecting growth in substantially all loan categories.

Average investment securities in the second quarter of 2005 were \$148 million (.3 percent) lower than in the second quarter of 2004. Investment securities at June 30, 2005, were \$2.0 billion higher than at June 30, 2004, but \$804 million lower than the balance at March 31, 2005. The changes in the balance of the investment securities portfolio from a year ago principally reflected the net impact of repositioning the investment portfolio during 2004 as part of asset/liability risk management decisions to acquire variable rate and shorter-term fixed securities to reduce the effective duration of the portfolio and to maintain a relatively neutral interest rate risk position. The

decline from first quarter of 2005 primarily represented maturities or prepayments with the proceeds being utilized to fund loan growth. During the second quarter of 2005, the Company retained its mix of approximately 39 percent variable rate securities.

AVERAGE DEPOSITS								Table 5
(\$ in millions)								
	2Q	1Q	2Q	Percent	Percent	YTD	YTD	Percent
	2005	2005	2004	Change	Change	2005	2004	Change
				2Q05 vs	2Q05 vs			
				1Q05	2Q04			
Noninterest-bearing deposits	\$29,148	\$28,417	\$30,607	2.6	(4.8)	\$28,784	\$29,815	(3.5)
Interest-bearing deposits								
Interest checking	23,024	23,146	20,739	(0.5)	11.0	23,085	20,844	10.8
Money market accounts	29,563	30,264	34,242	(2.3)	(13.7)	29,911	34,320	(12.8)
Savings accounts	5,886	5,968	5,936	(1.4)	(0.8)	5,927	5,917	0.2
Savings products	58,473	59,378	60,917	(1.5)	(4.0)	58,923	61,081	(3.5)
Time certificates of deposit less than \$100,000	13,152	12,978	13,021	1.3	1.0	13,066	13,319	(1.9)
Time deposits greater than \$100,000	20,459	18,650	12,571	9.7	62.7	19,559	12,352	58.3
Total interest-bearing deposits	92,084	91,006	86,509	1.2	6.4	91,548	86,752	5.5
Total deposits	\$121,232	\$119,423	\$117,116	1.5	3.5	\$120,332	\$116,567	3.2

Average noninterest-bearing deposits for the second quarter of 2005 were lower than the second quarter of 2004 by \$1.5 billion (4.8 percent). The year-over-year change in the average balance of noninterest-bearing deposits was impacted by product changes in the Consumer Banking business line. In late 2004, the Company migrated approximately \$1.3 billion of noninterest-bearing deposit balances to interest checking accounts as an enhancement to its Silver Elite Checking product. Average branch-based noninterest-bearing deposits in the second quarter of 2005, excluding the migration of certain high-value customers to Silver Elite Checking, were higher by approximately \$200 million (1.7 percent) over the same quarter of 2004, as net new checking accounts continue to grow. Average noninterest-bearing deposits in other areas, including commercial banking and private client, trust and asset management, also increased year-over-year. These favorable variances were offset, however, by expected declines in average noninterest-bearing deposits in corporate banking as customers utilize their excess liquidity.

Average total savings products declined year-over-year by \$2.4 billion (4.0 percent), due to reductions in average money market account balances and savings accounts, partially offset by

higher interest checking balances. Average branch-based interest checking deposits increased by \$2.5 billion (16.5 percent) over the same quarter of 2004, in part, due to the change in the Silver Elite Checking product, as well as new account growth. Average branch-based interest checking deposits, excluding Silver Elite Checking, were higher by approximately \$1.2 billion (8.0 percent) year-over-year. This positive variance in branch-based interest checking account deposits was partially offset by reductions in other areas, principally corporate banking. Average money market account balances declined by \$4.7 billion (13.7 percent) year-over-year, with the largest declines in the branches, national corporate banking and government banking. The overall decrease in average money market account balances year-over-year was the result of the Company's deposit pricing decisions. A portion of the money market balances have migrated to time deposits greater than \$100,000 as rates increased on the time deposit products.

Average time certificates less than \$100,000 were higher in the second quarter of 2005 than the second quarter of 2004 by \$131 million (1.0 percent). The Company also experienced year-over-year growth in average time deposits greater than \$100,000 of \$7.9 billion (62.7 percent), most notably in corporate banking, as customers migrated balances to higher rate deposits.

Average noninterest-bearing deposits for the second quarter of 2005 were \$731 million (2.6 percent) higher than the first quarter of 2005. Average savings products declined by \$905 million (1.5 percent) in the current quarter from the first quarter of 2005. Average interest checking deposits declined slightly quarter-over-quarter, the net result of higher average branch-related interest checking balances (2.2 percent), offset by lower balances in other business lines, principally corporate banking. Average money market account balances declined by \$701 million (2.3 percent) as the Company continued to lag deposit pricing. Time certificates of deposit less than \$100,000 increased modestly from the first quarter of 2005, while time deposits greater than \$100,000 rose by \$1.8 billion (9.7 percent), primarily due to growth in corporate banking customer balances and foreign branch time deposits.

NONINTEREST INCOME								Table 6
(\$ in millions)								
	2Q	1Q	2Q	Percent	Percent	YTD	YTD	Percent
	2005	2005	2004	Change	Change	2005	2004	Change
				2Q05 vs	2Q05 vs			
				1Q05	2Q04			
Credit and debit card revenue	\$177	\$154	\$159	14.9	11.3	\$331	\$301	10.0
Corporate payment products revenue	120	107	103	12.1	16.5	227	198	14.6
ATM processing services	57	47	45	21.3	26.7	104	87	19.5
Merchant processing services	198	178	165	11.2	20.0	376	306	22.9
Trust and investment management fees	253	247	251	2.4	0.8	500	500	--
Deposit service charges	234	210	202	11.4	15.8	444	387	14.7
Treasury management fees	117	107	121	9.3	(3.3)	224	239	(6.3)
Commercial products revenue	100	96	108	4.2	(7.4)	196	218	(10.1)
Mortgage banking revenue	110	102	110	7.8	--	212	204	3.9
Investment products fees and commissions	39	39	43	--	(9.3)	78	82	(4.9)
Securities gains (losses), net	1	(59)	(172)	nm	nm	(58)	(172)	(66.3)
Other	135	154	107	(12.3)	26.2	289	210	37.6
Total noninterest income	\$1,541	\$1,382	\$1,242	11.5	24.1	\$2,923	\$2,560	14.2

Noninterest Income

Second quarter noninterest income was \$1,541 million, an increase of \$299 million (24.1 percent) from the same quarter of 2004, and \$159 million (11.5 percent) higher than the first quarter of 2005. The increase in noninterest income over the second quarter of 2004 was driven by favorable variances in securities gains (losses) and in the majority of fee income categories. Credit and debit card revenue and corporate payment products revenue were both higher in the second quarter of 2005 than the second quarter of 2004 by \$18 million and \$17 million, or 11.3 percent and 16.5 percent, respectively. The growth in credit and debit card revenue was driven by higher transaction volumes and rate changes. The corporate payment products revenue growth reflected growth in sales, card usage, rate changes and the recent acquisition of a small fleet card business. ATM processing services revenue was higher by \$12 million (26.7 percent) in the second quarter of 2005 than the same quarter of the prior year, primarily due to the expansion of the ATM business in May of 2005. Merchant processing services revenue was higher in the second quarter of 2005 than the same quarter of 2004 by \$33 million (20.0 percent), reflecting an increase in sales volume, new

business, higher equipment fees and the expansion of business in Europe. Deposit service charges were higher year-over-year by \$32 million (15.8 percent) due to account growth and transaction-related fees. Other income was higher by \$28 million (26.2 percent), primarily due to higher income from equity investments relative to the same quarter of 2004. Partially offsetting these positive variances year-over-year were commercial products revenue, treasury management fees and investment products fees and commissions, which declined by \$8 million (7.4 percent), \$4 million (3.3 percent) and \$4 million (9.3 percent), respectively. Commercial products revenue declined due to reductions in loan fees and international product revenue. The decrease in treasury management fees was primarily due to higher earnings credit on customers' compensating balances. The decline in investment management fees and commissions reflected lower sales volume relative to the same quarter in 2004.

Noninterest income was higher in the second quarter of 2005 than the first quarter of 2005 by \$159 million (11.5 percent), primarily due to a \$60 million favorable change in gains (losses) on the sale of securities and increases in the majority of the remaining fee income categories. Credit and debit card revenue, corporate payment products revenue and merchant processing services rose by \$23 million (14.9 percent), \$13 million (12.1 percent) and \$20 million (11.2 percent), respectively, reflecting seasonally higher sales. ATM processing services revenue increased by \$10 million (21.3 percent) primarily due to the expansion of the business. Deposit service charges were higher by \$24 million (11.4 percent) in the second quarter of 2005 compared with the first quarter of 2005, reflecting higher transaction-related fees and net new account growth. The increase in trust and investment management fees and treasury management fees over the first quarter of 2005 reflected seasonally strong tax-related processing revenue. Mortgage banking revenue was higher by \$8 million (7.8 percent) than the prior quarter due to stronger loan production. Slightly offsetting these favorable variances was other income which was lower quarter-over-quarter by \$19 million (12.3 percent), primarily due to a decline in revenue from equity investments relative to the first quarter of 2005.

NONINTEREST EXPENSE									Table 7
(\$ in millions)				Percent	Percent				
	2Q	1Q	2Q	Change	Change	YTD	YTD	Percent	
	2005	2005	2004	2Q05 vs	2Q05 vs	2005	2004	Change	
				1Q05	2Q04				
Compensation	\$612	\$567	\$573	7.9	6.8	\$1,179	\$1,109	6.3	
Employee benefits	108	116	91	(6.9)	18.7	224	191	17.3	
Net occupancy and equipment	159	154	153	3.2	3.9	313	309	1.3	
Professional services	39	36	35	8.3	11.4	75	67	11.9	
Marketing and business development	67	43	49	55.8	36.7	110	84	31.0	
Technology and communications	113	106	102	6.6	10.8	219	204	7.4	
Postage, printing and supplies	63	63	60	--	5.0	126	122	3.3	
Other intangibles	181	71	(47)	nm	nm	252	179	40.8	
Debt prepayment	54	--	2	nm	nm	54	37	45.9	
Other	199	175	215	13.7	(7.4)	374	386	(3.1)	
Total noninterest expense	\$1,595	\$1,331	\$1,233	19.8	29.4	\$2,926	\$2,688	8.9	

Noninterest Expense

Second quarter noninterest expense totaled \$1,595 million, an increase of \$362 million (29.4 percent) over the same quarter of 2004 and a \$264 million (19.8 percent) increase over the first quarter of 2005. The increase in expense year-over-year was primarily driven by the \$224 million unfavorable change in the MSR valuation, as well as the increase of \$52 million in debt prepayment charges relative to the second quarter of 2004. Compensation expense was higher year-over-year by \$39 million (6.8 percent), principally due to business expansion of in-store branches, investments in commercial and community bankers, expansion of the Company's payments processing businesses, and other growth initiatives. Employee benefits increased year-over-year by \$17 million (18.7 percent), primarily as a result of higher pension expense and payroll taxes. Marketing and business development was higher in the second quarter of 2005 than the second quarter of 2004 by \$18 million (36.7 percent) due to marketing initiatives and the timing of contributions to the Company's charitable foundation. Technology and communications expense rose by \$11 million (10.8 percent), reflecting technology investments that increased software expense, in addition to outside data processing expense. Other expense declined in the second

quarter from the same quarter of 2004 by \$16 million (7.4 percent), primarily due to decreases in other loan expense, insurance, lower merchant charge-back risk, and other operating losses.

Noninterest expense in the second quarter of 2005 was higher than the first quarter of 2005 by \$264 million (19.8 percent). The increase in noninterest expense in the second quarter of 2005 from the first quarter of 2005 was primarily driven by the \$107 million unfavorable change in the MSR valuation quarter-over-quarter, as well as the \$54 million charge taken in connection with the Company's tender offer for certain debt securities in the second quarter of 2005. The increase in compensation expense of \$45 million (7.9 percent) in the second quarter over the prior quarter was primarily due to acquisitions, merit-based salary increases and higher incentive and commission-based compensation costs in the second quarter of 2005, while employee benefits declined by \$8 million (6.9 percent) due to seasonally lower payroll taxes. Marketing and business development and technology and communications rose quarter-over-quarter by \$24 million (55.8 percent) and \$7 million (6.6 percent), respectively. The variance in marketing and business development reflected the timing of marketing programs and contributions to the Company's charitable foundation. Technology and communications rose relative to the prior quarter due to business investment and increases in data transmission costs. Other expense was higher in the second quarter of 2005 than the first quarter of 2005, primarily due to acquisition integration costs and write-downs associated with certain co-branding and lease arrangements.

ALLOWANCE FOR CREDIT LOSSES					Table 8
(\$ in millions)	2Q	1Q	4Q	3Q	2Q
	2005	2005	2004	2004	2004
Balance, beginning of period	\$2,269	\$2,269	\$2,370	\$2,370	\$2,370
Net charge-offs					
Commercial	9	14	8	2	36
Lease financing	6	13	10	19	19
Total commercial	15	27	18	21	55
Commercial mortgages	1	4	9	3	2
Construction and development	(3)	2	1	3	--
Total commercial real estate	(2)	6	10	6	2
Residential mortgages	8	9	8	7	7
Credit card	64	65	61	65	63
Retail leasing	5	8	9	9	10
Home equity and second mortgages	16	17	18	18	20
Other retail	38	40	39	40	47
Total retail	123	130	127	132	140
Total net charge-offs	144	172	163	166	204
Provision for credit losses	144	172	64	166	204
Acquisitions and other changes	--	--	(2)	--	--
Balance, end of period	\$2,269	\$2,269	\$2,269	\$2,370	\$2,370
Components					
Allowance for loan losses	\$2,082	\$2,082	\$2,080	\$2,184	\$2,190
Liability for unfunded credit commitments	187	187	189	186	180
Total allowance for credit losses	\$2,269	\$2,269	\$2,269	\$2,370	\$2,370
Gross charge-offs	\$222	\$231	\$235	\$260	\$274
Gross recoveries	\$78	\$59	\$72	\$94	\$70
Net charge-offs to average loans (%)	0.44	0.55	0.52	0.54	0.68
Allowance as a percentage of:					
Period-end loans	1.70	1.76	1.80	1.90	1.93
Nonperforming loans	441	404	355	337	299
Nonperforming assets	372	341	303	294	260

Credit Quality

The allowance for credit losses was \$2,269 million at June 30, 2005, equal to the allowance for credit losses at March 31, 2005, and slightly lower than the allowance for credit losses of \$2,370

million at June 30, 2004. The ratio of the allowance for credit losses to period-end loans was 1.70 percent at June 30, 2005, compared with 1.76 percent at March 31, 2005, and 1.93 percent at June 30, 2004. The ratio of the allowance for credit losses to nonperforming loans was 441 percent at June 30, 2005, compared with 404 percent at March 31, 2005, and 299 percent at June 30, 2004. Total net charge-offs in the second quarter of 2005 were \$144 million, compared with the first quarter of 2005 net charge-offs of \$172 million and the second quarter of 2004 net charge-offs of \$204 million.

Commercial and commercial real estate loan net charge-offs were \$13 million for the second quarter of 2005, or .07 percent of average loans outstanding, compared with \$33 million, or .20 percent of average loans outstanding, in the first quarter of 2005 and \$57 million, or .35 percent of average loans outstanding, in the second quarter of 2004. The decline in net charge-offs reflected a stronger level of recoveries than prior quarters, as well as broad-based improvement in the overall quality of the commercial loan portfolio.

Retail loan net charge-offs of \$123 million in the second quarter of 2005 were \$7 million (5.4 percent) lower than the first quarter of 2005 and \$17 million (12.1 percent) lower than the second quarter of 2004. Retail loan net charge-offs as a percent of average loans outstanding were 1.12 percent in the second quarter of 2005, compared with 1.22 percent and 1.38 percent in the first quarter of 2005 and second quarter of 2004, respectively. Lower levels of retail loan net charge-offs principally reflected the Company's ongoing improvement in collection efforts and risk management.

CREDIT RATIOS		Table 9				
(Percent)	2Q	1Q	4Q	3Q	2Q	
	2005	2005	2004	2004	2004	
Net charge-offs ratios*						
Commercial	0.10	0.16	0.09	0.02	0.42	
Lease financing	0.49	1.07	0.82	1.56	1.58	
Total commercial	0.14	0.27	0.18	0.21	0.56	
Commercial mortgages	0.02	0.08	0.18	0.06	0.04	
Construction and development	(0.16)	0.11	0.05	0.17	--	
Total commercial real estate	(0.03)	0.09	0.14	0.09	0.03	
Residential mortgages	0.19	0.23	0.21	0.19	0.20	
Credit card	3.93	4.11	3.82	4.21	4.23	
Retail leasing	0.27	0.45	0.51	0.52	0.62	
Home equity and second mortgages	0.43	0.46	0.49	0.50	0.58	
Other retail	1.01	1.09	1.06	1.09	1.31	
Total retail	1.12	1.22	1.18	1.26	1.38	
Total net charge-offs	0.44	0.55	0.52	0.54	0.68	
Delinquent loan ratios - 90 days or more past due excluding nonperforming loans**						
Commercial	0.05	0.06	0.05	0.05	0.05	
Commercial real estate	0.01	0.02	--	0.01	0.01	
Residential mortgages	0.32	0.41	0.46	0.46	0.50	
Retail	0.40	0.43	0.47	0.47	0.48	
Total loans	0.19	0.22	0.23	0.23	0.24	
Delinquent loan ratios - 90 days or more past due including nonperforming loans**						
Commercial	0.74	0.84	0.99	1.14	1.37	
Commercial real estate	0.59	0.68	0.73	0.75	0.76	
Residential mortgages	0.55	0.66	0.74	0.77	0.79	
Retail	0.43	0.47	0.51	0.51	0.52	
Total loans	0.58	0.66	0.74	0.80	0.88	
* annualized and calculated on average loan balances						
** ratios are expressed as a percent of ending loan balances						

ASSET QUALITY		Table 10				
(\$ in millions)						
	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	
	2005	2005	2004	2004	2004	
Nonperforming loans						
Commercial	\$238	\$254	\$289	\$348	\$416	
Lease financing	60	70	91	91	111	
Total commercial	298	324	380	439	527	
Commercial mortgages	140	159	175	166	164	
Construction and development	21	21	25	35	41	
Commercial real estate	161	180	200	201	205	
Residential mortgages	42	41	43	46	42	
Retail	13	16	17	17	18	
Total nonperforming loans	514	561	640	703	792	
Other real estate	68	66	72	69	70	
Other nonperforming assets	28	38	36	33	49	
Total nonperforming assets*	\$610	\$665	\$748	\$805	\$911	
Accruing loans 90 days or more past due	\$258	\$285	\$294	\$292	\$293	
Nonperforming assets to loans plus ORE (%)	0.46	0.52	0.59	0.64	0.74	

*does not include accruing loans 90 days or more past due

Nonperforming assets at June 30, 2005, totaled \$610 million, compared with \$665 million at March 31, 2005, and \$911 million at June 30, 2004. The ratio of nonperforming assets to loans and other real estate was .46 percent at June 30, 2005, compared with .52 percent at March 31, 2005, and .74 percent at June 30, 2004.

CAPITAL POSITION					Table 11
(\$ in millions)	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
	2005	2005	2004	2004	2004
Total shareholders' equity	\$19,901	\$19,208	\$19,539	\$19,600	\$18,675
Tier 1 capital	14,564	14,943	14,720	14,589	14,294
Total risk-based capital	22,362	23,099	23,352	21,428	21,255
Common equity to assets	9.8 %	9.7 %	10.0 %	10.2 %	9.8 %
Tangible common equity to assets	6.1	6.2	6.4	6.4	6.3
Tier 1 capital ratio	8.1	8.6	8.6	8.7	8.7
Total risk-based capital ratio	12.5	13.3	13.1	12.7	12.9
Leverage ratio	7.5	7.9	7.9	7.9	7.8

Total shareholders' equity was \$19.9 billion at June 30, 2005, compared with \$18.7 billion at June 30, 2004. The increase was the result of corporate earnings offset by share buybacks and dividends.

Tangible common equity to assets was 6.1 percent at June 30, 2005, compared with 6.2 percent at March 31, 2005, and 6.3 percent at June 30, 2004. The Tier 1 capital ratio was 8.1 percent at June 30, 2005, compared with 8.6 percent at March 31, 2005, and 8.7 percent at June 30, 2004. The total risk-based capital ratio was 12.5 percent at June 30, 2005, compared with 13.3 percent at March 31, 2005, and 12.9 percent at June 30, 2004. The leverage ratio was 7.5 percent at June 30, 2005, compared with 7.9 percent at March 31, 2005, and 7.8 percent at June 30, 2004. All regulatory ratios continue to be in excess of stated "well capitalized" requirements.

COMMON SHARES					Table 12
(Millions)	2Q	1Q	4Q	3Q	2Q
	2005	2005	2004	2004	2004
Beginning shares outstanding	1,842	1,858	1,871	1,884	1,901
Shares issued for stock option and stock purchase plans, acquisitions and other corporate purposes	4	4	7	6	4
Shares repurchased	(17)	(20)	(20)	(19)	(21)
Ending shares outstanding	1,829	1,842	1,858	1,871	1,884

On December 21, 2004, the Board of Directors of U.S. Bancorp approved an authorization to repurchase up to 150 million shares of outstanding common stock during the following 24 months. This repurchase program replaced the Company's previous program. During the second quarter of 2005, the Company repurchased 17 million shares of common stock. As of June 30, 2005, there were approximately 107 million shares remaining to be repurchased under the current authorization.

LINE OF BUSINESS FINANCIAL PERFORMANCE*

Table 13

(\$ in millions)

Business Line	Net Income			Percent Change		YTD 2005	YTD 2004	Percent Change	2Q 2005
	2Q	1Q	2Q	2Q05 vs	2Q05 vs				Earnings
	2005	2005	2004	1Q05	2Q04				Composition
Wholesale Banking	\$267	\$255	\$243	4.7	9.9	\$522	\$471	10.8	24 %
Consumer Banking	452	405	369	11.6	22.5	857	698	22.8	40
Private Client, Trust and Asset Management	116	112	95	3.6	22.1	228	196	16.3	10
Payment Services	178	165	161	7.9	10.6	343	309	11.0	16
Treasury and Corporate Support	108	134	169	(19.4)	(36.1)	242	371	(34.8)	10
Consolidated Company	\$1,121	\$1,071	\$1,037	4.7	8.1	\$2,192	\$2,045	7.2	100 %

* preliminary data

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. Noninterest expenses incurred by centrally managed operations or business lines that directly support another business line's operations are charged to the applicable business line based on its utilization of those services primarily measured by the volume of customer activities, number of employees or other relevant factors. These allocated expenses are reported as net shared services expense within noninterest expense. Designations, assignments and allocations change from time to time as management systems are enhanced, methods of evaluating performance or product lines change or business segments are realigned to better respond to our diverse customer base. During 2005, certain organization and methodology changes were made and, accordingly, prior period results have been restated and presented on a comparable basis.

(MORE)

Wholesale Banking offers lending, depository, treasury management and other financial services to middle market, large corporate and public sector clients. Wholesale Banking contributed \$267 million of the Company's net income in the second quarter of 2005, a 9.9 percent increase over the same period of 2004 and a 4.7 percent increase over the first quarter of 2005. The increase in Wholesale Banking's second quarter 2005 contribution over the same quarter of 2004 was primarily the result of favorable variances in total net revenue (2.8 percent) and the provision for credit losses. Partly offsetting these positive variances was an increase in total noninterest expense (1.4 percent). The favorable variance in total net revenue year-over-year was primarily the result of growth in net interest income (4.3 percent), as the business line's noninterest income remained flat. The increase in net interest income was primarily due to an increase in average loans outstanding and wider deposit spreads, partially offset by tighter credit spreads. Noninterest income was flat year-over-year, as declines in commercial products revenue (3.4 percent) and treasury management fees (1.2 percent) were offset by higher revenue from equity investments relative to the second quarter of 2004. Wholesale Banking's unfavorable variance in total noninterest expense year-over-year was the result of higher compensation and employee benefits, the result of merit-based increases, new hires and production-based incentives, in addition to higher net shared services expense. Net recoveries of \$16 million in the current quarter, compared with net charge-offs of \$8 million in the second quarter of 2004, drove the favorable variance in the provision for credit losses year-over-year. The increase in Wholesale Banking's contribution to net income in the second quarter of 2005 over the first quarter of 2005 was the result of favorable variances in total net revenue (1.5 percent) and the provision for credit losses, partially offset by an increase in total noninterest expense (4.5 percent). Total net revenue was higher on a linked quarter basis, with an increase in net interest income (3.3 percent) partially offset by a decline in total noninterest income (1.9 percent). The favorable variance quarter-over-quarter in net interest income was primarily attributed to an increase in average loans outstanding and deposit balances, as well as wider deposit spreads. The decrease in noninterest income quarter-over-quarter was due to favorable variances in commercial products revenue and treasury management fees, which were more than offset by a decrease in other income related to revenue from equity investments. Commercial products revenue benefited from stronger capital markets related fees, while the growth in treasury management fees reflected seasonal tax receipt processing. The increase in total noninterest expense was principally due to higher net shared services expense related to customer transaction volumes and seasonal tax

receipt processing activities, partially offset by lower compensation and employee benefits and other expense. Net recoveries of \$16 million in the second quarter of 2005, compared with net charge-offs of \$3 million in the first quarter of 2005, drove the favorable variance in the provision for credit losses quarter-over-quarter.

Consumer Banking delivers products and services through banking offices, telemarketing, on-line services, direct mail and ATMs. It encompasses community banking, metropolitan banking, in-store 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 \$452 million of the Company's net income in the second quarter of 2005, a 22.5 percent increase over the same period of 2004 and an 11.6 percent increase over the prior quarter. The favorable increase year-over-year was the result of higher total net revenue (9.1 percent) and lower provision for credit losses (26.9 percent), partially offset by an increase in total noninterest expense (2.9 percent). Total net revenue was higher than the same quarter of 2004 due to increases in both net interest income (10.8 percent) and noninterest income (6.1 percent). Net interest income was higher year-over-year, primarily as a result of higher deposit spreads, as income from growth in average loan balances was offset by lower spreads on those assets. Noninterest income improved in the second quarter of 2005 over the same period of 2004, principally due to growth in deposit service charges (15.9 percent). Total noninterest expense in the second quarter of 2005 was higher than the same quarter of 2004, primarily due to an increase in compensation and employee benefits (5.4 percent), the result of the Company's in-store branch expansion, other hiring initiatives and incentives, in addition to higher net shared services expense (5.5 percent). A 26.9 percent 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 2005 over the prior quarter was the net result of favorable variances in total net revenue (6.5 percent) and provision for credit losses (15.0 percent), partly offset by an increase in noninterest expense (4.1 percent). Net interest income was higher quarter-over-quarter largely due to increases in average loans outstanding and deposit spreads relative to the prior quarter, which were partly offset by lower credit spreads. Noninterest income was higher (11.6 percent) than the prior quarter primarily due to growth in deposit service charges, mortgage banking revenue and other revenue, the result of a

favorable change in lease residual income. The unfavorable variance in total noninterest expense quarter-over-quarter was driven by an increase in net shared services expense and other expense, mainly the result of higher marketing and business development expense. A 15.0 percent reduction in net charge-offs quarter-over-quarter drove the positive variance in the provision for credit losses.

Private Client, Trust and Asset Management provides trust, private banking, financial advisory, investment management and mutual fund servicing through five businesses: Private Client Group, Corporate Trust, Asset Management, Institutional Trust and Custody and Fund Services. Private Client, Trust and Asset Management contributed \$116 million of the Company's net income in the second quarter of 2005, 22.1 percent higher than the same period of 2004 and 3.6 percent higher than the prior quarter of 2005. The increase in the business line's contribution in the second quarter of 2005 over the same quarter of 2004 was the result of favorable variances in total net revenue (7.9 percent) and the provision for credit losses (77.8 percent). Total noninterest expense remained flat year-over-year. Net interest income was favorably impacted year-over-year by deposit spreads, while noninterest income was essentially equal to the same quarter of 2004, as gains from equity market valuations were offset by lower fees, partially due to a change in the mix of fund balances and customers' migration from paying for services with fees to paying with compensating balances. Lower net charge-offs drove the positive change in provision for credit losses year-over-year. The increase in the business line's contribution (3.6 percent) in the second quarter of 2005 over the prior quarter was the result of higher total net revenue (3.4 percent), partly offset by an increase in total noninterest expense (1.7 percent) and provision for credit losses. Net interest income and noninterest income rose quarter-over-quarter by 6.7 percent and 2.0 percent, respectively. The increase in net interest income was primarily driven by growth in average deposit balances and favorable deposit spreads, while noninterest income increased largely due to seasonally higher tax preparation fees. Total noninterest expense was slightly higher in the second quarter due to an increase in net shared services expense.

Payment Services includes consumer and business credit cards, debit cards, corporate and purchasing card services, consumer lines of credit, ATM processing, and merchant processing. Payment Services contributed \$178 million of the Company's net income in the second quarter of 2005, a 10.6 percent increase over the same period of 2004 and a 7.9 percent increase over the first quarter of 2005. The increase in Payment Services' contribution in the second quarter of 2005 over the same period of 2004 was the result of higher total net revenue (11.6 percent) and a slightly

lower provision for credit losses (2.1 percent), partially offset by an increase in total noninterest expense (17.4 percent). The increase in total net revenue year-over-year was primarily due to growth in noninterest income (17.1 percent), partially offset by a reduction in net interest income (7.2 percent), reflecting higher corporate card balances and rebates. The increase in noninterest income was principally the result of growth in credit and debit card revenue (12.0 percent), corporate payment products revenue (16.5 percent), ATM processing services revenue (40.0 percent) and merchant processing services revenue (20.0 percent). All categories benefited from higher transaction volumes, some rate changes and business expansion initiatives. The growth in total noninterest expense year-over-year primarily reflected an increase in processing expense related to the business line's revenue growth, including costs associated with expansion of the European merchant acquiring business and other smaller payment services acquisitions. The increase in Payment Services' contribution in the second quarter of 2005 over the prior quarter was primarily due to seasonally strong growth in total net revenue (7.8 percent), partly offset by higher total noninterest expense (9.4 percent) and provision for credit losses (3.4 percent). Net interest income decreased 8.5 percent quarter-over-quarter, while fee-based revenue rose by 12.6 percent due to seasonally higher retail and corporate credit card sales volumes, ATM processing services revenue and merchant processing fees. The unfavorable variance in total noninterest expense from the prior quarter was primarily due to personnel and other costs to support ongoing business expansion and higher processing volumes, in addition to higher net shared services 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 those expenses associated with corporate activities that are managed on a consolidated basis. In addition, changes in MSR valuations primarily due to interest rates are managed at a corporate level and, as such, reported within this business unit. Operational expenses incurred by Treasury and Corporate Support on behalf of the other business lines are allocated back to the appropriate business unit, primarily based on customer transaction volume and account activities, deposit balances and employee levels and are identified as net shared services expense. Treasury and Corporate Support recorded net income of \$108 million in the second quarter of 2005, compared with net income of \$169 million in the second quarter of 2004 and \$134 million in the first quarter of 2005. The decrease in net income in the current quarter from the same quarter of 2004 was the net result of

unfavorable variances in net interest income (\$147 million), the MSR valuation (\$224 million) and debt prepayment expense (\$52 million), partially offset by a \$173 million favorable change in net securities gains (losses) and the \$94 million tax benefit realized by the Company in the current quarter. The unfavorable change in net interest income (56.3 percent) year-over-year reflected the Company's asset/liability management decisions to invest in lower-yield floating-rate securities, higher-cost fixed funding and repositioning of the Company for changes in the interest rate environment. Net income in the second quarter of 2005 was lower than net income in the first quarter of 2005, the result of unfavorable variances in net interest income (\$36 million), the MSR valuation (\$107 million) and debt prepayment expense (\$54 million), partly offset by favorable variances in securities gains (losses) (\$56 million) and the \$94 million tax benefit realized in the current quarter. Total net interest income declined quarter-over-quarter, primarily due to the 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 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 19, 2005, AT 7:00 a.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 19, 2005, and will run through Tuesday, July 26, 2005, at 11:00 p.m. (CDT). To access the recorded message dial 888-274-8331. If calling from outside the United States, please dial 402-220-7332. After July 26th, 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 \$204 billion in assets, is the 6th largest financial holding company in the United States. The Company operates 2,383 banking offices and 4,877 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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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,	
	2005	2004	2005	2004
Interest Income				
Loans	\$2,027	\$1,740	\$3,938	\$3,487
Loans held for sale	24	27	45	47
Investment securities	486	444	962	913
Other interest income	28	25	55	47
Total interest income	2,565	2,236	5,000	4,494
Interest Expense				
Deposits	361	205	669	432
Short-term borrowings	143	59	255	109
Long-term debt	307	200	578	409
Total interest expense	811	464	1,502	950
Net interest income	1,754	1,772	3,498	3,544
Provision for credit losses	144	204	316	439
Net interest income after provision for credit losses	1,610	1,568	3,182	3,105
Noninterest Income				
Credit and debit card revenue	177	159	331	301
Corporate payment products revenue	120	103	227	198
ATM processing services	57	45	104	87
Merchant processing services	198	165	376	306
Trust and investment management fees	253	251	500	500
Deposit service charges	234	202	444	387
Treasury management fees	117	121	224	239
Commercial products revenue	100	108	196	218
Mortgage banking revenue	110	110	212	204
Investment products fees and commissions	39	43	78	82
Securities gains (losses), net	1	(172)	(58)	(172)
Other	135	107	289	210
Total noninterest income	1,541	1,242	2,923	2,560
Noninterest Expense				
Compensation	612	573	1,179	1,109
Employee benefits	108	91	224	191
Net occupancy and equipment	159	153	313	309
Professional services	39	35	75	67
Marketing and business development	67	49	110	84
Technology and communications	113	102	219	204
Postage, printing and supplies	63	60	126	122
Other intangibles	181	(47)	252	179
Debt prepayment	54	2	54	37
Other	199	215	374	386
Total noninterest expense	1,595	1,233	2,926	2,688
Income before income taxes	1,556	1,577	3,179	2,977
Applicable income taxes	435	540	987	932
Net income	\$1,121	\$1,037	\$2,192	\$2,045
Earnings per share	\$.61	\$.55	\$1.19	\$1.07
Diluted earnings per share	\$.60	\$.54	\$1.17	\$1.06
Dividends declared per share	\$.30	\$.24	\$.60	\$.48
Average common shares outstanding	1,833	1,892	1,842	1,904
Average diluted common shares outstanding	1,857	1,913	1,869	1,927

U.S. Bancorp

Consolidated Ending Balance Sheet

(Dollars in Millions)	June 30, 2005	December 31, 2004	June 30, 2004
Assets	(Unaudited)		(Unaudited)
Cash and due from banks	\$6,442	\$6,336	\$7,476
Investment securities			
Held-to-maturity	116	127	125
Available-for-sale	42,183	41,354	40,160
Loans held for sale	1,734	1,439	1,383
Loans			
Commercial	43,180	40,173	40,065
Commercial real estate	27,743	27,585	27,204
Residential mortgages	17,966	15,367	14,380
Retail	44,555	43,190	41,181
Total loans	133,444	126,315	122,830
Less allowance for loan losses	(2,082)	(2,080)	(2,190)
Net loans	131,362	124,235	120,640
Premises and equipment	1,864	1,890	1,893
Customers' liability on acceptances	95	95	169
Goodwill	6,372	6,241	6,226
Other intangible assets	2,584	2,387	2,475
Other assets	11,229	11,000	9,737
Total assets	\$203,981	\$195,104	\$190,284
Liabilities and Shareholders' Equity			
Deposits			
Noninterest-bearing	\$33,401	\$30,756	\$32,786
Interest-bearing	69,690	71,936	71,314
Time deposits greater than \$100,000	18,732	18,049	15,827
Total deposits	121,823	120,741	119,927
Short-term borrowings	20,434	13,084	11,592
Long-term debt	34,788	34,739	33,665
Acceptances outstanding	95	95	169
Other liabilities	6,940	6,906	6,256
Total liabilities	184,080	175,565	171,609
Shareholders' equity			
Common stock	20	20	20
Capital surplus	5,903	5,902	5,860
Retained earnings	17,849	16,758	15,644
Less treasury stock	(3,984)	(3,125)	(2,316)
Other comprehensive income	113	(16)	(533)
Total shareholders' equity	19,901	19,539	18,675
Total liabilities and shareholders' equity	\$203,981	\$195,104	\$190,284

Supplemental Analyst Schedules

2Q 2005

U.S. Bancorp

Income Statement Highlights

Financial Results and Ratios

(Dollars and Shares in Millions, Except Per Share Data) (Unaudited)	Three Months Ended			Percent Change v. June 30, 2005	
	June 30, 2005	March 31, 2005	June 30, 2004	March 31, 2005	June 30, 2004
Net interest income (taxable-equivalent basis)	\$1,761	\$1,751	\$1,779	.6 %	(1.0) %
Noninterest income	1,541	1,382	1,242	11.5	24.1
Total net revenue	3,302	3,133	3,021	5.4	9.3
Noninterest expense	1,595	1,331	1,233	19.8	29.4
Income before provision and income taxes	1,707	1,802	1,788	(5.3)	(4.5)
Provision for credit losses	144	172	204	(16.3)	(29.4)
Income before income taxes	1,563	1,630	1,584	(4.1)	(1.3)
Taxable-equivalent adjustment	7	7	7	--	--
Applicable income taxes	435	552	540	(21.2)	(19.4)
Net income	\$1,121	\$1,071	\$1,037	4.7	8.1
Diluted earnings per share	\$.60	\$.57	\$.54	5.3	11.1
Financial Ratios					
Net interest margin*	3.99 %	4.08 %	4.28 %		
Interest yield on average loans*	6.21	6.08	5.79		
Rate paid on interest-bearing liabilities	2.23	1.97	1.38		
Return on average assets	2.23	2.21	2.19		
Return on average equity	22.7	21.9	21.9		
Efficiency ratio**	48.3	41.7	38.6		
Tangible efficiency ratio***	42.8	39.5	40.1		

* 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

(Dollars and Shares in Millions, Except Per Share Data) (Unaudited)	Six Months Ended		Percent Change
	June 30, 2005	June 30, 2004	
Net interest income (taxable-equivalent basis)	\$3,512	\$3,558	(1.3) %
Noninterest income	2,923	2,560	14.2
Total net revenue	6,435	6,118	5.2
Noninterest expense	2,926	2,688	8.9
Income before provision and income taxes	3,509	3,430	2.3
Provision for credit losses	316	439	(28.0)
Income before income taxes	3,193	2,991	6.8
Taxable-equivalent adjustment	14	14	--
Applicable income taxes	987	932	5.9
Net income	\$2,192	\$2,045	7.2
Diluted earnings per share	\$1.17	\$1.06	10.4
Financial Ratios			
Net interest margin*	4.03 %	4.28 %	
Interest yield on average loans*	6.14	5.86	
Rate paid on interest-bearing liabilities	2.10	1.42	
Return on average assets	2.22	2.16	
Return on average equity	22.3	21.3	
Efficiency ratio**	45.1	42.7	
Tangible efficiency ratio***	41.2	39.9	

* 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

Quarterly Consolidated Statement of Income

(Dollars and Shares in Millions, Except Per Share Data) (Unaudited)	Three Months Ended				
	June 30, 2005	March 31, 2005	December 31, 2004	September 30, 2004	June 30, 2004
Interest Income					
Loans	\$2,027	\$1,911	\$1,878	\$1,803	\$1,740
Loans held for sale	24	21	23	21	27
Investment securities	486	476	461	453	444
Other interest income	28	27	27	26	25
Total interest income	2,565	2,435	2,389	2,303	2,236
Interest Expense					
Deposits	361	308	250	222	205
Short-term borrowings	143	112	80	74	59
Long-term debt	307	271	267	232	200
Total interest expense	811	691	597	528	464
Net interest income	1,754	1,744	1,792	1,775	1,772
Provision for credit losses	144	172	64	166	204
Net interest income after provision for credit losses	1,610	1,572	1,728	1,609	1,568
Noninterest Income					
Credit and debit card revenue	177	154	184	164	159
Corporate payment products revenue	120	107	101	108	103
ATM processing services	57	47	43	45	45
Merchant processing services	198	178	181	188	165
Trust and investment management fees	253	247	241	240	251
Deposit service charges	234	210	212	208	202
Treasury management fees	117	107	110	118	121
Commercial products revenue	100	96	108	106	108
Mortgage banking revenue	110	102	96	97	110
Investment products fees and commissions	39	39	37	37	43
Securities gains (losses), net	1	(59)	(21)	88	(172)
Other	135	154	143	125	107
Total noninterest income	1,541	1,382	1,435	1,524	1,242
Noninterest Expense					
Compensation	612	567	579	564	573
Employee benefits	108	116	98	100	91
Net occupancy and equipment	159	154	163	159	153
Professional services	39	36	45	37	35
Marketing and business development	67	43	49	61	49
Technology and communications	113	106	116	110	102
Postage, printing and supplies	63	63	65	61	60
Other intangibles	181	71	161	210	(47)
Debt prepayment	54	--	113	5	2
Other	199	175	190	211	215
Total noninterest expense	1,595	1,331	1,579	1,518	1,233
Income before income taxes	1,556	1,623	1,584	1,615	1,577
Applicable income taxes	435	552	528	549	540
Net income	\$1,121	\$1,071	\$1,056	\$1,066	\$1,037
Earnings per share	\$.61	\$.58	\$.57	\$.57	\$.55
Diluted earnings per share	\$.60	\$.57	\$.56	\$.56	\$.54
Dividends declared per share	\$.30	\$.30	\$.30	\$.24	\$.24
Average common shares outstanding	1,833	1,852	1,865	1,877	1,892
Average diluted common shares outstanding	1,857	1,880	1,894	1,904	1,913
Financial Ratios					
Net interest margin*	3.99 %	4.08 %	4.20 %	4.22 %	4.28 %
Interest yield on average loans*	6.21	6.08	5.97	5.86	5.79
Rate paid on interest-bearing liabilities	2.23	1.97	1.72	1.55	1.38
Return on average assets	2.23	2.21	2.16	2.21	2.19
Return on average equity	22.7	21.9	21.2	21.9	21.9
Efficiency ratio**	48.3	41.7	48.5	47.2	38.6
Tangible efficiency ratio***	42.8	39.5	43.6	40.6	40.1

* 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

Consolidated Ending Balance Sheet

(Dollars in Millions)	June 30, 2005	March 31, 2005	December 31, 2004	September 30, 2004	June 30, 2004
Assets	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)
Cash and due from banks	\$6,442	\$5,881	\$6,336	\$6,969	\$7,476
Investment securities					
Held-to-maturity	116	121	127	120	125
Available-for-sale	42,183	42,982	41,354	39,534	40,160
Loans held for sale	1,734	1,635	1,439	1,372	1,383
Loans					
Commercial	43,180	41,540	40,173	40,151	40,065
Commercial real estate	27,743	27,363	27,585	27,414	27,204
Residential mortgages	17,966	16,572	15,367	14,741	14,380
Retail	44,555	43,430	43,190	42,520	41,181
Total loans	133,444	128,905	126,315	124,826	122,830
Less allowance for loan losses	(2,082)	(2,082)	(2,080)	(2,184)	(2,190)
Net loans	131,362	126,823	124,235	122,642	120,640
Premises and equipment	1,864	1,877	1,890	1,894	1,893
Customers' liability on acceptances	95	91	95	146	169
Goodwill	6,372	6,277	6,241	6,226	6,226
Other intangible assets	2,584	2,533	2,387	2,419	2,475
Other assets	11,229	10,246	11,000	11,522	9,737
Total assets	\$203,981	\$198,466	\$195,104	\$192,844	\$190,284
Liabilities and Shareholders' Equity					
Deposits					
Noninterest-bearing	\$33,401	\$28,880	\$30,756	\$31,585	\$32,786
Interest-bearing	69,690	71,751	71,936	70,011	71,314
Time deposits greater than \$100,000	18,732	19,087	18,049	13,971	15,827
Total deposits	121,823	119,718	120,741	115,567	119,927
Short-term borrowings	20,434	14,273	13,084	12,648	11,592
Long-term debt	34,788	38,071	34,739	38,004	33,665
Acceptances outstanding	95	91	95	146	169
Other liabilities	6,940	7,105	6,906	6,879	6,256
Total liabilities	184,080	179,258	175,565	173,244	171,609
Shareholders' equity					
Common stock	20	20	20	20	20
Capital surplus	5,903	5,889	5,902	5,868	5,860
Retained earnings	17,849	17,276	16,758	16,260	15,644
Less treasury stock	(3,984)	(3,590)	(3,125)	(2,710)	(2,316)
Other comprehensive income	113	(387)	(16)	162	(533)
Total shareholders' equity	19,901	19,208	19,539	19,600	18,675
Total liabilities and shareholders' equity	\$203,981	\$198,466	\$195,104	\$192,844	\$190,284

U.S. Bancorp

Consolidated Quarterly Average Balance Sheet

(Dollars in Millions, Unaudited)	June 30, 2005	March 31, 2005	December 31, 2004	September 30, 2004	June 30, 2004
Assets					
Investment securities	\$42,341	\$42,813	\$42,315	\$42,502	\$42,489
Loans held for sale	1,697	1,429	1,598	1,405	1,987
Loans					
Commercial					
Commercial	37,595	36,083	35,348	34,457	34,484
Lease financing	4,922	4,914	4,855	4,860	4,846
Total commercial	42,517	40,997	40,203	39,317	39,330
Commercial real estate					
Commercial mortgages	20,156	20,268	20,286	20,231	20,477
Construction and development	7,426	7,236	7,360	6,963	6,639
Total commercial real estate	27,582	27,504	27,646	27,194	27,116
Residential mortgages	17,198	15,827	15,044	14,569	14,052
Retail					
Credit card	6,527	6,417	6,347	6,145	5,989
Retail leasing	7,314	7,198	7,087	6,842	6,484
Home equity and second mortgages	15,003	14,844	14,711	14,288	13,775
Other retail	15,134	14,867	14,601	14,551	14,415
Total retail	43,978	43,326	42,746	41,826	40,663
Total loans	131,275	127,654	125,639	122,906	121,161
Other earning assets	1,417	1,398	1,372	1,374	1,353
Total earning assets	176,730	173,294	170,924	168,187	166,990
Allowance for loan losses	(2,125)	(2,114)	(2,207)	(2,287)	(2,289)
Unrealized gain (loss) on available-for-sale securities	(224)	(261)	(150)	(492)	(729)
Other assets	27,437	26,016	26,093	26,177	26,458
Total assets	\$201,818	\$196,935	\$194,660	\$191,585	\$190,430
Liabilities and Shareholders' Equity					
Noninterest-bearing deposits	\$29,148	\$28,417	\$29,841	\$29,791	\$30,607
Interest-bearing deposits					
Interest checking	23,024	23,146	21,630	20,413	20,739
Money market accounts	29,563	30,264	30,955	31,854	34,242
Savings accounts	5,886	5,968	5,776	5,854	5,936
Time certificates of deposit less than \$100,000	13,152	12,978	12,794	12,869	13,021
Time deposits greater than \$100,000	20,459	18,650	15,448	14,535	12,571
Total interest-bearing deposits	92,084	91,006	86,603	85,525	86,509
Short-term borrowings	17,013	15,606	14,020	15,382	15,310
Long-term debt	36,973	35,440	37,680	35,199	33,000
Total interest-bearing liabilities	146,070	142,052	138,303	136,106	134,819
Other liabilities	6,780	6,663	6,696	6,301	5,961
Shareholders' equity	19,820	19,803	19,820	19,387	19,043
Total liabilities and shareholders' equity	\$201,818	\$196,935	\$194,660	\$191,585	\$190,430

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

For the Three Months Ended

June 30, 2005

June 30, 2004

(Dollars in Millions, Unaudited)	Average		Yields and	Average		Yields and	% Change
	Balances	Interest	Rates	Balances	Interest	Rates	Average
							Balances
Assets							
Investment securities	\$42,341	\$488	4.61 %	\$42,489	\$446	4.20 %	(.3) %
Loans held for sale	1,697	24	5.71	1,987	27	5.49	(14.6)
Loans (b)							
Commercial	42,517	614	5.79	39,330	542	5.54	8.1
Commercial real estate	27,582	437	6.36	27,116	373	5.53	1.7
Residential mortgages	17,198	239	5.56	14,052	200	5.69	22.4
Retail	43,978	742	6.77	40,663	630	6.23	8.2
Total loans	131,275	2,032	6.21	121,161	1,745	5.79	8.3
Other earning assets	1,417	28	7.94	1,353	25	7.61	4.7
Total earning assets	176,730	2,572	5.83	166,990	2,243	5.39	5.8
Allowance for loan losses	(2,125)			(2,289)			(7.2)
Unrealized gain (loss) on available-for-sale securities	(224)			(729)			(69.3)
Other assets	27,437			26,458			3.7
Total assets	<u>\$201,818</u>			<u>\$190,430</u>			6.0
Liabilities and Shareholders' Equity							
Noninterest-bearing deposits	\$29,148			\$30,607			(4.8)
Interest-bearing deposits							
Interest checking	23,024	33	.57	20,739	14	.28	11.0
Money market accounts	29,563	79	1.07	34,242	57	.67	(13.7)
Savings accounts	5,886	4	.24	5,936	4	.24	(.8)
Time certificates of deposit less than \$100,000	13,152	94	2.86	13,021	83	2.58	1.0
Time deposits greater than \$100,000	20,459	151	2.97	12,571	47	1.50	62.7
Total interest-bearing deposits	92,084	361	1.57	86,509	205	.95	6.4
Short-term borrowings	17,013	143	3.37	15,310	59	1.55	11.1
Long-term debt	36,973	307	3.33	33,000	200	2.43	12.0
Total interest-bearing liabilities	146,070	811	2.23	134,819	464	1.38	8.3
Other liabilities	6,780			5,961			13.7
Shareholders' equity	19,820			19,043			4.1
Total liabilities and shareholders' equity	<u>\$201,818</u>			<u>\$190,430</u>			6.0 %
Net interest income		<u>\$1,761</u>			<u>\$1,779</u>		
Gross interest margin			3.60 %			4.01 %	
Gross interest margin without taxable-equivalent increments			3.58			3.99	
Percent of Earning Assets							
Interest income			5.83 %			5.39 %	
Interest expense			1.84			1.11	
Net interest margin			3.99 %			4.28 %	
Net interest margin without taxable-equivalent increments			3.97 %			4.26 %	

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

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

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

For the Three Months Ended
June 30, 2005 March 31, 2005

(Dollars in Millions, Unaudited)	Average Balances	Interest	Yields and Rates	Average Balances	Interest	Yields and Rates	% Change Average Balances
Assets							
Investment securities	\$42,341	\$488	4.61 %	\$42,813	\$477	4.46 %	(1.1) %
Loans held for sale	1,697	24	5.71	1,429	21	5.83	18.8
Loans (b)							
Commercial	42,517	614	5.79	40,997	577	5.69	3.7
Commercial real estate	27,582	437	6.36	27,504	413	6.09	.3
Residential mortgages	17,198	239	5.56	15,827	218	5.55	8.7
Retail	43,978	742	6.77	43,326	709	6.63	1.5
Total loans	131,275	2,032	6.21	127,654	1,917	6.08	2.8
Other earning assets	1,417	28	7.94	1,398	27	7.88	1.4
Total earning assets	176,730	2,572	5.83	173,294	2,442	5.69	2.0
Allowance for loan losses	(2,125)			(2,114)			.5
Unrealized gain (loss) on available-for-sale securities	(224)			(261)			(14.2)
Other assets	27,437			26,016			5.5
Total assets	<u>\$201,818</u>			<u>\$196,935</u>			2.5
Liabilities and Shareholders' Equity							
Noninterest-bearing deposits	\$29,148			\$28,417			2.6
Interest-bearing deposits							
Interest checking	23,024	33	.57	23,146	31	.54	(.5)
Money market accounts	29,563	79	1.07	30,264	70	.93	(2.3)
Savings accounts	5,886	4	.24	5,968	4	.31	(1.4)
Time certificates of deposit less than \$100,000	13,152	94	2.86	12,978	86	2.70	1.3
Time deposits greater than \$100,000	20,459	151	2.97	18,650	117	2.54	9.7
Total interest-bearing deposits	92,084	361	1.57	91,006	308	1.37	1.2
Short-term borrowings	17,013	143	3.37	15,606	112	2.91	9.0
Long-term debt	36,973	307	3.33	35,440	271	3.09	4.3
Total interest-bearing liabilities	146,070	811	2.23	142,052	691	1.97	2.8
Other liabilities	6,780			6,663			1.8
Shareholders' equity	19,820			19,803			.1
Total liabilities and shareholders' equity	<u>\$201,818</u>			<u>\$196,935</u>			2.5 %
Net interest income		<u>\$1,761</u>			<u>\$1,751</u>		
Gross interest margin			3.60 %			3.72 %	
Gross interest margin without taxable-equivalent increments			<u>3.58</u>			<u>3.70</u>	
Percent of Earning Assets							
Interest income			5.83 %			5.69 %	
Interest expense			1.84			1.61	
Net interest margin			<u>3.99 %</u>			<u>4.08 %</u>	
Net interest margin without taxable-equivalent increments			<u>3.97 %</u>			<u>4.06 %</u>	

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

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

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

For the Six Months Ended

June 30, 2005

June 30, 2004

(Dollars in Millions, Unaudited)	Average		Yields and	Average		Yields and	% Change
	Balances	Interest	Rates	Balances	Interest	Rates	Average
							Balances
Assets							
Investment securities	\$42,576	\$965	4.53 %	\$43,617	\$918	4.21 %	(2.4) %
Loans held for sale	1,564	45	5.76	1,716	47	5.50	(8.9)
Loans (b)							
Commercial	41,761	1,191	5.74	38,930	1,087	5.61	7.3
Commercial real estate	27,543	850	6.22	27,113	747	5.54	1.6
Residential mortgages	16,517	457	5.55	13,831	397	5.76	19.4
Retail	43,653	1,451	6.70	40,111	1,265	6.34	8.8
Total loans	129,474	3,949	6.14	119,985	3,496	5.86	7.9
Other earning assets	1,408	55	7.91	1,356	47	7.05	3.8
Total earning assets	175,022	5,014	5.76	166,674	4,508	5.43	5.0
Allowance for loan losses	(2,120)			(2,360)			(10.2)
Unrealized gain (loss) on available-for-sale securities	(242)			(372)			(34.9)
Other assets	26,730			26,104			2.4
Total assets	<u>\$199,390</u>			<u>\$190,046</u>			4.9
Liabilities and Shareholders' Equity							
Noninterest-bearing deposits	\$28,784			\$29,815			(3.5)
Interest-bearing deposits							
Interest checking	23,085	64	.56	20,844	33	.32	10.8
Money market accounts	29,911	149	1.00	34,320	124	.73	(12.8)
Savings accounts	5,927	8	.28	5,917	8	.27	.2
Time certificates of deposit less than \$100,000	13,066	180	2.78	13,319	174	2.63	(1.9)
Time deposits greater than \$100,000	19,559	268	2.77	12,352	93	1.51	58.3
Total interest-bearing deposits	91,548	669	1.47	86,752	432	1.00	5.5
Short-term borrowings	16,313	255	3.15	14,365	109	1.52	13.6
Long-term debt	36,211	578	3.21	33,776	409	2.43	7.2
Total interest-bearing liabilities	144,072	1,502	2.10	134,893	950	1.42	6.8
Other liabilities	6,722			6,024			11.6
Shareholders' equity	19,812			19,314			2.6
Total liabilities and shareholders' equity	<u>\$199,390</u>			<u>\$190,046</u>			4.9 %
Net interest income		<u>\$3,512</u>			<u>\$3,558</u>		
Gross interest margin			3.66 %			4.01 %	
Gross interest margin without taxable-equivalent increments			3.64			3.99	
Percent of Earning Assets							
Interest income			5.76 %			5.43 %	
Interest expense			1.73			1.15	
Net interest margin			4.03 %			4.28 %	
Net interest margin without taxable-equivalent increments			4.01 %			4.26 %	

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

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

U.S. Bancorp
Loan Portfolio

	June 30, 2005		March 31, 2005		December 31, 2004		September 30, 2004		June 30, 2004	
(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	\$38,210	28.6 %	\$36,623	28.4 %	\$35,210	27.9 %	\$35,286	28.3 %	\$35,170	28.6 %
Lease financing	4,970	3.7	4,917	3.8	4,963	3.9	4,865	3.9	4,895	4.0
Total commercial	43,180	32.3	41,540	32.2	40,173	31.8	40,151	32.2	40,065	32.6
Commercial real estate										
Commercial mortgages	20,154	15.1	20,134	15.6	20,315	16.1	20,232	16.2	20,382	16.6
Construction and development	7,589	5.7	7,229	5.6	7,270	5.7	7,182	5.7	6,822	5.6
Total commercial real estate	27,743	20.8	27,363	21.2	27,585	21.8	27,414	21.9	27,204	22.2
Residential mortgages										
Residential mortgages	12,075	9.1	10,747	8.4	9,722	7.7	8,955	7.2	8,420	6.9
Home equity loans, first liens	5,891	4.4	5,825	4.5	5,645	4.5	5,786	4.6	5,960	4.8
Total residential mortgages	17,966	13.5	16,572	12.9	15,367	12.2	14,741	11.8	14,380	11.7
Retail										
Credit card	6,561	4.9	6,276	4.9	6,603	5.2	6,216	5.0	6,079	4.9
Retail leasing	7,431	5.6	7,253	5.6	7,166	5.7	7,004	5.6	6,640	5.4
Home equity and second mortgages	15,076	11.3	14,867	11.5	14,851	11.8	14,548	11.7	14,017	11.4
Other retail										
Revolving credit	2,544	1.9	2,480	1.9	2,541	2.0	2,555	2.1	2,544	2.1
Installment	3,319	2.5	3,006	2.4	2,767	2.2	2,790	2.2	2,656	2.2
Automobile	7,630	5.7	7,445	5.8	7,419	5.9	7,481	6.0	7,515	6.1
Student	1,994	1.5	2,103	1.6	1,843	1.4	1,926	1.5	1,730	1.4
Total other retail	15,487	11.6	15,034	11.7	14,570	11.5	14,752	11.8	14,445	11.8
Total retail	44,555	33.4	43,430	33.7	43,190	34.2	42,520	34.1	41,181	33.5
Total loans	\$133,444	100.0 %	\$128,905	100.0 %	\$126,315	100.0 %	\$124,826	100.0 %	\$122,830	100.0 %

U.S. Bancorp
Supplemental Financial Data

(Dollars in Millions, Unaudited)	June 30, 2005	March 31, 2005	December 31, 2004	September 30, 2004	June 30, 2004
Book value of intangibles					
Goodwill	\$6,372	\$6,277	\$6,241	\$6,226	\$6,226
Merchant processing contracts	781	748	714	713	751
Core deposit benefits	299	317	336	356	376
Mortgage servicing rights	952	948	866	865	863
Trust relationships	273	285	297	309	322
Other identified intangibles	279	235	174	176	163
Total	\$8,956	\$8,810	\$8,628	\$8,645	\$8,701

	Three Months Ended				
	June 30, 2005	March 31, 2005	December 31, 2004	September 30, 2004	June 30, 2004
Amortization of intangibles					
Merchant processing contracts	\$34	\$33	\$39	\$32	\$33
Core deposit benefits	19	19	20	20	20
Mortgage servicing rights	103	(5)	78	134	(123)
Trust relationships	11	12	12	13	12
Other identified intangibles	14	12	12	11	11
Total	\$181	\$71	\$161	\$210	\$(47)
Mortgage banking revenue					
Origination and sales	\$40	\$35	\$28	\$30	\$47
Loan servicing	70	67	68	67	63
Total mortgage banking revenue	\$110	\$102	\$96	\$97	\$110

Mortgage production volume \$5,618 \$4,505 \$4,409 \$4,024 \$5,220

Mortgages serviced for others \$65,443 \$63,252 \$63,163 \$63,208 \$58,675

A summary of the Company's mortgage servicing rights and related characteristics by portfolio as of June 30, 2005, was as follows:

(Dollars in Millions)	MRBP*	Government	Conventional	Total
Servicing portfolio	\$7,253	\$9,013	\$49,177	\$65,443
Fair market value	\$128	\$137	\$699	\$964
Value (bps)	176	152	142	147
Weighted-average servicing fees (bps)	43	46	35	37
Multiple (value/servicing fees)	4.09	3.30	4.06	3.97
Weighted-average note rate	6.16 %	6.03 %	5.70 %	5.80 %
Age (in years)	3.8	2.5	1.9	2.2
Expected life (in years)	6.2	5.3	5.7	5.7
Discount rate	10.1 %	10.8 %	9.5 %	9.7 %

* 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, 2005	Jun 30, 2004	Percent Change	Jun 30, 2005	Jun 30, 2004	Percent Change	Jun 30, 2005	Jun 30, 2004	Percent Change
Condensed Income Statement									
Net interest income (taxable-equivalent basis)	\$411	\$394	4.3 %	\$996	\$899	10.8 %	\$111	\$86	29.1 %
Noninterest income	204	204	--	519	489	6.1	258	256	.8
Securities gains (losses), net	--	--	--	--	--	--	--	--	--
Total net revenue	615	598	2.8	1,515	1,388	9.1	369	342	7.9
Noninterest expense	206	203	1.5	673	652	3.2	169	168	.6
Other intangibles	5	5	--	63	63	--	15	16	(6.3)
Total noninterest expense	211	208	1.4	736	715	2.9	184	184	--
Income before provision and income taxes	404	390	3.6	779	673	15.8	185	158	17.1
Provision for credit losses	(16)	8	**	68	93	(26.9)	2	9	(77.8)
Income before income taxes	420	382	9.9	711	580	22.6	183	149	22.8
Income taxes and taxable-equivalent adjustment	153	139	10.1	259	211	22.7	67	54	24.1
Net income	\$267	\$243	9.9	\$452	\$369	22.5	\$116	\$95	22.1
Average Balance Sheet Data									
Loans	\$44,504	\$42,189	5.5 %	\$70,175	\$63,316	10.8 %	\$4,938	\$4,767	3.6 %
Other earning assets	229	233	(1.7)	2,371	2,244	5.7	11	7	57.1
Goodwill	1,225	1,225	--	2,243	2,243	--	843	813	3.7
Other intangible assets	72	90	(20.0)	1,169	1,058	10.5	316	342	(7.6)
Assets	50,741	48,926	3.7	78,691	71,614	9.9	6,687	6,485	3.1
Noninterest-bearing deposits	12,295	13,050	(5.8)	13,122	14,415	(9.0)	3,537	3,246	9.0
Interest-bearing deposits	20,886	16,617	25.7	59,065	58,447	1.1	8,887	8,505	4.5
Total deposits	33,181	29,667	11.8	72,187	72,862	(.9)	12,424	11,751	5.7
Shareholders' equity	5,042	4,940	2.1	6,455	6,146	5.0	2,114	2,066	2.3

Three Months Ended (Dollars in Millions, Unaudited)	Payment Services			Treasury and Corporate Support			Consolidated Company		
	Jun 30, 2005	Jun 30, 2004	Percent Change	Jun 30, 2005	Jun 30, 2004	Percent Change	Jun 30, 2005	Jun 30, 2004	Percent Change
Condensed Income Statement									
Net interest income (taxable-equivalent basis)	\$129	\$139	(7.2) %	\$114	\$261	(56.3) %	\$1,761	\$1,779	(1.0) %
Noninterest income	547	467	17.1	12	(2)	**	1,540	1,414	8.9
Securities gains (losses), net	--	--	--	1	(172)	**	1	(172)	**
Total net revenue	676	606	11.6	127	87	46.0	3,302	3,021	9.3
Noninterest expense	261	220	18.6	105	37	**	1,414	1,280	10.5
Other intangibles	43	39	10.3	55	(170)	**	181	(47)	**
Total noninterest expense	304	259	17.4	160	(133)	**	1,595	1,233	29.4
Income before provision and income taxes	372	347	7.2	(33)	220	**	1,707	1,788	(4.5)
Provision for credit losses	92	94	(2.1)	(2)	--	**	144	204	(29.4)
Income before income taxes	280	253	10.7	(31)	220	**	1,563	1,584	(1.3)
Income taxes and taxable-equivalent adjustment	102	92	10.9	(139)	51	**	442	547	(19.2)
Net income	\$178	\$161	10.6	\$108	\$169	(36.1)	\$1,121	\$1,037	8.1
Average Balance Sheet Data									
Loans	\$11,344	\$10,502	8.0 %	\$314	\$387	(18.9) %	\$131,275	\$121,161	8.3 %
Other earning assets	68	26	**	42,776	43,319	(1.3)	45,455	45,829	(.8)
Goodwill	2,030	1,823	11.4	--	--	--	6,341	6,104	3.9
Other intangible assets	972	762	27.6	3	9	(66.7)	2,532	2,261	12.0
Assets	15,214	13,413	13.4	50,485	49,992	1.0	201,818	190,430	6.0
Noninterest-bearing deposits	134	100	34.0	60	(204)	**	29,148	30,607	(4.8)
Interest-bearing deposits	16	10	60.0	3,230	2,930	10.2	92,084	86,509	6.4
Total deposits	150	110	36.4	3,290	2,726	20.7	121,232	117,116	3.5
Shareholders' equity	3,592	3,109	15.5	2,617	2,782	(5.9)	19,820	19,043	4.1

* 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, 2005	Mar 31, 2005	Percent Change	Jun 30, 2005	Mar 31, 2005	Percent Change	Jun 30, 2005	Mar 31, 2005	Percent Change
Condensed Income Statement									
Net interest income (taxable-equivalent basis)	\$411	\$398	3.3 %	\$996	\$958	4.0 %	\$111	\$104	6.7 %
Noninterest income	204	212	(3.8)	519	465	11.6	258	253	2.0
Securities gains (losses), net	--	(4)	**	--	--	--	--	--	--
Total net revenue	615	606	1.5	1,515	1,423	6.5	369	357	3.4
Noninterest expense	206	198	4.0	673	643	4.7	169	166	1.8
Other intangibles	5	4	25.0	63	64	(1.6)	15	15	--
Total noninterest expense	211	202	4.5	736	707	4.1	184	181	1.7
Income before provision and income taxes	404	404	--	779	716	8.8	185	176	5.1
Provision for credit losses	(16)	3	**	68	80	(15.0)	2	--	**
Income before income taxes	420	401	4.7	711	636	11.8	183	176	4.0
Income taxes and taxable-equivalent adjustment	153	146	4.8	259	231	12.1	67	64	4.7
Net income	\$267	\$255	4.7	\$452	\$405	11.6	\$116	\$112	3.6
Average Balance Sheet Data									
Loans	\$44,504	\$43,689	1.9 %	\$70,175	\$67,777	3.5 %	\$4,938	\$4,863	1.5 %
Other earning assets	229	226	1.3	2,371	1,719	37.9	11	11	--
Goodwill	1,225	1,225	--	2,243	2,243	--	843	843	--
Other intangible assets	72	76	(5.3)	1,169	1,116	4.7	316	331	(4.5)
Assets	50,741	49,613	2.3	78,691	75,475	4.3	6,687	6,645	.6
Noninterest-bearing deposits	12,295	11,942	3.0	13,122	12,922	1.5	3,537	3,357	5.4
Interest-bearing deposits	20,886	19,872	5.1	59,065	59,014	.1	8,887	8,950	(.7)
Total deposits	33,181	31,814	4.3	72,187	71,936	.3	12,424	12,307	1.0
Shareholders' equity	5,042	5,091	(1.0)	6,455	6,415	.6	2,114	2,133	(.9)

Three Months Ended (Dollars in Millions, Unaudited)	Payment Services			Treasury and Corporate Support			Consolidated Company		
	Jun 30, 2005	Mar 31, 2005	Percent Change	Jun 30, 2005	Mar 31, 2005	Percent Change	Jun 30, 2005	Mar 31, 2005	Percent Change
Condensed Income Statement									
Net interest income (taxable-equivalent basis)	\$129	\$141	(8.5) %	\$114	\$150	(24.0) %	\$1,761	\$1,751	.6 %
Noninterest income	547	486	12.6	12	25	(52.0)	1,540	1,441	6.9
Securities gains (losses), net	--	--	--	1	(55)	**	1	(59)	**
Total net revenue	676	627	7.8	127	120	5.8	3,302	3,133	5.4
Noninterest expense	261	237	10.1	105	16	**	1,414	1,260	12.2
Other intangibles	43	41	4.9	55	(53)	**	181	71	**
Total noninterest expense	304	278	9.4	160	(37)	**	1,595	1,331	19.8
Income before provision and income taxes	372	349	6.6	(33)	157	**	1,707	1,802	(5.3)
Provision for credit losses	92	89	3.4	(2)	--	**	144	172	(16.3)
Income before income taxes	280	260	7.7	(31)	157	**	1,563	1,630	(4.1)
Income taxes and taxable-equivalent adjustment	102	95	7.4	(139)	23	**	442	559	(20.9)
Net income	\$178	\$165	7.9	\$108	\$134	(19.4)	\$1,121	\$1,071	4.7
Average Balance Sheet Data									
Loans	\$11,344	\$11,023	2.9 %	\$314	\$302	4.0 %	\$131,275	\$127,654	2.8 %
Other earning assets	68	66	3.0	42,776	43,618	(1.9)	45,455	45,640	(.4)
Goodwill	2,030	1,941	4.6	--	--	--	6,341	6,252	1.4
Other intangible assets	972	907	7.2	3	12	(75.0)	2,532	2,442	3.7
Assets	15,214	14,500	4.9	50,485	50,702	(.4)	201,818	196,935	2.5
Noninterest-bearing deposits	134	141	(5.0)	60	55	(9.1)	29,148	28,417	2.6
Interest-bearing deposits	16	13	23.1	3,230	3,157	2.3	92,084	91,006	1.2
Total deposits	150	154	(2.6)	3,290	3,212	2.4	121,232	119,423	1.5
Shareholders' equity	3,592	3,432	4.7	2,617	2,732	(4.2)	19,820	19,803	.1

* 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, 2005	Jun 30, 2004	Percent Change	Jun 30, 2005	Jun 30, 2004	Percent Change	Jun 30, 2005	Jun 30, 2004	Percent Change
Condensed Income Statement									
Net interest income (taxable-equivalent basis)	\$809	\$785	3.1 %	\$1,954	\$1,775	10.1 %	\$215	\$168	28.0 %
Noninterest income	416	400	4.0	984	929	5.9	511	510	.2
Securities gains (losses), net	(4)	1	**	--	--	--	--	--	--
Total net revenue	1,221	1,186	3.0	2,938	2,704	8.7	726	678	7.1
Noninterest expense	404	394	2.5	1,316	1,283	2.6	335	329	1.8
Other intangibles	9	10	(10.0)	127	123	3.3	30	31	(3.2)
Total noninterest expense	413	404	2.2	1,443	1,406	2.6	365	360	1.4
Income before provision and income taxes	808	782	3.3	1,495	1,298	15.2	361	318	13.5
Provision for credit losses	(13)	42	**	148	201	(26.4)	2	10	(80.0)
Income before income taxes	821	740	10.9	1,347	1,097	22.8	359	308	16.6
Income taxes and taxable-equivalent adjustment	299	269	11.2	490	399	22.8	131	112	17.0
Net income	\$522	\$471	10.8	\$857	\$698	22.8	\$228	\$196	16.3
Average Balance Sheet Data									
Loans	\$44,098	\$41,950	5.1 %	\$68,982	\$62,594	10.2 %	\$4,901	\$4,714	4.0 %
Other earning assets	227	233	(2.6)	2,048	1,974	3.7	11	7	57.1
Goodwill	1,225	1,225	--	2,243	2,243	--	843	791	6.6
Other intangible assets	74	92	(19.6)	1,143	1,022	11.8	323	350	(7.7)
Assets	50,177	48,442	3.6	77,093	70,515	9.3	6,666	6,452	3.3
Noninterest-bearing deposits	12,119	12,729	(4.8)	13,023	14,083	(7.5)	3,447	3,123	10.4
Interest-bearing deposits	20,382	16,544	23.2	59,041	58,591	.8	8,917	8,462	5.4
Total deposits	32,501	29,273	11.0	72,064	72,674	(.8)	12,364	11,585	6.7
Shareholders' equity	5,066	5,020	.9	6,435	6,241	3.1	2,123	2,065	2.8

Six Months Ended (Dollars in Millions, Unaudited)	Payment Services			Treasury and Corporate Support			Consolidated Company		
	Jun 30, 2005	Jun 30, 2004	Percent Change	Jun 30, 2005	Jun 30, 2004	Percent Change	Jun 30, 2005	Jun 30, 2004	Percent Change
Condensed Income Statement									
Net interest income (taxable-equivalent basis)	\$270	\$285	(5.3) %	\$264	\$545	(51.6) %	\$3,512	\$3,558	(1.3) %
Noninterest income	1,033	881	17.3	37	12	**	2,981	2,732	9.1
Securities gains (losses), net	--	--	--	(54)	(173)	68.8	(58)	(172)	66.3
Total net revenue	1,303	1,166	11.7	247	384	(35.7)	6,435	6,118	5.2
Noninterest expense	498	420	18.6	121	83	45.8	2,674	2,509	6.6
Other intangibles	84	74	13.5	2	(59)	**	252	179	40.8
Total noninterest expense	582	494	17.8	123	24	**	2,926	2,688	8.9
Income before provision and income taxes	721	672	7.3	124	360	(65.6)	3,509	3,430	2.3
Provision for credit losses	181	187	(3.2)	(2)	(1)	**	316	439	(28.0)
Income before income taxes	540	485	11.3	126	361	(65.1)	3,193	2,991	6.8
Income taxes and taxable-equivalent adjustment	197	176	11.9	(116)	(10)	**	1,001	946	5.8
Net income	\$343	\$309	11.0	\$242	\$371	(34.8)	\$2,192	\$2,045	7.2
Average Balance Sheet Data									
Loans	\$11,185	\$10,357	8.0 %	\$308	\$370	(16.8) %	\$129,474	\$119,985	7.9 %
Other earning assets	67	27	**	43,195	44,448	(2.8)	45,548	46,689	(2.4)
Goodwill	1,987	1,819	9.2	(1)	--	**	6,297	6,078	3.6
Other intangible assets	940	706	33.1	8	9	(11.1)	2,488	2,179	14.2
Assets	14,861	13,248	12.2	50,593	51,389	(1.5)	199,390	190,046	4.9
Noninterest-bearing deposits	137	103	33.0	58	(223)	**	28,784	29,815	(3.5)
Interest-bearing deposits	15	11	36.4	3,193	3,144	1.6	91,548	86,752	5.5
Total deposits	152	114	33.3	3,251	2,921	11.3	120,332	116,567	3.2
Shareholders' equity	3,513	3,067	14.5	2,675	2,921	(8.4)	19,812	19,314	2.6

* Preliminary data

** Not meaningful