



# News Release

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## U.S. BANCORP REPORTS NET INCOME FOR THE SECOND QUARTER OF 2008

EARNINGS SUMMARY								Table 1
(\$ in millions, except per-share data)								
	2Q 2008	1Q 2008	2Q 2007	Percent Change 2Q08 vs 1Q08	Percent Change 2Q08 vs 2Q07	YTD 2008	YTD 2007	Percent Change
Net income	\$950	\$1,090	\$1,156	(12.8)	(17.8)	\$2,040	\$2,286	(10.8)
Diluted earnings per common share	.53	.62	.65	(14.5)	(18.5)	1.14	1.27	(10.2)
Return on average assets (%)	1.58	1.85	2.09			1.71	2.09	
Return on average common equity (%)	17.9	21.3	23.0			19.6	22.7	
Net interest margin (%)	3.61	3.55	3.44			3.58	3.47	
Efficiency ratio (%)	47.5	43.5	47.3			45.5	46.8	
Tangible efficiency ratio (%) (a)	45.2	41.4	44.6			43.3	44.1	
Dividends declared per common share	\$.425	\$.425	\$.400	--	6.3	\$.850	\$.800	6.3
Book value per common share (period-end)	11.67	11.55	11.19	1.0	4.3			

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

**MINNEAPOLIS, July 15, 2008** – U.S. Bancorp (NYSE: USB) today reported net income of \$950 million for the second quarter of 2008, compared with \$1,156 million for the second quarter of 2007. Diluted earnings per common share of \$.53 in the second quarter of 2008 were lower than the same period of 2007 by 18.5 percent, or \$.12 per diluted common share. Return on average assets and return on average common equity were 1.58 percent and 17.9 percent, respectively, for the second quarter of 2008, compared with returns of 2.09 percent and 23.0 percent, respectively, for the second quarter of 2007. Significant items included in the second quarter of 2008 results were net securities losses of \$63 million, which primarily reflected impairment charges on structured investment securities, and an incremental provision for credit losses, which exceeded net-charge-offs by \$200 million. Together, these items reduced earnings per diluted common share by approximately \$.11. The Company’s results for the first quarter of 2008 were also affected by several significant items, including a \$492 million gain related to the Visa Inc. initial public offering that occurred in March of 2008 (“Visa Gain”), \$253 million of impairment charges on structured

investment securities purchased in the fourth quarter of 2007, a \$62 million reduction in pretax income related to the adoption of a new accounting standard, a \$25 million contribution to the U.S. Bancorp Foundation and a \$22 million accrual for certain litigation matters. In addition, in the first quarter of 2008 the Company's provision for credit losses exceeded net charge-offs by \$192 million. The net impact from significant items in the first quarter of 2008 was a reduction of approximately \$.02 per diluted common share.

U.S. Bancorp Chairman, President and Chief Executive Officer Richard K. Davis said, "U.S. Bancorp's earnings for the second quarter of 2008, although lower than the previous quarter and the same quarter of 2007, reflected our Company's core strengths and momentum, including our diversified business mix, prudent approach to credit and operational risk management, strong balance sheet and capital position, and commitment to investing for future growth.

"Historically, revenue growth in the second quarter of each year is seasonally the strongest, particularly for our fee-based businesses. This seasonal trend was evident again this year, as the majority of our fee revenue lines posted strong linked quarter increases, as well as year-over-year growth. Excellent growth in earning assets, coupled with a higher net interest margin, led to an increase in net interest income on both a linked quarter and year-over-year basis of 4.3 percent and 15.6 percent, respectively. Although the revenue growth rates were reduced overall by several significant first quarter items, the core revenue growth trends were favorable and point to the initial success of a number of our revenue growth initiatives, as well as our advantageous mix of businesses.

"These revenue growth initiatives, in addition to our focus and capacity to fulfill the needs of both current and new customers, also led to strong balance sheet growth this quarter. Average earning assets grew by approximately 10 percent on an annualized basis over the first quarter of 2008 and slightly above 10 percent year-over-year. The Company also posted strong growth in average deposits on a linked quarter annualized basis and year-over-year.

"As predicted, credit costs continued to climb this quarter. Net charge-offs of \$396 million for the quarter were .98 percent of average loans outstanding, while total nonperforming assets at the end of the quarter totaled \$1,135 million, a 34 percent increase over the balance at March 31, 2008. In addition to providing for the \$396 million of net charge-offs, the Company recorded an incremental provision for credit losses of \$200 million, bringing the allowance to period end loans coverage ratio to 1.60 percent at June 30, 2008. Given the continued stress in the economy, we believe this action is prudent and expect to see net

charge-offs increase in the coming quarter. Despite this upward trend, credit costs are expected to be manageable for our Company, as we continue to produce solid core operating results.

“Our capital position remains strong, with the Tier 1 capital ratio at June 30, 2008, on target at 8.5 percent. Although we have capacity in our current authorization, we do not anticipate buybacks between now and the end of the year. Instead, we will utilize our strong internal capital generation to support our growth initiatives, and rely on our earnings capacity to sustain our dividend and maintain our well-capitalized position.

“I am very proud of the exceptional efforts of the U.S. Bank team and, notwithstanding the need to very carefully manage risk during this challenging economic environment, our Company remains focused on business growth initiatives, deepening our current customer relationships and acquiring new customers. As I have said before, we are “open for business” and are cognizant of the fact that this environment has created an opportunity for our Company to both solidify and grow our position in the markets we serve for the benefit of our customers, communities, employees and shareholders. Going forward, we expect to successfully manage this Company through this stressed period in the economic cycle, as our business model and prudent approach to risk management allow us to continue to produce consistent, predictable and repeatable results for our investors.”

The Company’s net income for the second quarter of 2008 decreased by \$206 million (17.8 percent) from the same period of 2007. The reduction in net income year-over-year was the net result of a 5.4 percent increase in operating income (income before provision and taxes), offset by an increase in the provision for credit losses. On a linked quarter basis, net income declined by \$140 million (12.8 percent), as strong growth in net interest income and seasonally higher fee-based operating revenues were offset by higher credit losses during the quarter and the net impact of the other significant items recorded in the first quarter of 2008.

Total net revenue on a taxable-equivalent basis for the second quarter of 2008 was \$3,800 million, \$265 million (7.5 percent) higher than the second quarter of 2007, reflecting a 15.6 percent increase in net interest income and a modest increase in noninterest income. The increase in net interest income year-over-year was driven by growth in earning assets and an improvement in the net interest margin. Noninterest income from a year ago was relatively flat as strong growth in the majority of revenue categories was muted by securities impairments related to certain structured investments and higher retail lease residual losses. On a linked quarter basis, total net revenue on a taxable equivalent basis decreased \$74 million (1.9 percent). Strong

growth in net interest income of 4.3 percent (17.2 percent annualized), seasonally higher fee-based revenue and a favorable change in net securities losses were more than offset by a reduction in other noninterest income. The reduction in other noninterest income primarily reflected the \$430 million net favorable impact on the first quarter of 2008 from the Visa Gain and the adoption of a new accounting standard.

Total noninterest expense in the second quarter of 2008 was \$1,835 million, \$165 million (9.9 percent) higher than the second quarter of 2007, and \$39 million (2.2 percent) higher than the prior quarter. The increase year-over-year was principally due to higher costs associated with business initiatives designed to expand the Company's geographical presence and strengthen customer relationships, including investments in relationship managers, branch initiatives, Wealth Management and Payment Services businesses. The increase in operating expense also included higher credit collection costs and incremental costs associated with investments in tax-advantaged projects. On a linked quarter basis, noninterest expense increased 2.2 percent (8.8 percent annualized), due primarily to higher credit collection costs and seasonally higher compensation and professional services fees, offset somewhat by the impact of two expense items in the first quarter that included a contribution to the Company's foundation and litigation costs.

Provision for credit losses for the second quarter of 2008 was \$596 million, an increase of \$111 million over the first quarter of 2008 and \$405 million over the second quarter of 2007. This represented an incremental increase to the allowance for credit losses of \$200 million in the second quarter of 2008 and \$192 million in the first quarter of 2008. The increase in the provision for credit losses from a year ago reflected continuing stress in the residential real estate markets, including homebuilding and related supplier industries, driven by declining home prices in most geographic regions. It also reflected the current economic conditions and the corresponding impact on the commercial and consumer loan portfolios. Net charge-offs in the second quarter of 2008 were \$396 million, compared with net charge-offs of \$293 million in the first quarter of 2008 and \$191 million in the second quarter of 2007. Given current economic conditions and the continuing decline in home and other collateral values, the Company expects net charge-offs to increase in the third quarter of 2008. Total nonperforming assets were \$1,135 million at June 30, 2008, compared with \$845 million at March 31, 2008, and \$565 million at June 30, 2007. Nonperforming assets increased \$290 million (34.3 percent) during the second quarter of 2008 over the first quarter of 2008 as a result of stress in residential home construction and related industries and the impact of the economic slowdown on other commercial customers. The ratio of the allowance for credit losses to nonperforming

loans was 273 percent at June 30, 2008, compared with 358 percent at March 31, 2008, and 503 percent at June 30, 2007.

<b>INCOME STATEMENT HIGHLIGHTS</b>								<b>Table 2</b>
(Taxable-equivalent basis, \$ in millions, except per-share data)								
	<b>2Q</b>	<b>1Q</b>	<b>2Q</b>	<b>Percent</b>	<b>Percent</b>			
	<b>2008</b>	<b>2008</b>	<b>2007</b>	<b>Change</b>	<b>Change</b>	<b>YTD</b>	<b>YTD</b>	<b>Percent</b>
				<b>2Q08 vs</b>	<b>2Q08 vs</b>	<b>2008</b>	<b>2007</b>	<b>Change</b>
				<b>1Q08</b>	<b>2Q07</b>			
Net interest income	\$1,908	\$1,830	\$1,650	4.3	15.6	\$3,738	\$3,316	12.7
Noninterest income	1,892	2,044	1,885	(7.4)	.4	3,936	3,608	9.1
Total net revenue	3,800	3,874	3,535	(1.9)	7.5	7,674	6,924	10.8
Noninterest expense	1,835	1,796	1,670	2.2	9.9	3,631	3,242	12.0
Income before provision and taxes	1,965	2,078	1,865	(5.4)	5.4	4,043	3,682	9.8
Provision for credit losses	596	485	191	22.9	nm	1,081	368	nm
Income before taxes	1,369	1,593	1,674	(14.1)	(18.2)	2,962	3,314	(10.6)
Taxable-equivalent adjustment	33	27	18	22.2	83.3	60	35	71.4
Applicable income taxes	386	476	500	(18.9)	(22.8)	862	993	(13.2)
Net income	\$950	\$1,090	\$1,156	(12.8)	(17.8)	\$2,040	\$2,286	(10.8)
Net income applicable to common equity	\$928	\$1,078	\$1,141	(13.9)	(18.7)	\$2,006	\$2,256	(11.1)
Diluted earnings per common share	\$.53	\$.62	\$.65	(14.5)	(18.5)	\$1.14	\$1.27	(10.2)

### Net Interest Income

Second quarter net interest income on a taxable-equivalent basis was \$1,908 million, compared with \$1,650 million in the second quarter of 2007, an increase of \$258 million (15.6 percent). The increase was due to strong growth in average earning assets as well as an improving net interest margin from a year ago. Average earning assets for the period increased over the second quarter of 2007 by \$19.8 billion (10.3 percent), primarily driven by an increase of \$17.4 billion (12.0 percent) in average loans and \$2.3 billion (5.6 percent) in average investment securities. During the second quarter of 2008, the net interest margin increased to 3.61 percent compared with 3.44 percent in the second quarter of 2007. The improvement in the net interest margin was due to several factors, including growth in higher spread assets, the benefit of the Company's current asset/liability position in a declining interest rate environment and related asset/liability re-pricing dynamics. Also, short-term funding rates were lower due to market volatility and changing liquidity in the overnight fed fund markets given current market conditions.

Net interest income in the second quarter of 2008 increased by \$78 million (4.3 percent) compared with the first quarter of 2008. This favorable variance was due to growth in average earning assets of \$5.1

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<b>CREDIT RATIOS</b>					<b>Table 9</b>
(Percent)	<b>2Q</b>	<b>1Q</b>	<b>4Q</b>	<b>3Q</b>	<b>2Q</b>
	<b>2008</b>	<b>2008</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>
<b>Net charge-offs ratios (a)</b>					
Commercial	.43	.34	.21	.25	.20
Lease financing	1.14	1.03	.86	.76	.57
Total commercial	.51	.43	.29	.31	.25
Commercial mortgages	.11	.08	.06	.02	.14
Construction and development	.52	.35	.31	.04	.09
Total commercial real estate	.24	.16	.14	.03	.13
Residential mortgages	.91	.46	.30	.30	.28
Credit card	4.84	3.93	3.29	3.09	3.56
Retail leasing	.58	.49	.39	.19	.24
Home equity and second mortgages	1.13	.73	.53	.49	.41
Other retail	1.16	1.25	1.05	1.00	.89
Total retail	1.86	1.58	1.28	1.15	1.15
Total net charge-offs	.98	.76	.59	.54	.53
<b>Delinquent loan ratios - 90 days or more past due <b>excluding</b> nonperforming loans (b)</b>					
Commercial	.09	.09	.07	.07	.07
Commercial real estate	.09	.13	.02	.04	--
Residential mortgages	1.09	.98	.86	.58	.46
Retail	.63	.69	.68	.55	.50
Total loans	.41	.43	.38	.30	.26
<b>Delinquent loan ratios - 90 days or more past due <b>including</b> nonperforming loans (b)</b>					
Commercial	.71	.60	.43	.51	.44
Commercial real estate	1.57	1.18	1.02	.83	.69
Residential mortgages	1.55	1.24	1.10	.79	.65
Retail	.74	.77	.73	.61	.58
Total loans	1.00	.86	.74	.65	.57
(a) annualized and calculated on average loan balances					
(b) ratios are expressed as a percent of ending loan balances					

<b>ASSET QUALITY</b>		<b>Table 10</b>				
(\$ in millions)						
	<b>Jun 30</b>	<b>Mar 31</b>	<b>Dec 31</b>	<b>Sep 30</b>	<b>Jun 30</b>	
	<b>2008</b>	<b>2008</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>	
Nonperforming loans						
Commercial	\$265	\$201	\$128	\$161	\$128	
Lease financing	75	64	53	46	44	
Total commercial	340	265	181	207	172	
Commercial mortgages	139	102	84	73	90	
Construction and development	326	212	209	153	107	
Total commercial real estate	465	314	293	226	197	
Residential mortgages	108	59	54	48	41	
Retail	58	42	29	32	39	
Total nonperforming loans	971	680	557	513	449	
Other real estate	142	141	111	113	103	
Other nonperforming assets	22	24	22	15	13	
Total nonperforming assets (a)	\$1,135	\$845	\$690	\$641	\$565	
Accruing loans 90 days or more past due	\$687	\$676	\$584	\$451	\$376	
Restructured loans that continue to accrue interest	\$1,029	\$695	\$551	\$468	\$435	
Nonperforming assets to loans plus ORE (%)	.68	.53	.45	.43	.39	
(a) does not include accruing loans 90 days or more past due or restructured loans that continue to accrue interest						

Nonperforming assets at June 30, 2008, totaled \$1,135 million, compared with \$845 million at March 31, 2008, and \$565 million at June 30, 2007. The ratio of nonperforming assets to loans and other real estate was .68 percent at June 30, 2008, compared with .53 percent at March 31, 2008, and .39 percent at June 30, 2007. The increase in nonperforming assets from a year ago was driven primarily by the residential construction portfolio and related industries, an increase in foreclosed residential properties and the impact of the economic slowdown on other commercial customers. The Company expects nonperforming assets to continue to increase due to general economic conditions and continuing stress in the residential mortgage portfolio and residential construction industry. Accruing loans 90 days or more past due increased to \$687 million at June 30, 2008, compared with \$676 million at March 31, 2008, and \$376 million at June 30, 2007. Similar to nonperforming assets, the increase year-over-year in delinquent loans that continue to accrue interest was primarily related to residential mortgages, credit cards and home equity loans. However, the increase on a linked quarter basis moderated. Restructured loans that continue to accrue interest have also increased from the second quarter of 2007 and the first quarter of 2008, reflecting the impact of restructurings for certain residential mortgage customers in light of current economic conditions. The

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Company expects this trend to continue during 2008 as residential home valuations continue to decline and certain borrowers take advantage of the Company's mortgage loan restructuring programs.

<b>CAPITAL POSITION</b>					<b>Table 11</b>
(\$ in millions)	<b>Jun 30</b>	<b>Mar 31</b>	<b>Dec 31</b>	<b>Sep 30</b>	<b>Jun 30</b>
	<b>2008</b>	<b>2008</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>
Total shareholders' equity	\$21,828	\$21,572	\$21,046	\$20,686	\$20,330
Tier 1 capital	18,624	18,543	17,539	17,288	16,876
Total risk-based capital	27,502	27,207	25,925	25,820	25,709
Tier 1 capital ratio	8.5 %	8.6 %	8.3 %	8.5 %	8.5 %
Total risk-based capital ratio	12.5	12.6	12.2	12.7	13.0
Leverage ratio	7.9	8.1	7.9	8.0	7.9
Common equity to assets	8.2	8.3	8.4	8.6	8.7
Tangible common equity to assets	5.2	5.3	5.1	5.3	5.2

Total shareholders' equity was \$21.8 billion at June 30, 2008, compared with \$21.6 billion at March 31, 2008, and \$20.3 billion at June 30, 2007. The Tier 1 capital ratio was 8.5 percent at June 30, 2008, compared with 8.6 percent at March 31, 2008, and 8.5 percent at June 30, 2007. The total risk-based capital ratio was 12.5 percent at June 30, 2008, compared with 12.6 percent at March 31, 2008, and 13.0 percent at June 30, 2007. The leverage ratio was 7.9 percent at June 30, 2008, compared with 8.1 percent at March 31, 2008, and 7.9 percent at June 30, 2007. Tangible common equity to assets was 5.2 percent at June 30, 2008, compared with 5.3 percent at March 31, 2008, and 5.2 percent at June 30, 2007. All regulatory ratios continue to be in excess of stated "well-capitalized" requirements.

<b>COMMON SHARES</b>					<b>Table 12</b>
(Millions)	<b>2Q</b>	<b>1Q</b>	<b>4Q</b>	<b>3Q</b>	<b>2Q</b>
	<b>2008</b>	<b>2008</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>
Beginning shares outstanding	1,738	1,728	1,725	1,728	1,742
Shares issued for stock option and stock purchase plans, acquisitions and other corporate purposes	3	12	3	3	4
Shares repurchased	--	(2)	--	(6)	(18)
Ending shares outstanding	1,741	1,738	1,728	1,725	1,728

On August 3, 2006, the Company announced that the Board of Directors approved an authorization to repurchase 150 million shares of common stock through December 31, 2008. As of June 30, 2008, there were approximately 62 million shares remaining to be repurchased under the authorization.

<b>LINE OF BUSINESS FINANCIAL PERFORMANCE (a)</b>									<b>Table 13</b>
(\$ in millions)									
<b>Business Line</b>	<b>Net Income</b>			<b>Percent Change</b>		<b>YTD</b>	<b>YTD</b>	<b>Percent</b>	<b>2Q 2008</b>
	<b>2Q</b>	<b>1Q</b>	<b>2Q</b>	<b>2Q08 vs</b>	<b>2Q08 vs</b>				
	<b>2008</b>	<b>2008</b>	<b>2007</b>	<b>1Q08</b>	<b>2Q07</b>	<b>2008</b>	<b>2007</b>	<b>Change</b>	<b>Composition</b>
Wholesale Banking	\$255	\$254	\$278	.4	(8.3)	\$509	\$545	(6.6)	27 %
Consumer Banking	321	387	478	(17.1)	(32.8)	708	927	(23.6)	34
Wealth Management & Securities Services	149	147	153	1.4	(2.6)	296	298	(.7)	16
Payment Services	278	282	253	(1.4)	9.9	560	481	16.4	29
Treasury and Corporate Support	(53)	20	(6)	nm	nm	(33)	35	nm	(6)
Consolidated Company	\$950	\$1,090	\$1,156	(12.8)	(17.8)	\$2,040	\$2,286	(10.8)	100 %

(a) preliminary data

### Lines of Business

Within the Company, financial performance is measured by major lines of business, which include Wholesale Banking, Consumer Banking, Wealth Management & Securities Services, 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

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relevant factors. These allocated expenses are reported as net shared services expense within noninterest expense. Designations, assignments and allocations change from time to time as management systems are enhanced, methods of evaluating performance or product lines change or business segments are realigned to better respond to the Company's diverse customer base. During 2008, certain organization and methodology changes were made and, accordingly, prior period results were restated and presented on a comparable basis.

Wholesale Banking offers lending, equipment finance and small-ticket leasing, depository, treasury management, capital markets, foreign exchange, international trade services and other financial services to middle market, large corporate, commercial real estate, and public sector clients. Wholesale Banking contributed \$255 million of the Company's net income in the second quarter of 2008, an 8.3 percent decrease from the same period of 2007 and a .4 percent increase from the first quarter of 2008. Stronger net interest income year-over-year and growth in fee-based revenues was offset by valuation losses due to adverse market conditions, an increase in total noninterest expense driven by incremental investments in the wholesale banking business and higher credit costs. Net interest income increased \$30 million year-over-year due to strong growth in earning assets, partially offset by declining loan rates and a decrease in the margin benefit of deposits. The decline in total noninterest income was primarily due to security valuation losses and lower earnings from equity investments, offset somewhat by growth in treasury management fees, syndication, commercial loan and other capital markets fees and higher commercial leasing revenue. Total noninterest expense increased by \$22 million (9.1 percent) over a year ago, primarily due to higher compensation and employee benefits expense related to merit increases, expanding the business line's national corporate banking presence, investments to enhance customer relationship management, and an acquisition. The provision for credit losses increased \$35 million due to continued credit deterioration in the homebuilding and commercial home supplier industries.

Wholesale Banking's contribution to net income in the second quarter of 2008 was relatively flat compared with the first quarter of 2008. Growth in total net revenue (4.9 percent) was offset by a \$12 million increase in the provision for credit losses primarily due to higher net charge-offs, and higher total noninterest expense (7.8 percent). Total net revenue was higher on a linked quarter basis due to an increase in total noninterest income, while net interest income was essentially flat to the first quarter of 2008. Growth in average loans and interest-bearing deposit balances was offset by the effect of asset repricing and the lower margin benefit of deposits given the declining rate environment. Total noninterest income increased on a linked quarter basis due to an increase in treasury management fees, an increase in commercial products

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revenue due to higher commercial leasing gains, stand-by letter of credit and syndication fees, and a favorable variance in other revenue from an investment in a commercial real estate business. This was partially offset by security valuation losses driven by recent market conditions. Total noninterest expense increased \$19 million (7.8 percent) due to a seasonal increase in compensation expense and higher credit collection-related costs. The provision for credit losses increased due to higher net charge-offs principally related to commercial construction lending.

Consumer Banking delivers products and services through banking offices, telephone servicing and sales, on-line services, direct mail and ATM processing. It encompasses community banking, metropolitan banking, in-store banking, small business banking, consumer lending, mortgage banking, consumer finance, workplace banking, student banking and 24-hour banking. Consumer Banking contributed \$321 million of the Company's net income in the second quarter of 2008, a 32.8 percent decrease from the same period of 2007 and a 17.1 percent decrease from the prior quarter. Within Consumer Banking, the retail banking division accounted for \$285 million of the total contribution, a 36.7 percent decrease on a year-over-year basis and a 16.4 percent decrease from the prior quarter. The decrease in the retail banking division from the same period of 2007 was due to lower total net revenue, growth in total noninterest expense related to incremental business investments and an increase in the provision for credit losses. Net interest income for the retail banking division declined year-over-year as an increase in average loan balances and yield-related loan fees was more than offset by lower deposit balances, as customers utilized balances to fund higher living costs, and a decline in the margin benefit of deposits given the declining interest rate environment. Total noninterest income for the retail banking division decreased 7.2 percent from a year ago due to lower retail lease revenue related to higher retail lease residual losses, which were partially offset by growth in revenue from ATM processing services. Total noninterest expense in the second quarter of 2008 increased 9.3 percent for the division over the same quarter of 2007, reflecting branch expansion initiatives, geographical promotional activities and customer service initiatives. In addition, the division experienced higher fraud losses and credit-related costs associated with other real estate owned and foreclosures. The provision for credit losses for the retail banking division was higher due to a \$97 million year-over-year increase in net charge-offs, reflecting portfolio growth and credit deterioration in residential mortgages, home equity and other installment and consumer loan portfolios. In the second quarter of 2008 the mortgage banking division's contribution was \$36 million, an \$8 million increase from the same period of 2007. The increase for the mortgage banking division's contribution was a result of higher total net revenue, partially

offset by higher noninterest expense and provision for credit losses. The division's total net revenue increased by \$54 million (59.3 percent) over a year ago, reflecting an increase in net interest income and an increase in mortgage servicing income and production revenue, partially offset by an unfavorable net change in the valuation of mortgage servicing rights ("MSRs") and related economic hedging activities. As a result of higher rates and increased loan production, net interest income increased \$40 million as average mortgage loans and loans held for sale increased over a year ago. Noninterest income was favorably impacted by loan production and the adoption of SFAS 157 in early 2008. Total noninterest expense for the mortgage banking division increased \$31 million (66.0 percent) over the second quarter of 2007, primarily due to the impact of the adoption of SFAS 157 on compensation expense of \$18 million, higher production levels from a year ago and servicing costs associated with other real estate owned and foreclosures.

Consumer Banking's contribution in the second quarter of 2008 decreased \$66 million (17.1 percent) compared with the first quarter of 2008. The retail banking division's contribution decreased 16.4 percent on a linked quarter basis, driven primarily by an increase in the provision for credit losses. Total net revenue for the retail banking division decreased \$9 million (.7 percent) due to lower net interest income, partially offset by an increase in total noninterest income. Net interest income declined by 2.4 percent on a linked quarter basis, as the favorable impact of growth in average loan balances was more than offset by lower deposit balances and changing credit spreads due to the current yield curve. The increase in total noninterest income was driven by seasonally higher deposit service charges and ATM processing services revenue, partially offset by higher retail lease residual losses. Total noninterest expense for the retail banking division increased \$30 million (4.3 percent) on a linked quarter basis. This increase was due to higher compensation and employee benefits expense due to the timing of merit increases, higher fraud losses and processing costs and the timing of marketing programs. The provision for credit losses for the division reflected a \$50 million increase in net charge-offs compared with the first quarter of 2008 reflecting higher consumer delinquencies within these portfolios. The contribution of the mortgage banking division decreased \$10 million from the first quarter of 2008, driven primarily by an increase in provision for credit losses. Total net revenue decreased by 1.4 percent principally due to the net impact of an unfavorable change in the valuation of MSRs and related economic hedging activities. Total noninterest expense in the mortgage banking division increased \$3 million (4.0 percent) over the first quarter of 2008, primarily driven by higher processing costs.

Wealth Management & Securities Services provides trust, private banking, financial advisory, investment management, retail brokerage services, insurance, custody and mutual fund servicing through five businesses: Wealth Management, Corporate Trust, FAF Advisors, Institutional Trust & Custody and Fund Services. Wealth Management & Securities Services contributed \$149 million of the Company's net income in the second quarter of 2008, a 2.6 percent decrease compared with the same period of 2007 and a 1.4 percent increase over the first quarter of 2008. Total net revenue year-over-year remained relatively flat. Total noninterest income increased (2.4 percent) due to core account growth, partially offset by unfavorable equity market conditions from a year ago. Net interest income declined (6.0 percent) due to a reduction in the margin benefit of deposits. Total noninterest expense was 3.6 percent higher compared with the same quarter of 2007, primarily due to higher compensation and employee benefits expense, partially offset by lower other intangibles expense.

The increase in the business line's contribution in the second quarter of 2008 compared with the first quarter of 2008 was primarily due to seasonally higher tax filing fees. This increase was partially offset by lower net interest income due to the margin impact of declining rates on deposits and a 2.0 percent increase in total noninterest expense as compared with the first quarter of 2008.

Payment Services includes consumer and business credit cards, stored-value cards, debit cards, corporate and purchasing card services, consumer lines of credit and merchant processing. Payment Services are highly inter-related with banking products and services of the other lines of business and rely on access to the bank subsidiary's settlement network, lower cost funding available to the Company, cross-selling opportunities and operating efficiencies. Payment Services contributed \$278 million of the Company's net income in the second quarter of 2008, a 9.9 percent increase over the same period of 2007 and a 1.4 percent decrease compared with the first quarter of 2008. Total net revenue increased year-over-year due to higher net interest income (43.8 percent) and total noninterest income (10.6 percent). Net interest income increased due to strong growth in higher spread credit card balances and the timing of asset repricing in a declining rate environment. During the past year, all payment processing revenue categories benefited from account growth, higher transaction volumes and business expansion initiatives. Growth in total noninterest expense (11.4 percent) year-over-year primarily reflected new business initiatives, including costs associated with transaction processing and recent acquisitions. An increase in the provision for credit losses was driven by an increase in net charge-offs of \$67 million year-over-year, which reflected credit card portfolio growth, higher delinquency rates and changing economic conditions from a year ago.

(MORE)

Payment Services' contribution in the second quarter of 2008 decreased slightly (1.4 percent) compared with the first quarter of 2008, as total net revenue growth was offset by an increase in total noninterest expense (6.7 percent) and in the provision for credit losses (25.4 percent) due to portfolio growth and changing economic conditions. Total net revenue was higher due to a 9.2 percent increase in total noninterest income, partially offset by a 4.3 percent decrease in net interest income. Total noninterest income increased due to seasonally higher transaction volumes and changes in rates, driven by the mix of sales volume. Net interest income decreased as the benefit from strong growth in retail credit card balances was offset by declining rates as these assets repriced with the recent declines in interest rates. The increase in total noninterest expense was primarily due to an increase in compensation and employee benefits, including the impact of business expansion initiatives, increased fraud losses and the timing of marketing programs.

Treasury and Corporate Support includes the Company's investment portfolios, funding, capital management, asset securitization activities, interest rate risk management, the net effect of transfer pricing related to average balances and the residual aggregate of those expenses associated with corporate activities that are managed on a consolidated basis. Treasury and Corporate Support recorded a net loss of \$53 million in the second quarter of 2008, compared with a net loss of \$6 million in the second quarter of 2007 and net income of \$20 million in the first quarter of 2008. Net interest income increased \$185 million in the current quarter over the second quarter of 2007, reflecting a steepening yield curve, wholesale funding decisions and the Company's asset/liability position. Total noninterest income decreased \$44 million, primarily reflecting the impairment charges for certain structured investment securities. Total noninterest expense was flat year-over-year, reflecting higher compensation and employee benefits expense, incremental costs associated with investments in tax-advantaged projects and litigation costs, partially offset by a reduction in business integration expense and net shared services expense. The provision for credit losses increased \$196 million representing the incremental charge taken this quarter. This incremental provision, reflected deterioration in credit quality within the loan portfolios related to stress in the residential real estate markets, including homebuilding and related supplier industries, and the impact of economics conditions on the loan portfolios.

Net income in the second quarter of 2008 was lower on a linked quarter basis due to the impact of several significant items recognized by the Company in the first quarter of 2008. The net change in operating results, on a linked quarter basis was primarily due to the \$492 million Visa Gain, net of the \$62 million for adoption of SFAS 157 recorded in the first quarter of 2008, partially offset by a favorable

variance on the structured investment securities impairment charges and the first quarter of 2008 foundation contribution.

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



**RICHARD K. DAVIS, CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER, AND ANDREW CECERE, VICE CHAIRMAN AND CHIEF FINANCIAL OFFICER, WILL HOST A CONFERENCE CALL TO REVIEW THE FINANCIAL RESULTS AT 1:00 PM (CDT) ON TUESDAY, JULY 15, 2008. The conference call will be available by telephone or on the Internet. To access the conference call from locations within the United States and Canada, please dial 866-316-1409. Participants calling from outside the United States and Canada, please dial 706-634-9086. The conference ID number for all participants is 52522493. For those unable to participate during the live call, a recording of the call will be available approximately two hours after the conference call ends on Tuesday, July 15th, and will run through Tuesday, July 22nd, at 11:00 p.m. (CDT). To access the recorded message within the United States and Canada, dial 800-642-1687. If calling from outside the United States and Canada, please dial 706-645-9291 to access the recording. The conference ID is 52522493. Find the recorded call via the Internet at [usbank.com](http://usbank.com).**

Minneapolis-based U.S. Bancorp (“USB”), with \$247 billion in assets, is the parent company of U.S. Bank, the 6th largest commercial bank in the United States. The Company operates 2,542 banking offices and 4,895 ATMs in 24 states, and provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, trust and payment services products to consumers, businesses and institutions. Visit U.S. Bancorp on the web at [usbank.com](http://usbank.com).

#### Forward-Looking Statements

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

This press release contains forward-looking statements about U.S. Bancorp. Statements that are not historical or current facts, including statements about beliefs and expectations, are forward-looking statements. These statements often include the words “may,” “could,” “would,” “should,” “believes,” “expects,” “anticipates,” “estimates,” “intends,” “plans,” “targets,” “potentially,” “probably,” “projects,” “outlook” or similar expressions. These forward-looking statements cover, among other things, anticipated future revenue and expenses and the future plans and prospects of the Company. Forward-looking statements involve inherent risks and uncertainties, and important factors could cause actual results to differ materially from those anticipated, including changes in general business and economic conditions, changes in interest rates, deterioration in the credit quality of our loan portfolios or in the value of the collateral securing those loans, deterioration in the value of securities held in our investment securities portfolio, legal and regulatory developments, increased competition from both banks and non-banks, changes in customer behavior and preferences, effects of mergers and acquisitions and related integration, effects of critical accounting policies and judgments, and management’s ability to effectively manage credit risk, market risk, operational risk, legal risk, and regulatory and compliance risk. For discussion of these and other risks that may cause actual results to differ from expectations, refer to our Annual Report on Form 10-K for the year ended December 31, 2007, on file with the Securities and Exchange Commission, including the sections entitled “Risk Factors” and “Corporate Risk Profile.” Forward-looking statements speak only as of the date they are made, and the Company undertakes no obligation to update them in light of new information or future events.

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(MORE)

# U.S. Bancorp

## Consolidated Statement of Income

(Dollars and Shares in Millions, Except Per Share Data) (Unaudited)	Three Months Ended		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2008	2007	2008	2007
<b>Interest Income</b>				
Loans	\$2,429	\$2,616	\$4,989	\$5,194
Loans held for sale	49	70	122	129
Investment securities	494	516	1,029	1,032
Other interest income	43	34	80	68
Total interest income	3,015	3,236	6,220	6,423
<b>Interest Expense</b>				
Deposits	458	663	1,064	1,338
Short-term borrowings	263	379	585	707
Long-term debt	419	562	893	1,097
Total interest expense	1,140	1,604	2,542	3,142
Net interest income	1,875	1,632	3,678	3,281
Provision for credit losses	596	191	1,081	368
Net interest income after provision for credit losses	1,279	1,441	2,597	2,913
<b>Noninterest Income</b>				
Credit and debit card revenue	266	230	514	436
Corporate payment products revenue	174	159	338	306
ATM processing services	93	82	177	159
Merchant processing services	309	286	580	538
Trust and investment management fees	350	342	685	664
Deposit service charges	278	277	535	524
Treasury management fees	137	126	261	237
Commercial products revenue	117	105	229	205
Mortgage banking revenue	81	68	186	135
Investment products fees and commissions	37	38	73	72
Securities gains (losses), net	(63)	3	(314)	4
Other	113	169	672	328
Total noninterest income	1,892	1,885	3,936	3,608
<b>Noninterest Expense</b>				
Compensation	761	659	1,506	1,294
Employee benefits	129	123	266	256
Net occupancy and equipment	190	184	380	361
Professional services	59	59	106	106
Marketing and business development	66	68	145	120
Technology and communications	149	138	289	273
Postage, printing and supplies	73	71	144	140
Other intangibles	87	95	174	189
Other	321	273	621	503
Total noninterest expense	1,835	1,670	3,631	3,242
Income before income taxes	1,336	1,656	2,902	3,279
Applicable income taxes	386	500	862	993
Net income	\$950	\$1,156	\$2,040	\$2,286
Net income applicable to common equity	\$928	\$1,141	\$2,006	\$2,256
Earnings per common share	\$.53	\$.66	\$1.16	\$1.29
Diluted earnings per common share	\$.53	\$.65	\$1.14	\$1.27
Dividends declared per common share	\$.425	\$.400	\$.850	\$.800
Average common shares outstanding	1,740	1,736	1,735	1,744
Average diluted common shares outstanding	1,756	1,760	1,752	1,770

## U.S. Bancorp

### Consolidated Ending Balance Sheet

(Dollars in Millions)	June 30, 2008	December 31, 2007	June 30, 2007
<b>Assets</b>	(Unaudited)		(Unaudited)
Cash and due from banks	\$7,956	\$8,884	\$6,534
Investment securities			
Held-to-maturity	64	74	81
Available-for-sale	41,058	43,042	39,433
Loans held for sale	3,788	4,819	4,552
Loans			
Commercial	55,138	51,074	46,459
Commercial real estate	31,247	29,207	28,421
Residential mortgages	23,301	22,782	21,992
Retail	56,204	50,764	48,836
Total loans	165,890	153,827	145,708
Less allowance for loan losses	(2,518)	(2,058)	(2,028)
Net loans	163,372	151,769	143,680
Premises and equipment	1,811	1,779	1,798
Goodwill	7,851	7,647	7,593
Other intangible assets	3,313	3,043	3,352
Other assets	17,325	16,558	15,507
Total assets	\$246,538	\$237,615	\$222,530
<b>Liabilities and Shareholders' Equity</b>			
Deposits			
Noninterest-bearing	\$33,970	\$33,334	\$29,545
Interest-bearing	76,300	72,458	70,216
Time deposits greater than \$100,000	24,861	25,653	19,941
Total deposits	135,131	131,445	119,702
Short-term borrowings	41,107	32,370	27,160
Long-term debt	39,943	43,440	45,946
Other liabilities	8,529	9,314	9,392
Total liabilities	224,710	216,569	202,200
Shareholders' equity			
Preferred stock	1,500	1,000	1,000
Common stock	20	20	20
Capital surplus	5,682	5,749	5,748
Retained earnings	23,220	22,693	22,110
Less treasury stock	(7,075)	(7,480)	(7,476)
Other comprehensive income	(1,519)	(936)	(1,072)
Total shareholders' equity	21,828	21,046	20,330
Total liabilities and shareholders' equity	\$246,538	\$237,615	\$222,530

# **Supplemental Analyst Schedules**

**2Q 2008**

# U.S. Bancorp

## Income Statement Highlights

(Dollars and Shares in Millions, Except Per Share Data) (Unaudited)	Three Months Ended			Percent Change v. June 30, 2008	
	June 30, 2008	March 31, 2008	June 30, 2007	March 31, 2008	June 30, 2007
Net interest income (taxable-equivalent basis)	\$1,908	\$1,830	\$1,650	4.3 %	15.6 %
Noninterest income	1,892	2,044	1,885	(7.4)	.4
Total net revenue	3,800	3,874	3,535	(1.9)	7.5
Noninterest expense	1,835	1,796	1,670	2.2	9.9
Income before provision and income taxes	1,965	2,078	1,865	(5.4)	5.4
Provision for credit losses	596	485	191	22.9	*
Income before income taxes	1,369	1,593	1,674	(14.1)	(18.2)
Taxable-equivalent adjustment	33	27	18	22.2	83.3
Applicable income taxes	386	476	500	(18.9)	(22.8)
Net income	\$950	\$1,090	\$1,156	(12.8)	(17.8)
Net income applicable to common equity	\$928	\$1,078	\$1,141	(13.9)	(18.7)
Diluted earnings per common share	\$.53	\$.62	\$.65	(14.5)	(18.5)
Revenue per diluted common share (a)	\$2.20	\$2.36	\$2.01	(6.8)	9.5
<b>Financial Ratios</b>					
Net interest margin (b)	3.61 %	3.55 %	3.44 %		
Interest yield on average loans (b)	6.01	6.65	7.22		
Rate paid on interest-bearing liabilities (b)	2.53	3.20	3.95		
Return on average assets	1.58	1.85	2.09		
Return on average common equity	17.9	21.3	23.0		
Efficiency ratio (c)	47.5	43.5	47.3		
Tangible efficiency ratio (d)	45.2	41.4	44.6		

\* Not meaningful

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

(b) On a taxable-equivalent basis

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

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

## U.S. Bancorp

### Income Statement Highlights

(Dollars and Shares in Millions, Except Per Share Data) (Unaudited)	Six Months Ended		Percent Change
	June 30, 2008	June 30, 2007	
Net interest income (taxable-equivalent basis)	\$3,738	\$3,316	12.7 %
Noninterest income	3,936	3,608	9.1
Total net revenue	7,674	6,924	10.8
Noninterest expense	3,631	3,242	12.0
Income before provision and income taxes	4,043	3,682	9.8
Provision for credit losses	1,081	368	*
Income before income taxes	2,962	3,314	(10.6)
Taxable-equivalent adjustment	60	35	71.4
Applicable income taxes	862	993	(13.2)
Net income	\$2,040	\$2,286	(10.8)
Net income applicable to common equity	\$2,006	\$2,256	(11.1)
Diluted earnings per common share	\$1.14	\$1.27	(10.2)
Revenue per diluted common share (a)	\$4.56	\$3.91	16.6
<b>Financial Ratios</b>			
Net interest margin (b)	3.58 %	3.47 %	
Interest yield on average loans (b)	6.32	7.23	
Rate paid on interest-bearing liabilities (b)	2.86	3.91	
Return on average assets	1.71	2.09	
Return on average common equity	19.6	22.7	
Efficiency ratio (c)	45.5	46.8	
Tangible efficiency ratio (d)	43.3	44.1	

\* Not meaningful

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

U.S. Bancorp

Quarterly Consolidated Statement of Income

(Dollars and Shares in Millions, Except Per Share Data) (Unaudited)	Three Months Ended				
	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007
<b>Interest Income</b>					
Loans	\$2,429	\$2,560	\$2,730	\$2,703	\$2,616
Loans held for sale	49	73	72	76	70
Investment securities	494	535	541	522	516
Other interest income	43	37	36	33	34
Total interest income	3,015	3,205	3,379	3,334	3,236
<b>Interest Expense</b>					
Deposits	458	606	722	694	663
Short-term borrowings	263	322	352	374	379
Long-term debt	419	474	564	599	562
Total interest expense	1,140	1,402	1,638	1,667	1,604
Net interest income	1,875	1,803	1,741	1,667	1,632
Provision for credit losses	596	485	225	199	191
Net interest income after provision for credit losses	1,279	1,318	1,516	1,468	1,441
<b>Noninterest Income</b>					
Credit and debit card revenue	266	248	285	237	230
Corporate payment products revenue	174	164	166	166	159
ATM processing services	93	84	84	84	82
Merchant processing services	309	271	281	289	286
Trust and investment management fees	350	335	344	331	342
Deposit service charges	278	257	277	276	277
Treasury management fees	137	124	117	118	126
Commercial products revenue	117	112	121	107	105
Mortgage banking revenue	81	105	48	76	68
Investment products fees and commissions	37	36	38	36	38
Securities gains (losses), net	(63)	(251)	4	7	3
Other	113	559	46	150	169
Total noninterest income	1,892	2,044	1,811	1,877	1,885
<b>Noninterest Expense</b>					
Compensation	761	745	690	656	659
Employee benefits	129	137	119	119	123
Net occupancy and equipment	190	190	188	189	184
Professional services	59	47	71	56	59
Marketing and business development	66	79	69	71	68
Technology and communications	149	140	148	140	138
Postage, printing and supplies	73	71	73	70	71
Other intangibles	87	87	93	94	95
Other	321	300	517	381	273
Total noninterest expense	1,835	1,796	1,968	1,776	1,670
Income before income taxes	1,336	1,566	1,359	1,569	1,656
Applicable income taxes	386	476	417	473	500
Net income	\$950	\$1,090	\$942	\$1,096	\$1,156
Net income applicable to common equity	\$928	\$1,078	\$927	\$1,081	\$1,141
Earnings per common share	\$.53	\$.62	\$.54	\$.63	\$.66
Diluted earnings per common share	\$.53	\$.62	\$.53	\$.62	\$.65
Dividends declared per common share	\$.425	\$.425	\$.425	\$.400	\$.400
Average common shares outstanding	1,740	1,731	1,726	1,725	1,736
Average diluted common shares outstanding	1,756	1,749	1,746	1,745	1,760
<b>Financial Ratios</b>					
Net interest margin (a)	3.61	3.55 %	3.51 %	3.44 %	3.44 %
Interest yield on average loans (a)	6.01	6.65	7.18	7.30	7.22
Rate paid on interest-bearing liabilities (a)	2.53	3.20	3.83	4.01	3.95
Return on average assets	1.58	1.85	1.63	1.95	2.09
Return on average common equity	17.9	21.3	18.3	21.7	23.0
Efficiency ratio (b)	47.5	43.5	55.1	50.0	47.3
Tangible efficiency ratio (c)	45.2	41.4	52.5	47.3	44.6

(a) On a taxable-equivalent basis

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

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

# U.S. Bancorp

## Consolidated Ending Balance Sheet

(Dollars in Millions)	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007
<b>Assets</b>	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)
Cash and due from banks	\$7,956	\$7,323	\$8,884	\$6,636	\$6,534
Investment securities					
Held-to-maturity	64	72	74	78	81
Available-for-sale	41,058	41,624	43,042	40,293	39,433
Loans held for sale	3,788	5,241	4,819	4,601	4,552
Loans					
Commercial	55,138	52,744	51,074	48,012	46,459
Commercial real estate	31,247	29,969	29,207	28,517	28,421
Residential mortgages	23,301	23,218	22,782	22,563	21,992
Retail	56,204	52,369	50,764	49,947	48,836
Total loans	165,890	158,300	153,827	149,039	145,708
Less allowance for loan losses	(2,518)	(2,251)	(2,058)	(2,041)	(2,028)
Net loans	163,372	156,049	151,769	146,998	143,680
Premises and equipment	1,811	1,805	1,779	1,779	1,798
Goodwill	7,851	7,685	7,647	7,604	7,593
Other intangible assets	3,313	2,962	3,043	3,150	3,352
Other assets	17,325	19,020	16,558	16,489	15,507
Total assets	\$246,538	\$241,781	\$237,615	\$227,628	\$222,530
<b>Liabilities and Shareholders' Equity</b>					
Deposits					
Noninterest-bearing	\$33,970	\$32,870	\$33,334	\$28,272	\$29,545
Interest-bearing	76,300	76,895	72,458	70,916	70,216
Time deposits greater than \$100,000	24,861	28,505	25,653	23,560	19,941
Total deposits	135,131	138,270	131,445	122,748	119,702
Short-term borrowings	41,107	36,392	32,370	28,868	27,160
Long-term debt	39,943	36,229	43,440	45,241	45,946
Other liabilities	8,529	9,318	9,314	10,085	9,392
Total liabilities	224,710	220,209	216,569	206,942	202,200
Shareholders' equity					
Preferred stock	1,500	1,500	1,000	1,000	1,000
Common stock	20	20	20	20	20
Capital surplus	5,682	5,677	5,749	5,748	5,748
Retained earnings	23,220	23,033	22,693	22,500	22,110
Less treasury stock	(7,075)	(7,178)	(7,480)	(7,554)	(7,476)
Other comprehensive income	(1,519)	(1,480)	(936)	(1,028)	(1,072)
Total shareholders' equity	21,828	21,572	21,046	20,686	20,330
Total liabilities and shareholders' equity	\$246,538	\$241,781	\$237,615	\$227,628	\$222,530



# U.S. Bancorp

## Consolidated Quarterly Average Balance Sheet

(Dollars in Millions, Unaudited)	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007
<b>Assets</b>					
Investment securities	\$42,999	\$43,891	\$42,525	\$41,128	\$40,704
Loans held for sale	3,417	5,118	4,459	4,547	4,334
<b>Loans</b>					
<b>Commercial</b>					
Commercial	47,648	45,471	43,649	41,648	41,572
Lease financing	6,331	6,238	5,978	5,742	5,625
Total commercial	53,979	51,709	49,627	47,390	47,197
<b>Commercial real estate</b>					
Commercial mortgages	21,192	20,337	19,775	19,592	19,562
Construction and development	9,281	9,199	8,983	8,870	8,941
Total commercial real estate	30,473	29,536	28,758	28,462	28,503
Residential mortgages	23,307	22,978	22,670	22,258	21,831
<b>Retail</b>					
Credit card	11,559	11,049	10,621	9,895	9,120
Retail leasing	5,523	5,802	6,123	6,424	6,662
Home equity and second mortgages	17,106	16,527	16,343	16,048	15,735
Other retail	21,123	17,631	17,309	17,040	16,605
Total retail	55,311	51,009	50,396	49,407	48,122
Total loans	163,070	155,232	151,451	147,517	145,653
Other earning assets	2,603	2,773	1,872	1,694	1,610
Total earning assets	212,089	207,014	200,307	194,886	192,301
Allowance for loan losses	(2,292)	(2,075)	(2,054)	(2,041)	(2,039)
Unrealized gain (loss) on available-for-sale securities	(1,548)	(1,105)	(892)	(1,206)	(771)
Other assets	33,972	32,841	31,976	31,866	32,531
Total assets	\$242,221	\$236,675	\$229,337	\$223,505	\$222,022
<b>Liabilities and Shareholders' Equity</b>					
Noninterest-bearing deposits	\$27,851	\$27,119	\$26,869	\$26,947	\$27,977
<b>Interest-bearing deposits</b>					
Interest checking	32,479	30,303	27,458	26,052	25,858
Money market savings	26,426	25,590	25,996	25,018	24,603
Savings accounts	5,377	5,134	5,100	5,283	5,443
Time certificates of deposit less than \$100,000	12,635	13,607	14,539	14,590	14,716
Time deposits greater than \$100,000	31,041	29,105	25,461	21,255	20,378
Total interest-bearing deposits	107,958	103,739	98,554	92,198	90,998
Short-term borrowings	38,018	35,890	30,289	29,155	29,524
Long-term debt	37,879	39,822	44,156	46,452	44,655
Total interest-bearing liabilities	183,855	179,451	172,999	167,805	165,177
Other liabilities	8,195	8,626	8,325	8,012	7,973
<b>Shareholders' equity</b>					
Preferred equity	1,500	1,083	1,000	1,000	1,000
Common equity	20,820	20,396	20,144	19,741	19,895
Total shareholders' equity	22,320	21,479	21,144	20,741	20,895
Total liabilities and shareholders' equity	\$242,221	\$236,675	\$229,337	\$223,505	\$222,022

U.S. Bancorp

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

For the Three Months Ended June 30,  
2008 2007

(Dollars in Millions) (Unaudited)	2008		Yields and Rates	2007		Yields and Rates	% Change Average Balances
	Average Balances	Interest		Average Balances	Interest		
<b>Assets</b>							
Investment securities	\$42,999	\$538	5.01 %	\$40,704	\$548	5.39 %	5.6 %
Loans held for sale	3,417	49	5.70	4,334	70	6.43	(21.2)
Loans (b)							
Commercial	53,979	645	4.80	47,197	781	6.64	14.4
Commercial real estate	30,473	429	5.67	28,503	524	7.37	6.9
Residential mortgages	23,307	354	6.08	21,831	331	6.06	6.8
Retail	55,311	1,009	7.34	48,122	988	8.23	14.9
Total loans	<u>163,070</u>	<u>2,437</u>	6.01	<u>145,653</u>	<u>2,624</u>	7.22	12.0
Other earning assets	2,603	43	6.58	1,610	34	8.36	61.7
Total earning assets	<u>212,089</u>	<u>3,067</u>	5.81	<u>192,301</u>	<u>3,276</u>	6.83	10.3
Allowance for loan losses	(2,292)			(2,039)			(12.4)
Unrealized gain (loss) on available-for-sale securities	(1,548)			(771)			*
Other assets	33,972			32,531			4.4
Total assets	<u>\$242,221</u>			<u>\$222,022</u>			9.1
<b>Liabilities and Shareholders' Equity</b>							
Noninterest-bearing deposits	\$27,851			\$27,977			(.5)
Interest-bearing deposits							
Interest checking	32,479	67	.83	25,858	84	1.32	25.6
Money market savings	26,426	79	1.21	24,603	159	2.59	7.4
Savings accounts	5,377	2	.18	5,443	5	.38	(1.2)
Time certificates of deposit less than \$100,000	12,635	109	3.48	14,716	162	4.40	(14.1)
Time deposits greater than \$100,000	31,041	201	2.59	20,378	253	4.98	52.3
Total interest-bearing deposits	<u>107,958</u>	<u>458</u>	1.71	<u>90,998</u>	<u>663</u>	2.92	18.6
Short-term borrowings	38,018	282	2.99	29,524	401	5.44	28.8
Long-term debt	37,879	419	4.44	44,655	562	5.05	(15.2)
Total interest-bearing liabilities	<u>183,855</u>	<u>1,159</u>	2.53	<u>165,177</u>	<u>1,626</u>	3.95	11.3
Other liabilities	8,195			7,973			2.8
Shareholders' equity							
Preferred equity	1,500			1,000			50.0
Common equity	<u>20,820</u>			<u>19,895</u>			4.6
Total shareholders' equity	<u>22,320</u>			<u>20,895</u>			6.8
Total liabilities and shareholders' equity	<u>\$242,221</u>			<u>\$222,022</u>			9.1 %
Net interest income		<u>\$1,908</u>			<u>\$1,650</u>		
Gross interest margin			3.28 %			2.88 %	
Gross interest margin without taxable-equivalent increments			<u>3.22</u>			<u>2.84</u>	
<b>Percent of Earning Assets</b>							
Interest income			5.81 %			6.83 %	
Interest expense			2.20			3.39	
Net interest margin			<u>3.61 %</u>			<u>3.44 %</u>	
Net interest margin without taxable-equivalent increments			<u>3.55 %</u>			<u>3.40 %</u>	

\* Not meaningful

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

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

U.S. Bancorp

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

For the Three Months Ended

June 30, 2008

March 31, 2008

(Dollars in Millions) (Unaudited)	June 30, 2008		March 31, 2008		Yields and Rates		Yields and Rates		% Change Average Balances	
	Average Balances	Interest	Yields and Rates	Average Balances	Interest	Yields and Rates	Yields and Rates	% Change	Average Balances	
<b>Assets</b>										
Investment securities	\$42,999	\$538	5.01 %	\$43,891	\$580	5.28 %			(2.0)	%
Loans held for sale	3,417	49	5.70	5,118	73	5.72			(33.2)	
Loans (b)										
Commercial	53,979	645	4.80	51,709	721	5.60			4.4	
Commercial real estate	30,473	429	5.67	29,536	463	6.30			3.2	
Residential mortgages	23,307	354	6.08	22,978	358	6.24			1.4	
Retail	55,311	1,009	7.34	51,009	1,026	8.09			8.4	
Total loans	<u>163,070</u>	<u>2,437</u>	6.01	<u>155,232</u>	<u>2,568</u>	6.65			5.0	
Other earning assets	2,603	43	6.58	2,773	37	5.37			(6.1)	
Total earning assets	<u>212,089</u>	<u>3,067</u>	5.81	<u>207,014</u>	<u>3,258</u>	6.32			2.5	
Allowance for loan losses	(2,292)			(2,075)					(10.5)	
Unrealized gain (loss) on available-for-sale securities	(1,548)			(1,105)					(40.1)	
Other assets	33,972			32,841					3.4	
Total assets	<u>\$242,221</u>			<u>\$236,675</u>					2.3	
<b>Liabilities and Shareholders' Equity</b>										
Noninterest-bearing deposits	\$27,851			\$27,119					2.7	
Interest-bearing deposits										
Interest checking	32,479	67	.83	30,303	88	1.16			7.2	
Money market savings	26,426	79	1.21	25,590	114	1.79			3.3	
Savings accounts	5,377	2	.18	5,134	3	.23			4.7	
Time certificates of deposit less than \$100,000	12,635	109	3.48	13,607	139	4.11			(7.1)	
Time deposits greater than \$100,000	31,041	201	2.59	29,105	262	3.62			6.7	
Total interest-bearing deposits	<u>107,958</u>	<u>458</u>	1.71	<u>103,739</u>	<u>606</u>	2.35			4.1	
Short-term borrowings	38,018	282	2.99	35,890	348	3.90			5.9	
Long-term debt	37,879	419	4.44	39,822	474	4.78			(4.9)	
Total interest-bearing liabilities	<u>183,855</u>	<u>1,159</u>	2.53	<u>179,451</u>	<u>1,428</u>	3.20			2.5	
Other liabilities	8,195			8,626					(5.0)	
Shareholders' equity										
Preferred equity	1,500			1,083					38.5	
Common equity	<u>20,820</u>			<u>20,396</u>					2.1	
Total shareholders' equity	<u>22,320</u>			<u>21,479</u>					3.9	
Total liabilities and shareholders' equity	<u>\$242,221</u>			<u>\$236,675</u>					2.3	%
Net interest income		\$1,908			\$1,830					
Gross interest margin			3.28 %				3.12 %			
Gross interest margin without taxable-equivalent increments			3.22				3.07			
<b>Percent of Earning Assets</b>										
Interest income			5.81 %				6.32 %			
Interest expense			2.20				2.77			
Net interest margin			3.61 %				3.55 %			
Net interest margin without taxable-equivalent increments			3.55 %				3.50 %			

(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

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

For the Six Months Ended June 30,

2008

2007

(Dollars in Millions) (Unaudited)	2008		Yields and Rates	2007		Yields and Rates	% Change Average Balances
	Average Balances	Interest		Average Balances	Interest		
<b>Assets</b>							
Investment securities	\$43,446	\$1,118	5.15 %	\$40,791	\$1,094	5.36 %	6.5 %
Loans held for sale	4,267	122	5.71	4,090	129	6.33	4.3
Loans (b)							
Commercial	52,844	1,366	5.19	47,103	1,555	6.65	12.2
Commercial real estate	30,005	892	5.98	28,573	1,044	7.37	5.0
Residential mortgages	23,142	712	6.16	21,700	654	6.04	6.6
Retail	53,160	2,035	7.70	47,800	1,955	8.25	11.2
Total loans	159,151	5,005	6.32	145,176	5,208	7.23	9.6
Other earning assets	2,688	80	5.96	1,664	68	8.18	61.5
Total earning assets	209,552	6,325	6.06	191,721	6,499	6.82	9.3
Allowance for loan losses	(2,183)			(2,038)			(7.1)
Unrealized gain (loss) on available-for-sale securities	(1,327)			(695)			(90.9)
Other assets	33,406			31,786			5.1
Total assets	<u>\$239,448</u>			<u>\$220,774</u>			8.5
<b>Liabilities and Shareholders' Equity</b>							
Noninterest-bearing deposits	\$27,485			\$27,828			(1.2)
Interest-bearing deposits							
Interest checking	31,390	155	.99	25,470	160	1.27	23.2
Money market savings	26,008	193	1.49	25,154	322	2.58	3.4
Savings accounts	5,256	5	.20	5,422	10	.38	(3.1)
Time certificates of deposit less than \$100,000	13,121	248	3.81	14,745	320	4.37	(11.0)
Time deposits greater than \$100,000	30,073	463	3.09	21,228	526	4.99	41.7
Total interest-bearing deposits	105,848	1,064	2.02	92,019	1,338	2.93	15.0
Short-term borrowings	36,954	630	3.43	28,114	748	5.37	31.4
Long-term debt	38,851	893	4.62	43,804	1,097	5.04	(11.3)
Total interest-bearing liabilities	181,653	2,587	2.86	163,937	3,183	3.91	10.8
Other liabilities	8,411			7,957			5.7
Shareholders' equity							
Preferred equity	1,291			1,000			29.1
Common equity	20,608			20,052			2.8
Total shareholders' equity	21,899			21,052			4.0
Total liabilities and shareholders' equity	<u>\$239,448</u>			<u>\$220,774</u>			8.5 %
Net interest income		\$3,738			\$3,316		
Gross interest margin			3.20 %			2.91 %	
Gross interest margin without taxable-equivalent increments			3.14			2.87	
<b>Percent of Earning Assets</b>							
Interest income			6.06 %			6.82 %	
Interest expense			2.48			3.35	
Net interest margin			3.58 %			3.47 %	
Net interest margin without taxable-equivalent increments			3.52 %			3.43 %	

(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, 2008		March 31, 2008		December 31, 2007		September 30, 2007		June 30, 2007	
(Dollars in Millions, Unaudited)	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
<b>Commercial</b>										
Commercial	\$48,714	29.4 %	\$46,438	29.3 %	\$44,832	29.1 %	\$42,126	28.3 %	\$40,746	28.0 %
Lease financing	6,424	3.9	6,306	4.0	6,242	4.1	5,886	3.9	5,713	3.9
Total commercial	55,138	33.3	52,744	33.3	51,074	33.2	48,012	32.2	46,459	31.9
<b>Commercial real estate</b>										
Commercial mortgages	21,948	13.2	20,751	13.1	20,146	13.1	19,650	13.2	19,455	13.3
Construction and development	9,299	5.6	9,218	5.8	9,061	5.9	8,867	5.9	8,966	6.2
Total commercial real estate	31,247	18.8	29,969	18.9	29,207	19.0	28,517	19.1	28,421	19.5
<b>Residential mortgages</b>										
Residential mortgages	17,745	10.7	17,582	11.1	17,099	11.1	16,799	11.3	16,116	11.1
Home equity loans, first liens	5,556	3.3	5,636	3.6	5,683	3.7	5,764	3.9	5,876	4.0
Total residential mortgages	23,301	14.0	23,218	14.7	22,782	14.8	22,563	15.2	21,992	15.1
<b>Retail</b>										
Credit card	11,930	7.2	11,346	7.2	10,956	7.1	10,251	6.9	9,429	6.5
Retail leasing	5,367	3.2	5,675	3.6	5,969	3.9	6,282	4.2	6,572	4.5
Home equity and second mortgages	17,536	10.6	16,648	10.5	16,441	10.7	16,210	10.9	15,907	10.9
Other retail										
Revolving credit	2,835	1.7	2,719	1.7	2,731	1.8	2,679	1.8	2,579	1.8
Installment	5,518	3.4	5,321	3.4	5,246	3.4	5,203	3.5	5,022	3.4
Automobile	9,487	5.7	9,342	5.9	8,970	5.8	8,883	5.9	8,901	6.1
Student	3,531	2.1	1,318	.8	451	.3	439	.3	426	.3
Total other retail	21,371	12.9	18,700	11.8	17,398	11.3	17,204	11.5	16,928	11.6
Total retail	56,204	33.9	52,369	33.1	50,764	33.0	49,947	33.5	48,836	33.5
Total loans	\$165,890	100.0 %	\$158,300	100.0 %	\$153,827	100.0 %	\$149,039	100.0 %	\$145,708	100.0 %

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

(Dollars in Millions, Unaudited)	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007
<b>Book value of intangibles</b>					
Goodwill	\$7,851	\$7,685	\$7,647	\$7,604	\$7,593
Merchant processing contracts	648	677	704	741	773
Core deposit benefits	199	140	154	171	187
Mortgage servicing rights	1,731	1,390	1,462	1,522	1,649
Trust relationships	311	328	346	366	385
Other identified intangibles	424	427	377	350	358
Total	<u>\$11,164</u>	<u>\$10,647</u>	<u>\$10,690</u>	<u>\$10,754</u>	<u>\$10,945</u>
<b>Three Months Ended</b>					
	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007
<b>Amortization of intangibles</b>					
Merchant processing contracts	\$34	\$34	\$38	\$39	\$39
Core deposit benefits	15	14	17	16	17
Trust relationships	17	17	19	19	19
Other identified intangibles	21	22	19	20	20
Total	<u>\$87</u>	<u>\$87</u>	<u>\$93</u>	<u>\$94</u>	<u>\$95</u>
<b>Mortgage banking revenue</b>					
Origination and sales	\$73	\$77	\$31	\$29	\$40
Loan servicing	99	95	93	87	87
Mortgage servicing rights fair value adjustment	(91)	(67)	(76)	(40)	(59)
Total mortgage banking revenue	<u>\$81</u>	<u>\$105</u>	<u>\$48</u>	<u>\$76</u>	<u>\$68</u>
Mortgage production volume	\$9,061	\$9,325	\$7,738	\$7,208	\$7,022
Mortgages serviced for others	\$107,334	\$102,010	\$97,014	\$94,379	\$89,745

A summary of the Company's mortgage servicing rights and related characteristics by portfolio as of June 30, 2008, was as follows:

(Dollars in Millions)	MRBP (a)	Government	Conventional	Total
Servicing portfolio	\$11,852	\$11,831	\$83,651	\$107,334
Fair market value	\$246	\$210	\$1,275	\$1,731
Value (bps) (b)	208	177	152	161
Weighted-average servicing fees (bps)	40	41	32	34
Multiple (value/servicing fees)	5.20	4.32	4.75	4.74
Weighted-average note rate	5.94 %	6.22 %	5.99 %	6.01 %
Age (in years)	3.0	2.9	2.7	2.8
Expected life (in years)	9.3	7.5	7.5	7.7
Discount rate	11.1 %	10.8 %	10.1 %	10.3 %

(a) MRBP represents mortgage revenue bond programs.

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

U.S. Bancorp

**Line of Business Financial Performance\***

Three Months Ended (Dollars in Millions, Unaudited)	Wholesale Banking			Consumer Banking			Wealth Management & Securities Services		
	Jun 30, 2008	Jun 30, 2007	Percent Change	Jun 30, 2008	Jun 30, 2007	Percent Change	Jun 30, 2008	Jun 30, 2007	Percent Change
<b>Condensed Income Statement</b>									
Net interest income (taxable-equivalent basis)	\$483	\$453	6.6 %	\$945	\$969	(2.5) %	\$110	\$117	(6.0) %
Noninterest income	240	237	1.3	550	572	(3.8)	385	376	2.4
Securities gains (losses), net	(11)	1	**	--	--	--	--	--	--
Total net revenue	712	691	3.0	1,495	1,541	(3.0)	495	493	.4
Noninterest expense	260	238	9.2	795	700	13.6	241	228	5.7
Other intangibles	4	4	--	15	17	(11.8)	19	23	(17.4)
Total noninterest expense	264	242	9.1	810	717	13.0	260	251	3.6
Income before provision and income taxes	448	449	(.2)	685	824	(16.9)	235	242	(2.9)
Provision for credit losses	47	12	**	180	73	**	1	1	--
Income before income taxes	401	437	(8.2)	505	751	(32.8)	234	241	(2.9)
Income taxes and taxable-equivalent adjustment	146	159	(8.2)	184	273	(32.6)	85	88	(3.4)
Net income	\$255	\$278	(8.3)	\$321	\$478	(32.8)	\$149	\$153	(2.6)
<b>Average Balance Sheet Data</b>									
Loans	\$58,367	\$51,227	13.9 %	\$81,500	\$74,869	8.9 %	\$4,898	\$5,030	(2.6) %
Other earning assets	365	214	70.6	3,665	4,419	(17.1)	66	158	(58.2)
Goodwill	1,385	1,329	4.2	2,420	2,420	--	1,562	1,553	.6
Other intangible assets	49	40	22.5	1,712	1,735	(1.3)	337	425	(20.7)
Assets	64,055	56,863	12.6	91,845	86,168	6.6	7,269	7,597	(4.3)
Noninterest-bearing deposits	10,687	11,131	(4.0)	11,958	12,231	(2.2)	4,363	4,222	3.3
Interest-bearing deposits	30,663	19,375	58.3	55,574	57,923	(4.1)	14,547	11,709	24.2
Total deposits	41,350	30,506	35.5	67,532	70,154	(3.7)	18,910	15,931	18.7
Shareholders' equity	6,564	5,729	14.6	7,164	6,668	7.4	2,374	2,454	(3.3)

Three Months Ended (Dollars in Millions, Unaudited)	Payment Services			Treasury and Corporate Support			Consolidated Company		
	Jun 30, 2008	Jun 30, 2007	Percent Change	Jun 30, 2008	Jun 30, 2007	Percent Change	Jun 30, 2008	Jun 30, 2007	Percent Change
<b>Condensed Income Statement</b>									
Net interest income (taxable-equivalent basis)	\$243	\$169	43.8 %	\$127	\$(58)	** %	\$1,908	\$1,650	15.6 %
Noninterest income	762	689	10.6	18	8	**	1,955	1,882	3.9
Securities gains (losses), net	--	--	--	(52)	2	**	(63)	3	**
Total net revenue	1,005	858	17.1	93	(48)	**	3,800	3,535	7.5
Noninterest expense	351	308	14.0	101	101	--	1,748	1,575	11.0
Other intangibles	49	51	(3.9)	--	--	--	87	95	(8.4)
Total noninterest expense	400	359	11.4	101	101	--	1,835	1,670	9.9
Income before provision and income taxes	605	499	21.2	(8)	(149)	94.6	1,965	1,865	5.4
Provision for credit losses	168	101	66.3	200	4	**	596	191	**
Income before income taxes	437	398	9.8	(208)	(153)	(35.9)	1,369	1,674	(18.2)
Income taxes and taxable-equivalent adjustment	159	145	9.7	(155)	(147)	(5.4)	419	518	(19.1)
Net income	\$278	\$253	9.9	\$(53)	\$(6)	**	\$950	\$1,156	(17.8)
<b>Average Balance Sheet Data</b>									
Loans	\$17,128	\$14,287	19.9 %	\$1,177	\$240	** %	\$163,070	\$145,653	12.0 %
Other earning assets	153	189	(19.0)	44,770	41,668	7.4	49,019	46,648	5.1
Goodwill	2,371	2,287	3.7	--	--	--	7,738	7,589	2.0
Other intangible assets	1,027	1,069	(3.9)	--	--	--	3,125	3,269	(4.4)
Assets	22,371	19,256	16.2	56,681	52,138	8.7	242,221	222,022	9.1
Noninterest-bearing deposits	490	341	43.7	353	52	**	27,851	27,977	(.5)
Interest-bearing deposits	57	36	58.3	7,117	1,955	**	107,958	90,998	18.6
Total deposits	547	377	45.1	7,470	2,007	**	135,809	118,975	14.1
Shareholders' equity	4,906	4,566	7.4	1,312	1,478	(11.2)	22,320	20,895	6.8

\* Preliminary data

\*\* Not meaningful

U.S. Bancorp

**Line of Business Financial Performance\***

Three Months Ended (Dollars in Millions, Unaudited)	Wholesale Banking			Consumer Banking			Wealth Management & Securities Services		
	Jun 30, 2008	Mar 31, 2008	Percent Change	Jun 30, 2008	Mar 31, 2008	Percent Change	Jun 30, 2008	Mar 31, 2008	Percent Change
<b>Condensed Income Statement</b>									
Net interest income (taxable-equivalent basis)	\$483	\$486	(.6) %	\$945	\$946	(.1) %	\$110	\$118	(6.8) %
Noninterest income	240	193	24.4	550	560	(1.8)	385	369	4.3
Securities gains (losses), net	(11)	--	**	--	--	--	--	--	--
Total net revenue	712	679	4.9	1,495	1,506	(.7)	495	487	1.6
Noninterest expense	260	242	7.4	795	762	4.3	241	235	2.6
Other intangibles	4	3	33.3	15	15	--	19	20	(5.0)
Total noninterest expense	264	245	7.8	810	777	4.2	260	255	2.0
Income before provision and income taxes	448	434	3.2	685	729	(6.0)	235	232	1.3
Provision for credit losses	47	35	34.3	180	120	50.0	1	1	--
Income before income taxes	401	399	.5	505	609	(17.1)	234	231	1.3
Income taxes and taxable-equivalent adjustment	146	145	.7	184	222	(17.1)	85	84	1.2
Net income	\$255	\$254	.4	\$321	\$387	(17.1)	\$149	\$147	1.4
<b>Average Balance Sheet Data</b>									
Loans	\$58,367	\$56,564	3.2 %	\$81,500	\$76,897	6.0 %	\$4,898	\$5,039	(2.8) %
Other earning assets	365	261	39.8	3,665	5,489	(33.2)	66	73	(9.6)
Goodwill	1,385	1,329	4.2	2,420	2,420	--	1,562	1,564	(.1)
Other intangible assets	49	31	58.1	1,712	1,509	13.5	337	356	(5.3)
Assets	64,055	61,657	3.9	91,845	88,937	3.3	7,269	7,475	(2.8)
Noninterest-bearing deposits	10,687	10,283	3.9	11,958	11,553	3.5	4,363	4,555	(4.2)
Interest-bearing deposits	30,663	28,237	8.6	55,574	56,021	(.8)	14,547	13,636	6.7
Total deposits	41,350	38,520	7.3	67,532	67,574	(.1)	18,910	18,191	4.0
Shareholders' equity	6,564	6,180	6.2	7,164	6,805	5.3	2,374	2,392	(.8)

Three Months Ended (Dollars in Millions, Unaudited)	Payment Services			Treasury and Corporate Support			Consolidated Company		
	Jun 30, 2008	Mar 31, 2008	Percent Change	Jun 30, 2008	Mar 31, 2008	Percent Change	Jun 30, 2008	Mar 31, 2008	Percent Change
<b>Condensed Income Statement</b>									
Net interest income (taxable-equivalent basis)	\$243	\$254	(4.3) %	\$127	\$26	** %	\$1,908	\$1,830	4.3 %
Noninterest income	762	698	9.2	18	475	(96.2)	1,955	2,295	(14.8)
Securities gains (losses), net	--	--	--	(52)	(251)	79.3	(63)	(251)	74.9
Total net revenue	1,005	952	5.6	93	250	(62.8)	3,800	3,874	(1.9)
Noninterest expense	351	326	7.7	101	144	(29.9)	1,748	1,709	2.3
Other intangibles	49	49	--	--	--	--	87	87	--
Total noninterest expense	400	375	6.7	101	144	(29.9)	1,835	1,796	2.2
Income before provision and income taxes	605	577	4.9	(8)	106	**	1,965	2,078	(5.4)
Provision for credit losses	168	134	25.4	200	195	2.6	596	485	22.9
Income before income taxes	437	443	(1.4)	(208)	(89)	**	1,369	1,593	(14.1)
Income taxes and taxable-equivalent adjustment	159	161	(1.2)	(155)	(109)	(42.2)	419	503	(16.7)
Net income	\$278	\$282	(1.4)	\$(53)	\$20	**	\$950	\$1,090	(12.8)
<b>Average Balance Sheet Data</b>									
Loans	\$17,128	\$16,298	5.1 %	\$1,177	\$434	** %	\$163,070	\$155,232	5.0 %
Other earning assets	153	180	(15.0)	44,770	45,779	(2.2)	49,019	51,782	(5.3)
Goodwill	2,371	2,351	.9	--	--	--	7,738	7,664	1.0
Other intangible assets	1,027	1,025	.2	--	2	**	3,125	2,923	6.9
Assets	22,371	20,722	8.0	56,681	57,884	(2.1)	242,221	236,675	2.3
Noninterest-bearing deposits	490	469	4.5	353	259	36.3	27,851	27,119	2.7
Interest-bearing deposits	57	51	11.8	7,117	5,794	22.8	107,958	103,739	4.1
Total deposits	547	520	5.2	7,470	6,053	23.4	135,809	130,858	3.8
Shareholders' equity	4,906	4,730	3.7	1,312	1,372	(4.4)	22,320	21,479	3.9

\* Preliminary data

\*\* Not meaningful



U.S. Bancorp

**Line of Business Financial Performance\***

Six Months Ended (Dollars in Millions, Unaudited)	Wholesale Banking			Consumer Banking			Wealth Management & Securities Services		
	Jun 30, 2008	Jun 30, 2007	Percent Change	Jun 30, 2008	Jun 30, 2007	Percent Change	Jun 30, 2008	Jun 30, 2007	Percent Change
<b>Condensed Income Statement</b>									
Net interest income (taxable-equivalent basis)	\$969	\$905	7.1 %	\$1,891	\$1,930	(2.0) %	\$228	\$234	(2.6) %
Noninterest income	433	455	(4.8)	1,110	1,092	1.6	754	733	2.9
Securities gains (losses), net	(11)	--	**	--	--	--	--	--	--
Total net revenue	1,391	1,360	2.3	3,001	3,022	(.7)	982	967	1.6
Noninterest expense	502	468	7.3	1,557	1,384	12.5	476	452	5.3
Other intangibles	7	8	(12.5)	30	34	(11.8)	39	47	(17.0)
Total noninterest expense	509	476	6.9	1,587	1,418	11.9	515	499	3.2
Income before provision and income taxes	882	884	(.2)	1,414	1,604	(11.8)	467	468	(.2)
Provision for credit losses	82	24	**	300	147	**	2	1	**
Income before income taxes	800	860	(7.0)	1,114	1,457	(23.5)	465	467	(.4)
Income taxes and taxable-equivalent adjustment	291	315	(7.6)	406	530	(23.4)	169	169	--
Net income	\$509	\$545	(6.6)	\$708	\$927	(23.6)	\$296	\$298	(.7)
<b>Average Balance Sheet Data</b>									
Loans	\$57,467	\$51,430	11.7 %	\$79,198	\$74,578	6.2 %	\$4,968	\$5,029	(1.2) %
Other earning assets	312	234	33.3	4,578	4,146	10.4	70	135	(48.1)
Goodwill	1,357	1,329	2.1	2,420	2,413	.3	1,563	1,551	.8
Other intangible assets	40	42	(4.8)	1,611	1,695	(5.0)	346	437	(20.8)
Assets	62,856	56,796	10.7	90,392	85,570	5.6	7,372	7,594	(2.9)
Noninterest-bearing deposits	10,485	10,982	(4.5)	11,757	12,208	(3.7)	4,459	4,214	5.8
Interest-bearing deposits	29,451	20,717	42.2	55,798	57,808	(3.5)	14,091	11,776	19.7
Total deposits	39,936	31,699	26.0	67,555	70,016	(3.5)	18,550	15,990	16.0
Shareholders' equity	6,372	5,764	10.5	6,984	6,706	4.1	2,383	2,465	(3.3)

Six Months Ended (Dollars in Millions, Unaudited)	Payment Services			Treasury and Corporate Support			Consolidated Company		
	Jun 30, 2008	Jun 30, 2007	Percent Change	Jun 30, 2008	Jun 30, 2007	Percent Change	Jun 30, 2008	Jun 30, 2007	Percent Change
<b>Condensed Income Statement</b>									
Net interest income (taxable-equivalent basis)	\$497	\$341	45.7 %	\$153	\$(94)	** %	\$3,738	\$3,316	12.7 %
Noninterest income	1,460	1,309	11.5	493	15	**	4,250	3,604	17.9
Securities gains (losses), net	--	--	--	(303)	4	**	(314)	4	**
Total net revenue	1,957	1,650	18.6	343	(75)	**	7,674	6,924	10.8
Noninterest expense	677	602	12.5	245	147	66.7	3,457	3,053	13.2
Other intangibles	98	100	(2.0)	--	--	--	174	189	(7.9)
Total noninterest expense	775	702	10.4	245	147	66.7	3,631	3,242	12.0
Income before provision and income taxes	1,182	948	24.7	98	(222)	**	4,043	3,682	9.8
Provision for credit losses	302	193	56.5	395	3	**	1,081	368	**
Income before income taxes	880	755	16.6	(297)	(225)	(32.0)	2,962	3,314	(10.6)
Income taxes and taxable-equivalent adjustment	320	274	16.8	(264)	(260)	(1.5)	922	1,028	(10.3)
Net income	\$560	\$481	16.4	\$(33)	\$35	**	\$2,040	\$2,286	(10.8)
<b>Average Balance Sheet Data</b>									
Loans	\$16,712	\$13,901	20.2 %	\$806	\$237	** %	\$159,151	\$145,175	9.6 %
Other earning assets	166	226	(26.5)	45,275	41,805	8.3	50,401	46,546	8.3
Goodwill	2,361	2,272	3.9	--	14	**	7,701	7,579	1.6
Other intangible assets	1,026	1,050	(2.3)	1	21	(95.2)	3,024	3,245	(6.8)
Assets	21,545	18,749	14.9	57,284	52,065	10.0	239,449	220,774	8.5
Noninterest-bearing deposits	479	376	27.4	305	48	**	27,485	27,828	(1.2)
Interest-bearing deposits	53	34	55.9	6,456	1,684	**	105,849	92,019	15.0
Total deposits	532	410	29.8	6,761	1,732	**	133,334	119,847	11.3
Shareholders' equity	4,818	4,515	6.7	1,342	1,602	(16.2)	21,899	21,052	4.0

\* Preliminary data

\*\* Not meaningful

# **Supplemental Credit Schedules**

**2Q 2008**