



News Release

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U.S. BANCORP REPORTS 19.2 PERCENT INCREASE IN NET INCOME FOR FOURTH QUARTER 2003

COMPANY ADOPTS “FAIR VALUE” METHOD OF ACCOUNTING FOR STOCK-BASED COMPENSATION. FOURTH QUARTER EPS FROM CONTINUING OPERATIONS REDUCED BY \$.02 PER DILUTED SHARE AND FULL YEAR EPS FROM CONTINUING OPERATIONS REDUCED BY \$.06 PER DILUTED SHARE

EARNINGS SUMMARY								Table 1
(\$ in millions, except per-share data)								
	4Q 2003	3Q 2003	4Q 2002	Percent Change 4Q03 vs 3Q03	Percent Change 4Q03 vs 4Q02	Full Year 2003	Full Year 2002	Percent Change
Income from continuing operations before cumulative effect of accounting change, net	\$970.3	\$940.7	\$858.6	3.1	13.0	\$3,710.1	\$3,228.0	14.9
Net income	977.0	950.9	819.7	2.7	19.2	3,732.6	3,168.1	17.8
Earnings per share from continuing operations before cumulative effect of accounting change (diluted)	0.50	0.48	0.45	4.2	11.1	1.92	1.68	14.3
Earnings per share (diluted)	0.50	0.49	0.43	2.0	16.3	1.93	1.65	17.0
Return on average assets (%)	2.05	1.98	1.83			1.99	1.84	
Return on average equity(%)	19.4	19.5	17.8			19.2	18.3	
Efficiency ratio (%)	43.1	40.3	48.8			45.6	48.8	
Dividends declared per share	\$0.240	\$0.205	\$0.195	17.1	23.1	\$0.855	\$0.78	9.6
Book value per share (period-end)	10.01	10.26	9.62	(2.4)	4.1			
Net interest margin (%)	4.42	4.43	4.65			4.49	4.65	

MINNEAPOLIS, January 20, 2004 – U.S. Bancorp (NYSE: USB) today reported net income of \$977.0 million for the fourth quarter of 2003, compared with \$819.7 million for the fourth quarter of 2002. Net income of \$.50 per diluted share in the fourth quarter of 2003 was higher than the same period of 2002 by \$.07 (16.3 percent). Return on average assets and return on average equity were 2.05 percent and 19.4 percent, respectively, for the fourth quarter of 2003, compared with returns of 1.83 percent and 17.8 percent, respectively, for the fourth quarter of 2002. Net income in the fourth quarter of 2003 included after-tax merger and restructuring-related items of (\$5.0)

million, which had an immaterial impact on earnings per share, compared with (\$69.9) million, or (\$.03) per diluted share, in the fourth quarter of 2002.

U.S. Bancorp Chairman, President and Chief Executive Officer Jerry A. Grundhofer said, "2003 concluded a 5-year period dominated by transformational acquisitions and their resulting integration activities. Due to the dedication and support of our exceptional employees, we now have a company that is uniquely positioned to achieve consistent earnings growth as a result of our balanced business mix, advantaged scale, reduced risk profile, low-cost leadership position and emphasis on customer service.

"Specific to 2003, we achieved our earnings objectives, despite the soft economy, increasing net income by 17.8 percent while producing industry-leading returns on assets and equity of 1.99 percent and 19.2 percent, respectively. In addition, we completed the spin-off of Piper Jaffray to our shareholders, a company with a market value of approximately \$880 million, increased our cash dividend twice during the year resulting in a increase of 23.1 percent from the rate paid in the fourth quarter of 2002 and announced our intention to return 80 percent of earnings to shareholders through dividends or share repurchases.

"Looking forward to 2004, we see business conditions improving, as evidenced by the significant improvements we saw in the fourth quarter of 2003 in credit quality, as well as improving trends in our fiduciary and payments businesses. In this improving environment, we intend to achieve our stated long-term earnings per share growth goal of 10 percent, while continuing to make the investments that are necessary to ensure top line growth.

"In closing, I would like to thank all of our employees for their hard work and commitment in making 2003 a year of significant progress. Their focus on service quality, expanding existing customer relationships and acquiring new customer relationships was apparent in 2003 and will be critical to achieving our objectives in the future."

The Company's results for the fourth quarter of 2003 improved over the same period of 2002, primarily due to growth in net interest income and fee based products and services, as well as controlled operating expense and lower credit costs. Net income from continuing operations was \$970.3 million, or \$.50 per diluted share, for the fourth quarter of 2003, compared with \$858.6 million, or \$.45 per diluted share for the fourth quarter of 2002, representing an 11.1 percent annual growth rate.

Total net revenue on a taxable-equivalent basis for the fourth quarter of 2003 was \$37.7 million (1.2 percent) lower than the fourth quarter of 2002, which primarily reflected the net reduction in securities gains (losses) of \$106.3 million, in addition to an unfavorable variance in commercial products revenue and lower year-over-year gains from the sale of assets. Otherwise, favorable revenue growth occurred in net interest income, payment systems revenue, cash management fees, trust and investment management fees, and mortgage banking revenue. Acquisitions, including the 57 branches of Bay View Bank in California and the corporate trust business of State Street Bank and Trust Company ("State Street Corporate Trust"), contributed approximately \$33.0 million of additional net revenue year-over-year.

Total noninterest expense in the fourth quarter of 2003 was lower than the fourth quarter of 2002 by \$144.2 million (9.7 percent), primarily reflecting a \$99.7 million reduction in merger and restructuring-related charges, a \$54.1 million favorable change in the recognition of mortgage servicing rights ("MSR") impairment and cost savings from completed merger and restructuring-related activities. These positive variances were partially offset by expense increases due to acquisitions, which accounted for approximately \$16.0 million of expense growth year-over-year.

Provision for credit losses for the fourth quarter of 2003 was \$286.0 million, a decrease of \$63.0 million (18.1 percent) from the fourth quarter of 2002. Net charge-offs in the fourth quarter of 2003 were \$285.1 million, compared with the third quarter of 2003 net charge-offs of \$309.9 million and the fourth quarter of 2002 net charge-offs of \$378.5 million. The decline in losses from a year ago was primarily the result of an improving credit risk profile and collection efforts. Total nonperforming assets declined to \$1,148.1 million at December 31, 2003, from \$1,318.3 million at September 30, 2003 (12.9 percent), and \$1,373.5 million at December 31, 2002 (16.4 percent). The ratio of the allowance for credit losses to nonperforming loans was 232 percent at December 31, 2003, compared with 202 percent at September 30, 2003, and 196 percent at December 31, 2002.

On December 31, 2003, the Company announced that it had completed the spin-off of Piper Jaffray Companies (NYSE: PJC). The Company distributed one share of Piper Jaffray Companies common stock for every 100 shares of U.S. Bancorp common stock held by shareholders of record as of 5:00 p.m., EST, on December 22, 2003, by means of a special dividend. In connection with the spin-off, accounting rules require that the financial statements be restated for all prior periods. As such, historical financial results related to Piper Jaffray have been segregated and accounted for

in the Company's financial statements as discontinued operations. Net income in the fourth quarter of 2003 included after-tax income from the discontinued operations of Piper Jaffray Companies of \$6.7 million, which had an immaterial impact on diluted earnings per share. This compared with an after-tax loss of (\$38.9) million, or (\$.02) per diluted share, in the fourth quarter of 2002. For the full year 2003, net income included after-tax income from discontinued operations of \$22.5 million, or \$.01 per diluted share, compared with an after-tax loss of (\$22.7) million, or (\$.01) per diluted share, for the full year 2002.

Effective January 8, 2004, the Company elected to adopt the "fair value" method of accounting for stock-based compensation. This resulted in the Company recognizing compensation expense for the estimated fair value of all employee stock options granted, modified or settled in fiscal years beginning after December 15, 1994. The company has implemented this accounting change utilizing the "retroactive restatement method," which requires all financial statement periods to be restated for all stock-based compensation. Consequently, the financial results for the fourth quarter of 2003, full year 2003 and all respective prior periods have been restated to reflect this change in accounting. The impact of this change on diluted earnings per share from continuing operations for fourth quarter of 2003 and fourth quarter of 2002 was (\$.02) and (\$.01), respectively. In addition, the impact on diluted earnings per share from continuing operations for full year 2003 and 2002 was (\$.06) and (\$.05), respectively, due to this change. The impact of this change on diluted earnings per share for the fourth quarter of 2003 and 2002 was (\$.01) and (\$.02), respectively, and (\$.06) per diluted share for both full year 2003 and 2002.

INCOME STATEMENT HIGHLIGHTS								
Table 2								
(Taxable-equivalent basis, \$ in millions, except per-share data)								
	4Q 2003	3Q 2003	4Q 2002	Percent Change 4Q03 vs 3Q03	Percent Change 4Q03 vs 4Q02	Full Year 2003	Full Year 2002	Percent Change
Net interest income	\$1,816.7	\$1,825.5	\$1,765.3	(0.5)	2.9	\$7,217.5	\$6,847.2	5.4
Noninterest income	1,296.6	1,177.4	1,385.7	10.1	(6.4)	5,313.0	5,210.7	2.0
Total net revenue	3,113.3	3,002.9	3,151.0	3.7	(1.2)	12,530.5	12,057.9	3.9
Noninterest expense	1,342.4	1,253.3	1,486.6	7.1	(9.7)	5,596.9	5,740.5	(2.5)
Provision for credit losses	286.0	310.0	349.0	(7.7)	(18.1)	1,254.0	1,349.0	(7.0)
Income from continuing operations before income taxes and cumulative effect of accounting change	1,484.9	1,439.6	1,315.4	3.1	12.9	5,679.6	4,968.4	14.3
Taxable-equivalent adjustment	7.2	7.0	7.7	2.9	(6.5)	28.2	32.9	(14.3)
Applicable income taxes	507.4	491.9	449.1	3.2	13.0	1,941.3	1,707.5	13.7
Income from continuing operations before cumulative effect of accounting change	970.3	940.7	858.6	3.1	13.0	3,710.1	3,228.0	14.9
Income (loss) from discontinued operations (after-tax)	6.7	10.2	(38.9)	nm	nm	22.5	(22.7)	nm
Cumulative effect of accounting change (after-tax)	--	--	--	nm	nm	--	(37.2)	nm
Net income	\$977.0	\$950.9	\$819.7	2.7	19.2	\$3,732.6	\$3,168.1	17.8
Diluted earnings per share:								
Income from continuing operations before cumulative effect of accounting change	\$0.50	\$0.48	\$0.45	4.2	11.1	\$1.92	\$1.68	14.3
Discontinued operations	--	0.01	(0.02)	nm	nm	0.01	(0.01)	nm
Cumulative effect of accounting change	--	--	--	nm	nm	--	(0.02)	nm
Net income	\$0.50	\$0.49	\$0.43	2.0	16.3	\$1.93	\$1.65	17.0

Net Interest Income

Fourth quarter net interest income on a taxable-equivalent basis was \$1,816.7 million, compared with \$1,765.3 million recorded in the fourth quarter of 2002. Average earning assets for the period increased over the fourth quarter of 2002 by \$12.6 billion (8.3 percent), primarily driven by increases in investment securities, residential mortgages, and retail loans, partially offset by a decline in commercial loans and loans held for sale related to mortgage banking activities. The net interest margin in the fourth quarter of 2003 was 4.42 percent, compared with 4.43 percent in the third quarter of 2003 and 4.65 percent in the fourth quarter of 2002. The decline in the net interest margin in the fourth quarter of 2003 from the fourth quarter of 2002 primarily reflected growth in lower-yielding investment securities as a percent of total earning assets, a change in loan mix, and

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a decline in the margin benefit from net free funds due to lower interest rates. In addition, the net interest margin declined year-over-year as a result of consolidating loans from Stellar Funding Group, Inc., a commercial loan conduit, onto the Company's balance sheet during the third quarter of 2003. The slight decline in the net interest margin in the fourth quarter of 2003 from the third quarter of 2003 also reflected a similar change in earning asset mix.

NET INTEREST INCOME						Table 3		
(Taxable-equivalent basis; \$ in millions)								
	4Q 2003	3Q 2003	4Q 2002	Change 4Q03 vs 3Q03	Change 4Q03 vs 4Q02	Full Year 2003	Full Year 2002	Change
Components of net interest income								
Income on earning assets	\$2,294.9	\$2,318.3	\$2,389.1	\$ (23.4)	\$ (94.2)	\$9,286.2	\$9,526.8	\$ (240.6)
Expense on interest-bearing liabilities	478.2	492.8	623.8	(14.6)	(145.6)	2,068.7	2,679.6	(610.9)
Net interest income	\$1,816.7	\$1,825.5	\$1,765.3	\$ (8.8)	\$ 51.4	\$7,217.5	\$6,847.2	\$ 370.3
Average yields and rates paid								
Earning assets yield	5.58 %	5.63 %	6.29 %	(0.05) %	(0.71) %	5.77 %	6.46 %	(0.69) %
Rate paid on interest-bearing liabilities	1.44	1.49	2.05	(0.05)	(0.61)	1.60	2.26	(0.66)
Gross interest margin	4.14 %	4.14 %	4.24 %	-- %	(0.10) %	4.17 %	4.20 %	(0.03) %
Net interest margin	4.42 %	4.43 %	4.65 %	(0.01) %	(0.23) %	4.49 %	4.65 %	(0.16) %
Average balances								
Investment securities	\$40,774	\$37,777	\$30,399	\$2,997	\$10,375	\$37,248	\$28,829	\$8,419
Loans	119,300	119,982	115,405	(682)	3,895	118,362	114,453	3,909
Earning assets	163,705	163,865	151,099	(160)	12,606	160,808	147,410	13,398
Interest-bearing liabilities	131,990	131,693	120,682	297	11,308	129,004	118,697	10,307
Net free funds*	31,715	32,172	30,417	(457)	1,298	31,804	28,713	3,091
* Represents noninterest-bearing deposits, allowance for credit losses, unrealized gain (loss) on available-for-sale securities, non-earning assets, other non-interest bearing liabilities and equity								

AVERAGE LOANS								Table 4
(\$ in millions)								
	4Q 2003	3Q 2003	4Q 2002	Percent Change 4Q03 vs 3Q03	Percent Change 4Q03 vs 4Q02	Full Year 2003	Full Year 2002	Percent Change
Commercial	\$35,080	\$36,958	\$36,880	(5.1)	(4.9)	\$36,238	\$38,244	(5.2)
Lease financing	4,959	5,022	5,413	(1.3)	(8.4)	5,088	5,573	(8.7)
Total commercial	40,039	41,980	42,293	(4.6)	(5.3)	41,326	43,817	(5.7)
Commercial mortgages	20,230	20,089	20,056	0.7	0.9	20,166	19,212	5.0
Construction and development	7,060	7,308	6,587	(3.4)	7.2	6,976	6,511	7.1
Total commercial real estate	27,290	27,397	26,643	(0.4)	2.4	27,142	25,723	5.5
Residential mortgages	13,374	12,234	8,966	9.3	49.2	11,696	8,412	39.0
Credit card	5,713	5,606	5,662	1.9	0.9	5,525	5,633	(1.9)
Retail leasing	5,895	5,806	5,626	1.5	4.8	5,804	5,389	7.7
Home equity and second mortgages	13,084	13,093	13,651	(0.1)	(4.2)	13,239	13,232	0.1
Other retail	13,905	13,866	12,564	0.3	10.7	13,630	12,247	11.3
Total retail	38,597	38,371	37,503	0.6	2.9	38,198	36,501	4.6
Total loans	\$119,300	\$119,982	\$115,405	(0.6)	3.4	\$118,362	\$114,453	3.4

Average loans for the fourth quarter of 2003 were \$3.9 billion (3.4 percent) higher than the fourth quarter of 2002, primarily due to growth in average residential mortgages of \$4.4 billion (49.2 percent) and retail loans of \$1.1 billion (2.9 percent) year-over-year. Total commercial loans declined by \$2.3 billion (5.3 percent), while total commercial real estate loans increased by \$647 million (2.4 percent). Although the consolidation of loans from the Stellar commercial loan conduit had a positive impact on average loan balances year-over-year, current credit markets and soft economic conditions throughout much of 2003 led to the overall decrease in total commercial loans. Average loans for the fourth quarter of 2003 were lower than the third quarter of 2003 by \$682 million (.6 percent), reflecting reductions in commercial and commercial real estate loans, partially offset by growth in both residential mortgages and retail loans.

Average investment securities in the fourth quarter of 2003 were \$10.4 billion (34.1 percent) higher than the fourth quarter of 2002, reflecting the reinvestment of proceeds from loan sales, declines in commercial loan balances and additional deposits assumed in connection with the Bay

View Bank branch acquisition. Investment securities at December 31, 2003, were \$14.8 billion higher than at December 31, 2002, and \$8.3 billion higher than the balance at September 30, 2003. The increase from the third quarter primarily reflects the timing of securities sales late in the third quarter. During the fourth quarter of 2003, the Company continued to acquire floating-rate securities and shorter-term fixed-rate securities as part of its asset/liability management activities.

AVERAGE DEPOSITS								Table 5
(\$ in millions)								
	4Q 2003	3Q 2003	4Q 2002	Percent Change 4Q03 vs 3Q03	Percent Change 4Q03 vs 4Q02	Full Year 2003	Full Year 2002	Percent Change
Noninterest-bearing deposits	\$29,647	\$31,907	\$31,220	(7.1)	(5.0)	\$31,715	\$28,715	10.4
Interest-bearing deposits								
Interest checking	20,595	20,148	16,505	2.2	24.8	19,104	15,631	22.2
Money market accounts	35,351	33,980	27,238	4.0	29.8	32,310	25,237	28.0
Savings accounts	5,708	5,846	5,011	(2.4)	13.9	5,612	4,928	13.9
Savings products	61,654	59,974	48,754	2.8	26.5	57,026	45,796	24.5
Time certificates of deposit less than \$100,000	14,182	14,824	18,334	(4.3)	(22.6)	15,493	19,283	(19.7)
Time deposits greater than \$100,000	10,786	11,251	12,709	(4.1)	(15.1)	12,319	11,330	8.7
Total interest-bearing deposits	86,622	86,049	79,797	0.7	8.6	84,838	76,409	11.0
Total deposits	\$116,269	\$117,956	\$111,017	(1.4)	4.7	\$116,553	\$105,124	10.9

Average noninterest-bearing deposits in the fourth quarter of 2003 were lower than the fourth quarter of 2002 by \$1.6 billion (5.0 percent). The change is primarily due to lower mortgage banking activities and a decline in Federal government deposits related to their decision in the third quarter to pay for treasury management services rather than maintain compensating balances. Average interest-bearing deposits increased by \$6.8 billion (8.6 percent) over the fourth quarter of 2002. Approximately \$1.7 billion of the increase in average interest-bearing deposits was due to acquisitions, while the remaining \$5.1 billion of growth was driven by increases in savings products balances, partially offset by decreases in time certificates of deposit less than \$100,000 and time deposits greater than \$100,000.

Average noninterest-bearing deposits in the fourth quarter of 2003 were \$2.3 billion (7.1 percent) lower than the third quarter of 2003 due to lower government-related deposits, while average interest-bearing deposits were slightly higher (.7 percent). Noninterest-bearing deposits at

December 31, 2003, were essentially flat compared to September 30, 2003, and \$2.6 billion (7.5 percent) lower than at December 31, 2002.

NONINTEREST INCOME								Table 6
(\$ in millions)								
	4Q 2003	3Q 2003	4Q 2002	Percent Change 4Q03 vs 3Q03	Percent Change 4Q03 vs 4Q02	Full Year 2003	Full Year 2002	Percent Change
Credit and debit card revenue	\$153.4	\$137.6	\$143.7	11.5	6.8	\$560.7	\$517.0	8.5
Corporate payment products revenue	88.7	95.7	80.4	(7.3)	10.3	361.3	325.7	10.9
ATM processing services	40.3	41.3	41.7	(2.4)	(3.4)	165.9	160.6	3.3
Merchant processing services	146.0	146.3	142.0	(0.2)	2.8	561.4	567.3	(1.0)
Trust and investment management fees	246.6	239.8	213.6	2.8	15.4	953.9	892.1	6.9
Deposit service charges	186.6	187.0	186.4	(0.2)	0.1	715.8	690.3	3.7
Cash management fees	116.3	126.2	102.6	(7.8)	13.4	466.3	416.9	11.8
Commercial products revenue	98.5	97.8	108.3	0.7	(9.0)	400.5	479.2	(16.4)
Mortgage banking revenue	91.9	89.5	88.4	2.7	4.0	367.1	330.2	11.2
Investment products fees and commissions	36.2	35.5	35.0	2.0	3.4	144.9	132.7	9.2
Securities gains (losses), net	(0.1)	(108.9)	106.2	(99.9)	nm	244.8	299.9	(18.4)
Other	92.2	89.6	137.4	2.9	(32.9)	370.4	398.8	(7.1)
Total noninterest income	\$1,296.6	\$1,177.4	\$1,385.7	10.1	(6.4)	\$5,313.0	\$5,210.7	2.0

Noninterest Income

Fourth quarter noninterest income was \$1,296.6 million, a decrease of \$89.1 million (6.4 percent) from the same quarter of 2002, and a \$119.2 million (10.1 percent) increase over the third quarter of 2003. The decline in noninterest income from the fourth quarter of 2002 was driven by a net reduction in gains (losses) on the sale of securities, other income and commercial products revenue, partially offset by increases in payment services revenue, cash management fees, trust and investment management fees, mortgage banking revenue, and the effects of acquisitions, including the branches of Bay View Bank and State Street Corporate Trust, which contributed approximately \$24.3 million in additional noninterest income in the fourth quarter of 2003. Credit and debit card revenue and corporate payment products revenue were higher in the fourth quarter of 2003 than the fourth quarter of 2002 by \$9.7 million (6.8 percent) and \$8.3 million (10.3 percent), respectively. Although credit and debit card revenue grew year-over-year, the growth was somewhat muted due to the impact of the settlement of the antitrust litigation brought against VISA USA and Mastercard

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by Wal-Mart Stores, Inc., Sears Roebuck & Co. and other retailers, which lowered the interchange rate on signature debit transactions beginning August 1, 2003. The year-over-year impact of the VISA settlement on credit and debit card revenue was approximately \$12.6 million. This change in the interchange rate, in addition to higher customer loyalty rewards expenses, however, were more than offset by increases in transaction volumes and other rate adjustments. The corporate payment products revenue growth reflected growth in sales and card usage. Merchant processing services revenue was higher in the fourth quarter of 2003 than the same quarter of 2002 by \$4.0 million (2.8 percent), due to an increase in transaction volume, which was partially offset by lower processing spreads resulting from changes in the mix of merchants. The favorable variance in trust and investment management fees of \$33.0 million (15.4 percent) in the fourth quarter of 2003 over the same period of 2002 was principally driven by the acquisition of State Street Corporate Trust, which contributed approximately \$21.1 million in fees during the fourth quarter of 2003. In addition, trust and investment management fees benefited from higher equity market valuations and account growth year-over-year. Cash management fees grew by \$13.7 million (13.4 percent) in the fourth quarter of 2003 over the same period of 2002. The increase in cash management fees year-over-year was primarily driven by a change during the third quarter of 2003 in the Federal government's payment methodology for treasury management services from compensating balances, reflected in net interest income, to fees. Mortgage banking revenue increased by \$3.5 million (4.0 percent) over the same period of 2002 due to higher loan servicing revenue, which was slightly offset by a decline in origination and sales revenue. Offsetting these favorable variances were declines in other income and commercial products revenue year-over-year. Other income declined primarily due to a \$46.5 million gain on the sale of a co-branded credit card portfolio recorded in the fourth quarter of 2002. Commercial products revenue declined by \$9.8 million (9.0 percent) year-over-year, principally reflecting lower commercial loan conduit servicing fees, which resulted, in part, from unwinding the Stellar commercial loan conduit.

Noninterest income increased in the fourth quarter of 2003 by \$119.2 million (10.1 percent) over the third quarter of 2003, primarily due to the net favorable change in gains (losses) on the sale of securities of \$108.8 million and increases in credit and debit card revenue and trust and investment management fees. These favorable variances were partially offset by lower corporate payment product fees and cash management fees. Credit and debit card revenue in the fourth quarter was seasonally higher than the third quarter of 2003. The VISA USA settlement had a

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slight negative impact of \$4.9 million, as the reduced interchange rates became effective August 1, 2003. Trust and investment management fees increased by \$6.8 million (2.8 percent) over the third quarter of 2003 due to the impact of improving equity market valuations, annual fees and core account growth. Corporate payment products fees were seasonally lower than the third quarter of 2003, primarily due to the government purchasing card sales volumes, while cash management fees declined from the prior quarter due to lower fees from government-related sources.

NONINTEREST EXPENSE								
Table 7								
(\$ in millions)								
	4Q 2003	3Q 2003	4Q 2002	Percent Change 4Q03 vs 3Q03	Percent Change 4Q03 vs 4Q02	Full Year 2003	Full Year 2002	Percent Change
Salaries	\$539.4	\$543.8	\$545.1	(0.8)	(1.0)	\$2,176.8	\$2,167.5	0.4
Employee benefits	81.3	75.8	83.0	7.3	(2.0)	328.4	317.5	3.4
Net occupancy	91.9	93.9	96.1	(2.1)	(4.4)	372.6	375.9	(0.9)
Furniture and equipment	69.7	67.4	71.6	3.4	(2.7)	271.1	282.8	(4.1)
Communication	37.8	38.5	38.5	(1.8)	(1.8)	157.2	145.7	7.9
Postage	43.2	43.9	41.7	(1.6)	3.6	175.8	172.4	2.0
Other intangible assets	124.2	10.8	156.7	nm	(20.7)	682.4	553.0	23.4
Merger and restructuring-related charges	7.6	10.2	107.3	(25.5)	(92.9)	46.2	321.2	(85.6)
Other	347.3	369.0	346.6	(5.9)	0.2	1,386.4	1,404.5	(1.3)
Total noninterest expense	\$1,342.4	\$1,253.3	\$1,486.6	7.1	(9.7)	\$5,596.9	\$5,740.5	(2.5)

Noninterest Expense

Fourth quarter noninterest expense totaled \$1,342.4 million, a decrease of \$144.2 million (9.7 percent) from the fourth quarter of 2002. The decline in expense year-over-year was primarily due to a \$99.7 million reduction in merger and restructuring-related charges, the favorable change in MSR impairment of \$54.1 million and cost savings from merger and restructuring-related activities. These positive variances were partially offset by the impact of recent acquisitions, including the branches of Bay View Bank and State Street Corporate Trust. The acquisitions contributed approximately \$16.0 million of expense growth to the quarter.

Noninterest expense in the fourth quarter of 2003 was higher than the third quarter of 2003 by \$89.1 million (7.1 percent). The unfavorable variance was primarily due to the MSR repayment (\$108.5 million) taken in the third quarter of 2003. No expense was recorded in the fourth quarter

of 2003 related to changes in MSR valuations. Partially offsetting this negative variance was other expense, which was \$21.7 million (5.9 percent) lower than the prior quarter, primarily reflecting a decline in tax-related liabilities and merchant processing expenses.

ALLOWANCE FOR CREDIT LOSSES					Table 8
(\$ in millions)	4Q 2003	3Q 2003	2Q 2003	1Q 2003	4Q 2002
Balance, beginning of period	\$2,367.7	\$2,367.6	\$2,408.5	\$2,422.0	\$2,460.5
Net charge-offs					
Commercial	100.9	123.9	122.9	137.9	136.7
Lease financing	14.9	19.2	26.9	23.0	58.2
Total commercial	115.8	143.1	149.8	160.9	194.9
Commercial mortgages	10.0	5.9	9.3	2.9	13.5
Construction and development	2.9	4.6	2.5	1.0	(0.9)
Total commercial real estate	12.9	10.5	11.8	3.9	12.6
Residential mortgages	7.2	7.3	6.5	5.9	6.6
Credit card	62.3	59.3	64.5	68.7	69.1
Retail leasing	11.3	12.2	12.6	13.9	10.7
Home equity and second mortgages	20.4	23.2	23.9	25.4	24.4
Other retail	55.2	54.3	53.8	55.1	60.2
Total retail	149.2	149.0	154.8	163.1	164.4
Total net charge-offs	285.1	309.9	322.9	333.8	378.5
Provision for credit losses	286.0	310.0	323.0	335.0	349.0
Acquisitions and other changes	--	--	(41.0)	(14.7)	(9.0)
Balance, end of period	\$2,368.6	\$2,367.7	\$2,367.6	\$2,408.5	\$2,422.0
Net charge-offs to average loans (%)	0.95	1.02	1.10	1.16	1.30
Allowance as a percentage of:					
Period-end loans	2.00	1.98	1.98	2.06	2.08
Nonperforming loans	232	202	194	194	196
Nonperforming assets	206	180	174	177	176

Credit Quality

The allowance for credit losses was \$2,368.6 million at December 31, 2003, compared with the allowance for credit losses of \$2,367.7 million at September 30, 2003, and \$2,422.0 million at December 31, 2002. The ratio of the allowance for credit losses to nonperforming loans was 232 percent at December 31, 2003, compared with 202 percent at September 30, 2003, and 196 percent at December 31, 2002. The ratio of the allowance for credit losses to period-end loans was 2.00

(MORE)

percent at December 31, 2003, compared with 1.98 percent at September 30, 2003, and 2.08 percent at December 31, 2002. Total net charge-offs in the fourth quarter of 2003 were \$285.1 million, compared with the third quarter of 2003 net charge-offs of \$309.9 million and the fourth quarter of 2002 net charge-offs of \$378.5 million.

Commercial and commercial real estate loan net charge-offs were \$128.7 million for the fourth quarter of 2003, or .76 percent of average loans outstanding, compared with \$153.6 million, or .88 percent of average loans outstanding, in the third quarter of 2003 and \$207.5 million, or 1.19 percent of average loans outstanding, in the fourth quarter of 2002. The decline in net charge-offs was broad-based across most industries within the commercial loan portfolio.

Retail loan net charge-offs of \$149.2 million in the fourth quarter of 2003 were essentially flat to the third quarter of 2003 and \$15.2 million (9.2 percent) lower than the fourth quarter of 2002. Retail loan net charge-offs as a percent of average loans outstanding were 1.53 percent in the fourth quarter of 2003, compared with 1.54 percent and 1.74 percent in the third quarter of 2003 and fourth quarter of 2002, respectively. Lower levels of retail loan net charges-offs principally reflected the Company's improvement in ongoing collection efforts and risk management.

CREDIT RATIOS					Table 9
(Percent)	4Q 2003	3Q 2003	2Q 2003	1Q 2003	4Q 2002
Net charge-offs ratios*					
Commercial	1.14	1.33	1.35	1.54	1.47
Lease financing	1.19	1.52	2.11	1.78	4.27
Total commercial	1.15	1.35	1.44	1.57	1.83
Commercial mortgages	0.20	0.12	0.19	0.06	0.27
Construction and development	0.16	0.25	0.14	0.06	(0.05)
Total commercial real estate	0.19	0.15	0.17	0.06	0.19
Residential mortgages	0.21	0.24	0.24	0.24	0.29
Credit card	4.33	4.20	4.80	5.17	4.84
Retail leasing	0.76	0.83	0.88	0.98	0.75
Home equity and second mortgages	0.62	0.70	0.72	0.76	0.71
Other retail	1.57	1.55	1.59	1.69	1.90
Total retail	1.53	1.54	1.63	1.75	1.74
Total net charge-offs	0.95	1.02	1.10	1.16	1.30
Delinquent loan ratios - 90 days or more past due excluding nonperforming loans**					
Commercial	0.06	0.11	0.09	0.10	0.14
Commercial real estate	0.02	0.01	0.02	0.03	0.04
Residential mortgages	0.61	0.63	0.65	0.82	0.90
Retail	0.56	0.57	0.63	0.71	0.72
Total loans	0.28	0.29	0.30	0.34	0.37
Delinquent loan ratios - 90 days or more past due including nonperforming loans**					
Commercial	1.97	2.31	2.27	2.33	2.35
Commercial real estate	0.82	0.75	0.82	0.85	0.90
Residential mortgages	0.91	0.98	1.13	1.37	1.44
Retail	0.62	0.63	0.70	0.77	0.79
Total loans	1.14	1.27	1.32	1.40	1.43
* annualized and calculated on average loan balances					
** ratios are expressed as a percent of ending loan balances					

The overall level of net charge-offs in the fourth quarter of 2003 continued to reflect current economic conditions. Due to the Company's ongoing efforts to reduce the overall risk profile of the organization, net charge-offs are expected to continue to trend lower.

ASSET QUALITY					Table 10
(\$ in millions)					
	Dec 31 2003	Sep 30 2003	Jun 30 2003	Mar 31 2003	Dec 31 2002
Nonperforming loans					
Commercial	\$623.5	\$793.9	\$795.2	\$808.4	\$760.4
Lease financing	113.3	111.6	126.6	129.4	166.7
Total commercial	736.8	905.5	921.8	937.8	927.1
Commercial mortgages	177.6	161.5	182.0	174.6	174.6
Construction and development	39.9	40.2	35.3	46.1	57.5
Total commercial real estate	217.5	201.7	217.3	220.7	232.1
Residential mortgages	40.5	46.1	56.0	57.4	52.0
Retail	25.2	21.6	24.2	23.9	26.1
Total nonperforming loans	1,020.0	1,174.9	1,219.3	1,239.8	1,237.3
Other real estate	72.6	70.4	71.5	66.2	59.5
Other nonperforming assets	55.5	73.0	68.9	56.6	76.7
Total nonperforming assets*	\$1,148.1	\$1,318.3	\$1,359.7	\$1,362.6	\$1,373.5
Accruing loans 90 days or more past due	\$329.4	\$352.4	\$360.7	\$403.5	\$426.4
Nonperforming assets to loans plus ORE (%)	0.97	1.10	1.14	1.16	1.18
*does not include accruing loans 90 days or more past due					

Nonperforming assets at December 31, 2003, totaled \$1,148.1 million, compared with \$1,318.3 million at September 30, 2003, and \$1,373.5 million at December 31, 2002. The ratio of nonperforming assets to loans and other real estate was .97 percent at December 31, 2003, compared with 1.10 percent at September 30, 2003, and 1.18 percent at December 31, 2002. Given the Company's ongoing efforts to reduce the overall risk profile of the organization, nonperforming assets are expected to continue to trend lower.

CAPITAL POSITION					Table 11
(\$ in millions)	Dec 31 2003	Sep 30 2003	Jun 30 2003	Mar 31 2003	Dec 31 2002
Total shareholders' equity	\$19,242	\$19,771	\$19,521	\$18,862	\$18,436
Tier 1 capital	14,623	14,589	13,950	13,215	12,941
Total risk-based capital	21,703	21,859	21,392	20,242	20,088
Common equity to assets	10.2 %	10.5 %	10.0 %	10.4 %	10.2 %
Tangible common equity to assets	6.5	6.6	6.0	6.0	5.7
Tier 1 capital ratio	9.2	9.0	8.5	8.2	8.0
Total risk-based capital ratio	13.6	13.5	13.0	12.6	12.4
Leverage ratio	8.0	8.0	7.8	7.6	7.7

Total shareholders' equity was \$19.2 billion at December 31 2003, compared with \$18.4 billion at December 31, 2002. The increase was the result of corporate earnings offset primarily by dividends, including the special dividend of \$685 million related to the spin-off of Piper Jaffray Companies.

Tangible common equity to assets was 6.5 percent at December 31, 2003, compared with 6.6 percent at September 30, 2003, and 5.7 percent at December 31, 2002. The Tier 1 capital ratio was 9.2 percent at December 31, 2003, compared with 9.0 percent at September 30, 2003, and 8.0 percent at December 31, 2002. The total risk-based capital ratio was 13.6 percent at December 31, 2003, compared with 13.5 percent at September 30, 2003, and 12.4 percent at December 31, 2002. The leverage ratio was 8.0 percent at December 31, 2003, compared with 8.0 percent at September 30, 2003, and 7.7 percent at December 31, 2002. All regulatory ratios continue to be in excess of stated "well capitalized" requirements.

COMMON SHARES					Table 12
(Millions)	4Q 2003	3Q 2003	2Q 2003	1Q 2003	4Q 2002
Beginning shares outstanding	1,927.4	1,924.5	1,919.0	1,917.0	1,914.7
Shares issued for stock option and stock purchase plans, acquisitions and other corporate purposes	10.5	2.9	5.5	2.0	2.3
Shares repurchased	(15.0)	--	--	--	--
Ending shares outstanding	1,922.9	1,927.4	1,924.5	1,919.0	1,917.0

On December 16, 2003, the board of directors of U.S. Bancorp approved an authorization to repurchase 150 million shares of outstanding common stock over the next 24 months. This repurchase program replaced the Company's previous program, which was set to expire in December 2003. During the fourth quarter of 2003, the Company repurchased 15.0 million shares of common stock in both open market and privately negotiated transactions under these authorizations. As of December 31, 2003, there were approximately 142 million shares remaining to be repurchased under the current authorization.

LINE OF BUSINESS FINANCIAL PERFORMANCE*									Table 13
(\$ in millions)									
Business Line	Net Operating Earnings**			Percent Change		Full	Full	Percent Change	4Q 2003 Earnings Composition
	4Q 2003	3Q 2003	4Q 2002	4Q03 vs 3Q03	4Q03 vs 4Q02	Year 2003	Year 2002		
Wholesale Banking	\$307.2	\$308.7	\$262.1	(0.5)	17.2	\$1,195.3	\$1,115.7	7.1	31 %
Consumer Banking	419.8	440.8	390.5	(4.8)	7.5	1,688.4	1,521.0	11.0	43
Private Client, Trust and Asset Management	134.5	129.8	111.3	3.6	20.8	506.5	456.7	10.9	14
Payment Services	196.6	189.0	214.2	4.0	(8.2)	732.8	704.6	4.0	20
Treasury and Corporate Support	(82.8)	(120.9)	(49.6)	31.5	(66.9)	(382.5)	(360.7)	(6.0)	(8)
Consolidated Company	\$975.3	\$947.4	\$928.5	2.9	5.0	\$3,740.5	\$3,437.3	8.8	100 %

* preliminary data
** earnings before merger and restructuring-related items, discontinued operations and cumulative effect of change in accounting principles

Lines of Business

Within the Company, financial performance is measured by major lines of business which include Wholesale Banking, Consumer Banking, Private Client, Trust and Asset Management, Payment Services, and Treasury and Corporate Support. 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. During 2003, certain organization and methodology changes were made and, accordingly, results for 2003 and 2002 have been restated and presented on a comparable basis.

Wholesale Banking offers lending, depository, treasury management and other financial services to middle market, large corporate and public sector clients. Wholesale Banking contributed \$307.2 million of the Company's operating earnings in the fourth quarter of 2003, a 17.2 percent increase over the same period of 2002, but slightly less than the third quarter of 2003. The increase in Wholesale Banking's fourth quarter 2003 contribution over the fourth quarter of

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2002 was the result of essentially flat net revenue, lower noninterest expense (8.4 percent), and a favorable variance in the provision for credit losses (45.6 percent). Total net revenue in the fourth quarter of 2003 was essentially flat to the fourth quarter of 2002, the net effect of an unfavorable variance in net interest income (1.3 percent) and higher noninterest income (3.8 percent). The decrease in net interest income was primarily due to declines in average total loans outstanding (3.7 percent), partially offset by increases in average total deposits (20.4 percent). Higher cash management fees (20.0 percent) primarily drove Wholesale Banking's favorable variance in noninterest income year-over-year. The increase in cash management fees was principally driven by a change during the third quarter of 2003 in the Federal government's payment methodology for treasury management services from compensating balances to fees. Wholesale Banking's favorable variance in noninterest expense year-over-year was driven by a decrease in other expense, the result of lower loan workout-related expense relative to the fourth quarter of 2002. The slight decrease in Wholesale Banking's contribution to operating earnings in the fourth quarter of 2003 from the third quarter of 2003 was the net result of an unfavorable variance in net revenue (3.7 percent) and higher noninterest expense (6.2 percent), offset by a favorable reduction in the provision for credit losses (26.8 percent). Net revenue in the fourth quarter of 2003 was lower than the previous quarter due to decreases in both net interest income (3.1 percent) and noninterest income (5.1 percent). The change in net interest income reflected reductions from the prior quarter in the business line's average loans outstanding and average deposits, while declines in cash management fees and commercial products revenue led to the unfavorable variance in noninterest income quarter to quarter. The increase in noninterest expense was principally due to higher legal and professional expenses. Lower net charge-offs from improving credit quality drove the favorable variance in provision for credit losses.

Consumer Banking delivers products and services to the broad consumer market and small businesses through banking offices, telemarketing, 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 contributed \$419.8 million of the Company's operating earnings in the fourth quarter of 2003, a 7.5 percent increase over the same period of 2002, but a 4.8 percent decline from the third quarter of 2003. The increase in Consumer Banking's fourth quarter 2003 contribution over the fourth quarter of 2002

was the result of lower noninterest expense (7.6 percent) and provision for credit losses (16.5 percent), partially offset by an unfavorable variance in net revenue (1.3 percent). Net interest income improved year-over-year (1.8 percent), the result of increases in average loans and average deposits, as well as the acquisition of the Bay View Bank branches in California. Noninterest income also improved in the fourth quarter of 2003 over the same period of 2002, primarily due to positive changes in mortgage banking revenue and investment products fees and commissions. Offsetting the favorable variances in net interest income and noninterest income was a net reduction in gains (losses) on the sale of securities of \$38.3 million. Noninterest expense in the fourth quarter of 2003 was lower than the fourth quarter of 2002 (7.6 percent), mainly due to the change in MSR valuation, partly offset by the impact of the acquisition of the Bay View Bank branches. The decline in Consumer Banking's contribution in the fourth quarter of 2003 from the third quarter of 2003 was primarily the result of a decrease in net interest income (2.7 percent). Variances in noninterest income and noninterest expense were largely offsetting due to the change in MSR valuation and the net reduction in gains (losses) on sale of securities, respectively, quarter to quarter.

Private Client, Trust and Asset Management provides trust, private banking, financial advisory, investment management and mutual fund processing services through five businesses: Private Client Group, Corporate Trust, Asset Management, Institutional Trust and Custody, and Custody and Fund Services, LLC. Private Client, Trust and Asset Management contributed \$134.5 million of the Company's operating earnings in the fourth quarter of 2003, 20.8 percent higher than the same period of 2002 and 3.6 percent higher than the third quarter of 2003. The favorable variance in the business line's contribution in the fourth quarter of 2003 over the fourth quarter of 2002 was the result of a favorable variance in net revenue (18.4 percent), partly offset by an unfavorable variance in noninterest expense of (16.9 percent). The increase in net revenue was primarily due to the acquisition of State Street Corporate Trust, which added approximately \$30.5 million of net revenue in the fourth quarter of 2003, and increases due to higher equity market valuations and core account growth. Higher total deposit balances (48.2 percent) favorably impacted net interest income year-over-year. The unfavorable variance in expense was, also, primarily due to the acquisition of State Street Corporate Trust, partly offset by business line cost savings year-over-year. The increase in the business line's contribution (3.6 percent) in the fourth quarter of 2003 over the prior quarter of 2003 was the result of higher net revenue (1.4 percent),

lower noninterest expense (1.0 percent) and a \$1.3 million decrease in the provision for credit losses. The increase in net interest income from the third quarter of 2003 to the fourth quarter of 2003 was primarily driven by an increase in average total deposits (4.7 percent), while noninterest income benefited from higher equity market valuations, annual fees and core customer growth.

Payment Services includes consumer and business credit cards, corporate and purchasing card services, consumer lines of credit, ATM processing, merchant processing, and debit cards. Payment Services contributed \$196.6 million of the Company's operating earnings in the fourth quarter of 2003, an 8.2 percent decrease from the same period of 2002, but a 4.0 percent increase over the third quarter of 2003. The decline in Payment Services' contribution in the fourth quarter of 2003 from the same period of 2002 was the result of lower net revenue (7.2 percent), partially offset by a decline in noninterest expense (5.8 percent) and a lower provision for credit losses (6.3 percent). The reduction in net revenue year-over-year was primarily due to lower net interest income (12.2 percent), which reflected lower spreads on retail credit cards and a reduction in loan fees relative to the prior year's quarter, in addition to a reduction in other revenue. Other revenue decreased due to gains of \$46.5 million on the sale of a co-branded credit card loan portfolio that was completed in the fourth quarter of 2002. Partially offsetting these declines were growth in credit and debit card revenue (6.7 percent), corporate payment products revenue (10.3 percent) and merchant processing services revenue (2.8 percent). Although credit and debit card revenue was negatively impacted in the fourth quarter of 2003 by the VISA debit card settlement and higher customer loyalty rewards expenses, increases in transaction volumes and other rate adjustments more than offset these detrimental changes. Noninterest expense declined (5.8 percent) in the fourth quarter of 2003 from the fourth quarter of 2002, primarily due to savings from the completion of systems integration activity. The increase in Payment Services' contribution in the fourth quarter of 2003 over the previous quarter was primarily due to seasonally higher net revenue from retail credit and debit card products, partially offset by seasonally lower corporate payment products revenue and higher provision for credit losses.

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 business activities managed on a corporate basis, including enterprise-wide operations and administrative support functions. Treasury and Corporate Support recorded an operating loss of (\$82.8) million in the fourth quarter of 2003, compared with

operating losses of (\$49.6) million in the fourth quarter of 2002 and (\$120.9) million in the third quarter of 2003. The increase in the loss year-over-year was largely the result of a decrease in net revenue (10.6 percent) and a \$29.6 million increase in provision for credit losses relative to the fourth quarter of 2002. The decline in net revenue from the fourth quarter of 2002 was primarily due to a net reduction in gains (losses) on the sale of securities. The decrease in the business line's loss in the fourth quarter of 2003 from the third quarter of 2003 was the result of favorable variances in net revenue (18.5 percent) and noninterest expense (5.0 percent).

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

CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER, JERRY A. GRUNDHOFER, AND VICE CHAIRMAN AND CHIEF FINANCIAL OFFICER, DAVID M. MOFFETT, WILL HOST A CONFERENCE CALL TO REVIEW THE FINANCIAL RESULTS ON TUESDAY, January 20, 2004, AT 1:00 p.m. (CST). To access the conference call, please dial 800-245-3043 and ask for the U.S. Bancorp earnings conference call. Participants calling from outside the United States, please call 785-832-2422. For those unable to participate during the live call, a recording of the call will be available approximately one hour after the conference call ends on Tuesday, January 20, 2004, and will run through Tuesday, January 27, 2004, at 11:00 p.m. (CST). To access the recorded message dial 888-566-0152. If calling from outside the United States, please dial 402-220-9186.

Minneapolis-based U.S. Bancorp ("USB"), with \$189 billion in assets, is the 8th largest financial services holding company in the United States. The company operates 2,243 banking offices and 4,425 ATMs, and provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, trust and payment services products to consumers, businesses and institutions. U.S. Bancorp is the parent company of U.S. Bank. Visit U.S. Bancorp on the web at usbank.com.

Forward-Looking Statements

This press release contains forward-looking statements. Statements that are not historical or current facts, including statements about beliefs and expectations, are forward-looking statements. These statements often include the words “may,” “could,” “would,” “should,” “believes,” “expects,” “anticipates,” “estimates,” “intends,” “plans,” “targets,” “potentially,” “probably,” “projects,” “outlook” or similar expressions. These forward-looking statements cover, among other things, anticipated future revenue and expenses, and the future prospects of the Company. Forward-looking statements involve inherent risks and uncertainties, and important factors could cause actual results to differ materially from those anticipated, including the following, in addition to those contained in the Company's reports on file with the SEC: (i) general economic or industry conditions could be less favorable than expected, resulting in a deterioration in credit quality, a change in the allowance for credit losses, or a reduced demand for credit or fee-based products and services; (ii) changes in the domestic interest rate environment could reduce net interest income and could increase credit losses; (iii) inflation, changes in securities market conditions and monetary fluctuations could adversely affect the value or credit quality of the Company's assets, or the availability and terms of funding necessary to meet the Company's liquidity needs; (iv) changes in the extensive laws, regulations and policies governing financial services companies could alter the Company's business environment or affect operations; (v) the potential need to adapt to industry changes in information technology systems, on which the Company is highly dependent, could present operational issues or require significant capital spending; (vi) competitive pressures could intensify and affect the Company's profitability, including as a result of continued industry consolidation, the increased availability of financial services from non-banks, technological developments, or bank regulatory reform; (vii) changes in consumer spending and savings habits could adversely affect the Company's results of operations; (viii) changes in the financial performance and condition of the Company's borrowers could negatively affect repayment of such borrowers' loans; (ix) acquisitions may not produce revenue enhancements or cost savings at levels or within time frames originally anticipated, or may result in unforeseen integration difficulties; (x) capital investments in the Company's businesses may not produce expected growth in earnings anticipated at the time of the expenditure; and (xi) acts or threats of terrorism, and/or political and military actions taken by the U.S. or other governments in response to acts or threats of terrorism or otherwise could adversely affect general economic or industry conditions. Forward-looking statements speak only as of the date they are made, and the Company undertakes no obligation to update them in light of new information or future events.

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U.S. Bancorp

Consolidated Statement Of Income

(Dollars and Shares in Millions, Except Per Share Data)
(Unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2003	2002	2003	2002
Interest Income				
Loans	\$1,796.0	\$1,913.6	\$7,272.0	\$7,743.0
Loans held for sale	31.3	57.5	202.2	170.6
Investment securities				
Taxable	432.5	372.1	1,654.6	1,438.2
Non-taxable	6.3	10.3	29.4	46.1
Other interest income	21.6	27.9	99.8	96.0
Total interest income	2,287.7	2,381.4	9,258.0	9,493.9
Interest Expense				
Deposits	245.1	343.7	1,096.6	1,485.3
Short-term borrowings	43.5	41.6	166.8	222.9
Long-term debt	166.0	205.3	702.2	834.8
Company-obligated mandatorily redeemable preferred securities of subsidiary trusts holding solely the junior subordinated debentures of the parent company	23.6	33.2	103.1	136.6
Total interest expense	478.2	623.8	2,068.7	2,679.6
Net interest income	1,809.5	1,757.6	7,189.3	6,814.3
Provision for credit losses	286.0	349.0	1,254.0	1,349.0
Net interest income after provision for credit losses	1,523.5	1,408.6	5,935.3	5,465.3
Noninterest Income				
Credit and debit card revenue	153.4	143.7	560.7	517.0
Corporate payment products revenue	88.7	80.4	361.3	325.7
ATM processing services	40.3	41.7	165.9	160.6
Merchant processing services	146.0	142.0	561.4	567.3
Trust and investment management fees	246.6	213.6	953.9	892.1
Deposit service charges	186.6	186.4	715.8	690.3
Cash management fees	116.3	102.6	466.3	416.9
Commercial products revenue	98.5	108.3	400.5	479.2
Mortgage banking revenue	91.9	88.4	367.1	330.2
Investment products fees and commissions	36.2	35.0	144.9	132.7
Securities gains (losses), net	(.1)	106.2	244.8	299.9
Other	92.2	137.4	370.4	398.8
Total noninterest income	1,296.6	1,385.7	5,313.0	5,210.7
Noninterest Expense				
Salaries	539.4	545.1	2,176.8	2,167.5
Employee benefits	81.3	83.0	328.4	317.5
Net occupancy	91.9	96.1	372.6	375.9
Furniture and equipment	69.7	71.6	271.1	282.8
Communication	37.8	38.5	157.2	145.7
Postage	43.2	41.7	175.8	172.4
Other intangible assets	124.2	156.7	682.4	553.0
Merger and restructuring-related charges	7.6	107.3	46.2	321.2
Other	347.3	346.6	1,386.4	1,404.5
Total noninterest expense	1,342.4	1,486.6	5,596.9	5,740.5
Income from continuing operations before income taxes and cumulative effect of accounting change	1,477.7	1,307.7	5,651.4	4,935.5
Applicable income taxes	507.4	449.1	1,941.3	1,707.5
Income from continuing operations before cumulative effect of accounting change	970.3	858.6	3,710.1	3,228.0
Income (loss) from discontinued operations (after-tax)	6.7	(38.9)	22.5	(22.7)
Cumulative effect of accounting change (after-tax)	--	--	--	(37.2)
Net income	\$977.0	\$819.7	\$3,732.6	\$3,168.1
Earnings Per Share				
Income from continuing operations before cumulative effect of accounting change	\$.50	\$.45	\$1.93	\$1.68
Discontinued operations	.01	(.02)	.01	(.01)
Cumulative effect of accounting change	--	--	--	(.02)
Net income	\$.51	\$.43	\$1.94	\$1.65
Diluted Earnings Per Share				
Income from continuing operations before cumulative effect of accounting change	\$.50	\$.45	\$1.92	\$1.68
Discontinued operations	--	(.02)	.01	(.01)
Cumulative effect of accounting change	--	--	--	(.02)
Net income	\$.50	\$.43	\$1.93	\$1.65
Dividends declared per share	\$.240	\$.195	\$.855	\$.780
Average common shares	1,927.3	1,916.2	1,923.7	1,916.0
Average diluted common shares	1,950.8	1,923.6	1,936.2	1,924.8

U.S. Bancorp

Consolidated Ending Balance Sheet

(Dollars in Millions)	December 31, 2003	December 31, 2002
Assets		
Cash and due from banks	\$8,630	\$10,758
Investment securities		
Held-to-maturity	152	233
Available-for-sale	43,182	28,255
Loans held for sale	1,433	4,159
Loans		
Commercial	38,526	41,944
Commercial real estate	27,242	26,867
Residential mortgages	13,457	9,746
Retail	39,010	37,694
Total loans	118,235	116,251
Less allowance for credit losses	(2,369)	(2,422)
Net loans	115,866	113,829
Premises and equipment	1,957	1,697
Customers' liability on acceptances	121	140
Goodwill	6,025	6,325
Other intangible assets	2,124	2,321
Other assets	9,796	12,310
Total assets	\$189,286	\$180,027
Liabilities and Shareholders' Equity		
Deposits		
Noninterest-bearing	\$32,470	\$35,106
Interest-bearing	74,749	68,214
Time deposits greater than \$100,000	11,833	12,214
Total deposits	119,052	115,534
Short-term borrowings	10,850	7,806
Long-term debt	31,215	28,588
Company-obligated mandatorily redeemable preferred securities of subsidiary trusts holding solely the junior subordinated debentures of the parent company	2,601	2,994
Acceptances outstanding	121	140
Other liabilities	6,205	6,529
Total liabilities	170,044	161,591
Shareholders' equity		
Common stock	20	20
Capital surplus	5,851	5,799
Retained earnings	14,508	13,105
Less treasury stock	(1,205)	(1,272)
Other comprehensive income	68	784
Total shareholders' equity	19,242	18,436
Total liabilities and shareholders' equity	\$189,286	\$180,027

Supplemental Analyst Schedules

4Q 2003

U.S. Bancorp

Income Statement Highlights

Financial Results and Ratios on an Operating Basis
(Excluding Merger and Restructuring-Related Items and Discontinued Operations)

(Dollars in Millions, Except Per Share Data) (Unaudited)	Three Months Ended			Percent Change v. December 31, 2003	
	December 31, 2003	September 30, 2003	December 31, 2002	September 30, 2003	December 31, 2002
Net interest income (taxable-equivalent basis)	\$1,816.7	\$1,825.5	\$1,765.3	(.5) %	2.9 %
Noninterest income	1,296.6	1,177.4	1,385.7	10.1	(6.4)
Total net revenue	3,113.3	3,002.9	3,151.0	3.7	(1.2)
Noninterest expense	1,334.8	1,243.1	1,379.3	7.4	(3.2)
Operating income before merger and restructuring-related items and discontinued operations	1,778.5	1,759.8	1,771.7	1.1	.4
Provision for credit losses	286.0	310.0	349.0	(7.7)	(18.1)
Income before taxes, merger and restructuring-related items and discontinued operations	1,492.5	1,449.8	1,422.7	2.9	4.9
Taxable-equivalent adjustment	7.2	7.0	7.7	2.9	(6.5)
Applicable income taxes	510.0	495.4	486.5	2.9	4.8
Income before merger and restructuring-related items and discontinued operations	975.3	947.4	928.5	2.9	5.0
Merger and restructuring-related items (after-tax)	(5.0)	(6.7)	(69.9)	*	*
Discontinued operations (after-tax)	6.7	10.2	(38.9)	*	*
Net income in accordance with GAAP	\$977.0	\$950.9	\$819.7	2.7	19.2

Diluted earnings per share

Earnings, before merger and restructuring-related items and discontinued operations	\$.50	\$.49	\$.48	2.0	4.2
Net income	.50	.49	.43	2.0	16.3

Financial Ratios

Net interest margin**	4.42 %	4.43 %	4.65 %
Interest yield on average loans **	5.99	6.03	6.60
Rate paid on interest-bearing liabilities	1.44	1.49	2.05
Return on average assets	2.04	1.98	2.07
Return on average equity	19.3	19.4	20.2
Efficiency ratio ***	42.9	39.9	45.3
Tangible efficiency ratio ****	38.9	39.6	40.2

* Not meaningful

** On a taxable-equivalent basis

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

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

U.S. Bancorp

Income Statement Highlights

Financial Results and Ratios on an Operating Basis

(Excluding Merger and Restructuring-Related Items, Discontinued Operations and Cumulative Effect of Accounting Change)

(Dollars in Millions, Except Per Share Data) (Unaudited)	Year Ended		Percent Change
	December 31, 2003	December 31, 2002	
Net interest income (taxable-equivalent basis)	\$7,217.5	\$6,847.2	5.4 %
Noninterest income	5,313.0	5,210.7	2.0
Total net revenue	12,530.5	12,057.9	3.9
Noninterest expense	5,550.7	5,419.3	2.4
Operating income before merger and restructuring-related items, discontinued operations and cumulative effect of accounting change	6,979.8	6,638.6	5.1
Provision for credit losses	1,254.0	1,349.0	(7.0)
Income before taxes, merger and restructuring-related items, discontinued operations and cumulative effect of accounting change	5,725.8	5,289.6	8.2
Taxable-equivalent adjustment	28.2	32.9	(14.3)
Applicable income taxes	1,957.1	1,819.4	7.6
Income before merger and restructuring-related items, discontinued operations and cumulative effect of accounting change	3,740.5	3,437.3	8.8
Merger and restructuring-related items (after-tax)	(30.4)	(209.3)	*
Discontinued operations (after-tax)	22.5	(22.7)	*
Cumulative effect of accounting change (after-tax)	--	(37.2)	*
Net income in accordance with GAAP	\$3,732.6	\$3,168.1	17.8

Diluted earnings per share

Earnings, before merger and restructuring-related items, discontinued operations and cumulative effect of accounting change	\$1.93	\$1.79	7.8
Net income	1.93	1.65	17.0

Financial Ratios

Net interest margin**	4.49 %	4.65 %
Interest yield on average loans **	6.16	6.78
Rate paid on interest-bearing liabilities	1.60	2.26
Return on average assets	1.99	2.00
Return on average equity	19.3	19.9
Efficiency ratio ***	45.2	46.1
Tangible efficiency ratio ****	39.6	41.4

* Not meaningful

** On a taxable-equivalent basis

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

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

U.S. Bancorp

Quarterly Consolidated Statement of Income - Operating Basis

Financial Results and Ratios on an Operating Basis
(Excluding Merger and Restructuring-Related Items and Discontinued Operations)

(Dollars and Shares in Millions, Except Per Share Data) (Unaudited)	Three Months Ended				
	December 31, 2003	September 30, 2003	June 30, 2003	March 31, 2003	December 31, 2002
Net interest income (taxable-equivalent basis)	\$1,816.7	\$1,825.5	\$1,798.6	\$1,776.7	\$1,765.3
Noninterest Income					
Credit and debit card revenue	153.4	137.6	142.3	127.4	143.7
Corporate payment products revenue	88.7	95.7	90.9	86.0	80.4
ATM processing services	40.3	41.3	41.9	42.4	41.7
Merchant processing services	146.0	146.3	141.8	127.3	142.0
Trust and investment management fees	246.6	239.8	238.9	228.6	213.6
Deposit service charges	186.6	187.0	179.0	163.2	186.4
Cash management fees	116.3	126.2	111.8	112.0	102.6
Commercial products revenue	98.5	97.8	100.0	104.2	108.3
Mortgage banking revenue	91.9	89.5	90.3	95.4	88.4
Investment products fees and commissions	36.2	35.5	38.1	35.1	35.0
Securities gains (losses), net	(.1)	(108.9)	213.1	140.7	106.2
Other	92.2	89.6	84.8	103.8	137.4
Total noninterest income	1,296.6	1,177.4	1,472.9	1,366.1	1,385.7
Total net revenue	3,113.3	3,002.9	3,271.5	3,142.8	3,151.0
Noninterest Expense					
Salaries	539.4	543.8	547.6	546.0	545.1
Employee benefits	81.3	75.8	79.6	91.7	83.0
Net occupancy	91.9	93.9	93.1	93.7	96.1
Furniture and equipment	69.7	67.4	66.4	67.6	71.6
Communication	37.8	38.5	39.8	41.1	38.5
Postage	43.2	43.9	44.7	44.0	41.7
Other intangible assets	124.2	10.8	312.3	235.1	156.7
Other	347.3	369.0	352.3	317.8	346.6
Total noninterest expense	1,334.8	1,243.1	1,535.8	1,437.0	1,379.3
Operating income before merger and restructuring-related items and discontinued operations	1,778.5	1,759.8	1,735.7	1,705.8	1,771.7
Provision for credit losses	286.0	310.0	323.0	335.0	349.0
Income before income taxes, merger and restructuring-related items and discontinued operations	1,492.5	1,449.8	1,412.7	1,370.8	1,422.7
Taxable-equivalent adjustment	7.2	7.0	6.7	7.3	7.7
Applicable income taxes	510.0	495.4	483.8	467.9	486.5
Income before merger and restructuring-related items and discontinued operations	975.3	947.4	922.2	895.6	928.5
Merger and restructuring-related items (after-tax)	(5.0)	(6.7)	(7.2)	(11.5)	(69.9)
Discontinued operations (after-tax)	6.7	10.2	4.9	.7	(38.9)
Net income in accordance with GAAP	\$977.0	\$950.9	\$919.9	\$884.8	\$819.7
Diluted Earnings Per Share					
Average diluted common shares	1,950.8	1,939.8	1,931.6	1,925.6	1,923.6
Diluted operating earnings per share	\$.50	\$.49	\$.48	\$.47	\$.48
Financial Ratios					
Net interest margin*	4.42 %	4.43 %	4.52 %	4.59 %	4.65 %
Interest yield on average loans *	5.99	6.03	6.21	6.41	6.60
Rate paid on interest-bearing liabilities	1.44	1.49	1.68	1.82	2.05
Return on average assets	2.04	1.98	1.98	1.98	2.07
Return on average equity	19.3	19.4	19.0	19.3	20.2
Efficiency ratio **	42.9	39.9	50.2	47.9	45.3
Tangible efficiency ratio ***	38.9	39.6	40.0	40.0	40.2

* On a taxable-equivalent basis

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

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

U.S. Bancorp

Quarterly Consolidated Statement of Income - GAAP Basis

(Dollars and Shares in Millions, Except Per Share Data) (Unaudited)	Three Months Ended				
	December 31, 2003	September 30, 2003	June 30, 2003	March 31, 2003	December 31, 2002
Interest Income					
Loans	\$1,796.0	\$1,818.3	\$1,821.0	\$1,836.7	\$1,913.6
Loans held for sale	31.3	59.5	51.8	59.6	57.5
Investment securities					
Taxable	432.5	403.6	422.4	396.1	372.1
Non-taxable	6.3	6.7	7.5	8.9	10.3
Other interest income	21.6	23.2	25.1	29.9	27.9
Total interest income	2,287.7	2,311.3	2,327.8	2,331.2	2,381.4
Interest Expense					
Deposits	245.1	256.4	288.5	306.6	343.7
Short-term borrowings	43.5	44.9	38.9	39.5	41.6
Long-term debt	166.0	167.9	184.0	184.3	205.3
Company-obligated mandatorily redeemable preferred securities of subsidiary trusts holding solely the junior subordinated debentures of the parent company	23.6	23.6	24.5	31.4	33.2
Total interest expense	478.2	492.8	535.9	561.8	623.8
Net interest income	1,809.5	1,818.5	1,791.9	1,769.4	1,757.6
Provision for credit losses	286.0	310.0	323.0	335.0	349.0
Net interest income after provision for credit losses	1,523.5	1,508.5	1,468.9	1,434.4	1,408.6
Noninterest Income					
Credit and debit card revenue	153.4	137.6	142.3	127.4	143.7
Corporate payment products revenue	88.7	95.7	90.9	86.0	80.4
ATM processing services	40.3	41.3	41.9	42.4	41.7
Merchant processing services	146.0	146.3	141.8	127.3	142.0
Trust and investment management fees	246.6	239.8	238.9	228.6	213.6
Deposit service charges	186.6	187.0	179.0	163.2	186.4
Cash management fees	116.3	126.2	111.8	112.0	102.6
Commercial products revenue	98.5	97.8	100.0	104.2	108.3
Mortgage banking revenue	91.9	89.5	90.3	95.4	88.4
Investment products fees and commissions	36.2	35.5	38.1	35.1	35.0
Securities gains (losses), net	(.1)	(108.9)	213.1	140.7	106.2
Other	92.2	89.6	84.8	103.8	137.4
Total noninterest income	1,296.6	1,177.4	1,472.9	1,366.1	1,385.7
Noninterest Expense					
Salaries	539.4	543.8	547.6	546.0	545.1
Employee benefits	81.3	75.8	79.6	91.7	83.0
Net occupancy	91.9	93.9	93.1	93.7	96.1
Furniture and equipment	69.7	67.4	66.4	67.6	71.6
Communication	37.8	38.5	39.8	41.1	38.5
Postage	43.2	43.9	44.7	44.0	41.7
Other intangible assets	124.2	10.8	312.3	235.1	156.7
Merger and restructuring-related charges	7.6	10.2	10.8	17.6	107.3
Other	347.3	369.0	352.3	317.8	346.6
Total noninterest expense	1,342.4	1,253.3	1,546.6	1,454.6	1,486.6
Income from continuing operations before income taxes	1,477.7	1,432.6	1,395.2	1,345.9	1,307.7
Applicable income taxes	507.4	491.9	480.2	461.8	449.1
Income from continuing operations	970.3	940.7	915.0	884.1	858.6
Income (loss) from discontinued operations (after-tax)	6.7	10.2	4.9	.7	(38.9)
Net income	\$977.0	\$950.9	\$919.9	\$884.8	\$819.7
Earnings Per Share					
Income from continuing operations	\$.50	\$.49	\$.48	\$.46	\$.45
Discontinued operations	.01	--	--	--	(.02)
Net income	\$.51	\$.49	\$.48	\$.46	\$.43
Diluted Earnings Per Share					
Income from continuing operations	\$.50	\$.48	\$.47	\$.46	\$.45
Discontinued operations	--	.01	.01	--	(.02)
Net income	\$.50	\$.49	\$.48	\$.46	\$.43
Dividends declared per share	\$.240	\$.205	\$.205	\$.205	\$.195
Average common shares	1,927.3	1,926.0	1,922.3	1,919.0	1,916.2
Average diluted common shares	1,950.8	1,939.8	1,931.6	1,925.6	1,923.6

U.S. Bancorp

Reconciliation of Operating Earnings to Net Income in Accordance with GAAP

(Dollars in Millions, Except Per Share Data) (Unaudited)	Three Months Ended				
	December 31, 2003	September 30, 2003	June 30, 2003	March 31, 2003	December 31, 2002
Operating earnings	\$975.3	\$947.4	\$922.2	\$895.6	\$928.5
Merger and restructuring-related items					
Integration, conversion and other charges	(7.6)	(10.2)	(10.8)	(17.6)	(107.3)
Applicable tax benefit	2.6	3.5	3.6	6.1	37.4
Total merger and restructuring-related items (after-tax)	(5.0)	(6.7)	(7.2)	(11.5)	(69.9)
Discontinued operations (after-tax)	6.7	10.2	4.9	.7	(38.9)
Net income in accordance with GAAP	\$977.0	\$950.9	\$919.9	\$884.8	\$819.7
Diluted earnings per share					
Operating earnings	\$.50	\$.49	\$.48	\$.47	\$.48
Merger and restructuring-related items (after-tax)	--	(.01)	(.01)	(.01)	(.03)
Discontinued operations (after-tax)	--	.01	.01	--	(.02)
Net income in accordance with GAAP	\$.50	\$.49	\$.48	\$.46	\$.43
Financial Ratios					
Return on average assets	2.05 %	1.98 %	1.97 %	1.95 %	1.83 %
Return on average equity	19.4	19.5	19.0	19.1	17.8
Efficiency ratio *	43.1	40.3	50.6	48.5	48.8
Financial Ratios Excluding Merger and Restructuring-Related Items and Discontinued Operations					
Return on average assets	2.04 %	1.98 %	1.98 %	1.98 %	2.07 %
Return on average equity	19.3	19.4	19.0	19.3	20.2
Efficiency ratio *	42.9	39.9	50.2	47.9	45.3

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

U.S. Bancorp analyzes its performance on a net income basis determined in accordance with accounting principles generally accepted in the United States, as well as on an operating basis before merger and restructuring-related items and cumulative effect of accounting change, referred to as "operating earnings." Management believes that separately capturing merger and restructuring-related items in the income statement is important because each acquisition transaction is discrete, and the amount and nature of the non-recurring items can vary significantly from transaction to transaction. Moreover, merger and restructuring-related items are not incurred in connection with the core operations of the business and their separate disclosure provides more transparent financial information about the Company. Operating earnings are presented as supplementary information to enhance the reader's understanding of, and highlight trends in, the Company's core financial results by excluding the effects of discrete business acquisitions and restructuring activities. Operating earnings should not be viewed as a substitute for net income and earnings per share as determined in accordance with accounting principles generally accepted in the United States. Merger and restructuring-related items excluded from net income to derive operating earnings may be significant and not comparable to other companies.

U.S. Bancorp

Reconciliation of Operating Earnings to Net Income in Accordance with GAAP

(Dollars in Millions, Except Per Share Data) (Unaudited)	Year Ended	
	December 31, 2003	December 31, 2002
Operating earnings	\$3,740.5	\$3,437.3
Merger and restructuring-related items		
Integration, conversion and other charges	(46.2)	(321.2)
Applicable tax benefit	15.8	111.9
Total merger and restructuring-related items (after-tax)	(30.4)	(209.3)
Discontinued operations (after-tax)	22.5	(22.7)
Cumulative effect of accounting change (after-tax)	--	(37.2)
Net income in accordance with GAAP	\$3,732.6	\$3,168.1
Diluted earnings per share		
Operating earnings	\$1.93	\$1.79
Merger and restructuring-related items (after-tax)	(.01)	(.11)
Discontinued operations (after-tax)	.01	(.01)
Cumulative effect of accounting change (after-tax)	--	(.02)
Net income in accordance with GAAP	\$1.93	\$1.65
Financial Ratios		
Return on average assets	1.99 %	1.84 %
Return on average equity	19.2	18.3
Efficiency ratio *	45.6	48.8
Financial Ratios Excluding Merger and Restructuring-Related Items, Discontinued Operations and Cumulative Effect of Accounting Change		
Return on average assets	1.99 %	2.00 %
Return on average equity	19.3	19.9
Efficiency ratio *	45.2	46.1

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

U.S. Bancorp analyzes its performance on a net income basis determined in accordance with accounting principles generally accepted in the United States, as well as on an operating basis before merger and restructuring-related items and cumulative effect of accounting change, referred to as "operating earnings." Management believes that separately capturing merger and restructuring-related items in the income statement is important because each acquisition transaction is discrete, and the amount and nature of the non-recurring items can vary significantly from transaction to transaction. Moreover, merger and restructuring-related items are not incurred in connection with the core operations of the business and their separate disclosure provides more transparent financial information about the Company. Operating earnings are presented as supplementary information to enhance the reader's understanding of, and highlight trends in, the Company's core financial results by excluding the effects of discrete business acquisitions and restructuring activities. Operating earnings should not be viewed as a substitute for net income and earnings per share as determined in accordance with accounting principles generally accepted in the United States. Merger and restructuring-related items excluded from net income to derive operating earnings may be significant and not comparable to other companies.

U.S. Bancorp

Reconciliation of Net Income

The following information is intended to provide an understanding of the impact of discontinued operations and the adoption of SFAS 123, Accounting for Stock-based Compensation on net earnings and per diluted share information.

Dollars and shares in Millions, Except Per Share Data (Unaudited)	December 31, 2003			
	Three months ended		Year ended	
	Dollars	Per share	Dollars	Per share
GAAP Basis				
Net income, as reported	\$977.0	\$.50	\$3,732.6	\$1.93
Discontinued operations - Piper Jaffray Companies	6.7		22.5	
Income from continuing operations (after-tax)	<u>\$970.3</u>	\$.50	<u>\$3,710.1</u>	\$1.92
Reconciliation to Operating Basis				
Income from continuing operations (after-tax)	\$970.3	\$.50	\$3,710.1	\$1.92
Merger and restructuring-related items (after-tax)	5.0		30.4	
Operating earnings, restated basis	975.3	\$.50	3,740.5	\$1.93
Add back:				
Adoption of SFAS 123 for stock-based compensation	31.3		115.7	
Piper Jaffray Companies, operating earnings (a)	13.1		43.5	
Operating earnings, before restatements	<u>\$1,019.7</u>	\$.52	<u>\$3,899.7</u>	\$2.01
Average diluted common shares				
Diluted shares, before restatements	1,948.6		1,937.3	
Incremental (decremental) shares - SFAS 123	2.2		(1.1)	
Diluted shares, as restated	<u>1,950.8</u>		<u>1,936.2</u>	

(a) Operating earnings of Piper Jaffray Companies does not reflect costs of disposal of \$20.1 million (after-tax) for the year ended December 31, 2003, or the impact of adopting SFAS 123.

U.S. Bancorp
Quarterly Consolidated Statement of Income

(Dollars and Shares in Millions, Except Per Share Data) (Unaudited)	Three Months Ended							
	December 31, 2003	September 30, 2003	June 30, 2003	March 31, 2003	December 31, 2002	September 30, 2002	June 30, 2002	March 31, 2002
Interest Income								
Loans	\$1,796.0	\$1,818.3	\$1,821.0	\$1,836.7	\$1,913.6	\$1,961.6	\$1,936.8	\$1,931.0
Loans held for sale	31.3	59.5	51.8	59.6	57.5	37.3	36.6	39.2
Investment securities								
Taxable	432.5	403.6	422.4	396.1	372.1	372.2	346.1	347.8
Non-taxable	6.3	6.7	7.5	8.9	10.3	10.9	11.7	13.2
Other interest income	21.6	23.2	25.1	29.9	27.9	21.8	29.6	16.7
Total interest income	2,287.7	2,311.3	2,327.8	2,331.2	2,381.4	2,403.8	2,360.8	2,347.9
Interest Expense								
Deposits	245.1	256.4	288.5	306.6	343.7	370.3	375.8	395.5
Short-term borrowings	43.5	44.9	38.9	39.5	41.6	51.1	57.3	72.9
Long-term debt	166.0	167.9	184.0	184.3	205.3	225.1	214.5	189.9
Company-obligated mandatorily redeemable preferred securities of subsidiary trusts holding solely the junior subordinated debentures of the parent company	23.6	23.6	24.5	31.4	33.2	34.7	33.9	34.8
Total interest expense	478.2	492.8	535.9	561.8	623.8	681.2	681.5	693.1
Net interest income	1,809.5	1,818.5	1,791.9	1,769.4	1,757.6	1,722.6	1,679.3	1,654.8
Provision for credit losses	286.0	310.0	323.0	335.0	349.0	330.0	335.0	335.0
Net interest income after provision for credit losses	1,523.5	1,508.5	1,468.9	1,434.4	1,408.6	1,392.6	1,344.3	1,319.8
Noninterest Income								
Credit and debit card revenue	153.4	137.6	142.3	127.4	143.7	132.8	131.2	109.3
Corporate payment products revenue	88.7	95.7	90.9	86.0	80.4	87.6	82.5	75.2
ATM processing services	40.3	41.3	41.9	42.4	41.7	42.9	39.7	36.3
Merchant processing services	146.0	146.3	141.8	127.3	142.0	147.3	144.4	133.6
Trust and investment management fees	246.6	239.8	238.9	228.6	213.6	222.9	232.9	222.7
Deposit service charges	186.6	187.0	179.0	163.2	186.4	186.5	167.1	150.3
Cash management fees	116.3	126.2	111.8	112.0	102.6	105.8	104.3	104.2
Commercial products revenue	98.5	97.8	100.0	104.2	108.3	125.0	123.7	122.2
Mortgage banking revenue	91.9	89.5	90.3	95.4	88.4	111.8	78.0	52.0
Investment products fees and commissions	36.2	35.5	38.1	35.1	35.0	32.8	30.9	34.0
Securities gains (losses), net	(.1)	(108.9)	213.1	140.7	106.2	119.0	30.6	44.1
Other	92.2	89.6	84.8	103.8	137.4	97.3	87.2	76.9
Total noninterest income	1,296.6	1,177.4	1,472.9	1,366.1	1,385.7	1,411.7	1,252.5	1,160.8
Noninterest Expense								
Salaries	539.4	543.8	547.6	546.0	545.1	552.8	537.2	532.4
Employee benefits	81.3	75.8	79.6	91.7	83.0	83.1	72.9	78.5
Net occupancy	91.9	93.9	93.1	93.7	96.1	94.2	93.1	92.5
Furniture and equipment	69.7	67.4	66.4	67.6	71.6	70.4	70.7	70.1
Communication	37.8	38.5	39.8	41.1	38.5	36.9	34.9	35.4
Postage	43.2	43.9	44.7	44.0	41.7	42.9	42.8	45.0
Other intangible assets	124.2	10.8	312.3	235.1	156.7	211.4	104.7	80.2
Merger and restructuring-related charges*	7.6	10.2	10.8	17.6	107.3	69.8	72.4	71.7
Other	347.3	369.0	352.3	317.8	346.6	374.7	362.3	320.9
Total noninterest expense	1,342.4	1,253.3	1,546.6	1,454.6	1,486.6	1,536.2	1,391.0	1,326.7
Income from continuing operations before income taxes and cumulative of accounting change	1,477.7	1,432.6	1,395.2	1,345.9	1,307.7	1,268.1	1,205.8	1,153.9
Applicable income taxes	507.4	491.9	480.2	461.8	449.1	440.1	418.2	400.1
Income from continuing operations before cumulative effect of accounting change	970.3	940.7	915.0	884.1	858.6	828.0	787.6	753.8
Income (loss) from discontinued operations (after-tax)	6.7	10.2	4.9	.7	(38.9)	1.6	4.8	9.8
Cumulative effect of accounting change (after-tax)	--	--	--	--	--	--	--	(37.2)
Net income	\$977.0	\$950.9	\$919.9	\$884.8	\$819.7	\$829.6	\$792.4	\$726.4
Earnings Per Share								
Income from continuing operations before cumulative effect of accounting change	\$.50	\$.49	\$.48	\$.46	\$.45	\$.43	\$.41	\$.39
Discontinued operations	.01	--	--	--	(.02)	--	--	.01
Cumulative effect of accounting change	--	--	--	--	--	--	--	(.02)
Net income	\$.51	\$.49	\$.48	\$.46	\$.43	\$.43	\$.41	\$.38
Diluted Earnings Per Share								
Income from continuing operations before cumulative effect of accounting change	\$.50	\$.48	\$.47	\$.46	\$.45	\$.43	\$.41	\$.39
Discontinued operations	--	.01	.01	--	(.02)	--	--	.01
Cumulative effect of accounting change	--	--	--	--	--	--	--	(.02)
Net income	\$.50	\$.49	\$.48	\$.46	\$.43	\$.43	\$.41	\$.38
Dividends declared per share	\$.240	\$.205	\$.205	\$.205	\$.195	\$.195	\$.195	\$.195
Average common shares	1,927.3	1,926.0	1,922.3	1,919.0	1,916.2	1,915.0	1,913.2	1,919.8
Average diluted common shares	1,950.8	1,939.8	1,931.6	1,925.6	1,923.6	1,922.8	1,924.8	1,930.0
* Merger and restructuring-related items after-tax	\$(5.0)	\$(6.7)	\$(7.2)	\$(11.5)	\$(69.9)	\$(45.5)	\$(47.2)	\$(46.7)

U.S. Bancorp

Consolidated Quarterly Ending Balance Sheet

(Dollars in Millions)	December 31, 2003	September 30, 2003	June 30, 2003	March 31, 2003	December 31, 2002
Assets		(Unaudited)	(Unaudited)	(Unaudited)	
Cash and due from banks	\$8,630	\$9,187	\$11,795	\$8,910	\$10,758
Investment securities					
Held-to-maturity	152	180	188	220	233
Available-for-sale	43,182	34,835	35,390	30,231	28,255
Loans held for sale	1,433	3,640	3,791	3,102	4,159
Loans					
Commercial	38,526	41,170	42,238	42,011	41,944
Commercial real estate	27,242	27,242	27,259	26,893	26,867
Residential mortgages	13,457	12,976	11,712	10,329	9,746
Retail	39,010	38,494	38,214	37,939	37,694
Total loans	118,235	119,882	119,423	117,172	116,251
Less allowance for loan losses	(2,369)	(2,368)	(2,368)	(2,409)	(2,422)
Net loans	115,866	117,514	117,055	114,763	113,829
Premises and equipment	1,957	2,028	2,064	1,655	1,697
Customers' liability on acceptances	121	143	148	140	140
Goodwill	6,025	6,329	6,329	6,332	6,325
Other intangible assets	2,124	2,138	1,984	2,181	2,321
Other assets	9,796	12,841	16,155	14,697	12,310
Total assets	\$189,286	\$188,835	\$194,899	\$182,231	\$180,027
Liabilities and Shareholders' Equity					
Deposits					
Noninterest-bearing	\$32,470	\$32,441	\$44,465	\$34,459	\$35,106
Interest-bearing	74,749	74,419	72,315	68,909	68,214
Time deposits greater than \$100,000	11,833	8,183	9,547	11,853	12,214
Total deposits	119,052	115,043	126,327	115,221	115,534
Short-term borrowings	10,850	12,864	7,387	6,576	7,806
Long-term debt	31,215	31,603	31,379	32,068	28,588
Company-obligated mandatorily redeemable preferred securities	2,601	2,605	2,652	2,983	2,994
Acceptances outstanding	121	143	148	140	140
Other liabilities	6,205	6,806	7,485	6,381	6,529
Total liabilities	170,044	169,064	175,378	163,369	161,591
Shareholders' equity					
Common stock	20	20	20	20	20
Capital surplus	5,851	5,853	5,836	5,823	5,799
Retained earnings	14,508	14,677	14,121	13,596	13,105
Less treasury stock	(1,205)	(1,031)	(1,092)	(1,222)	(1,272)
Other comprehensive income	68	252	636	645	784
Total shareholders' equity	19,242	19,771	19,521	18,862	18,436
Total liabilities and shareholders' equity	\$189,286	\$188,835	\$194,899	\$182,231	\$180,027

U.S. Bancorp

Consolidated Quarterly Average Balance Sheet

(Dollars in Millions) (Unaudited)	December 31, 2003	September 30, 2003	June 30, 2003	March 31, 2003	December 31, 2002
Assets					
Taxable securities	\$40,261	\$37,221	\$35,517	\$33,508	\$29,588
Non-taxable securities	513	556	625	712	811
Loans held for sale	2,246	4,460	3,728	4,041	3,796
Loans					
Commercial					
Commercial	35,080	36,958	36,581	36,339	36,880
Lease financing	4,959	5,022	5,121	5,251	5,413
Total commercial	40,039	41,980	41,702	41,590	42,293
Commercial real estate					
Commercial mortgages	20,230	20,089	20,105	20,241	20,056
Construction and development	7,060	7,308	6,984	6,542	6,587
Total commercial real estate	27,290	27,397	27,089	26,783	26,643
Residential mortgages	13,374	12,234	11,012	10,124	8,966
Retail					
Credit card	5,713	5,606	5,388	5,389	5,662
Retail leasing	5,895	5,806	5,762	5,750	5,626
Home equity and second mortgages	13,084	13,093	13,316	13,470	13,651
Other retail	13,905	13,866	13,534	13,205	12,564
Total retail	38,597	38,371	38,000	37,814	37,503
Total loans	119,300	119,982	117,803	116,311	115,405
Other earning assets	1,385	1,646	1,752	1,554	1,499
Total earning assets	163,705	163,865	159,425	156,126	151,099
Allowance for credit losses	(2,441)	(2,451)	(2,472)	(2,506)	(2,543)
Unrealized gain (loss) on available-for-sale securities	(267)	(544)	694	612	700
Other assets	28,458	29,371	29,408	29,445	28,422
Total assets	\$189,455	\$190,241	\$187,055	\$183,677	\$177,678
Liabilities and Shareholders' Equity					
Noninterest-bearing deposits	\$29,647	\$31,907	\$32,515	\$32,824	\$31,220
Interest-bearing deposits					
Interest checking	20,595	20,148	18,090	17,536	16,505
Money market accounts	35,351	33,980	31,134	28,683	27,238
Savings accounts	5,708	5,846	5,614	5,272	5,011
Time certificates of deposit less than \$100,000	14,182	14,824	15,790	17,218	18,334
Time deposits greater than \$100,000	10,786	11,251	13,008	14,282	12,709
Total interest-bearing deposits	86,622	86,049	83,636	82,991	79,797
Short-term borrowings	11,926	11,850	8,982	9,209	8,463
Long-term debt	30,861	31,218	32,273	29,488	29,464
Company-obligated mandatorily redeemable preferred securities	2,581	2,576	2,661	2,981	2,958
Total interest-bearing liabilities	131,990	131,693	127,552	124,669	120,682
Other liabilities	7,812	7,281	7,553	7,376	7,528
Shareholders' equity	20,006	19,360	19,435	18,808	18,248
Total liabilities and shareholders' equity	\$189,455	\$190,241	\$187,055	\$183,677	\$177,678

U.S. Bancorp
Consolidated Daily Average Balance Sheet and Related Yields and Rates (a)

For the Three Months Ended							
December 31, 2003				December 31, 2002			
(Dollars in Millions) (Unaudited)	Average Balances	Interest	Yields and Rates	Average Balances	Interest	Yields and Rates	% Change Average Balances
Assets							
Taxable securities	\$40,261	\$432.5	4.30 %	\$29,588	\$372.1	5.03 %	36.1 %
Non-taxable securities	513	9.0	7.01	811	14.6	7.21	(36.7)
Loans held for sale	2,246	31.3	5.58	3,796	57.5	6.06	(40.8)
Loans (b)							
Commercial	40,039	562.8	5.59	42,293	619.5	5.82	(5.3)
Commercial real estate	27,290	392.1	5.70	26,643	413.5	6.16	2.4
Residential mortgages	13,374	197.4	5.88	8,966	153.8	6.84	49.2
Retail	38,597	648.0	6.66	37,503	730.2	7.72	2.9
Total loans	119,300	1,800.3	5.99	115,405	1,917.0	6.60	3.4
Other earning assets	1,385	21.8	6.27	1,499	27.9	7.41	(7.6)
Total earning assets	163,705	2,294.9	5.58	151,099	2,389.1	6.29	8.3
Allowance for credit losses	(2,441)			(2,543)			(4.0)
Unrealized gain (loss) on available-for-sale securities	(267)			700			*
Other assets (c)	28,458			28,422			.1
Total assets	<u>\$189,455</u>			<u>\$177,678</u>			6.6
Liabilities and Shareholders' Equity							
Noninterest-bearing deposits	\$29,647			\$31,220			(5.0)
Interest-bearing deposits							
Interest checking	20,595	19.9	.38	16,505	24.8	.60	24.8
Money market accounts	35,351	79.3	.89	27,238	80.4	1.17	29.8
Savings accounts	5,708	4.7	.32	5,011	5.4	.43	13.9
Time certificates of deposit less than \$100,000	14,182	97.6	2.73	18,334	159.2	3.44	(22.6)
Time deposits greater than \$100,000	10,786	43.6	1.61	12,709	73.9	2.31	(15.1)
Total interest-bearing deposits	86,622	245.1	1.12	79,797	343.7	1.71	8.6
Short-term borrowings	11,926	43.5	1.45	8,463	41.6	1.95	40.9
Long-term debt	30,861	166.0	2.14	29,464	205.3	2.77	4.7
Company-obligated mandatorily redeemable preferred securities	2,581	23.6	3.66	2,958	33.2	4.46	(12.7)
Total interest-bearing liabilities	131,990	478.2	1.44	120,682	623.8	2.05	9.4
Other liabilities (d)	7,812			7,528			3.8
Shareholders' equity	20,006			18,248			9.6
Total liabilities and shareholders' equity	<u>\$189,455</u>			<u>\$177,678</u>			6.6 %
Net interest income		<u>\$1,816.7</u>			<u>\$1,765.3</u>		
Gross interest margin			4.14 %			4.24 %	
Gross interest margin without taxable-equivalent increments			4.12			4.22	
Percent of Earning Assets							
Interest income			5.58 %			6.29 %	
Interest expense			1.16			1.64	
Net interest margin			4.42			4.65	
Net interest margin without taxable-equivalent increments			4.40 %			4.63 %	

* Not meaningful

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

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

(c) Includes approximately \$1,348 million and \$1,457 million of earning assets from discontinued operations in fourth quarter 2003 and 2002, respectively.

(d) Includes approximately \$1,001 million and \$1,169 million of interest-bearing liabilities from discontinued operations in fourth quarter 2003 and 2002, respectively.

U.S. Bancorp
Consolidated Daily Average Balance Sheet and Related Yields and Rates (a)

For the Three Months Ended							
December 31, 2003				September 30, 2003			
(Dollars in Millions) (Unaudited)	Average Balances	Interest	Yields and Rates	Average Balances	Interest	Yields and Rates	% Change Average Balances
Assets							
Taxable securities	\$40,261	\$432.5	4.30 %	\$37,221	\$403.6	4.34 %	8.2 %
Non-taxable securities	513	9.0	7.01	556	9.7	7.00	(7.7)
Loans held for sale	2,246	31.3	5.58	4,460	59.5	5.34	(49.6)
Loans (b)							
Commercial	40,039	562.8	5.59	41,980	579.7	5.49	(4.6)
Commercial real estate	27,290	392.1	5.70	27,397	391.5	5.67	(.4)
Residential mortgages	13,374	197.4	5.88	12,234	181.5	5.91	9.3
Retail	38,597	648.0	6.66	38,371	669.5	6.92	.6
Total loans	119,300	1,800.3	5.99	119,982	1,822.2	6.03	(.6)
Other earning assets	1,385	21.8	6.27	1,646	23.3	5.60	(15.9)
Total earning assets	163,705	2,294.9	5.58	163,865	2,318.3	5.63	(.1)
Allowance for credit losses	(2,441)			(2,451)			(.4)
Unrealized gain (loss) on available-for-sale securities	(267)			(544)			(50.9)
Other assets (c)	28,458			29,371			(3.1)
Total assets	<u>\$189,455</u>			<u>\$190,241</u>			(.4)
Liabilities and Shareholders' Equity							
Noninterest-bearing deposits	\$29,647			\$31,907			(7.1)
Interest-bearing deposits							
Interest checking	20,595	19.9	.38	20,148	20.3	.40	2.2
Money market accounts	35,351	79.3	.89	33,980	78.9	.92	4.0
Savings accounts	5,708	4.7	.32	5,846	5.2	.36	(2.4)
Time certificates of deposit less than \$100,000	14,182	97.6	2.73	14,824	105.1	2.81	(4.3)
Time deposits greater than \$100,000	10,786	43.6	1.61	11,251	46.9	1.66	(4.1)
Total interest-bearing deposits	86,622	245.1	1.12	86,049	256.4	1.18	.7
Short-term borrowings	11,926	43.5	1.45	11,850	44.9	1.50	.6
Long-term debt	30,861	166.0	2.14	31,218	167.9	2.14	(1.1)
Company-obligated mandatorily redeemable preferred securities	2,581	23.6	3.66	2,576	23.6	3.65	.2
Total interest-bearing liabilities	131,990	478.2	1.44	131,693	492.8	1.49	.2
Other liabilities (d)	7,812			7,281			7.3
Shareholders' equity	20,006			19,360			3.3
Total liabilities and shareholders' equity	<u>\$189,455</u>			<u>\$190,241</u>			(.4) %
Net interest income		<u>\$1,816.7</u>			<u>\$1,825.5</u>		
Gross interest margin			4.14 %			4.14 %	
Gross interest margin without taxable-equivalent increments			4.12			4.12	
Percent of Earning Assets							
Interest income			5.58 %			5.63 %	
Interest expense			1.16			1.20	
Net interest margin			4.42			4.43	
Net interest margin without taxable-equivalent increments			4.40 %			4.41 %	

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

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

(c) Includes approximately \$1,348 million and \$1,300 million of earning assets from discontinued operations in fourth quarter and third quarter 2003, respectively.

(d) Includes approximately \$1,001 million and \$949 million of interest-bearing liabilities from discontinued operations in fourth quarter and third quarter 2003, respectively.

U.S. Bancorp
Consolidated Daily Average Balance Sheet and Related Yields and Rates (a)

For the Year Ended

December 31, 2003

December 31, 2002

(Dollars in Millions) (Unaudited)	Average Balances	Interest	Yields and Rates	Average Balances	Interest	Yields and Rates	% Change Average Balances
Assets							
Taxable securities	\$36,647	\$1,654.6	4.51 %	\$27,892	\$1,438.2	5.16 %	31.4 %
Non-taxable securities	601	42.1	7.01	937	65.3	6.97	(35.9)
Loans held for sale	3,616	202.2	5.59	2,644	170.6	6.45	36.8
Loans (b)							
Commercial	41,326	2,315.4	5.60	43,817	2,622.2	5.98	(5.7)
Commercial real estate	27,142	1,584.6	5.84	25,723	1,636.3	6.36	5.5
Residential mortgages	11,696	713.4	6.10	8,412	595.3	7.08	39.0
Retail	38,198	2,673.8	7.00	36,501	2,902.8	7.95	4.6
Total loans	118,362	7,287.2	6.16	114,453	7,756.6	6.78	3.4
Other earning assets	1,582	100.1	6.32	1,484	96.1	6.48	6.6
Total earning assets	160,808	9,286.2	5.77	147,410	9,526.8	6.46	9.1
Allowance for credit losses	(2,467)			(2,542)			(3.0)
Unrealized gain (loss) on available-for-sale securities	120			409			(70.7)
Other assets (c)	29,169			26,671			9.4
Total assets	\$187,630			\$171,948			9.1
Liabilities and Shareholders' Equity							
Noninterest-bearing deposits	\$31,715			\$28,715			10.4
Interest-bearing deposits							
Interest checking	19,104	84.3	.44	15,631	102.3	.65	22.2
Money market accounts	32,310	317.7	.98	25,237	312.8	1.24	28.0
Savings accounts	5,612	21.2	.38	4,928	25.1	.51	13.9
Time certificates of deposit less than \$100,000	15,493	450.9	2.91	19,283	743.4	3.86	(19.7)
Time deposits greater than \$100,000	12,319	222.5	1.81	11,330	301.7	2.66	8.7
Total interest-bearing deposits	84,838	1,096.6	1.29	76,409	1,485.3	1.94	11.0
Short-term borrowings	10,503	166.8	1.59	10,116	222.9	2.20	3.8
Long-term debt	30,965	702.2	2.27	29,268	834.8	2.85	5.8
Company-obligated mandatorily redeemable preferred securities	2,698	103.1	3.82	2,904	136.6	4.70	(7.1)
Total interest-bearing liabilities	129,004	2,068.7	1.60	118,697	2,679.6	2.26	8.7
Other liabilities (d)	7,518			7,263			3.5
Shareholders' equity	19,393			17,273			12.3
Total liabilities and shareholders' equity	\$187,630			\$171,948			9.1 %
Net interest income		\$7,217.5			\$6,847.2		
Gross interest margin			4.17 %			4.20 %	
Gross interest margin without taxable-equivalent increments			4.15			4.18	
Percent of Earning Assets							
Interest income			5.77 %			6.46 %	
Interest expense			1.28			1.81	
Net interest margin			4.49			4.65	
Net interest margin without taxable-equivalent increments			4.47 %			4.63 %	

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

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

(c) Includes approximately \$1,427 million and \$1,733 million of earning assets from discontinued operations in 2003 and 2002, respectively.

(d) Includes approximately \$1,034 million and \$1,524 million of interest-bearing liabilities from discontinued operations in 2003 and 2002, respectively.

U.S. Bancorp

Loan Portfolio

	December 31, 2003		September 30, 2003		June 30, 2003		March 31, 2003		December 31, 2002	
(Dollars in Millions) (Unaudited)	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Commercial										
Commercial	\$33,536	28.4 %	\$36,164	30.2 %	\$37,145	31.1 %	\$36,820	31.4 %	\$36,584	31.5 %
Lease financing	4,990	4.2	5,006	4.2	5,093	4.3	5,191	4.4	5,360	4.6
Total commercial	38,526	32.6	41,170	34.4	42,238	35.4	42,011	35.8	41,944	36.1
Commercial real estate										
Commercial mortgages	20,624	17.4	20,001	16.7	20,043	16.8	20,275	17.3	20,325	17.5
Construction and development	6,618	5.6	7,241	6.0	7,216	6.0	6,618	5.7	6,542	5.6
Total commercial real estate	27,242	23.0	27,242	22.7	27,259	22.8	26,893	23.0	26,867	23.1
Residential mortgages	13,457	11.4	12,976	10.8	11,712	9.8	10,329	8.8	9,746	8.4
Retail										
Credit card	5,933	5.0	5,532	4.6	5,478	4.6	5,502	4.7	5,665	4.9
Retail leasing	6,029	5.1	5,825	4.8	5,783	4.8	5,759	4.9	5,680	4.9
Home equity and second mortgages	13,210	11.2	13,022	10.9	13,255	11.1	13,347	11.4	13,572	11.6
Other retail										
Revolving credit	2,540	2.1	2,520	2.1	2,561	2.1	2,576	2.2	2,650	2.3
Installment	2,380	2.0	2,540	2.1	2,243	1.9	2,146	1.8	2,258	1.9
Automobile	7,165	6.1	7,270	6.1	7,276	6.1	6,947	6.0	6,343	5.5
Student	1,753	1.5	1,785	1.5	1,618	1.4	1,662	1.4	1,526	1.3
Total other retail	13,838	11.7	14,115	11.8	13,698	11.5	13,331	11.4	12,777	11.0
Total retail	39,010	33.0	38,494	32.1	38,214	32.0	37,939	32.4	37,694	32.4
Total loans	\$118,235	100.0 %	\$119,882	100.0 %	\$119,423	100.0 %	\$117,172	100.0 %	\$116,251	100.0 %

U.S. Bancorp Supplemental Financial Data

(Dollars in Millions, Except Per Share Data) (Unaudited)	December 31, 2003	September 30, 2003	June 30, 2003	March 31, 2003	December 31, 2002
Ending shares outstanding (in millions)	1,922.9	1,927.4	1,924.5	1,919.0	1,917.0
Book value per share	\$10.01	\$10.26	\$10.14	\$9.83	\$9.62
Book value of intangibles					
Goodwill	\$6,025	\$6,329	\$6,329	\$6,332	\$6,325
Merchant processing contracts	552	567	560	567	596
Core deposit benefits	417	439	461	483	505
Mortgage servicing rights	670	628	437	582	642
Trust relationships	311	324	337	351	371
Other identified intangibles	174	180	189	198	207
Total intangibles	\$8,149	\$8,467	\$8,313	\$8,513	\$8,646
	Three Months Ended				
	December 31, 2003	September 30, 2003	June 30, 2003	March 31, 2003	December 31, 2002
Amortization of intangibles					
Merchant processing contracts	\$34.3	\$33.4	\$32.5	\$32.2	\$36.7
Core deposit benefits	21.9	22.0	22.1	22.1	21.7
Mortgage servicing rights	43.8	(68.8)	233.5	156.7	84.2
Trust relationships	13.3	13.3	13.4	13.2	4.8
Other identified intangibles	10.9	10.9	10.8	10.9	9.3
Total intangibles	\$124.2	\$10.8	\$312.3	\$235.1	\$156.7
Gross charge-offs	\$352.3	\$373.6	\$375.6	\$392.6	\$432.2
Gross recoveries	\$67.2	\$63.7	\$52.7	\$58.8	\$53.7
Mortgage banking revenue					
Origination and sales	\$36.3	\$34.6	\$35.3	\$39.1	\$38.8
Loan servicing	55.6	55.4	55.1	55.5	49.6
Gain (loss) on sale of servicing rights	--	(.5)	(.1)	.8	--
Total mortgage banking revenue	\$91.9	\$89.5	\$90.3	\$95.4	\$88.4
Mortgage production volume	\$3,879	\$9,086	\$8,944	\$7,972	\$8,867
Mortgages serviced for others	\$53,990	\$51,028	\$48,227	\$47,262	\$43,129

The fair value of mortgage servicing rights and its sensitivity to changes in interest rates is influenced by the mix of the servicing portfolio and characteristics of each segment of the portfolio. In the current interest rate environment, mortgage loans originated as part of government agency and state loan programs tend to experience slower prepayment speeds and better cashflows than conventional mortgage loans. The Company's servicing portfolio consists of the distinct portfolios of The Leader Mortgage Company, LLC (a wholly-owned subsidiary) and U.S. Bank Home Mortgage. A summary of the Company's mortgage servicing rights and related characteristics by segment as of December 31, 2003, was as follows:

(Dollars in Millions)	Leader Mortgage	U.S. Bank Home Mortgage		Total
		Conventional	Government	
Servicing portfolio	\$8,018	\$36,306	\$9,597	\$53,921
Fair market value	\$119	\$412	\$139	\$670
Value (bps)	148	113	145	124
Weighted-average servicing fees (bps)	44	34	45	37
Multiple (value/servicing fees)	3.36	3.32	3.22	3.35
Weighted-average note rate	6.49%	5.82%	6.39%	6.02%
Age (in years)	3.3	1.3	2.0	1.8
Expected life (in years)	5.4	5.1	5.1	5.2
Discount rate	10.1%	9.5%	11.1%	9.9%

The Leader Mortgage Company, LLC specializes in servicing loans made under state and local housing authority programs. These programs provide mortgages to low and moderate income borrowers and are generally under government insured programs with down payment or closing cost assistance. As a result of the slower prepayment characteristics of the state and local loan programs, the Leader portfolio normally has a longer expected life relative to other servicing portfolios.

The U.S. Bank Home Mortgage servicing portfolio is predominantly comprised of fixed-rate agency loans (FNMA, FHLMC, GNMA, FHLB and various housing agencies) with limited adjustable-rate or jumbo mortgage loans.

U.S. Bancorp
Line of Business Financial Performance *

	Wholesale Banking			Consumer Banking			Private Client, Trust and Asset Management			Payment Services		
Three Months Ended (Dollars in Millions)	Dec 31, 2003	Dec 31, 2002	Percent Change	Dec 31, 2003	Dec 31, 2002	Percent Change	Dec 31, 2003	Dec 31, 2002	Percent Change	Dec 31, 2003	Dec 31, 2002	Percent Change
Condensed Income Statement												
Net interest income (taxable-equivalent basis)	\$464.4	\$470.4	(1.3) %	\$910.8	\$895.0	1.8 %	\$101.0	\$81.5	23.9 %	\$155.9	\$177.5	(12.2) %
Noninterest income	179.4	172.8	3.8	366.5	361.3	1.4	249.6	215.0	16.1	439.7	464.0	(5.2)
Securities gains (losses), net	--	--	--	--	38.3	**	--	--	--	--	--	--
Total net revenue	643.8	643.2	.1	1,277.3	1,294.6	(1.3)	350.6	296.5	18.2	595.6	641.5	(7.2)
Noninterest expense	81.4	89.0	(8.5)	448.6	450.8	(.5)	120.8	110.0	9.8	144.6	153.8	(6.0)
Other intangible assets	4.8	5.1	(5.9)	60.7	100.4	(39.5)	16.5	7.8	**	40.8	43.1	(5.3)
Total noninterest expense	86.2	94.1	(8.4)	509.3	551.2	(7.6)	137.3	117.8	16.6	185.4	196.9	(5.8)
Operating income	557.6	549.1	1.5	768.0	743.4	3.3	213.3	178.7	19.4	410.2	444.6	(7.7)
Provision for credit losses	74.6	137.1	(45.6)	108.1	129.5	(16.5)	1.8	3.7	(51.4)	101.1	107.9	(6.3)
Operating earnings, before income taxes	483.0	412.0	17.2	659.9	613.9	7.5	211.5	175.0	20.9	309.1	336.7	(8.2)
Income taxes and taxable-equivalent adjustment	175.8	149.9	17.3	240.1	223.4	7.5	77.0	63.7	20.9	112.5	122.5	(8.2)
Operating earnings, before merger and restructuring-related items and discontinued operations	\$307.2	\$262.1	17.2	\$419.8	\$390.5	7.5	\$134.5	\$111.3	20.8	\$196.6	\$214.2	(8.2)
Merger and restructuring-related items (after-tax)												
Discontinued operations (after-tax)												
Net income												
Average Balance Sheet Data												
Loans	\$43,828	\$45,511	(3.7) %	\$59,952	\$54,140	10.7 %	\$4,896	\$4,765	2.7 %	\$10,227	\$10,207	.2 %
Goodwill	1,225	1,211	1.2	2,243	2,110	6.3	741	296	**	1,815	1,812	.2
Other intangible assets	99	119	(16.8)	978	1,000	(2.2)	373	219	70.3	661	740	(10.7)
Assets	50,055	52,181	(4.1)	68,235	63,864	6.8	6,689	5,761	16.1	13,935	13,723	1.5
Noninterest-bearing deposits	12,826	14,572	(12.0)	13,863	13,633	1.7	3,054	2,425	25.9	136	332	(59.0)
Interest-bearing deposits	16,934	10,141	67.0	59,239	58,955	.5	7,688	4,821	59.5	10	8	25.0
Total deposits	29,760	24,713	20.4	73,102	72,588	.7	10,742	7,246	48.2	146	340	(57.1)
Shareholders' equity	5,091	5,167	(1.5)	6,250	5,468	14.3	2,202	1,398	57.5	3,053	3,082	(.9)

	Treasury and Corporate Support			Consolidated Company		
Three Months Ended (Dollars in Millions)	Dec 31, 2003	Dec 31, 2002	Percent Change	Dec 31, 2003	Dec 31, 2002	Percent Change
Condensed Income Statement						
Net interest income (taxable-equivalent basis)	\$184.6	\$140.9	31.0 %	\$1,816.7	\$1,765.3	2.9 %
Noninterest income	61.5	66.4	(7.4)	1,296.7	1,279.5	1.3
Securities gains (losses), net	(.1)	67.9	**	(.1)	106.2	**
Total net revenue	246.0	275.2	(10.6)	3,113.3	3,151.0	(1.2)
Noninterest expense	415.2	419.0	(.9)	1,210.6	1,222.6	(1.0)
Other intangible assets	1.4	3	**	124.2	156.7	(20.7)
Total noninterest expense	416.6	419.3	(.6)	1,334.8	1,379.3	(3.2)
Operating income	(170.6)	(144.1)	(18.4)	1,778.5	1,771.7	.4
Provision for credit losses	.4	(29.2)	**	286.0	349.0	(18.1)
Operating earnings, before income taxes	(171.0)	(114.9)	(48.8)	1,492.5	1,422.7	4.9
Income taxes and taxable-equivalent adjustment	(88.2)	(65.3)	(35.1)	517.2	494.2	4.7
Operating earnings, before merger and restructuring-related items and discontinued operations	\$(82.8)	\$(49.6)	(66.9)	975.3	928.5	5.0
Merger and restructuring-related items (after-tax)				(5.0)	(69.9)	
Discontinued operations (after-tax)				6.7	(38.9)	
Net income				\$977.0	\$819.7	
Average Balance Sheet Data						
Loans	\$397	\$782	(49.2) %	\$119,300	\$115,405	3.4 %
Goodwill	302	306	(1.3)	6,326	5,735	10.3
Other intangible assets	11	19	(42.1)	2,122	2,097	1.2
Assets	50,541	42,149	19.9	189,455	177,678	6.6
Noninterest-bearing deposits	(232)	258	**	29,647	31,220	(5.0)
Interest-bearing deposits	2,751	5,872	(53.2)	86,622	79,797	8.6
Total deposits	2,519	6,130	(58.9)	116,269	111,017	4.7
Shareholders' equity	3,410	3,133	8.8	20,006	18,248	9.6

*Preliminary data

**Not meaningful

U.S. Bancorp
Line of Business Financial Performance *

	Wholesale Banking			Consumer Banking			Private Client, Trust and Asset Management			Payment Services		
Three Months Ended (Dollars in Millions)	Dec 31, 2003	Sep 30, 2003	Percent Change	Dec 31, 2003	Sep 30, 2003	Percent Change	Dec 31, 2003	Sep 30, 2003	Percent Change	Dec 31, 2003	Sep 30, 2003	Percent Change
Condensed Income Statement												
Net interest income (taxable-equivalent basis)	\$464.4	\$479.4	(3.1) %	\$910.8	\$935.8	(2.7) %	\$101.0	\$99.3	1.7 %	\$155.9	\$153.9	1.3 %
Noninterest income	179.4	189.0	(5.1)	366.5	367.9	(.4)	249.6	244.9	1.9	439.7	432.4	1.7
Securities gains (losses), net	--	--	--	--	(108.7)	**	--	--	--	--	--	--
Total net revenue	643.8	668.4	(3.7)	1,277.3	1,195.0	6.9	350.6	344.2	1.9	595.6	586.3	1.6
Noninterest expense	81.4	76.3	6.7	448.6	445.8	.6	120.8	120.5	.2	144.6	151.0	(4.2)
Other intangible assets	4.8	4.9	(2.0)	60.7	(52.0)	**	16.5	16.6	(.6)	40.8	39.8	2.5
Total noninterest expense	86.2	81.2	6.2	509.3	393.8	29.3	137.3	137.1	.1	185.4	190.8	(2.8)
Operating income	557.6	587.2	(5.0)	768.0	801.2	(4.1)	213.3	207.1	3.0	410.2	395.5	3.7
Provision for credit losses	74.6	101.9	(26.8)	108.1	108.2	(.1)	1.8	3.1	(41.9)	101.1	98.4	2.7
Operating earnings, before income taxes	483.0	485.3	(.5)	659.9	693.0	(4.8)	211.5	204.0	3.7	309.1	297.1	4.0
Income taxes and taxable-equivalent adjustment	175.8	176.6	(.5)	240.1	252.2	(4.8)	77.0	74.2	3.8	112.5	108.1	4.1
Operating earnings, before merger and restructuring-related items and discontinued operations	\$307.2	\$308.7	(.5)	\$419.8	\$440.8	(4.8)	\$134.5	\$129.8	3.6	\$196.6	\$189.0	4.0
Merger and restructuring-related items (after-tax)												
Discontinued operations (after-tax)												
Net income												
Average Balance Sheet Data												
Loans	\$43,828	\$45,661	(4.0) %	\$59,952	\$58,934	1.7 %	\$4,896	\$4,859	.8 %	\$10,227	\$10,077	1.5 %
Goodwill	1,225	1,225	--	2,243	2,242	--	741	741	--	1,815	1,814	.1
Other intangible assets	99	104	(4.8)	978	854	14.5	373	389	(4.1)	661	670	(1.3)
Assets	50,055	52,675	(5.0)	68,235	69,719	(2.1)	6,689	6,677	.2	13,935	13,831	.8
Noninterest-bearing deposits	12,826	14,473	(11.4)	13,863	14,167	(2.1)	3,054	3,241	(5.8)	136	173	(21.4)
Interest-bearing deposits	16,934	15,947	6.2	59,239	59,388	(.3)	7,688	7,022	9.5	10	10	--
Total deposits	29,760	30,420	(2.2)	73,102	73,555	(.6)	10,742	10,263	4.7	146	183	(20.2)
Shareholders' equity	5,091	5,018	1.5	6,250	6,064	3.1	2,202	2,176	1.2	3,053	3,009	1.5

	Treasury and Corporate Support			Consolidated Company		
Three Months Ended (Dollars in Millions)	Dec 31, 2003	Sep 30, 2003	Percent Change	Dec 31, 2003	Sep 30, 2003	Percent Change
Condensed Income Statement						
Net interest income (taxable-equivalent basis)	\$184.6	\$157.1	17.5 %	\$1,816.7	\$1,825.5	(.5) %
Noninterest income	61.5	52.1	18.0	1,296.7	1,286.3	.8
Securities gains (losses), net	(.1)	(.2)	(50.0)	(.1)	(108.9)	(99.9)
Total net revenue	246.0	209.0	17.7	3,113.3	3,002.9	3.7
Noninterest expense	415.2	438.7	(5.4)	1,210.6	1,232.3	(1.8)
Other intangible assets	1.4	1.5	(6.7)	124.2	10.8	**
Total noninterest expense	416.6	440.2	(5.4)	1,334.8	1,243.1	7.4
Operating income	(170.6)	(231.2)	26.2	1,778.5	1,759.8	1.1
Provision for credit losses	.4	(1.6)	**	286.0	310.0	(7.7)
Operating earnings, before income taxes	(171.0)	(229.6)	25.5	1,492.5	1,449.8	2.9
Income taxes and taxable-equivalent adjustment	(88.2)	(108.7)	18.9	517.2	502.4	2.9
Operating earnings, before merger and restructuring-related items and discontinued operations	\$(82.8)	\$(120.9)	31.5	975.3	947.4	2.9
Merger and restructuring-related items (after-tax)				(5.0)	(6.7)	
Discontinued operations (after-tax)				6.7	10.2	
Net income				\$977.0	\$950.9	
Average Balance Sheet Data						
Loans	\$397	\$451	(12.0) %	\$119,300	\$119,982	(.6) %
Goodwill	302	306	(1.3)	6,326	6,328	--
Other intangible assets	11	12	(8.3)	2,122	2,029	4.6
Assets	50,541	47,339	6.8	189,455	190,241	(.4)
Noninterest-bearing deposits	(232)	(147)	57.8	29,647	31,907	(7.1)
Interest-bearing deposits	2,751	3,682	(25.3)	86,622	86,049	.7
Total deposits	2,519	3,535	(28.7)	116,269	117,956	(1.4)
Shareholders' equity	3,410	3,093	10.2	20,006	19,360	3.3

*Preliminary data

**Not meaningful

U.S. Bancorp
Line of Business Financial Performance *

	Wholesale Banking			Consumer Banking			Private Client, Trust and Asset Management			Payment Services		
Year Ended (Dollars in Millions)	Dec 31, 2003	Dec 31, 2002	Percent Change	Dec 31, 2003	Dec 31, 2002	Percent Change	Dec 31, 2003	Dec 31, 2002	Percent Change	Dec 31, 2003	Dec 31, 2002	Percent Change
Condensed Income Statement												
Net interest income (taxable-equivalent basis)	\$1,877.9	\$1,850.2	1.5	%	\$3,634.7	\$3,404.3	6.8	%	\$383.6	\$323.0	18.8	%
Noninterest income	753.0	731.8	2.9		1,460.1	1,417.7	3.0		968.4	901.5	7.4	
Securities gains (losses), net	--	--	--		193.4	107.8	79.4		--	--	--	
Total net revenue	2,630.9	2,582.0	1.9		5,288.2	4,929.8	7.3		1,352.0	1,224.5	10.4	
Noninterest expense	331.1	362.9	(8.8)		1,765.4	1,735.7	1.7		483.3	464.5	4.0	
Other intangible assets	19.5	20.6	(5.3)		432.8	339.0	27.7		66.2	31.1	**	
Total noninterest expense	350.6	383.5	(8.6)		2,198.2	2,074.7	6.0		549.5	495.6	10.9	
Operating income	2,280.3	2,198.5	3.7		3,090.0	2,855.1	8.2		802.5	728.9	10.1	
Provision for credit losses	401.1	444.5	(9.8)		435.8	463.8	(6.0)		6.2	11.0	(43.6)	
Operating earnings, before income taxes	1,879.2	1,754.0	7.1		2,654.2	2,391.3	11.0		796.3	717.9	10.9	
Income taxes and taxable-equivalent adjustment	683.9	638.3	7.1		965.8	870.3	11.0		289.8	261.2	10.9	
Operating earnings, before merger and restructuring-related items, discontinued operations and cumulative effect of accounting change	\$1,195.3	\$1,115.7	7.1		\$1,688.4	\$1,521.0	11.0		\$506.5	\$456.7	10.9	
Merger and restructuring-related items (after-tax)												
Discontinued operations (after-tax)												
Cumulative effect of accounting change (after-tax)												
Net income												
Average Balance Sheet Data												
Loans	\$44,927	\$46,213	(2.8)	%	\$58,133	\$52,778	10.1	%	\$4,836	\$4,697	3.0	%
Goodwill	1,227	1,226	.1		2,242	1,892	18.5		740	290	**	
Other intangible assets	107	127	(15.7)		928	946	(1.9)		399	227	75.8	
Assets	51,775	52,572	(1.5)		67,831	61,403	10.5		6,624	5,771	14.8	
Noninterest-bearing deposits	14,738	12,993	13.4		13,748	12,939	6.3		3,031	2,333	29.9	
Interest-bearing deposits	14,128	8,148	73.4		59,356	58,435	1.6		6,493	4,749	36.7	
Total deposits	28,866	21,141	36.5		73,104	71,374	2.4		9,524	7,082	34.5	
Shareholders' equity	5,058	5,049	.2		6,022	5,128	17.4		2,169	1,405	54.4	

	Treasury and Corporate Support			Consolidated Company				
Year Ended (Dollars in Millions)	Dec 31, 2003	Dec 31, 2002	Percent Change		Dec 31, 2003	Dec 31, 2002	Percent Change	
Condensed Income Statement								
Net interest income (taxable-equivalent basis)	\$696.9	\$594.1	17.3	%	\$7,217.5	\$6,847.2	5.4	%
Noninterest income	194.4	183.0	6.2		5,068.2	4,910.8	3.2	
Securities gains (losses), net	51.4	192.1	(73.2)		244.8	299.9	(18.4)	
Total net revenue	942.7	969.2	(2.7)		12,530.5	12,057.9	3.9	
Noninterest expense	1,694.6	1,675.9	1.1		4,868.3	4,866.3	--	
Other intangible assets	5.8	1.2	**		682.4	553.0	23.4	
Total noninterest expense	1,700.4	1,677.1	1.4		5,550.7	5,419.3	2.4	
Operating income	(757.7)	(707.9)	(7.0)		6,979.8	6,638.6	5.1	
Provision for credit losses	(1.8)	(26.7)	93.3		1,254.0	1,349.0	(7.0)	
Operating earnings, before income taxes	(755.9)	(681.2)	(11.0)		5,725.8	5,289.6	8.2	
Income taxes and taxable-equivalent adjustment	(373.4)	(320.5)	(16.5)		1,985.3	1,852.3	7.2	
Operating earnings, before merger and restructuring-related items, discontinued operations and cumulative effect of accounting change	\$(382.5)	\$(360.7)	(6.0)		3,740.5	3,437.3	8.8	
Merger and restructuring-related items (after-tax)					(30.4)	(209.3)		
Discontinued operations (after-tax)					22.5	(22.7)		
Cumulative effect of accounting change (after-tax)					--	(37.2)		
Net income					\$3,732.6	\$3,168.1		
Average Balance Sheet Data								
Loans	\$476	\$658	(27.7)	%	\$118,362	\$114,453	3.4	%
Goodwill	305	306	(.3)		6,328	5,528	14.5	
Other intangible assets	20	11	81.8		2,129	2,080	2.4	
Assets	47,836	38,852	23.1		187,630	171,948	9.1	
Noninterest-bearing deposits	(80)	192	**		31,715	28,715	10.4	
Interest-bearing deposits	4,851	5,070	(4.3)		84,838	76,409	11.0	
Total deposits	4,771	5,262	(9.3)		116,553	105,124	10.9	
Shareholders' equity	3,134	2,632	19.1		19,393	17,273	12.3	

*Preliminary data

**Not meaningful