



Building the New U.S. Bancorp



Report to Shareholders



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Corporate Profile

The merger of Firstar Corporation and U.S. Bancorp

has been completed, and the new company is now called U.S. Bancorp. U.S. Bancorp common stock is traded on the New York Stock Exchange under the ticker symbol **USB**. U.S. Bancorp has the capacity, capability, resources and expertise to deliver the products and services our customers want, when they want them and on their terms.

U.S. Bancorp is a multi-state financial holding company with headquarters in Minneapolis, Minnesota. Since its merger with Firstar Corporation, the new U.S. Bancorp is now the eighth largest financial holding company in the United States with total assets in excess of \$160 billion.

Through U.S. Bank, Firstar Bank and other subsidiaries, we serve more than 10 million customers, principally in 24 states. We provide individuals, businesses, institutions and government entities a comprehensive selection of top quality financial products and services.

U.S. Bancorp, its full-service banks and its subsidiaries offer specialized expertise and leadership in Consumer Banking, Commercial Banking, Trust and Investment Services, Mortgage Banking, Payment Systems and Insurance Services. Through U.S. Bancorp Piper Jaffray we offer full securities brokerage services, asset management, equity capital, fixed income capital and individual investment services.

We deliver these products and services through 2,239 U.S. Bank and Firstar banking offices, loan and brokerage offices, hundreds of skilled relationship managers, 5,143 ATMs, Internet Banking and Telephone Banking.

U.S. Bancorp ranks among the top performing U.S. financial holding companies in terms of earnings per share growth, efficiency, return on assets, return on equity and other key financial indicators.



Markets Served by the new U.S. Bancorp

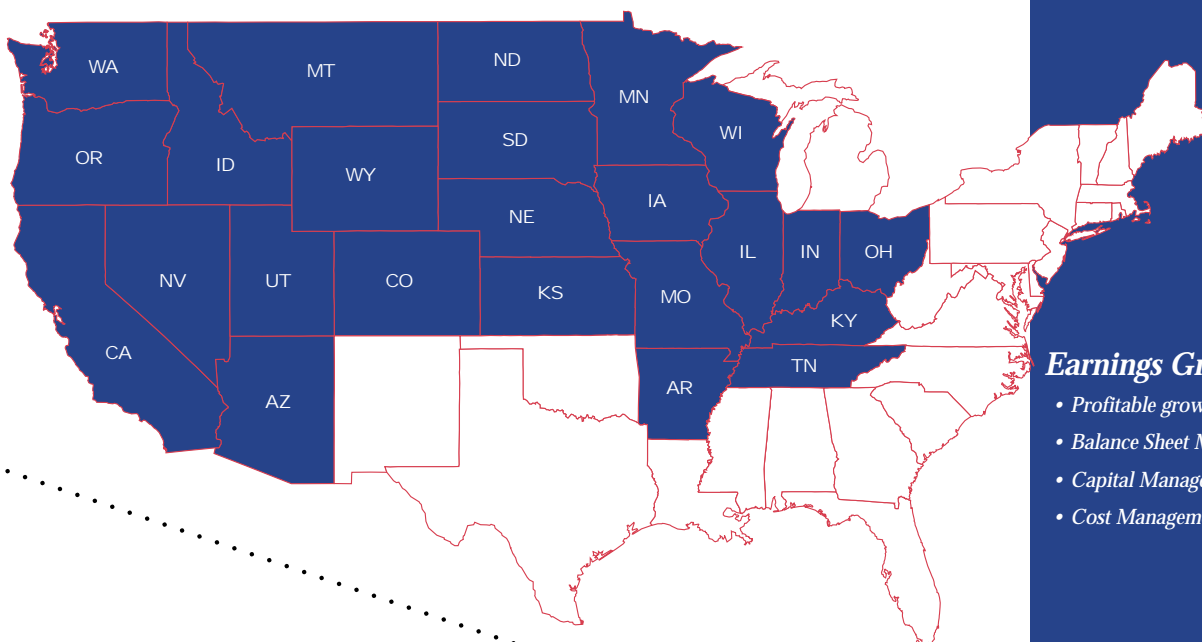
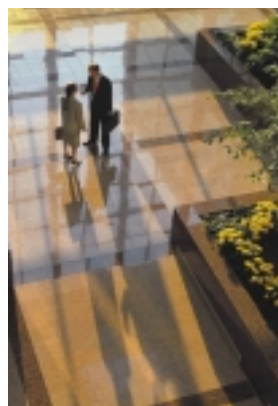


This symbol represents the continuous circle of shareholder value which is created and sustained by the execution of our earnings growth strategies, our sales and service culture, our commitment to investing in our businesses and the return for being a low-cost provider of products and services.

Merger Creates a Leading Banking Franchise

The combination of our two strong banking companies:

- Promotes continuance of industry-leading earnings growth with expansion of geographic footprint and diversification of business mix
- Creates a powerful franchise with the combination of stable Midwestern and Plains states markets with higher-growth Western and Northwest markets
- Produces critical mass in core business lines while building substantial scale in higher-growth specialty businesses
- Increases potential for revenue growth through cross-sell, market expansion, operational economies of scale, enhanced resources and cutting-edge delivery technologies



Strength in Numbers

- Top Midwest correspondent bank
- First in commercial credit card transactions and volume
- Top 5 branch network
- Top 3 ATM network
- 638,500 online customers
- Top 10 bank-owned leasing
- Top bank SBA lending
- Top 5 Corporate Trust provider
- 100 retail brokerage offices
- Top 10 Consumer Lending
- Top 5 IPO transactions
- Top 6 Debit Cards
- Top 5 Home Equity lending
- Top 7 Credit Card volume
- \$116 billion assets under management
- 2,239 branch offices
- 5,143 ATMs
- 23 funds earn 4- and 5-star Morningstar ratings
- Top 10 merchant processing

Earnings Growth Strategies

- Profitable growth of business lines
- Balance Sheet Management
- Capital Management
- Cost Management

Letter to Shareholders

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Fellow Shareholders:

It is with great confidence, care and conviction that we have combined two outstanding financial services companies – Firststar and U.S. Bancorp – to form the *new* U.S. Bancorp, the best bank in America!

Very seldom do two companies that are performing at the high levels of Firststar and U.S. Bancorp converge at the right time to transform their future. The combination of Firststar and U.S. Bancorp will create the nation's 8th largest banking company, which will be strong, nimble and focused on doing the right things, the right way. It is a pre-eminent American franchise.

There are tremendous positive aspects of this combination. This merger gives us the people with the expertise and resources to provide the most comprehensive and value-added products and services to customers and prospects throughout our franchise. With a renewed commitment to delivering our Five Star Service Guarantee, we will earn our customers' trust and their business.

Of course, this integration will bring its own challenges. Our primary challenge is to have a growth strategy that is flexible enough to accommodate the unpredictable, strong enough to withstand assault, visionary enough to inspire our people and rational enough to achieve. The new U.S. Bancorp is prepared to execute such a strategy and your management team has a proven track record of delivering.

We're very pleased with the tremendous progress we have made in the integration and conversion progress. This transaction is outstanding for shareholders, customers, employees and the communities we serve now – and will serve in the future.

Every year in our letter to you, our shareholders, we tell you that increasing the value of your investment in this corporation is our primary goal. We make that same commitment to you this year. It is the reason we come to work each day.

Sincerely,



Jerry A. Grundhofer
President and Chief Executive Officer



John F. Grundhofer
Chairman

Five Star Service Guarantee



The Five Star Service Guarantee has been so fundamental to the

way Firststar conducts business that all Firststar employees wear a Guaranteed Service lapel pin every day. Soon, we will begin to offer our nation-leading Five Star Service Guarantee



One of the most exciting aspects of Firststar's merger with U.S. Bancorp is our ability to expand our exclusive Five Star Service Guarantee into new markets serving new customers.

across the entire footprint of our combined company, the new U.S. Bancorp. We say that some banks promise great service — Firststar and U.S. Bancorp will *guarantee* it. We guarantee to deliver on the core service standards most important to our customers, such as quick response, accurate and timely statements, availability of ATMs every hour of every day, timely loan application decisions...plus many other guaranteed service standards. Each line of business will have a customized Five Star Service Guarantee for its customers. If we ever fail to deliver any part of our guarantee, the customer's account is credited with the specified amount of payment, from a minimum of \$5.00, up to several hundred dollars. The amounts aren't large, but they show that we mean what we say, and they are tangible evidence of our commitment to outstanding service.

Our service is the ultimate differentiation between our banks and our competition.

Outstanding service is the single most important thing we offer our customers – whether they are in a branch, at their place of business, placing a trade, purchasing insurance, closing a loan, banking on the telephone or on the Internet.



Watch for the Five Star Service Guarantee to be introduced at your U.S. Bank soon!



Consumer Banking

Setting the standard for convenience and customer service.

We fulfill that commitment to our customers every day. It doesn't matter whether they are banking with us in one of our 2,239 branch offices in 24 states, or handling a transaction at one of our 5,143 ATMs. Maybe they are banking by telephone – our call centers manage more than 110 million calls a year – or perhaps they are one of over 638,500 Internet Banking customers. We want to make it easy for our customers to bank with us, and our goal is that they receive outstanding service, regardless of the delivery channel they use.



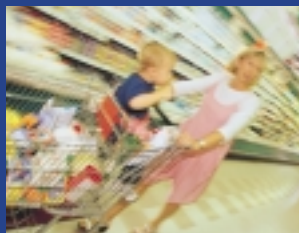
At the new U.S. Bancorp, our growing branch office network is segmented into Community Banking and Metropolitan Banking to best serve our differing markets.

Community Banking and Metropolitan Banking

We operate 992 branch offices in smaller urban and non-urban markets throughout the U.S. Bancorp footprint. Community Banking delivers all the products and services of a large financial corporation – a full line of consumer, commercial and trust and investment services – as the local Advisory Boards, Community President and expert staff respond personally and promptly to local situations, managing the important aspects of the relationships with local decision making and autonomy.

In our larger, urban Metropolitan Banking areas, we deliver all our consumer products and services as a separate line of business. Our branch team manages all consumer banking transactions and partners with specialists in other areas of the bank to provide the expertise our customers often need.

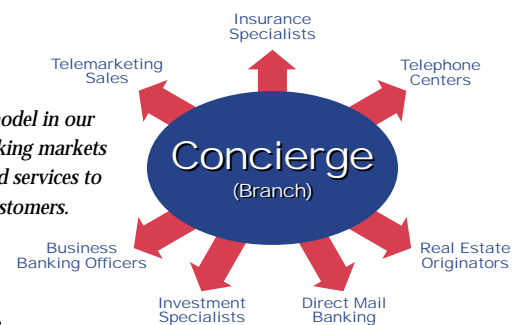
For the utmost in branch banking convenience, we operate 280 in-store branches with extended hours and 7-day-a-week service. We teamed up with 42 of the nation's top retail and grocery partners to locate in-store branches where our customers want them most. Our in-store business is a growing and dynamic component of Consumer Banking.



Consumer Banking encompasses these major lines of business:

Community Banking
Metropolitan Banking
Small Business Banking
Consumer Lending
Mortgage Banking
ATM Banking
Workplace Banking
Student Banking
24-Hour Phone Banking
Investment Sales

The Concierge model in our Metropolitan Banking markets delivers specialized services to our branch customers.



Consumer Lending offers indirect loans and leases through dealers in 39 states with one of the largest national sales forces in our industry. Consumer Lending at the new U.S. Bancorp is a major bank indirect lessor/lender with \$10.5 billion in loans and leases outstanding, and among the top banks in student lending, originating approximately \$750 million annually.



24-Hour Banking at the new U.S. Bancorp clearly meets the need for around-the-clock convenience in all our markets. With more than 150 million annual ATM transactions, we operate the third largest bank-owned ATM network in the country. Over the next few months we will be introducing new, super-functional ATMs in the original U.S. Bancorp markets.

Our 24-Hour telephone call centers are ready to take customers' calls, around the clock, every day – 110 million times a year! Whether our customers choose automated service or person-to-person assistance, we can provide full account information, take applications and handle multiple transactions with a customer's single phone call.

Our Internet Banking currently serves more than 638,500 online customers across all lines of business. That number continues to grow as we expand and enhance our capabilities and garner national recognition for user-friendliness and comprehensive features. More and more customers are discovering that the speed, reliability and features of our online services complement their need for real time, all-the-time account information and interactivity.

Branch-Based Investment Sales offers more than 150,000 current branch customers full-service brokerage, with local brokers located right in branch offices. In addition, 1,500 licensed platform bankers offer investment programs. We also offer discount brokerage service with online and touch-tone investing. We invest approximately \$2 billion for customers annually, representing 40,000 trades a month. Our products and services include stocks, bonds and options, mutual funds, and variable and fixed annuities.

Mortgage Banking at the new U.S. Bancorp is truly national; with our retail and wholesale mortgage operation, we have the ability to originate loans in all 50 states. Our seasoned loan originators have extensive product and industry knowledge, and our specialized services expand our value to our customers. CARD – Corporate relocation, Affinity and Retention Division – handles Loan-By-Phone and Internet requests and corporate referral business, while our First Time Homebuyer program establishes

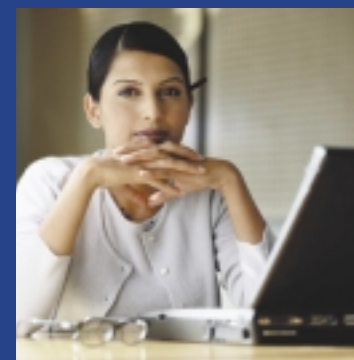


long-term relationships by offering special seminars and services.

Small Business Banking

The new U.S. Bancorp is a leader in small business loan originations with \$3.2 billion in loans and credit lines outstanding.

The new U.S. Bancorp is also the top bank in Small Business Administration loans with \$400 million in SBA loan originations.



We have achieved those positions in this competitive industry by providing the small businesses in our markets a full-service product set and a full range of delivery options. Business Banking officers work in close partnership with Metropolitan branches to provide services for clients with up to \$5 million in annual sales. Generally these small businesses have 50 or fewer employees, have multiple product needs and have been neglected or under-served by other banks. They welcome the expertise, leadership and service of U.S. Bancorp's dedicated Small Business Banking.

Commercial & Corporate Banking

For decades, businesses across the country have put their trust in our Commercial Banking for sound advice, seasoned financial expertise and innovative products and services tailored to their needs. Our relationship managers are second to none in developing innovative, creative ways to help their clients' businesses thrive.



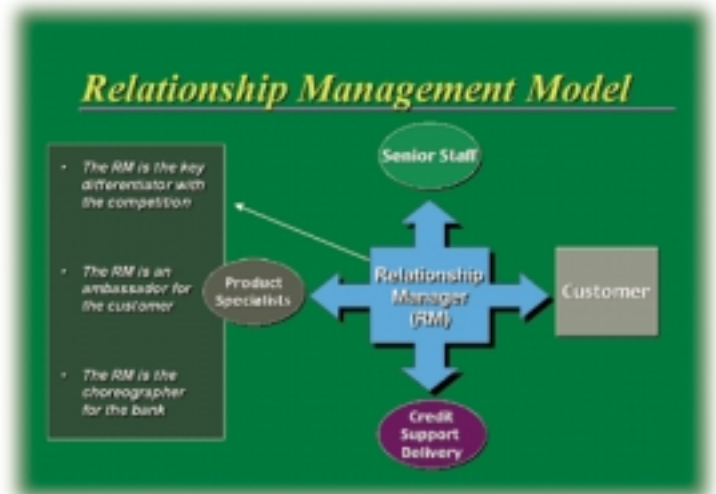
Commercial Banking

Commercial Banking at the new U.S. Bancorp provides comprehensive financial solutions to middle market clients with annual sales between \$5 million and \$250 million. Our client base includes manufacturing, wholesale distributing and service companies, as well as specialized companies with high-growth potential.

We build relationships through dedicated relationship management teams who understand our clients' businesses and their communities. Our relationship managers' expertise is complemented by our sophisticated products and services. In smaller urban and non-urban markets, Commercial Banking services are delivered and relationships built by our Community Banking Presidents and officers. Combined with specialized resources from other areas of the company, these competitive advantages enable us to deliver customized solutions to meet our clients' changing needs.

We offer an array of multi-faceted financing and depository options, as well as sophisticated treasury management tools, investment banking capabilities, merchant payment services, payment systems, global trade and foreign exchange services and corporate trust services.

With the merger between Firststar and U.S. Bancorp, our Commercial Banking business is well positioned to seize the opportunities offered by an expanded geographic marketplace. As well, our combined resources will enable us to serve new industry niche markets.





Corporate Banking

Corporate Banking delivers commercial banking services to corporate clients with sales greater than \$250 million throughout the United States. Additionally, in our headquarters market of the metropolitan Minneapolis/St. Paul Twin Cities area, Corporate Banking services middle market commercial clients with sales greater than \$5 million. Our clients do business in a diverse range of industries, including national retailers, communications companies, media companies, energy companies and agribusinesses. Mortgage bankers, broker dealers and national real estate developers are also important clients.

The experience and knowledge we bring to the table, combined with U.S. Bancorp's state-of-the-art banking products and services, are competitive advantages. Our demanding and sophisticated clients have financial needs which may be multifaceted and complex, and our responsiveness and flexibility are value-added benefits of dealing with U.S. Bancorp.

With the merger of U.S. Bancorp and Firstar, our expanded geographic franchise and combined capabilities also heighten the value of our treasury management, international trade services and other specialized services to national and international corporations.

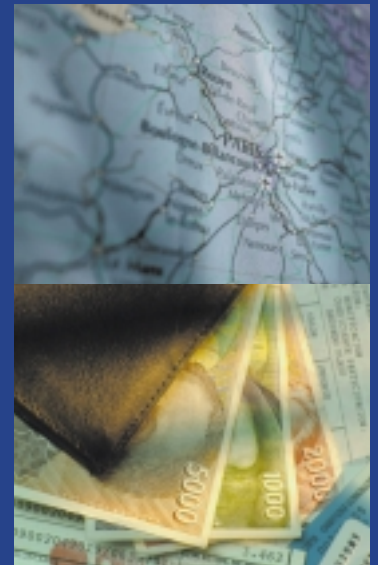
Government Services Division offers innovative products and services to state and local governments and to agencies of the federal government. U.S. Bank is one of the four principal depository banks for the Internal Revenue Service, the U.S. Department of the Treasury and other federal agencies. Other major clients include the states of Wisconsin, Oregon, Washington, Idaho, Utah, Montana, Nebraska, Illinois, Iowa, Missouri and Ohio and numerous municipalities. We are committed to supporting the unique needs of governmental entities, and we have the skills and resources to be a valued partner with them.

As we provide credit and non-credit services, we put the full resources of the bank behind our government clients, including: Treasury Management, Corporate Trust, Payment Systems government cards, Investment services, International banking services, depository services, municipal lending services, Merchant Services and more.

Treasury Management Services provide businesses of all sizes with a full range of tools to maintain better control over cash flow and to streamline their treasury management operations. Our state-of-the-art electronic delivery systems gives our clients up-to-the-minute information. We provide cost-saving and convenient collection services, disbursement options, electronic payments, EDI options and comprehensive reporting systems.

Specialized business services and specialized lending are also provided by Corporate Banking, including:

- Asset-based and Leveraged lending
- Leasing
- National commercial real estate lending
- Correspondent banking
- International banking
- Specialized industry banking
- Dealer floor plan services
- Federal, state and local government banking
- Treasury Management services
- Capital markets activities



Private Client & Trust Services

Trust. Confidence. Growth.

These are the reasons clients turn to U.S. Bancorp for a wide range of trust and private banking services. We are a national leader in the safekeeping and administration of assets, as well as a respected provider of financial advice, products and services to manage and build wealth. U.S. Bancorp has the strength and size needed to compete in all aspects of trust business, as well as the expertise to customize solutions to fit affluent client needs.



Private Client & Trust Services is comprised of four businesses:

- The Private Client Group serves the Private Banking and Personal Trust needs of our approximately 150,000 affluent clients through 143 offices. The group provides customized, comprehensive financial solutions including banking, trust, investments, and estate and financial planning.
- Corporate Trust is one of the nation's largest providers of trustee services for more than \$675 billion in municipal, corporate, asset-backed and international bonds. In addition, they provide paying agent, escrow agent, stock transfer and document collateral services.
- Institutional Trust and Custody provides retirement, investment and custodian services to nearly 6,000 institutional clients, with more than \$300 billion in assets under administration.
- Mutual Fund Services LLC provides transfer agent, fund accounting, fund administration/compliance and distribution to 100 mutual fund complexes with more than \$70 billion in assets under management.



Private Client Group

The Private Client Group serves affluent individuals and families including corporate executives, entrepreneurs, professionals and professional service operations. We strive to be our clients' key trusted advisor with the capability to provide for all of their financial needs. Our relationship managers are committed to understanding our clients' short- and long-term financial objectives, then delivering sophisticated solutions through a team of experts where, when and how our clients prefer.

Growth opportunities for this business include offering new solutions to our current clients and acquiring new business through our extensive referral network. Tremendous synergies exist in all areas of this business to introduce best practice product offerings into all of our markets. These opportunities position us very well for the future, and will allow us to capture a larger slice of the high-growth affluent market.

Corporate Trust Services

U.S. Bank has the strength and commitment to continue to grow our national leadership in corporate trust services. We offer a complete line of trust and escrow products, coast-to-coast locations, effective technology, and experienced and dedicated people.



Over the past several years we have created one of the largest corporate trust businesses in the nation, which last year:

- Served more than 35,000 customers through 27 offices in the U.S. and Argentina
- Provided services to more than 1 million bondholders and 550,000 shareholders
- Ranked first as municipal trustee in the nation since 1994, as measured by new issues
- Continued to rank among the top five nationally for asset-backed issues

Institutional Trust and Custody

Institutional Trust and Custody works closely with all areas of U.S. Bank to provide comprehensive solutions to our clients. The merger combines unique product features, such as securities lending, which will soon be available to the entire marketplace. We have the size and scale to make the necessary investments required to succeed in this competitive industry.



In 2000, both organizations enhanced their Internet capabilities for the 401(k) product set and continued to broaden their investment choices. In addition, *Plan Sponsor* magazine recognized Firststar for quality excellence in 401(k) recordkeeping.

Mutual Fund Services

Few companies can match the depth and breadth of products the new U.S. Bancorp offers mutual fund companies. The combination of our mutual fund, custody and securities lending services is rather unique in the marketplace. We are confident that our broad product offering, reputation for quality and financial strength will result in continued strong growth.

In 2000, Mutual Fund Services:

- Ranked sixth among third-party transfer agents, serving 100 mutual fund complexes with 700 funds and 1.7 million shareholder accounts
- Ranked seventh in third-party fund accounting, serving 442 funds with \$35 billion in assets
- Administered 234 portfolios with \$31 billion in assets



A Focus on Growth
Opportunities for growth in the Private Client and Trust Services businesses lie in many areas.

- Working more closely with our commercial banking and investments counterparts will provide us with an opportunity to deepen client relationships corporate-wide.
- Understanding total client needs and their goals will allow us to capture a larger share of our current clients' business.
- Through the Private Client Group, incorporating the best practices in our product and service capabilities will allow us to better meet client needs.
- In the Corporate Trust arena, a more robust product line including expert escrow, stock transfer and mortgage custody services will allow us to grow this business.
- In Custody, our securities lending product is a valuable tool for building a national custody business focused on industry niches and leveraging our commercial banking relationships.
- The opportunity for Mutual Fund Services lies in utilizing our strong commercial base to create expanded revenue opportunities.

Asset management is a significant business at U.S. Bancorp

with tremendous growth potential. Our asset management group currently includes Firststar Investment Research & Management Company (FIRMCO), adviser to the Firststar Funds, and U.S. Bancorp's First American Asset Management (FAAM), adviser to the First American Funds. This group manages more than \$116 billion for institutions, private asset management clients and our proprietary mutual funds. We expect to rebrand the asset management business as U.S. Bancorp Piper Jaffray Asset Management and we are evaluating the merger of our two asset managers.

Asset Management

Our initial vision is to be one of the most respected, best performing asset managers in the country. We will provide customers a broad product line and high quality service. Critical to achieving these goals is our value-added fundamental research and our ability to attract and retain top investment talent. We also will benefit from our extensive network of U.S. Bank, Firststar Bank and U.S. Bancorp Piper Jaffray branches, other brokers and online services.

We intend to infuse the business with the high-growth culture of U.S. Bancorp Piper Jaffray and build one of the nation's most respected, best performing independent-style asset managers. One of our greatest opportunities is earning a larger portion of our existing clients' investment management business. In every distribution channel, more than 80 percent of our clients buy their investment products from another company. We have many great products with a broader array to come, which will help us earn a greater share of our clients' business.

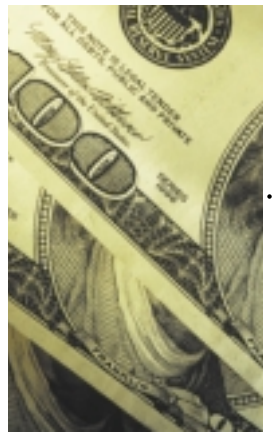
Our asset managers are organized principally to serve three client segments:

- A complete array of mutual funds, which are distributed to individuals, 401(k) participants and corporations. Total assets under management: \$50 billion.
- Institutional Advisory, providing individual portfolio management and securities lending for pension funds related to corporations, governments, nonprofit organizations, labor unions, endowments and foundations. Total assets under management: \$17 billion.
- High net worth individuals, providing private asset management primarily to clients in our Private Client and Trust Services. Total assets under management: \$49 billion.

Mutual Funds

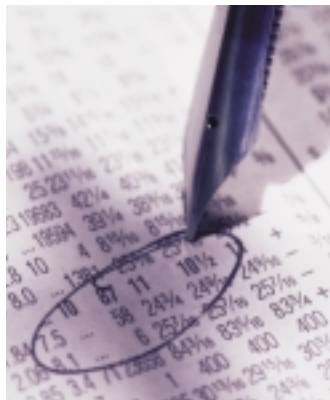
The new U.S. Bancorp will offer a complete family of mutual funds with expanded investment choices, meeting the needs of most investors. We provide mutual funds directly through our extensive channels and through our full-service 401(k) plans for businesses of all sizes, and have grown this business rapidly.

The quality of our products continues to earn increasing respect among financial advisors. For example, our First American Funds were the top selling mutual fund family at U.S. Bancorp Piper Jaffray last year. We have earned this market share through top performance with products that are tailored to clients. Maintaining and building the confidence of the financial adviser community continues to be a top priority.



Last year, Firststar Funds and First American Funds achieved strong performance, including:

- 23 Firststar Funds and First American Funds have Morningstar's overall star rating of 4 or 5 stars
- 44 Firststar Funds and First American Funds outperformed their Lipper category averages in 2000
- The First American International Fund and the Firststar International Growth Fund were both awarded Standard & Poor's Select status during 2000, joining Firststar Relative Value Fund and Firststar MicroCap Fund, which earned this designation in 1999



Institutional Advisory

We are a top-tier investment manager competing nationally but focusing in strategic markets where U.S. Bancorp has a physical presence. Our wide spectrum of products enables us to provide integrated solutions that simplify our clients' asset management needs. As a result, approximately two-thirds of our clients have multiple products and services with us.

Future growth depends on our ability to continue to deliver strong investment performance and a high level of personalized service. We intend to work and grow with our clients, as well as to attract new clients by helping them resolve specific investment issues or needs.

Private Asset Management

The world of asset management for affluent clients is becoming increasingly competitive as more sophisticated strategies emerge to manage investment returns, risk and tax efficiency. Our goal is to maximize tax-efficient wealth across generations for our clients. Through individually managed portfolios, mutual and commingled funds, and select



limited partnerships, we manage approximately \$60 billion for clients, providing a wide range of solutions to meet their investment objectives. The combination of Firststar and U.S. Bancorp enhances our ability to invest in new products and provides tremendous access to a large number of clients.

Investment products, including shares of mutual funds, are not obligations of, or guaranteed by, any bank, including U.S. Bank or Firststar or any U.S. Bancorp affiliates, nor are they insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other agency. An investment in such products involves investment risk, including possible loss of principal.

**Private Asset Management
2000 highlights:**

- Created the Custom Solutions Group, whose investment professionals typically have dual degrees in accounting, investment management or law to serve ultra-affluent clients.
- Launched the U.S. Bank Select Horizon I, LLC, a fund of hedge funds whose objective is providing consistently superior returns with limited risk.
- Designed a private equities fund for select clients.

**Institutional Advisory
2000 highlights:**

- Expanded our international, debt and indexed-equity product offerings.
- Introduced an online reporting service to provide clients with easy access to timely account information.
- Won 39 new institutional clients that added \$1.5 billion in assets under management.



U.S. Bancorp Piper Jaffray

U.S. Bancorp Piper Jaffray

continued its ascent last year as one of the nation's leading providers of investment expertise to individuals, companies and public and private institutions. Over the past several years, we have invested significantly in people and technology to deliver outstanding client service, increase market share and grow revenue.

Equity Capital Markets

Our goal is to become the nation's number one growth company investment bank. Achieving this requires a reputation as one of the top firms in research, underwriting and trading. Our strategy is to attract and retain the best and brightest talent in the industry, and provide them with state-of-the-art tools.

During the past five years, we've doubled our number of investment bankers to nearly 200. We have 80 equity-research analysts focusing exclusively on growth companies in five industries: consumer, financial institutions, health care, industrial growth and technology.

Institutional Investor ranked U.S. Bancorp Piper Jaffray 17th in its 2000 All-America Research Team standings, based on a survey of 725 leading investment management firms. The 2000 Reuters Survey named four of our equity analysts among the top 10 in the nation for the quality of their coverage in their respective industries.

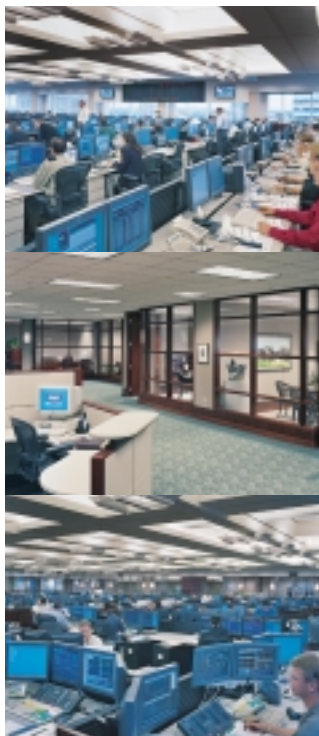
These investments have paid off as U.S. Bancorp Piper Jaffray:

- Ranked fifth last year in completed initial public offerings (IPOs)
- Managed or co-managed one of every six IPOs completed in 2000
- Grew revenues 70 percent last year while industry revenues grew only 20 percent – the difference reflecting market share gains
- Raised \$20 billion in capital for corporate clients¹
- Ranked 15th in mergers and acquisition transactions
- Achieved the highest score among 22 investment banks surveyed by AutEx/BlockDATA on after-market support. We were among the top three market makers in 97 percent of the issues we underwrote from January 1, 1999 to June 30, 2000 – about 150 stocks.
- Ranked among the top 10 nationally in technology-related IPOs in each of the past three years²

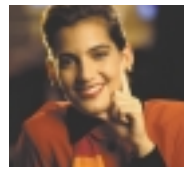
We are confident that our momentum will generate additional growth. The merger with Firststar creates further synergies between matching industry focuses in corporate banking and investment banking, particularly health care and consumer. More closely matching our level of investment with the market cycle should also benefit our bottom line.

Fixed Income Capital Markets

U.S. Bancorp is a nationally recognized leader in the municipal bond market and the number one underwriter in the Midwest for the past 10 years. In 2000, we retained our position as the nation's 10th largest senior manager of long-term municipal new issues, underwriting 499 issues with a par value of more than \$4.3 billion.³



To further strengthen our resources, last year we moved into our new U.S. Bancorp Piper Jaffray headquarters featuring a 10,000 square-foot, world-class trading floor.



U. S. Bancorp Piper Jaffray is focused on three complementary businesses:

- Equity Capital Markets providing advisory services for M&A, public offerings, sales, research, trading, and other equity and investment banking activities.
- Fixed Income Capital Markets providing public financing and other fixed income security services.
- Individual Investor Services providing financial advisory services for more than 500,000 affluent clients through approximately 1,200 financial professionals in more than 100 retail offices.



We also ranked:

- First for senior managers of issues of \$10 million and less³
- Seventh for competitive senior managers³
- Sixth for participants in the Federal Home Loan Bank TAP program⁴
- Top 10 in underwriting agency securities with 175 issues with a par value of more than \$3.7 billion⁵

After several years of rising interest rates, the future may hold a more favorable environment for public financing and other fixed income security services. We also see an opportunity to expand the lending relationships Firststar has developed with government entities in its markets to include other types of public financing.

Individual Investor Services

We strive to help affluent individuals build wealth and achieve their financial goals through a full range of investment resources, excellent research and more than 100 years of reputable service to investors. Last year we successfully launched several new products and services to provide clients with greater convenience and access to financial advice, including:

- The Prime Account combines investing, banking and credit services and is the only asset management account that allows investors to access their brokerage accounts in bank branches. In its first six months, the Prime Account attracted \$20 billion in assets and \$200 million in deposits.
- Online trading of equities combines the quality advice investors expect from U.S. Bancorp Piper Jaffray with virtually unlimited trading. Investors receive complete access to insightful industry research, top stock picks and real-time research news releases. Our online investment sites ranked in the top five by Gomez, a leading e-commerce authority for both consumers and e-businesses.
- The Premier Investment Account simplifies investing by combining stocks, bonds, mutual funds and more in one customizable program for a simple fee. The account includes full online trading, easy-to-read statements, and a free Prime Account. The most successful account launch in the firm's history, Premier attracted \$2.1 billion in assets last year.

Looking ahead, we plan to expand our retail investment presence in the Firststar Bank markets. With thousands of Firststar branches and automated teller machines, the convenience and power of the Prime and Premier Accounts will be an attractive entrée into these markets.



Sources: ¹Mergerstat

⁴Federal Home Loan Bank

²www.upsidetoday.com magazine

⁵Bloomberg

³Thomson Financial Securities Data

Nondeposit investment products offered are not insured by the FDIC, are not deposits or other obligations of or guaranteed by U.S. Bank National Association or its affiliates, and involve investment risks, including possible loss of the principal amount invested. Securities products and services offered through U.S. Bancorp Piper Jaffray Inc., member SIPC and NYSE, Inc. a subsidiary of U.S. Bancorp.

Payment Services

New payment solutions

are redefining the way America does business. Emerging electronic technologies and highly integrated systems are creating new efficiencies and conveniences for businesses and consumers. As a result, payment systems is one of the fastest-growing areas in financial services. No company is better positioned to capture this growth opportunity than U.S. Bancorp.

We are a national leader in payment systems, providing a suite of integrated payment services and financial solutions to consumers, businesses and government entities. U.S. Bancorp is a pioneer and innovator in purchasing cards, co-branded cards and online payments, with hundreds of billions of dollars in annual sales. And as an industry, we've barely tapped the huge potential of these new markets.

The merger of Firstar and U.S. Bancorp creates tremendous opportunity to leverage our combined payment systems, products and expertise across the markets of both companies. More diligent cross-selling, broader distribution, and additional product features and programs should result in both higher customer satisfaction and stronger sales.

U.S. Bank Payment Services is organized into these major businesses:

- Corporate Payment Systems includes corporate and commercial card businesses, purchasing cards, fleet cards, government payment service offerings and PowerTrack, our unique freight payment services product
- Branded Card Division provides branded credit card, consumer line-of-credit, debit card and stored value products for both businesses and consumers primarily within our banking region
- Co-Branded Card Division includes co-branded credit and debit card relationships with some of America's best-known companies, including Northwest Airlines, Harley-Davidson, Kroger, Quixtar (Amway), Albertsons, Midwest Express, Pitney Bowes and Staples
- Transaction Services includes one of the nation's 10 largest merchant bankcard processors and Network Services, which provides electronic funds transfers for other financial institutions and large merchants

Corporate Payment Systems

As companies and governments seek to lower their costs and increase operating efficiencies, U.S. Bancorp Corporate Payment Systems is the partner many choose. We have relationships with more than 275 *Fortune 1000* companies and offer a broad range of products and services for middle-market companies.

We provide corporate and purchasing cards to help businesses more efficiently process, track and control small-dollar purchases and employee travel and entertainment expenses. Other programs include the purchasing cards for federal and state government agencies and cards for employee relocation and fleet services. The purchasing card market is \$335 billion annually, with more than 90 percent of the market unpenetrated.



Last year, U.S. Bancorp:

- Retained our position as the nation's largest provider of Visa® corporate and purchasing cards in sales volume and cards issued
- Purchased Royal Bank of Canada's corporate card business, providing a Canadian presence and a broader product set for U.S.-based customers
- Launched C.A.R.E. (Customer Automated Reporting Environment) to corporate payment systems customers
- Introduced the e-Procurement card, our first step in a broader e-commerce solution for customers

Branded Card Division

Through our Branded Card Division, U.S. Bank helps meet the credit needs of consumers and small businesses. We also provide a stock-secured line-of-credit to employees of several companies with employee stock purchase programs. Last year, we:

- Ranked first nationally among issuers of Visa® small business cards
- Developed online access to statements and transaction information for customers
- Introduced the U.S. Bank Visa® Buxx Card, one of first banks in country to launch a prepaid, reloadable card

Co-Branded Card Division

The Co-Branded Card Division is comprised of consumer and business payment systems products tied to our partners' brand and value propositions. We help our partners capitalize on that affinity with meaningful product-value propositions for end-consumers, such as frequent flier miles, rewards/points, unique benefits, convenience and affiliation.

Last year, we:

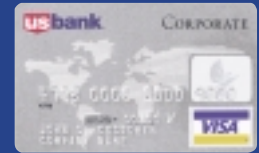
- Acquired and launched co-branded credit cards with Harley-Davidson Financial Services, Pitney Bowes Inc. and Staples, Inc.
- Introduced a no preset limit card, the WorldPerks® Visa® Signature™ Card, with our partner Northwest Airlines®, Inc.
- Together with our U.S. Bank-branded cards, U.S. Bank is the seventh largest Visa® and MasterCard® issuer with \$40 billion in sales volume



Transaction Services

Transaction Services provides convenient and secure transactions through two primary businesses. Merchant Payment Services offers businesses a wide range of payment solutions, including credit cards, checks and electronic payments for more than 130,000 businesses nationwide. Network Services processes debit card and ATM transactions for other financial institutions and larger merchants. Last year, we:

- Processed more than 700 million ATM transactions
- Increased merchant processing volume 16 percent to more than \$37 billion annually
- Extended our merchant payment acceptance offerings to include electronic check and gift card processing



Community Development

The new U.S. Bancorp and its U.S. Bank and Firststar banks are committed to being a leader in meeting the financial needs of all our constituents, including individuals and small businesses in low and moderate income areas. By providing a broad range of economically sound products and services, we meet the banking needs of a very diverse customer base throughout all of our markets.



We also are committed to investing in the well-being of the communities we serve. Our community investments encompass financial resources through grants and loans, plus time, energy, volunteerism and partnerships with other economic and neighborhood development organizations. We are working to promote affordable housing, boost economic development, foster the growth of small businesses, build stronger communities and open new doors for individuals, families and businesses.

In addition, the new U.S. Bancorp supports the quality of life in our communities through sponsorships of a wide range of social, educational, sports, cultural and fine arts events in our communities. These sponsorships extend from school sports programs to symphony concerts, professional sports to science museums, local fairs and festivals to fireworks, marathons for medical research to balloon and bike races, from parades to parks and from jazz to zoos.

At the same time we are supporting our communities through funding and financing, we also encourage our employees to pledge their skills and dedication in support of the organizations and events to which they personally can contribute.

The new U.S. Bancorp, in conjunction with U.S. Bank and Firststar Bank, will continue to invest in our neighborhoods, our cities and all of our markets through cash grants, loan assistance, sponsorships, employee volunteer time and in-kind donations throughout our 24-state franchise. We work



closely with organizations and governmental agencies in furthering our efforts in this important area. This is good business for our company — it's good business for our communities, and it's the right thing to do. We believe we are only as strong as the communities we do business in — and to the new U.S. Bancorp, that means every one in those communities.



Managing Committee

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President and Chief Executive Officer

John F. Grundhofer
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Andrew Cecere
Vice Chairman
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William L. Chenevich
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Consumer Banking and Payment Systems

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Daniel M. Quinn
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Commercial Banking

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Executive Vice President and
General Counsel

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Executive Vice President
Human Resources

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U.S. Bancorp

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Chairman
U.S. Bancorp

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President
Marshall Field's

Arthur D. Collins, Jr. 1, 2, 5
President and Chief Operating Officer
Medtronic, Inc.

Peter H. Coors 2, 4, 5
Chairman
Coors Brewing Company

John C. Dannemiller 4, 5
Former Chairman, CEO and President
Applied Industrial Technologies

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United Medical Resources, Inc.

Joshua Green III 3, 4
Chairman and Chief Executive Officer
Joshua Green Corporation

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The Midland Company

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U.S. Precision Lens, Inc.

Thomas H. Jacobsen 4
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Firststar Corporation

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Vice President
Safeguard Scientifics, Inc.

Joel W. Johnson 4, 5
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Sunbeam Corporation

Sheldon B. Lubar 1, 5
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Lubar & Company

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Wingmead

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Ohio National Financial Services

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Medical Director
United Healthcare

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Formerly Chairman and Chief Executive Officer
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President and Chief Executive Officer
Northwest Natural Gas Company

S. Walter Richey 1, 2
Formerly Chairman and Chief Executive Officer
Meritex, Inc.

Warren R. Staley 1, 3
Chairman and Chief Executive Officer
Cargill, Inc.

Patrick T. Stokes 1, 5
President
Anheuser-Busch

John J. Stollenwerk 2, 3, 4
President
Allen-Edmonds Shoe Corporation

- 1 Executive Committee
- 2 Compensation Committee
- 3 Audit Committee
- 4 Community Outreach and Fair Lending Committee
- 5 Governance Committee

Corporate Information

Executive Offices

U.S. Bancorp
U.S. Bank Place
601 Second Avenue South
Minneapolis, Minnesota 55402-4302

Common Stock Transfer Agent and Registrar

Firststar Bank, N.A., a subsidiary of U.S. Bancorp, 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. Inquiries related to shareholder records, stock transfers, changes of ownership, changes of address and dividend payment should be sent to the transfer agent at the following address:

Firststar Bank, N.A.
1555 North River Center Drive, Suite 301
Milwaukee, WI 53212
Phone: 1-800-637-7549
Fax: 414-276-4226
Email: firststarinvestorservice@firststar.com

Independent Public Accountants

The independent public accountants of U.S. Bancorp are PricewaterhouseCoopers LLP.

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.

Dividend Reinvestment Plan

U.S. Bancorp shareholders can take advantage of a plan that provides automatic reinvestment of dividends and/or optional cash purchase of additional shares of U.S. Bancorp common stock. For more information, please contact:

Firststar Bank, N.A.
Dividend Reinvestment Department
1555 North River Center Drive, Suite 301
Milwaukee, WI 53212
or call 1-800-637-7549

Investment Community Contacts

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Financial Information

U.S. Bancorp news and financial results are available through the company's web site and mail.

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

Mail. At your request, we will mail to you our quarterly earnings news releases, quarterly financial data 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:

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

Media Requests

Wendy Raway
Vice President, Public Relations
612-973-2429
wendy.raway@usbank.com

Diversity

U.S. Bancorp and its subsidiaries are committed to developing and maintaining a workplace that reflects the diversity of the communities we serve. We support a work environment where individual differences are valued and respected and where each individual who shares the fundamental values of the company has an opportunity to contribute and grow based on individual merit.

Equal Employment Opportunity/Affirmative Action

U.S. Bancorp and its subsidiaries are committed to providing Equal Employment Opportunity to all employees and applicants for employment. In keeping with this, employment decisions are made based upon job-related knowledge, skills and abilities rather than race, color, religion, national origin, gender, age, marital status, disability, veteran status, sexual orientation, gender identity or any other characteristic protected by law. The corporation complies with municipal, state, and federal Fair Employment Laws, including regulations applying to federal contractors.

Community Annual Report

To request copies of the U.S. Bancorp Community Annual Report, published separately from our U.S. Bancorp Annual Report and Form 10-K, please call U.S. Bancorp Community Development at 612-973-4996. To request copies of the Firststar Community Partnership Report, please call Firststar Community Development at (513) 632-4030.

U.S. Bancorp, including each of its subsidiaries, is an Equal Opportunity Employer and a Drug-Free Workplace.

This report has been produced on recycled paper. ♻️



For product and service information, locations and other information about our U.S. Bank and Firststar banks and lines of business:

www.usbank.com
www.firststar.com