



News Release

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U.S. BANCORP REPORTS EARNINGS FOR 2ND QUARTER 2002

| EARNINGS SUMMARY | | | | | | | | Table 1 |
|--|------------|------------|------------|--------------------------------------|--------------------------------------|-------------|-------------|-------------------|
| (\$ in millions, except per-share data) | | | | | | | | |
| | 2Q 2002 | 1Q 2002 | 2Q 2001 | Percent Change 2Q02 vs 1Q02 | Percent Change 2Q02 vs 2Q01 | YTD 2002 | YTD 2001 | Percent Change |
| Before merger and restructuring-related items and cumulative effect of change in accounting principles*: | | | | | | | | |
| Operating earnings | \$869.8 | \$841.6 | \$818.6 | 3.4 | 6.3 | \$1,711.4 | \$1,615.9 | 5.9 |
| Earnings per common share (diluted) | 0.45 | 0.44 | 0.43 | 2.3 | 4.7 | 0.89 | 0.84 | 6.0 |
| Return on average common equity(%) | 21.2 | 21.1 | 21.0 | | | 21.1 | 21.0 | |
| Return on average assets (%) | 2.06 | 2.03 | 1.99 | | | 2.05 | 1.99 | |
| Efficiency ratio (%) | 46.8 | 46.1 | 47.6 | | | 46.5 | 49.1 | |
| Net income | 823.1 | 756.0 | 562.3 | 8.9 | 46.4 | 1,579.1 | 972.4 | 62.4 |
| Earnings per common share (diluted) | 0.43 | 0.39 | 0.29 | 10.3 | 48.3 | 0.82 | 0.51 | 60.8 |
| Dividends declared per common share | 0.195 | 0.195 | 0.1875 | -- | 4.0 | 0.39 | 0.375 | 4.0 |
| Book value per common share (period-end) | 8.70 | 8.30 | 8.10 | 4.8 | 7.4 | | | |
| Net interest margin (%) | 4.59 | 4.62 | 4.34 | | | 4.60 | 4.36 | |

* merger and restructuring-related items, net of taxes, totaled \$(46.7) million in 2Q02; \$(48.4) million in 1Q02, \$(256.3) million in 2Q01, \$(95.1) year-to-date 2002, and \$(643.5) year-to-date 2001; cumulative effect of change in accounting principles totaled \$(37.2) million in 1Q02 and year-to-date.

MINNEAPOLIS, July 16, 2002 – U.S. Bancorp (NYSE: USB) today reported operating earnings of \$869.8 million for the second quarter of 2002, compared with \$818.6 million for the second quarter of 2001. Operating earnings of \$.45 per diluted share in the second quarter of 2002 were higher than the same period of 2001 by \$.02 (4.7 percent). Return on average common equity and return on average assets, excluding merger and restructuring-related items, were 21.2 percent and 2.06 percent, respectively, in the second quarter of 2002, compared with returns of 21.0 percent and 1.99 percent in the second quarter of 2001.

Including after-tax merger and restructuring-related items of \$(46.7) million in the second quarter of 2002 and \$(256.3) million the second quarter of 2001, the Company recorded net income for the

second quarter of 2002 of \$823.1 million, or \$.43 per diluted share, compared with \$562.3 million, or \$.29 per diluted share, for the same period of 2001.

U.S. Bancorp President and Chief Executive Officer Jerry A. Grundhofer said, "I am very pleased with our second quarter operating results. We experienced solid core revenue growth over the same quarter of last year, and even more rewarding for me, core revenue growth of well over 14 percent annualized from the first quarter to the second quarter of 2002. We achieved this growth despite both a challenging economy and the significant amount of resources we continue to dedicate towards the successful completion of the integration of Firststar Corporation and the former U.S. Bancorp of Minneapolis. I am very proud of the hard work and accomplishments of our employees--not only for keeping the revenue momentum going and embracing our Five Star Service Guarantee, but for their dedication to the successful completion of the integration. Eighty-five percent of our customers are now on common deposit systems and we are on-track to be at 100 percent by the end of the third quarter."

Total revenue, before merger and restructuring-related gains, on a taxable-equivalent basis for the second quarter of 2002 grew by \$276.7 million (9.7 percent) over the second quarter of 2001, primarily due to improvement in the net interest margin, acquisitions and core banking growth, partially offset by the impact of portfolio sales in 2001 and capital markets-related revenue.

Total noninterest expense, before merger and restructuring-related items, increased over the second quarter of 2001 by \$106.9 million (8.0 percent), primarily reflecting the impact of acquisitions, core banking growth and impairment of mortgage servicing rights ("MSR"), partially offset by the impact to goodwill and other intangible expense with the required adoption of new accounting standards and cost savings from the Company's on-going integration efforts.

Provision for credit losses, before merger and restructuring-related items, for the second quarter of 2002 increased by \$95.0 million (39.6 percent), from the second quarter of 2001, primarily reflecting higher net charge-offs and changes in the credit risk profile of the portfolio given the sluggish economic conditions.

Net charge-offs in the second quarter of 2002 were \$330.5 million, compared with the first quarter of 2002 net charge-offs of \$335.0 million and second quarter of 2001 net charge-offs of \$240.3 million. Net charge-offs in the second quarter of 2002 reflected continuing weakness in the transportation, manufacturing, communications and technology sectors. Nonperforming assets increased from \$1,110.8 million at March 31, 2002, to \$1,147.7 million at June 30, 2002. The ratio of allowance for credit losses to nonperforming loans was 241 percent at June 30, 2002, compared with 250 percent at March 31, 2002.

During the first quarter of 2002, the Company fully adopted new accounting standards with respect to accounting for business combinations (SFAS 141) and goodwill and other intangible assets (SFAS 142). Management anticipates that applying the provisions of SFAS 141 to recent acquisitions and the provisions of SFAS 142 to purchase acquisitions completed prior to July 1, 2001, will increase after-tax income for the year ending December 31, 2002, by approximately \$200 million, or \$.10 per diluted share. Additionally, the Company recognized an after-tax goodwill impairment charge of \$37.2 million in the first quarter of 2002, primarily related to the purchase of a transportation leasing company in 1998 by the equipment leasing business. This charge was recognized as a "cumulative effect of change in accounting principles" in the income statement.

On April 1, 2002, the Company completed its acquisition of Cleveland-based The Leader Mortgage Company, LLC ("Leader Mortgage"), a wholly-owned subsidiary of First Defiance Financial Corp., in a cash transaction. Leader Mortgage had \$506 million in assets at December 31, 2001, and an \$8.6 billion servicing portfolio. In 2001 it had \$2.1 billion in mortgage production.

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| INCOME STATEMENT HIGHLIGHTS | | | | | | | | | Table 2 |
|---|-----------|-----------|-----------|---------|---------|-----------|-----------|---------|---------|
| (Taxable-equivalent basis, \$ in millions, except per-share data) | 2Q | 1Q | 2Q | Percent | Percent | YTD | YTD | Percent | |
| | 2002 | 2002 | 2001 | Change | Change | | | | |
| | | | | 2Q02 vs | 2Q02 vs | 2002 | 2001 | Change | |
| | | | | 1Q02 | 2Q01 | | | | |
| Net interest income | \$1,689.8 | \$1,670.4 | \$1,574.8 | 1.2 | 7.3 | \$3,360.2 | \$3,139.1 | 7.0 | |
| Noninterest income* | 1,437.3 | 1,326.9 | 1,275.6 | 8.3 | 12.7 | 2,764.2 | 2,686.3 | 2.9 | |
| Total revenue | 3,127.1 | 2,997.3 | 2,850.4 | 4.3 | 9.7 | 6,124.4 | 5,825.4 | 5.1 | |
| Noninterest expense* | 1,448.8 | 1,362.6 | 1,341.9 | 6.3 | 8.0 | 2,811.4 | 2,736.2 | 2.7 | |
| Operating income before merger and restructuring-related items and cumulative effect of change in accounting principles | 1,678.3 | 1,634.7 | 1,508.5 | 2.7 | 11.3 | 3,313.0 | 3,089.2 | 7.2 | |
| Provision for credit losses* | 335.0 | 335.0 | 240.0 | -- | 39.6 | 670.0 | 605.8 | 10.6 | |
| Income before taxes, merger and restructuring-related items and cumulative effect of change in accounting principles | 1,343.3 | 1,299.7 | 1,268.5 | 3.4 | 5.9 | 2,643.0 | 2,483.4 | 6.4 | |
| Taxable-equivalent adjustment | 9.0 | 9.1 | 16.8 | (1.1) | (46.4) | 18.1 | 35.3 | (48.7) | |
| Income taxes* | 464.5 | 449.0 | 433.1 | 3.5 | 7.3 | 913.5 | 832.2 | 9.8 | |
| Income before merger and restructuring-related items and cumulative effect of change in accounting principles | 869.8 | 841.6 | 818.6 | 3.4 | 6.3 | 1,711.4 | 1,615.9 | 5.9 | |
| Merger and restructuring-related items (after-tax) | (46.7) | (48.4) | (256.3) | nm | nm | (95.1) | (643.5) | nm | |
| Cumulative effect of change in accounting principles (after-tax) | -- | (37.2) | -- | nm | nm | (37.2) | -- | nm | |
| Net income | \$823.1 | \$756.0 | \$562.3 | 8.9 | 46.4 | \$1,579.1 | \$972.4 | 62.4 | |
| Per diluted common share: | | | | | | | | | |
| Earnings, before merger and restructuring-related items and cumulative effect of change in accounting principles | \$0.45 | \$0.44 | \$0.43 | 2.3 | 4.7 | \$0.89 | \$0.84 | 6.0 | |
| Net income | \$0.43 | \$0.39 | \$0.29 | 10.3 | 48.3 | \$0.82 | \$0.51 | 60.8 | |

* Before effect of merger and restructuring-related items and cumulative effect of change in accounting principles

Net Interest Income

Second quarter net interest income on a taxable-equivalent basis was \$1,689.8 million, compared with \$1,574.8 million recorded in the second quarter of 2001. Average earning assets for the period increased over the second quarter of 2001 by \$2.4 billion (1.6 percent), primarily driven by increases in the investment portfolio, core retail loan growth and the impact of acquisitions, partially offset by a \$1.0 billion reduction related to transfers of short-term, high credit quality, low margin commercial loans to Stellar Funding Group, Inc. (the "loan conduit"), a \$616 million decline in residential mortgages and the securitization of a discontinued unsecured small business product in 2001. The net interest margin in the second quarter of 2002 was 4.59 percent, compared with 4.62

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percent in the first quarter of 2002 and 4.34 percent in the second quarter of 2001. The improvement in the net interest margin in the second quarter of 2002 over the second quarter of 2001 reflects the funding benefits of the declining rate environment, a more favorable funding mix and improving spreads due to product re-pricing dynamics and loan conduit transfers, partially offset by lower yields on the investment portfolio. Net interest income on a taxable-equivalent basis in the second quarter of 2002 was higher than the first quarter of 2002, primarily due to a \$1.7 billion increase in average earning assets, driven by investment securities activities and the acquisition of Leader Mortgage, and day basis, which totaled \$11.5 million, offset somewhat by a shift in funding mix toward longer term fixed-rate funding sources.

| NET INTEREST INCOME | | | | | | | | Table 3 |
|--|------------|------------|------------|---------------------------|---------------------------|-------------|-------------|-------------|
| (Taxable-equivalent basis; \$ in millions) | | | | | | | | |
| | 2Q 2002 | 1Q 2002 | 2Q 2001 | Change 2Q02 vs 1Q02 | Change 2Q02 vs 2Q01 | YTD 2002 | YTD 2001 | Change |
| Components of net interest income | | | | | | | | |
| Income on earning assets | \$2,384.6 | \$2,371.7 | \$2,832.6 | \$12.9 | (\$448.0) | \$4,756.3 | \$5,860.1 | \$(1,103.8) |
| Expenses on interest-bearing liabilities | 694.8 | 701.3 | 1,257.8 | (6.5) | (563.0) | 1,396.1 | 2,721.0 | (1,324.9) |
| Net interest income | \$1,689.8 | \$1,670.4 | \$1,574.8 | \$19.4 | \$115.0 | \$3,360.2 | \$3,139.1 | \$221.1 |
| Average yields and rates paid | | | | | | | | |
| Earning assets yield | 6.47 % | 6.57 % | 7.81 % | (0.10) % | (1.34) % | 6.52 % | 8.15 % | (1.63) % |
| Rate paid on interest-bearing liabilities | 2.32 | 2.40 | 4.21 | (0.08) | (1.89) | 2.36 | 4.59 | (2.23) |
| Gross interest margin | 4.15 % | 4.17 % | 3.60 % | (0.02) % | 0.55 % | 4.16 % | 3.56 % | 0.60 % |
| Net interest margin | 4.59 % | 4.62 % | 4.34 % | (0.03) % | 0.25 % | 4.60 % | 4.36 % | 0.24 % |
| Average balances | | | | | | | | |
| Investment securities | \$28,016 | \$26,626 | \$21,257 | \$1,390 | \$6,759 | \$27,325 | \$19,575 | \$7,750 |
| Loans | 114,017 | 113,708 | 119,469 | 309 | (5,452) | 113,866 | 120,613 | (6,747) |
| Earning assets | 147,641 | 145,937 | 145,289 | 1,704 | 2,352 | 146,797 | 144,581 | 2,216 |
| Interest-bearing liabilities | 119,851 | 118,379 | 119,877 | 1,472 | (26) | 119,119 | 119,471 | (352) |
| Net free funds* | 27,790 | 27,558 | 25,412 | 232 | 2,378 | 27,678 | 25,110 | 2,568 |
| * Represents noninterest-bearing deposits, allowance for credit losses, non-earning assets, other liabilities and equity | | | | | | | | |

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| AVERAGE LOANS | | | | | | | | Table 4 |
|--|-----------|-----------|-----------|---------|---------|-----------|-----------|---------|
| (\$ in millions) | | | | | | | | |
| | 2Q | 1Q | 2Q | Percent | Percent | YTD | YTD | Percent |
| | 2002 | 2002 | 2001 | Change | Change | 2002 | 2001 | Change |
| | | | | 2Q02 vs | 2Q02 vs | | | |
| | | | | 1Q02 | 2Q01 | | | |
| Commercial | \$38,826 | \$39,641 | \$45,632 | (2.1) | (14.9) | \$39,232 | \$46,215 | (15.1) |
| Lease financing | 5,601 | 5,740 | 5,865 | (2.4) | (4.5) | 5,670 | 5,817 | (2.5) |
| Total commercial | 44,427 | 45,381 | 51,497 | (2.1) | (13.7) | 44,902 | 52,032 | (13.7) |
| Commercial mortgages | 18,783 | 18,682 | 18,991 | 0.5 | (1.1) | 18,732 | 19,148 | (2.2) |
| Construction and development | 6,446 | 6,504 | 7,360 | (0.9) | (12.4) | 6,475 | 7,256 | (10.8) |
| Total commercial real estate | 25,229 | 25,186 | 26,351 | 0.2 | (4.3) | 25,207 | 26,404 | (4.5) |
| Residential mortgages | 8,194 | 7,962 | 8,810 | 2.9 | (7.0) | 8,078 | 9,023 | (10.5) |
| Credit card | 5,627 | 5,632 | 5,652 | (0.1) | (0.4) | 5,633 | 5,653 | (0.4) |
| Retail leasing | 5,337 | 5,042 | 4,465 | 5.9 | 19.5 | 5,190 | 4,379 | 18.5 |
| Home equity and second mortgages | 13,144 | 12,513 | 11,367 | 5.0 | 15.6 | 12,830 | 11,657 | 10.1 |
| Other retail | 12,059 | 11,992 | 11,327 | 0.6 | 6.5 | 12,026 | 11,465 | 4.9 |
| Total retail | 36,167 | 35,179 | 32,811 | 2.8 | 10.2 | 35,679 | 33,154 | 7.6 |
| Total loans | \$114,017 | \$113,708 | \$119,469 | 0.3 | (4.6) | \$113,866 | \$120,613 | (5.6) |
| Total loans, excl. residential mortgages | \$105,823 | \$105,746 | \$110,659 | 0.1 | (4.4) | \$105,788 | \$111,590 | (5.2) |

Average loans for the second quarter of 2002 were \$5.5 billion (4.6 percent) lower than the second quarter of 2001. Year-over-year loan growth was impacted by several management actions, including, the securitization of a discontinued unsecured small business product, branch divestitures, and transfers of short-term, high credit quality, low margin commercial loans to the loan conduit. On a core basis, average loans declined approximately \$3.9 billion (3.2 percent) with growth in average retail loans more than offset by a decline in average residential mortgages, commercial and commercial real estate loans.

Average loans for second quarter of 2002 were higher than the first quarter of 2002 by \$309 million (.3 percent) reflecting growth in retail loans and the net run-off of commercial loans.

Investment securities at June 30, 2002, were \$9.6 billion higher than at June 30, 2001, and \$5.9 billion higher than at March 31, 2002. Average investment securities for the second quarter of 2002

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were \$6.8 billion (31.8 percent) and \$1.4 billion (5.2 percent) higher than the second quarter of 2001 and first quarter of 2002, respectively, reflecting the reinvestment of proceeds from loan sales and declines in commercial and commercial real estate loan balances. During the second quarter of 2002, the Company sold \$2.4 billion of fixed-rate securities. A portion of the fixed-rate securities sold were replaced with floating-rate securities in conjunction with the Company's interest rate risk management strategies.

| AVERAGE DEPOSITS | | | | | | | | Table 5 |
|---|------------|------------|------------|--------------------------------------|--------------------------------------|-------------|-------------|-------------------|
| (\$ in millions) | | | | | | | | |
| | 2Q 2002 | 1Q 2002 | 2Q 2001 | Percent Change 2Q02 vs 1Q02 | Percent Change 2Q02 vs 2Q01 | YTD 2002 | YTD 2001 | Percent Change |
| Noninterest-bearing deposits | \$27,267 | \$27,485 | \$24,512 | (0.8) | 11.2 | \$27,375 | \$24,054 | 13.8 |
| Interest-bearing deposits | | | | | | | | |
| Interest checking | 15,318 | 15,152 | 13,846 | 1.1 | 10.6 | 15,236 | 13,787 | 10.5 |
| Money market accounts | 24,384 | 24,797 | 25,020 | (1.7) | (2.5) | 24,589 | 24,635 | (0.2) |
| Savings accounts | 4,957 | 4,773 | 4,533 | 3.9 | 9.4 | 4,866 | 4,515 | 7.8 |
| Savings products | 44,659 | 44,722 | 43,399 | (0.1) | 2.9 | 44,691 | 42,937 | 4.1 |
| Time certificates of deposit less than \$100,000 | 19,653 | 20,464 | 23,933 | (4.0) | (17.9) | 20,056 | 24,629 | (18.6) |
| Time deposits greater than \$100,000 | 10,871 | 9,341 | 15,424 | 16.4 | (29.5) | 10,110 | 14,264 | (29.1) |
| Total deposits | \$102,450 | \$102,012 | \$107,268 | 0.4 | (4.5) | \$102,232 | \$105,884 | (3.4) |

Average noninterest-bearing deposits in the second quarter of 2002 were higher than the second quarter of 2001 by \$2.8 billion (11.2 percent). Average interest-bearing deposits, however, declined by \$7.6 billion (9.2 percent) from the second quarter of 2001. Growth in average savings products (2.9 percent) year-over-year was more than offset by reductions in the average balances of higher cost time certificates (17.9 percent) and time deposits greater than \$100,000 (29.5 percent). The decline in time certificates and time deposits greater than \$100,000 reflected funding decisions toward more favorably priced wholesale funding sources given the recent rate environment.

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| NONINTEREST INCOME | | | | | | | | | Table 6 |
|--|-------------|-------------|-------------|----------------|----------------|-------------|-------------|----------------|----------------|
| (\$ in millions) | | | | | | | | | |
| | 2Q | 1Q | 2Q | Percent | Percent | | | | |
| | 2002 | 2002 | 2001 | Change | Change | YTD | YTD | Percent | |
| | | | | 2Q02 vs | 2Q02 vs | 2002 | 2001 | Change | |
| | | | | 1Q02 | 2Q01 | | | | |
| Credit and debit card revenue | \$131.2 | \$109.3 | \$118.8 | 20.0 | 10.4 | \$240.5 | \$227.8 | 5.6 | |
| Corporate payment products revenue | 82.5 | 75.2 | 77.4 | 9.7 | 6.6 | 157.7 | 156.2 | 1.0 | |
| Merchant processing services | 144.4 | 133.6 | 31.4 | 8.1 | nm | 278.0 | 61.7 | nm | |
| ATM processing services | 33.5 | 30.9 | 33.0 | 8.4 | 1.5 | 64.4 | 64.6 | (0.3) | |
| Trust and investment management fees | 234.9 | 224.3 | 228.0 | 4.7 | 3.0 | 459.2 | 453.0 | 1.4 | |
| Deposit service charges | 170.2 | 152.6 | 176.7 | 11.5 | (3.7) | 322.8 | 323.2 | (0.1) | |
| Cash management fees | 104.3 | 104.2 | 84.9 | 0.1 | 22.9 | 208.5 | 161.7 | 28.9 | |
| Mortgage banking revenue | 75.4 | 52.0 | 57.0 | 45.0 | 32.3 | 127.4 | 105.2 | 21.1 | |
| Trading account profits and commissions | 49.5 | 49.9 | 55.8 | (0.8) | (11.3) | 99.4 | 127.7 | (22.2) | |
| Investment products fees and commissions | 107.4 | 111.1 | 114.2 | (3.3) | (6.0) | 218.5 | 239.9 | (8.9) | |
| Investment banking revenue | 70.5 | 53.2 | 71.1 | 32.5 | (0.8) | 123.7 | 131.3 | (5.8) | |
| Commercial product revenue | 127.0 | 118.9 | 105.0 | 6.8 | 21.0 | 245.9 | 190.9 | 28.8 | |
| Securities gains, net | 30.6 | 44.1 | 31.3 | (30.6) | (2.2) | 74.7 | 247.3 | (69.8) | |
| Other | 75.9 | 67.6 | 91.0 | 12.3 | (16.6) | 143.5 | 195.8 | (26.7) | |
| Subtotal | 1,437.3 | 1,326.9 | 1,275.6 | 8.3 | 12.7 | 2,764.2 | 2,686.3 | 2.9 | |
| Merger and restructuring-related gains | -- | -- | 62.2 | | | -- | 62.2 | | |
| Total noninterest income | \$1,437.3 | \$1,326.9 | \$1,337.8 | | | \$2,764.2 | \$2,748.5 | | |

Noninterest Income

Second quarter noninterest income, before merger and restructuring-related gains, was \$1,437.3 million, an increase of \$161.7 million (12.7 percent) from the same quarter of 2001, and a \$110.4 million (8.3 percent) increase over the first quarter of 2002. The growth in noninterest income over the second quarter of 2001 was primarily driven by acquisitions, including NOVA Corporation (“NOVA”), Pacific Century Bank and Leader Mortgage, which contributed approximately \$127.3 million of the favorable variance. Increases in revenue associated with the Company’s core banking products also contributed to the strong revenue growth over the same period of 2001. Credit and debit card revenue, corporate payment products revenue and ATM processing services were higher in the second quarter of 2002 than the second quarter of 2001 by \$18.0 (7.9 percent), primarily reflecting

growth in card usage. Merchant processing services grew by \$113.0 million year-over-year, primarily due to the acquisition of NOVA. Trust and investment management fees improved in the second quarter of 2002 relative to a year ago by \$6.9 million (3.0 percent) primarily due to growth in new business. Cash management fees and commercial product revenue grew by \$19.4 million (22.9 percent) and \$22.0 million (21.0 percent), respectively, in the second quarter of 2002 over the same period of 2001. The increase in cash management fees and commercial product revenue was primarily driven by growth in core business, loan conduit activities and product enhancements. In addition to the impact of Leader Mortgage, mortgage banking revenue increased in the second quarter of 2002 compared with the second quarter of 2001, primarily due to gains on the sale of servicing rights of \$5.9 million. Offsetting these favorable variances were declines in capital markets-related revenue of \$13.7 million (5.7 percent), reflecting softness in the equity capital markets, and a decrease in deposit service charges of \$6.5 million (3.7 percent) from the same period of 2001.

Noninterest income increased in the second quarter of 2002 by \$110.4 million (8.3 percent) over the first quarter of 2002. Leader Mortgage contributed approximately \$14.0 million to the growth in revenue, while gains on the sale of securities declined by approximately the same amount. The Company experienced strong growth in the second quarter of 2002 over the first quarter of 2002 in credit and debit card revenue (20.0 percent), as well as corporate payment products revenue (9.7 percent) and merchant processing services (8.1 percent), which were driven by higher sales/charge volumes. Trust and investment management fees increased 4.7 percent due, in part, to seasonal tax filing services in the second quarter of 2002. Deposit service charges increased 11.5 percent relative to the first quarter of 2002, while cash management fees were essentially unchanged. The growth in deposit service charges was primarily due to seasonality and revenue enhancement initiatives. In addition to the acquisition of Leader Mortgage, mortgage banking revenue increased in the second quarter of 2002 over the first quarter of 2002 due to higher gains on the sale of servicing rights. Capital markets-related revenues increased \$13.2 million (6.2 percent) from the first quarter of 2002, while commercial product revenue increased \$8.1 million (6.8 percent) over the same time period.

| NONINTEREST EXPENSE | | | | | | | | Table 7 |
|--|------------|------------|------------|--------------------------------------|--------------------------------------|-------------|-------------|-------------------|
| (\$ in millions) | | | | | | | | |
| | 2Q 2002 | 1Q 2002 | 2Q 2001 | Percent Change 2Q02 vs 1Q02 | Percent Change 2Q02 vs 2Q01 | YTD 2002 | YTD 2001 | Percent Change |
| Salaries | \$607.6 | \$588.3 | \$570.5 | 3.3 | 6.5 | \$1,195.9 | \$1,161.0 | 3.0 |
| Employee benefits | 91.1 | 96.4 | 90.7 | (5.5) | 0.4 | 187.5 | 198.8 | (5.7) |
| Net occupancy | 101.8 | 100.1 | 101.4 | 1.7 | 0.4 | 201.9 | 211.5 | (4.5) |
| Furniture and equipment | 77.0 | 76.9 | 74.9 | 0.1 | 2.8 | 153.9 | 151.8 | 1.4 |
| Capitalized software | 37.7 | 38.4 | 33.2 | (1.8) | 13.6 | 76.1 | 63.3 | 20.2 |
| Communication | 44.1 | 45.7 | 50.3 | (3.5) | (12.3) | 89.8 | 89.0 | 0.9 |
| Postage | 44.4 | 46.6 | 43.8 | (4.7) | 1.4 | 91.0 | 90.7 | 0.3 |
| Goodwill | -- | -- | 58.6 | nm | nm | -- | 126.4 | nm |
| Other intangible assets | 104.7 | 80.2 | 54.0 | 30.5 | 93.9 | 184.9 | 100.6 | 83.8 |
| Other | 340.4 | 290.0 | 264.5 | 17.4 | 28.7 | 630.4 | 543.1 | 16.1 |
| Subtotal | 1,448.8 | 1,362.6 | 1,341.9 | 6.3 | 8.0 | 2,811.4 | 2,736.2 | 2.7 |
| Merger and restructuring-related charges | 71.6 | 74.2 | 252.8 | | | 145.8 | 657.0 | |
| Total noninterest expense | \$1,520.4 | \$1,436.8 | \$1,594.7 | | | \$2,957.2 | \$3,393.2 | |

Noninterest Expense

Second quarter noninterest expense, before merger and restructuring-related charges, totaled \$1,448.8 million, an increase of \$106.9 million (8.0 percent) over the second quarter of 2001. The increase in expense year-over-year was primarily due to the impact of recent acquisitions, including NOVA, Pacific Century and Leader Mortgage, which accounted for approximately \$113.5 million of the increase. In addition, the second quarter of 2002 included \$14.3 million of MSR impairment and higher expenses due to core banking growth. Offsetting the increases in expense were the Company's on-going integration activities and the impact of adopting new accounting standards related to business combinations and the amortization of intangibles.

Second quarter of 2002 noninterest expense, before merger and restructuring-related charges, was higher than the first quarter of 2002 by \$86.2 million (6.3 percent). The unfavorable variance was primarily due to higher expenses related to capital markets activities, growth in payment processing, the acquisition of Leader Mortgage and a \$14.3 million mortgage servicing rights impairment

recorded in the second quarter of 2002, in addition to seasonally higher operating expenses, including legal and professional, travel and entertainment and marketing and public relations.

| SIGNIFICANT ITEMS - MERGER AND RESTRUCTURING | | | | | Table 8 |
|---|-----------------------------|------------------------|---------------------------|------------------------|------------------------|
| (\$ in millions) | | | | | |
| Summary of Charges | Current Estimate | Timing | | Actual 1Q02 | Actual 2Q02 |
| | | Actual 2001 | Estimated 2002 | | |
| Firststar/U.S. Bancorp | | | | | |
| Severance and employee-related | \$268.8 | \$268.2 | \$0.6 | (\$6.7) | \$2.2 |
| Systems conversions and integration | 390.0 | 208.1 | 171.7 | 57.6 | 64.9 |
| Asset write-downs and lease terminations | 244.3 | 130.4 | 103.9 | 14.8 | 17.4 |
| Charitable foundation | 76.0 | 76.0 | -- | -- | -- |
| Balance sheet restructurings | 428.9 | 457.6 | (28.7) | (3.8) | (24.9) |
| Branch sale gain | (62.2) | (62.2) | -- | -- | -- |
| Branch consolidations | 20.0 | 20.0 | -- | -- | -- |
| Other merger-related charges | 72.5 | 69.1 | 3.4 | 2.5 | 0.9 |
| Total Firststar/U.S. Bancorp* | 1,438.3 | 1,167.2 | 250.9 | 64.4 | 60.5 |
| NOVA | 70.3 | 1.6 | 48.4 | 5.4 | 8.6 |
| U.S. Bancorp Piper Jaffray restructuring | 50.7 | 50.7 | -- | -- | -- |
| Other acquisitions, net | 63.2 | 46.9 | 16.3 | 4.4 | 2.5 |
| Total merger and restructuring | \$1,622.5 | \$1,266.4 | \$315.6 | \$74.2 | \$71.6 |

* Originally estimated to be \$800 million

Earnings in the second quarter of 2002 included pre-tax net merger and restructuring-related items of \$71.6 million. The total merger and restructuring-related items included \$60.5 million of net expense associated with the Firststar/U.S. Bancorp merger. In addition, \$11.1 million of expense was included in the second quarter of 2002 for NOVA and other smaller acquisitions.

The \$60.5 million of merger and restructuring-related items associated with the Firststar/U.S. Bancorp merger in the second quarter of 2002 was primarily related to systems conversions and integration and asset write-downs and lease terminations. Offsetting a portion of these costs were asset gains on the sale of a non-strategic investment in a sub-prime mortgage lending business.

| ALLOWANCE FOR CREDIT LOSSES | | | | | Table 9 |
|---|-------------|-------------|-------------|-------------|----------------|
| (\$ in millions) | 2Q | 1Q | 4Q | 3Q | 2Q |
| | 2002 | 2002 | 2001 | 2001 | 2001 |
| Balance, beginning of period | \$2,461.5 | \$2,457.3 | \$2,458.0 | \$1,715.7 | \$1,729.1 |
| Net charge-offs | | | | | |
| Commercial | 110.6 | 120.5 | 65.4 | 307.2 | 75.5 |
| Lease financing | 35.2 | 32.1 | 7.1 | 78.2 | 9.1 |
| Total commercial | 145.8 | 152.6 | 72.5 | 385.4 | 84.6 |
| Commercial mortgages | 6.0 | 8.8 | 5.2 | 6.9 | (0.2) |
| Construction and development | 0.4 | 1.9 | 5.1 | 3.4 | 2.5 |
| Total commercial real estate | 6.4 | 10.7 | 10.3 | 10.3 | 2.3 |
| Residential mortgages | 3.9 | 2.7 | 2.5 | 3.6 | 3.3 |
| Credit card | 73.4 | 67.0 | 72.9 | 71.5 | 68.5 |
| Retail leasing | 8.3 | 10.5 | 9.4 | 7.1 | 7.0 |
| Home equity and second mortgage | 25.3 | 26.1 | 35.0 | 19.6 | 18.7 |
| Other retail | 67.4 | 65.4 | 63.2 | 65.8 | 55.9 |
| Total retail | 174.4 | 169.0 | 180.5 | 164.0 | 150.1 |
| Total net charge-offs | 330.5 | 335.0 | 265.8 | 563.3 | 240.3 |
| Provision for credit losses | | | | | |
| Operating basis | 335.0 | 335.0 | 265.8 | 1,275.0 | 240.0 |
| Merger-related | -- | -- | -- | 14.3 | 201.3 |
| Total provision for credit losses | 335.0 | 335.0 | 265.8 | 1,289.3 | 441.3 |
| Losses from loan sales/transfers | -- | -- | -- | (1.3) | (214.4) |
| Acquisitions and other changes | 0.4 | 4.2 | (0.7) | 17.6 | -- |
| Balance, end of period | \$2,466.4 | \$2,461.5 | \$2,457.3 | \$2,458.0 | \$1,715.7 |
| Net charge-offs to average loans (%) | 1.16 | 1.19 | 0.92 | 1.90 | 0.81 |
| Allowance for credit losses to period-end loans (%) | 2.15 | 2.15 | 2.15 | 2.15 | 1.45 |

Credit Quality

The allowance for credit losses was \$2,466.4 million at June 30, 2002, compared with the allowance for credit losses of \$2,461.5 million at March 31, 2002. The ratio of allowance for credit losses to nonperforming loans was 241 percent at June 30, 2002, compared with 250 percent at March 31, 2002. The ratio of allowance for credit losses to period-end loans was 2.15 percent at June 30, 2002, equal to the ratio at March 31, 2002. Total net charge-offs in the second quarter of 2002 were \$330.5 million, compared with the first quarter of 2002 net charge-offs of \$335.0 million and the second quarter of 2001 net charge-offs of \$240.3 million.

Commercial and commercial real estate loan net charge-offs were \$152.2 million for the second quarter of 2002, or .88 percent of average loans outstanding, compared with \$163.3 million, or .94 percent of average loans outstanding, in the first quarter of 2002.

Retail loan net charge-offs of \$174.4 million in the second quarter of 2002 were higher than the first quarter of 2002 by \$5.4 million (3.2 percent) and \$24.3 million (16.2 percent) higher than the second quarter of 2001. The increase in retail loan net charge-offs in the second quarter of 2002 from the first quarter of 2002 was primarily due to seasonal increases in credit card and other retail loan net charge-offs. Retail loan net charge-offs as a percent of average loans outstanding were 1.93 percent in the second quarter of 2002, compared with 1.95 percent and 1.83 percent in the first quarter of 2002 and second quarter of 2001, respectively.

| CREDIT RATIOS | | Table 10 | | | | |
|--|-------------|-----------------|-------------|-------------|-------------|--|
| | 2Q | 1Q | 4Q | 3Q | 2Q | |
| | 2002 | 2002 | 2001 | 2001 | 2001 | |
| Net charge-offs ratios* | | | | | | |
| Commercial | 1.14 | 1.23 | 0.64 | 2.79 | 0.66 | |
| Lease financing | 2.52 | 2.27 | 0.48 | 5.24 | 0.62 | |
| Total commercial | 1.32 | 1.36 | 0.62 | 3.08 | 0.66 | |
| Commercial mortgages | 0.13 | 0.19 | 0.11 | 0.14 | -- | |
| Construction and development | 0.02 | 0.12 | 0.30 | 0.19 | 0.14 | |
| Total commercial real estate | 0.10 | 0.17 | 0.16 | 0.16 | 0.04 | |
| Residential mortgages | 0.19 | 0.14 | 0.13 | 0.17 | 0.15 | |
| Credit card | 5.23 | 4.82 | 5.16 | 4.97 | 4.86 | |
| Retail leasing | 0.62 | 0.84 | 0.77 | 0.61 | 0.63 | |
| Home equity and second mortgages | 0.77 | 0.85 | 1.15 | 0.67 | 0.66 | |
| Other retail | 2.24 | 2.21 | 2.15 | 2.27 | 1.98 | |
| Total retail | 1.93 | 1.95 | 2.10 | 1.95 | 1.83 | |
| Total net charge-offs | 1.16 | 1.19 | 0.92 | 1.90 | 0.81 | |
| Delinquent loan ratios - 90 days or more past due** | | | | | | |
| Commercial | 1.79 | 1.70 | 1.71 | 1.76 | 1.79 | |
| Commercial real estate | 0.85 | 0.70 | 0.68 | 0.88 | 0.66 | |
| Residential mortgages | 1.64 | 1.65 | 1.79 | 1.62 | 1.53 | |
| Retail | 0.74 | 0.89 | 1.03 | 0.92 | 0.86 | |
| * annualized and calculated on average loan balances | | | | | | |
| ** ratios include nonperforming loans and are expressed as a percent of ending loan balances | | | | | | |

The level of net charge-offs in the second quarter of 2002 reflects current economic conditions and continued weakness in the transportation, manufacturing, communications and technology sectors. Net charge-offs are expected to remain at elevated levels but will trend lower by the end of the year.

| ASSET QUALITY | | Table 11 | | | | |
|---|---------------|-----------------|---------------|---------------|---------------|--|
| (\$ in millions) | | | | | | |
| | Jun 30 | Mar 31 | Dec 31 | Sep 30 | Jun 30 | |
| | 2002 | 2002 | 2001 | 2001 | 2001 | |
| Nonperforming loans | | | | | | |
| Commercial | \$549.9 | \$529.9 | \$526.6 | \$580.8 | \$724.1 | |
| Lease financing | 202.0 | 203.2 | 180.8 | 136.6 | 126.4 | |
| Total commercial | 751.9 | 733.1 | 707.4 | 717.4 | 850.5 | |
| Commercial mortgages | 133.6 | 121.4 | 131.3 | 124.7 | 114.4 | |
| Construction and development | 43.4 | 32.3 | 35.9 | 55.5 | 37.3 | |
| Commercial real estate | 177.0 | 153.7 | 167.2 | 180.2 | 151.7 | |
| Residential mortgages | 62.0 | 63.7 | 79.1 | 76.7 | 67.7 | |
| Retail | 34.3 | 32.6 | 47.6 | 37.0 | 30.0 | |
| Total nonperforming loans | 1,025.2 | 983.1 | 1,001.3 | 1,011.3 | 1,099.9 | |
| Other real estate | 49.8 | 42.6 | 43.8 | 55.4 | 52.7 | |
| Other nonperforming assets | 72.7 | 85.1 | 74.9 | 65.7 | 62.5 | |
| Total nonperforming assets* | \$1,147.7 | \$1,110.8 | \$1,120.0 | \$1,132.4 | \$1,215.1 | |
| Accruing loans 90 days past due | \$392.6 | \$426.8 | \$462.9 | \$483.8 | \$395.9 | |
| Allowance to nonperforming loans (%) | 241 | 250 | 245 | 243 | 156 | |
| Allowance to nonperforming assets (%) | 215 | 222 | 219 | 217 | 141 | |
| Nonperforming assets to loans plus ORE (%) | 1.00 | 0.97 | 0.98 | 0.99 | 1.02 | |
| *does not include accruing loans 90 days past due | | | | | | |

Nonperforming assets at June 30, 2002, totaled \$1,147.7 million, compared with \$1,110.8 million at March 31, 2002, and \$1,215.1 million at June 30, 2001. The ratio of nonperforming assets to loans and other real estate was 1.00 percent at June 30, 2002, compared with .97 percent at March 31, 2002, and 1.02 percent at June 30, 2001. Nonperforming assets will continue to remain at elevated levels for the remainder of the year and will most likely increase in the third quarter of 2002. The Company does not expect to see a significant reduction in the level of nonperforming assets until the economy rebounds.

| CAPITAL POSITION | | | | | Table 12 |
|----------------------------------|---------------|---------------|---------------|---------------|-----------------|
| (\$ in millions) | Jun 30 | Mar 31 | Dec 31 | Sep 30 | Jun 30 |
| | 2002 | 2002 | 2001 | 2001 | 2001 |
| Total shareholders' equity | \$16,650 | \$15,892 | \$16,461 | \$16,817 | \$15,456 |
| Tier 1 capital | 12,628 | 12,246 | 12,488 | 11,802 | 12,860 |
| Total risk-based capital | 19,937 | 19,722 | 19,148 | 18,687 | 18,066 |
| Common equity to assets | 9.6% | 9.6% | 9.6% | 10.0% | 9.4% |
| Tangible common equity to assets | 5.7 | 5.8 | 5.7 | 5.9 | 6.6 |
| Tier 1 capital ratio | 7.9 | 7.7 | 7.7 | 7.2 | 8.0 |
| Total risk-based capital ratio | 12.5 | 12.4 | 11.7 | 11.5 | 11.2 |
| Leverage ratio | 7.8 | 7.6 | 7.7 | 7.4 | 8.0 |

Total shareholder's equity was \$16,650 billion at June 30, 2002, compared with \$15,456 billion at June 30, 2001. The increase was the result of corporate earnings, including merger and restructuring-related items and cumulative effect of change in accounting principles, offset by dividends, share buybacks and acquisitions.

Tangible common equity to assets was 5.7 percent at June 30, 2002, compared with 5.8 percent at March 31, 2002, and 6.6 percent at June 30, 2001. The tier 1 capital ratio was 7.9 percent at June 30, 2002, compared with 7.7 percent at March 31, 2002, and 8.0 percent at June 30, 2001. The total risk-based capital ratio was 12.5 percent at June 30, 2002, compared with 12.4 percent at March 31, 2002, and 11.2 percent at June 30, 2001. The improvement in the total risk-based capital ratio in the second quarter of 2002 primarily reflects changes in the mix of investment securities in addition to the issuance of "trust preferred" securities in both the second and fourth quarters of 2001. The leverage ratio was 7.8 percent at June 30, 2002, compared with 7.6 percent at March 31, 2002, and 8.0 percent at June 30, 2001. All regulatory ratios continue to be in excess of stated "well capitalized" requirements.

| COMMON SHARES | | | | | Table 13 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| (Millions) | 2Q 2002 | 1Q 2002 | 4Q 2001 | 3Q 2001 | 2Q 2001 |
| Beginning shares outstanding | 1,915.1 | 1,951.7 | 1,969.0 | 1,907.6 | 1,905.3 |
| Shares issued for stock option and stock purchase plans, acquisitions and other corporate purposes | 3.9 | 3.4 | 1.1 | 62.7 | 2.3 |
| Shares repurchased | (4.8) | (40.0) | (18.4) | (1.3) | -- |
| Ending shares outstanding | <u>1,914.2</u> | <u>1,915.1</u> | <u>1,951.7</u> | <u>1,969.0</u> | <u>1,907.6</u> |

On December 18, 2001, the board of directors of U.S. Bancorp approved an authorization to repurchase 100 million shares of outstanding common stock over the next 24 months. During the second quarter of 2002, the Company repurchased 4.8 million shares of common stock related to this authorization.

| LINE OF BUSINESS FINANCIAL PERFORMANCE* | | | | | | | | | Table 14 |
|---|----------------------|------------|------------|-----------------|-----------------|-------------|-------------|-------------------|-------------------------|
| (\$ in millions) | | | | | | | | | |
| Business Line | Operating Earnings** | | | Percent Change | | YTD 2002 | YTD 2001 | Percent Change | 2Q 2002 |
| | 2Q 2002 | 1Q 2002 | 2Q 2001 | 2Q02 vs 1Q02 | 2Q02 vs 2Q01 | | | | Earnings Composition |
| Wholesale Banking | \$378.9 | \$392.8 | \$399.6 | (3.5) | (5.2) | \$771.7 | \$580.6 | 32.9 | 44 % |
| Consumer Banking | 397.2 | 338.5 | 387.4 | 17.3 | 2.5 | 735.7 | 736.0 | -- | 46 |
| Private Client, Trust and Asset Management | 119.2 | 113.5 | 119.9 | 5.0 | (0.6) | 232.7 | 223.5 | 4.1 | 14 |
| Payment Services | 169.3 | 143.6 | 112.0 | 17.9 | 51.2 | 312.9 | 245.0 | 27.7 | 19 |
| Capital Markets | 10.8 | 14.4 | 19.7 | (25.0) | (45.2) | 25.2 | 42.5 | (40.7) | 1 |
| Treasury and Corporate Support | (205.6) | (161.2) | (220.0) | (27.5) | 6.5 | (366.8) | (211.7) | (73.3) | (24) |
| Consolidated Company*** | \$869.8 | \$841.6 | \$818.6 | 3.4 | 6.3 | \$1,711.4 | \$1,615.9 | 5.9 | 100 % |

* preliminary data
 ** earnings before merger and restructuring-related items and cumulative effect of change in accounting principles
 *** securities gains equaled \$30.6 million in 2Q02, \$44.1 million in 1Q02, \$31.3 million in 2Q01, \$74.7 million year-to-date 2002, and \$247.3 year-to-date 2001 and were substantially incurred in Treasury and Corporate Support

Lines of Business

Within the Company, financial performance is measured by major lines of business which include: Wholesale Banking, Consumer Banking, Private Client, Trust and Asset Management, Payment Services, Capital Markets, and Treasury and Corporate Support. Business line results are derived from the Company's business unit profitability reporting systems. Designations, assignments and allocations may change from time to time as management systems are enhanced, methods of evaluating performance or product lines change or business segments are realigned to better respond to our diverse customer base. All results for 2002 and 2001 have been restated to present consistent methodologies for all business lines.

Wholesale Banking offers lending, depository, treasury management and other financial services to middle market, large corporate and public sector clients. Wholesale Banking contributed \$378.9 million of the Company's operating earnings in the second quarter of 2002, a 5.2 percent decrease from the same period of 2001 and a 3.5 percent decline from the first quarter of 2002. The reduction in Wholesale Banking's second quarter 2002 contribution to operating earnings from the second quarter of 2001 was the result of lower net revenue and higher noninterest expense, offset slightly by a

favorable variance in the provision for credit losses. Total net revenue in the second quarter of 2002 was lower than the second quarter of 2001 by 3.4 percent, with a favorable variance in noninterest income (18.3 percent) more than offset by a decrease in net interest income (9.7 percent). The reduction in net interest income was primarily due to lower average loans outstanding (14.3 percent), partially offset by an increase in average deposits (13.0 percent) and a higher net interest margin. The transfer of short-term, high credit quality, low margin commercial loans to the loan conduit contributed \$1.0 billion of the unfavorable variance in average loans outstanding year-over-year. Partially offsetting the decline in net interest income was an increase in noninterest income year-over-year, which was driven by cash management fees and commercial product revenue. Noninterest expense increased by 10.8 percent in the second quarter of 2002 over the second quarter of 2001, primarily due to asset write-downs related to the equipment finance business. Wholesale Banking's provision for credit losses improved by \$2.5 million (9.2 percent) in the second quarter of 2002 over the same period of 2001, primarily due to a reduction in loans outstanding and an improvement in the overall credit risk profile of the business line's loan portfolio. The reduction in Wholesale Banking's contribution to operating earnings in the second quarter of 2002 from the first quarter of 2002 was the result of essentially flat net revenue and unfavorable variances in noninterest expense (15.2 percent), driven by equipment finance losses, and provision for credit losses (25.3 percent).

Consumer Banking delivers products and services to the broad consumer market and small businesses through banking offices, telesales, on-line services, direct mail and automated teller machines ("ATMs"). It encompasses community banking, metropolitan banking, small business banking, consumer lending, mortgage banking, workplace banking, student banking, 24-hour banking, and investment product and insurance sales. Consumer Banking also includes the residential mortgage portfolio. Consumer Banking contributed \$397.2 million of the Company's operating income in the second quarter of 2002, a 2.5 percent increase over the same period of 2001, and a 17.3 percent increase over the first quarter of 2002. The increase in Consumer Banking's second quarter 2002 contribution to operating earnings over the second quarter of 2001 was the result of a slight increase in net revenue (.9 percent) and a favorable variance in provision for credit losses (17.1 percent), partially offset by an increase in noninterest expense (2.2 percent). Although net interest income was flat compared with the same period of 2001, noninterest income rose by 3.1 percent. The growth in noninterest income was due to increases in mortgage banking revenue, cash management fees, securities gains, and investment products fees and commissions, offset by decreases in deposit

service changes, trust and investment management fees and other revenue. The increase in mortgage banking revenue can be attributed to the acquisition of Leader Mortgage and higher gains on the sale of servicing rights. Noninterest expense in the second quarter of 2002 was higher than the second quarter of 2001 (2.2 percent), primarily due to the acquisition of Leader Mortgage and MSR impairment. The provision for credit losses was lower by \$15.1 million (17.1 percent) in the second quarter of 2002 than the same period of 2001, primarily due to a reduction in charge-offs and an improvement in the portfolio's overall credit risk profile. The increase in Consumer Banking's contribution to operating earnings in the second quarter of 2002 over the first quarter of 2002 was the result of higher net revenue and a lower provision for credit losses, partially offset by an increase in noninterest expense.

Private Client, Trust and Asset Management provides mutual fund processing services, trust, private banking and financial advisory services through four businesses, including: the Private Client Group, Corporate Trust, Institutional Trust and Custody, and Mutual Fund Services, LLC. The business segment also offers investment management services to several client segments including mutual funds, institutional customers, and private asset management. Private Client, Trust and Asset Management contributed \$119.2 million of the Company's operating income in the second quarter of 2002, a .6 percent decrease from the same period of 2001 and a 5.0 percent increase over the first quarter of 2002. The slight decrease in the business line's contribution to operating earnings in the second quarter of 2002 from the second quarter of 2001 was the result of favorable variances in net revenue (1.9 percent) and provision for credit losses (45.0 percent), offset by an increase in noninterest expense (8.0 percent). Growth in net interest income (3.7 percent) in the second quarter of 2002 over the second quarter of 2001 was primarily driven by growth in average loans outstanding (7.8 percent). Noninterest income rose by 1.3 percent over the same period of 2001, due to an increase in trust and investment management fees. Noninterest expense was higher in the second quarter of 2002 than the same quarter of 2001, primarily due to a favorable loss recovery in the second quarter of 2001. Provision for credit losses was lower by \$1.8 million (45.0 percent) in the second quarter of 2002 than the same period of 2001 due to lower net charge-offs. The increase in the business line's contribution to operating earnings in the second quarter of 2002 over the first quarter of 2002 was the result of higher net revenue, lower provision for credit losses, and a slight decrease in noninterest expense.

Payment Services includes consumer and business credit cards, corporate and purchasing card services, consumer lines of credit, ATM processing and merchant processing. Payment Services contributed \$169.3 million of the Company's operating income in the second quarter of 2002, a 51.2 percent increase over the same period of 2001 and a 17.9 percent increase over the first quarter of 2002. The increase in Payment Services' contribution to operating earnings in the second quarter of 2002 over the second quarter of 2001 was the result of higher net revenue (36.4 percent) and lower provision for credit losses (17.0 percent), offset by higher noninterest expense (74.3 percent). The growth in net revenue year-over-year was primarily due to the acquisition of NOVA, which contributed approximately \$111.1 million to net revenue in the second quarter of 2002. In addition, credit and debit card revenue, corporate payment products revenue and ATM processing services increased in total by \$18.0 million in the second quarter of 2002 over the same period of 2001. Noninterest expense grew by \$85.4 million in the second quarter of 2002 over the second quarter of 2001, primarily due to the acquisition of NOVA. The year-over-year reduction in provision for credit losses (17.0 percent) was primarily due to an improvement in the portfolio's overall credit risk profile. The increase in Payment Services' contribution to operating earnings in the second quarter of 2002 over the first quarter of 2002 was the result of higher net revenue, driven by improving sales volume, slightly lower provision for credit losses, and a slight decrease in noninterest expense.

Capital Markets engages in equity and fixed income trading activities, offers investment banking and underwriting services for corporate and public sector customers and provides financial advisory services and securities, mutual funds, annuities and insurance products to consumers and regionally-based businesses through a network of brokerage offices. Capital Markets contributed \$10.8 million of the Company's operating income in the second quarter of 2002, a 45.2 percent decline from the second quarter of 2001 and a 25.0 percent decrease from the first quarter of 2002. The decrease in Capital Market's contribution to operating earnings in the second quarter of 2002 from the second quarter of 2001 was the result of a decline in net revenue (12.7 percent), partially offset by a favorable variance in noninterest expense (7.5 percent). The unfavorable variance in net revenue in the second quarter of 2002 to the same period of 2001 was primarily due to lower trading, investment products fees and commissions and investment banking revenues. The decrease in Capital Market's contribution to operating earnings in the second quarter of 2002 from the first quarter of 2002 was the result of higher net revenue (10.7 percent) that was more than offset by growth in noninterest expense (16.0 percent).

Treasury and Corporate Support includes the Company's investment portfolios, funding, capital management and asset securitization activities, interest rate risk management, the net effect of transfer pricing related to average balances, and the change in residual allocations associated with the provision for credit losses. It also includes business activities managed on a corporate basis, including income and expense of enterprise-wide operations and administrative support functions. Treasury and Corporate Support recorded an operating loss of \$(205.6) million in the second quarter of 2002, compared with operating losses of \$(220.0) million in the second quarter of 2001 and \$(161.2) million in the first quarter of 2002. The slight reduction in the operating loss year-over-year was the net result of a \$148.0 million increase in net interest income, offset by a \$136.6 million increase in the residual allocation of the provision for credit losses. The decrease in the business line's contribution to operating earnings in the second quarter of 2002 from the first quarter of 2002 was the result of lower net revenue (3.6 percent), higher noninterest expense (6.5 percent) and an unfavorable variance in provision for credit losses (28.2 percent).

Additional schedules containing more detailed information about the Company's business line results are available on the web at www.usbank.com or by calling Investor Relations at 612-973-2264.

VICE CHAIRMAN AND CHIEF FINANCIAL OFFICER DAVID M. MOFFETT WILL HOST A CONFERENCE CALL TO REVIEW THE FINANCIAL RESULTS ON TUESDAY, JULY 16, 2002, AT 2: 00 p.m. (CDT). To access the conference call, please dial 800-233-2795 and ask for the U.S. Bancorp earnings conference call. Participants calling from outside the United States, please call 785-832-1077. For those unable to participate during the live call, a recording of the call will be available from 5:00 p.m. (CDT) on Tuesday, July 16, 2002 through 11:00 p.m. (CDT) on Tuesday, July 23, 2002. To access the recorded message dial 800-283-8217. If calling from outside the United States, please dial 402-220-0868.

Minneapolis-based U.S. Bancorp ("USB"), with \$173 billion in assets, is the 8th largest financial services holding company in the United States. The company operates 2,131 banking offices and 4,818 ATMs, and provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, and trust and payment services products to consumers, businesses and institutions. U.S. Bancorp is the parent company of Firststar Bank and U.S. Bank. Visit U.S. Bancorp on the web at www.usbank.com and Firststar Bank at www.firststar.com.

Forward-Looking Statements

This press release contains forward-looking statements. Statements that are not historical or current facts, including statements about beliefs and expectations, are forward-looking statements. These forward-looking statements cover, among other things, projected earnings growth, anticipated future expenses and revenue, and the future prospects of the Company. Forward-looking statements involve inherent risks and uncertainties, and important factors could cause actual results to differ materially from those anticipated, including the following, in addition to those contained in the Company's reports on file with the SEC: (i) general economic or industry conditions could be less favorable than expected, resulting in a deterioration in credit quality, a change in the allowance for credit losses, or a reduced demand for credit or fee-based products and services; (ii) the Company could encounter unforeseen complications in connection with the ongoing integration of the products, operations and information systems of Firststar Corporation with the former U.S. Bancorp that could adversely affect the Company's operations or customer relationships; (iii) changes in the domestic interest rate environment could reduce net interest income and could increase credit losses; (iv) the conditions of the securities markets could change, adversely affecting revenues from capital markets businesses, the value or credit quality of the Company's assets, or the availability and terms of funding necessary to meet the Company's liquidity needs; (v) changes in the extensive laws, regulations and policies governing financial services companies could alter the Company's business environment or affect operations; (vi) the potential need to adapt to industry changes in information technology systems, on which the Company is highly dependent, could present operational issues or require significant capital spending; (vii) competitive pressures could intensify and affect the Company's profitability, including as a result of continued industry consolidation, the increased availability of financial services from non-banks, technological developments, or bank regulatory reform; (viii) acquisitions may not produce revenue enhancements or cost savings at levels or within time frames originally anticipated, or may result in unforeseen integration difficulties; and (ix) capital investments in the Company's businesses may not produce expected growth in earnings anticipated at the time of the expenditure. 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)

CONSOLIDATED STATEMENT OF INCOME

| (Dollars and Shares in Millions, Except Per Share Data) (Unaudited) | Three Months Ended | | Six Months Ended | |
|--|--------------------|------------------|------------------|------------------|
| | June 30, 2002 | June 30, 2001 | June 30, 2002 | June 30, 2001 |
| Interest Income | | | | |
| Loans | \$1,936.9 | \$2,426.7 | \$3,868.8 | \$5,077.8 |
| Loans held for sale | 36.6 | 25.9 | 75.8 | 42.5 |
| Investment securities | | | | |
| Taxable | 346.1 | 287.8 | 693.9 | 541.1 |
| Non-taxable | 11.7 | 27.8 | 24.9 | 59.0 |
| Money market investments | 2.2 | 7.4 | 5.5 | 16.3 |
| Trading securities | 9.4 | 14.1 | 17.6 | 30.0 |
| Other interest income | 32.7 | 26.1 | 51.7 | 58.1 |
| Total interest income | 2,375.6 | 2,815.8 | 4,738.2 | 5,824.8 |
| Interest Expense | | | | |
| Deposits | 375.8 | 783.0 | 771.3 | 1,666.7 |
| Short-term borrowings | 68.3 | 124.4 | 147.2 | 310.6 |
| Long-term debt | 197.9 | 315.0 | 371.0 | 680.7 |
| Company-obligated mandatorily redeemable preferred securities of subsidiary trusts holding solely the junior subordinated debentures of the parent company | 52.8 | 35.4 | 106.6 | 63.0 |
| Total interest expense | 694.8 | 1,257.8 | 1,396.1 | 2,721.0 |
| Net interest income | 1,680.8 | 1,558.0 | 3,342.1 | 3,103.8 |
| Provision for credit losses | 335.0 | 441.3 | 670.0 | 973.7 |
| Net interest income after provision for credit losses | 1,345.8 | 1,116.7 | 2,672.1 | 2,130.1 |
| Noninterest Income | | | | |
| Credit and debit card revenue | 131.2 | 118.8 | 240.5 | 227.8 |
| Corporate payment products revenue | 82.5 | 77.4 | 157.7 | 156.2 |
| Merchant processing services | 144.4 | 31.4 | 278.0 | 61.7 |
| ATM processing services | 33.5 | 33.0 | 64.4 | 64.6 |
| Trust and investment management fees | 234.9 | 228.0 | 459.2 | 453.0 |
| Deposit service charges | 170.2 | 176.7 | 322.8 | 323.2 |
| Cash management fees | 104.3 | 84.9 | 208.5 | 161.7 |
| Mortgage banking revenue | 75.4 | 57.0 | 127.4 | 105.2 |
| Trading account profits and commissions | 49.5 | 55.8 | 99.4 | 127.7 |
| Investment products fees and commissions | 107.4 | 114.2 | 218.5 | 239.9 |
| Investment banking revenue | 70.5 | 71.1 | 123.7 | 131.3 |
| Commercial product revenue | 127.0 | 105.0 | 245.9 | 190.9 |
| Securities gains, net | 30.6 | 31.3 | 74.7 | 247.3 |
| Merger and restructuring-related gains | -- | 62.2 | -- | 62.2 |
| Other | 75.9 | 91.0 | 143.5 | 195.8 |
| Total noninterest income | 1,437.3 | 1,337.8 | 2,764.2 | 2,748.5 |
| Noninterest Expense | | | | |
| Salaries | 607.6 | 570.5 | 1,195.9 | 1,161.0 |
| Employee benefits | 91.1 | 90.7 | 187.5 | 198.8 |
| Net occupancy | 101.8 | 101.4 | 201.9 | 211.5 |
| Furniture and equipment | 77.0 | 74.9 | 153.9 | 151.8 |
| Capitalized software | 37.7 | 33.2 | 76.1 | 63.3 |
| Communication | 44.1 | 50.3 | 89.8 | 89.0 |
| Postage | 44.4 | 43.8 | 91.0 | 90.7 |
| Goodwill | -- | 58.6 | -- | 126.4 |
| Other intangible assets | 104.7 | 54.0 | 184.9 | 100.6 |
| Merger and restructuring-related charges | 71.6 | 252.8 | 145.8 | 657.0 |
| Other | 340.4 | 264.5 | 630.4 | 543.1 |
| Total noninterest expense | 1,520.4 | 1,594.7 | 2,957.2 | 3,393.2 |
| Income before income taxes and cumulative effect of change in accounting principles | 1,262.7 | 859.8 | 2,479.1 | 1,485.4 |
| Applicable income taxes | 439.6 | 297.5 | 862.8 | 513.0 |
| Income before cumulative effect of change in accounting principles | 823.1 | 562.3 | 1,616.3 | 972.4 |
| Cumulative effect of change in accounting principles | -- | -- | (37.2) | -- |
| Net income | \$823.1 | \$562.3 | \$1,579.1 | \$972.4 |
| Earnings Per Share | | | | |
| Income before cumulative effect of change in accounting principles | \$.43 | \$.30 | \$.84 | \$.51 |
| Cumulative effect of change in accounting principles | -- | -- | (.02) | -- |
| Net income | \$.43 | \$.30 | \$.82 | \$.51 |
| Diluted Earnings Per Share | | | | |
| Income before cumulative effect of change in accounting principles | \$.43 | \$.29 | \$.84 | \$.51 |
| Cumulative effect of change in accounting principles | -- | -- | (.02) | -- |
| Net income | \$.43 | \$.29 | \$.82 | \$.51 |
| Average common shares | 1,913.2 | 1,905.3 | 1,916.5 | 1,903.2 |
| Average diluted common shares | 1,926.9 | 1,917.2 | 1,928.5 | 1,916.4 |

CONSOLIDATED ENDING BALANCE SHEET

| (Dollars in Millions) | June 30, 2002 | December 31, 2001 | June 30, 2001 |
|--|------------------|----------------------|------------------|
| Assets | (Unaudited) | | (Unaudited) |
| Cash and due from banks | \$7,531 | \$9,120 | \$7,032 |
| Money market investments | 1,113 | 625 | 1,045 |
| Trading account securities | 703 | 982 | 805 |
| Investment securities | | | |
| Held-to-maturity | 290 | 299 | 271 |
| Available-for-sale | 30,384 | 26,309 | 20,813 |
| Loans held for sale | 1,930 | 2,820 | 2,400 |
| Loans | | | |
| Commercial | 44,491 | 46,330 | 50,489 |
| Commercial real estate | 25,300 | 25,373 | 26,125 |
| Residential mortgages | 8,107 | 7,829 | 8,694 |
| Retail | 36,672 | 34,873 | 33,204 |
| Total loans | 114,570 | 114,405 | 118,512 |
| Less allowance for credit losses | 2,466 | 2,457 | 1,716 |
| Net loans | 112,104 | 111,948 | 116,796 |
| Premises and equipment | 1,718 | 1,741 | 1,746 |
| Customers' liability on acceptances | 157 | 178 | 151 |
| Goodwill | 5,442 | 5,459 | 3,937 |
| Other intangible assets | 2,176 | 1,953 | 1,265 |
| Other assets | 9,408 | 9,956 | 8,895 |
| Total assets | \$172,956 | \$171,390 | \$165,156 |
| Liabilities and Shareholders' Equity | | | |
| Deposits | | | |
| Noninterest-bearing | \$31,272 | \$31,212 | \$26,122 |
| Interest-bearing | 63,172 | 65,447 | 66,084 |
| Time deposits greater than \$100,000 | 10,612 | 8,560 | 14,738 |
| Total deposits | 105,056 | 105,219 | 106,944 |
| Short-term borrowings | 9,156 | 14,670 | 11,712 |
| Long-term debt | 33,008 | 25,716 | 23,725 |
| Company-obligated mandatorily redeemable preferred securities of subsidiary trusts holding solely the junior subordinated debentures of the parent company | 2,894 | 2,826 | 2,039 |
| Acceptances outstanding | 157 | 178 | 151 |
| Other liabilities | 6,035 | 6,320 | 5,129 |
| Total liabilities | 156,306 | 154,929 | 149,700 |
| Shareholders' equity | | | |
| Common stock | 20 | 20 | 19 |
| Capital surplus | 4,875 | 4,906 | 3,534 |
| Retained earnings | 12,756 | 11,918 | 11,916 |
| Treasury stock | (1,341) | (478) | (26) |
| Other comprehensive income | 340 | 95 | 13 |
| Total shareholders' equity | 16,650 | 16,461 | 15,456 |
| Total liabilities and shareholders' equity | \$172,956 | \$171,390 | \$165,156 |

Supplemental Analyst Schedules

QUARTERLY INCOME STATEMENT ANALYSIS

| (Dollars and Shares in Millions, Except Per Share Data) (Unaudited) | Three Months Ended | | | | |
|---|--------------------|-------------------|----------------------|-----------------------|------------------|
| | June 30, 2002 | March 31, 2002 | December 31, 2001 | September 30, 2001 | June 30, 2001 |
| Interest Income | | | | | |
| Loans | \$1,936.9 | \$1,931.9 | \$2,060.4 | \$2,275.5 | \$2,426.7 |
| Loans held for sale | 36.6 | 39.2 | 50.5 | 53.9 | 25.9 |
| Investment securities | | | | | |
| Taxable | 346.1 | 347.8 | 343.8 | 321.2 | 287.8 |
| Non-taxable | 11.7 | 13.2 | 14.6 | 15.9 | 27.8 |
| Money market investments | 2.2 | 3.3 | 4.0 | 6.3 | 7.4 |
| Trading securities | 9.4 | 8.2 | 16.3 | 11.2 | 14.1 |
| Other interest income | 32.7 | 19.0 | 19.2 | 24.3 | 26.1 |
| Total interest income | 2,375.6 | 2,362.6 | 2,508.8 | 2,708.3 | 2,815.8 |
| Interest Expense | | | | | |
| Deposits | 375.8 | 395.5 | 491.4 | 670.0 | 783.0 |
| Short-term borrowings | 68.3 | 78.9 | 100.6 | 122.9 | 124.4 |
| Long-term debt | 197.9 | 173.1 | 205.3 | 276.7 | 315.0 |
| Company-obligated mandatorily redeemable preferred securities | 52.8 | 53.8 | 47.2 | 39.7 | 35.4 |
| Total interest expense | 694.8 | 701.3 | 844.5 | 1,109.3 | 1,257.8 |
| Net interest income | 1,680.8 | 1,661.3 | 1,664.3 | 1,599.0 | 1,558.0 |
| Provision for credit losses | 335.0 | 335.0 | 265.8 | 1,275.0 | 240.0 |
| Net interest income after provision for credit losses | 1,345.8 | 1,326.3 | 1,398.5 | 324.0 | 1,318.0 |
| Noninterest Income | | | | | |
| Credit and debit card revenue | 131.2 | 109.3 | 121.3 | 116.8 | 118.8 |
| Corporate payment products revenue | 82.5 | 75.2 | 68.4 | 73.1 | 77.4 |
| Merchant processing services | 144.4 | 133.6 | 139.2 | 108.0 | 31.4 |
| ATM processing services | 33.5 | 30.9 | 33.2 | 32.8 | 33.0 |
| Trust and investment management fees | 234.9 | 224.3 | 215.2 | 226.2 | 228.0 |
| Deposit service charges | 170.2 | 152.6 | 168.7 | 168.7 | 176.7 |
| Cash management fees | 104.3 | 104.2 | 95.9 | 89.7 | 84.9 |
| Mortgage banking revenue | 75.4 | 52.0 | 68.5 | 60.3 | 57.0 |
| Trading account profits and commissions | 49.5 | 49.9 | 50.3 | 43.6 | 55.8 |
| Investment products fees and commissions | 107.4 | 111.1 | 112.2 | 108.0 | 114.2 |
| Investment banking revenue | 70.5 | 53.2 | 70.0 | 56.9 | 71.1 |
| Commercial product revenue | 127.0 | 118.9 | 130.4 | 106.3 | 105.0 |
| Securities gains, net | 30.6 | 44.1 | 22.0 | 59.8 | 31.3 |
| Other | 75.9 | 67.6 | 38.9 | 68.2 | 91.0 |
| Total noninterest income | 1,437.3 | 1,326.9 | 1,334.2 | 1,318.4 | 1,275.6 |
| Noninterest Expense | | | | | |
| Salaries | 607.6 | 588.3 | 605.8 | 580.3 | 570.5 |
| Employee benefits | 91.1 | 96.4 | 82.0 | 85.4 | 90.7 |
| Net occupancy | 101.8 | 100.1 | 103.9 | 102.5 | 101.4 |
| Furniture and equipment | 77.0 | 76.9 | 78.8 | 74.9 | 74.9 |
| Capitalized software | 37.7 | 38.4 | 38.9 | 33.9 | 33.2 |
| Communication | 44.1 | 45.7 | 43.0 | 49.4 | 50.3 |
| Postage | 44.4 | 46.6 | 44.4 | 44.7 | 43.8 |
| Goodwill | -- | -- | 62.4 | 62.3 | 58.6 |
| Other intangible assets | 104.7 | 80.2 | 93.0 | 84.8 | 54.0 |
| Other | 340.4 | 290.0 | 351.7 | 300.5 | 264.5 |
| Total noninterest expense | 1,448.8 | 1,362.6 | 1,503.9 | 1,418.7 | 1,341.9 |
| Income before income taxes, merger and restructuring-related items and cumulative effect of change in accounting principles | 1,334.3 | 1,290.6 | 1,228.8 | 223.7 | 1,251.7 |
| Applicable income taxes | 464.5 | 449.0 | 443.6 | 74.0 | 433.1 |
| Income before merger and restructuring-related items and cumulative effect of change in accounting principles | 869.8 | 841.6 | 785.2 | 149.7 | 818.6 |
| Merger and restructuring-related items, net of tax | (46.7) | (48.4) | (89.8) | (111.0) | (256.3) |
| Cumulative effect of change in accounting principles | -- | (37.2) | -- | -- | -- |
| Net income | \$823.1 | \$756.0 | \$695.4 | \$38.7 | \$562.3 |
| Earnings Per Common Share | | | | | |
| Average common shares | 1,913.2 | 1,919.8 | 1,951.7 | 1,952.7 | 1,905.3 |
| Operating earnings per share | \$.45 | \$.44 | \$.40 | \$.08 | \$.43 |
| Earnings per share | \$.43 | \$.39 | \$.36 | \$.02 | \$.30 |
| Average diluted common shares | 1,926.9 | 1,930.1 | 1,958.9 | 1,965.4 | 1,917.2 |
| Diluted operating earnings per share | \$.45 | \$.44 | \$.40 | \$.08 | \$.43 |
| Diluted earnings per share | \$.43 | \$.39 | \$.36 | \$.02 | \$.29 |

NOTE: The above schedule represents an analysis of U.S. Bancorp's quarterly operating activities. Operating earnings represent net income before merger and restructuring-related items and cumulative effect of change in accounting principles.

CONSOLIDATED ENDING BALANCE SHEET

| (Dollars in Millions) | June 30, 2002 | March 31, 2002 | December 31, 2001 | September 30, 2001 | June 30, 2001 |
|--|------------------|-------------------|----------------------|-----------------------|------------------|
| Assets | (Unaudited) | (Unaudited) | | (Unaudited) | (Unaudited) |
| Cash and due from banks | \$7,531 | \$6,499 | \$9,120 | \$7,570 | \$7,032 |
| Money market investments | 1,113 | 538 | 625 | 763 | 1,045 |
| Trading account securities | 703 | 699 | 982 | 746 | 805 |
| Investment securities | | | | | |
| Held-to-maturity | 290 | 299 | 299 | 279 | 271 |
| Available-for-sale | 30,384 | 24,491 | 26,309 | 25,349 | 20,813 |
| Loans held for sale | 1,930 | 1,924 | 2,820 | 2,407 | 2,400 |
| Loans | | | | | |
| Commercial | 44,491 | 46,355 | 46,330 | 47,259 | 50,489 |
| Commercial real estate | 25,300 | 25,149 | 25,373 | 25,535 | 26,125 |
| Residential mortgages | 8,107 | 7,902 | 7,829 | 8,032 | 8,694 |
| Retail | 36,672 | 35,341 | 34,873 | 33,741 | 33,204 |
| Total loans | 114,570 | 114,747 | 114,405 | 114,567 | 118,512 |
| Less allowance for credit losses | 2,466 | 2,462 | 2,457 | 2,458 | 1,716 |
| Net loans | 112,104 | 112,285 | 111,948 | 112,109 | 116,796 |
| Premises and equipment | 1,718 | 1,737 | 1,741 | 1,773 | 1,746 |
| Customers' liability on acceptances | 157 | 118 | 178 | 150 | 151 |
| Goodwill | 5,442 | 5,427 | 5,459 | 5,535 | 3,937 |
| Other intangible assets | 2,176 | 1,998 | 1,953 | 1,913 | 1,265 |
| Other assets | 9,408 | 8,730 | 9,956 | 9,236 | 8,895 |
| Total assets | \$172,956 | \$164,745 | \$171,390 | \$167,830 | \$165,156 |
| Liabilities and Shareholders' Equity | | | | | |
| Deposits | | | | | |
| Noninterest-bearing | \$31,272 | \$28,146 | \$31,212 | \$27,074 | \$26,122 |
| Interest-bearing | 63,172 | 65,020 | 65,447 | 65,874 | 66,084 |
| Time deposits greater than \$100,000 | 10,612 | 9,296 | 8,560 | 10,857 | 14,738 |
| Total deposits | 105,056 | 102,462 | 105,219 | 103,805 | 106,944 |
| Short-term borrowings | 9,156 | 10,644 | 14,670 | 12,614 | 11,712 |
| Long-term debt | 33,008 | 27,054 | 25,716 | 26,881 | 23,725 |
| Company-obligated mandatorily redeemable preferred securities | 2,894 | 2,820 | 2,826 | 2,115 | 2,039 |
| Acceptances outstanding | 157 | 118 | 178 | 150 | 151 |
| Other liabilities | 6,035 | 5,755 | 6,320 | 5,448 | 5,129 |
| Total liabilities | 156,306 | 148,853 | 154,929 | 151,013 | 149,700 |
| Shareholders' equity | | | | | |
| Common stock | 20 | 20 | 20 | 20 | 19 |
| Capital surplus | 4,875 | 4,894 | 4,906 | 4,918 | 3,534 |
| Retained earnings | 12,756 | 12,306 | 11,918 | 11,585 | 11,916 |
| Treasury stock | (1,341) | (1,322) | (478) | (62) | (26) |
| Other comprehensive income | 340 | (6) | 95 | 356 | 13 |
| Total shareholders' equity | 16,650 | 15,892 | 16,461 | 16,817 | 15,456 |
| Total liabilities and shareholders' equity | \$172,956 | \$164,745 | \$171,390 | \$167,830 | \$165,156 |

CONSOLIDATED QUARTERLY AVERAGE BALANCE SHEET

| (Dollars in Millions) (Unaudited) | June 30, 2002 | March 31, 2002 | December 31, 2001 | September 30, 2001 | June 30, 2001 |
|--|------------------|-------------------|----------------------|-----------------------|------------------|
| Assets | | | | | |
| Money market investments | \$779 | \$713 | \$821 | \$659 | \$637 |
| Trading account securities | 1,022 | 904 | 875 | 703 | 769 |
| Taxable securities | 27,051 | 25,549 | 24,293 | 21,661 | 19,064 |
| Non-taxable securities | 965 | 1,077 | 1,194 | 1,290 | 2,193 |
| Loans held for sale | 2,142 | 2,354 | 2,730 | 2,482 | 1,500 |
| Loans | | | | | |
| Commercial | | | | | |
| Commercial | 38,826 | 39,641 | 40,774 | 43,698 | 45,632 |
| Lease financing | 5,601 | 5,740 | 5,848 | 5,925 | 5,865 |
| Total commercial | 44,427 | 45,381 | 46,622 | 49,623 | 51,497 |
| Commercial real estate | | | | | |
| Commercial mortgages | 18,783 | 18,682 | 18,805 | 18,918 | 18,991 |
| Construction and development | 6,446 | 6,504 | 6,663 | 7,140 | 7,360 |
| Total commercial real estate | 25,229 | 25,186 | 25,468 | 26,058 | 26,351 |
| Residential mortgages | 8,194 | 7,962 | 7,918 | 8,355 | 8,810 |
| Retail | | | | | |
| Credit card | 5,627 | 5,632 | 5,607 | 5,712 | 5,652 |
| Retail leasing | 5,337 | 5,042 | 4,821 | 4,630 | 4,465 |
| Home equity and second mortgages | 13,144 | 12,513 | 12,053 | 11,541 | 11,367 |
| Other retail | 12,059 | 11,992 | 11,659 | 11,495 | 11,327 |
| Total retail | 36,167 | 35,179 | 34,140 | 33,378 | 32,811 |
| Total loans | 114,017 | 113,708 | 114,148 | 117,414 | 119,469 |
| Other earning assets | 1,665 | 1,632 | 1,589 | 1,619 | 1,657 |
| Allowance for credit losses | 2,546 | 2,535 | 2,527 | 1,798 | 1,764 |
| Total earning assets* | 147,641 | 145,937 | 145,650 | 145,828 | 145,289 |
| Other assets | 24,052 | 24,370 | 25,172 | 23,421 | 21,282 |
| Total assets | \$169,147 | \$167,772 | \$168,295 | \$167,451 | \$164,807 |
| Liabilities and Shareholders' Equity | | | | | |
| Noninterest-bearing deposits | \$27,267 | \$27,485 | \$27,189 | \$25,106 | \$24,512 |
| Interest-bearing deposits | | | | | |
| Interest checking | 15,318 | 15,152 | 14,428 | 13,842 | 13,846 |
| Money market accounts | 24,384 | 24,797 | 25,279 | 25,168 | 25,020 |
| Savings accounts | 4,957 | 4,773 | 4,666 | 4,587 | 4,533 |
| Time certificates of deposit less than \$100,000 | 19,653 | 20,464 | 21,455 | 22,641 | 23,933 |
| Time deposits greater than \$100,000 | 10,871 | 9,341 | 9,840 | 13,887 | 15,424 |
| Total interest-bearing deposits | 75,183 | 74,527 | 75,668 | 80,125 | 82,756 |
| Short-term borrowings | 11,650 | 14,564 | 15,021 | 12,662 | 11,094 |
| Long-term debt | 30,152 | 26,450 | 25,508 | 25,058 | 24,202 |
| Company-obligated mandatorily redeemable preferred securities | | | | | |
| | 2,866 | 2,838 | 2,492 | 2,088 | 1,825 |
| Total interest-bearing liabilities | 119,851 | 118,379 | 118,689 | 119,933 | 119,877 |
| Other liabilities | 5,554 | 5,749 | 5,656 | 5,467 | 4,809 |
| Shareholders' equity | 16,475 | 16,159 | 16,761 | 16,945 | 15,609 |
| Total liabilities and shareholders' equity | \$169,147 | \$167,772 | \$168,295 | \$167,451 | \$164,807 |

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

CONSOLIDATED DAILY AVERAGE BALANCE SHEET AND RELATED YIELDS AND RATES

For the Three Months Ended

June 30, 2002

June 30, 2001

| (Dollars in Millions) (Unaudited) | June 30, 2002 | | Yields and Rates | June 30, 2001 | | Yields and Rates | % Change Average Balance |
|---|------------------|------------------|------------------------|------------------|------------------|------------------------|--------------------------------|
| | Balance | Interest | | Balance | Interest | | |
| Assets | | | | | | | |
| Money market investments | \$779 | \$2.2 | 1.09 % | \$637 | \$7.4 | 4.62 % | 22.3 % |
| Trading account securities | 1,022 | 10.1 | 3.96 | 769 | 14.9 | 7.72 | 32.9 |
| Taxable securities | 27,051 | 346.1 | 5.12 | 19,064 | 287.8 | 6.04 | 41.9 |
| Non-taxable securities | 965 | 16.5 | 6.87 | 2,193 | 40.1 | 7.32 | (56.0) |
| Loans held for sale | 2,142 | 36.6 | 6.84 | 1,500 | 25.9 | 6.92 | 42.8 |
| Loans | | | | | | | |
| Commercial | 44,427 | 670.0 | 6.05 | 51,497 | 952.6 | 7.42 | (13.7) |
| Commercial real estate | 25,229 | 403.4 | 6.41 | 26,351 | 517.3 | 7.87 | (4.3) |
| Residential mortgages | 8,194 | 147.1 | 7.18 | 8,810 | 171.6 | 7.80 | (7.0) |
| Retail | 36,167 | 719.9 | 7.98 | 32,811 | 788.9 | 9.64 | 10.2 |
| Total loans | <u>114,017</u> | <u>1,940.4</u> | 6.82 | <u>119,469</u> | <u>2,430.4</u> | 8.16 | (4.6) |
| Other earning assets | 1,665 | 32.7 | 7.88 | 1,657 | 26.1 | 6.29 | .5 |
| Allowance for credit losses | 2,546 | | | 1,764 | | | 44.3 |
| Total earning assets* | <u>147,641</u> | <u>2,384.6</u> | 6.47 | <u>145,289</u> | <u>2,832.6</u> | 7.81 | 1.6 |
| Other assets | 24,052 | | | 21,282 | | | 13.0 |
| Total assets | <u>\$169,147</u> | | | <u>\$164,807</u> | | | 2.6 |
| Liabilities and Shareholders' Equity | | | | | | | |
| Noninterest-bearing deposits | \$27,267 | | | \$24,512 | | | 11.2 |
| Interest-bearing deposits | | | | | | | |
| Interest checking | 15,318 | 25.4 | .67 | 13,846 | 55.2 | 1.60 | 10.6 |
| Money market accounts | 24,384 | 76.3 | 1.26 | 25,020 | 199.0 | 3.19 | (2.5) |
| Savings accounts | 4,957 | 6.6 | .54 | 4,533 | 11.6 | 1.03 | 9.4 |
| Time certificates of deposit less than \$100,000 | 19,653 | 192.8 | 3.93 | 23,933 | 327.2 | 5.48 | (17.9) |
| Time deposits greater than \$100,000 | 10,871 | 74.7 | 2.76 | 15,424 | 190.0 | 4.94 | (29.5) |
| Total interest-bearing deposits | <u>75,183</u> | <u>375.8</u> | 2.00 | <u>82,756</u> | <u>783.0</u> | 3.79 | (9.2) |
| Short-term borrowings | 11,650 | 68.3 | 2.35 | 11,094 | 124.4 | 4.49 | 5.0 |
| Long-term debt | 30,152 | 197.9 | 2.63 | 24,202 | 315.0 | 5.22 | 24.6 |
| Company-obligated mandatorily redeemable preferred securities | 2,866 | 52.8 | 7.39 | 1,825 | 35.4 | 7.78 | 57.0 |
| Total interest-bearing liabilities | <u>119,851</u> | <u>694.8</u> | 2.32 | <u>119,877</u> | <u>1,257.8</u> | 4.21 | -- |
| Other liabilities | 5,554 | | | 4,809 | | | 15.5 |
| Shareholders' equity | 16,475 | | | 15,609 | | | 5.5 |
| Total liabilities and shareholders' equity | <u>\$169,147</u> | | | <u>\$164,807</u> | | | 2.6 % |
| Net interest income | | <u>\$1,689.8</u> | | | <u>\$1,574.8</u> | | |
| Gross interest margin | | | 4.15 % | | | 3.60 % | |
| Gross interest margin without taxable-equivalent increments | | | 4.13 | | | 3.55 | |
| Percent of Earning Assets | | | | | | | |
| Interest income | | | 6.47 % | | | 7.81 % | |
| Interest expense | | | 1.88 | | | 3.47 | |
| Net interest margin | | | 4.59 | | | 4.34 | |
| Net interest margin without taxable-equivalent increments | | | 4.57 % | | | 4.29 % | |

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

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

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

CONSOLIDATED DAILY AVERAGE BALANCE SHEET AND RELATED YIELDS AND RATES

For the Three Months Ended

June 30, 2002

March 31, 2002

| (Dollars in Millions) (Unaudited) | June 30, 2002 | | Yields and Rates | March 31, 2002 | | Yields and Rates | % Change Average Balance |
|---|------------------|------------------|------------------------|------------------|------------------|------------------------|--------------------------------|
| | Balance | Interest | | Balance | Interest | | |
| Assets | | | | | | | |
| Money market investments | \$779 | \$2.2 | 1.09 % | \$713 | \$3.3 | 1.90 % | 9.3 % |
| Trading account securities | 1,022 | 10.1 | 3.96 | 904 | 8.5 | 3.76 | 13.1 |
| Taxable securities | 27,051 | 346.1 | 5.12 | 25,549 | 347.8 | 5.45 | 5.9 |
| Non-taxable securities | 965 | 16.5 | 6.87 | 1,077 | 18.7 | 6.94 | (10.4) |
| Loans held for sale | 2,142 | 36.6 | 6.84 | 2,354 | 39.2 | 6.65 | (9.0) |
| Loans | | | | | | | |
| Commercial | 44,427 | 670.0 | 6.05 | 45,381 | 670.2 | 6.01 | (2.1) |
| Commercial real estate | 25,229 | 403.4 | 6.41 | 25,186 | 407.2 | 6.56 | .2 |
| Residential mortgages | 8,194 | 147.1 | 7.18 | 7,962 | 143.8 | 7.26 | 2.9 |
| Retail | 36,167 | 719.9 | 7.98 | 35,179 | 714.0 | 8.23 | 2.8 |
| Total loans | <u>114,017</u> | <u>1,940.4</u> | 6.82 | <u>113,708</u> | <u>1,935.2</u> | 6.89 | .3 |
| Other earning assets | 1,665 | 32.7 | 7.88 | 1,632 | 19.0 | 4.72 | 2.0 |
| Allowance for credit losses | 2,546 | | | 2,535 | | | .4 |
| Total earning assets* | <u>147,641</u> | <u>2,384.6</u> | 6.47 | <u>145,937</u> | <u>2,371.7</u> | 6.57 | 1.2 |
| Other assets | 24,052 | | | 24,370 | | | (1.3) |
| Total assets | <u>\$169,147</u> | | | <u>\$167,772</u> | | | .8 |
| Liabilities and Shareholders' Equity | | | | | | | |
| Noninterest-bearing deposits | \$27,267 | | | \$27,485 | | | (.8) |
| Interest-bearing deposits | | | | | | | |
| Interest checking | 15,318 | 25.4 | .67 | 15,152 | 26.3 | .70 | 1.1 |
| Money market accounts | 24,384 | 76.3 | 1.26 | 24,797 | 75.6 | 1.24 | (1.7) |
| Savings accounts | 4,957 | 6.6 | .54 | 4,773 | 6.5 | .55 | 3.9 |
| Time certificates of deposit less than \$100,000 | 19,653 | 192.8 | 3.93 | 20,464 | 214.4 | 4.25 | (4.0) |
| Time deposits greater than \$100,000 | 10,871 | 74.7 | 2.76 | 9,341 | 72.7 | 3.16 | 16.4 |
| Total interest-bearing deposits | <u>75,183</u> | <u>375.8</u> | 2.00 | <u>74,527</u> | <u>395.5</u> | 2.15 | .9 |
| Short-term borrowings | 11,650 | 68.3 | 2.35 | 14,564 | 78.9 | 2.20 | (20.0) |
| Long-term debt | 30,152 | 197.9 | 2.63 | 26,450 | 173.1 | 2.64 | 14.0 |
| Company-obligated mandatorily redeemable preferred securities | 2,866 | 52.8 | 7.39 | 2,838 | 53.8 | 7.69 | 1.0 |
| Total interest-bearing liabilities | <u>119,851</u> | <u>694.8</u> | 2.32 | <u>118,379</u> | <u>701.3</u> | 2.40 | 1.2 |
| Other liabilities | 5,554 | | | 5,749 | | | (3.4) |
| Shareholders' equity | 16,475 | | | 16,159 | | | 2.0 |
| Total liabilities and shareholders' equity | <u>\$169,147</u> | | | <u>\$167,772</u> | | | .8 % |
| Net interest income | | <u>\$1,689.8</u> | | | <u>\$1,670.4</u> | | |
| Gross interest margin | | | 4.15 % | | | 4.17 % | |
| Gross interest margin without taxable-equivalent increments | | | 4.13 | | | 4.14 | |
| Percent of Earning Assets | | | | | | | |
| Interest income | | | 6.47 % | | | 6.57 % | |
| Interest expense | | | 1.88 | | | 1.95 | |
| Net interest margin | | | 4.59 | | | 4.62 | |
| Net interest margin without taxable-equivalent increments | | | 4.57 % | | | 4.59 % | |

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

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

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

CONSOLIDATED DAILY AVERAGE BALANCE SHEET AND RELATED YIELDS AND RATES

For the Six Months Ended

June 30, 2002

June 30, 2001

| (Dollars in Millions) (Unaudited) | June 30, 2002 | | Yields and Rates | June 30, 2001 | | Yields and Rates | % Change Average Balance |
|---|------------------|------------------|------------------------|------------------|------------------|------------------------|--------------------------------|
| | Balance | Interest | | Balance | Interest | | |
| Assets | | | | | | | |
| Money market investments | \$746 | \$5.5 | 1.47 % | \$685 | \$16.3 | 4.78 % | 8.9 % |
| Trading account securities | 963 | 18.6 | 3.87 | 752 | 31.2 | 8.29 | 28.1 |
| Taxable securities | 26,304 | 693.9 | 5.28 | 17,233 | 541.1 | 6.28 | 52.6 |
| Non-taxable securities | 1,021 | 35.2 | 6.91 | 2,342 | 85.4 | 7.29 | (56.4) |
| Loans held for sale | 2,248 | 75.8 | 6.75 | 1,203 | 42.5 | 7.07 | 86.9 |
| Loans | | | | | | | |
| Commercial | 44,902 | 1,340.2 | 6.01 | 52,032 | 2,025.0 | 7.84 | (13.7) |
| Commercial real estate | 25,207 | 810.6 | 6.48 | 26,404 | 1,070.4 | 8.17 | (4.5) |
| Residential mortgages | 8,078 | 290.9 | 7.22 | 9,023 | 353.1 | 7.84 | (10.5) |
| Retail | 35,679 | 1,433.9 | 8.10 | 33,154 | 1,637.0 | 9.94 | 7.6 |
| Total loans | <u>113,866</u> | <u>3,875.6</u> | 6.86 | <u>120,613</u> | <u>5,085.5</u> | 8.49 | (5.6) |
| Other earning assets | 1,649 | 51.7 | 6.33 | 1,753 | 58.1 | 6.68 | (5.9) |
| Allowance for credit losses | 2,540 | | | 1,792 | | | 41.7 |
| Total earning assets* | <u>146,797</u> | <u>4,756.3</u> | 6.52 | <u>144,581</u> | <u>5,860.1</u> | 8.15 | 1.5 |
| Other assets | 24,209 | | | 21,196 | | | 14.2 |
| Total assets | <u>\$168,466</u> | | | <u>\$163,985</u> | | | 2.7 |
| Liabilities and Shareholders' Equity | | | | | | | |
| Noninterest-bearing deposits | \$27,375 | | | \$24,054 | | | 13.8 |
| Interest-bearing deposits | | | | | | | |
| Interest checking | 15,236 | 51.7 | .68 | 13,787 | 125.6 | 1.84 | 10.5 |
| Money market accounts | 24,589 | 151.9 | 1.25 | 24,635 | 444.9 | 3.64 | (.2) |
| Savings accounts | 4,866 | 13.1 | .54 | 4,515 | 24.3 | 1.09 | 7.8 |
| Time certificates of deposit less than \$100,000 | 20,056 | 407.2 | 4.09 | 24,629 | 689.7 | 5.65 | (18.6) |
| Time deposits greater than \$100,000 | 10,110 | 147.4 | 2.94 | 14,264 | 382.2 | 5.40 | (29.1) |
| Total interest-bearing deposits | <u>74,857</u> | <u>771.3</u> | 2.08 | <u>81,830</u> | <u>1,666.7</u> | 4.11 | (8.5) |
| Short-term borrowings | 13,099 | 147.2 | 2.27 | 12,105 | 310.6 | 5.17 | 8.2 |
| Long-term debt | 28,311 | 371.0 | 2.64 | 23,921 | 680.7 | 5.73 | 18.4 |
| Company-obligated mandatorily redeemable preferred securities | 2,852 | 106.6 | 7.54 | 1,615 | 63.0 | 7.87 | 76.6 |
| Total interest-bearing liabilities | <u>119,119</u> | <u>1,396.1</u> | 2.36 | <u>119,471</u> | <u>2,721.0</u> | 4.59 | (.3) |
| Other liabilities | 5,654 | | | 4,922 | | | 14.9 |
| Shareholders' equity | 16,318 | | | 15,538 | | | 5.0 |
| Total liabilities and shareholders' equity | <u>\$168,466</u> | | | <u>\$163,985</u> | | | 2.7 % |
| Net interest income | | <u>\$3,360.2</u> | | | <u>\$3,139.1</u> | | |
| Gross interest margin | | | 4.16 % | | | 3.56 % | |
| Gross interest margin without taxable-equivalent increments | | | 4.14 | | | 3.51 | |
| Percent of Earning Assets | | | | | | | |
| Interest income | | | 6.52 % | | | 8.15 % | |
| Interest expense | | | 1.92 | | | 3.79 | |
| Net interest margin | | | 4.60 | | | 4.36 | |
| Net interest margin without taxable-equivalent increments | | | 4.58 % | | | 4.31 % | |

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

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

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

U.S. Bancorp

LOAN PORTFOLIO

| (Dollars in Millions) (Unaudited) | June 30, 2002 | | March 31, 2002 | | December 31, 2001 | | September 30, 2001 | | June 30, 2001 | |
|--------------------------------------|---------------|------------------|----------------|------------------|-------------------|------------------|--------------------|------------------|---------------|------------------|
| | Amount | Percent of Total | Amount | Percent of Total | Amount | Percent of Total | Amount | Percent of Total | Amount | Percent of Total |
| Commercial | | | | | | | | | | |
| Commercial | \$38,889 | 33.9 % | \$40,679 | 35.5 % | \$40,472 | 35.4 % | \$41,333 | 36.0 % | \$44,534 | 37.6 % |
| Lease financing | 5,602 | 4.9 | 5,676 | 4.9 | 5,858 | 5.1 | 5,926 | 5.2 | 5,955 | 5.0 |
| Total commercial | 44,491 | 38.8 | 46,355 | 40.4 | 46,330 | 40.5 | 47,259 | 41.2 | 50,489 | 42.6 |
| Commercial real estate | | | | | | | | | | |
| Commercial mortgages | 18,875 | 16.5 | 18,776 | 16.4 | 18,765 | 16.4 | 18,861 | 16.5 | 18,814 | 15.9 |
| Construction and development | 6,425 | 5.6 | 6,373 | 5.5 | 6,608 | 5.8 | 6,674 | 5.8 | 7,311 | 6.1 |
| Total commercial real estate | 25,300 | 22.1 | 25,149 | 21.9 | 25,373 | 22.2 | 25,535 | 22.3 | 26,125 | 22.0 |
| Residential mortgages | 8,107 | 7.1 | 7,902 | 6.9 | 7,829 | 6.8 | 8,032 | 7.0 | 8,694 | 7.4 |
| Retail | | | | | | | | | | |
| Credit card | 5,699 | 5.0 | 5,437 | 4.7 | 5,889 | 5.1 | 5,700 | 5.0 | 5,812 | 4.9 |
| Retail leasing | 5,466 | 4.8 | 5,187 | 4.5 | 4,906 | 4.3 | 4,708 | 4.1 | 4,542 | 3.8 |
| Home equity and second mortgages | 13,434 | 11.7 | 12,777 | 11.2 | 12,235 | 10.7 | 11,797 | 10.3 | 11,461 | 9.7 |
| Other retail | | | | | | | | | | |
| Revolving credit | 2,638 | 2.3 | 2,600 | 2.3 | 2,673 | 2.3 | 2,680 | 2.3 | 2,738 | 2.3 |
| Installment | 2,259 | 2.0 | 2,219 | 1.9 | 2,292 | 2.0 | 2,255 | 2.0 | 2,048 | 1.7 |
| Automobile | 5,811 | 5.1 | 5,714 | 5.0 | 5,660 | 5.0 | 5,379 | 4.7 | 5,514 | 4.7 |
| Student | 1,365 | 1.1 | 1,407 | 1.2 | 1,218 | 1.1 | 1,222 | 1.1 | 1,089 | .9 |
| Total other retail | 12,073 | 10.5 | 11,940 | 10.4 | 11,843 | 10.4 | 11,536 | 10.1 | 11,389 | 9.6 |
| Total retail | 36,672 | 32.0 | 35,341 | 30.8 | 34,873 | 30.5 | 33,741 | 29.5 | 33,204 | 28.0 |
| Total loans | \$114,570 | 100.0 % | \$114,747 | 100.0 % | \$114,405 | 100.0 % | \$114,567 | 100.0 % | \$118,512 | 100.0 % |

SUPPLEMENTAL FINANCIAL DATA

| (Dollars in Millions, Except Per Share Data) (Unaudited) | June 30, 2002 | March 31, 2002 | December 31, 2001 | September 30, 2001 | June 30, 2001 |
|---|---------------------------|-------------------|----------------------|-----------------------|------------------|
| Ending common shares outstanding (in millions) | 1,914.2 | 1,915.1 | 1,951.7 | 1,969.0 | 1,907.6 |
| Book value per common share | \$8.70 | \$8.30 | \$8.43 | \$8.54 | \$8.10 |
| Book value of intangibles | | | | | |
| Goodwill | \$5,442 | \$5,427 | \$5,459 | \$5,535 | \$3,937 |
| Merchant processing contracts | 649 | 652 | 680 | 651 | 16 |
| Core deposit benefits | 490 | 510 | 530 | 572 | 557 |
| Mortgage servicing rights | 656 | 449 | 360 | 326 | 318 |
| Other identified intangibles | 381 | 387 | 383 | 364 | 374 |
| Total intangibles | \$7,618 | \$7,425 | \$7,412 | \$7,448 | \$5,202 |
| | Three Months Ended | | | | |
| | June 30, 2002 | March 31, 2002 | December 31, 2001 | September 30, 2001 | June 30, 2001 |
| Amortization of intangibles | | | | | |
| Goodwill | \$ -- | \$ -- | \$62.4 | \$62.3 | \$58.6 |
| Merchant processing contracts | 32.6 | 31.8 | 18.7 | 13.4 | .6 |
| Core deposit benefits | 19.8 | 20.0 | 20.1 | 20.4 | 26.2 |
| Mortgage servicing rights | 38.1 | 14.1 | 40.1 | 36.5 | 12.7 |
| Other identified intangibles | 14.2 | 14.3 | 14.1 | 14.5 | 14.5 |
| Total intangibles | \$104.7 | \$80.2 | \$155.4 | \$147.1 | \$112.6 |
| Mortgage banking revenue | | | | | |
| Origination and sales | \$27.3 | \$25.3 | \$42.8 | \$36.1 | \$36.3 |
| Loan servicing | 42.2 | 26.7 | 26.0 | 23.0 | 21.0 |
| Gain (loss) on sale of servicing rights | 5.9 | -- | (.3) | 1.2 | (.3) |
| Total mortgage banking revenue | \$75.4 | \$52.0 | \$68.5 | \$60.3 | \$57.0 |
| Mortgage production volume | \$4,220 | \$4,205 | \$5,690 | \$3,852 | \$3,405 |
| Mortgages serviced for others | \$37,114 | \$25,404 | \$21,964 | \$20,836 | \$19,206 |
| Income taxes | | | | | |
| Book rate * | 34.8% | 34.8% | 36.1% | 33.1% | 34.6% |
| Tax equivalent adjusted rate * | 35.3% | 35.2% | 36.6% | 36.2% | 35.5% |
| Tax equivalent adjustment | \$9.0 | \$9.1 | \$9.9 | \$10.7 | \$16.8 |
| Net interest income ** | \$1,689.8 | \$1,670.4 | \$1,674.2 | \$1,609.7 | \$1,574.8 |
| Net interest margin** | 4.59% | 4.62% | 4.57% | 4.40% | 4.34% |
| Interest yield on average loans ** | 6.82% | 6.89% | 7.18% | 7.71% | 8.16% |
| Rate paid on interest-bearing liabilities | 2.32% | 2.40% | 2.82% | 3.67% | 4.21% |
| Return on average common equity * | 21.2% | 21.1% | 18.6% | 3.5% | 21.0% |
| Return on average assets * | 2.06% | 2.03% | 1.85% | .35% | 1.99% |
| Efficiency ratio * | 46.8% | 46.1% | 50.4% | 49.5% | 47.6% |
| Banking efficiency ratio *** | 43.3% | 42.4% | 46.6% | 45.7% | 42.7% |
| Gross charge-offs | \$393.0 | \$385.7 | \$324.2 | \$620.7 | \$290.8 |
| Gross recoveries | \$62.5 | \$50.7 | \$58.4 | \$57.4 | \$50.5 |

* Excluding merger and restructuring-related items and cumulative effect of change in accounting principles

** On a taxable equivalent basis

*** Excluding merger and restructuring-related items and cumulative effect of change in accounting principles; without investment banking and brokerage activity

LINE OF BUSINESS FINANCIAL PERFORMANCE *

| For the Three Months Ended (Dollars in Millions) | Wholesale Banking | | | Consumer Banking | | | Private Client, Trust and Asset Management | | | Payment Services | | |
|---|----------------------|-----------------|-------------------|---------------------|-----------------|-------------------|---|-----------------|-------------------|---------------------|-----------------|-------------------|
| | Jun 30, 2002 | Jun 30, 2001 | Percent Change | Jun 30, 2002 | Jun 30, 2001 | Percent Change | Jun 30, 2002 | Jun 30, 2001 | Percent Change | Jun 30, 2002 | Jun 30, 2001 | Percent Change |
| Condensed Income Statement | | | | | | | | | | | | |
| Net interest income (taxable-equivalent basis) | \$492.7 | \$545.6 | (9.7) % | \$820.2 | \$820.5 | -- % | \$81.5 | \$78.6 | 3.7 % | \$168.4 | \$145.9 | 15.4 % |
| Noninterest income | 185.3 | 156.6 | 18.3 | 344.2 | 333.8 | 3.1 | 226.9 | 224.0 | 1.3 | 406.2 | 275.5 | 47.4 |
| Total net revenue | 678.0 | 702.2 | (3.4) | 1,164.4 | 1,154.3 | .9 | 308.4 | 302.6 | 1.9 | 574.6 | 421.4 | 36.4 |
| Noninterest expense | 107.0 | 94.8 | 12.9 | 414.3 | 423.8 | (2.2) | 111.0 | 102.4 | 8.4 | 161.6 | 108.7 | 48.7 |
| Other intangible amortization | 5.2 | 6.5 | (20.0) | 52.5 | 33.1 | 58.6 | 7.9 | 7.7 | 2.6 | 38.8 | 6.3 | ** |
| Goodwill amortization | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Total noninterest expense | 112.2 | 101.3 | 10.8 | 466.8 | 456.9 | 2.2 | 118.9 | 110.1 | 8.0 | 200.4 | 115.0 | 74.3 |
| Operating income | 565.8 | 600.9 | (5.8) | 697.6 | 697.4 | -- | 189.5 | 192.5 | (1.6) | 374.2 | 306.4 | 22.1 |
| Provision for credit losses | (29.8) | (27.3) | 9.2 | 73.2 | 88.3 | (17.1) | 2.2 | 4.0 | (45.0) | 108.1 | 130.3 | (17.0) |
| Income before income taxes | 595.6 | 628.2 | (5.2) | 624.4 | 609.1 | 2.5 | 187.3 | 188.5 | (.6) | 266.1 | 176.1 | 51.1 |
| Income taxes and taxable-equivalent adjustment | 216.7 | 228.6 | (5.2) | 227.2 | 221.7 | 2.5 | 68.1 | 68.6 | (.7) | 96.8 | 64.1 | 51.0 |
| Operating earnings, before merger and restructuring-related items and cumulative effect of change in accounting principles | \$378.9 | \$399.6 | (5.2) | \$397.2 | \$387.4 | 2.5 | \$119.2 | \$119.9 | (.6) | \$169.3 | \$112.0 | 51.2 |
| Merger and restructuring-related items (after-tax) | | | | | | | | | | | | |
| Net income | | | | | | | | | | | | |
| Average Balance Sheet Data | | | | | | | | | | | | |
| Loans | \$48,292 | \$56,319 | (14.3) | \$50,277 | \$48,644 | 3.4 | \$4,689 | \$4,349 | 7.8 | \$10,098 | \$9,968 | 1.3 |
| Goodwill | 1,314 | 1,360 | (3.4) | 1,720 | 1,717 | .2 | 289 | 278 | 4.0 | 1,813 | 298 | ** |
| Other intangible assets | 130 | 146 | (11.0) | 1,000 | 721 | 38.7 | 232 | 249 | (6.8) | 773 | 130 | ** |
| Assets | 54,497 | 63,514 | (14.2) | 58,387 | 56,444 | 3.4 | 5,730 | 5,678 | .9 | 13,157 | 10,767 | 22.2 |
| Noninterest-bearing deposits | 11,966 | 10,366 | 15.4 | 12,549 | 11,848 | 5.9 | 2,330 | 2,046 | 13.9 | 219 | 165 | 32.7 |
| Interest-bearing deposits | 7,204 | 6,592 | 9.3 | 58,180 | 61,649 | (5.6) | 4,757 | 5,087 | (6.5) | 4 | 3 | 33.3 |
| Total deposits | 19,170 | 16,958 | 13.0 | 70,729 | 73,497 | (3.8) | 7,087 | 7,133 | (.6) | 223 | 168 | 32.7 |
| Shareholders' equity | 5,340 | 6,402 | (16.6) | 4,698 | 5,076 | (7.4) | 1,351 | 1,407 | (4.0) | 3,216 | 1,030 | ** |

| For the Three Months Ended (Dollars in Millions) | Capital Markets | | | Treasury and Corporate Support | | | Consolidated Company | | |
|---|--------------------|-----------------|-------------------|-----------------------------------|-----------------|-------------------|-------------------------|-----------------|-------------------|
| | Jun 30, 2002 | Jun 30, 2001 | Percent Change | Jun 30, 2002 | Jun 30, 2001 | Percent Change | Jun 30, 2002 | Jun 30, 2001 | Percent Change |
| Condensed Income Statement | | | | | | | | | |
| Net interest income (taxable-equivalent basis) | \$3.8 | \$9.0 | (57.8) % | \$123.2 | \$(24.8) | ** % | \$1,689.8 | \$1,574.8 | 7.3 % |
| Noninterest income | 194.0 | 217.5 | (10.8) | 80.7 | 68.2 | 18.3 | 1,437.3 | 1,275.6 | 12.7 |
| Total net revenue | 197.8 | 226.5 | (12.7) | 203.9 | 43.4 | ** | 3,127.1 | 2,850.4 | 9.7 |
| Noninterest expense | 180.9 | 195.5 | (7.5) | 369.3 | 304.1 | 21.4 | 1,344.1 | 1,229.3 | 9.3 |
| Other intangible amortization | -- | -- | -- | .3 | .4 | (25.0) | 104.7 | 54.0 | 93.9 |
| Goodwill amortization | -- | -- | -- | -- | 58.6 | ** | -- | 58.6 | ** |
| Total noninterest expense | 180.9 | 195.5 | (7.5) | 369.6 | 363.1 | 1.8 | 1,448.8 | 1,341.9 | 8.0 |
| Operating income | 16.9 | 31.0 | (45.5) | (165.7) | (319.7) | 48.2 | 1,678.3 | 1,508.5 | 11.3 |
| Provision for credit losses | -- | -- | -- | 181.3 | 44.7 | ** | 335.0 | 240.0 | 39.6 |
| Income before income taxes | 16.9 | 31.0 | (45.5) | (347.0) | (364.4) | 4.8 | 1,343.3 | 1,268.5 | 5.9 |
| Income taxes and taxable-equivalent adjustment | 6.1 | 11.3 | (46.0) | (141.4) | (144.4) | 2.1 | 473.5 | 449.9 | 5.2 |
| Operating earnings, before merger and restructuring-related items and cumulative effect of change in accounting principles | \$10.8 | \$19.7 | (45.2) | \$(205.6) | \$(220.0) | 6.5 | 869.8 | 818.6 | 6.3 |
| Merger and restructuring-related items (after-tax) | | | | | | | (46.7) | (256.3) | |
| Net income | | | | | | | \$823.1 | \$562.3 | |
| Average Balance Sheet Data | | | | | | | | | |
| Loans | \$244 | \$188 | 29.8 | \$417 | \$1 | ** | \$114,017 | \$119,469 | (4.6) |
| Goodwill | 306 | 311 | (1.6) | -- | -- | -- | 5,442 | 3,964 | 37.3 |
| Other intangible assets | -- | -- | -- | 14 | -- | ** | 2,149 | 1,246 | 72.5 |
| Assets | 3,184 | 3,065 | 3.9 | 34,192 | 25,339 | 34.9 | 169,147 | 164,807 | 2.6 |
| Noninterest-bearing deposits | 204 | 164 | 24.4 | (1) | (77) | (98.7) | 27,267 | 24,512 | 11.2 |
| Interest-bearing deposits | -- | -- | -- | 5,038 | 9,425 | (46.5) | 75,183 | 82,756 | (9.2) |
| Total deposits | 204 | 164 | 24.4 | 5,037 | 9,348 | (46.1) | 102,450 | 107,268 | (4.5) |
| Shareholders' equity | 437 | 461 | (5.2) | 1,433 | 1,233 | 16.2 | 16,475 | 15,609 | 5.5 |

*Preliminary data

**Not meaningful

LINE OF BUSINESS FINANCIAL PERFORMANCE *

| For the Three Months Ended (Dollars in Millions) | Wholesale Banking | | | Consumer Banking | | | Private Client, Trust and Asset Management | | | Payment Services | | |
|---|----------------------|-----------------|-------------------|---------------------|-----------------|-------------------|---|-----------------|-------------------|---------------------|-----------------|-------------------|
| | Jun 30, 2002 | Mar 31, 2002 | Percent Change | Jun 30, 2002 | Mar 31, 2002 | Percent Change | Jun 30, 2002 | Mar 31, 2002 | Percent Change | Jun 30, 2002 | Mar 31, 2002 | Percent Change |
| Condensed Income Statement | | | | | | | | | | | | |
| Net interest income (taxable-equivalent basis) | \$492.7 | \$494.0 | (.3) % | \$820.2 | \$799.6 | 2.6 % | \$81.5 | \$80.6 | 1.1 % | \$168.4 | \$172.5 | (2.4) % |
| Noninterest income | 185.3 | 181.0 | 2.4 | 344.2 | 293.7 | 17.2 | 226.9 | 221.1 | 2.6 | 406.2 | 364.6 | 11.4 |
| Total net revenue | 678.0 | 675.0 | .4 | 1,164.4 | 1,093.3 | 6.5 | 308.4 | 301.7 | 2.2 | 574.6 | 537.1 | 7.0 |
| Noninterest expense | 107.0 | 92.2 | 16.1 | 414.3 | 412.6 | .4 | 111.0 | 111.9 | (.8) | 161.6 | 162.9 | (.8) |
| Other intangible amortization | 5.2 | 5.2 | -- | 52.5 | 28.5 | 84.2 | 7.9 | 7.6 | 3.9 | 38.8 | 38.6 | .5 |
| Goodwill amortization | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Total noninterest expense | 112.2 | 97.4 | 15.2 | 466.8 | 441.1 | 5.8 | 118.9 | 119.5 | (.5) | 200.4 | 201.5 | (.5) |
| Operating income | 565.8 | 577.6 | (2.0) | 697.6 | 652.2 | 7.0 | 189.5 | 182.2 | 4.0 | 374.2 | 335.6 | 11.5 |
| Provision for credit losses | (29.8) | (39.9) | (25.3) | 73.2 | 120.0 | (39.0) | 2.2 | 3.7 | (40.5) | 108.1 | 109.8 | (1.5) |
| Income before income taxes | 595.6 | 617.5 | (3.5) | 624.4 | 532.2 | 17.3 | 187.3 | 178.5 | 4.9 | 266.1 | 225.8 | 17.8 |
| Income taxes and taxable-equivalent adjustment | 216.7 | 224.7 | (3.6) | 227.2 | 193.7 | 17.3 | 68.1 | 65.0 | 4.8 | 96.8 | 82.2 | 17.8 |
| Operating earnings, before merger and restructuring-related items and cumulative effect of change in accounting principles | \$378.9 | \$392.8 | (3.5) | \$397.2 | \$338.5 | 17.3 | \$119.2 | \$113.5 | 5.0 | \$169.3 | \$143.6 | 17.9 |
| Merger and restructuring-related items (after-tax) | | | | | | | | | | | | |
| Cumulative effect of change in accounting principles | | | | | | | | | | | | |
| Net income | | | | | | | | | | | | |
| Average Balance Sheet Data | | | | | | | | | | | | |
| Loans | \$48,292 | \$49,188 | (1.8) | \$50,277 | \$49,423 | 1.7 | \$4,689 | \$4,555 | 2.9 | \$10,098 | \$10,029 | .7 |
| Goodwill | 1,314 | 1,380 | (4.8) | 1,720 | 1,699 | 1.2 | 289 | 287 | .7 | 1,813 | 1,820 | (.4) |
| Other intangible assets | 130 | 135 | (3.7) | 1,000 | 784 | 27.6 | 232 | 233 | (.4) | 773 | 799 | (3.3) |
| Assets | 54,497 | 55,975 | (2.6) | 58,387 | 57,814 | 1.0 | 5,730 | 5,792 | (1.1) | 13,157 | 13,247 | (.7) |
| Noninterest-bearing deposits | 11,966 | 12,274 | (2.5) | 12,549 | 12,350 | 1.6 | 2,330 | 2,300 | 1.3 | 219 | 328 | (33.2) |
| Interest-bearing deposits | 7,204 | 7,086 | 1.7 | 58,180 | 59,131 | (1.6) | 4,757 | 4,705 | 1.1 | 4 | 3 | 33.3 |
| Total deposits | 19,170 | 19,360 | (1.0) | 70,729 | 71,481 | (1.1) | 7,087 | 7,005 | 1.2 | 223 | 331 | (32.6) |
| Shareholders' equity | 5,340 | 5,384 | (.8) | 4,698 | 4,536 | 3.6 | 1,351 | 1,353 | (.1) | 3,216 | 3,199 | .5 |

| For the Three Months Ended (Dollars in Millions) | Capital Markets | | | Treasury and Corporate Support | | | Consolidated Company | | |
|---|--------------------|-----------------|-------------------|-----------------------------------|-----------------|-------------------|-------------------------|-----------------|-------------------|
| | Jun 30, 2002 | Mar 31, 2002 | Percent Change | Jun 30, 2002 | Mar 31, 2002 | Percent Change | Jun 30, 2002 | Mar 31, 2002 | Percent Change |
| Condensed Income Statement | | | | | | | | | |
| Net interest income (taxable-equivalent basis) | \$3.8 | \$8.1 | (53.1) % | \$123.2 | \$115.6 | 6.6 % | \$1,689.8 | \$1,670.4 | 1.2 % |
| Noninterest income | 194.0 | 170.6 | 13.7 | 80.7 | 95.9 | (15.8) | 1,437.3 | 1,326.9 | 8.3 |
| Total net revenue | 197.8 | 178.7 | 10.7 | 203.9 | 211.5 | (3.6) | 3,127.1 | 2,997.3 | 4.3 |
| Noninterest expense | 180.9 | 156.0 | 16.0 | 369.3 | 346.8 | 6.5 | 1,344.1 | 1,282.4 | 4.8 |
| Other intangible amortization | -- | -- | -- | .3 | .3 | -- | 104.7 | 80.2 | 30.5 |
| Goodwill amortization | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Total noninterest expense | 180.9 | 156.0 | 16.0 | 369.6 | 347.1 | 6.5 | 1,448.8 | 1,362.6 | 6.3 |
| Operating income | 16.9 | 22.7 | (25.6) | (165.7) | (135.6) | (22.2) | 1,678.3 | 1,634.7 | 2.7 |
| Provision for credit losses | -- | -- | -- | 181.3 | 141.4 | 28.2 | 335.0 | 335.0 | -- |
| Income before income taxes | 16.9 | 22.7 | (25.6) | (347.0) | (277.0) | (25.3) | 1,343.3 | 1,299.7 | 3.4 |
| Income taxes and taxable-equivalent adjustment | 6.1 | 8.3 | (26.5) | (141.4) | (115.8) | (22.1) | 473.5 | 458.1 | 3.4 |
| Operating earnings, before merger and restructuring-related items and cumulative effect of change in accounting principles | \$10.8 | \$14.4 | (25.0) | \$(205.6) | \$(161.2) | (27.5) | 869.8 | 841.6 | 3.4 |
| Merger and restructuring-related items (after-tax) | | | | | | | (46.7) | (48.4) | |
| Cumulative effect of change in accounting principles | | | | | | | -- | (37.2) | |
| Net income | | | | | | | \$823.1 | \$756.0 | |
| Average Balance Sheet Data | | | | | | | | | |
| Loans | \$244 | \$248 | (1.6) | \$417 | \$265 | 57.4 | \$114,017 | \$113,708 | .3 |
| Goodwill | 306 | 306 | -- | -- | -- | ** | 5,442 | 5,492 | (.9) |
| Other intangible assets | -- | -- | -- | 14 | 6 | ** | 2,149 | 1,957 | 9.8 |
| Assets | 3,184 | 3,219 | (1.1) | 34,192 | 31,725 | 7.8 | 169,147 | 167,772 | .8 |
| Noninterest-bearing deposits | 204 | 215 | (5.1) | (1) | 18 | ** | 27,267 | 27,485 | (.8) |
| Interest-bearing deposits | -- | -- | -- | 5,038 | 3,602 | 39.9 | 75,183 | 74,527 | .9 |
| Total deposits | 204 | 215 | (5.1) | 5,037 | 3,620 | 39.1 | 102,450 | 102,012 | .4 |
| Shareholders' equity | 437 | 431 | 1.4 | 1,433 | 1,256 | 14.1 | 16,475 | 16,159 | 2.0 |

*Preliminary data

**Not meaningful

LINE OF BUSINESS FINANCIAL PERFORMANCE *

| For the Six Months Ended (Dollars in Millions) | Wholesale Banking | | | Consumer Banking | | | Private Client, Trust and Asset Management | | | Payment Services | | |
|---|----------------------|-----------------|-------------------|---------------------|-----------------|-------------------|---|-----------------|-------------------|---------------------|-----------------|-------------------|
| | Jun 30, 2002 | Jun 30, 2001 | Percent Change | Jun 30, 2002 | Jun 30, 2001 | Percent Change | Jun 30, 2002 | Jun 30, 2001 | Percent Change | Jun 30, 2002 | Jun 30, 2001 | Percent Change |
| Condensed Income Statement | | | | | | | | | | | | |
| Net interest income (taxable-equivalent basis) | \$986.7 | \$1,105.3 | (10.7) % | \$1,619.8 | \$1,638.4 | (1.1) % | \$162.1 | \$154.8 | 4.7 % | \$340.9 | \$291.9 | 16.8 % |
| Noninterest income | 366.3 | 294.2 | 24.5 | 637.9 | 629.1 | 1.4 | 448.0 | 444.2 | .9 | 770.8 | 538.2 | 43.2 |
| Total net revenue | 1,353.0 | 1,399.5 | (3.3) | 2,257.7 | 2,267.5 | (.4) | 610.1 | 599.0 | 1.9 | 1,111.7 | 830.1 | 33.9 |
| Noninterest expense | 199.2 | 196.0 | 1.6 | 826.9 | 849.4 | (2.6) | 222.9 | 226.6 | (1.6) | 324.5 | 215.2 | 50.8 |
| Other intangible amortization | 10.4 | 12.5 | (16.8) | 81.0 | 60.4 | 34.1 | 15.5 | 15.2 | 2.0 | 77.4 | 12.5 | ** |
| Goodwill amortization | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Total noninterest expense | 209.6 | 208.5 | .5 | 907.9 | 909.8 | (.2) | 238.4 | 241.8 | (1.4) | 401.9 | 227.7 | 76.5 |
| Operating income | 1,143.4 | 1,191.0 | (4.0) | 1,349.8 | 1,357.7 | (.6) | 371.7 | 357.2 | 4.1 | 709.8 | 602.4 | 17.8 |
| Provision for credit losses | (69.7) | 278.2 | ** | 193.2 | 200.6 | (3.7) | 5.9 | 5.8 | 1.7 | 217.9 | 217.3 | .3 |
| Income before income taxes | 1,213.1 | 912.8 | 32.9 | 1,156.6 | 1,157.1 | -- | 365.8 | 351.4 | 4.1 | 491.9 | 385.1 | 27.7 |
| Income taxes and taxable-equivalent adjustment | 441.4 | 332.2 | 32.9 | 420.9 | 421.1 | -- | 133.1 | 127.9 | 4.1 | 179.0 | 140.1 | 27.8 |
| Operating earnings, before merger and restructuring-related items and cumulative effect of change in accounting principles | \$771.7 | \$580.6 | 32.9 | \$735.7 | \$736.0 | -- | \$232.7 | \$223.5 | 4.1 | \$312.9 | \$245.0 | 27.7 |
| Merger and restructuring-related items (after-tax) | | | | | | | | | | | | |
| Cumulative effect of change in accounting principles | | | | | | | | | | | | |
| Net income | | | | | | | | | | | | |
| Average Balance Sheet Data | | | | | | | | | | | | |
| Loans | \$48,738 | \$56,978 | (14.5) | \$49,851 | \$49,175 | 1.4 | \$4,622 | \$4,302 | 7.4 | \$10,063 | \$9,929 | 1.3 |
| Goodwill | 1,347 | 1,415 | (4.8) | 1,709 | 1,731 | (1.3) | 288 | 291 | (1.0) | 1,817 | 307 | ** |
| Other intangible assets | 132 | 165 | (20.0) | 892 | 604 | 47.7 | 233 | 259 | (10.0) | 786 | 132 | ** |
| Assets | 55,233 | 64,204 | (14.0) | 58,101 | 56,577 | 2.7 | 5,760 | 5,662 | 1.7 | 13,201 | 10,751 | 22.8 |
| Noninterest-bearing deposits | 12,119 | 10,083 | 20.2 | 12,450 | 11,709 | 6.3 | 2,315 | 1,978 | 17.0 | 273 | 161 | 69.6 |
| Interest-bearing deposits | 7,144 | 6,238 | 14.5 | 58,654 | 62,236 | (5.8) | 4,731 | 5,055 | (6.4) | 3 | 3 | -- |
| Total deposits | 19,263 | 16,321 | 18.0 | 71,104 | 73,945 | (3.8) | 7,046 | 7,033 | .2 | 276 | 164 | 68.3 |
| Shareholders' equity | 5,362 | 6,507 | (17.6) | 4,617 | 4,962 | (7.0) | 1,352 | 1,424 | (5.1) | 3,208 | 1,024 | ** |

| For the Three Months Ended (Dollars in Millions) | Capital Markets | | | Treasury and Corporate Support | | | Consolidated Company | | |
|---|--------------------|-----------------|-------------------|-----------------------------------|-----------------|-------------------|-------------------------|-----------------|-------------------|
| | Jun 30, 2002 | Jun 30, 2001 | Percent Change | Jun 30, 2002 | Jun 30, 2001 | Percent Change | Jun 30, 2002 | Jun 30, 2001 | Percent Change |
| Condensed Income Statement | | | | | | | | | |
| Net interest income (taxable-equivalent basis) | \$11.9 | \$17.7 | (32.8) % | \$238.8 | \$(69.0) | ** % | \$3,360.2 | \$3,139.1 | 7.0 % |
| Noninterest income | 364.6 | 438.9 | (16.9) | 176.6 | 341.7 | (48.3) | 2,764.2 | 2,686.3 | 2.9 |
| Total net revenue | 376.5 | 456.6 | (17.5) | 415.4 | 272.7 | 52.3 | 6,124.4 | 5,825.4 | 5.1 |
| Noninterest expense | 336.9 | 389.8 | (13.6) | 716.1 | 632.2 | 13.3 | 2,626.5 | 2,509.2 | 4.7 |
| Other intangible amortization | -- | -- | -- | .6 | -- | ** | 184.9 | 100.6 | 83.8 |
| Goodwill amortization | -- | -- | -- | -- | 126.4 | ** | -- | 126.4 | ** |
| Total noninterest expense | 336.9 | 389.8 | (13.6) | 716.7 | 758.6 | (5.5) | 2,811.4 | 2,736.2 | 2.7 |
| Operating income | 39.6 | 66.8 | (40.7) | (301.3) | (485.9) | 38.0 | 3,313.0 | 3,089.2 | 7.2 |
| Provision for credit losses | -- | -- | -- | 322.7 | (96.1) | ** | 670.0 | 605.8 | 10.6 |
| Income before income taxes | 39.6 | 66.8 | (40.7) | (624.0) | (389.8) | (60.1) | 2,643.0 | 2,483.4 | 6.4 |
| Income taxes and taxable-equivalent adjustment | 14.4 | 24.3 | (40.7) | (257.2) | (178.1) | (44.4) | 931.6 | 867.5 | 7.4 |
| Operating earnings, before merger and restructuring-related items and cumulative effect of change in accounting principles | \$25.2 | \$42.5 | (40.7) | \$(366.8) | \$(211.7) | (73.3) | 1,711.4 | 1,615.9 | 5.9 |
| Merger and restructuring-related items (after-tax) | | | | | | | (95.1) | (643.5) | |
| Cumulative effect of change in accounting principles | | | | | | | (37.2) | -- | |
| Net income | | | | | | | \$1,579.1 | \$972.4 | |
| Average Balance Sheet Data | | | | | | | | | |
| Loans | \$246 | \$184 | 33.7 | \$346 | \$45 | ** | \$113,866 | \$120,613 | (5.6) |
| Goodwill | 306 | 331 | (7.6) | -- | 3 | ** | 5,467 | 4,078 | 34.1 |
| Other intangible assets | -- | -- | -- | 11 | -- | ** | 2,054 | 1,160 | 77.1 |
| Assets | 3,202 | 3,109 | 3.0 | 32,969 | 23,682 | 39.2 | 168,466 | 163,985 | 2.7 |
| Noninterest-bearing deposits | 210 | 162 | 29.6 | 8 | (39) | ** | 27,375 | 24,054 | 13.8 |
| Interest-bearing deposits | -- | -- | -- | 4,325 | 8,298 | (47.9) | 74,857 | 81,830 | (8.5) |
| Total deposits | 210 | 162 | 29.6 | 4,333 | 8,259 | (47.5) | 102,232 | 105,884 | (3.4) |
| Shareholders' equity | 434 | 480 | (9.6) | 1,345 | 1,141 | 17.9 | 16,318 | 15,538 | 5.0 |

*Preliminary data

**Not meaningful