News Release

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U.S. BANCORP REPORTS NET INCOME FOR THE SECOND QUARTER OF 2007

EARNINGS SUMMARY — **Table 1**

($ in millions, except per-share data)	2Q 2007	1Q 2007	2Q 2006	Percent Change 2Q07 vs 1Q07	Percent Change 2Q07 vs 2Q06	YTD 2007	YTD 2006	Percent Change
Net income	$1,156	$1,130	$1,201	2.3	(3.7)	$2,286	$2,354	(2.9)
Diluted earnings per common share	.65	.63	.66	3.2	(1.5)	1.27	1.29	(1.6)
Return on average assets (%)	2.09	2.09	2.27			2.09	2.25	
Return on average common equity (%)	23.0	22.4	24.3			22.7	23.8	
Net interest margin (%)	3.44	3.51	3.68			3.47	3.74	
Efficiency ratio (%)	46.8	46.0	44.4			46.4	44.6	
Tangible efficiency ratio (%) (a)	44.1	43.2	41.8			43.7	42.1	
Dividends declared per common share	$.40	$.40	$.33	--	21.2	$.80	$.66	21.2
Book value per common share (period-end)	11.19	11.37	10.89	(1.6)	2.8			

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

MINNEAPOLIS, July 17, 2007 – U.S. Bancorp (NYSE: USB) today reported net income of $1,156 million for the second quarter of 2007, compared with $1,201 million for the second quarter of 2006. Diluted earnings per common share of $.65 in the second quarter of 2007 were lower than the same period of 2006 by 1.5 percent, or $.01 per diluted common share. Return on average assets and return on average common equity were 2.09 percent and 23.0 percent, respectively, for the second quarter of 2007, compared with returns of 2.27 percent and 24.3 percent, respectively, for the second quarter of 2006.

U.S. Bancorp President and Chief Executive Officer Richard K. Davis said, “The Company’s second quarter results were, as expected, seasonally strong. Earnings per diluted common share for the second quarter were $0.65, which was 3.2 percent higher than the earnings per diluted common share of $0.63 in the first quarter of 2007, although slightly below the earnings per diluted common share of $0.66 reported in the second quarter of 2006. The seasonally strong results reflected growth in all fee income categories, modest balance sheet expansion and strong credit quality. The Company's profitability metrics remained solid with return on average assets of 2.09 percent and return on average common equity of 23.0 percent.

"One of the main highlights of our second quarter results was the seasonally strong growth in fee income. The Payment Services group posted double digit growth in fees on both a year-over-year and linked quarter basis, while noninterest income related to trust and investment management and treasury management also posted strong growth. The momentum we are seeing in these fee-based businesses is a direct result of the investments we have made over the past number of years. Focused on building our expertise in payments and processing, we expect to continue to capitalize on opportunities to invest more going forward.

"The Company's efficiency ratio of 46.8 percent in the second quarter, although higher than the second quarter of 2006 and the previous quarter, remains among the best in the industry. Increases in noninterest expense in the current quarter reflected continuing investments in our fee-based business lines and banking franchise, as well as a number of distinct business event-driven activities. Our disciplined approach to expense control has not changed and will continue to be a focus and hallmark for this Company. As our second quarter results demonstrate, our efficiency allows us to continue to invest and support the growth of our businesses, while maintaining our industry-leading profitability.

"Another highlight of our second quarter results was the Company's continuing strong credit quality metrics. Nonperforming assets declined once again this quarter, while net charge-offs, as expected, increased modestly to .53 percent of average loans outstanding from .50 percent in the first quarter of this year. As we grow our balance sheet, we will continue to maintain our prudent approach to credit which is, given the current economic environment, even more important and challenging today than it has been in the recent past.

"The banking industry as a whole is operating under a challenging economic environment. We have not been immune to those challenges, but our second quarter results further support my belief that our Company is well positioned to produce a consistent, predictable and repeatable earnings stream going forward. As a Company, we are focused on the future and the opportunity to grow to better serve our customers, communities and shareholders."

The Company's results for the second quarter of 2007 declined over the same period of 2006. Strong fee-based revenue growth in Payment Services and Wealth Management were muted somewhat by a $35 million gain in the second quarter of 2006 from the initial public offering of a card association. The year-over-year results also reflected an expected increase in credit costs and lower net interest income from a year ago. On a linked quarter basis, net income increased $26 million, or $.02 per diluted common share, reflecting continued strength in fee-based revenue partially offset by higher credit costs and operating expenses.

Total net revenue on a taxable-equivalent basis for the second quarter of 2007 was $3,505 million, $53 million (1.5 percent) higher than the second quarter of 2006, primarily reflecting a 5.7 percent increase in noninterest income partially offset by a 2.8 percent decline in net interest income from a year ago. Noninterest income growth was driven primarily by organic business growth of 7.8 percent offset somewhat by the impact in the second quarter of 2006 of a $35 million gain from the initial public offering of a card association. On a linked quarter basis, total net revenue increased $143 million (4.3 percent), primarily reflecting organic growth and seasonally higher transaction volumes in several revenue categories.

Total noninterest expense in the second quarter of 2007 was $1,640 million, $110 million (7.2 percent) higher than the second quarter of 2006, principally due to investments in business initiatives, higher operating and business integration costs associated with recent acquisitions, costs related to tax-advantaged investments and an increase in merchant airline processing primarily due to sales volumes and recent business expansion with a major airline. Growth in expenses from a year ago was partially offset by a debt prepayment charge recorded in the second quarter of 2006. On a linked quarter basis, total noninterest expense increased by $95 million (6.1 percent), reflecting the timing of marketing and business development programs, costs associated with business initiatives, including the pan-European Payment Systems expansion and incremental merchant airline processing, and higher credit-related costs for other real estate owned and collection activities. These increases on a linked quarter basis were partially offset by lower employee benefits costs which are seasonally higher in the first quarter of the year.

Provision for credit losses for the second quarter of 2007 was $191 million, an increase of $14 million from the first quarter of 2007 and $66 million higher than the second quarter of 2006. The increase in the provision for credit losses from a year ago reflected expected losses from strong growth in credit card accounts. Also, the provision for credit losses in the second quarter of 2006 partially reflected the favorable residual impact on net charge-offs, principally for credit cards and other retail charge-offs, due to changes in

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bankruptcy laws in the fourth quarter of 2005. Net charge-offs in the second quarter of 2007 were $191 million, compared with the first quarter of 2007 net charge-offs of $177 million and the second quarter of 2006 net charge-offs of $125 million. The Company's credit quality continues to be strong as nonperforming assets declined $17 million (2.9 percent) during the second quarter of 2007. Total nonperforming assets were $565 million at June 30, 2007, compared with $582 million at March 31, 2007, and $550 million at June 30, 2006. The ratio of the allowance for credit losses to nonperforming loans was 503 percent at June 30, 2007, compared with 498 percent at March 31, 2007, and 500 percent at June 30, 2006.

INCOME STATEMENT HIGHLIGHTS **Table 2**

(Taxable-equivalent basis, $ in millions, except per-share data)	2Q 2007	1Q 2007	2Q 2006	Percent Change 2Q07 vs 1Q07	Percent Change 2Q07 vs 2Q06	YTD 2007	YTD 2006	Percent Change
Net interest income	$1,650	$1,666	$1,697	(1.0)	(2.8)	$3,316	$3,422	(3.1)
Noninterest income	1,855	1,696	1,755	9.4	5.7	3,551	3,369	5.4
Total net revenue	3,505	3,362	3,452	4.3	1.5	6,867	6,791	1.1
Noninterest expense	1,640	1,545	1,530	6.1	7.2	3,185	3,030	5.1
Income before provision and taxes	1,865	1,817	1,922	2.6	(3.0)	3,682	3,761	(2.1)
Provision for credit losses	191	177	125	7.9	52.8	368	240	53.3
Income before taxes	1,674	1,640	1,797	2.1	(6.8)	3,314	3,521	(5.9)
Taxable-equivalent adjustment	18	17	11	5.9	63.6	35	21	66.7
Applicable income taxes	500	493	585	1.4	(14.5)	993	1,146	(13.4)
Net income	$1,156	$1,130	$1,201	2.3	(3.7)	$2,286	$2,354	(2.9)
Net income applicable to common equity	$1,141	$1,115	$1,184	2.3	(3.6)	$2,256	$2,337	(3.5)
Diluted earnings per common share	$.65	$.63	$.66	3.2	(1.5)	$1.27	$1.29	(1.6)

Net Interest Income

Second quarter net interest income on a taxable-equivalent basis was $1,650 million, compared with $1,697 million in the second quarter of 2006. Average earning assets for the period increased over the second quarter of 2006 by $7.4 billion (4.0 percent), primarily driven by an increase of $6.3 billion (4.5 percent) in total average loans. The positive impact to net interest income from the growth in earning assets was more than offset by a lower net interest margin. The net interest margin in the second quarter of 2007 was 3.44 percent, compared with 3.68 percent in the second quarter of 2006, reflecting the competitive environment and the impact of the flat yield curve during the past several quarters. Since the second quarter of 2006, credit spreads have tightened by approximately 9 basis points across most lending products due to competitive loan pricing. In addition, funding costs have increased as rates paid on interest-bearing deposits have risen and the funding mix continues to shift toward higher cost deposits and other funding sources. An increase in loan fees partially offset these factors.

Net interest income in the second quarter of 2007 decreased from the first quarter of 2007 by $16 million (1.0 percent). Net interest income generated by growth in average earning assets of $1.2 billion was more than offset by the impact on net interest margin of tighter credit spreads, higher funding costs and specific management actions in the first quarter of 2007. During the second quarter of 2007, the net interest margin was 3.44 percent, compared with 3.51 percent for the first quarter of 2007, a decline of 7 basis points. Competitive pricing was a factor in the decline as credit spreads narrowed slightly, while expected changes in the mix of deposits, other funding sources and net free funds, including the residual impact of investments in bank-owned life insurance products during the mid-first quarter of 2007, also contributed to the unfavorable variance. In the latter half of the second quarter of 2007, the tightening of credit spreads and changes in the deposit and other funding mix have moderated. Given these factors, and that the impact of the bank-owned life insurance investment is fully incorporated into the net interest margin, the Company anticipates the net interest margin to remain relatively stable throughout the remainder of the year. This is consistent with previous management guidance.

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NET INTEREST INCOME **Table 3**

(Taxable-equivalent basis; $ in millions)

	2Q 2007	1Q 2007	2Q 2006	Change 2Q07 vs 1Q07	Change 2Q07 vs 2Q06	YTD 2007	YTD 2006	Change
Components of net interest income								
Income on earning assets	$3,276	$3,223	$3,037	$53	$239	$6,499	$5,940	$559
Expense on interest-bearing liabilities	1,626	1,557	1,340	69	286	3,183	2,518	665
Net interest income	$1,650	$1,666	$1,697	$(16)	$(47)	$3,316	$3,422	$(106)
Average yields and rates paid								
Earning assets yield	6.83%	6.81%	6.58%	.02%	.25%	6.82%	6.49%	.33%
Rate paid on interest-bearing liabilities	3.95	3.88	3.45	.07	.50	3.91	3.28	.63
Gross interest margin	2.88%	2.93%	3.13%	(.05)%	(.25)%	2.91%	3.21%	(.30)%
Net interest margin	3.44%	3.51%	3.68%	(.07)%	(.24)%	3.47%	3.74%	(.27)%
Average balances								
Investment securities	$40,704	$40,879	$40,087	$(175)	$617	$40,791	$39,885	$906
Loans	145,653	144,693	139,370	960	6,283	145,176	138,579	6,597
Earning assets	192,301	191,135	184,890	1,166	7,411	191,721	184,000	7,721
Interest-bearing liabilities	165,177	162,682	155,755	2,495	9,422	163,937	154,838	9,099
Net free funds (a)	27,124	28,453	29,135	(1,329)	(2,011)	27,784	29,162	(1,378)

(a) Represents noninterest-bearing deposits, allowance for loan losses, unrealized gain (loss) on available-for-sale securities, non-earning assets, other noninterest-bearing liabilities and equity.

AVERAGE LOANS								Table 4
($ in millions)	2Q 2007	1Q 2007	2Q 2006	Percent Change 2Q07 vs 1Q07	Percent Change 2Q07 vs 2Q06	YTD 2007	YTD 2006	Percent Change
Commercial	$41,572	$41,470	$39,871	.2	4.3	$41,515	$39,362	5.5
Lease financing	5,625	5,549	5,199	1.4	8.2	5,588	5,139	8.7
Total commercial	47,197	47,019	45,070	.4	4.7	47,103	44,501	5.8
Commercial mortgages	19,562	19,672	20,195	(.6)	(3.1)	19,617	20,231	(3.0)
Construction and development	8,941	8,960	8,600	(.2)	4.0	8,956	8,475	5.7
Total commercial real estate	28,503	28,632	28,795	(.5)	(1.0)	28,573	28,706	(.5)
Residential mortgages	21,831	21,569	20,868	1.2	4.6	21,700	20,927	3.7
Credit card	9,120	8,635	7,360	5.6	23.9	8,879	7,241	22.6
Retail leasing	6,662	6,845	7,115	(2.7)	(6.4)	6,753	7,182	(6.0)
Home equity and second mortgages	15,735	15,555	15,035	1.2	4.7	15,646	14,985	4.4
Other retail	16,605	16,438	15,127	1.0	9.8	16,522	15,037	9.9
Total retail	48,122	47,473	44,637	1.4	7.8	47,800	44,445	7.5
Total loans	$145,653	$144,693	$139,370	.7	4.5	$145,176	$138,579	4.8

Average loans for the second quarter of 2007 were $6.3 billion (4.5 percent) higher than the second quarter of 2006, driven by growth in average total retail loans of $3.5 billion (7.8 percent), total commercial loans of $2.1 billion (4.7 percent), and residential mortgages of $963 million (4.6 percent), partially offset by a decline in total commercial real estate loans of $292 million (1.0 percent). Average loans for the second quarter of 2007 were higher than the first quarter of 2007 by $1.0 billion (.7 percent), primarily reflecting growth in total retail loans, driven by growth in average credit card balances. Residential mortgages and total commercial loans also grew modestly in the second quarter of 2007 compared with the first quarter of 2007. Total commercial real estate declined slightly from the first quarter of 2007, reflecting customer refinancings given liquidity available in the financial markets, a decision to reduce condominium construction financing in selected markets and a slowdown in residential homebuilding.

Average investment securities in the second quarter of 2007 were $617 million (1.5 percent) higher than the second quarter of 2006, driven primarily by an increase in the municipal securities portfolio partially offset by a reduction in mortgage-backed assets.

AVERAGE DEPOSITS								Table 5
($ in millions)	2Q 2007	1Q 2007	2Q 2006	Percent Change 2Q07 vs 1Q07	Percent Change 2Q07 vs 2Q06	YTD 2007	YTD 2006	Percent Change
Noninterest-bearing deposits	$27,977	$27,677	$28,949	1.1	(3.4)	$27,828	$28,893	(3.7)
Interest-bearing deposits								
Interest checking	25,858	25,076	23,333	3.1	10.8	25,470	23,238	9.6
Money market savings	24,603	25,712	26,981	(4.3)	(8.8)	25,154	27,178	(7.4)
Savings accounts	5,443	5,401	5,720	.8	(4.8)	5,422	5,705	(5.0)
Total of savings deposits	55,904	56,189	56,034	(.5)	(.2)	56,046	56,121	(.1)
Time certificates of deposit less than $100,000	14,716	14,775	13,689	(.4)	7.5	14,745	13,598	8.4
Time deposits greater than $100,000	20,378	22,087	22,561	(7.7)	(9.7)	21,228	22,089	(3.9)
Total interest-bearing deposits	90,998	93,051	92,284	(2.2)	(1.4)	92,019	91,808	.2
Total deposits	$118,975	$120,728	$121,233	(1.5)	(1.9)	$119,847	$120,701	(.7)

Average noninterest-bearing deposits for the second quarter of 2007 decreased $972 million (3.4 percent) compared with the second quarter of 2006, reflecting a decline in business demand deposits within most business lines as these customers reduced excess liquidity to fund business growth. The decline in business demand account balances was partially offset by higher corporate trust deposits.

Average total savings deposits remained relatively flat year-over-year as an increase of $2.5 billion (10.8 percent) in interest checking balances due to higher broker dealer, government and institutional trust balances was offset by a decline of $2.7 billion (8.1 percent) in average money market and savings balances primarily within Consumer Banking. The overall decrease in average money market savings balances year-over-year was primarily the result of the Company's deposit pricing decisions for money market products in relation to other fixed-rate deposit products offered. A portion of branch-based money market savings accounts have migrated to fixed-rate time certificates to take advantage of higher interest rates for these products.

Average time certificates of deposit less than $100,000 were higher in the second quarter of 2007 than in the second quarter of 2006 by $1.0 billion (7.5 percent) and time deposits greater than $100,000 declined by $2.2 billion (9.7 percent) over the same period reflecting Company funding decisions. The year-over-year growth in time certificates less than $100,000 was due to consumer-based time deposits, reflecting customer migration to higher rate deposit products.

Average noninterest-bearing deposits for the second quarter of 2007 had an increase of $300 million (1.1 percent) compared with the first quarter of 2007, primarily due to a seasonal increase in government

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demand deposits. Total average savings deposits had a slight decrease of $285 million (.5 percent) from the first quarter of 2007. Average time deposits greater than $100,000 decreased $1.7 billion (7.7 percent) from the prior quarter. This change in average time deposits greater than $100,000 reflected asset/liability funding decisions and included a reduction of higher cost time deposits with government agencies, broker dealers and other business customers offset by favorable growth in personal certificates of deposits and lower cost foreign deposits.

NONINTEREST INCOME **Table 6**

($ in millions)	2Q 2007	1Q 2007	2Q 2006	Percent Change 2Q07 vs 1Q07	Percent Change 2Q07 vs 2Q06	YTD 2007	YTD 2006	Percent Change
Credit and debit card revenue	$228	$205	$202	11.2	12.9	$433	$384	12.8
Corporate payment products revenue	157	145	139	8.3	12.9	302	266	13.5
ATM processing services	62	59	61	5.1	1.6	121	120	.8
Merchant processing services	285	250	253	14.0	12.6	535	466	14.8
Trust and investment management fees	342	322	314	6.2	8.9	664	611	8.7
Deposit service charges	272	243	264	11.9	3.0	515	496	3.8
Treasury management fees	126	111	116	13.5	8.6	237	223	6.3
Commercial products revenue	105	100	107	5.0	(1.9)	205	211	(2.8)
Mortgage banking revenue	68	67	75	1.5	(9.3)	135	99	36.4
Investment products fees and commissions	38	34	42	11.8	(9.5)	72	80	(10.0)
Securities gains (losses), net	3	1	3	nm	--	4	3	33.3
Other	169	159	179	6.3	(5.6)	328	410	(20.0)
Total noninterest income	$1,855	$1,696	$1,755	9.4	5.7	$3,551	$3,369	5.4

Noninterest Income

Second quarter noninterest income was $1,855 million, an increase of $100 million (5.7 percent) from the same quarter of 2006 and $159 million (9.4 percent) higher than the first quarter of 2007. The increase in noninterest income over the second quarter of 2006 was driven by organic growth of 7.8 percent offset somewhat by a $35 million gain on the initial public offering of a card association recorded in the second quarter of 2006.

Credit and debit card revenue and corporate payment products revenue were higher in the second quarter of 2007 than the second quarter of 2006 by $26 million (12.9 percent) and $18 million (12.9 percent), respectively. The strong growth in credit and debit card revenue was primarily driven by an increase in customer accounts and higher customer transaction volumes from a year ago. The corporate payment

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products revenue growth reflected organic growth in sales volumes and card usage and an acquired business. Merchant processing services revenue was higher in the second quarter of 2007 than the same quarter a year ago by $32 million (12.6 percent), primarily reflecting an increase in customers and sales volumes. Trust and investment management fees increased by $28 million (8.9 percent) year-over-year due to core account growth and favorable market conditions. Deposit service charges grew year-over-year by $8 million (3.0 percent) primarily due to increased transaction-related fees and the impact of continued growth in net new checking accounts. Treasury management fees increased by $10 million (8.6 percent) due to higher transaction volumes, customer growth and pricing changes. These favorable changes in fee-based revenue were partially offset by a decline in other income of $10 million (5.6 percent) compared with the second quarter of 2006. The reduction in other income reflects the gain recognized in the second quarter of 2006 related to the initial public offering of a card association. This was partially offset by an increase in revenue from investment in a bank-owned life insurance program. In addition, revenue from equity investments was somewhat higher in the second quarter of 2007 as compared with the same period of 2006. Mortgage banking revenue declined year-over-year by $7 million (9.3 percent). Growth in both production gains and servicing income was more than offset by an adverse change in the valuation of mortgage servicing rights ("MSR") and corresponding MSR economic hedges due to changes in interest rates late in the second quarter of 2007.

Noninterest income was higher by $159 million (9.4 percent) in the second quarter of 2007 compared with the first quarter of 2007. Credit and debit card revenue increased $23 million (11.2 percent) and corporate payment products revenue increased $12 million (8.3 percent), primarily reflecting seasonally higher sales volumes and account growth. Merchant processing services revenue increased by $35 million (14.0 percent) compared with the first quarter of 2007 due to higher sales volumes and pricing initiatives. Trust and investment management fees and treasury management fees increased over the first quarter of 2007 by $20 million (6.2 percent) and $15 million (13.5 percent), respectively, due to seasonally higher tax filing fees and tax receipt processing volumes. Deposit service charges grew by $29 million (11.9 percent) due to higher transaction-related fees and net new accounts. In addition to fee-based revenue increases, other income increased by $10 million due primarily to increased revenue from the incremental investment in a bank-owned life insurance program during the first quarter of 2007.

NONINTEREST EXPENSE ($ in millions)	2Q 2007	1Q 2007	2Q 2006	Percent Change 2Q07 vs 1Q07	Percent Change 2Q07 vs 2Q06	YTD 2007	YTD 2006	Percent Change
Compensation	$659	$635	$627	3.8	5.1	$1,294	$1,260	2.7
Employee benefits	123	133	123	(7.5)	--	256	256	--
Net occupancy and equipment	171	165	161	3.6	6.2	336	326	3.1
Professional services	59	47	41	25.5	43.9	106	76	39.5
Marketing and business development	64	48	58	33.3	10.3	112	98	14.3
Technology and communications	126	125	127	.8	(.8)	251	244	2.9
Postage, printing and supplies	71	69	66	2.9	7.6	140	132	6.1
Other intangibles	95	94	89	1.1	6.7	189	174	8.6
Debt prepayment	--	--	11	--	nm	--	11	nm
Other	272	229	227	18.8	19.8	501	453	10.6
Total noninterest expense	$1,640	$1,545	$1,530	6.1	7.2	$3,185	$3,030	5.1

Table 7

Noninterest Expense

Second quarter noninterest expense totaled $1,640 million, an increase of $110 million (7.2 percent) from the same quarter of 2006 and $95 million (6.1 percent) more than the first quarter of 2007. Compensation expense increased by $32 million (5.1 percent) as compared with the same period of 2006 due to ongoing bank operations and acquired businesses. Net occupancy and equipment expense increased $10 million (6.2 percent) from the second quarter of 2006 primarily due to acquisitions and branch-based business initiatives. Professional services expense increased by $18 million (43.9 percent) due to revenue enhancing business initiatives and higher legal costs associated with litigation and establishment of a bank charter in Ireland to support pan-European payment processing. Marketing and business development expense increased $6 million (10.3 percent) year-over-year due to the timing of customer promotions, solicitations and advertising activities. Postage, printing and supplies increased by $5 million (7.6 percent) from the second quarter of 2006 due to changes in postage rates and increases in customer-related operations. The increase in other intangibles expense of $6 million (6.7 percent) from the same period of 2006 reflected the impact of recent acquisitions in Consumer Banking, Wealth Management and Payment Services. Other expense increased by $45 million (19.8 percent) compared with the prior year, due to an increase in the Company’s merchant airline processing driven by volumes and the impact of the recent signing of a contract with a major airline. The change in other expense also reflected an increase in the costs related to tax-advantaged investments, integration expenses related to recent acquisitions and higher credit-related costs for other real estate owned and loan collection activities. These expense increases were partially offset by an $11 million debt prepayment charge recorded in the second quarter of 2006.

Noninterest expense in the second quarter of 2007 was higher than the first quarter of 2007 by $95 million (6.1 percent). Compensation expense increased $24 million (3.8 percent) primarily due to seasonal increases in merit-based compensation and higher production-based commissions and incentives. Professional services increased $12 million (25.5 percent) from the first quarter of 2007 due to higher legal costs associated with business initiatives, litigation and the establishment of the bank in Ireland to support pan-European payment processing. Marketing and business development expense increased $16 million (33.3 percent) due to the timing of customer promotions, solicitations and advertising activities within the Consumer Banking and Payment Services business lines. Other expense increased $43 million (18.8 percent) compared with the first quarter of 2007. This increase was driven by higher costs for the Company's merchant airline processing due to seasonally higher ticket sales volumes and the incremental business of a major airline, higher costs associated with tax-advantaged investments and increased expenses related to other real estate owned and loan collection efforts. These increases were partially offset by employee benefits expense which declined $10 million (7.5 percent) compared with the first quarter of 2007 due to a normal seasonal decline in payroll tax expense.

Provision for Income Taxes

The provision for income taxes for the second quarter of 2007 resulted in a tax rate on a taxable equivalent basis of 30.9 percent (effective tax rate of 30.2 percent) compared with 33.2 percent (effective tax rate of 32.8 percent) in the second quarter of 2006 and 31.1 percent (effective tax rate of 30.4 percent) in the first quarter of 2007. The reduction in the tax rate from the same quarter of the prior year primarily reflected investments in tax-exempt municipal securities and bank-owned life insurance, as well as incremental tax credits from affordable housing projects and other tax-advantaged investments.

ALLOWANCE FOR CREDIT LOSSES					Table 8
($ in millions)	2Q 2007	1Q 2007	4Q 2006	3Q 2006	2Q 2006
Balance, beginning of period	$2,260	$2,256	$2,256	$2,251	$2,251
Net charge-offs					
Commercial	21	32	24	18	13
Lease financing	8	3	7	3	7
Total commercial	29	35	31	21	20
Commercial mortgages	7	1	2	--	(1)
Construction and development	2	--	--	--	1
Total commercial real estate	9	1	2	--	--
Residential mortgages	15	12	12	11	11
Credit card	81	74	68	56	50
Retail leasing	4	3	4	4	2
Home equity and second mortgages	16	16	13	12	13
Other retail	37	36	39	31	29
Total retail	138	129	124	103	94
Total net charge-offs	191	177	169	135	125
Provision for credit losses	191	177	169	135	125
Acquisitions and other changes	--	4	--	5	--
Balance, end of period	$2,260	$2,260	$2,256	$2,256	$2,251
Components					
Allowance for loan losses	$2,028	$2,027	$2,022	$2,034	$2,039
Liability for unfunded credit commitments	232	233	234	222	212
Total allowance for credit losses	$2,260	$2,260	$2,256	$2,256	$2,251
Gross charge-offs	$252	$237	$217	$195	$176
Gross recoveries	$61	$60	$48	$60	$51
Allowance for credit losses as a percentage of					
Period-end loans	1.55	1.56	1.57	1.58	1.61
Nonperforming loans	503	498	480	476	500
Nonperforming assets	400	388	384	392	409

Credit Quality

The overall credit quality of the Company continued to be strong during the second quarter of 2007. The allowance for credit losses was $2,260 million at June 30, 2007 and at March 31, 2007, and was $2,251 million at June 30, 2006. The ratio of the allowance for credit losses to period-end loans was 1.55 percent at June 30, 2007, compared with 1.56 percent at March 31, 2007, and 1.61 percent at June 30, 2006. The ratio of the allowance for credit losses to nonperforming loans was 503 percent at June 30, 2007, compared with 498 percent at March 31, 2007, and 500 percent at June 30, 2006. Total net charge-offs in the second quarter of 2007 were $191 million, compared with the first quarter of 2007 net charge-offs of $177 million and the second quarter of 2006 net charge-offs of $125 million. The expected increase in total net charge-offs from a year ago was due primarily to an anticipated increase in consumer charge-offs, specifically related to credit cards. Bankruptcy levels declined substantially in 2006 as a result of changes in bankruptcy legislation that went into effect in late 2005.

Commercial and commercial real estate loan net charge-offs increased modestly to $38 million in the second quarter of 2007 (.20 percent of average loans outstanding) compared with $36 million (.19 percent of average loans outstanding) in the first quarter of 2007 and $20 million (.11 percent of average loans outstanding) in the second quarter of 2006. The Company expects commercial and commercial real estate net charge-offs to continue to increase somewhat over the next several quarters due to slightly higher gross charge-offs and lower loan recoveries.

Retail loan net charge-offs were $138 million in the second quarter of 2007 compared with $129 million in the first quarter of 2007 and $94 million in the second quarter of 2006. Retail loan net charge-offs increased as compared with the first quarter of 2007 and from the second quarter of 2006, reflecting higher levels of credit card losses in the current period due to growth in customer accounts and lower credit card charge-offs in prior periods related to the impact of the bankruptcy legislation changes that occurred in the fourth quarter of 2005. Retail loan net charge-offs as a percent of average loans outstanding were 1.15 percent in the second quarter of 2007, compared with 1.10 percent and .84 percent in the first quarter of 2007 and second quarter of 2006, respectively. In addition to the impact of bankruptcy laws, the 31 basis point increase in retail net charge-offs from the second quarter of 2006 reflected the impact on retail customers of implementing minimum balance payment requirements during the past several quarters. The Company anticipates slightly higher delinquencies in the retail portfolios and that net charge-offs will continue to increase modestly during 2007.

(MORE)

CREDIT RATIOS **Table 9**

(Percent)	2Q 2007	1Q 2007	4Q 2006	3Q 2006	2Q 2006
Net charge-offs ratios (a)					
Commercial	.20	.31	.23	.18	.13
Lease financing	.57	.22	.51	.23	.54
Total commercial	.25	.30	.26	.18	.18
Commercial mortgages	.14	.02	.04	--	(.02)
Construction and development	.09	--	--	--	.05
Total commercial real estate	.13	.01	.03	--	--
Residential mortgages	.28	.23	.22	.21	.21
Credit card	3.56	3.48	3.27	2.85	2.72
Retail leasing	.24	.18	.23	.22	.11
Home equity and second mortgages	.41	.42	.33	.31	.35
Other retail	.89	.89	.96	.79	.77
Total retail	1.15	1.10	1.05	.90	.84
Total net charge-offs	.53	.50	.47	.38	.36
Delinquent loan ratios - 90 days or more past due **excluding** nonperforming loans (b)					
Commercial	.07	.07	.05	.06	.05
Commercial real estate	--	.04	.01	.01	--
Residential mortgages	.50	.46	.45	.36	.30
Retail	.48	.54	.48	.41	.39
Total loans	.26	.27	.24	.21	.19
Delinquent loan ratios - 90 days or more past due **including** nonperforming loans (b)					
Commercial	.44	.46	.57	.55	.58
Commercial real estate	.69	.69	.53	.54	.40
Residential mortgages	.69	.63	.62	.53	.49
Retail	.55	.63	.58	.52	.52
Total loans	.57	.59	.57	.54	.51

(a) annualized and calculated on average loan balances
(b) ratios are expressed as a percent of ending loan balances

ASSET QUALITY ($ in millions)	**Jun 30 2007**	**Mar 31 2007**	**Dec 31 2006**	**Sep 30 2006**	**Jun 30 2006**
Nonperforming loans					
Commercial	$128	$147	$196	$192	$203
Lease financing	44	41	40	39	38
Total commercial	172	188	236	231	241
Commercial mortgages	90	114	112	114	88
Construction and development	107	71	38	40	25
Total commercial real estate	197	185	150	154	113
Residential mortgages	41	38	36	36	39
Retail	39	43	48	53	57
Total nonperforming loans	449	454	470	474	450
Other real estate	103	113	95	79	77
Other nonperforming assets	13	15	22	22	23
Total nonperforming assets (a)	$565	$582	$587	$575	$550
Accruing loans 90 days or more past due	$376	$397	$349	$295	$264
Restructured loans that continue to accrue interest	$435	$411	$405	$369	$370
Nonperforming assets to loans plus ORE (%)	.39	.40	.41	.40	.39

Table 10

(a) does not include accruing loans 90 days or more past due or restructured loans that continue to accrue interest

Nonperforming assets at June 30, 2007, totaled $565 million, compared with $582 million at March 31, 2007, and $550 million at June 30, 2006. The ratio of nonperforming assets to loans and other real estate was .39 percent at June 30, 2007, compared with .40 percent at March 31, 2007, and .39 percent at June 30, 2006. Restructured loans that continue to accrue interest have increased from the second quarter of 2006, reflecting the impact of implementing higher minimum balance payment requirements for retail customers and restructuring for residential mortgage customers in light of economic conditions. The Company expects nonperforming assets to remain relatively stable or increase modestly over the next several quarters.

CAPITAL POSITION					Table 11
($ in millions)	Jun 30 2007	Mar 31 2007	Dec 31 2006	Sep 30 2006	Jun 30 2006
Total shareholders' equity	$20,330	$20,800	$21,197	$20,926	$20,415
Tier 1 capital	16,876	16,917	17,036	17,042	16,841
Total risk-based capital	25,709	25,826	24,495	25,011	24,893
Tier 1 capital ratio	8.5 %	8.6 %	8.8 %	8.8 %	8.9 %
Total risk-based capital ratio	13.0	13.1	12.6	13.0	13.1
Leverage ratio	7.9	8.0	8.2	8.3	8.2
Common equity to assets	8.7	8.9	9.2	9.2	9.1
Tangible common equity to assets	5.2	5.3	5.5	5.4	5.6

Total shareholders' equity was $20.3 billion at June 30, 2007, compared with $20.8 billion at March 31, 2007, and $20.4 billion at June 30, 2006.

The Tier 1 capital ratio was 8.5 percent at June 30, 2007, compared with 8.6 percent at March 31, 2007, and 8.9 percent at June 30, 2006. The total risk-based capital ratio was 13.0 percent at June 30, 2007, compared with 13.1 percent at March 31, 2007, and at June 30, 2006. The leverage ratio was 7.9 percent at June 30, 2007, compared with 8.0 percent at March 31, 2007, and 8.2 percent at June 30, 2006. Tangible common equity to assets was 5.2 percent at June 30, 2007, compared with 5.3 percent at March 31, 2007, and 5.6 percent at June 30, 2006. All regulatory ratios continue to be in excess of stated "well-capitalized" requirements.

COMMON SHARES					Table 12
(Millions)	2Q 2007	1Q 2007	4Q 2006	3Q 2006	2Q 2006
Beginning shares outstanding	1,742	1,765	1,763	1,783	1,783
Shares issued for stock option and stock purchase plans, acquisitions and other corporate purposes	4	11	12	10	9
Shares repurchased	(18)	(34)	(10)	(30)	(9)
Ending shares outstanding	1,728	1,742	1,765	1,763	1,783

On August 3, 2006, the Company announced that the Board of Directors approved an authorization to repurchase 150 million shares of common stock through December 31, 2008. During the second quarter of 2007, the Company repurchased 18 million shares of common stock. As of June 30, 2007, there were approximately 70 million shares remaining to be repurchased under the current authorization.

LINE OF BUSINESS FINANCIAL PERFORMANCE (a) — **Table 13**

($ in millions)

Business Line	Net Income 2Q 2007	Net Income 1Q 2007	Net Income 2Q 2006	Percent Change 2Q07 vs 1Q07	Percent Change 2Q07 vs 2Q06	YTD 2007	YTD 2006	Percent Change	2Q 2007 Earnings Composition
Wholesale Banking	$278	$275	$305	1.1	(8.9)	$553	$612	(9.6)	24 %
Consumer Banking	456	435	488	4.8	(6.6)	891	901	(1.1)	39
Wealth Management	169	153	149	10.5	13.4	322	286	12.6	15
Payment Services	259	230	253	12.6	2.4	489	478	2.3	22
Treasury and Corporate Support	(6)	37	6	nm	nm	31	77	(59.7)	--
Consolidated Company	$1,156	$1,130	$1,201	2.3	(3.7)	$2,286	$2,354	(2.9)	100 %

(a) preliminary data

Lines of Business

Within the Company, financial performance is measured by major lines of business, which include Wholesale Banking, Consumer Banking, Wealth Management, Payment Services, and Treasury and Corporate Support. These operating segments are components of the Company about which financial information is available and is evaluated regularly in deciding how to allocate resources and assess performance. Noninterest expenses incurred by centrally managed operations or business lines that directly support another business line's operations are charged to the applicable business line based on its utilization of those services primarily measured by the volume of customer activities, number of employees or other relevant factors. These allocated expenses are reported as net shared services expense within noninterest expense. Designations, assignments and allocations change from time to time as management systems are enhanced, methods of evaluating performance or product lines change or business segments are realigned to better respond to the Company's diverse customer base. During 2007, certain organization and methodology changes were made and, accordingly, prior period results have been restated and presented on a comparable basis.

Wholesale Banking offers lending, equipment finance and small-ticket leasing, depository, treasury management, capital markets, foreign exchange, international trade services and other financial services to middle market, large corporate, commercial real estate, and public sector clients. Wholesale Banking contributed $278 million of the Company's net income in the second quarter of 2007, an 8.9 percent decrease from the same period of 2006 and a 1.1 percent increase as compared with the first quarter of 2007.

The decrease in Wholesale Banking's second quarter of 2007 contribution from the same quarter of 2006 was the result of lower total net revenue (2.7 percent), higher total noninterest expense (4.8 percent) and an increase in the provision for credit losses from a year ago. The decline in total net revenue was due to lower net interest income partially offset by strong fee-based revenue. The decrease in net interest income was due to tighter credit spreads and a decline in average noninterest-bearing deposit balances as customers utilized their liquidity to fund business growth, partially offset by growth in average loan balances and the margin benefit of deposits. Total noninterest income increased due to stronger treasury management fees driven by higher transaction volumes and higher equity investment revenue. This growth was partially offset by a decline in commercial products revenue related to capital markets fees. Total noninterest expense increased due to higher compensation and benefits expense due to increasing the number of relationship managers, production-based incentives and business growth initiatives. The unfavorable variance in the provision for credit losses was due to a $12 million increase in net charge-offs in the second quarter of 2007 compared with a year ago. The change in net charge-offs reflected fewer wholesale loan recoveries and an increase in gross charge-offs at this stage of the business cycle.

Wholesale Banking's contribution to net income in the second quarter of 2007 compared with the first quarter of 2007 was $3 million (1.1 percent) higher due to a favorable variance in total net revenue (1.9 percent), partially offset by an increase in total noninterest expense. Total net revenue was higher on a linked quarter basis due to strong fee-based income principally related to seasonally higher treasury management fees from tax receipt processing. Total noninterest expense increased from the first quarter of 2007 due to an increase in net shared services expense due primarily to the increased processing expenses from tax receipt volumes and higher credit-related costs from other real estate owned. The provision for credit losses decreased on a linked quarter basis due to lower net charge-offs.

Consumer Banking delivers products and services through banking offices, telephone servicing and sales, on-line services, direct mail and ATMs. It encompasses community banking, metropolitan banking, in-store banking, small business banking, consumer lending, mortgage banking, consumer finance, workplace banking, student banking, and 24-hour banking. Consumer Banking contributed $456 million of the Company's net income in the second quarter of 2007, a 6.6 percent decrease from the same period of 2006 and a 4.8 percent increase from the prior quarter. Within Consumer Banking, the retail banking division contributed $428 million of the total contribution, a 5.9 percent decrease for the division on a year-over-year basis and a 4.4 percent increase from the prior quarter. An increase in total net revenue for the retail banking division was offset by an expected increase in the provision for credit losses and increased total noninterest expense as compared with the same period of 2006. Total noninterest income for the retail banking division increased from a year ago due to growth in deposit service charges of 3.0 percent due to increased transaction-related fees and the impact of net new checking accounts and to an increase in other fee revenue. Total noninterest expense in the second quarter of 2007 increased 5.5 percent for the division compared with the same quarter of 2006. Compensation and employee benefits expense increased related to recent acquisitions, branch expansion, production-based incentives and other business initiatives. In addition, the line of business recognized higher costs for professional services caused by revenue enhancement initiatives, credit-related costs associated with other real estate owned and customer fraud losses, partially offset by a reduction in net shared services expense. The business line experienced a $22 million year-over-year increase in net charge-offs (40.0 percent), reflecting higher levels of retail charge-offs. Bankruptcies were generally lower in 2006 due to the lingering effects of changes in bankruptcy laws in late 2005. In the second quarter of 2007, the mortgage banking division's contribution was $28 million, a decrease of $5 million from the same period of 2006. This division's total net revenue decreased $4 million (4.2 percent) from a year ago primarily due to the impact of changes in the net MSR valuation and the related derivatives utilized for managing interest rate valuation risk. Changes in interest rates late in the second quarter had an adverse impact on these net MSR valuations. Total noninterest expense for the mortgage banking division increased $4 million (9.3 percent) from the second quarter of 2006 primarily due to higher production levels from a year ago and servicing costs associated with other real estate owned and foreclosures.

The increase in Consumer Banking's contribution of $21 million (4.8 percent) in the second quarter of 2007 from the first quarter of 2007 was principally due to higher fee-based revenue in the retail banking division. The retail banking division's contribution increased by 4.4 percent on a linked quarter basis due to an increase in deposit service charges principally due to higher transaction-related fees. Total noninterest expense for the retail banking division on a linked quarter basis was essentially flat. The provision for credit losses for the quarter reflected an $8 million increase in net charge-offs relative to the first quarter of 2007, driven by commercial net charge-offs in the community banking sector and residential mortgages. The contribution of the mortgage banking division increased $3 million from the first quarter of 2007 driven by an increase in total net revenue that reflected an 18.7 percent increase in mortgage production gains and servicing income as compared with the prior quarter, partially offset by an unfavorable valuation change in MSR and the corresponding derivatives to economically hedge the servicing rights. Total noninterest expense of the mortgage banking division increased $2 million (4.4 percent) from the first quarter of 2007 driven by production processing levels.

Wealth Management provides trust, private banking, financial advisory, investment management, retail brokerage services, insurance, custody and mutual fund servicing through six businesses: Private Client Group, Corporate Trust, U.S. Bancorp Investments and Insurance, FAF Advisors, Institutional Trust and Custody and Fund Services. Wealth Management contributed $169 million of the Company's net income in the second quarter of 2007, a 13.4 percent increase over the same period of 2006 and a 10.5 percent increase from the first quarter of 2007. The growth in the business line's contribution in the second quarter of 2007 over the same quarter of 2006 was the result of core account fee growth and improved equity market conditions relative to a year ago. Net interest income was unfavorably impacted year-over-year by changes in deposit pricing and tightening credit spreads, partially offset by earnings from deposit growth. Total noninterest expense declined slightly (1.2 percent) from the same quarter of 2006 principally due to the benefit of cost savings from business integration activities.

The increase in the business line's contribution in the second quarter of 2007 as compared with the first quarter of 2007 was due to an increase in noninterest income driven by seasonally higher tax-related fees, core account growth and favorable equity market conditions.

Payment Services includes consumer and business credit cards, stored-value cards, debit cards, corporate and purchasing card services, consumer lines of credit, ATM processing and merchant processing. Payment Services contributed $259 million of the Company's net income in the second quarter of 2007, a 2.4 percent increase over the same period of 2006 and a 12.6 percent increase from the first quarter of 2007. Strong growth in income before provision and income taxes of 10.0 percent from a year ago was partially offset by an expected increase in the provision for credit losses (55.4 percent). The increase in total net revenue year-over-year was due to growth in total noninterest income (12.1 percent) and net interest income (6.4 percent), reflecting growth in higher yielding retail loan balances, partially offset by the margin impact of growth in nonearning assets related to recent acquisitions and a declining yield on retail credit cards. All revenue categories benefited from account growth, higher transaction volumes and business expansion initiatives. The growth in total noninterest expense year-over-year primarily reflected new business initiatives, including costs associated with marketing programs and acquisitions, as well as higher collection costs. The increase in the provision for credit losses was driven by an increase in net charge-offs of $36 million year-over-year reflecting portfolio growth, the impact of fully implementing minimum balance payment requirements and the favorable effects in the prior year of changes in bankruptcy laws.

The increase in Payment Services' contribution in the second quarter of 2007 from the first quarter of 2007 was due to higher total net revenue (8.7 percent), partially offset by a higher total noninterest expense (4.8 percent) and provision for credit losses (8.6 percent). Total net revenue was higher due to an 11.4 percent increase in total noninterest income, reflecting seasonally higher sales volumes, account growth and pricing initiatives. An increase in total noninterest expense was primarily due to the timing of marketing and professional services costs from retail payment systems and other business expansion initiatives. The increase also reflected slightly higher collection costs and processing expenses related to incremental merchant processing volumes.

Treasury and Corporate Support includes the Company's investment portfolios, funding, capital management and asset securitization activities, interest rate risk management, the net effect of transfer pricing related to average balances and the residual aggregate of those expenses associated with corporate activities that are managed on a consolidated basis. Treasury and Corporate Support recorded a net loss of $6 million in the second quarter of 2007, compared with net income of $6 million in the second quarter of 2006 and $37 million in the first quarter of 2007. Net interest income decreased in the current quarter from the second quarter of 2006 by $18 million, reflecting the adverse impact of a flat yield curve and the mix of higher cost wholesale funding to support earning asset growth. Total noninterest income decreased $32 million due principally to the $35 million gain from the initial public offering of a card association in the second quarter of 2006. Total noninterest expense increased $24 million year-over-year reflecting an increase in costs related to tax-advantaged investments, guarantee liabilities associated with expanding the airline merchant business and conversion-related costs. These increases were partially offset by an $11 million debt prepayment charge recorded in the second quarter of 2006. The favorable change in income taxes, compared with a year ago, resulted from incremental investment in tax-exempt municipal securities, tax-advantaged investments and expansion of a bank-owned life insurance program.

Net income in the second quarter of 2007 was lower than the first quarter of 2007 due to a decrease in total net revenue and an unfavorable variance in total noninterest expense, partially offset by a favorable change in income taxes. Net interest income decreased primarily due to the higher cost of wholesale funding and specific management decisions, including expanding the bank-owned life insurance program. Total noninterest expense increased by $57 million primarily due to seasonally higher incentive expense and professional services expenses related to the establishment of the bank in Ireland. In addition, costs associated with tax-advantaged investments, merchant airline liabilities and business conversions increased on a linked quarter basis. The residual tax benefits recognized by the Treasury and Corporate Support business line increased during the second quarter of 2007 primarily due to higher levels of tax credits related to tax-advantaged investments and the expansion of a bank-owned life insurance program.

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.

RICHARD K. DAVIS, PRESIDENT AND CHIEF EXECUTIVE OFFICER, AND ANDREW CECERE, VICE CHAIRMAN AND CHIEF FINANCIAL OFFICER, WILL HOST A CONFERENCE CALL TO REVIEW THE FINANCIAL RESULTS AT 1:00 P.M. (CDT) ON TUESDAY, JULY 17, 2007. The conference call will be available by telephone or on the internet. To access the conference call, please dial 800-896-8445 and ask for the U.S. Bancorp earnings conference call. Participants calling from outside the United States, please dial 785-830-1916. 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, July 17th, and will run though Tuesday, July 24th, at 11:00 p.m. (CDT). To access the recorded message dial 800-677-7085. If calling from outside the United States, please dial 402-220-0665 to access the recording. Find the recorded call via the internet at usbank.com.

Minneapolis-based U.S. Bancorp ("USB"), with $223 billion in assets, is the 6th largest financial holding company in the United States. The Company operates 2,499 banking offices and 4,867 ATMs in 24 states, and provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, trust and payment services products to consumers, businesses and institutions. U.S. Bancorp is the parent company of U.S. Bank. Visit U.S. Bancorp on the web at usbank.com.

Forward-Looking Statements

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

This press release contains forward-looking statements about U.S. Bancorp. Statements that are not historical or current facts, including statements about beliefs and expectations, are forward-looking statements. These statements often include the words "may," "could," "would," "should," "believes," "expects," "anticipates," "estimates," "intends," "plans," "targets," "potentially," "probably," "projects," "outlook" or similar expressions. These forward-looking statements cover, among other things, anticipated future revenue and expenses and the future plans and prospects of the Company. Forward-looking statements involve inherent risks and uncertainties, and important factors could cause actual results to differ materially from those anticipated, including changes in general business and economic conditions, changes in interest rates, legal and regulatory developments, increased competition from both banks and non-banks, changes in customer behavior and preferences, effects of mergers and acquisitions and related integration, effects of critical accounting policies and judgments, and management's ability to effectively manage credit risk, market risk, operational risk, legal risk, and regulatory and compliance risk. For discussion of these and other risks that may cause actual results to differ from expectations, refer to our Annual Report on Form 10-K for the year ended December 31, 2006, on file with the Securities and Exchange Commission, including the sections entitled "Risk Factors" and "Corporate Risk Profile." Forward-looking statements speak only as of the date they are made, and the Company undertakes no obligation to update them in light of new information or future events.

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U.S. Bancorp

Consolidated Statement of Income

(Dollars and Shares in Millions, Except Per Share Data) (Unaudited)	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006
Interest Income				
Loans	$2,616	$2,425	$5,194	$4,732
Loans held for sale	70	57	129	108
Investment securities	516	500	1,032	990
Other interest income	34	36	68	79
Total interest income	3,236	3,018	6,423	5,909
Interest Expense				
Deposits	663	578	1,338	1,081
Short-term borrowings	379	270	707	540
Long-term debt	562	484	1,097	887
Total interest expense	1,604	1,332	3,142	2,508
Net interest income	1,632	1,686	3,281	3,401
Provision for credit losses	191	125	368	240
Net interest income after provision for credit losses	1,441	1,561	2,913	3,161
Noninterest Income				
Credit and debit card revenue	228	202	433	384
Corporate payment products revenue	157	139	302	266
ATM processing services	62	61	121	120
Merchant processing services	285	253	535	466
Trust and investment management fees	342	314	664	611
Deposit service charges	272	264	515	496
Treasury management fees	126	116	237	223
Commercial products revenue	105	107	205	211
Mortgage banking revenue	68	75	135	99
Investment products fees and commissions	38	42	72	80
Securities gains (losses), net	3	3	4	3
Other	169	179	328	410
Total noninterest income	1,855	1,755	3,551	3,369
Noninterest Expense				
Compensation	659	627	1,294	1,260
Employee benefits	123	123	256	256
Net occupancy and equipment	171	161	336	326
Professional services	59	41	106	76
Marketing and business development	64	58	112	98
Technology and communications	126	127	251	244
Postage, printing and supplies	71	66	140	132
Other intangibles	95	89	189	174
Debt prepayment	--	11	--	11
Other	272	227	501	453
Total noninterest expense	1,640	1,530	3,185	3,030
Income before income taxes	1,656	1,786	3,279	3,500
Applicable income taxes	500	585	993	1,146
Net income	$1,156	$1,201	$2,286	$2,354
Net income applicable to common equity	$1,141	$1,184	$2,256	$2,337
Earnings per common share	$.66	$.66	$1.29	$1.30
Diluted earnings per common share	$.65	$.66	$1.27	$1.29
Dividends declared per common share	$.40	$.33	$.80	$.66
Average common shares outstanding	1,736	1,781	1,744	1,791
Average diluted common shares outstanding	1,760	1,805	1,770	1,816

U.S. Bancorp

Consolidated Ending Balance Sheet

(Dollars in Millions)	June 30, 2007	December 31, 2006	June 30, 2006
Assets	(Unaudited)		(Unaudited)
Cash and due from banks	$6,534	$8,639	$7,234
Investment securities			
Held-to-maturity	81	87	98
Available-for-sale	39,433	40,030	38,364
Loans held for sale	4,552	3,256	3,992
Loans			
Commercial	46,459	46,190	45,369
Commercial real estate	28,421	28,645	28,562
Residential mortgages	21,992	21,285	21,063
Retail	48,836	47,477	44,985
Total loans	145,708	143,597	139,979
Less allowance for loan losses	(2,028)	(2,022)	(2,039)
Net loans	143,680	141,575	137,940
Premises and equipment	1,798	1,835	1,817
Goodwill	7,593	7,538	7,283
Other intangible assets	3,352	3,227	3,158
Other assets	15,507	13,045	13,519
Total assets	$222,530	$219,232	$213,405
Liabilities and Shareholders' Equity			
Deposits			
Noninterest-bearing	$29,545	$32,128	$30,730
Interest-bearing	70,216	70,330	69,302
Time deposits greater than $100,000	19,941	22,424	22,687
Total deposits	119,702	124,882	122,719
Short-term borrowings	27,160	26,933	20,570
Long-term debt	45,946	37,602	41,952
Other liabilities	9,392	8,618	7,749
Total liabilities	202,200	198,035	192,990
Shareholders' equity			
Preferred stock	1,000	1,000	1,000
Common stock	20	20	20
Capital surplus	5,748	5,762	5,789
Retained earnings	22,110	21,242	20,164
Less treasury stock	(7,476)	(6,091)	(5,421)
Other comprehensive income	(1,072)	(736)	(1,137)
Total shareholders' equity	20,330	21,197	20,415
Total liabilities and shareholders' equity	$222,530	$219,232	$213,405

Supplemental Analyst Schedules

2Q 2007

U.S. Bancorp

Income Statement Highlights

(Dollars and Shares in Millions, Except Per Share Data) (Unaudited)	Three Months Ended June 30, 2007	March 31, 2007	June 30, 2006	Percent Change v. June 30, 2007 March 31, 2007	June 30, 2006
Net interest income (taxable-equivalent basis)	$1,650	$1,666	$1,697	(1.0) %	(2.8) %
Noninterest income	1,855	1,696	1,755	9.4	5.7
Total net revenue	3,505	3,362	3,452	4.3	1.5
Noninterest expense	1,640	1,545	1,530	6.1	7.2
Income before provision and income taxes	1,865	1,817	1,922	2.6	(3.0)
Provision for credit losses	191	177	125	7.9	52.8
Income before income taxes	1,674	1,640	1,797	2.1	(6.8)
Taxable-equivalent adjustment	18	17	11	5.9	63.6
Applicable income taxes	500	493	585	1.4	(14.5)
Net income	$1,156	$1,130	$1,201	2.3	(3.7)
Net income applicable to common equity	$1,141	$1,115	$1,184	2.3	(3.6)
Diluted earnings per common share	$.65	$.63	$.66	3.2	(1.5)
Revenue per diluted common share (a)	$1.99	$1.89	$1.91	5.3	4.2
Financial Ratios					
Net interest margin (b)	3.44 %	3.51 %	3.68 %		
Interest yield on average loans (b)	7.22	7.23	7.00		
Rate paid on interest-bearing liabilities (b)	3.95	3.88	3.45		
Return on average assets	2.09	2.09	2.27		
Return on average common equity	23.0	22.4	24.3		
Efficiency ratio (c)	46.8	46.0	44.4		
Tangible efficiency ratio (d)	44.1	43.2	41.8		

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

(b) On a taxable-equivalent basis

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

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

U.S. Bancorp

Income Statement Highlights

(Dollars and Shares in Millions, Except Per Share Data) (Unaudited)	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006	Percent Change
Net interest income (taxable-equivalent basis)	$3,316	$3,422	(3.1) %
Noninterest income	3,551	3,369	5.4
Total net revenue	6,867	6,791	1.1
Noninterest expense	3,185	3,030	5.1
Income before provision and income taxes	3,682	3,761	(2.1)
Provision for credit losses	368	240	53.3
Income before income taxes	3,314	3,521	(5.9)
Taxable-equivalent adjustment	35	21	66.7
Applicable income taxes	993	1,146	(13.4)
Net income	$2,286	$2,354	(2.9)
Net income applicable to common equity	$2,256	$2,337	(3.5)
Diluted earnings per common share	$1.27	$1.29	(1.6)
Revenue per diluted common share (a)	$3.88	$3.74	3.7
Financial Ratios			
Net interest margin (b)	3.47 %	3.74 %	
Interest yield on average loans (b)	7.23	6.90	
Rate paid on interest-bearing liabilities (b)	3.91	3.28	
Return on average assets	2.09	2.25	
Return on average common equity	22.7	23.8	
Efficiency ratio (c)	46.4	44.6	
Tangible efficiency ratio (d)	43.7	42.1	

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

(b) On a taxable-equivalent basis

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

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

U.S. Bancorp

Quarterly Consolidated Statement of Income

(Dollars and Shares in Millions, Except Per Share Data) (Unaudited)	Three Months Ended June 30, 2007	March 31, 2007	December 31, 2006	September 30, 2006	June 30, 2006
Interest Income					
Loans	$2,616	$2,578	$2,596	$2,545	$2,425
Loans held for sale	70	59	64	64	57
Investment securities	516	516	511	500	500
Other interest income	34	34	34	40	36
Total interest income	3,236	3,187	3,205	3,149	3,018
Interest Expense					
Deposits	663	675	668	640	578
Short-term borrowings	379	328	342	321	270
Long-term debt	562	535	515	528	484
Total interest expense	1,604	1,538	1,525	1,489	1,332
Net interest income	1,632	1,649	1,680	1,660	1,686
Provision for credit losses	191	177	169	135	125
Net interest income after provision for credit losses	1,441	1,472	1,511	1,525	1,561
Noninterest Income					
Credit and debit card revenue	228	205	210	206	202
Corporate payment products revenue	157	145	141	150	139
ATM processing services	62	59	60	63	61
Merchant processing services	285	250	244	253	253
Trust and investment management fees	342	322	319	305	314
Deposit service charges	272	243	259	268	264
Treasury management fees	126	111	107	111	116
Commercial products revenue	105	100	104	100	107
Mortgage banking revenue	68	67	25	68	75
Investment products fees and commissions	38	34	36	34	42
Securities gains (losses), net	3	1	11	--	3
Other	169	159	213	190	179
Total noninterest income	1,855	1,696	1,729	1,748	1,755
Noninterest Expense					
Compensation	659	635	621	632	627
Employee benefits	123	133	102	123	123
Net occupancy and equipment	171	165	166	168	161
Professional services	59	47	69	54	41
Marketing and business development	64	48	61	58	58
Technology and communications	126	125	133	128	127
Postage, printing and supplies	71	69	67	66	66
Other intangibles	95	94	92	89	89
Debt prepayment	--	--	22	--	11
Other	272	229	279	220	227
Total noninterest expense	1,640	1,545	1,612	1,538	1,530
Income before income taxes	1,656	1,623	1,628	1,735	1,786
Applicable income taxes	500	493	434	532	585
Net income	$1,156	$1,130	$1,194	$1,203	$1,201
Net income applicable to common equity	$1,141	$1,115	$1,179	$1,187	$1,184
Earnings per common share	$.66	$.64	$.67	$.67	$.66
Diluted earnings per common share	$.65	$.63	$.66	$.66	$.66
Dividends declared per common share	$.40	$.40	$.40	$.33	$.33
Average common shares outstanding	1,736	1,752	1,761	1,771	1,781
Average diluted common shares outstanding	1,760	1,780	1,789	1,796	1,805
Financial Ratios					
Net interest margin (a)	3.44 %	3.51 %	3.56 %	3.56 %	3.68 %
Interest yield on average loans (a)	7.22	7.23	7.19	7.16	7.00
Rate paid on interest-bearing liabilities (a)	3.95	3.88	3.84	3.79	3.45
Return on average assets	2.09	2.09	2.18	2.23	2.27
Return on average common equity	23.0	22.4	23.2	23.6	24.3
Efficiency ratio (b)	46.8	46.0	47.2	45.0	44.4
Tangible efficiency ratio (c)	44.1	43.2	44.5	42.4	41.8

(a) On a taxable-equivalent basis

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

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

U.S. Bancorp

Consolidated Ending Balance Sheet

(Dollars in Millions)	June 30, 2007	March 31, 2007	December 31, 2006	September 30, 2006	June 30, 2006
Assets	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)
Cash and due from banks	$6,534	$6,287	$8,639	$6,355	$7,234
Investment securities					
Held-to-maturity	81	83	87	91	98
Available-for-sale	39,433	40,508	40,030	39,429	38,364
Loans held for sale	4,552	4,075	3,256	4,126	3,992
Loans					
Commercial	46,459	47,315	46,190	46,594	45,369
Commercial real estate	28,421	28,530	28,645	28,973	28,562
Residential mortgages	21,992	21,765	21,285	21,215	21,063
Retail	48,836	47,235	47,477	46,149	44,985
Total loans	145,708	144,845	143,597	142,931	139,979
Less allowance for loan losses	(2,028)	(2,027)	(2,022)	(2,034)	(2,039)
Net loans	143,680	142,818	141,575	140,897	137,940
Premises and equipment	1,798	1,818	1,835	1,835	1,817
Goodwill	7,593	7,585	7,538	7,444	7,283
Other intangible assets	3,352	3,215	3,227	3,171	3,158
Other assets	15,507	15,059	13,045	13,507	13,519
Total assets	$222,530	$221,448	$219,232	$216,855	$213,405
Liabilities and Shareholders' Equity					
Deposits					
Noninterest-bearing	$29,545	$28,666	$32,128	$30,554	$30,730
Interest-bearing	70,216	70,557	70,330	69,095	69,302
Time deposits greater than $100,000	19,941	18,837	22,424	21,312	22,687
Total deposits	119,702	118,060	124,882	120,961	122,719
Short-term borrowings	27,160	28,516	26,933	24,783	20,570
Long-term debt	45,946	44,698	37,602	41,230	41,952
Other liabilities	9,392	9,374	8,618	8,955	7,749
Total liabilities	202,200	200,648	198,035	195,929	192,990
Shareholders' equity					
Preferred stock	1,000	1,000	1,000	1,000	1,000
Common stock	20	20	20	20	20
Capital surplus	5,748	5,745	5,762	5,770	5,789
Retained earnings	22,110	21,660	21,242	20,770	20,164
Less treasury stock	(7,476)	(6,972)	(6,091)	(6,093)	(5,421)
Other comprehensive income	(1,072)	(653)	(736)	(541)	(1,137)
Total shareholders' equity	20,330	20,800	21,197	20,926	20,415
Total liabilities and shareholders' equity	$222,530	$221,448	$219,232	$216,855	$213,405

U.S. Bancorp

Consolidated Quarterly Average Balance Sheet

(Dollars in Millions, Unaudited)	June 30, 2007	March 31, 2007	December 31, 2006	September 30, 2006	June 30, 2006
Assets					
Investment securities	$40,704	$40,879	$40,266	$39,806	$40,087
Loans held for sale	4,334	3,843	3,968	3,851	3,555
Loans					
Commercial					
Commercial	41,572	41,470	41,264	40,781	39,871
Lease financing	5,625	5,549	5,394	5,287	5,199
Total commercial	47,197	47,019	46,658	46,068	45,070
Commercial real estate					
Commercial mortgages	19,562	19,672	19,897	19,941	20,195
Construction and development	8,941	8,960	9,029	8,760	8,600
Total commercial real estate	28,503	28,632	28,926	28,701	28,795
Residential mortgages	21,831	21,569	21,235	21,118	20,868
Retail					
Credit card	9,120	8,635	8,242	7,800	7,360
Retail leasing	6,662	6,845	7,015	7,069	7,115
Home equity and second mortgages	15,735	15,555	15,444	15,166	15,035
Other retail	16,605	16,438	16,166	15,569	15,127
Total retail	48,122	47,473	46,867	45,604	44,637
Total loans	145,653	144,693	143,686	141,491	139,370
Other earning assets	1,610	1,720	1,740	2,042	1,878
Total earning assets	192,301	191,135	189,660	187,190	184,890
Allowance for loan losses	(2,039)	(2,036)	(2,040)	(2,056)	(2,051)
Unrealized gain (loss) on available-for-sale securities	(771)	(619)	(615)	(1,185)	(1,431)
Other assets	32,531	31,032	30,435	30,140	30,999
Total assets	$222,022	$219,512	$217,440	$214,089	$212,407
Liabilities and Shareholders' Equity					
Noninterest-bearing deposits	$27,977	$27,677	$29,020	$28,220	$28,949
Interest-bearing deposits					
Interest checking	25,858	25,076	24,127	23,595	23,333
Money market savings	24,603	25,712	26,214	26,116	26,981
Savings accounts	5,443	5,401	5,392	5,598	5,720
Time certificates of deposit less than $100,000	14,716	14,775	13,974	13,867	13,689
Time deposits greater than $100,000	20,378	22,087	22,255	22,579	22,561
Total interest-bearing deposits	90,998	93,051	91,962	91,755	92,284
Short-term borrowings	29,524	26,687	27,461	23,601	22,246
Long-term debt	44,655	42,944	40,046	41,892	41,225
Total interest-bearing liabilities	165,177	162,682	159,469	157,248	155,755
Other liabilities	7,973	7,943	7,747	7,704	7,147
Shareholders' equity					
Preferred equity	1,000	1,000	1,000	1,000	1,000
Common equity	19,895	20,210	20,204	19,917	19,556
Total shareholders' equity	20,895	21,210	21,204	20,917	20,556
Total liabilities and shareholders' equity	$222,022	$219,512	$217,440	$214,089	$212,407

U.S. Bancorp

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

	For the Three Months Ended June 30, 2007			2006			
(Dollars in Millions) (Unaudited)	Average Balances	Interest	Yields and Rates	Average Balances	Interest	Yields and Rates	% Change Average Balances
Assets							
Investment securities	$40,704	$548	5.39 %	$40,087	$513	5.12 %	1.5 %
Loans held for sale	4,334	70	6.43	3,555	57	6.34	21.9
Loans (b)							
Commercial	47,197	781	6.64	45,070	734	6.53	4.7
Commercial real estate	28,503	524	7.37	28,795	528	7.36	(1.0)
Residential mortgages	21,831	331	6.06	20,868	302	5.80	4.6
Retail	48,122	988	8.23	44,637	867	7.79	7.8
Total loans	145,653	2,624	7.22	139,370	2,431	7.00	4.5
Other earning assets	1,610	34	8.36	1,878	36	7.60	(14.3)
Total earning assets	192,301	3,276	6.83	184,890	3,037	6.58	4.0
Allowance for loan losses	(2,039)			(2,051)			.6
Unrealized gain (loss) on available-for-sale securities	(771)			(1,431)			46.1
Other assets	32,531			30,999			4.9
Total assets	$222,022			$212,407			4.5
Liabilities and Shareholders' Equity							
Noninterest-bearing deposits	$27,977			$28,949			(3.4)
Interest-bearing deposits							
Interest checking	25,858	84	1.32	23,333	50	.87	10.8
Money market savings	24,603	159	2.59	26,981	138	2.05	(8.8)
Savings accounts	5,443	5	.38	5,720	5	.33	(4.8)
Time certificates of deposit less than $100,000	14,716	162	4.40	13,689	126	3.68	7.5
Time deposits greater than $100,000	20,378	253	4.98	22,561	259	4.61	(9.7)
Total interest-bearing deposits	90,998	663	2.92	92,284	578	2.51	(1.4)
Short-term borrowings	29,524	401	5.44	22,246	278	5.01	32.7
Long-term debt	44,655	562	5.05	41,225	484	4.71	8.3
Total interest-bearing liabilities	165,177	1,626	3.95	155,755	1,340	3.45	6.0
Other liabilities	7,973			7,147			11.6
Shareholders' equity							
Preferred equity	1,000			1,000			--
Common equity	19,895			19,556			1.7
Total shareholders' equity	20,895			20,556			1.6
Total liabilities and shareholders' equity	$222,022			$212,407			4.5 %
Net interest income		$1,650			$1,697		
Gross interest margin			2.88 %			3.13 %	
Gross interest margin without taxable-equivalent increments			2.84			3.11	
Percent of Earning Assets							
Interest income			6.83 %			6.58 %	
Interest expense			3.39			2.90	
Net interest margin			3.44 %			3.68 %	
Net interest margin without taxable-equivalent increments			3.40 %			3.66 %	

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

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

U.S. Bancorp

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

	For the Three Months Ended						
	June 30, 2007			March 31, 2007			
(Dollars in Millions) (Unaudited)	Average Balances	Interest	Yields and Rates	Average Balances	Interest	Yields and Rates	% Change Average Balances
Assets							
Investment securities	$40,704	$548	5.39 %	$40,879	$546	5.34 %	(.4) %
Loans held for sale	4,334	70	6.43	3,843	59	6.22	12.8
Loans (b)							
Commercial	47,197	781	6.64	47,019	774	6.66	.4
Commercial real estate	28,503	524	7.37	28,632	520	7.36	(.5)
Residential mortgages	21,831	331	6.06	21,569	323	6.02	1.2
Retail	48,122	988	8.23	47,473	967	8.26	1.4
Total loans	145,653	2,624	7.22	144,693	2,584	7.23	.7
Other earning assets	1,610	34	8.36	1,720	34	8.02	(6.4)
Total earning assets	192,301	3,276	6.83	191,135	3,223	6.81	.6
Allowance for loan losses	(2,039)			(2,036)			(.1)
Unrealized gain (loss) on available-for-sale securities	(771)			(619)			(24.6)
Other assets	32,531			31,032			4.8
Total assets	$222,022			$219,512			1.1
Liabilities and Shareholders' Equity							
Noninterest-bearing deposits	$27,977			$27,677			1.1
Interest-bearing deposits							
Interest checking	25,858	84	1.32	25,076	76	1.22	3.1
Money market savings	24,603	159	2.59	25,712	163	2.57	(4.3)
Savings accounts	5,443	5	.38	5,401	5	.39	.8
Time certificates of deposit less than $100,000	14,716	162	4.40	14,775	158	4.35	(.4)
Time deposits greater than $100,000	20,378	253	4.98	22,087	273	5.00	(7.7)
Total interest-bearing deposits	90,998	663	2.92	93,051	675	2.94	(2.2)
Short-term borrowings	29,524	401	5.44	26,687	347	5.28	10.6
Long-term debt	44,655	562	5.05	42,944	535	5.04	4.0
Total interest-bearing liabilities	165,177	1,626	3.95	162,682	1,557	3.88	1.5
Other liabilities	7,973			7,943			.4
Shareholders' equity							
Preferred equity	1,000			1,000			--
Common equity	19,895			20,210			(1.6)
Total shareholders' equity	20,895			21,210			(1.5)
Total liabilities and shareholders' equity	$222,022			$219,512			1.1 %
Net interest income		$1,650			$1,666		
Gross interest margin			2.88 %			2.93 %	
Gross interest margin without taxable-equivalent increments			2.84			2.89	
Percent of Earning Assets							
Interest income			6.83 %			6.81 %	
Interest expense			3.39			3.30	
Net interest margin			3.44 %			3.51 %	
Net interest margin without taxable-equivalent increments			3.40 %			3.47 %	

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

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

U.S. Bancorp

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

	For the Six Months Ended June 30,						
	2007			2006			
(Dollars in Millions) (Unaudited)	Average Balances	Interest	Yields and Rates	Average Balances	Interest	Yields and Rates	% Change Average Balances
Assets							
Investment securities	$40,791	$1,094	5.36 %	$39,885	$1,009	5.06 %	2.3 %
Loans held for sale	4,090	129	6.33	3,412	108	6.28	19.9
Loans (b)							
Commercial	47,103	1,555	6.65	44,501	1,424	6.44	5.8
Commercial real estate	28,573	1,044	7.37	28,706	1,025	7.20	(.5)
Residential mortgages	21,700	654	6.04	20,927	596	5.71	3.7
Retail	47,800	1,955	8.25	44,445	1,699	7.71	7.5
Total loans	145,176	5,208	7.23	138,579	4,744	6.90	4.8
Other earning assets	1,664	68	8.18	2,124	79	7.46	(21.7)
Total earning assets	191,721	6,499	6.82	184,000	5,940	6.49	4.2
Allowance for loan losses	(2,038)			(2,055)			.8
Unrealized gain (loss) on available-for-sale securities	(695)			(1,117)			37.8
Other assets	31,786			30,394			4.6
Total assets	$220,774			$211,222			4.5
Liabilities and Shareholders' Equity							
Noninterest-bearing deposits	$27,828			$28,893			(3.7)
Interest-bearing deposits							
Interest checking	25,470	160	1.27	23,238	95	.82	9.6
Money market savings	25,154	322	2.58	27,178	254	1.88	(7.4)
Savings accounts	5,422	10	.38	5,705	9	.31	(5.0)
Time certificates of deposit less than $100,000	14,745	320	4.37	13,598	240	3.55	8.4
Time deposits greater than $100,000	21,228	526	4.99	22,089	483	4.41	(3.9)
Total interest-bearing deposits	92,019	1,338	2.93	91,808	1,081	2.37	.2
Short-term borrowings	28,114	748	5.37	23,295	550	4.77	20.7
Long-term debt	43,804	1,097	5.04	39,735	887	4.49	10.2
Total interest-bearing liabilities	163,937	3,183	3.91	154,838	2,518	3.28	5.9
Other liabilities	7,957			7,138			11.5
Shareholders' equity							
Preferred equity	1,000			530			88.7
Common equity	20,052			19,823			1.2
Total shareholders' equity	21,052			20,353			3.4
Total liabilities and shareholders' equity	$220,774			$211,222			4.5 %
Net interest income		$3,316			$3,422		
Gross interest margin			2.91 %			3.21 %	
Gross interest margin without taxable-equivalent increments			2.87			3.19	
Percent of Earning Assets							
Interest income			6.82 %			6.49 %	
Interest expense			3.35			2.75	
Net interest margin			3.47 %			3.74 %	
Net interest margin without taxable-equivalent increments			3.43 %			3.72 %	

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

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

U.S. Bancorp

Loan Portfolio

(Dollars in Millions, Unaudited)	June 30, 2007 Amount	June 30, 2007 Percent of Total	March 31, 2007 Amount	March 31, 2007 Percent of Total	December 31, 2006 Amount	December 31, 2006 Percent of Total	September 30, 2006 Amount	September 30, 2006 Percent of Total	June 30, 2006 Amount	June 30, 2006 Percent of Total
Commercial										
Commercial	$40,746	28.0 %	$41,679	28.8 %	$40,640	28.3 %	$41,237	28.9 %	$40,055	28.6 %
Lease financing	5,713	3.9	5,636	3.9	5,550	3.9	5,357	3.7	5,314	3.8
Total commercial	46,459	31.9	47,315	32.7	46,190	32.2	46,594	32.6	45,369	32.4
Commercial real estate										
Commercial mortgages	19,455	13.3	19,668	13.6	19,711	13.7	20,029	14.0	19,966	14.3
Construction and development	8,966	6.2	8,862	6.1	8,934	6.2	8,944	6.3	8,596	6.1
Total commercial real estate	28,421	19.5	28,530	19.7	28,645	19.9	28,973	20.3	28,562	20.4
Residential mortgages										
Residential mortgages	16,116	11.1	15,808	10.9	15,316	10.7	15,142	10.6	14,902	10.7
Home equity loans, first liens	5,876	4.0	5,957	4.1	5,969	4.1	6,073	4.2	6,161	4.4
Total residential mortgages	21,992	15.1	21,765	15.0	21,285	14.8	21,215	14.8	21,063	15.1
Retail										
Credit card	9,429	6.5	8,555	5.9	8,670	6.0	7,864	5.5	7,432	5.3
Retail leasing	6,572	4.5	6,750	4.7	6,960	4.9	7,068	4.9	7,092	5.1
Home equity and second mortgages	15,907	10.9	15,551	10.7	15,523	10.8	15,258	10.7	15,124	10.8
Other retail										
Revolving credit	2,579	1.8	2,498	1.7	2,563	1.8	2,601	1.8	2,505	1.8
Installment	5,022	3.4	4,629	3.2	4,478	3.1	4,369	3.1	4,090	2.9
Automobile	8,901	6.1	8,823	6.1	8,693	6.1	8,431	5.9	8,257	5.9
Student	426	.3	429	.3	590	.4	558	.4	485	.3
Total other retail	16,928	11.6	16,379	11.3	16,324	11.4	15,959	11.2	15,337	10.9
Total retail	48,836	33.5	47,235	32.6	47,477	33.1	46,149	32.3	44,985	32.1
Total loans	$145,708	100.0 %	$144,845	100.0 %	$143,597	100.0 %	$142,931	100.0 %	$139,979	100.0 %

U.S. Bancorp

Supplemental Financial Data

(Dollars in Millions, Unaudited)	June 30, 2007	March 31, 2007	December 31, 2006	September 30, 2006	June 30, 2006
Book value of intangibles					
Goodwill	$7,593	$7,585	$7,538	$7,444	$7,283
Merchant processing contracts	773	804	797	824	871
Core deposit benefits	187	204	212	234	229
Mortgage servicing rights	1,649	1,447	1,427	1,324	1,323
Trust relationships	385	404	431	441	439
Other identified intangibles	358	356	360	348	296
Total	$10,945	$10,800	$10,765	$10,615	$10,441

	Three Months Ended				
	June 30, 2007	March 31, 2007	December 31, 2006	September 30, 2006	June 30, 2006
Amortization of intangibles					
Merchant processing contracts	$39	$38	$38	$39	$38
Core deposit benefits	17	18	16	16	16
Trust relationships	19	19	19	14	19
Other identified intangibles	20	19	19	20	16
Total	$95	$94	$92	$89	$89
Mortgage banking revenue					
Origination and sales	$40	$21	$18	$25	$28
Loan servicing	87	86	84	79	80
Mortgage servicing rights fair value adjustment	(59)	(40)	(77)	(36)	(33)
Total mortgage banking revenue	$68	$67	$25	$68	$75
Mortgage production volume	$7,022	$5,034	$5,837	$5,855	$6,006
Mortgages serviced for others	$89,745	$87,096	$82,892	$79,233	$76,375

A summary of the Company's mortgage servicing rights and related characteristics by portfolio as of June 30, 2007, was as follows:

(Dollars in Millions)	MRBP (a)	Government	Conventional	Total
Servicing portfolio	$9,395	$8,946	$71,404	$89,745
Fair market value	$195	$176	$1,278	$1,649
Value (bps) (b)	208	197	179	184
Weighted-average servicing fees (bps)	40	42	35	36
Multiple (value/servicing fees)	5.20	4.69	5.11	5.11
Weighted-average note rate	5.89 %	6.20 %	5.92 %	5.94 %
Age (in years)	3.2	3.2	2.7	2.8
Expected life (in years)	8.4	8.9	8.2	8.3
Discount rate	11.4 %	10.9 %	10.3 %	10.5 %

(a) MRBP represents mortgage revenue bond programs.

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

U.S. Bancorp

Line of Business Financial Performance*

Three Months Ended (Dollars in Millions, Unaudited)	Wholesale Banking Jun 30, 2007	Wholesale Banking Jun 30, 2006	Percent Change	Consumer Banking Jun 30, 2007	Consumer Banking Jun 30, 2006	Percent Change	Wealth Management Jun 30, 2007	Wealth Management Jun 30, 2006	Percent Change
Condensed Income Statement									
Net interest income (taxable-equivalent basis)	$453	$485	(6.6) %	$968	$967	.1 %	$120	$128	(6.3) %
Noninterest income	238	223	6.7	472	466	1.3	403	369	9.2
Securities gains (losses), net	--	2	**	--	--	--	--	--	--
Total net revenue	691	710	(2.7)	1,440	1,433	.5	523	497	5.2
Noninterest expense	238	227	4.8	633	599	5.7	234	238	(1.7)
Other intangibles	4	4	--	13	12	8.3	23	22	4.5
Total noninterest expense	242	231	4.8	646	611	5.7	257	260	(1.2)
Income before provision and income taxes	449	479	(6.3)	794	822	(3.4)	266	237	12.2
Provision for credit losses	12	--	**	77	55	40.0	--	2	**
Income before income taxes	437	479	(8.8)	717	767	(6.5)	266	235	13.2
Income taxes and taxable-equivalent adjustment	159	174	(8.6)	261	279	(6.5)	97	86	12.8
Net income	$278	$305	(8.9)	$456	$488	(6.6)	$169	$149	13.4
Average Balance Sheet Data									
Loans	$51,233	$50,702	1.0 %	$74,385	$71,053	4.7 %	$5,455	$5,113	6.7 %
Other earning assets	215	504	(57.3)	4,419	3,654	20.9	158	122	29.5
Goodwill	1,329	1,329	--	2,218	2,108	5.2	1,553	1,378	12.7
Other intangible assets	40	55	(27.3)	1,682	1,453	15.8	425	473	(10.1)
Assets	56,869	56,494	.7	85,170	80,777	5.4	8,027	7,533	6.6
Noninterest-bearing deposits	11,112	12,127	(8.4)	12,175	12,672	(3.9)	4,270	3,682	16.0
Interest-bearing deposits	19,265	22,001	(12.4)	57,753	57,616	.2	12,001	10,948	9.6
Total deposits	30,377	34,128	(11.0)	69,928	70,288	(.5)	16,271	14,630	11.2
Shareholders' equity	5,720	5,729	(.2)	6,353	6,393	(.6)	2,475	2,339	5.8

Three Months Ended (Dollars in Millions, Unaudited)	Payment Services Jun 30, 2007	Payment Services Jun 30, 2006	Percent Change	Treasury and Corporate Support Jun 30, 2007	Treasury and Corporate Support Jun 30, 2006	Percent Change	Consolidated Company Jun 30, 2007	Consolidated Company Jun 30, 2006	Percent Change
Condensed Income Statement									
Net interest income (taxable-equivalent basis)	$166	$156	6.4 %	$(57)	$(39)	(46.2) %	$1,650	$1,697	(2.8) %
Noninterest income	733	654	12.1	6	40	(85.0)	1,852	1,752	5.7
Securities gains (losses), net	--	--	--	3	1	**	3	3	--
Total net revenue	899	810	11.0	(48)	2	**	3,505	3,452	1.5
Noninterest expense	336	297	13.1	104	80	30.0	1,545	1,441	7.2
Other intangibles	55	51	7.8	--	--	--	95	89	6.7
Total noninterest expense	391	348	12.4	104	80	30.0	1,640	1,530	7.2
Income before provision and income taxes	508	462	10.0	(152)	(78)	(94.9)	1,865	1,922	(3.0)
Provision for credit losses	101	65	55.4	1	3	(66.7)	191	125	52.8
Income before income taxes	407	397	2.5	(153)	(81)	(88.9)	1,674	1,797	(6.8)
Income taxes and taxable-equivalent adjustment	148	144	2.8	(147)	(87)	(69.0)	518	596	(13.1)
Net income	$259	$253	2.4	$(6)	$6	**	$1,156	$1,201	(3.7)
Average Balance Sheet Data									
Loans	$14,327	$12,271	16.8 %	$253	$231	9.5 %	$145,653	$139,370	4.5 %
Other earning assets	189	69	**	41,667	41,171	1.2	46,648	45,520	2.5
Goodwill	2,489	2,463	1.1	--	1	**	7,589	7,279	4.3
Other intangible assets	1,122	1,165	(3.7)	--	--	--	3,269	3,146	3.9
Assets	19,805	17,295	14.5	52,151	50,308	3.7	222,022	212,407	4.5
Noninterest-bearing deposits	367	298	23.2	53	170	(68.8)	27,977	28,949	(3.4)
Interest-bearing deposits	24	22	9.1	1,955	1,697	15.2	90,998	92,284	(1.4)
Total deposits	391	320	22.2	2,008	1,867	7.6	118,975	121,233	(1.9)
Shareholders' equity	4,842	4,744	2.1	1,505	1,351	11.4	20,895	20,556	1.6

* Preliminary data

** Not meaningful

U.S. Bancorp

Line of Business Financial Performance*

Three Months Ended (Dollars in Millions, Unaudited)	Wholesale Banking Jun 30, 2007	Wholesale Banking Mar 31, 2007	Wholesale Banking Percent Change	Consumer Banking Jun 30, 2007	Consumer Banking Mar 31, 2007	Consumer Banking Percent Change	Wealth Management Jun 30, 2007	Wealth Management Mar 31, 2007	Wealth Management Percent Change
Condensed Income Statement									
Net interest income (taxable-equivalent basis)	$453	$453	-- %	$968	$962	.6 %	$120	$121	(.8) %
Noninterest income	238	225	5.8	472	430	9.8	403	374	7.8
Securities gains (losses), net	--	--	--	--	--	--	--	--	--
Total net revenue	691	678	1.9	1,440	1,392	3.4	523	495	5.7
Noninterest expense	238	227	4.8	633	625	1.3	234	232	.9
Other intangibles	4	4	--	13	14	(7.1)	23	23	--
Total noninterest expense	242	231	4.8	646	639	1.1	257	255	.8
Income before provision and income taxes	449	447	.4	794	753	5.4	266	240	10.8
Provision for credit losses	12	14	(14.3)	77	69	11.6	--	--	--
Income before income taxes	437	433	.9	717	684	4.8	266	240	10.8
Income taxes and taxable-equivalent adjustment	159	158	.6	261	249	4.8	97	87	11.5
Net income	$278	$275	1.1	$456	$435	4.8	$169	$153	10.5
Average Balance Sheet Data									
Loans	$51,233	$51,640	(.8) %	$74,385	$73,806	.8 %	$5,455	$5,453	-- %
Other earning assets	215	255	(15.7)	4,419	3,873	14.1	158	112	41.1
Goodwill	1,329	1,329	--	2,218	2,206	.5	1,553	1,550	.2
Other intangible assets	40	43	(7.0)	1,682	1,597	5.3	425	450	(5.6)
Assets	56,869	56,733	.2	85,170	83,965	1.4	8,027	8,022	.1
Noninterest-bearing deposits	11,112	10,811	2.8	12,175	12,115	.5	4,270	4,254	.4
Interest-bearing deposits	19,265	21,989	(12.4)	57,753	57,506	.4	12,001	12,124	(1.0)
Total deposits	30,377	32,800	(7.4)	69,928	69,621	.4	16,271	16,378	(.7)
Shareholders' equity	5,720	5,792	(1.2)	6,353	6,429	(1.2)	2,475	2,497	(.9)

Three Months Ended (Dollars in Millions, Unaudited)	Payment Services Jun 30, 2007	Payment Services Mar 31, 2007	Payment Services Percent Change	Treasury and Corporate Support Jun 30, 2007	Treasury and Corporate Support Mar 31, 2007	Treasury and Corporate Support Percent Change	Consolidated Company Jun 30, 2007	Consolidated Company Mar 31, 2007	Consolidated Company Percent Change
Condensed Income Statement									
Net interest income (taxable-equivalent basis)	$166	$169	(1.8) %	$(57)	$(39)	(46.2) %	$1,650	$1,666	(1.0) %
Noninterest income	733	658	11.4	6	8	(25.0)	1,852	1,695	9.3
Securities gains (losses), net	--	--	--	3	1	**	3	1	**
Total net revenue	899	827	8.7	(48)	(30)	(60.0)	3,505	3,362	4.3
Noninterest expense	336	320	5.0	104	47	**	1,545	1,451	6.5
Other intangibles	55	53	3.8	--	--	--	95	94	1.1
Total noninterest expense	391	373	4.8	104	47	**	1,640	1,545	6.1
Income before provision and income taxes	508	454	11.9	(152)	(77)	(97.4)	1,865	1,817	2.6
Provision for credit losses	101	93	8.6	1	1	--	191	177	7.9
Income before income taxes	407	361	12.7	(153)	(78)	(96.2)	1,674	1,640	2.1
Income taxes and taxable-equivalent adjustment	148	131	13.0	(147)	(115)	(27.8)	518	510	1.6
Net income	$259	$230	12.6	$(6)	$37	**	$1,156	$1,130	2.3
Average Balance Sheet Data									
Loans	$14,327	$13,546	5.8 %	$253	$248	2.0 %	$145,653	$144,693	.7 %
Other earning assets	189	264	(28.4)	41,667	41,938	(.6)	46,648	46,442	.4
Goodwill	2,489	2,456	1.3	--	28	**	7,589	7,569	.3
Other intangible assets	1,122	1,088	3.1	--	42	**	3,269	3,220	1.5
Assets	19,805	18,792	5.4	52,151	52,000	.3	222,022	219,512	1.1
Noninterest-bearing deposits	367	453	(19.0)	53	44	20.5	27,977	27,677	1.1
Interest-bearing deposits	24	23	4.3	1,955	1,409	38.8	90,998	93,051	(2.2)
Total deposits	391	476	(17.9)	2,008	1,453	38.2	118,975	120,728	(1.5)
Shareholders' equity	4,842	4,744	2.1	1,505	1,748	(13.9)	20,895	21,210	(1.5)

* Preliminary data
** Not meaningful

U.S. Bancorp

Line of Business Financial Performance*

Six Months Ended (Dollars in Millions, Unaudited)	Wholesale Banking Jun 30, 2007	Wholesale Banking Jun 30, 2006	Percent Change		Consumer Banking Jun 30, 2007	Consumer Banking Jun 30, 2006	Percent Change		Wealth Management Jun 30, 2007	Wealth Management Jun 30, 2006	Percent Change	
Condensed Income Statement												
Net interest income (taxable-equivalent basis)	$906	$964	(6.0)	%	$1,930	$1,914	.8	%	$241	$253	(4.7)	%
Noninterest income	463	448	3.3		902	849	6.2		777	719	8.1	
Securities gains (losses), net	--	2	**		--	--	--		--	--	--	
Total net revenue	1,369	1,414	(3.2)		2,832	2,763	2.5		1,018	972	4.7	
Noninterest expense	465	452	2.9		1,258	1,204	4.5		466	475	(1.9)	
Other intangibles	8	8	--		27	25	8.0		46	44	4.5	
Total noninterest expense	473	460	2.8		1,285	1,229	4.6		512	519	(1.3)	
Income before provision and income taxes	896	954	(6.1)		1,547	1,534	.8		506	453	11.7	
Provision for credit losses	26	(7)	**		146	117	24.8		--	2	**	
Income before income taxes	870	961	(9.5)		1,401	1,417	(1.1)		506	451	12.2	
Income taxes and taxable-equivalent adjustment	317	349	(9.2)		510	516	(1.2)		184	165	11.5	
Net income	$553	$612	(9.6)		$891	$901	(1.1)		$322	$286	12.6	
Average Balance Sheet Data												
Loans	$51,436	$50,245	2.4	%	$74,097	$70,936	4.5	%	$5,454	$5,086	7.2	%
Other earning assets	235	518	(54.6)		4,147	3,491	18.8		135	123	9.8	
Goodwill	1,329	1,329	--		2,212	2,106	5.0		1,551	1,376	12.7	
Other intangible assets	42	57	(26.3)		1,640	1,393	17.7		437	484	(9.7)	
Assets	56,803	55,837	1.7		84,571	80,408	5.2		8,023	7,512	6.8	
Noninterest-bearing deposits	10,963	12,063	(9.1)		12,145	12,673	(4.2)		4,262	3,662	16.4	
Interest-bearing deposits	20,620	21,330	(3.3)		57,629	57,802	(.3)		12,062	10,385	16.1	
Total deposits	31,583	33,393	(5.4)		69,774	70,475	(1.0)		16,324	14,047	16.2	
Shareholders' equity	5,756	5,653	1.8		6,391	6,323	1.1		2,486	2,342	6.1	

Six Months Ended (Dollars in Millions, Unaudited)	Payment Services Jun 30, 2007	Payment Services Jun 30, 2006	Percent Change		Treasury and Corporate Support Jun 30, 2007	Treasury and Corporate Support Jun 30, 2006	Percent Change		Consolidated Company Jun 30, 2007	Consolidated Company Jun 30, 2006	Percent Change	
Condensed Income Statement												
Net interest income (taxable-equivalent basis)	$335	$319	5.0	%	$(96)	$(28)	**	%	$3,316	$3,422	(3.1)	%
Noninterest income	1,391	1,244	11.8		14	106	(86.8)		3,547	3,366	5.4	
Securities gains (losses), net	--	--	--		4	1	**		4	3	33.3	
Total net revenue	1,726	1,563	10.4		(78)	79	**		6,867	6,791	1.1	
Noninterest expense	656	591	11.0		151	134	12.7		2,996	2,856	4.9	
Other intangibles	108	97	11.3		--	--	--		189	174	8.6	
Total noninterest expense	764	688	11.0		151	134	12.7		3,185	3,030	5.1	
Income before provision and income taxes	962	875	9.9		(229)	(55)	**		3,682	3,761	(2.1)	
Provision for credit losses	194	125	55.2		2	3	(33.3)		368	240	53.3	
Income before income taxes	768	750	2.4		(231)	(58)	**		3,314	3,521	(5.9)	
Income taxes and taxable-equivalent adjustment	279	272	2.6		(262)	(135)	(94.1)		1,028	1,167	(11.9)	
Net income	$489	$478	2.3		$31	$77	(59.7)		$2,286	$2,354	(2.9)	
Average Balance Sheet Data												
Loans	$13,939	$12,064	15.5	%	$250	$248	.8	%	$145,176	$138,579	4.8	%
Other earning assets	226	68	**		41,802	41,221	1.4		46,545	45,421	2.5	
Goodwill	2,473	2,376	4.1		14	1	**		7,579	7,188	5.4	
Other intangible assets	1,105	1,110	(.5)		21	--	**		3,245	3,044	6.6	
Assets	19,301	16,884	14.3		52,076	50,581	3.0		220,774	211,222	4.5	
Noninterest-bearing deposits	410	296	38.5		48	199	(75.9)		27,828	28,893	(3.7)	
Interest-bearing deposits	24	22	9.1		1,684	2,269	(25.8)		92,019	91,808	.2	
Total deposits	434	318	36.5		1,732	2,468	(29.8)		119,847	120,701	(.7)	
Shareholders' equity	4,793	4,555	5.2		1,626	1,480	9.9		21,052	20,353	3.4	

* Preliminary data

** Not meaningful