

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2000

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM (NOT APPLICABLE)

COMMISSION FILE NUMBER 1-6880

U.S. BANCORP
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

41-0255900
(I.R.S. Employer
Identification No.)

U.S. BANK PLACE,
601 SECOND AVENUE SOUTH,
MINNEAPOLIS, MINNESOTA 55402-4302
(Address of principal executive offices and Zip Code)

612-973-1111
(Registrant's telephone number, including area code)

(NOT APPLICABLE)
(Former name, former address and former fiscal year,
if changed since last report).

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding twelve months and (2) has been subject to such filing
requirements for the past 90 days.

YES X NO _____

Indicate the number of shares outstanding of each of the Registrant's
classes of common stock, as of the latest practicable date.

Class	Outstanding as of April 30, 2000
Common Stock, \$1.25 Par Value	751,832,861 shares

FINANCIAL SUMMARY

	Three Months Ended	
	March 31 2000	March 31 1999
(Dollars in Millions, Except Per Share Data)		
Income before merger-related charges and available-for-sale securities transactions.....	\$ 387.6	\$ 368.6
Merger-related charges and available-for-sale securities transactions.....	(8.6)	(1.8)
Net income.....	\$ 379.0	\$ 366.8
PER COMMON SHARE BEFORE MERGER-RELATED CHARGES AND AVAILABLE-FOR-SALE SECURITIES TRANSACTIONS		
Earnings per share.....	\$.52	\$.51
Diluted earnings per share.....	.52	.51
Earnings on a cash basis (diluted)*.....	.59	.56
SELECTED FINANCIAL RATIOS BEFORE MERGER-RELATED CHARGES AND AVAILABLE-FOR-SALE SECURITIES TRANSACTIONS		
Return on average assets.....	1.91%	1.99%
Return on average common equity.....	20.3	24.6
Efficiency ratio.....	53.6	50.4
Banking efficiency ratio**.....	45.3	43.3
PER COMMON SHARE		
Earnings per share.....	\$.51	\$.51
Diluted earnings per share.....	.51	.50
Earnings on a cash basis (diluted)*.....	.58	.56
Dividends paid.....	.215	.195
Common shareholders' equity.....	10.34	8.50
FINANCIAL RATIOS		
Return on average assets.....	1.86%	1.98%
Return on average common equity.....	19.8	24.4
Efficiency ratio.....	54.3	50.6
Net interest margin (taxable-equivalent basis).....	4.81	4.82

	March 31 2000	December 31 1999
PERIOD END		
Loans.....	\$64,897	\$ 62,885
Allowance for credit losses.....	1,011	995
Assets.....	83,072	81,530
Total shareholders' equity.....	7,745	7,638
Tangible common equity to total assets***.....	6.4%	6.5%
Tier 1 capital ratio.....	6.6	6.8
Total risk-based capital ratio.....	10.9	11.1
Leverage ratio.....	7.2	7.4

*Calculated by adding amortization of goodwill and other intangible assets to operating earnings (net income excluding merger-related charges and available-for-sale securities transactions) and net income, respectively.

**Without investment banking and brokerage activity.

***Defined as common equity less goodwill as a percentage of total assets less goodwill.

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FORWARD-LOOKING STATEMENTS

This Form 10-Q contains forward-looking statements. Statements that are not historical or current facts, including statements about beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties, and important factors could cause actual

results to differ materially from those anticipated, including the following: (i) the Company's investments in its consumer banking, payment systems and wealth management businesses and in its Internet development could require additional incremental spending, and might not produce expected deposit and loan growth and anticipated contributions to Company earnings; (ii) general economic or industry conditions could be less favorable than expected, resulting in a deterioration in credit quality or a reduced demand for credit or fee-based products and services; (iii) changes in the domestic interest rate environment could reduce net interest income; (iv) the conditions of the securities markets could change, adversely affecting revenues from capital markets businesses or the availability and terms of funding necessary to meet the Company's liquidity needs; (v) changes in the extensive laws, regulations and policies governing financial services companies could alter the Company's business environment or affect operations; (vi) 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; (vii) 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 such as the Internet, or bank regulatory reform; and (viii) acquisitions may not produce revenue enhancements or cost savings at levels or within time frames originally anticipated, or may result in unforeseen integration difficulties. 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW

EARNINGS SUMMARY U.S. Bancorp (the "Company") reported first quarter 2000 operating earnings (net income excluding merger-related charges and available-for-sale securities transactions) of \$387.6 million, up 5.2 percent from the first quarter of 1999 operating earnings of \$368.6 million. On a diluted share basis, operating earnings were \$.52 in the first quarter of 2000, compared with \$.51 in the first quarter of 1999, an increase of 2 percent. Operating earnings on a cash basis were \$.59 per diluted share in the first quarter of 2000, compared with \$.56 per diluted share in the first quarter of 1999, an increase of 5 percent. Return on average assets and return on average common equity, excluding merger-related charges and available-for-sale securities transactions, were 1.91 percent and 20.3 percent, respectively, in the first quarter of 2000, compared with returns of 1.99 percent and 24.6 percent, respectively, in the first quarter of 1999. The reduction in the Company's return on average common equity from the first quarter of 1999 reflects the impact of recent acquisitions, which were accounted for using the purchase method. Excluding merger-related charges and available-for-sale securities transactions, the efficiency ratio (the ratio of expenses to revenues) was 53.6 percent in the first quarter of 2000, compared with 50.4 percent in the first quarter of 1999. The change in the efficiency ratio was related to expenditures for customer-related initiatives and growth in capital markets business. The banking efficiency ratio (the ratio of expenses to revenues without the impact of investment banking and brokerage activity) before merger-related charges and available-for-sale securities transactions, was 45.3 percent in the first quarter of 2000, compared with 43.3 percent in the first quarter of 1999.

Total revenue on a taxable-equivalent basis, before available-for-sale securities transactions, grew by \$238.3 million, or 17 percent, over the first quarter of 1999. The increase in total revenue was driven by core loan growth, investment banking and brokerage activity and credit card fee revenue. Several acquisitions made during 1999 also contributed to the growth in revenue. Excluding the impact of acquisitions and portfolio divestitures, total revenue on a taxable-equivalent basis, before available-for-sale securities transactions, in the first quarter of 2000 would have been approximately 13 percent higher than the first quarter of 1999. Offsetting the growth in total revenue were increases in noninterest expense, before merger-related charges, of \$172.0 million and provision for credit losses of \$37.0 million over the first quarter of 1999. The growth in noninterest expense was primarily due to an increase in expense related to investment banking and brokerage revenue growth, acquisitions, and additional investments in sales and service and technology. In addition to the growth in the Company's ongoing technology spending on Internet-related products and services, the first quarter of 2000 included approximately \$9.0 million of Internet infrastructure-related expense, which was offset in noninterest income by a \$10.8 million gain on the sale of a building.

Credit quality remained stable in the first quarter of 2000. Net charge-offs in the first quarter of 2000 were \$154.0 million compared with fourth quarter of 1999 net charge-offs of \$146.0 million and first quarter of 1999 net charge-offs of \$139.6 million. The increase in net charge-offs was due to expected increases in losses in consumer loan portfolios purchased in late 1998 and from its growing small business lending portfolio.

Net income was \$379.0 million in the first quarter of 2000, or \$.51 per diluted share, compared with \$366.8 million, or \$.50 per diluted share, in the first quarter of 1999. Return on average assets and return on average common equity were 1.86 percent and 19.8 percent, respectively, in the first quarter of 2000, compared with returns of 1.98 percent and 24.4 percent in the first quarter of 1999. Net income reflects merger-related charges and available-for-sale securities transactions of \$8.6 million (\$13.4 million on a pre-tax basis) in the first quarter of 2000 compared with \$1.8 million (\$2.9 million on a pre-tax basis) in the first quarter of 1999.

ACQUISITION AND DIVESTITURE ACTIVITY Operating results for the first quarter of 2000 reflect purchase and divestiture transactions from or to the date of completion.

On January 14, 2000, the Company acquired Peninsula Bank of San Diego, which had 11 branches in San Diego county and total assets of \$456 million. On November 15, 1999, the Company completed the acquisition of Western Bancorp. Western Bancorp had \$2.5 billion in total assets with 31 branches in southern California in Los Angeles, Orange and San Diego counties. The purchase price of approximately \$932 million was allocated to assets acquired and liabilities assumed based on their fair market values at

TABLE 1
SUMMARY OF CONSOLIDATED INCOME

(Taxable-Equivalent Basis; Dollars In Millions, Except Per Share Data)	Three Months Ended	
	March 31 2000	March 31 1999
CONDENSED INCOME STATEMENT		
Interest income.....	\$1,580.5	\$1,362.7
Interest expense.....	718.2	569.3
Net interest income.....	862.3	793.4
Provision for credit losses.....	154.0	117.0
Net interest income after provision for credit losses....	708.3	676.4
Available-for-sale securities losses.....	(.3)	--
Other noninterest income.....	795.7	626.3
Merger-related charges.....	13.1	2.9
Other noninterest expense.....	887.9	715.9
Income before income taxes.....	602.7	583.9
Taxable-equivalent adjustment.....	16.9	10.7
Income taxes.....	206.8	206.4
Net income.....	\$ 379.0	\$ 366.8
FINANCIAL RATIOS		
Return on average assets.....	1.86%	1.98%
Return on average common equity.....	19.8	24.4
Net interest margin (taxable-equivalent basis).....	4.81	4.82
Efficiency ratio.....	54.3	50.6
Efficiency ratio before merger-related charges.....	53.6	50.4
Banking efficiency ratio before merger-related charges*.....	45.3	43.3
PER COMMON SHARE		
Earnings per share.....	\$.51	\$.51
Diluted earnings per share.....	.51	.50
Dividends paid.....	.215	.195

*Without investment banking and brokerage activity.

the date of acquisition. On September 17, 1999, the Company completed its acquisition of the investment banking division of The John Nuveen Company, which became part of the U.S. Bancorp Piper Jaffray Fixed Income Capital Markets division. On September 13, 1999, the Company completed its acquisition of Voyager Fleet Systems, Inc., which is now part of the Payment Systems business unit. On July 15, 1999, the Company completed its acquisition of the San Diego-based Bank of Commerce, one of the nation's largest U.S. Small Business Administration ("SBA") lenders. On June 30, 1999, the Company completed its acquisition of Mellon Network Services' electronic funds transfer processing unit. On April 7, 2000, the Company acquired Oliver-Allen Corporation, a privately-held information technology leasing company. These transactions were all accounted for as purchase acquisitions.

With respect to divestiture transactions, the Company completed the sale of 28 branches in Kansas and Iowa on September 24, 1999, with aggregate deposits of \$364 million. On September 23, 1999, the Company sold \$1.8 billion of indirect automobile loans and is in the process of exiting this business.

LINE OF BUSINESS FINANCIAL REVIEW

Within the Company, financial performance is measured by major lines of business which include: Wholesale Banking, Consumer Banking, Payment Systems, Wealth Management and Capital Markets, and Corporate Support. These segments are determined based on the products and services provided to respond effectively to the needs of a diverse customer base. Business line results are derived from the Company's business unit profitability reporting system. Designations, assignments and allocations may change from time to time as management accounting systems are enhanced or product lines change. During 2000 certain organization and methodology changes were made and 1999 results are presented on a consistent basis.

WHOLESALE BANKING Wholesale Banking includes lending, treasury management, corporate trust and other financial services to middle market, large corporate and

TABLE 2
LINE OF BUSINESS FINANCIAL PERFORMANCE

For the Three Months Ended March 31 (Dollars in Millions)	Wholesale Banking			Consumer Banking		
	2000	1999	Percent Change	2000	1999	Percent Change
CONDENSED INCOME STATEMENT						
Net interest income (taxable-equivalent basis)....	\$ 403.6	\$ 346.5	16.5%	\$ 330.5	\$ 323.3	2.2%
Provision for credit losses.....	29.9	25.3	18.2	73.1	70.1	4.3
Noninterest income.....	103.4	104.2	(.8)	117.6	103.7	13.4
Noninterest expense.....	203.5	181.0	12.4	220.3	213.3	3.3
Goodwill and other intangible assets expense.....	21.7	15.5	40.0	12.1	9.2	31.5
Income taxes and taxable-equivalent adjustment....	93.4	85.1	9.8	52.9	50.0	5.8
Income before merger-related charges and available-for-sale securities transactions.....	\$ 158.5	\$ 143.8	10.2	\$ 89.7	\$ 84.4	6.3
Net merger-related charges and available-for-sale securities transactions (after-tax)*.....						
Net income.....						
AVERAGE BALANCE SHEET DATA						
Loans.....	\$ 39,580	\$ 33,946	16.6	\$11,169	\$ 12,814	(12.8)
Assets.....	43,086	37,262	15.6	12,359	13,995	(11.7)
Deposits.....	11,966	10,934	9.4	30,399	31,039	(2.1)
Common equity.....	4,021	3,548	13.3	987	1,165	(15.3)
Return on average assets.....	1.48%	1.57%		2.92%	2.45%	
Return on average common equity ("ROCE").....	15.9	16.4		36.6	29.4	
Efficiency ratio.....	44.4	43.6		51.9	52.1	
Efficiency ratio on a cash basis**.....	40.1	40.2		49.2	50.0	

*Merger-related charges and available-for-sale securities transactions are not allocated to the business lines. All ratios are calculated without the effect of merger-related charges and available-for-sale securities transactions.

**Calculated by excluding goodwill and other intangibles and the related amortization.

***Not meaningful.

public sector clients. Operating earnings increased 10 percent to \$158.5 million in the first quarter of 2000, compared with \$143.8 million in the first quarter of 1999. Return on average assets was 1.48 percent in the first quarter of 2000, compared with 1.57 percent in the first quarter of the prior year, and return on average common equity was 15.9 percent in the first quarter of 2000, compared with 16.4 percent in the same period of 1999.

Strong growth in net interest income was primarily due to core loan growth and the impact of bank acquisitions. Noninterest income was relatively flat reflecting a downturn in the high yield investment banking sector and the timing of gains related to remarketing activities within the leasing division. Noninterest expense increased to \$203.5 million in the first quarter of 2000, compared with \$181.0 million in first quarter 1999. The efficiency ratio increased to 44.4 percent, compared with 43.6 percent a year ago.

CONSUMER BANKING Consumer Banking delivers products and services to the broad consumer market and small-businesses through branch offices, telemarketing, online services, direct mail and automated teller machines ("ATMs"). Operating earnings increased 6 percent to \$89.7 million in the first quarter of 2000, compared with \$84.4 million in the same quarter of 1999. Return on average assets increased to 2.92 percent in the first quarter of 2000 from 2.45 percent in the same quarter a year ago. Return on average common equity was 36.6 percent in the first quarter of 2000, compared with 29.4 percent in the same quarter a year ago. Total revenue grew 5 percent, reflecting the increased value of deposits in a rising interest rate environment and growth in fee income. The growth was partially offset by planned reductions in revenue related to the indirect automobile portfolio. Noninterest expense increased 3 percent to \$220.3 million in the first quarter 2000, compared with \$213.3 million in the first quarter 1999. The Company is currently investing in a number of customer service initiatives and enhanced technology designed to improve the earnings growth of the Consumer Banking business line. These initiatives include incremental investment in technology and processes, and the hiring of additional sales and customer service employees. As with any investment, the

Payment Systems			Wealth Management and Capital Markets			Corporate Support		Consolidated Company		
2000	1999	Percent Change	2000	1999	Percent Change	2000	1999	2000	1999	Percent Change
\$ 94.9	\$ 82.0	15.7%	\$ 45.0	\$ 40.7	10.6%	\$ (11.7)	\$.9	\$ 862.3	\$ 793.4	8.7%
46.5	52.6	(11.6)	1.3	1.0	30.0	3.2	(32.0)	154.0	117.0	31.6
177.3	139.9	26.7	399.1	273.0	46.2	(1.7)	5.5	795.7	626.3	27.0
101.7	83.2	22.2	326.1	227.3	43.5	(20.3)	(26.7)	831.3	678.1	22.6
12.9	6.5	98.5	9.9	6.6	50.0	--	--	56.6	37.8	49.7
41.2	29.6	39.2	39.6	29.3	35.2	1.4	24.2	228.5	218.2	4.7
-----			-----			-----		-----		
\$ 69.9	\$ 50.0	39.8	\$ 67.2	\$ 49.5	35.8	\$ 2.3	\$ 40.9	387.6	368.6	5.2
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								(8.6)	(1.8)	***

								\$ 379.0	\$ 366.8	3.3
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\$ 8,185	\$ 7,668	6.7	\$ 2,740	\$ 2,107	30.0	\$ 2,035	\$ 2,546	\$ 63,709	\$ 59,081	7.8
8,721	8,103	7.6	6,612	5,198	27.2	10,993	10,549	81,771	75,107	8.9
77	52	48.1	3,436	2,964	15.9	3,825	2,631	49,703	47,620	4.4
826	656	25.9	1,254	1,118	12.2	609	(399)	7,697	6,088	26.4
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3.22%	2.50%		4.09%	3.86%				1.91%	1.99%	
34.0	30.9		21.6	18.0				20.3	24.6	
42.1	40.4		75.7	74.6				53.6	50.4	
37.4	37.5		73.4	72.5				50.1	47.8	
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successful achievement of the anticipated deposit and loan growth and related contribution to earnings is subject to a number of uncertainties.

PAYMENT SYSTEMS Payment Systems includes consumer and business credit cards, corporate and purchasing card services, card-accessed secured and unsecured lines of credit, ATM processing and merchant processing. Operating earnings increased 40 percent to \$69.9 million in the first quarter of 2000, compared with \$50.0 million in the same quarter of 1999. First quarter return on average assets was 3.22 percent, compared with 2.50 percent in the first quarter of 1999. Return on average common equity was 34.0 percent in the first quarter of 2000, compared with 30.9 percent in the same quarter of 1999. Net interest income increased 16 percent to \$94.9 million in the first quarter of 2000, compared with \$82.0 million in the same quarter a year ago. The change reflects core growth in loan balances of 6.7 percent and the benefit of pricing enhancements implemented in 1999. Despite growth in loans, the provision declined to \$46.5 million in the first quarter of 2000, compared with \$52.6 million in the first quarter of 1999. This improvement reflects lower net charge-offs in the credit card portfolio compared to a year ago.

Fee-based noninterest income increased \$37.4 million to \$177.3 million in the first quarter of 2000, compared with \$139.9 million in the first quarter of 1999. The increase reflects growth in credit card revenues and data processing fees related to ATM processing activities. Noninterest expense was \$101.7 million in first quarter 2000, compared with \$83.2 million in first quarter 1999. The increase was primarily due to the acquisition of an ATM processing unit and expenditures supporting Internet initiatives designed to leverage the Company's electronic processing capabilities.

WEALTH MANAGEMENT AND CAPITAL MARKETS Wealth Management and Capital Markets engages in equity and fixed income trading activities, offers investment banking and underwriting services for corporate and public sector customers and provides securities, mutual funds, annuities and insurance products to consumers and regionally-based businesses through a network of banking centers and brokerage offices. It also offers institutional trust, investment management services, and private banking and personal trust services. Operating earnings increased 36 percent to \$67.2 million in the first quarter of 2000, compared with \$49.5 million in the first quarter of 1999. First quarter return on average

TABLE 3
ANALYSIS OF NET INTEREST INCOME

(Dollars In Millions)	Three Months Ended	
	March 31 2000	March 31 1999
Net interest income, as reported.....	\$845.4	\$782.7
Taxable-equivalent adjustment.....	16.9	10.7
Net interest income (taxable-equivalent basis).....	\$862.3	\$793.4
Average yields and weighted average rates (taxable-equivalent basis)		
Earning assets yield.....	8.81%	8.28%
Rate paid on interest-bearing liabilities.....	5.05	4.35
Gross interest margin.....	3.76%	3.93%
Net interest margin.....	4.81%	4.82%
Net interest margin without taxable-equivalent increments...	4.71%	4.76%

common equity was 21.6 percent, compared with 18.0 percent in the first quarter of 1999. The business line's positive results were primarily due to increases in mutual fund fees and equity commissions, investment banking, trading profits, and growth in loans and deposits in Private Financial Services. The efficiency ratio was 75.7 percent in the first quarter of 2000, compared with 74.6 percent in the first quarter of 1999.

CORPORATE SUPPORT Corporate Support includes the net effect of support units after internal revenue and expense allocations, balance sheet management and other corporate activities. The variance in operating earnings in the first quarter of 2000 from the first quarter of 1999 primarily reflects the change in the provision for credit losses from a year ago and residual allocations. The variance also reflects the reduction in net interest income due to planned declines in the residential real estate portfolio, the impact of contingency cash related to the millennium computer change (Y2K) and the effect of a rising rate environment.

STATEMENT OF INCOME ANALYSIS

NET INTEREST INCOME First quarter net interest income on a taxable-equivalent basis was \$862.3 million, compared with \$793.4 million in the first quarter of 1999. Net interest margin on a taxable-equivalent basis remained relatively flat at 4.81 percent in the first quarter of 2000, as compared with 4.82 percent in the first quarter of 1999. Average earning assets for the quarter increased \$5.4 billion (8 percent) from the first quarter of 1999, primarily driven by core commercial, home equity and second mortgage loan growth and bank acquisitions, partially offset by reductions in securities, indirect automobile loans and residential mortgage loans.

Average loans were up \$4.6 billion (8 percent) from the first quarter of 1999. Excluding indirect automobile and residential mortgage loans, average loans for the first quarter of 2000 were higher by approximately \$7.4 billion (14 percent) than the first quarter of 1999. Without the bank acquisitions, average loans, excluding indirect automobile and residential mortgage loans, were approximately 9 percent higher than the first quarter of 1999. The decline in indirect automobile

TABLE 4
NONINTEREST INCOME

(Dollars in Millions)	Three Months Ended	
	March 31 2000	March 31 1999
Credit card fee revenue.....	\$ 159.5	\$ 126.8
Trust and investment management fees.....	117.1	117.2
Investment products fees and commissions.....	116.2	88.6
Service charges on deposit accounts.....	109.0	103.4
Investment banking revenue.....	94.0	36.2
Trading account profits and commissions.....	83.6	51.5
Other.....	116.3	102.6
Total operating noninterest income.....	795.7	626.3
Available-for-sale securities losses.....	(.3)	--
Total noninterest income.....	\$ 795.4	\$ 626.3

TABLE 5
NONINTEREST EXPENSE

(Dollars in Millions)	Three Months Ended	
	March 31 2000	March 31 1999
Salaries.....	\$ 432.1	\$ 354.1
Employee benefits.....	76.1	70.0
Net occupancy.....	57.1	50.0
Furniture and equipment.....	41.1	38.1
Telephone.....	21.3	18.0
Professional services.....	19.1	14.0
Advertising and marketing.....	15.8	15.0
Other personnel costs.....	12.3	12.7
Goodwill and other intangible assets.....	56.6	37.8
Other.....	156.4	106.2
Total operating noninterest expense.....	887.9	715.9
Merger-related charges.....	13.1	2.9
Total noninterest expense.....	\$ 901.0	\$ 718.8
Efficiency ratio*.....	54.3%	50.6%
Efficiency ratio before merger-related charges.....	53.6	50.4
Banking efficiency ratio before merger-related charges**....	45.3	43.3
Average number of full-time equivalent employees.....	28,686	27,040

*Computed as noninterest expense divided by the sum of net interest income on a taxable-equivalent basis and noninterest income excluding available-for-sale securities gains and losses.

**Without investment banking and brokerage activity.

loans reflects a \$1.8 billion loan sale completed in the third quarter of 1999. The Company is in the process of exiting this business. The residential portfolio continued its expected decline decreasing by \$392 million (13 percent) from the first quarter of 1999. Average available-for-sale securities were \$324 million (6 percent) lower in the first quarter of 2000, compared with the same quarter of 1999, primarily reflecting maturities and sales of securities.

PROVISION FOR CREDIT LOSSES The provision for credit losses was \$154.0 million in the first quarter of 2000, compared with \$117.0 million in the same quarter of 1999. Net charge-offs totaled \$154.0 million for the first quarter of 2000, up from \$139.6 million in the same period of 1999. The increase in net charge-offs was primarily due to commercial loan net charge-offs, the growing small business lending portfolio and an expected increase in losses on several consumer loan portfolios purchased in late 1998. This is partially offset by lower net charge-offs on credit card portfolios. Refer to "Corporate Risk Management" for further information on the credit quality.

NONINTEREST INCOME Excluding available-for-sale securities transactions, first quarter 2000 noninterest income was \$795.7 million, an increase of \$169.4 million (27 percent), from the first quarter of 1999. Investment banking revenue, trading account profits and commissions and investment products fees and commissions were significantly higher, due to growth in Wealth Management and Capital Markets. Credit card fee revenue was higher year over year by \$32.7 million (26 percent) reflecting continued growth in corporate and retail card product fees, as well as merchant and ATM processing-related revenue. Service charges on deposit accounts increased 5 percent to \$109.0 million for the first quarter of 2000. The increase in other income in the first quarter of 2000 included a \$10.8 million gain on the sale of a building.

NONINTEREST EXPENSE Excluding merger-related charges, first quarter 2000 noninterest expense was \$887.9 million, an increase of \$172.0 million (24 percent) from the first quarter of 1999. Approximately \$99 million of the increase in expense quarter-over-quarter was due to the growth in investment banking and brokerage activities. The remaining increase was primarily the result of acquisitions and investments in sales and service and technology. In addition to on-going investments in Internet-related products and services, the first quarter of 2000 included approximately \$9.0 million of incremental spending on Internet infrastructure-related initiatives.

The banking efficiency ratio before merger-related charges was 45.3 percent for the first quarter of 2000, compared with 43.3 percent in the first quarter of 1999. The overall efficiency ratio increased slightly due to the planned investments in Internet technology and other customer-related initiatives. The Company has accelerated the development of its capabilities to deliver

its products and services over the Internet. The expenditures associated with these initiatives are expected to result in a higher rate of expense growth in 2000 and, as with any such investment, the anticipated benefits are subject to a number of uncertainties.

Noninterest expense included merger-related charges of \$13.1 million in the first quarter of 2000, compared to \$2.9 million in the first quarter of 1999. These merger-related charges related to the integration of the Company's various acquisitions including Western Bancorp and Peninsula Bank of San Diego. These merger-related charges are primarily system conversion and integration costs associated with consolidating redundant operations.

INCOME TAX EXPENSE The provision for income taxes was \$206.8 million (an effective rate of 35.3 percent) in the first quarter of 2000, compared with \$206.4 million (an effective rate of 36.0 percent) in the same quarter of 1999.

BALANCE SHEET ANALYSIS

LOANS The Company's loan portfolio was \$64.9 billion at March 31, 2000, compared with \$62.9 billion at December 31, 1999. Commercial loans totaled \$45.1 billion at March 31, 2000, up \$2.2 billion (5 percent) from December 31, 1999. The increase was primarily attributable to continued growth in core commercial and commercial real estate loans and bank acquisitions. Total consumer loan outstandings were \$19.8 billion at March 31, 2000, compared with \$19.9 billion at December 31, 1999. Excluding indirect automobile loans and residential mortgage loans, consumer loans were \$16.6 billion at March 31, 2000, and December 31, 1999.

SECURITIES At March 31, 2000, available-for-sale securities totaled \$4.7 billion, compared with \$4.9 billion at December 31, 1999, primarily reflecting maturities and sales of securities.

DEPOSITS Noninterest-bearing deposits were \$14.7 billion at March 31, 2000, compared with \$16.1 billion at December 31, 1999. The decrease was primarily due to seasonality of corporate trust and other business deposits. Interest-bearing deposits totaled \$36.3 billion at March 31, 2000, compared with \$35.5 billion at December 31, 1999. The increase in interest-bearing deposit balances was primarily due to the acquisition of Peninsula Bank of San Diego, as well as increases in money market indexed products and consumer savings certificates.

BORROWINGS Short-term borrowings, which include federal funds purchased, securities sold under agreements to repurchase and other short-term borrowings, increased to \$3.3 billion at March 31, 2000, compared with \$2.3 billion at December 31, 1999. The increase reflected low short-term borrowing levels at December 31, 1999, primarily due to the Company's Y2K liquidity planning.

Long-term debt was \$17.3 billion at March 31, 2000, up from \$16.6 billion at December 31, 1999. To fund core asset growth during the first quarter of 2000, the Company issued \$1.1 billion of debt with an average original maturity of 2.0 years under its medium-term and bank note programs.

CORPORATE RISK PROFILE

CREDIT MANAGEMENT The Company's strategy for credit risk management includes stringent, centralized credit policies, and uniform underwriting criteria for all loans including specialized lending categories such as mortgage banking, real estate construction and consumer credit. The strategy also emphasizes diversification on both a geographic and customer level, regular credit examinations, and quarterly management reviews of large loans and loans experiencing deterioration of credit quality. The Company strives to identify potential problem loans early, take any necessary charge-offs promptly, and maintain strong reserve levels. Commercial banking operations rely on a strong credit culture that combines prudent credit policies and individual lender accountability. In addition, the commercial lenders generally focus on middle market companies within their regions. In the Company's retail banking operations, standard credit scoring systems are used to assess consumer credit risks and to price consumer products accordingly.

In evaluating its credit risk, the Company considers changes, if any, in underwriting activities, the loan portfolio composition (including product mix and geographic, industry or customer-specific concentrations), trends in loan performance, the level of allowance coverage and macroeconomic factors. Generally, the domestic economy of the nation is considered strong, though financial markets have been volatile. Approximately 56 percent of the Company's loan portfolio consists of credit to businesses and consumers in Minnesota, Oregon, Washington and California.

NET CHARGE-OFFS AND ALLOWANCE FOR CREDIT LOSSES Net loan charge-offs totaled \$154.0 million in the first quarter of 2000, compared with \$139.6 million in the first quarter of 1999. The ratio of total net charge-offs to average loans was relatively flat at .97 percent in the first quarter of 2000, compared with .96 percent in the

TABLE 6
SUMMARY OF ALLOWANCE FOR CREDIT LOSSES

(Dollars in Millions)	Three Months Ended	
	March 31 2000	March 31 1999
Balance at beginning of period.....	\$ 995.4	\$1,000.9
CHARGE-OFFS		
Commercial		
Commercial.....	56.3	43.5
Real estate		
Commercial mortgage.....	1.0	.3
Construction.....	--	.2
Total commercial.....	57.3	44.0
Consumer		
Credit card.....	42.1	55.1
Other.....	83.9	81.2
Subtotal.....	126.0	136.3
Residential mortgage.....	2.5	1.0
Total consumer.....	128.5	137.3
Total.....	185.8	181.3
RECOVERIES		
Commercial		
Commercial.....	10.7	18.4
Real estate		
Commercial mortgage.....	1.5	1.7
Construction.....	.3	--
Total commercial.....	12.5	20.1
Consumer		
Credit card.....	3.0	4.8
Other.....	16.1	16.6
Subtotal.....	19.1	21.4
Residential mortgage.....	.2	.2
Total consumer.....	19.3	21.6
Total.....	31.8	41.7
NET CHARGE-OFFS		
Commercial		
Commercial.....	45.6	25.1
Real estate		
Commercial mortgage.....	(.5)	(1.4)
Construction.....	(.3)	.2
Total commercial.....	44.8	23.9
Consumer		
Credit card.....	39.1	50.3
Other.....	67.8	64.6
Subtotal.....	106.9	114.9
Residential mortgage.....	2.3	.8
Total consumer.....	109.2	115.7
Total.....	154.0	139.6
Provision charged to operating expense.....	154.0	117.0
Acquisitions and other changes.....	15.7	4.2
Balance at end of period.....	\$1,011.1	\$ 982.5
Allowance as a percentage of:		
Period-end loans.....	1.56%	1.65%
Nonperforming loans.....	310	324
Nonperforming assets.....	276	302
Annualized net charge-offs.....	163	174

TABLE 7
DELINQUENT LOAN RATIOS*

	March 31 2000	December 31 1999
90 days or more past due		

COMMERCIAL		
Commercial.....	.65%	.59%
Real estate		
Commercial mortgage.....	.68	.84
Construction.....	.59	.59
	-----	-----
Total commercial.....	.65	.65
CONSUMER		
Credit card.....	1.11	.96
Other.....	.59	.57
	-----	-----
Subtotal.....	.71	.67
Residential mortgage.....	1.69	1.57
	-----	-----
Total consumer.....	.84	.79
	-----	-----
Total.....	.71%	.69%

*Ratios include nonperforming loans and are expressed as a percent of ending loan balances.

first quarter of 1999. Commercial loan net charge-offs were \$44.8 million for the first quarter of 2000, or .41 percent of average loans outstanding, compared with \$23.9 million, or .26 percent of average loans outstanding, in the first quarter of 1999. Net charge-offs in the first quarter of 2000 included expected higher losses on a growing portfolio of scored small business and commercial payment systems products. Commercial loan net charge-offs, excluding net charge-offs of scored small business and commercial payment systems products, were \$27.3 million, or .26 percent of average loans outstanding.

Consumer loan net charge-offs of \$109.2 million were less than \$115.7 million in the same period of 1999 and \$10.2 million more than the fourth quarter of 1999. The increase from the prior quarter reflected expected increases in net charge-offs on acquired portfolios and seasonally higher losses on credit cards, partially offset by a reduction in net charge-offs related to fraud. The decline in net charge-offs from a year ago reflects the reduction in fraud-related losses and improving trends in the credit card portfolios. Consumer loan net charge-offs as a percent of average loans outstanding were 2.22 percent in the first quarter of 2000, compared with 2.01 percent and 2.17 percent in the fourth quarter and first quarter of 1999, respectively.

The allowance for credit losses was \$1,011.1 million at March 31, 2000, higher than the allowance for credit losses of \$995.4 million at December 31, 1999, due to additions for acquisitions. The ratio of allowance for credit losses to

TABLE 8
NET CHARGE-OFFS AS A PERCENTAGE OF AVERAGE LOANS OUTSTANDING

	Three Months Ended	
	March 31 2000	March 31 1999

COMMERCIAL		
Commercial.....	.62%	.39%
Real estate		
Commercial mortgage.....	(.02)	(.07)
Construction.....	(.03)	.02
	-----	-----
Total commercial.....	.41	.26
CONSUMER		
Credit card.....	3.84	5.08
Other.....	2.09	1.80
	-----	-----
Subtotal.....	2.51	2.51
Residential mortgage.....	.35	.11
	-----	-----
Total consumer.....	2.22	2.17
	-----	-----
Total.....	.97%	.96%

TABLE 9
NONPERFORMING ASSETS*

(Dollars in Millions)	March 31 2000	December 31 1999

COMMERCIAL		
Commercial.....	\$ 186.7	\$ 161.2
Real estate		
Commercial mortgage.....	68.0	78.9
Construction.....	25.8	25.3
	-----	-----
Total commercial.....	280.5	265.4
CONSUMER		
Residential mortgage.....	38.0	36.0
Other.....	7.9	8.6
	-----	-----
Total consumer.....	45.9	44.6
	-----	-----
Total nonperforming loans.....	326.4	310.0
OTHER REAL ESTATE.....	23.8	20.7
OTHER NONPERFORMING ASSETS.....	16.4	16.8
	-----	-----
Total nonperforming assets.....	\$ 366.6	\$ 347.5
	-----	-----
Accruing loans 90 days or more past due**.....	\$ 133.4	\$ 125.8
Nonperforming loans to total loans.....	.50%	.49%
Nonperforming assets to total loans plus other real estate.....	.56	.55

*Throughout this document, nonperforming assets and related ratios do not include accruing loans 90 days or more past due.

**These loans are not included in nonperforming assets and continue to accrue interest because they are secured by collateral and/or are in the process of collection and are reasonably expected to result in repayment or restoration to current status.

nonperforming loans was 310 percent at March 31, 2000, down slightly from the ratio of 321 percent at December 31, 1999.

NONPERFORMING ASSETS Nonperforming assets include nonaccrual loans, restructured loans, other real estate and other nonperforming assets owned by the Company. Nonperforming assets at March 31, 2000, totaled \$366.6 million, compared with \$347.5 million at December 31, 1999. The ratio of nonperforming assets to loans and other real estate was .56 percent at March 31, 2000, compared with .55 percent at December 31, 1999.

Accruing loans 90 days or more past due at March 31, 2000, totaled \$133.4 million, compared with \$125.8 million at December 31, 1999. These loans are not included in nonperforming assets because they are expected to be returned to current status. Consumer loans 30 days or more past due decreased to 2.57 percent of the portfolio at March 31, 2000, compared with 2.65 percent at December 31, 1999. The percentage of consumer loans 90 days or more past due of the total consumer loan portfolio totaled .84 percent at March 31, 2000, compared with .79 percent at December 31, 1999.

INTEREST RATE RISK MANAGEMENT The Company's policy is to maintain a low interest rate risk position. The Company limits the exposure of net interest income associated with interest rate movements through asset/liability management strategies. The Company's Asset and Liability Management Committee ("ALCO") uses three methods for measuring and managing consolidated interest rate risk: Net Interest Income Simulation Modeling, Market Value Simulation Modeling, and Repricing Mismatch Analysis.

NET INTEREST INCOME SIMULATION MODELING: The Company uses a net interest income simulation model to estimate near-term (next 24 months) risk due to changes in interest rates. The model, which is updated monthly, incorporates substantially all of the Company's assets and liabilities and off-balance sheet instruments, together with forecasted changes in the balance sheet and assumptions that reflect the current interest rate environment. ALCO uses the model to simulate the effect of immediate and sustained parallel shifts in the yield curve of 1 percent, 2 percent and 3 percent, as well as the effect of immediate and sustained flattening or steepening of the yield curve. ALCO also calculates the sensitivity of the simulation results to changes in key assumptions, such as the Prime/LIBOR spread or core deposit repricing. The results from the simulation are reviewed by ALCO monthly and are used to guide ALCO's hedging strategies. ALCO guidelines, approved by the Company's Board of Directors, limit the estimated change in net interest income to 1.5 percent of forecasted net interest income over the succeeding 12 months and 3 percent of forecasted net

TABLE 10

INTEREST RATE SWAP HEDGING PORTFOLIO NOTIONAL BALANCES AND YIELDS BY MATURITY DATE

At March 31, 2000 (Dollars in Millions)

Maturity Date	Notional Amount	Weighted Average Interest Rate Received	Weighted Average Interest Rate Paid
2000.....	\$ 155	6.39%	6.41%
2001.....	290	6.56	6.05
2002.....	545	6.22	5.98
2003.....	2,662	6.06	6.26
2004.....	1,475	6.60	6.02
Thereafter.....	2,305	6.28	6.02

Total.....	\$7,432	6.27%	6.11%

*At March 31, 2000, the Company received fixed-rate interest and paid variable-rate interest on substantially all swaps in its hedging portfolio.

interest income over the second 12 months given a 1 percent change in interest rates. At March 31, 2000, forecasted net interest income for the next 12 months would decrease \$7 million from an immediate 100 basis point upward parallel shift in rates and increase \$4 million from a downward shift of similar magnitude. Forecasted net interest income for the second 12 months would decrease \$10 million from an immediate 100 basis point upward parallel shift in rates and increase \$3 million from a downward shift of similar magnitude.

MARKET VALUE SIMULATION MODELING: The net interest income simulation model is somewhat limited by its dependence upon accurate forecasts of future business activity and the resulting effect on balance sheet assets and liabilities. As a result, its usefulness is greatly diminished for periods beyond one or two years. To better measure all interest rate risk, both short-term and long-term, the Company uses a market value simulation model. This model estimates the effect of 1 percent, 2 percent and 3 percent rate shocks on the present value of substantially all future cash flows of the Company's outstanding assets, liabilities and off-balance sheet instruments. ALCO also calculates the sensitivity of the simulation results to changes in key assumptions, such as core deposit repricings and core deposit life. The amount of market value risk is subject to a limit, approved by the Company's Board of Directors, of .5 percent of assets for an immediate 100 basis point rate shock. The Company's market value risk position continues to be substantially lower than its limits.

REPRICING MISMATCH ANALYSIS: A traditional gap analysis provides a static measurement of the relationship between the amounts of interest rate sensitive assets and liabilities repricing in a given time period. While the analysis provides a useful snapshot of interest rate risk, it does not capture all aspects of interest rate risk. As a result, ALCO uses the repricing mismatch analysis primarily for managing intermediate-term interest rate risk and has established limits, approved by the Company's Board of Directors, for the two- to three-year gap position of 5 percent of assets.

USE OF DERIVATIVES TO MANAGE INTEREST RATE RISK: While each of the interest rate risk measurements has limitations, taken together they represent a comprehensive view of the magnitude of the Company's interest rate risk over various time intervals. The Company manages its interest rate risk by entering into off-balance sheet transactions, primarily interest rate swaps and, to a lesser degree, interest rate caps and floors.

In the first quarter of 2000, the Company added \$500 million of pay fixed interest rate swaps and terminated \$674 million of receive fixed interest rate swaps to reduce its interest rate risk. Interest rate swap agreements involve the exchange of fixed- and variable-rate payments without the exchange of the underlying notional amount on which the interest payments are calculated. As of March 31, 2000, the Company received and made payments on \$7.4 billion notional amount of interest rate swap agreements. These swaps had a weighted average interest rate received of 6.27 percent and a weighted average interest rate paid of 6.11 percent. The remaining maturities of these agreements ranged from 1 month to 15 years with an average remaining maturity of 4.6 years. Swaps increased net interest income for the quarters ended March 31, 2000, and 1999 by \$1.7 million and \$17.4 million, respectively.

The Company also purchases interest rate caps and floors to minimize the impact of fluctuating interest rates on earnings. To hedge against rising interest rates, the Company uses interest rate caps. Counterparties to these interest rate cap agreements pay the Company based on the notional amount and the difference between current rates and strike rates. There were no caps outstanding at March 31, 2000. To hedge against

TABLE 11
CAPITAL RATIOS

(Dollars in Millions)	March 31 2000	December 31 1999
Tangible common equity*.....	\$ 5,161	\$ 5,134
As a percent of assets.....	6.4%	6.5%
Tier 1 capital.....	\$ 5,675	\$ 5,631
As a percent of risk-adjusted assets.....	6.6%	6.8%
Total risk-based capital.....	\$ 9,311	\$ 9,281
As a percent of risk-adjusted assets.....	10.9%	11.1%
Leverage ratio.....	7.2	7.4

*Defined as common equity less goodwill.

falling interest rates, the Company uses interest rate floors. Like caps, counterparties to interest rate floor agreements pay the Company based on the notional amount and the difference between current rates and strike rates. The total notional amount of floor agreements purchased as of March 31, 2000, all of which were LIBOR-indexed, was \$500 million. The impact of caps and floors on net interest income was not significant for the quarters ended March 31, 2000, and 1999.

MARKET RISK MANAGEMENT Market valuation risk is subject to regular monitoring by management. The Company uses a value-at-risk ("VaR") model to measure and manage market risk in its broker/dealer activities. The VaR model uses an estimate of volatility appropriate to each instrument and a ninety-ninth percentile adverse move in the underlying markets. Market valuation risk limits are established subject to approval by the Company's Board of Directors. The Company's VaR limit was \$40 million at March 31, 2000. The estimate of market valuation risk inherent in its broker/dealer activities, including equities, fixed income, high yield securities and foreign exchange as estimated by the VaR analysis, was \$16.5 million at March 31, 2000.

CAPITAL MANAGEMENT At March 31, 2000, tangible common equity (common equity less goodwill) was \$5.2 billion, or 6.4 percent of assets, compared with \$5.1 billion, or 6.5 percent at December 31, 1999. Tier 1 and total risk-based capital ratios were 6.6 percent and 10.9 percent at March 31, 2000, compared with 6.8 percent and 11.1 percent at December 31, 1999. The March 31, 2000 leverage ratio was 7.2 percent, compared with 7.4 percent at December 31, 1999.

On February 16, 2000, the Company announced a share repurchase program of up to \$2.5 billion of common stock over the period ending March 31, 2002. The new share repurchase program replaced a program that was scheduled to expire March 31, 2000. During the first quarter of 2000, the Company repurchased 10.0 million shares under these programs for a total dollar value of \$205.3 million. On January 14, 2000, the Company issued 4.0 million shares related to the acquisition of Peninsula Bank of San Diego.

ACCOUNTING CHANGES

ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES Statement of Financial Accounting Standards No. ("SFAS") 133, "Accounting for Derivative Instruments and Hedging Activities," establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. In certain defined conditions, a derivative may be specifically designated as a hedge for a particular exposure. The accounting for changes in the fair value of the derivative depends on the intended use of the derivative and the resulting designation. The effective date has been deferred for one year with the issuance of SFAS 137, "Accounting for Derivative Instruments and Hedging Activities -- Deferral of the Effective Date of FASB Statement No. 133," which amended SFAS 133. SFAS 133, as amended, is effective for all fiscal years beginning after June 15, 2000, with earlier application permitted. The adoption of SFAS 133 is not expected to have a material impact on the Company.

CONSOLIDATED BALANCE SHEET

(Dollars in Millions)	March 31 2000	December 31 1999
(Unaudited)		
ASSETS		
Cash and due from banks.....	\$ 3,602	\$ 4,036
Federal funds sold.....	131	713
Securities purchased under agreements to resell.....	427	324
Trading account securities.....	684	617
Available-for-sale securities.....	4,704	4,871
Loans.....	64,897	62,885
Less allowance for credit losses.....	1,011	995
Net loans.....	63,886	61,890
Premises and equipment.....	867	862
Interest receivable.....	471	433
Customers' liability on acceptances.....	104	152
Goodwill and other intangible assets.....	3,158	3,066
Other assets.....	5,038	4,566
Total assets.....	\$ 83,072	\$ 81,530
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits		
Noninterest-bearing.....	\$ 14,723	\$ 16,050
Interest-bearing.....	36,292	35,480
Total deposits.....	51,015	51,530
Federal funds purchased.....	1,640	297
Securities sold under agreements to repurchase.....	1,004	1,235
Other short-term funds borrowed.....	629	724
Long-term debt.....	17,267	16,563
Company-obligated mandatorily redeemable preferred securities of subsidiary trusts holding solely the junior subordinated debentures of the parent company.....	950	950
Acceptances outstanding.....	104	152
Other liabilities.....	2,718	2,441
Total liabilities.....	75,327	73,892
Shareholders' equity		
Common stock, par value \$1.25 a share -- authorized 1,500,000,000 shares; issued: 3/31/00 -- 758,194,161 shares; 12/31/99 -- 754,368,668 shares.....	948	943
Capital surplus.....	1,461	1,399
Retained earnings.....	5,607	5,389
Accumulated other comprehensive income.....	(83)	(62)
Less cost of common stock in treasury: 3/31/00 -- 9,181,673 shares; 12/31/99 -- 1,038,456 shares.....	(188)	(31)
Total shareholders' equity.....	7,745	7,638
Total liabilities and shareholders' equity.....	\$ 83,072	\$ 81,530

CONSOLIDATED STATEMENT OF INCOME

(Dollars in Millions, Except Per Share Data) (Unaudited)	Three Months Ended	
	March 31 2000	March 31 1999
<hr/>		
INTEREST INCOME		
Loans.....	\$1,426.9	\$1,238.5
Securities		
Taxable.....	60.3	64.6
Exempt from federal income taxes.....	14.0	14.7
Other interest income.....	62.4	34.2
	<hr/>	<hr/>
Total interest income.....	1,563.6	1,352.0
INTEREST EXPENSE		
Deposits.....	372.9	311.6
Federal funds purchased and repurchase agreements.....	43.8	39.4
Other short-term funds borrowed.....	13.6	12.9
Long-term debt.....	268.6	186.1
Company-obligated mandatorily redeemable preferred securities of subsidiary trusts holding solely the junior subordinated debentures of the parent company.....	19.3	19.3
	<hr/>	<hr/>
Total interest expense.....	718.2	569.3
	<hr/>	<hr/>
Net interest income.....	845.4	782.7
Provision for credit losses.....	154.0	117.0
	<hr/>	<hr/>
Net interest income after provision for credit losses.....	691.4	665.7
NONINTEREST INCOME		
Credit card fee revenue.....	159.5	126.8
Trust and investment management fees.....	117.1	117.2
Investment products fees and commissions.....	116.2	88.6
Service charges on deposit accounts.....	109.0	103.4
Investment banking revenue.....	94.0	36.2
Trading account profits and commissions.....	83.6	51.5
Available-for-sale securities losses.....	(.3)	--
Other.....	116.3	102.6
	<hr/>	<hr/>
Total noninterest income.....	795.4	626.3
NONINTEREST EXPENSE		
Salaries.....	432.1	354.1
Employee benefits.....	76.1	70.0
Net occupancy.....	57.1	50.0
Furniture and equipment.....	41.1	38.1
Goodwill and other intangible assets.....	56.6	37.8
Merger-related charges.....	13.1	2.9
Other.....	224.9	165.9
	<hr/>	<hr/>
Total noninterest expense.....	901.0	718.8
	<hr/>	<hr/>
Income before income taxes.....	585.8	573.2
Applicable income taxes.....	206.8	206.4
	<hr/>	<hr/>
Net income.....	\$ 379.0	\$ 366.8
	<hr/>	<hr/>
Earnings per share.....	\$.51	\$.51
Diluted earnings per share.....	\$.51	\$.50
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CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(Dollars in Millions) (Unaudited)	Common Shares Outstanding*	Common Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock**	Total
BALANCE DECEMBER 31, 1998.....	725,761,718	\$931.0	\$1,247.2	\$4,455.8	\$ 71.8	\$(735.8)	\$5,970.0
Common dividends declared.....				(141.7)			(141.7)
Purchase of treasury stock.....	(1,397,940)					(47.0)	(47.0)
Issuance of common stock							
Acquisitions.....	1,027,276		(3.6)			40.0	36.4
Dividend reinvestment.....	168,650		(.4)			6.4	6.0
Stock option and stock purchase plans.....	809,189		(30.2)			34.5	4.3
	726,368,893	931.0	1,213.0	4,314.1	71.8	(701.9)	5,828.0
Comprehensive income							
Net income.....				366.8			366.8
Other comprehensive income							
Change in unrealized gains on securities of \$29.2 (net of \$11.1 tax expense).....					(18.1)		(18.1)
Total comprehensive income.....							348.7
BALANCE MARCH 31, 1999.....	726,368,893	\$931.0	\$1,213.0	\$4,680.9	\$ 53.7	\$(701.9)	\$6,176.7
BALANCE DECEMBER 31, 1999.....	753,330,212	\$943.0	\$1,398.8	\$5,389.2	\$(61.8)	\$ (31.5)	\$7,637.7
Common dividends declared.....				(161.5)			(161.5)
Purchase of treasury stock.....	(10,025,000)					(205.3)	(205.3)
Issuance of common stock							
Acquisitions.....	4,326,950	4.0	62.0			32.3	98.3
Dividend reinvestment.....	340,012		(.7)			7.1	6.4
Stock option and stock purchase plans.....	1,040,314	.7	.8			9.9	11.4
	749,012,488	947.7	1,460.9	5,227.7	(61.8)	(187.5)	7,387.0
Comprehensive income							
Net income.....				379.0			379.0
Other comprehensive income							
Change in unrealized losses on securities of \$21.5 (net of \$13.1 tax benefit) net of reclassification adjustment for losses included in net income of \$.3 (net of \$.1 tax benefit).....					(21.2)		(21.2)
Total comprehensive income.....							357.8
BALANCE MARCH 31, 2000.....	749,012,488	\$947.7	\$1,460.9	\$5,606.7	\$(83.0)	\$(187.5)	\$7,744.8

*Defined as total common shares less common stock held in treasury.

**Ending treasury shares were 9,181,673 at March 31, 2000; 1,038,456 at December 31, 1999; 18,428,964 at March 31, 1999; and 19,036,139 at December 31, 1998.

CONSOLIDATED STATEMENT OF CASH FLOWS

(Dollars in Millions) (Unaudited)	Three Months Ended	
	March 31 2000	March 31 1999
<hr/>		
OPERATING ACTIVITIES		
Net cash provided by operating activities.....	\$ 424.9	\$ 611.6
<hr/>		
INVESTING ACTIVITIES		
Net cash (used) provided by:		
Loans outstanding.....	(1,583.5)	(512.6)
Securities purchased under agreements to resell.....	(103.0)	14.6
Available-for-sale securities		
Sales.....	83.8	53.2
Maturities.....	180.1	455.1
Purchases.....	(51.5)	(217.4)
Proceeds from sales of other real estate.....	5.6	7.8
Net purchases of bank premises and equipment.....	(31.5)	(30.1)
Purchases of loans.....	(189.7)	(127.7)
Acquisitions, net of cash received.....	--	(21.8)
Cash and cash equivalents of acquired subsidiaries.....	67.0	3.6
Other - net.....	(222.4)	(192.5)
Net cash used by investing activities.....	(1,845.1)	(567.8)
<hr/>		
FINANCING ACTIVITIES		
Net cash (used) provided by:		
Deposits.....	(967.6)	(1,362.7)
Federal funds purchased and securities sold under		
agreements to repurchase.....	1,112.1	367.2
Short-term borrowings.....	(95.5)	429.5
Proceeds from long-term debt.....	1,107.0	300.0
Principal payments on long-term debt.....	(402.9)	(307.2)
Proceeds from dividend reinvestment, stock option and stock		
purchase plans.....	17.8	10.3
Repurchase of common stock.....	(205.3)	(47.0)
Cash dividends.....	(161.5)	(141.7)
Net cash provided (used) by financing activities.....	404.1	(751.6)
<hr/>		
Change in cash and cash equivalents.....	(1,016.1)	(707.8)
Cash and cash equivalents at beginning of period.....	4,748.8	4,855.3
Cash and cash equivalents at end of period.....	\$ 3,732.7	\$4,147.5
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

NOTE A
BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and, therefore, do not include all information and footnotes necessary for a complete presentation of financial position, results of operations and cash flow activity required under accounting principles generally accepted in the United States. In the opinion of management of the Company, all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of results have been made, and the Company believes such presentation is adequate to make the information presented not misleading. For further information, refer to the consolidated financial statements and footnotes included in the Company's Annual Report on Form 10-K for the year ended December 31, 1999. Certain amounts in prior periods have been reclassified to conform to the current presentation.

Accounting policies for the lines of business are the same as those used in preparation of the consolidated financial statements with respect to activities specifically attributable to each business line. However, the preparation of business line results requires management to establish methodologies to allocate funding costs and benefits, expenses and other financial elements to each line of business. Table 2 "Line of Business Financial Performance" on pages 3 through 6 provides details of segment results. This information is incorporated by reference into these Notes to Consolidated Financial Statements.

NOTE B
ACCOUNTING CHANGES

ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES SFAS 133, "Accounting for Derivative Instruments and Hedging Activities," establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. In certain defined conditions, a derivative may be specifically designated as a hedge for a particular exposure. The accounting for changes in the fair value of the derivative depends on the intended use of the derivative and the resulting designation. The effective date has been deferred for one year with the issuance of SFAS 137, "Accounting for Derivative Instruments and Hedging Activities-Deferral of the Effective Date of FASB Statement No. 133," which amended SFAS 133. SFAS 133, as amended, is effective for all fiscal years beginning after June 15, 2000, with earlier adoption permitted. The adoption of SFAS 133 is not expected to have a material impact on the Company.

NOTE C
BUSINESS COMBINATIONS AND DIVESTITURES

PENINSULA BANK OF SAN DIEGO On January 14, 2000, the Company completed its acquisition of Peninsula Bank of San Diego. With \$456 million in assets, Peninsula Bank operated 11 branches in San Diego county, California. The transaction was accounted for as a purchase acquisition.

WESTERN BANCORP On November 15, 1999, the Company completed its acquisition of Western Bancorp. With \$2.5 billion in assets, Western Bancorp had 31 branches in southern California in Los Angeles, Orange and San Diego counties. The transaction was accounted for as a purchase acquisition, and accordingly, the purchase price of approximately \$932 million was allocated to assets acquired and liabilities assumed based on their fair market values at the date of acquisition.

BANK OF COMMERCE On July 15, 1999, the Company completed its acquisition of San Diego-based Bank of Commerce, one of the nation's largest SBA lenders. The transaction was accounted for as a purchase acquisition.

OTHER ACQUISITIONS AND DIVESTITURES On April 7, 2000, the Company acquired Oliver-Allen Corporation, a privately-held information technology leasing company.

On September 24, 1999, the Company completed the sale of 28 branches in Kansas and Iowa representing \$364 million of deposits. On September 23, 1999, the Company sold \$1.8 billion of indirect automobile loans and is in the process of exiting this business.

On September 17, 1999, the Company completed its acquisition of the investment banking division of The John Nuveen Company, based in Chicago. The division, which focuses on fixed income investment banking, became part of the U.S. Bancorp Piper Jaffray Fixed Income Capital Markets division.

On September 13, 1999, the Company completed its acquisition of Voyager Fleet Systems, Inc. On June 30, 1999, the Company completed its acquisition of Mellon Network Services' electronic funds transfer processing unit. The businesses are now part of the Payment Systems business unit.

NOTE D
AVAILABLE-FOR-SALE SECURITIES

The detail of the amortized cost and fair value of available-for-sale securities consisted of the following:

(Dollars in Millions)	March 31, 2000		December 31, 1999	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
U.S. Treasury.....	\$ 380	\$ 373	\$ 388	\$ 381
U.S. agencies and other mortgage-backed.....	2,863	2,765	2,971	2,906
Other U.S. agencies.....	190	191	195	196
State and political.....	1,109	1,109	1,132	1,135
Other.....	304	266	288	253
Total.....	\$4,846	\$4,704	\$4,974	\$4,871

NOTE E
LOANS

The composition of the loan portfolio was as follows:

(Dollars in Millions)	March 31 2000	December 31 1999
COMMERCIAL:		
Commercial.....	\$30,675	\$28,863
Real estate		
Commercial mortgage.....	10,033	9,784
Construction.....	4,414	4,322
Total commercial.....	45,122	42,969
CONSUMER:		
Home equity and second mortgage.....	8,802	8,681
Credit card.....	4,096	4,313
Revolving credit.....	1,832	1,815
Installment.....	1,193	1,245
Student.....	677	563
Subtotal.....	16,600	16,617
Indirect automobile.....	543	638
Residential mortgage.....	2,632	2,661
Total consumer*.....	19,775	19,916
Total loans.....	\$64,897	\$62,885

*Loans held for sale were \$740 at March 31, 2000, and \$608 at December 31, 1999. This included residential mortgages held for sale and the student loan portfolio which may be sold when the repayment period begins.

At March 31, 2000, the Company had \$281 million in loans considered impaired under SFAS 114 included in its nonaccrual loans. The carrying value of the impaired loans was less than or equal to the appraised collateral value or the present value of expected future cash flows and, accordingly, no allowance for credit losses was specifically allocated to impaired loans. For the quarter ended March 31, 2000, the average recorded investment in impaired loans was approximately \$273 million. No interest income was recognized on impaired loans during the quarter.

NOTE F
LONG-TERM DEBT

Long-term debt (debt with original maturities of more than one year) consisted of the following:

(Dollars in Millions)	March 31 2000	December 31 1999
Fixed-rate subordinated notes (5.70% to 8.35%) -- maturities to June 2026.....	\$ 2,850	\$ 2,850
Step-up subordinated notes -- due August 15, 2005.....	100	100
Floating-rate notes -- due February 27, 2000.....	--	250
Federal Home Loan Bank advances (5.54% to 9.11%) -- maturities to October 2026.....	1,997	1,998
Medium-term notes (5.98% to 7.50%) -- maturities to December 2004.....	2,819	2,310
Bank notes (5.25% to 6.73%) -- maturities to November 2005.....	8,909	8,459
Euro medium-term notes -- due April 13, 2004.....	400	400
Other.....	192	196
Total.....	\$ 17,267	\$ 16,563

NOTE G
INCOME TAXES

The components of income tax expense were:

(Dollars in Millions)	Three Months Ended	
	March 31 2000	March 31 1999
FEDERAL		
Current tax.....	\$ 167.4	\$ 154.2
Deferred tax provision.....	7.1	17.9
Federal income tax.....	174.5	172.1
STATE		
Current tax.....	30.1	30.6
Deferred tax provision.....	2.2	3.7
State income tax.....	32.3	34.3
Total income tax provision.....	\$ 206.8	\$ 206.4

The reconciliation between income tax expense and the amount computed by applying the statutory federal income tax rate was as follows:

(Dollars in Millions)	Three Months Ended	
	March 31 2000	March 31 1999
Tax at statutory rate (35%).....	\$ 205.0	\$ 200.6
State income tax, at statutory rates, net of federal tax benefit.....	21.0	22.3
Tax effect of		
Tax-exempt interest		
Loans.....	(1.9)	(2.3)
Securities.....	(6.0)	(5.7)
Amortization of nondeductible goodwill.....	14.9	9.6
Tax credits and other items.....	(26.2)	(18.1)
Applicable income taxes.....	\$ 206.8	\$ 206.4

The Company's net deferred tax asset was \$124.3 million at March 31, 2000, and \$158.4 million at December 31, 1999.

NOTE H
MERGER AND INTEGRATION CHARGES

During the first quarter of 2000, the Company recorded \$13.1 million of nonrecurring expense related to the integration of the Company's various acquisitions. The following table presents a summary of activity with respect to the Company's merger and integration accrual:

(Dollars in Millions)	Three Months Ended March 31, 2000
Balance at December 31, 1999.....	\$ 71.9
Provision charged to operating expense.....	13.1
Cash outlays.....	(31.4)
Additions related to purchase acquisitions...	24.0
Noncash writedowns.....	(13.4)
Balance at March 31, 2000.....	\$ 64.2

The components of the merger and integration accrual were as follows:

(Dollars in Millions)	March 31 2000	December 31 1999
Severance.....	\$ 31.4	\$ 34.6
Other employee related costs.....	14.5	16.6
Lease terminations and facility costs...	8.3	9.5
Contracts and system writeoffs.....	7.0	6.4
Other.....	3.0	4.8
Total.....	\$ 64.2	\$ 71.9

Employee termination plans were developed in connection with the acquisitions of U.S. Bancorp of Portland, Oregon, Piper Jaffray Companies Inc., Northwest Bancshares, Inc., Zappco, Inc., Bank of Commerce, Western Bancorp, Peninsula Bank of San Diego, and other restructurings. The severance amounts are determined based on the Company's existing severance pay programs under which benefits are paid out over a period of up to two years from the time of termination. With respect to completed acquisitions, additional merger-related charges of approximately \$45 million on a pre-tax basis are expected to be incurred in the remainder of 2000.

NOTE I
SHAREHOLDERS' EQUITY

The Company issued 4,326,950 shares of common stock with an aggregate value of \$98.3 million in conjunction with acquisitions during the three months ended March 31, 2000.

On February 16, 2000, the Company announced a share repurchase program of up to \$2.5 billion of common stock over the period ending March 31, 2002. The new share repurchase program replaced a program that was scheduled to expire on March 31, 2000. The shares will be repurchased in the open market or through negotiated transactions. Under these programs, the Company has repurchased 51.3 million shares for \$1.7 billion, including 10.0 million shares for \$205.3 million in the first quarter of 2000.

NOTE J
EARNINGS PER SHARE

The components of earnings per share were:

(Dollars in Millions, Except Per Share Data)	Three Months Ended March 31 2000	March 31 1999
EARNINGS PER SHARE:		
Net income to common stockholders.....	\$379.0	\$366.8
Average shares outstanding.....	748,339,548	722,637,379
Earnings per share.....	\$.51	\$.51
DILUTED EARNINGS PER SHARE:		
Net income to common stockholders.....	\$379.0	\$366.8
Average shares outstanding.....	748,339,548	722,637,379
Net effect of the assumed purchase of stock under the stock option and stock purchase plans -- based on the treasury stock method using average market price.....	1,803,414	5,664,720

Dilutive common shares outstanding.....	750,142,962	728,302,099
Diluted earnings per share.....	\$.51	\$.50

NOTE K
COMMITMENTS, CONTINGENT LIABILITIES AND OFF-BALANCE SHEET FINANCIAL
INSTRUMENTS

In the normal course of business, the Company uses various off-balance sheet financial instruments to manage its interest rate and market risk and to meet the needs of its customers. These instruments carry varying degrees of credit, interest rate and liquidity risk. The contract or notional amounts of these financial instruments were as follows:

(Dollars in Millions)	March 31 2000	December 31 1999
Commitments to extend credit		
Commercial.....	\$27,224	\$28,222
Corporate and purchasing cards.....	18,515	18,503
Consumer credit cards.....	15,015	14,991
Other consumer.....	6,477	6,388
Letters of credit		
Standby.....	3,340	3,222
Commercial.....	362	317
Interest rate swap contracts		
Hedges.....	7,432	7,743
Intermediated.....	506	556
Options contracts		
Hedge interest rate floors purchased.....	500	500
Intermediated interest rate and foreign exchange caps and floors purchased.....	529	453
Intermediated interest rate and foreign exchange caps and floors written.....	529	453
Futures and forward contracts.....	28	34
Recourse on assets sold.....	109	117
Foreign currency commitments		
Commitments to purchase.....	1,400	1,137
Commitments to sell.....	1,420	1,141
Commitments from securities lending.....	747	717

The Company received fixed-rate interest and paid variable-rate interest on substantially all swaps in its hedging portfolio as of March 31, 2000. Activity for the three months ended March 31, 2000, with respect to interest rate swaps which the Company uses to hedge loans, deposits and long-term debt was as follows:

(Dollars in Millions)	
Notional amount outstanding at December 31, 1999.....	\$ 7,743
Additions.....	540
Terminations.....	(674)
Amortization.....	(177)
Notional amount outstanding at March 31, 2000.....	\$ 7,432
Weighted average interest rate paid.....	6.11%
Weighted average interest rate received.....	6.27

LIBOR-based interest rate floors totaling \$500 million with an average remaining maturity of 1.5 years at March 31, 2000, and \$500 million with an average remaining maturity of 1.7 years at December 31, 1999, hedged floating rate commercial loans. The strike rate on these LIBOR-based floors was 4.63 percent at March 31, 2000, and December 31, 1999.

Net unamortized deferred losses relating to swaps, options and futures were \$31.3 million at March 31, 2000.

NOTE L

SUPPLEMENTAL DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET Time certificates of deposit in denominations of \$100,000 or more totaled \$5,805 million and \$5,809 million at March 31, 2000, and December 31, 1999, respectively.

CONSOLIDATED STATEMENT OF CASH FLOWS Listed below are supplemental disclosures to the Consolidated Statement of Cash Flows.

(Dollars in Millions)	Three Months Ended	
	March 31 2000	March 31 1999
Income taxes paid.....	\$ 27.2	\$ 13.5
Interest paid.....	667.4	546.1
Net noncash transfers to foreclosed property.....	8.3	5.3
Change in unrealized gain (loss) on available-for-sale securities, net of taxes of \$13.0 in 2000 and \$11.1 in 1999.....	(21.2)	(18.1)
Cash acquisitions of businesses		
Fair value of noncash assets acquired.....	\$ --	\$ 21.8
Liabilities assumed.....	--	--
Net.....	\$ --	\$ 21.8
Stock acquisitions of businesses		
Fair value of noncash assets acquired.....	\$ 499.2	\$ 42.3
Net cash acquired.....	67.0	3.6
Liabilities assumed.....	(467.9)	(9.5)
Net value of common stock issued.....	\$ 98.3	\$ 36.4

CONSOLIDATED DAILY AVERAGE BALANCE SHEET AND RELATED YIELDS AND RATES

	For the Three Months Ended March 31						
	2000			1999			
(Dollars in Millions) (Unaudited)	Balance	Interest	Yields and Rates	Balance	Interest	Yields and Rates	% Change Average Balance
ASSETS							
Available-for-sale securities							
U.S. Treasury.....	\$ 384	\$ 5.4	5.66%	\$ 482	\$ 6.8	5.72%	(20.3)%
U.S. agencies and other mortgage-backed.....	2,916	49.3	6.80	3,240	53.4	6.68	(10.0)
State and political.....	1,117	21.0	7.56	1,177	22.2	7.65	(5.1)
U.S. agencies and other.....	490	5.3	4.35	332	4.1	5.01	47.6
	-----			-----			
Total available-for-sale securities.....	4,907	81.0	6.64	5,231	86.5	6.71	(6.2)
Unrealized (loss) gain on available-for-sale securities.....	(142)			106			**
	-----			-----			
Net available-for-sale securities....	4,765			5,337			(10.7)
Trading account securities.....	699	15.3	8.80	558	9.2	6.69	25.3
Federal funds sold and resale agreements.....	569	6.6	4.67	519	4.8	3.75	9.6
Loans							
Commercial							
Commercial.....	29,564	603.2	8.21	26,018	479.9	7.48	13.6
Real estate							
Commercial mortgage.....	10,014	214.6	8.62	8,234	173.5	8.55	21.6
Construction.....	4,367	100.0	9.21	3,252	71.0	8.85	34.3
	-----			-----			
Total commercial.....	43,945	917.8	8.40	37,504	724.4	7.83	17.2
Consumer							
Home equity and second mortgage.....	8,744	209.1	9.62	7,484	174.4	9.45	16.8
Credit card.....	4,094	142.1	13.96	4,013	123.3	12.46	2.0
Other.....	4,293	109.5	10.26	7,055	161.7	9.30	(39.1)
	-----			-----			
Subtotal.....	17,131	460.7	10.82	18,552	459.4	10.04	(7.7)
Residential mortgage.....	2,633	50.7	7.74	3,025	57.7	7.74	(13.0)
	-----			-----			
Total consumer.....	19,764	511.4	10.41	21,577	517.1	9.72	(8.4)
	-----			-----			
Total loans.....	63,709	1,429.2	9.02	59,081	1,241.5	8.52	7.8
Allowance for credit losses.....	1,029			998			3.1
	-----			-----			
Net loans.....	62,680			58,083			7.9
Other earning assets.....	2,260	48.4	8.61	1,349	20.7	6.22	67.5
	-----			-----			
Total earning assets*.....	72,144	1,580.5	8.81	66,738	1,362.7	8.28	8.1
Other assets.....	10,798			9,261			16.6
	-----			-----			
Total assets.....	\$81,771			\$75,107			8.9%
	-----			-----			
LIABILITIES AND SHAREHOLDERS' EQUITY							
Noninterest-bearing deposits.....	\$14,094			\$13,544			4.1%
Interest-bearing deposits							
Interest checking.....	6,210	32.3	2.09	6,026	25.5	1.72	3.1
Money market accounts.....	12,588	124.8	3.99	12,180	105.8	3.52	3.3
Other savings accounts.....	2,096	9.4	1.80	2,281	10.0	1.78	(8.1)
Savings certificates.....	9,251	125.8	5.47	10,123	125.3	5.02	(8.6)
Certificates over \$100,000.....	5,464	80.6	5.93	3,466	45.0	5.27	57.6
	-----			-----			
Total interest-bearing deposits....	35,609	372.9	4.21	34,076	311.6	3.71	4.5
Short-term borrowings.....	3,593	57.4	6.43	4,104	52.3	5.17	(12.5)
Long-term debt.....	17,082	268.6	6.32	13,967	186.1	5.40	22.3
Company-obligated mandatorily redeemable preferred securities.....	950	19.3	8.17	950	19.3	8.24	--
	-----			-----			
Total interest-bearing liabilities.....	57,234	718.2	5.05	53,097	569.3	4.35	7.8
Other liabilities.....	2,746			2,378			15.5
Common equity.....	7,783			6,022			29.2
Accumulated other comprehensive income.....	(86)			66			**
	-----			-----			
Total liabilities and shareholders' equity.....	\$81,771			\$75,107			8.9%
	-----			-----			
Net interest income.....		\$ 862.3			\$ 793.4		
		-----			-----		
Gross interest margin.....			3.76%			3.93%	
			-----			-----	
Gross interest margin without taxable-equivalent increments.....			3.67%			3.87%	
			-----			-----	
Net interest margin.....			4.81%			4.82%	
			-----			-----	
Net interest margin without taxable-equivalent increments.....			4.71%			4.76%	
			-----			-----	

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

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

*Before deducting the allowance for credit losses and excluding the unrealized (loss) gain on available-for-sale securities.

**Not meaningful.

PART II -- OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES -- On April 7, 2000, the Company issued 2,642,708 shares of common stock with an aggregate value of \$47.6 million as consideration in connection with a merger transaction. These common shares were issued in a private placement transaction exempt from registration under Section 4(2) of the Securities Act of 1933.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS -- The 2000 Annual Meeting of Shareholders of U.S. Bancorp was held Wednesday, April 19, 2000, at the Minneapolis Convention Center. John F. Grundhofer, Chairman and Chief Executive Officer, presided.

The holders of 627,332,945 shares of common stock, 83.6 percent of the 750,624,900 outstanding shares entitled to vote as of the record date, were represented at the meeting in person or by proxy. The candidates for election as Class II Directors listed in the proxy statement were elected to serve three-year terms expiring at the 2003 annual shareholders' meeting. The proposal to approve the U.S. Bancorp Executive Incentive Plan was approved. The proposal to ratify the appointment of Ernst & Young LLP as the Company's independent auditors for the year ending December 31, 2000, was approved. The shareholder proposal for the annual election of all Directors and the elimination of the Company's classified Board of Directors, was not approved because it did not receive the affirmative vote of the majority of shares present in person or represented by proxy at the meeting and entitled to vote on the matter (broker non-votes are not counted for purposes of calculating the vote and have no affect on the outcome).

SUMMARY OF MATTERS VOTED UPON BY SHAREHOLDERS

	Number of Shares			
	For	Withheld		
<hr/>				
Election of Class II Directors:				
Harry L. Bettis.....	613,431,859	13,901,086		
Peter H. Coors.....	612,475,398	14,857,547		
Joshua Green III.....	612,180,419	15,152,526		
Paul A. Redmond.....	612,847,790	14,485,155		
S. Walter Richey.....	612,661,339	14,671,606		
	For	Against	Abstain	Non-Vote
<hr/>				
Other Matters:				
Approval of Executive Incentive Plan.....	546,167,238	71,570,066	9,595,641	0
Ratification of appointment of Ernst & Young LLP as independent auditors.....	618,622,695	4,041,574	4,668,676	0
Proposal for the annual election of all Directors.....	266,276,695	245,368,197	23,418,567	92,269,486
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For a copy of the meeting minutes, please write to the Office of the Secretary, U.S. Bancorp, 601 Second Avenue South, Minneapolis, Minnesota 55402-4302.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(A) EXHIBITS

12 Computation of Ratio of Earnings to Fixed Charges.

27 Article 9 Financial Data Schedule.*

* Copies of this exhibit will be furnished upon request and payment of the Company's reasonable expenses in furnishing the exhibit.

(B) REPORTS ON FORM 8-K

During the three months ended March 31, 2000, the Company filed no Current Reports on Form 8-K.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

U.S. BANCORP

By: /s/ TERRANCE R. DOLAN

Terrance R. Dolan

Senior Vice President and Controller

(Chief Accounting Officer and Duly
Authorized Officer)

DATE: May 12, 2000

U.S. Bancorp

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EXHIBIT 12

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	Three Months Ended March 31 ----- 2000

(Dollars in Millions)	

EARNINGS	
1. Net income.....	\$ 379.0
2. Applicable income taxes.....	206.8

3. Net income before taxes (1 + 2).....	\$ 585.8

4. Fixed charges:	
a. Interest expense excluding interest on deposits.....	\$ 345.3
b. Portion of rents representative of interest and amortization of debt expense.....	12.9

c. Fixed charges excluding interest on deposits (4a + 4b).....	358.2
d. Interest on deposits.....	372.9

e. Fixed charges including interest on deposits (4c + 4d).....	\$ 731.1

5. Amortization of interest capitalized.....	\$ --
6. Earnings excluding interest on deposits (3 + 4c + 5)....	944.0
7. Earnings including interest on deposits (3 + 4e + 5)....	1,316.9
8. Fixed charges excluding interest on deposits (4c).....	358.2
9. Fixed charges including interest on deposits (4e).....	731.1
RATIO OF EARNINGS TO FIXED CHARGES	
10. Excluding interest on deposits (line 6/line 8).....	2.64
11. Including interest on deposits (line 7/line 9).....	1.80

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[US BANCORP LOGO(R)]

U.S. Bank Place
601 Second Avenue South
Minneapolis, Minnesota
55402-4302
www.usbank.com

SHAREHOLDER INQUIRIES

COMMON STOCK TRANSFER AGENT AND REGISTRAR

First Chicago Trust Company of New York, a division of EquiServe, acts as transfer agent and registrar, dividend paying agent, and dividend reinvestment plan agent for U.S. Bancorp and maintains all shareholder records for the corporation. For information about U.S. Bancorp stock, or if you have questions regarding your stock certificates (including transfers), address or name changes, lost dividend checks, lost stock certificates, or Form 1099s, please call First Chicago Trust's Shareholder Services Center at (800) 446-2617. Representatives are available weekdays 8:30 a.m. to 7:00 p.m. Eastern time, and the interactive voice response system is available 24 hours a day, seven days a week. The TDD telephone number for the hearing impaired is (201) 222-4955.

First Chicago Trust Company of New York
c/o EquiServe
Mailing address: P.O. Box 2500,
Jersey City, New Jersey 07303-2500

Telephone: (201) 324-0498
Fax: (201) 222-4892
Internet address: www.equiserve.com
E-mail address: fctc@em.fcncd.com

If you own shares in a book-entry or plan account maintained by First Chicago Trust, you can access your account information through First Chicago Trust's Web site. To obtain a password that provides you secured access to your account, please call First Chicago Trust toll free at (877) THE-WEB7 (outside North America call (201) 536-8071).

COMMON STOCK LISTING AND TRADING

U.S. Bancorp Common Stock is listed and traded on the New York Stock Exchange under the ticker symbol USB.

DIVIDENDS

U.S. Bancorp currently pays quarterly dividends on its Common Stock on or about the 15th of March, June, September and December, subject to prior Board approval. Shareholders may choose to have dividends electronically deposited directly into their bank accounts. For enrollment information, please call First Chicago Trust at (800) 446-2617.

DIVIDEND REINVESTMENT PLAN

U.S. Bancorp shareholders can take advantage of a plan that provides automatic reinvestment of dividends and/or optional cash purchases of additional shares of U.S. Bancorp Common Stock up to \$60,000 per calendar year. For more information, please contact First Chicago Trust Company of New York, c/o EquiServe P.O. Box 2598, Jersey City, New Jersey, 07303-2598, (800) 446-2617.

INVESTMENT COMMUNITY CONTACTS

John R. Danielson
Senior Vice President, Investor Relations
(612) 973-2261
john.danielson@usbank.com

Judith T. Murphy
Vice President, Investor Relations
(612) 973-2264
judith.murphy@usbank.com

FINANCIAL INFORMATION

U.S. Bancorp news and financial results are available through the Company's Web site, fax, and mail.

Web site. For information about U.S. Bancorp, including news and financial results, product information, and service locations, access our home page on the Internet at www.usbank.com.

Fax. To access our fax-on-demand service, call (800) 758-5804. When asked, enter U.S. Bancorp's extension number, "312402." Enter "1" for the most current news release or "2" for a menu of news releases. Enter your fax and telephone numbers as directed. The information will be faxed to you promptly.

Mail. At your request, we will mail to you our quarterly earnings news releases, quarterly financial report on Form 10-Q, and additional annual reports. To be added to U.S. Bancorp's mailing list for quarterly earnings news releases, or to request other information, please contact:

Investor Relations
U.S. Bancorp
601 Second Avenue South
Minneapolis, Minnesota 55402-4302
(612) 973-2263
correlations@usbank.com

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE U.S. BANCORP MARCH 31, 2000, 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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3-MOS	
	DEC-31-2000
	JAN-01-2000
	MAR-31-2000
	3,602,000
	0
	558,000
	684,000
4,704,000	0
	0
	64,897,000
	1,011,100
	83,072,000
	51,015,000
	3,273,000
2,718,000	17,267,000
	0
	0
	948,000
	6,797,000
83,072,000	1,426,900
	74,300
	62,400
	1,563,600
	372,900
	718,200
845,400	154,000
	(300)
	901,000
	585,800
585,800	0
	0
	379,000
	0.51
	0.51
	4.81
	326,400
	133,400
	0
	0
	995,400
	185,800
	31,800
1,011,100	0
	0
	0