



# News Release

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## **U.S. BANCORP REPORTS NET INCOME FOR THE FOURTH QUARTER OF 2007**

<b>EARNINGS SUMMARY</b>								<b>Table 1</b>
(\$ in millions, except per-share data)								
	<b>4Q 2007</b>	<b>3Q 2007</b>	<b>4Q 2006</b>	<b>Percent Change 4Q07 vs 3Q07</b>	<b>Percent Change 4Q07 vs 4Q06</b>	<b>Full Year 2007</b>	<b>Full Year 2006</b>	<b>Percent Change</b>
Net income	\$942	\$1,096	\$1,194	(14.1)	(21.1)	\$4,324	\$4,751	(9.0)
Diluted earnings per common share	.53	.62	.66	(14.5)	(19.7)	2.43	2.61	(6.9)
Return on average assets (%)	1.63	1.95	2.18			1.93	2.23	
Return on average common equity (%)	18.3	21.7	23.2			21.3	23.6	
Net interest margin (%)	3.51	3.44	3.56			3.47	3.65	
Efficiency ratio (%)	54.7	49.5	47.2			49.3	45.4	
Tangible efficiency ratio (%) (a)	52.1	46.8	44.5			46.6	42.8	
Dividends declared per common share	\$.425	\$.40	\$.40	6.3	6.3	\$1.625	\$1.39	16.9
Book value per common share (period-end)	11.60	11.41	11.44	1.7	1.4			

(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, January 15, 2008** – U.S. Bancorp (NYSE: USB) today reported net income of \$942 million for the fourth quarter of 2007, compared with \$1,194 million for the fourth quarter of 2006. Diluted earnings per common share of \$.53 in the fourth quarter of 2007 were lower than the same period of 2006 by 19.7 percent, or \$.13 per diluted common share. Return on average assets and return on average common equity were 1.63 percent and 18.3 percent, respectively, for the fourth quarter of 2007, compared with returns of 2.18 percent and 23.2 percent, respectively, for the fourth quarter of 2006. Several significant items impacted the Company’s quarterly results, including the previously announced pretax charges of \$215 million for the Company’s proportionate share of the indemnification of certain litigation matters of Visa Inc. (“Visa Indemnification”) and \$107 million for valuation losses related to securities purchased from rated money market funds managed by an affiliate. The cumulative impact of these charges in the fourth quarter of 2007 was approximately \$.13 per diluted common share. The Company’s results for the third quarter of 2007 included a \$115 million charge for the Company’s proportionate share of Visa’s

settlement with American Express, while the fourth quarter of 2006 included a \$52 million gain related to the sale of a 401(k) recordkeeping business, a \$22 million debt prepayment charge and a reduction in tax liabilities related to the resolution of various income tax examinations.

U.S. Bancorp Chairman, President and Chief Executive Officer Richard K. Davis said, "During the fourth quarter, our Company, as well as our peers in the financial services industry, continued to operate in a very challenging economic environment. Given those challenges, I am especially proud of our Company's fourth quarter results. Our diluted earnings per common share of \$.53 were lower than the same quarter of 2006 and the prior quarter, but included two previously announced significant items that reduced the quarter's earnings per diluted common share by 13 cents. Without these two items, core earnings per diluted share were favorable to the prior year's fourth quarter and very comparable to the third quarter of 2007.

"The Company produced strong core revenue growth in the fourth quarter on both a year-over-year and linked quarter basis. This growth was driven by our fee-based businesses, including payments and trust and investment management, but it also benefited from an increase in net interest income. Net interest income on a taxable equivalent basis was higher than the fourth quarter of last year by 4.0 percent and grew by 4.6 percent over the prior quarter. The net interest margin in the fourth quarter was 3.51 percent compared with 3.44 percent in the third quarter. As we have indicated in the past, a stable margin and the positive impact it has on our net interest income, is a critical component of our long-term revenue growth objectives.

"Another notable success this quarter was the strong growth in both average loans and average deposits. This balance sheet growth, in addition to the strong results in a number of fee categories, demonstrates that the investments we are making in our revenue and growth initiatives are beginning to show results.

"Our Company's credit quality remains sound. Both net charge-offs and nonperforming assets increased during the fourth quarter, but the growth was moderate and as expected. We will not be immune to the current stress in the residential real estate markets and mortgage-related industries, but given the Company's overall credit risk profile, increases in net charge-offs and nonperforming assets in the coming year will be manageable.

"We remain well-capitalized. The prudent management of our business and a continued focus on maintaining a strong capital position has enabled our Company to consistently pay and increase dividends, as well as repurchase common shares. During 2007, we returned 111 percent of earnings to shareholders in the form of dividends and share buybacks. Further, in December, the Board of Directors approved a 6.25 percent increase in the dividend rate on our common stock. In fact, U.S. Bancorp, through its predecessor

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companies, has increased its dividend for the past 36 years and, as of today, will have paid a dividend for the past 145 consecutive years.

“Last week, across all of the Company’s markets, our employees gathered to celebrate our future. The message conveyed by our management team was clear; in an industry such as ours, it is the people that make a company great. I would like to take this opportunity to recognize and thank all of our employees for their outstanding contributions to the success of this Company. This past year has not been “business as usual” for anyone in the financial services industry. We continue to manage through this environment because our employees remain focused on providing high quality products and services to meet the needs of our customers.

“December marked my first year anniversary as CEO of U.S. Bancorp. I am very pleased with the continued progress we have been making to prepare our Company for the future. Our fourth quarter and full year 2007 results were strong and serve to validate my belief that we are well-positioned to produce a consistent, predictable and repeatable earnings stream going forward for the benefit of our customers, communities, employees and shareholders.”

The Company’s net income for the fourth quarter of 2007 declined from the same period of 2006. Included in year-over-year results was total net revenue growth of 3.4 percent driven by a 4.0 percent increase in net interest income and 2.8 percent growth in fee-based revenue categories, offset somewhat by higher operating expenses due to investments in business initiatives and increasing credit costs. Growth in ongoing banking operations was offset by net losses from recognizing the Visa Indemnification and the money market securities valuations. Also, the fourth quarter of 2006 included a gain on the sale of the Company’s 401(k) recordkeeping business. On a linked quarter basis, net income decreased principally due to the Visa Indemnification and money market securities valuation losses. After considering these factors, organic revenue growth, including the net adverse impact of changes in interest rates on mortgage servicing rights, was 3.3 percent (13.2 percent annualized). In addition, noninterest expense increased on a linked quarter basis due to investments in branch hiring, consumer and commercial business initiatives, the acquisition of a payment services business and increasing credit costs that reflected higher levels of net charge-offs and nonperforming loans.

Total net revenue on a taxable-equivalent basis for the fourth quarter of 2007 was \$3,540 million, \$116 million (3.4 percent) higher than the fourth quarter of 2006, reflecting a 4.0 percent increase in net interest income and a 2.8 percent increase in noninterest income. Net interest income increased from a year ago

driven by growth in earning assets, somewhat higher credit spreads, an increase in yield-related loan fees and lower funding rates. Noninterest income growth was driven primarily by organic growth in fee-based revenue of 12.3 percent, muted somewhat by the \$107 million market valuation losses recorded in the fourth quarter of 2007 and a \$52 million gain recognized in the fourth quarter of 2006 related to the Company's sale of a 401(k) recordkeeping business. On a linked quarter basis, total net revenue on a taxable equivalent basis increased slightly (.3 percent). The Company had strong growth in net interest income of 4.6 percent (18.4 percent on an annualized basis), as well as higher credit and debit card revenue, trust and investment management fees and commercial products revenue. This growth was partially offset by seasonally lower corporate payment and merchant processing revenues, and the net adverse impact of changes in interest rates on mortgage servicing rights. This organic revenue growth of 3.3 percent (13.2 percent on an annualized basis) was reduced by \$107 million of valuation losses on certain money market securities purchased in the fourth quarter of 2007.

Total noninterest expense in the fourth quarter of 2007 was \$1,934 million, \$322 million (20.0 percent) higher than the fourth quarter of 2006, principally due to the \$215 million charge recognized in the fourth quarter of 2007 related to the Visa Indemnification. The remaining increase in noninterest expense represented higher operating costs from investments in personnel, bank branches, customer service initiatives, acquired businesses and an increase in credit-related costs for other real estate owned and collection activities. On a linked quarter basis, total noninterest expense increased by \$191 million (11.0 percent) primarily due to the net increase of \$100 million from the third quarter of 2007 for the Company's proportionate share of indemnification of certain Visa litigation matters, seasonally higher professional services, and higher operations costs from business development initiatives, investments in personnel and branches and an acquired payment services business.

Provision for credit losses for the fourth quarter of 2007 was \$225 million, an increase of \$26 million (13.1 percent) from the third quarter of 2007 and \$56 million (33.1 percent) from the fourth quarter of 2006. The increase in the provision for credit losses from a year ago reflected growth in credit card accounts, increasing retail loan delinquencies and higher commercial losses. Net charge-offs in the fourth quarter of 2007 were \$225 million, compared with net charge-offs of \$199 million in the third quarter of 2007 and \$169 million in the fourth quarter of 2006. Total nonperforming assets were \$690 million at December 31, 2007, compared with \$641 million at September 30, 2007, and \$587 million at December 31, 2006. Nonperforming assets increased \$49 million (7.6 percent) during the fourth quarter of 2007 compared with

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the third quarter of 2007. This increase reflected continued stress in mortgage-related lending, including construction lending and homebuilding industries. The ratio of the allowance for credit losses to nonperforming loans was 406 percent at December 31, 2007, compared with 441 percent at September 30, 2007, and 480 percent at December 31, 2006.

<b>INCOME STATEMENT HIGHLIGHTS</b>								<b>Table 2</b>
(Taxable-equivalent basis, \$ in millions, except per-share data)	<b>4Q 2007</b>	<b>3Q 2007</b>	<b>4Q 2006</b>	<b>Percent</b>	<b>Percent</b>	<b>Full Year 2007</b>	<b>Full Year 2006</b>	<b>Percent Change</b>
				<b>Change 4Q07 vs 3Q07</b>	<b>Change 4Q07 vs 4Q06</b>			
Net interest income	\$1,763	\$1,685	\$1,695	4.6	4.0	\$6,764	\$6,790	(.4)
Noninterest income	1,777	1,844	1,729	(3.6)	2.8	7,172	6,846	4.8
Total net revenue	3,540	3,529	3,424	.3	3.4	13,936	13,636	2.2
Noninterest expense	1,934	1,743	1,612	11.0	20.0	6,862	6,180	11.0
Income before provision and taxes	1,606	1,786	1,812	(10.1)	(11.4)	7,074	7,456	(5.1)
Provision for credit losses	225	199	169	13.1	33.1	792	544	45.6
Income before taxes	1,381	1,587	1,643	(13.0)	(15.9)	6,282	6,912	(9.1)
Taxable-equivalent adjustment	22	18	15	22.2	46.7	75	49	53.1
Applicable income taxes	417	473	434	(11.8)	(3.9)	1,883	2,112	(10.8)
Net income	\$942	\$1,096	\$1,194	(14.1)	(21.1)	\$4,324	\$4,751	(9.0)
Net income applicable to common equity	\$927	\$1,081	\$1,179	(14.2)	(21.4)	\$4,264	\$4,703	(9.3)
Diluted earnings per common share	\$.53	\$.62	\$.66	(14.5)	(19.7)	\$2.43	\$2.61	(6.9)

### Net Interest Income

Fourth quarter net interest income on a taxable-equivalent basis was \$1,763 million, compared with \$1,695 million in the fourth quarter of 2006, an increase of \$68 million (4.0 percent). Average earning assets for the period increased over the fourth quarter of 2006 by \$10.6 billion (5.6 percent), primarily driven by an increase of \$7.8 billion (5.4 percent) in average loans. The positive impact to net interest income from the growth in earning assets was partially offset by a lower net interest margin. The net interest margin in the fourth quarter of 2007 was 3.51 percent, compared with 3.56 percent in the fourth quarter of 2006, reflecting the competitive environment in early 2007 and declining net free funds relative to a year ago. The reduction in net free funds was primarily due to a decline in noninterest-bearing deposits, an investment in bank-owned life insurance, share repurchases through mid-third quarter of 2007 and the impact of acquisitions. An increase in loan fees from a year ago and improved wholesale funding rates partially offset these factors.

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Net interest income in the fourth quarter of 2007 increased by \$78 million or 4.6 percent (18.4 percent annualized) from the third quarter of 2007. Net interest income increased due to growth in average earning assets of \$5.4 billion (2.8 percent) and an improving net interest margin which increased to 3.51 percent from 3.44 percent in the third quarter of 2007. This improvement in the net interest margin was due to several factors including the margin benefit of the Company's current asset/liability position in a declining interest rate environment and related asset/liability re-pricing dynamics. In addition, the Company's net interest margin benefited by an increase in net free funds due to lower share repurchases in the fourth quarter of 2007 and higher yield-related loan fees. Short-term funding rates were also lower due to the Company's ability to obtain improved rates in the current volatile market and increasing liquidity in the overnight fed fund markets given current market conditions. At this time, the Company continues to expect its net interest margin to stabilize in the mid 3.40's range due to the expected mix of balance sheet growth and as funding and liquidity in the overnight markets normalizes.

<b>NET INTEREST INCOME</b>								<b>Table 3</b>
(Taxable-equivalent basis; \$ in millions)								
	<b>4Q</b>	<b>3Q</b>	<b>4Q</b>	<b>Change</b>	<b>Change</b>	<b>Full Year</b>	<b>Full Year</b>	
	<b>2007</b>	<b>2007</b>	<b>2006</b>	<b>4Q07 vs</b>	<b>4Q07 vs</b>	<b>2007</b>	<b>2006</b>	<b>Change</b>
				<b>3Q07</b>	<b>4Q06</b>			
<b>Components of net interest income</b>								
Income on earning assets	\$3,431	\$3,379	\$3,236	\$52	\$195	\$13,309	\$12,351	\$958
Expense on interest-bearing liabilities	1,668	1,694	1,541	(26)	127	6,545	5,561	984
Net interest income	\$1,763	\$1,685	\$1,695	\$78	\$68	\$6,764	\$6,790	\$(26)
<b>Average yields and rates paid</b>								
Earning assets yield	6.81%	6.90%	6.79%	(.09)%	.02%	6.84%	6.63%	.21%
Rate paid on interest-bearing liabilities	3.83	4.01	3.84	(.18)	(.01)	3.91	3.55	.36
Gross interest margin	2.98%	2.89%	2.95%	.09%	.03%	2.93%	3.08%	(.15)%
Net interest margin	3.51%	3.44%	3.56%	.07%	(.05)%	3.47%	3.65%	(.18)%
<b>Average balances</b>								
Investment securities	\$42,525	\$41,128	\$40,266	\$1,397	\$2,259	\$41,313	\$39,961	\$1,352
Loans	151,451	147,517	143,686	3,934	7,765	147,348	140,601	6,747
Earning assets	200,307	194,886	189,660	5,421	10,647	194,683	186,231	8,452
Interest-bearing liabilities	172,999	167,805	159,469	5,194	13,530	167,196	156,613	10,583
Net free funds (a)	27,308	27,081	30,191	227	(2,883)	27,487	29,618	(2,131)
(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.								

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AVERAGE LOANS								Table 4
(\$ in millions)								
	4Q	3Q	4Q	Percent	Percent	Full Year	Full Year	Percent
	2007	2007	2006	Change	Change	2007	2006	Change
				4Q07 vs	4Q07 vs			
				3Q07	4Q06			
Commercial	\$43,649	\$41,648	\$41,264	4.8	5.8	\$42,087	\$40,199	4.7
Lease financing	5,978	5,742	5,394	4.1	10.8	5,725	5,241	9.2
Total commercial	49,627	47,390	46,658	4.7	6.4	47,812	45,440	5.2
Commercial mortgages	19,775	19,592	19,897	.9	(.6)	19,650	20,074	(2.1)
Construction and development	8,983	8,870	9,029	1.3	(.5)	8,942	8,686	2.9
Total commercial real estate	28,758	28,462	28,926	1.0	(.6)	28,592	28,760	(.6)
Residential mortgages	22,670	22,258	21,235	1.9	6.8	22,085	21,053	4.9
Credit card	10,621	9,895	8,242	7.3	28.9	9,574	7,634	25.4
Retail leasing	6,123	6,424	7,015	(4.7)	(12.7)	6,512	7,112	(8.4)
Home equity and second mortgages	16,343	16,048	15,444	1.8	5.8	15,923	15,146	5.1
Other retail	17,309	17,040	16,166	1.6	7.1	16,850	15,456	9.0
Total retail	50,396	49,407	46,867	2.0	7.5	48,859	45,348	7.7
Total loans	\$151,451	\$147,517	\$143,686	2.7	5.4	\$147,348	\$140,601	4.8

Average loans for the fourth quarter of 2007 were \$7.8 billion (5.4 percent) higher than the fourth quarter of 2006, driven by growth in average total retail loans of \$3.5 billion (7.5 percent), total commercial loans of \$3.0 billion (6.4 percent), and residential mortgages of \$1.4 billion (6.8 percent), partially offset by a modest decline in total commercial real estate loans of \$168 million (.6 percent). Average loans for the fourth quarter of 2007 were higher than the third quarter of 2007 by \$3.9 billion (2.7 percent), primarily reflecting growth in residential mortgages and total retail loans, driven by growth in average credit card balances and installment loans. Total commercial loans grew \$2.2 billion (4.7 percent) in the fourth quarter of 2007 compared with the third quarter of 2007 driven by strong growth in national corporate banking balances and seasonally higher commercial leasing. Total commercial real estate loans also increased slightly from the third quarter of 2007, primarily reflecting changing market conditions that have limited borrower access to the capital markets.

Average investment securities in the fourth quarter of 2007 were \$2.3 billion (5.6 percent) higher than the fourth quarter of 2006 driven primarily by an increase in the municipal securities portfolio and the purchase in the fourth quarter of certain asset-backed securities from rated money market funds managed by an affiliate. This was partially offset by a reduction in mortgage-backed assets. Average investment

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securities grew by \$1.4 billion (3.4 percent) from the third quarter of 2007. The increase was primarily due to the purchase of approximately \$3.0 billion of certain securities from rated money market funds managed by an affiliate of the Company.

AVERAGE DEPOSITS								Table 5
(\$ in millions)								
	4Q	3Q	4Q	Percent	Percent			
	2007	2007	2006	Change	Change	Full Year	Full Year	Percent
				4Q07 vs	4Q07 vs	2007	2006	Change
				3Q07	4Q06			
Noninterest-bearing deposits	\$26,869	\$26,947	\$29,020	(.3)	(7.4)	\$27,364	\$28,755	(4.8)
Interest-bearing deposits								
Interest checking	27,458	26,052	24,127	5.4	13.8	26,117	23,552	10.9
Money market savings	25,996	25,018	26,214	3.9	(.8)	25,332	26,667	(5.0)
Savings accounts	5,100	5,283	5,392	(3.5)	(5.4)	5,306	5,599	(5.2)
Total savings deposits	58,554	56,353	55,733	3.9	5.1	56,755	55,818	1.7
Time certificates of deposit less than \$100,000	14,539	14,590	13,974	(.3)	4.0	14,654	13,761	6.5
Time deposits greater than \$100,000	25,461	21,255	22,255	19.8	14.4	22,302	22,255	.2
Total interest-bearing deposits	98,554	92,198	91,962	6.9	7.2	93,711	91,834	2.0
Total deposits	\$125,423	\$119,145	\$120,982	5.3	3.7	\$121,075	\$120,589	.4

Average noninterest-bearing deposits for the fourth quarter of 2007 decreased \$2.2 billion (7.4 percent) compared with the fourth quarter of 2006, reflecting a decline in business demand deposits within most business lines as customers utilized deposit balances to fund business growth and meet other liquidity requirements.

Average total savings deposits increased year-over-year by \$2.8 billion (5.1 percent) due to a \$3.3 billion increase (13.8 percent) in interest checking balances from higher broker dealer, government and institutional trust balances, which was partially offset by a decline of \$510 million (1.6 percent) in average money market and savings balances, primarily within Consumer Banking. The decrease in average money market and savings balances year-over-year was principally 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 fourth quarter of 2007 than in the fourth quarter of 2006 by \$565 million (4.0 percent) and time deposits greater than \$100,000 increased by \$3.2 billion (14.4 percent) over the same period, reflecting Company funding decisions. The year-over-

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year growth in time certificates less than \$100,000 was due to consumer-based time deposits, reflecting customer migration to higher rate deposit products and pricing decisions for these products.

Average noninterest-bearing deposits for the fourth quarter of 2007 remained relatively flat compared with the third quarter of 2007. Total average savings deposits increased \$2.2 billion (3.9 percent) from the third quarter of 2007, primarily due to seasonally higher corporate and institutional trust balances and increases in broker dealer accounts. Average time deposits greater than \$100,000 increased \$4.2 billion (19.8 percent) from the prior quarter. This change in average time deposits greater than \$100,000 was primarily in government and wholesale time deposits.

<b>NONINTEREST INCOME</b>								<b>Table 6</b>
(\$ in millions)								
	<b>4Q</b>	<b>3Q</b>	<b>4Q</b>	<b>Percent</b>	<b>Percent</b>	<b>Full Year</b>	<b>Full Year</b>	<b>Percent</b>
	<b>2007</b>	<b>2007</b>	<b>2006</b>	<b>Change</b>	<b>Change</b>	<b>2007</b>	<b>2006</b>	<b>Change</b>
				<b>4Q07 vs</b>	<b>4Q07 vs</b>			
				<b>3Q07</b>	<b>4Q06</b>			
Credit and debit card revenue	\$281	\$235	\$210	19.6	33.8	\$949	\$800	18.6
Corporate payment products revenue	165	164	141	.6	17.0	631	557	13.3
ATM processing services	62	62	60	--	3.3	245	243	.8
Merchant processing services	279	287	244	(2.8)	14.3	1,101	963	14.3
Trust and investment management fees	344	331	319	3.9	7.8	1,339	1,235	8.4
Deposit service charges	272	271	259	.4	5.0	1,058	1,023	3.4
Treasury management fees	117	118	107	(.8)	9.3	472	441	7.0
Commercial products revenue	121	107	104	13.1	16.3	433	415	4.3
Mortgage banking revenue	48	76	25	(36.8)	92.0	259	192	34.9
Investment products fees and commissions	38	36	36	5.6	5.6	146	150	(2.7)
Securities gains (losses), net	4	7	11	(42.9)	(63.6)	15	14	7.1
Other	46	150	213	(69.3)	(78.4)	524	813	(35.5)
<b>Total noninterest income</b>	<b>\$1,777</b>	<b>\$1,844</b>	<b>\$1,729</b>	<b>(3.6)</b>	<b>2.8</b>	<b>\$7,172</b>	<b>\$6,846</b>	<b>4.8</b>

### Noninterest Income

Fourth quarter noninterest income was \$1,777 million, an increase of \$48 million (2.8 percent) from the same quarter of 2006 and \$67 million (3.6 percent) lower than the third quarter of 2007. The increase in noninterest income over the fourth quarter of 2006 was driven by strong organic fee-based revenue growth, offset somewhat by the \$107 million valuation losses related to certain securities purchased from rated money market funds managed by an affiliate and the \$52 million gain on the sale of the 401(k) recordkeeping business recorded in the fourth quarter of 2006. After consideration of these factors, noninterest income grew by approximately 12.3 percent year-over-year.

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Credit and debit card revenue and corporate payment products revenue were higher in the fourth quarter of 2007 than the fourth quarter of 2006 by \$71 million (33.8 percent) and \$24 million (17.0 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. Approximately 7.6 percent of the growth in card revenues was the result of the full year impact of a favorable rate change from renegotiating a contract with a card association. Corporate payment products revenue growth reflected organic growth in sales volumes and card usage and the impact of an acquired business. Merchant processing services revenue was higher in the fourth quarter of 2007 than the same quarter a year ago by \$35 million (14.3 percent), primarily reflecting an increase in customers and sales volumes. Trust and investment management fees increased \$25 million (7.8 percent) year-over-year due to core account growth and favorable equity market conditions. Deposit service charges grew year-over-year by \$13 million (5.0 percent) driven by increased transaction-related fees and the impact of continued growth in net new checking accounts. Additionally, deposit account-related revenue, traditionally reflected in this fee category, continued to migrate to yield-related loan fees as customers utilize new consumer products. Treasury management fees increased \$10 million (9.3 percent) due to higher customer transaction volumes, account growth and pricing enhancements. Commercial products revenue increased \$17 million (16.3 percent) year-over-year due to higher syndication fees and foreign exchange and commercial leasing revenue. Mortgage banking revenue increased \$23 million (92.0 percent) due to an increase in mortgage servicing income and production gains. These favorable changes in fee-based revenue were partially offset by a decline in other income of \$167 million (78.4 percent) compared with the fourth quarter of 2006. The decline in other income was primarily due to the \$107 million in valuation losses related to securities purchased from rated money market funds managed by an affiliate and the \$52 million gain on the sale of the Company's 401(k) defined contribution recordkeeping business recorded in the fourth quarter of 2006. This decline was partially offset by increased revenue from investment in bank-owned life insurance programs. Securities gains (losses) were lower year-over-year by \$7 million.

Noninterest income was lower by \$67 million (3.6 percent) in the fourth quarter of 2007 compared with the third quarter of 2007. Fee-based revenue growth of 2.2 percent (8.8 percent on an annualized basis) within the core banking operations was more than offset by \$107 million of valuation losses from securities purchased from the rated money market funds. During the fourth quarter, the Company experienced strong growth in several fee-based categories. Credit and debit card revenue increased \$46 million (19.6 percent)

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primarily driven by an increase in customer accounts and higher customer transaction volumes and the impact in the current quarter of the full year effect of renegotiating the card association processing contract. Trust and investment management fees and commercial products revenue increased from the third quarter of 2007 by \$13 million (3.9 percent) and \$14 million (13.1 percent) respectively. Trust and investment management fees were seasonally higher in the fourth quarter and also increased due to core account growth and improved market conditions on a linked quarter basis. The commercial products revenue increase was due primarily to higher syndication fees and improved commercial leasing and foreign exchange revenue. These favorable changes were offset somewhat by seasonally lower revenue in certain categories and the net adverse impact of changes in interest rates on mortgage servicing rights. Merchant processing revenue declined by \$8 million (2.8 percent) on a linked quarter basis due primarily to seasonally lower volumes. Mortgage banking revenue was \$28 million (36.8 percent) lower than the third quarter of 2007 as an unfavorable change in the valuations of mortgage servicing rights (“MSRs”) and related economic hedging activities was partially offset by higher servicing revenue and production gains. Other revenue was \$104 million (69.3 percent) lower on a linked quarter basis reflecting the valuation losses. In addition, net securities gains decreased \$3 million on a linked quarter basis.

<b>NONINTEREST EXPENSE</b>								<b>Table 7</b>
(\$ in millions)								
	<b>4Q</b>	<b>3Q</b>	<b>4Q</b>	<b>Percent</b>	<b>Percent</b>	<b>Full Year</b>	<b>Full Year</b>	<b>Percent</b>
	<b>2007</b>	<b>2007</b>	<b>2006</b>	<b>Change</b>	<b>Change</b>	<b>2007</b>	<b>2006</b>	<b>Change</b>
				<b>4Q07 vs</b>	<b>4Q07 vs</b>			
				<b>3Q07</b>	<b>4Q06</b>			
Compensation	\$690	\$656	\$621	5.2	11.1	\$2,640	\$2,513	5.1
Employee benefits	119	119	102	--	16.7	494	481	2.7
Net occupancy and equipment	175	175	166	--	5.4	686	660	3.9
Professional services	71	56	69	26.8	2.9	233	199	17.1
Marketing and business development	64	66	61	(3.0)	4.9	242	217	11.5
Technology and communications	134	127	133	5.5	.8	512	505	1.4
Postage, printing and supplies	73	70	67	4.3	9.0	283	265	6.8
Other intangibles	93	94	92	(1.1)	1.1	376	355	5.9
Debt prepayment	--	--	22	--	nm	--	33	nm
Other	515	380	279	35.5	84.6	1,396	952	46.6
<b>Total noninterest expense</b>	<b>\$1,934</b>	<b>\$1,743</b>	<b>\$1,612</b>	<b>11.0</b>	<b>20.0</b>	<b>\$6,862</b>	<b>\$6,180</b>	<b>11.0</b>

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### Noninterest Expense

Fourth quarter noninterest expense totaled \$1,934 million, an increase of \$322 million (20.0 percent) from the same quarter of 2006 and an increase of \$191 million (11.0 percent) compared with the third quarter of 2007. These increases included the \$215 million charge for the Visa Indemnification in the current quarter and \$22 million of debt prepayment charges recorded in the fourth quarter of 2006. Compensation expense increased \$69 million (11.1 percent) compared with the same period of 2006 due to growth in ongoing bank operations and acquired businesses. Employee benefits expense increased \$17 million (16.7 percent) year-over-year as higher medical costs were partially offset by lower pension costs. Net occupancy and equipment expense increased \$9 million (5.4 percent) from the fourth quarter of 2006 primarily due to acquisitions and branch-based business initiatives. Postage, printing and supplies expense increased \$6 million (9.0 percent) from the fourth quarter of 2006 due primarily to changes in postage rates. Other expense increased \$236 million (84.6 percent) year-over-year, due primarily to the Visa Indemnification charge and higher credit-related costs for other real estate owned and loan collection activities. These increases were partially offset by debt prepayment charges recorded in the fourth quarter of 2006.

Noninterest expense in the fourth quarter of 2007 was higher than the third quarter of 2007 by \$191 million (11.0 percent), primarily due to the impact of the \$215 million for the Visa Indemnification partially offset by a \$115 million charge recognized in the third quarter of 2007 in connection with Visa's litigation settlement with American Express. In addition, compensation expense increased by \$34 million (5.2 percent) due to continued focus on business operations, customer service and expansion. Professional services expense increased by \$15 million (26.8 percent) due to various business initiatives and legal related costs.

### Provision for Income Taxes

The provision for income taxes for the fourth quarter of 2007 resulted in a tax rate on a taxable equivalent basis of 31.8 percent (effective tax rate of 30.7 percent) compared with 27.3 percent (effective tax rate of 26.7 percent) in the fourth quarter of 2006 and 30.9 percent (effective tax rate of 30.1 percent) in the third quarter of 2007. The lower tax rate in the fourth quarter of the prior year compared with the current quarter was primarily due to the resolution of federal income tax examinations for all years through 2004 and

certain state tax examination during the fourth quarter of 2006, which reduced the Company's tax liabilities. The Company expects its effective tax rate for the foreseeable future to remain stable relative to the full year rate for 2007 of 30.3 percent.

<b>ALLOWANCE FOR CREDIT LOSSES</b>					<b>Table 8</b>
(\$ in millions)	<b>4Q</b>	<b>3Q</b>	<b>2Q</b>	<b>1Q</b>	<b>4Q</b>
	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2006</b>
Balance, beginning of period	\$2,260	\$2,260	\$2,260	\$2,256	\$2,256
Net charge-offs					
Commercial	23	26	21	32	24
Lease financing	13	11	8	3	7
Total commercial	36	37	29	35	31
Commercial mortgages	3	1	7	1	2
Construction and development	7	1	2	--	--
Total commercial real estate	10	2	9	1	2
Residential mortgages	17	17	15	12	12
Credit card	88	77	81	74	68
Retail leasing	6	3	4	3	4
Home equity and second mortgages	22	20	16	16	13
Other retail	46	43	37	36	39
Total retail	162	143	138	129	124
Total net charge-offs	225	199	191	177	169
Provision for credit losses	225	199	191	177	169
Acquisitions and other changes	--	--	--	4	--
Balance, end of period	\$2,260	\$2,260	\$2,260	\$2,260	\$2,256
Components					
Allowance for loan losses	\$2,058	\$2,041	\$2,028	\$2,027	\$2,022
Liability for unfunded credit commitments	202	219	232	233	234
Total allowance for credit losses	\$2,260	\$2,260	\$2,260	\$2,260	\$2,256
Gross charge-offs	\$287	\$256	\$252	\$237	\$217
Gross recoveries	\$62	\$57	\$61	\$60	\$48
Allowance for credit losses as a percentage of					
Period-end loans	1.47	1.52	1.55	1.56	1.57
Nonperforming loans	406	441	503	498	480
Nonperforming assets	328	353	400	388	384

### Credit Quality

During the fourth quarter of 2007, credit losses and nonperforming assets continued to trend higher. The allowance for credit losses was \$2,260 million at December 31, 2007, and at September 30, 2007, compared with \$2,256 million at December 31, 2006. Total net charge-offs in the fourth quarter of 2007

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were \$225 million, compared with the third quarter of 2007 net charge-offs of \$199 million and the fourth quarter of 2006 net charge-offs of \$169 million. The increase in total net charge-offs from a year ago was due primarily to an anticipated increase in consumer charge-offs, primarily related to credit cards, and somewhat higher commercial loan net charge-offs.

Commercial and commercial real estate loan net charge-offs increased to \$46 million in the fourth quarter of 2007 (.23 percent of average loans outstanding) compared with \$39 million (.20 percent of average loans outstanding) in the third quarter of 2007 and \$33 million (.17 percent of average loans outstanding) in the fourth quarter of 2006. This increasing trend in commercial and commercial real estate net charge-offs reflected anticipated increases in nonperforming loans and delinquencies within the portfolios, especially homebuilding and related industry sectors. Given the continuing stress in the homebuilding industry, the Company expects commercial and commercial real estate net charge-offs to continue to increase moderately over the next several quarters.

Retail loan net charge-offs were \$162 million (1.28 percent of average loans outstanding) in the fourth quarter of 2007 compared with \$143 million (1.15 percent of average loans outstanding) in the third quarter of 2007 and \$124 million (1.05 percent of average loans outstanding) in the fourth quarter of 2006. The trend in retail net charge-offs reflected the average growth in the credit card portfolio (28.9 percent) and somewhat higher delinquency ratios from a year ago. The Company anticipates higher delinquency levels in the retail portfolios and that the trend in retail net charge-offs will accelerate but remain in a manageable range during 2008.

The ratio of the allowance for credit losses to period-end loans was 1.47 percent at December 31, 2007, compared with 1.52 percent at September 30, 2007, and 1.57 percent at December 31, 2006. The ratio of the allowance for credit losses to nonperforming loans was 406 percent at December 31, 2007, compared with 441 percent at September 30, 2007, and 480 percent at December 31, 2006.

<b>CREDIT RATIOS</b>					<b>Table 9</b>
(Percent)	<b>4Q</b>	<b>3Q</b>	<b>2Q</b>	<b>1Q</b>	<b>4Q</b>
	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2006</b>
Net charge-offs ratios (a)					
Commercial	.21	.25	.20	.31	.23
Lease financing	.86	.76	.57	.22	.51
Total commercial	.29	.31	.25	.30	.26
Commercial mortgages	.06	.02	.14	.02	.04
Construction and development	.31	.04	.09	--	--
Total commercial real estate	.14	.03	.13	.01	.03
Residential mortgages	.30	.30	.28	.23	.22
Credit card	3.29	3.09	3.56	3.48	3.27
Retail leasing	.39	.19	.24	.18	.23
Home equity and second mortgages	.53	.49	.41	.42	.33
Other retail	1.05	1.00	.89	.89	.96
Total retail	1.28	1.15	1.15	1.10	1.05
Total net charge-offs	.59	.54	.53	.50	.47
Delinquent loan ratios - 90 days or more past due <b>excluding</b> nonperforming loans (b)					
Commercial	.07	.07	.07	.07	.05
Commercial real estate	.02	.04	--	.04	.01
Residential mortgages	.86	.58	.46	.42	.42
Retail	.68	.55	.50	.56	.49
Total loans	.38	.30	.26	.27	.24
Delinquent loan ratios - 90 days or more past due <b>including</b> nonperforming loans (b)					
Commercial	.43	.51	.44	.46	.57
Commercial real estate	1.02	.83	.69	.69	.53
Residential mortgages	1.10	.79	.65	.59	.59
Retail	.73	.61	.58	.65	.59
Total loans	.74	.65	.57	.59	.57
(a) annualized and calculated on average loan balances					
(b) ratios are expressed as a percent of ending loan balances					

<b>ASSET QUALITY</b>		<b>Table 10</b>				
(\$ in millions)						
	<b>Dec 31</b>	<b>Sep 30</b>	<b>Jun 30</b>	<b>Mar 31</b>	<b>Dec 31</b>	
	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2006</b>	
Nonperforming loans						
Commercial	\$128	\$161	\$128	\$147	\$196	
Lease financing	53	46	44	41	40	
Total commercial	181	207	172	188	236	
Commercial mortgages	84	73	90	114	112	
Construction and development	209	153	107	71	38	
Total commercial real estate	293	226	197	185	150	
Residential mortgages	54	48	41	38	36	
Retail	29	32	39	43	48	
Total nonperforming loans	557	513	449	454	470	
Other real estate	111	113	103	113	95	
Other nonperforming assets	22	15	13	15	22	
Total nonperforming assets (a)	\$690	\$641	\$565	\$582	\$587	
Accruing loans 90 days or more past due	\$584	\$451	\$376	\$397	\$349	
Restructured loans that continue to accrue interest	\$532	\$468	\$435	\$411	\$405	
Nonperforming assets to loans plus ORE (%)	.45	.43	.39	.40	.41	
(a) does not include accruing loans 90 days or more past due or restructured loans that continue to accrue interest						

Nonperforming assets at December 31, 2007, totaled \$690 million, compared with \$641 million at September 30, 2007, and \$587 million at December 31, 2006. The ratio of nonperforming assets to loans and other real estate was .45 percent at December 31, 2007, compared with .43 percent at September 30, 2007, and .41 percent at December 31, 2006. The change in nonperforming assets reflected higher levels of nonperforming loans resulting from stress in residential construction. The Company expects nonperforming assets to increase moderately over the next several quarters due to continued stress in residential mortgages and residential construction. Accruing loans 90 days or more past due increased to \$584 million at December 31, 2007, compared with \$451 million at September 30, 2007, and \$349 million at December 31, 2006. The increase was primarily related to residential mortgages, credit cards and home equity loans. Restructured loans that continue to accrue interest have increased from the fourth quarter of 2006, reflecting the impact of restructurings for certain residential mortgage customers in light of current economic conditions. The Company expects this trend to continue during 2008 as residential home valuations continue to decline.

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<b>CAPITAL POSITION</b>					<b>Table 11</b>
(\$ in millions)	<b>Dec 31</b>	<b>Sep 30</b>	<b>Jun 30</b>	<b>Mar 31</b>	<b>Dec 31</b>
	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2006</b>
Total shareholders' equity	\$21,046	\$20,686	\$20,330	\$20,800	\$21,197
Tier 1 capital	17,539	17,288	16,876	16,917	17,036
Total risk-based capital	25,925	25,820	25,709	25,826	24,495
Tier 1 capital ratio	8.3 %	8.5 %	8.5 %	8.6 %	8.8 %
Total risk-based capital ratio	12.2	12.7	13.0	13.1	12.6
Leverage ratio	7.9	8.0	7.9	8.0	8.2
Common equity to assets	8.4	8.6	8.7	8.9	9.2
Tangible common equity to assets	5.1	5.3	5.2	5.3	5.5

Total shareholders' equity was \$21.0 billion at December 31, 2007, compared with \$20.7 billion at September 30, 2007, and \$21.2 billion at December 31, 2006.

The Tier 1 capital ratio was 8.3 percent at December 31, 2007, compared with 8.5 percent at September 30, 2007, and 8.8 percent at December 31, 2006. The total risk-based capital ratio was 12.2 percent at December 31, 2007, compared with 12.7 percent at September 30, 2007, and 12.6 percent at December 31, 2006. The leverage ratio was 7.9 percent at December 31, 2007, compared with 8.0 percent at September 30, 2007, and 8.2 percent at December 31, 2006. Tangible common equity to assets was 5.1 percent at December 31, 2007, compared with 5.3 percent at September 30, 2007, and 5.5 percent at December 31, 2006. All regulatory ratios continue to be in excess of stated "well-capitalized" requirements.

<b>COMMON SHARES</b>		<b>Table 12</b>				
(Millions)	<b>4Q</b>	<b>3Q</b>	<b>2Q</b>	<b>1Q</b>	<b>4Q</b>	
	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2006</b>	
Beginning shares outstanding	1,725	1,728	1,742	1,765	1,763	
Shares issued for stock option and stock purchase plans, acquisitions and other corporate purposes	3	3	4	11	12	
Shares repurchased	--	(6)	(18)	(34)	(10)	
Ending shares outstanding	<u>1,728</u>	<u>1,725</u>	<u>1,728</u>	<u>1,742</u>	<u>1,765</u>	

On August 3, 2006, the Company announced that the Board of Directors approved an authorization to repurchase 150 million shares of common stock through December 31, 2008. As of December 31, 2007, there were approximately 64 million shares remaining to be repurchased under the current authorization.

LINE OF BUSINESS FINANCIAL PERFORMANCE (a)									Table 13	
(\$ in millions)										
Business Line	Net Income			Percent Change			Full Year 2007	Full Year 2006	Percent Change	4Q 2007 Earnings Composition
	4Q 2007	3Q 2007	4Q 2006	4Q07 vs 3Q07	4Q07 vs 4Q06	2007				
Wholesale Banking	\$277	\$265	\$285	4.5	(2.8)	\$1,093	\$1,193	(8.4)	29	%
Consumer Banking	405	452	418	(10.4)	(3.1)	1,746	1,791	(2.5)	43	
Wealth Management & Securities Services	102	165	157	(38.2)	(35.0)	592	597	(.8)	11	
Payment Services	310	276	237	12.3	30.8	1,075	966	11.3	33	
Treasury and Corporate Support	(152)	(62)	97	nm	nm	(182)	204	nm	(16)	
Consolidated Company	\$942	\$1,096	\$1,194	(14.1)	(21.1)	\$4,324	\$4,751	(9.0)	100	%

(a) preliminary data

### Lines of Business

Within the Company, financial performance is measured by major lines of business, which include Wholesale Banking, Consumer Banking, Wealth Management & Securities Services, Payment Services, and Treasury and Corporate Support. These operating segments are components of the Company about which financial information is available and is evaluated regularly in deciding how to allocate resources and assess performance. Noninterest expenses incurred by centrally managed operations or business lines that directly support another business line's operations are charged to the applicable business line based on its utilization of those services primarily measured by the volume of customer activities, number of employees or other 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 \$277 million of the Company's net income in the fourth quarter of 2007, a 2.8 percent decrease from the same period of 2006 and a 4.5 percent increase compared with the third quarter of 2007. The decrease in Wholesale Banking's fourth quarter of 2007 contribution from the same quarter of 2006 was the

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result of higher total noninterest expense (4.3 percent) driven by investment in the business and an increase in the provision for credit losses from a year ago. This was partially offset by an increase in total net revenue (1.2 percent) primarily from a 6.6 percent growth in fee-based revenue. Net interest income was essentially flat as growth in average loan balances and the increased margin benefit of deposits was offset by lower credit spreads due to the higher cost of liquidity from a year ago. Total noninterest income increased due to higher commercial products and treasury management revenue. The growth in commercial products revenue was driven by higher loan syndication fees and commercial leasing and foreign exchange revenue. Treasury management fees increased due to higher customer transaction volumes, account growth and favorable pricing. These increases were partially offset by a decline in other revenue from a commercial real estate business. In addition, securities gains (losses) were lower due to gains recognized in the fourth quarter of 2006. Total noninterest expense increased due to higher compensation and benefits expense related to production-based incentives and business growth initiatives, including expanding the national corporate banking franchise and an increased focus on relationship management. Loan collection, lease residual and other related costs have also increased somewhat from a year ago. The unfavorable variance in the provision for credit losses was due to a \$10 million increase in net charge-offs in the fourth quarter of 2007 compared with a year ago. The change in net charge-offs reflected an increase in gross charge-offs at this stage of the business cycle.

Wholesale Banking's contribution to net income in the fourth quarter of 2007 compared with the third quarter of 2007 was \$12 million (4.5 percent) higher due to a favorable variance in total net revenue (5.6 percent), partially offset by an increase in total noninterest expense and the provision for credit losses. Total net revenue was higher on a linked quarter basis with an increase in both net interest income and total noninterest income. Net interest income improved due to growth in average loans and interest-bearing deposit balances, partially offset by lower credit spreads due to higher liquidity costs. Total noninterest income increased on a linked quarter basis due primarily to higher commercial products revenue and market-related valuation losses recorded in the third quarter of 2007. Total noninterest expense increased from the third quarter of 2007 due to higher net shared services expense and credit related expenses. The provision for credit losses increased on a linked quarter basis due to higher 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,

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workplace banking, student banking, and 24-hour banking. Consumer Banking contributed \$405 million of the Company's net income in the fourth quarter of 2007, a 3.1 percent decrease from the same period of 2006 and a 10.4 percent decrease on a linked quarter basis. Within Consumer Banking, the retail banking division accounted for \$386 million of the total contribution, a 7.4 percent decrease for the division on a year-over-year basis and a 7.7 percent decrease from the prior quarter. An increase in total net revenue for the retail banking division was offset by an increase in the provision for credit losses and growth in total noninterest expense compared with the same period of 2006. Net interest income for the retail banking division was relatively flat year-over-year as an increase in yield-related loan fees and average loan balances was offset by lower deposit balances and credit spreads due to higher liquidity costs. Total noninterest income for the retail banking division increased 4.7 percent from a year ago due primarily to growth in deposit service charges. Total noninterest expense in the fourth quarter of 2007 increased 7.0 percent for the division compared with the same quarter of 2006. Compensation and employee benefits expense increased due to acquisitions, branch expansion and other business investments. In addition, the line of business had higher credit-related costs associated with other real estate owned. The business line's provision for credit losses increased due to a \$20 million year-over-year increase in net charge-offs (27.4 percent), reflecting higher levels of retail charge-offs driven by portfolio growth and stress in residential mortgages, home equity and other installment and consumer balances. In the fourth quarter of 2007, the mortgage banking division's contribution was \$19 million, an increase of \$18 million from the same period of 2006. This division's total net revenue increased \$39 million (86.7 percent) from a year ago due to an increase in total noninterest income of \$30 million primarily reflecting an increase in production gains and servicing income. In addition, the mortgage banking division's net interest income increased by \$9 million (50.0 percent) year-over-year driven by growth in loan production. Total noninterest expense for the mortgage banking division increased \$11 million (25.6 percent) from the fourth quarter of 2006 primarily due to higher production levels from a year ago and servicing costs associated with other real estate owned and foreclosures.

Consumer Banking's contribution in the fourth quarter of 2007 decreased \$47 million (10.4 percent) on a linked quarter basis compared with the third quarter of 2007. The retail banking division's contribution decreased by 7.7 percent on a linked quarter basis with an increase in total noninterest expense and the provision for credit losses, along with a decline in total net revenue. Total net revenue for the retail banking division decreased \$23 million (1.7 percent) due primarily to an increase in end-of-term residual losses on retail leases. Deposit service charges were relatively flat from the third quarter of 2007 primarily due to

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seasonality. Total noninterest expense for the retail banking division increased 4.1 percent on a linked quarter basis, primarily due to increased transaction processing costs, customer fraud and credit-related costs on other real estate owned. The provision for credit losses for the quarter reflected a \$2 million increase in net charge-offs compared with the third quarter of 2007. The contribution of the mortgage banking division decreased \$15 million from the third quarter of 2007 driven primarily by a decrease in total net revenue due to an unfavorable change in the valuation of MSRs including the impact of related economic hedging activities. Total noninterest expense of the mortgage banking division increased \$3 million (5.9 percent) from the third quarter of 2007 driven by production processing levels.

Wealth Management & Securities Services provides trust, private banking, financial advisory, investment management, retail brokerage services, insurance, custody and mutual fund servicing through five businesses: Wealth Management, Corporate Trust, FAF Advisors, Institutional Trust & Custody and Fund Services. Wealth Management & Securities Services contributed \$102 million of the Company's net income in the fourth quarter of 2007, a 35.0 percent decrease from the same period of 2006 and a 38.2 percent decrease from the third quarter of 2007. The decline in the business line's contribution in the fourth quarter of 2007 from the same quarter of 2006 was the result of the \$107 million valuation losses related to securities purchased from rated money market funds managed by FAF Advisors recorded this quarter, partially offset by an increase in core account growth and improved equity market conditions relative to a year ago. Net interest income was favorably impacted year-over-year by earnings from deposit growth. Total noninterest expense was 5.6 percent higher compared with the same quarter of 2006 related to processing and professional services expense.

The decrease in the business line's contribution in the fourth quarter of 2007 compared with the third quarter of 2007 was primarily due to the \$107 million market valuation losses recorded in the fourth quarter of 2007, partially offset by seasonally higher fees, core account growth and improved market conditions. Noninterest expense also increased by 6.0 percent due primarily to the timing of marketing and professional services expenses.

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 \$310 million of the Company's net income in the fourth quarter of 2007, a 30.8 percent increase over the same period of 2006 and a 12.3 percent increase over the third quarter of 2007. Total net revenue increased year-over-year due to higher total noninterest income (20.1 percent) and

net interest income (23.9 percent), reflecting growth in higher yielding retail loan balances, partially offset by the margin impact of merchant receivables and growth in corporate payment card balances. All payment processing revenue categories benefited from account growth, higher transaction volumes, business expansion initiatives and the impact in the current quarter of the full year effect of renegotiating a card association processing contract. Growth in total noninterest expense year-over-year primarily reflected new business initiatives, including costs associated with transaction processing and acquisitions, as well as higher collection costs. An increase in the provision for credit losses was driven by an increase in net charge-offs of \$25 million year-over-year which reflected portfolio growth and somewhat higher delinquency rates from a year ago.

The increase in Payment Services' contribution in the fourth quarter of 2007 from the third quarter of 2007 was due to higher total net revenue (8.7 percent), partially offset by higher total noninterest expense (4.3 percent) and an increase in the provision for credit losses. Total net revenue was higher due to a 17.8 percent increase in net interest income, driven by strong growth in retail credit card balances and favorable loan yields, as well as a 6.4 percent increase in total noninterest income, primarily from credit and debit card fees, including the impact of the contract negotiation. An increase in total noninterest expense was primarily due to the timing of professional services costs, seasonally higher debit and prepaid card costs and other business expansion initiatives.

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 \$152 million in the fourth quarter of 2007, compared with net income of \$97 million in the fourth quarter of 2006 and a net loss of \$62 million in the third quarter of 2007. Net interest income improved \$8 million in the current quarter from the fourth quarter of 2006 reflecting higher rates on investment securities. Total noninterest income decreased \$56 million due primarily to the \$52 million gain on the sale of the Company's 401(k) recordkeeping business recorded in the fourth quarter of 2006. Total noninterest expense increased \$211 million year-over-year primarily reflecting the \$215 million charge for the Visa Indemnification.

Net income in the fourth quarter of 2007 was lower on a linked quarter basis due primarily to the impact of the \$215 million charge for the Visa Indemnification, partially offset by a \$115 million charge recognized in the third quarter of 2007 in connection with Visa's litigation settlement with American Express.

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

**RICHARD K. DAVIS, CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER, AND ANDREW CECERE, VICE CHAIRMAN AND CHIEF FINANCIAL OFFICER, WILL HOST A CONFERENCE CALL TO REVIEW THE FINANCIAL RESULTS AT NOON (CST) ON TUESDAY, JANUARY 15, 2008. The conference call will be available by telephone or on the internet. To access the conference call from locations within the United States and Canada, please dial 866-316-1409. Participants calling from outside the United States and Canada, please dial 706-634-9086. The conference ID number for all participants is 29540352. For those unable to participate during the live call, a recording of the call will be available approximately two hours after the conference call ends on Tuesday, January 15<sup>th</sup>, and will run through Tuesday, January 22<sup>nd</sup>, at 11:00 p.m. (CST). To access the recorded message within the United States and Canada, dial 800-642-1687. If calling from outside the United States and Canada, please dial 706-645-9291 to access the recording. The conference ID is 29540352. Find the recorded call via the internet at [usbank.com](http://usbank.com).**

Minneapolis-based U.S. Bancorp (“USB”), with \$238 billion in assets, is the parent company of U.S. Bank, 6th largest commercial bank in the United States. The Company operates 2,518 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. Visit U.S. Bancorp on the web at [usbank.com](http://usbank.com).

#### Forward-Looking Statements

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

This press release contains forward-looking statements about U.S. Bancorp. Statements that are not historical or current facts, including statements about beliefs and expectations, are forward-looking statements. These statements often include the words “may,” “could,” “would,” “should,” “believes,” “expects,” “anticipates,” “estimates,” “intends,” “plans,” “targets,” “potentially,” “probably,” “projects,” “outlook” or similar expressions. These forward-looking statements cover, among other things, anticipated future revenue and expenses and the future plans and prospects of the Company. Forward-looking statements involve inherent risks and uncertainties, and important factors could cause actual results to differ materially from those anticipated, including changes in general business and economic conditions, changes in interest rates, 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		Year Ended	
	December 31,		December 31,	
	2007	2006	2007	2006
<b>Interest Income</b>				
Loans	\$2,730	\$2,596	\$10,627	\$9,873
Loans held for sale	72	64	277	236
Investment securities	541	511	2,095	2,001
Other interest income	36	34	137	153
Total interest income	3,379	3,205	13,136	12,263
<b>Interest Expense</b>				
Deposits	722	668	2,754	2,389
Short-term borrowings	352	342	1,433	1,203
Long-term debt	564	515	2,260	1,930
Total interest expense	1,638	1,525	6,447	5,522
Net interest income	1,741	1,680	6,689	6,741
Provision for credit losses	225	169	792	544
Net interest income after provision for credit losses	1,516	1,511	5,897	6,197
<b>Noninterest Income</b>				
Credit and debit card revenue	281	210	949	800
Corporate payment products revenue	165	141	631	557
ATM processing services	62	60	245	243
Merchant processing services	279	244	1,101	963
Trust and investment management fees	344	319	1,339	1,235
Deposit service charges	272	259	1,058	1,023
Treasury management fees	117	107	472	441
Commercial products revenue	121	104	433	415
Mortgage banking revenue	48	25	259	192
Investment products fees and commissions	38	36	146	150
Securities gains (losses), net	4	11	15	14
Other	46	213	524	813
Total noninterest income	1,777	1,729	7,172	6,846
<b>Noninterest Expense</b>				
Compensation	690	621	2,640	2,513
Employee benefits	119	102	494	481
Net occupancy and equipment	175	166	686	660
Professional services	71	69	233	199
Marketing and business development	64	61	242	217
Technology and communications	134	133	512	505
Postage, printing and supplies	73	67	283	265
Other intangibles	93	92	376	355
Debt prepayment	--	22	--	33
Other	515	279	1,396	952
Total noninterest expense	1,934	1,612	6,862	6,180
Income before income taxes	1,359	1,628	6,207	6,863
Applicable income taxes	417	434	1,883	2,112
Net income	\$942	\$1,194	\$4,324	\$4,751
Net income applicable to common equity	\$927	\$1,179	\$4,264	\$4,703
Earnings per common share	\$.54	\$.67	\$2.46	\$2.64
Diluted earnings per common share	\$.53	\$.66	\$2.43	\$2.61
Dividends declared per common share	\$.425	\$.40	\$1.625	\$1.39
Average common shares outstanding	1,726	1,761	1,735	1,778
Average diluted common shares outstanding	1,746	1,789	1,758	1,804

## U.S. Bancorp

### Consolidated Ending Balance Sheet

(Dollars in Millions)	December 31, 2007	December 31, 2006
<b>Assets</b>		
Cash and due from banks	\$8,884	\$8,639
Investment securities		
Held-to-maturity	74	87
Available-for-sale	43,042	40,030
Loans held for sale	4,819	3,256
Loans		
Commercial	51,074	46,190
Commercial real estate	29,207	28,645
Residential mortgages	22,782	21,285
Retail	50,764	47,477
Total loans	153,827	143,597
Less allowance for loan losses	(2,058)	(2,022)
Net loans	151,769	141,575
Premises and equipment	1,779	1,835
Goodwill	7,647	7,538
Other intangible assets	3,043	3,227
Other assets	16,558	13,045
Total assets	\$237,615	\$219,232
<b>Liabilities and Shareholders' Equity</b>		
Deposits		
Noninterest-bearing	\$33,334	\$32,128
Interest-bearing	72,458	70,330
Time deposits greater than \$100,000	25,653	22,424
Total deposits	131,445	124,882
Short-term borrowings	32,370	26,933
Long-term debt	43,440	37,602
Other liabilities	9,314	8,618
Total liabilities	216,569	198,035
Shareholders' equity		
Preferred stock	1,000	1,000
Common stock	20	20
Capital surplus	5,749	5,762
Retained earnings	22,693	21,242
Less treasury stock	(7,480)	(6,091)
Other comprehensive income	(936)	(736)
Total shareholders' equity	21,046	21,197
Total liabilities and shareholders' equity	\$237,615	\$219,232

# **Supplemental Analyst Schedules**

**4Q 2007**

U.S. Bancorp

**Income Statement Highlights**

(Dollars and Shares in Millions, Except Per Share Data) (Unaudited)	Three Months Ended			Percent Change v. December 31, 2007	
	December 31, 2007	September 30, 2007	December 31, 2006	September 30, 2007	December 31, 2006
Net interest income (taxable-equivalent basis)	\$1,763	\$1,685	\$1,695	4.6 %	4.0 %
Noninterest income	1,777	1,844	1,729	(3.6)	2.8
Total net revenue	3,540	3,529	3,424	.3	3.4
Noninterest expense	1,934	1,743	1,612	11.0	20.0
Income before provision and income taxes	1,606	1,786	1,812	(10.1)	(11.4)
Provision for credit losses	225	199	169	13.1	33.1
Income before income taxes	1,381	1,587	1,643	(13.0)	(15.9)
Taxable-equivalent adjustment	22	18	15	22.2	46.7
Applicable income taxes	417	473	434	(11.8)	(3.9)
Net income	\$942	\$1,096	\$1,194	(14.1)	(21.1)
Net income applicable to common equity	\$927	\$1,081	\$1,179	(14.2)	(21.4)
Diluted earnings per common share	\$.53	\$.62	\$.66	(14.5)	(19.7)
Revenue per diluted common share (a)	\$2.03	\$2.02	\$1.91	.5	6.3
<b>Financial Ratios</b>					
Net interest margin (b)	3.51 %	3.44 %	3.56 %		
Interest yield on average loans (b)	7.18	7.30	7.19		
Rate paid on interest-bearing liabilities (b)	3.83	4.01	3.84		
Return on average assets	1.63	1.95	2.18		
Return on average common equity	18.3	21.7	23.2		
Efficiency ratio (c)	54.7	49.5	47.2		
Tangible efficiency ratio (d)	52.1	46.8	44.5		

- (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)	Year Ended		Percent Change
	December 31, 2007	December 31, 2006	
Net interest income (taxable-equivalent basis)	\$6,764	\$6,790	(.4) %
Noninterest income	7,172	6,846	4.8
Total net revenue	13,936	13,636	2.2
Noninterest expense	6,862	6,180	11.0
Income before provision and income taxes	7,074	7,456	(5.1)
Provision for credit losses	792	544	45.6
Income before income taxes	6,282	6,912	(9.1)
Taxable-equivalent adjustment	75	49	53.1
Applicable income taxes	1,883	2,112	(10.8)
Net income	\$4,324	\$4,751	(9.0)
Net income applicable to common equity	\$4,264	\$4,703	(9.3)
Diluted earnings per common share	\$2.43	\$2.61	(6.9)
Revenue per diluted common share (a)	\$7.92	\$7.55	4.9
<b>Financial Ratios</b>			
Net interest margin (b)	3.47 %	3.65 %	
Interest yield on average loans (b)	7.23	7.04	
Rate paid on interest-bearing liabilities (b)	3.91	3.55	
Return on average assets	1.93	2.23	
Return on average common equity	21.3	23.6	
Efficiency ratio (c)	49.3	45.4	
Tangible efficiency ratio (d)	46.6	42.8	

- (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

**Quarterly Consolidated Statement of Income**

(Dollars and Shares in Millions, Except Per Share Data) (Unaudited)	Three Months Ended				
	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006
<b>Interest Income</b>					
Loans	\$2,730	\$2,703	\$2,616	\$2,578	\$2,596
Loans held for sale	72	76	70	59	64
Investment securities	541	522	516	516	511
Other interest income	36	33	34	34	34
Total interest income	3,379	3,334	3,236	3,187	3,205
<b>Interest Expense</b>					
Deposits	722	694	663	675	668
Short-term borrowings	352	374	379	328	342
Long-term debt	564	599	562	535	515
Total interest expense	1,638	1,667	1,604	1,538	1,525
Net interest income	1,741	1,667	1,632	1,649	1,680
Provision for credit losses	225	199	191	177	169
Net interest income after provision for credit losses	1,516	1,468	1,441	1,472	1,511
<b>Noninterest Income</b>					
Credit and debit card revenue	281	235	228	205	210
Corporate payment products revenue	165	164	157	145	141
ATM processing services	62	62	62	59	60
Merchant processing services	279	287	285	250	244
Trust and investment management fees	344	331	342	322	319
Deposit service charges	272	271	272	243	259
Treasury management fees	117	118	126	111	107
Commercial products revenue	121	107	105	100	104
Mortgage banking revenue	48	76	68	67	25
Investment products fees and commissions	38	36	38	34	36
Securities gains (losses), net	4	7	3	1	11
Other	46	150	169	159	213
Total noninterest income	1,777	1,844	1,855	1,696	1,729
<b>Noninterest Expense</b>					
Compensation	690	656	659	635	621
Employee benefits	119	119	123	133	102
Net occupancy and equipment	175	175	171	165	166
Professional services	71	56	59	47	69
Marketing and business development	64	66	64	48	61
Technology and communications	134	127	126	125	133
Postage, printing and supplies	73	70	71	69	67
Other intangibles	93	94	95	94	92
Debt prepayment	--	--	--	--	22
Other	515	380	272	229	279
Total noninterest expense	1,934	1,743	1,640	1,545	1,612
Income before income taxes	1,359	1,569	1,656	1,623	1,628
Applicable income taxes	417	473	500	493	434
Net income	\$942	\$1,096	\$1,156	\$1,130	\$1,194
Net income applicable to common equity	\$927	\$1,081	\$1,141	\$1,115	\$1,179
Earnings per common share	\$.54	\$.63	\$.66	\$.64	\$.67
Diluted earnings per common share	\$.53	\$.62	\$.65	\$.63	\$.66
Dividends declared per common share	\$.425	\$.40	\$.40	\$.40	\$.40
Average common shares outstanding	1,726	1,725	1,736	1,752	1,761
Average diluted common shares outstanding	1,746	1,745	1,760	1,780	1,789
<b>Financial Ratios</b>					
Net interest margin (a)	3.51 %	3.44 %	3.44 %	3.51 %	3.56 %
Interest yield on average loans (a)	7.18	7.30	7.22	7.23	7.19
Rate paid on interest-bearing liabilities (a)	3.83	4.01	3.95	3.88	3.84
Return on average assets	1.63	1.95	2.09	2.09	2.18
Return on average common equity	18.3	21.7	23.0	22.4	23.2
Efficiency ratio (b)	54.7	49.5	46.8	46.0	47.2
Tangible efficiency ratio (c)	52.1	46.8	44.1	43.2	44.5

(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)	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006
<b>Assets</b>		(Unaudited)	(Unaudited)	(Unaudited)	
Cash and due from banks	\$8,884	\$6,636	\$6,534	\$6,287	\$8,639
Investment securities					
Held-to-maturity	74	78	81	83	87
Available-for-sale	43,042	40,293	39,433	40,508	40,030
Loans held for sale	4,819	4,601	4,552	4,075	3,256
Loans					
Commercial	51,074	48,012	46,459	47,315	46,190
Commercial real estate	29,207	28,517	28,421	28,530	28,645
Residential mortgages	22,782	22,563	21,992	21,765	21,285
Retail	50,764	49,947	48,836	47,235	47,477
Total loans	153,827	149,039	145,708	144,845	143,597
Less allowance for loan losses	(2,058)	(2,041)	(2,028)	(2,027)	(2,022)
Net loans	151,769	146,998	143,680	142,818	141,575
Premises and equipment	1,779	1,779	1,798	1,818	1,835
Goodwill	7,647	7,604	7,593	7,585	7,538
Other intangible assets	3,043	3,150	3,352	3,215	3,227
Other assets	16,558	16,489	15,507	15,059	13,045
Total assets	\$237,615	\$227,628	\$222,530	\$221,448	\$219,232
<b>Liabilities and Shareholders' Equity</b>					
Deposits					
Noninterest-bearing	\$33,334	\$28,272	\$29,545	\$28,666	\$32,128
Interest-bearing	72,458	70,916	70,216	70,557	70,330
Time deposits greater than \$100,000	25,653	23,560	19,941	18,837	22,424
Total deposits	131,445	122,748	119,702	118,060	124,882
Short-term borrowings	32,370	28,868	27,160	28,516	26,933
Long-term debt	43,440	45,241	45,946	44,698	37,602
Other liabilities	9,314	10,085	9,392	9,374	8,618
Total liabilities	216,569	206,942	202,200	200,648	198,035
Shareholders' equity					
Preferred stock	1,000	1,000	1,000	1,000	1,000
Common stock	20	20	20	20	20
Capital surplus	5,749	5,748	5,748	5,745	5,762
Retained earnings	22,693	22,500	22,110	21,660	21,242
Less treasury stock	(7,480)	(7,554)	(7,476)	(6,972)	(6,091)
Other comprehensive income	(936)	(1,028)	(1,072)	(653)	(736)
Total shareholders' equity	21,046	20,686	20,330	20,800	21,197
Total liabilities and shareholders' equity	\$237,615	\$227,628	\$222,530	\$221,448	\$219,232

# U.S. Bancorp

## Consolidated Quarterly Average Balance Sheet

(Dollars in Millions, Unaudited)	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006
<b>Assets</b>					
Investment securities	\$42,525	\$41,128	\$40,704	\$40,879	\$40,266
Loans held for sale	4,459	4,547	4,334	3,843	3,968
Loans					
Commercial					
Commercial	43,649	41,648	41,572	41,470	41,264
Lease financing	5,978	5,742	5,625	5,549	5,394
Total commercial	49,627	47,390	47,197	47,019	46,658
Commercial real estate					
Commercial mortgages	19,775	19,592	19,562	19,672	19,897
Construction and development	8,983	8,870	8,941	8,960	9,029
Total commercial real estate	28,758	28,462	28,503	28,632	28,926
Residential mortgages	22,670	22,258	21,831	21,569	21,235
Retail					
Credit card	10,621	9,895	9,120	8,635	8,242
Retail leasing	6,123	6,424	6,662	6,845	7,015
Home equity and second mortgages	16,343	16,048	15,735	15,555	15,444
Other retail	17,309	17,040	16,605	16,438	16,166
Total retail	50,396	49,407	48,122	47,473	46,867
Total loans	151,451	147,517	145,653	144,693	143,686
Other earning assets	1,872	1,694	1,610	1,720	1,740
Total earning assets	200,307	194,886	192,301	191,135	189,660
Allowance for loan losses	(2,054)	(2,041)	(2,039)	(2,036)	(2,040)
Unrealized gain (loss) on available-for-sale securities	(892)	(1,206)	(771)	(619)	(615)
Other assets	31,976	31,866	32,531	31,032	30,435
Total assets	\$229,337	\$223,505	\$222,022	\$219,512	\$217,440
<b>Liabilities and Shareholders' Equity</b>					
Noninterest-bearing deposits	\$26,869	\$26,947	\$27,977	\$27,677	\$29,020
Interest-bearing deposits					
Interest checking	27,458	26,052	25,858	25,076	24,127
Money market savings	25,996	25,018	24,603	25,712	26,214
Savings accounts	5,100	5,283	5,443	5,401	5,392
Time certificates of deposit less than \$100,000	14,539	14,590	14,716	14,775	13,974
Time deposits greater than \$100,000	25,461	21,255	20,378	22,087	22,255
Total interest-bearing deposits	98,554	92,198	90,998	93,051	91,962
Short-term borrowings	30,289	29,155	29,524	26,687	27,461
Long-term debt	44,156	46,452	44,655	42,944	40,046
Total interest-bearing liabilities	172,999	167,805	165,177	162,682	159,469
Other liabilities	8,325	8,012	7,973	7,943	7,747
Shareholders' equity					
Preferred equity	1,000	1,000	1,000	1,000	1,000
Common equity	20,144	19,741	19,895	20,210	20,204
Total shareholders' equity	21,144	20,741	20,895	21,210	21,204
Total liabilities and shareholders' equity	\$229,337	\$223,505	\$222,022	\$219,512	\$217,440

## U.S. Bancorp

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

For the Three Months Ended December 31,  
2007 2006

(Dollars in Millions) (Unaudited)	Average Balances	Interest	Yields and Rates	Average Balances	Interest	Yields and Rates	% Change Average Balances
<b>Assets</b>							
Investment securities	\$42,525	\$586	5.51 %	\$40,266	\$535	5.31 %	5.6 %
Loans held for sale	4,459	72	6.44	3,968	64	6.51	12.4
Loans (b)							
Commercial	49,627	796	6.37	46,658	776	6.60	6.4
Commercial real estate	28,758	510	7.03	28,926	541	7.42	(.6)
Residential mortgages	22,670	355	6.27	21,235	315	5.93	6.8
Retail	50,396	1,076	8.47	46,867	971	8.22	7.5
Total loans	<u>151,451</u>	<u>2,737</u>	7.18	<u>143,686</u>	<u>2,603</u>	7.19	5.4
Other earning assets	1,872	36	7.57	1,740	34	7.98	7.6
Total earning assets	<u>200,307</u>	<u>3,431</u>	6.81	<u>189,660</u>	<u>3,236</u>	6.79	5.6
Allowance for loan losses	(2,054)			(2,040)			(.7)
Unrealized gain (loss) on available-for-sale securities	(892)			(615)			(45.0)
Other assets	31,976			30,435			5.1
Total assets	<u>\$229,337</u>			<u>\$217,440</u>			5.5
<b>Liabilities and Shareholders' Equity</b>							
Noninterest-bearing deposits	\$26,869			\$29,020			(7.4)
Interest-bearing deposits							
Interest checking	27,458	98	1.41	24,127	72	1.19	13.8
Money market savings	25,996	161	2.46	26,214	164	2.48	(.8)
Savings accounts	5,100	4	.27	5,392	5	.38	(5.4)
Time certificates of deposit less than \$100,000	14,539	161	4.42	13,974	147	4.17	4.0
Time deposits greater than \$100,000	25,461	298	4.64	22,255	280	4.99	14.4
Total interest-bearing deposits	<u>98,554</u>	<u>722</u>	2.91	<u>91,962</u>	<u>668</u>	2.88	7.2
Short-term borrowings	30,289	382	4.99	27,461	358	5.17	10.3
Long-term debt	44,156	564	5.08	40,046	515	5.12	10.3
Total interest-bearing liabilities	<u>172,999</u>	<u>1,668</u>	3.83	<u>159,469</u>	<u>1,541</u>	3.84	8.5
Other liabilities	8,325			7,747			7.5
Shareholders' equity							
Preferred equity	1,000			1,000			--
Common equity	20,144			20,204			(.3)
Total shareholders' equity	<u>21,144</u>			<u>21,204</u>			(.3)
Total liabilities and shareholders' equity	<u>\$229,337</u>			<u>\$217,440</u>			5.5 %
Net interest income		<u>\$1,763</u>			<u>\$1,695</u>		
Gross interest margin			2.98 %			2.95 %	
Gross interest margin without taxable-equivalent increments			<u>2.94</u>			<u>2.92</u>	
<b>Percent of Earning Assets</b>							
Interest income			6.81 %			6.79 %	
Interest expense			3.30			3.23	
Net interest margin			<u>3.51 %</u>			<u>3.56 %</u>	
Net interest margin without taxable-equivalent increments			<u>3.47 %</u>			<u>3.53 %</u>	

(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 Year Ended December 31,

2007

2006

(Dollars in Millions) (Unaudited)	2007		Yields and Rates	2006		Yields and Rates	% Change Average Balances
	Average Balances	Interest		Average Balances	Interest		
<b>Assets</b>							
Investment securities	\$41,313	\$2,239	5.42 %	\$39,961	\$2,063	5.16 %	3.4 %
Loans held for sale	4,298	277	6.44	3,663	236	6.45	17.3
Loans (b)							
Commercial	47,812	3,143	6.57	45,440	2,969	6.53	5.2
Commercial real estate	28,592	2,079	7.27	28,760	2,104	7.32	(.6)
Residential mortgages	22,085	1,354	6.13	21,053	1,224	5.81	4.9
Retail	48,859	4,080	8.35	45,348	3,602	7.94	7.7
Total loans	147,348	10,656	7.23	140,601	9,899	7.04	4.8
Other earning assets	1,724	137	7.95	2,006	153	7.64	(14.1)
Total earning assets	194,683	13,309	6.84	186,231	12,351	6.63	4.5
Allowance for loan losses	(2,042)			(2,052)			.5
Unrealized gain (loss) on available-for-sale securities	(874)			(1,007)			13.2
Other assets	31,854			30,340			5.0
Total assets	<u>\$223,621</u>			<u>\$213,512</u>			4.7
<b>Liabilities and Shareholders' Equity</b>							
Noninterest-bearing deposits	\$27,364			\$28,755			(4.8)
Interest-bearing deposits							
Interest checking	26,117	351	1.34	23,552	233	.99	10.9
Money market savings	25,332	651	2.57	26,667	569	2.13	(5.0)
Savings accounts	5,306	19	.35	5,599	19	.35	(5.2)
Time certificates of deposit less than \$100,000	14,654	644	4.40	13,761	524	3.81	6.5
Time deposits greater than \$100,000	22,302	1,089	4.88	22,255	1,044	4.69	.2
Total interest-bearing deposits	93,711	2,754	2.94	91,834	2,389	2.60	2.0
Short-term borrowings	28,925	1,531	5.29	24,422	1,242	5.08	18.4
Long-term debt	44,560	2,260	5.07	40,357	1,930	4.78	10.4
Total interest-bearing liabilities	167,196	6,545	3.91	156,613	5,561	3.55	6.8
Other liabilities	8,064			7,434			8.5
Shareholders' equity							
Preferred equity	1,000			767			30.4
Common equity	19,997			19,943			.3
Total shareholders' equity	20,997			20,710			1.4
Total liabilities and shareholders' equity	<u>\$223,621</u>			<u>\$213,512</u>			4.7 %
Net interest income		<u>\$6,764</u>			<u>\$6,790</u>		
Gross interest margin			2.93 %			3.08 %	
Gross interest margin without taxable-equivalent increments			2.89			3.05	
<b>Percent of Earning Assets</b>							
Interest income			6.84 %			6.63 %	
Interest expense			3.37			2.98	
Net interest margin			3.47 %			3.65 %	
Net interest margin without taxable-equivalent increments			3.43 %			3.62 %	

(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**

	December 31, 2007		September 30, 2007		June 30, 2007		March 31, 2007		December 31, 2006	
(Dollars in Millions, Unaudited)	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
<b>Commercial</b>										
Commercial	\$44,832	29.1 %	\$42,126	28.3 %	\$40,746	28.0 %	\$41,679	28.8 %	\$40,640	28.3 %
Lease financing	6,242	4.1	5,886	3.9	5,713	3.9	5,636	3.9	5,550	3.9
Total commercial	51,074	33.2	48,012	32.2	46,459	31.9	47,315	32.7	46,190	32.2
<b>Commercial real estate</b>										
Commercial mortgages	20,146	13.1	19,650	13.2	19,455	13.3	19,668	13.6	19,711	13.7
Construction and development	9,061	5.9	8,867	5.9	8,966	6.2	8,862	6.1	8,934	6.2
Total commercial real estate	29,207	19.0	28,517	19.1	28,421	19.5	28,530	19.7	28,645	19.9
<b>Residential mortgages</b>										
Residential mortgages	17,099	11.1	16,799	11.3	16,116	11.1	15,808	10.9	15,316	10.7
Home equity loans, first liens	5,683	3.7	5,764	3.9	5,876	4.0	5,957	4.1	5,969	4.1
Total residential mortgages	22,782	14.8	22,563	15.2	21,992	15.1	21,765	15.0	21,285	14.8
<b>Retail</b>										
Credit card	10,956	7.1	10,251	6.9	9,429	6.5	8,555	5.9	8,670	6.0
Retail leasing	5,969	3.9	6,282	4.2	6,572	4.5	6,750	4.7	6,960	4.9
Home equity and second mortgages	16,441	10.7	16,210	10.9	15,907	10.9	15,551	10.7	15,523	10.8
Other retail										
Revolving credit	2,731	1.8	2,679	1.8	2,579	1.8	2,498	1.7	2,563	1.8
Installment	5,246	3.4	5,203	3.5	5,022	3.4	4,629	3.2	4,478	3.1
Automobile	8,970	5.8	8,883	5.9	8,901	6.1	8,823	6.1	8,693	6.1
Student	451	.3	439	.3	426	.3	429	.3	590	.4
Total other retail	17,398	11.3	17,204	11.5	16,928	11.6	16,379	11.3	16,324	11.4
Total retail	50,764	33.0	49,947	33.5	48,836	33.5	47,235	32.6	47,477	33.1
Total loans	\$153,827	100.0 %	\$149,039	100.0 %	\$145,708	100.0 %	\$144,845	100.0 %	\$143,597	100.0 %

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

(Dollars in Millions, Unaudited)	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006
<b>Book value of intangibles</b>					
Goodwill	\$7,647	\$7,604	\$7,593	\$7,585	\$7,538
Merchant processing contracts	704	741	773	804	797
Core deposit benefits	154	171	187	204	212
Mortgage servicing rights	1,462	1,522	1,649	1,447	1,427
Trust relationships	346	366	385	404	431
Other identified intangibles	377	350	358	356	360
<b>Total</b>	<b>\$10,690</b>	<b>\$10,754</b>	<b>\$10,945</b>	<b>\$10,800</b>	<b>\$10,765</b>
<b>Three Months Ended</b>					
	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006
<b>Amortization of intangibles</b>					
Merchant processing contracts	\$38	\$39	\$39	\$38	\$38
Core deposit benefits	17	16	17	18	16
Trust relationships	19	19	19	19	19
Other identified intangibles	19	20	20	19	19
<b>Total</b>	<b>\$93</b>	<b>\$94</b>	<b>\$95</b>	<b>\$94</b>	<b>\$92</b>
<b>Mortgage banking revenue</b>					
Origination and sales	\$31	\$29	\$40	\$21	\$18
Loan servicing	93	87	87	86	84
Mortgage servicing rights fair value adjustment	(76)	(40)	(59)	(40)	(77)
<b>Total mortgage banking revenue</b>	<b>\$48</b>	<b>\$76</b>	<b>\$68</b>	<b>\$67</b>	<b>\$25</b>
Mortgage production volume	\$7,738	\$7,208	\$7,022	\$5,034	\$5,837
Mortgages serviced for others	\$97,014	\$94,379	\$89,745	\$87,096	\$82,892

A summary of the Company's mortgage servicing rights and related characteristics by portfolio as of December 31, 2007, was as follows:

(Dollars in Millions)	MRBP (a)	Government	Conventional	Total
Servicing portfolio	\$10,926	\$10,171	\$75,917	\$97,014
Fair market value	\$231	\$166	\$1,065	\$1,462
Value (bps) (b)	211	163	140	151
Weighted-average servicing fees (bps)	40	41	32	34
Multiple (value/servicing fees)	5.28	3.98	4.38	4.44
Weighted-average note rate	5.92 %	6.27 %	5.99 %	6.01 %
Age (in years)	2.9	3.1	2.7	2.8
Expected life (in years)	9.0	6.2	6.3	6.6
Discount rate	11.1 %	10.9 %	10.0 %	10.2 %

(a) MRBP represents mortgage revenue bond programs.

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

U.S. Bancorp

**Line of Business Financial Performance\***

Three Months Ended (Dollars in Millions, Unaudited)	Wholesale Banking			Consumer Banking			Wealth Management & Securities Services		
	Dec 31, 2007	Dec 31, 2006	Percent Change	Dec 31, 2007	Dec 31, 2006	Percent Change	Dec 31, 2007	Dec 31, 2006	Percent Change
<b>Condensed Income Statement</b>									
Net interest income (taxable-equivalent basis)	\$472	\$469	.6 %	\$987	\$981	.6 %	\$135	\$126	7.1 %
Noninterest income	227	213	6.6	437	392	11.5	292	373	(21.7)
Securities gains (losses), net	--	9	**	2	--	**	--	--	--
Total net revenue	699	691	1.2	1,426	1,373	3.9	427	499	(14.4)
Noninterest expense	240	230	4.3	684	631	8.4	243	227	7.0
Other intangibles	4	4	--	12	12	--	22	24	(8.3)
Total noninterest expense	244	234	4.3	696	643	8.2	265	251	5.6
Income before provision and income taxes	455	457	(.4)	730	730	--	162	248	(34.7)
Provision for credit losses	19	9	**	93	73	27.4	1	1	--
Income before income taxes	436	448	(2.7)	637	657	(3.0)	161	247	(34.8)
Income taxes and taxable-equivalent adjustment	159	163	(2.5)	232	239	(2.9)	59	90	(34.4)
Net income	\$277	\$285	(2.8)	\$405	\$418	(3.1)	\$102	\$157	(35.0)
<b>Average Balance Sheet Data</b>									
Loans	\$53,713	\$51,141	5.0 %	\$75,805	\$73,115	3.7 %	\$5,561	\$5,822	(4.5) %
Other earning assets	219	436	(49.8)	4,625	4,061	13.9	107	116	(7.8)
Goodwill	1,329	1,329	--	2,217	2,181	1.7	1,561	1,466	6.5
Other intangible assets	32	47	(31.9)	1,569	1,521	3.2	378	467	(19.1)
Assets	58,654	56,299	4.2	86,669	83,426	3.9	8,072	8,314	(2.9)
Noninterest-bearing deposits	10,070	11,374	(11.5)	11,848	12,667	(6.5)	4,377	4,594	(4.7)
Interest-bearing deposits	25,516	21,758	17.3	56,593	57,001	(.7)	13,857	11,662	18.8
Total deposits	35,586	33,132	7.4	68,441	69,668	(1.8)	18,234	16,256	12.2
Shareholders' equity	5,919	5,766	2.7	6,403	6,492	(1.4)	2,434	2,455	(.9)

Three Months Ended (Dollars in Millions, Unaudited)	Payment Services			Treasury and Corporate Support			Consolidated Company		
	Dec 31, 2007	Dec 31, 2006	Percent Change	Dec 31, 2007	Dec 31, 2006	Percent Change	Dec 31, 2007	Dec 31, 2006	Percent Change
<b>Condensed Income Statement</b>									
Net interest income (taxable-equivalent basis)	\$218	\$176	23.9 %	\$(49)	\$(57)	14.0 %	\$1,763	\$1,695	4.0 %
Noninterest income	796	663	20.1	21	77	(72.7)	1,773	1,718	3.2
Securities gains (losses), net	--	--	--	2	2	--	4	11	(63.6)
Total net revenue	1,014	839	20.9	(26)	22	**	3,540	3,424	3.4
Noninterest expense	361	330	9.4	313	102	**	1,841	1,520	21.1
Other intangibles	55	52	5.8	--	--	--	93	92	1.1
Total noninterest expense	416	382	8.9	313	102	**	1,934	1,612	20.0
Income before provision and income taxes	598	457	30.9	(339)	(80)	**	1,606	1,812	(11.4)
Provision for credit losses	110	85	29.4	2	1	**	225	169	33.1
Income before income taxes	488	372	31.2	(341)	(81)	**	1,381	1,643	(15.9)
Income taxes and taxable-equivalent adjustment	178	135	31.9	(189)	(178)	(6.2)	439	449	(2.2)
Net income	\$310	\$237	30.8	\$(152)	\$97	**	\$942	\$1,194	(21.1)
<b>Average Balance Sheet Data</b>									
Loans	\$16,156	\$13,363	20.9 %	\$216	\$245	(11.8) %	\$151,451	\$143,686	5.4 %
Other earning assets	162	142	14.1	43,743	41,219	6.1	48,856	45,974	6.3
Goodwill	2,532	2,474	2.3	6	10	(40.0)	7,645	7,460	2.5
Other intangible assets	1,076	1,125	(4.4)	8	14	(42.9)	3,063	3,174	(3.5)
Assets	21,684	18,174	19.3	54,258	51,227	5.9	229,337	217,440	5.5
Noninterest-bearing deposits	449	428	4.9	125	(43)	**	26,869	29,020	(7.4)
Interest-bearing deposits	41	29	41.4	2,547	1,512	68.5	98,554	91,962	7.2
Total deposits	490	457	7.2	2,672	1,469	81.9	125,423	120,982	3.7
Shareholders' equity	4,975	4,773	4.2	1,412	1,718	(17.8)	21,143	21,204	(.3)

\* Preliminary data

\*\* Not meaningful

U.S. Bancorp

**Line of Business Financial Performance\***

Three Months Ended (Dollars in Millions, Unaudited)	Wholesale Banking			Consumer Banking			Wealth Management & Securities Services		
	Dec 31, 2007	Sep 30, 2007	Percent Change	Dec 31, 2007	Sep 30, 2007	Percent Change	Dec 31, 2007	Sep 30, 2007	Percent Change
<b>Condensed Income Statement</b>									
Net interest income (taxable-equivalent basis)	\$472	\$451	4.7 %	\$987	\$988	(.1) %	\$135	\$125	8.0 %
Noninterest income	227	211	7.6	437	481	(9.1)	292	386	(24.4)
Securities gains (losses), net	--	--	--	2	--	**	--	--	--
Total net revenue	699	662	5.6	1,426	1,469	(2.9)	427	511	(16.4)
Noninterest expense	240	236	1.7	684	656	4.3	243	227	7.0
Other intangibles	4	4	--	12	12	--	22	23	(4.3)
Total noninterest expense	244	240	1.7	696	668	4.2	265	250	6.0
Income before provision and income taxes	455	422	7.8	730	801	(8.9)	162	261	(37.9)
Provision for credit losses	19	6	**	93	91	2.2	1	1	--
Income before income taxes	436	416	4.8	637	710	(10.3)	161	260	(38.1)
Income taxes and taxable-equivalent adjustment	159	151	5.3	232	258	(10.1)	59	95	(37.9)
Net income	\$277	\$265	4.5	\$405	\$452	(10.4)	\$102	\$165	(38.2)
<b>Average Balance Sheet Data</b>									
Loans	\$53,713	\$51,157	5.0 %	\$75,805	\$75,270	.7 %	\$5,561	\$5,576	(.3) %
Other earning assets	219	203	7.9	4,625	4,759	(2.8)	107	121	(11.6)
Goodwill	1,329	1,329	--	2,217	2,218	--	1,561	1,553	.5
Other intangible assets	32	36	(11.1)	1,569	1,694	(7.4)	378	402	(6.0)
Assets	58,654	56,056	4.6	86,669	86,389	.3	8,072	8,095	(.3)
Noninterest-bearing deposits	10,070	10,117	(.5)	11,848	11,954	(.9)	4,377	4,353	.6
Interest-bearing deposits	25,516	21,408	19.2	56,593	57,150	(1.0)	13,857	12,041	15.1
Total deposits	35,586	31,525	12.9	68,441	69,104	(1.0)	18,234	16,394	11.2
Shareholders' equity	5,919	5,712	3.6	6,403	6,438	(.5)	2,434	2,460	(1.1)

Three Months Ended (Dollars in Millions, Unaudited)	Payment Services			Treasury and Corporate Support			Consolidated Company		
	Dec 31, 2007	Sep 30, 2007	Percent Change	Dec 31, 2007	Sep 30, 2007	Percent Change	Dec 31, 2007	Sep 30, 2007	Percent Change
<b>Condensed Income Statement</b>									
Net interest income (taxable-equivalent basis)	\$218	\$185	17.8 %	\$(49)	\$(64)	23.4 %	\$1,763	\$1,685	4.6 %
Noninterest income	796	748	6.4	21	11	90.9	1,773	1,837	(3.5)
Securities gains (losses), net	--	--	--	2	7	(71.4)	4	7	(42.9)
Total net revenue	1,014	933	8.7	(26)	(46)	43.5	3,540	3,529	.3
Noninterest expense	361	344	4.9	313	186	68.3	1,841	1,649	11.6
Other intangibles	55	55	--	--	--	--	93	94	(1.1)
Total noninterest expense	416	399	4.3	313	186	68.3	1,934	1,743	11.0
Income before provision and income taxes	598	534	12.0	(339)	(232)	(46.1)	1,606	1,786	(10.1)
Provision for credit losses	110	100	10.0	2	1	**	225	199	13.1
Income before income taxes	488	434	12.4	(341)	(233)	(46.4)	1,381	1,587	(13.0)
Income taxes and taxable-equivalent adjustment	178	158	12.7	(189)	(171)	(10.5)	439	491	(10.6)
Net income	\$310	\$276	12.3	\$(152)	\$(62)	**	\$942	\$1,096	(14.1)
<b>Average Balance Sheet Data</b>									
Loans	\$16,156	\$15,265	5.8 %	\$216	\$249	(13.3) %	\$151,451	\$147,517	2.7 %
Other earning assets	162	77	**	43,743	42,209	3.6	48,856	47,369	3.1
Goodwill	2,532	2,497	1.4	6	--	**	7,645	7,597	.6
Other intangible assets	1,076	1,087	(1.0)	8	(1)	**	3,063	3,218	(4.8)
Assets	21,684	21,226	2.2	54,258	51,739	4.9	229,337	223,505	2.6
Noninterest-bearing deposits	449	381	17.8	125	142	(12.0)	26,869	26,947	(.3)
Interest-bearing deposits	41	39	5.1	2,547	1,560	63.3	98,554	92,198	6.9
Total deposits	490	420	16.7	2,672	1,702	57.0	125,423	119,145	5.3
Shareholders' equity	4,975	4,918	1.2	1,412	1,212	16.5	21,143	20,740	1.9

\* Preliminary data

\*\* Not meaningful

U.S. Bancorp

**Line of Business Financial Performance\***

Year Ended (Dollars in Millions, Unaudited)	Wholesale Banking			Consumer Banking			Wealth Management & Securities Services		
	Dec 31, 2007	Dec 31, 2006	Percent Change	Dec 31, 2007	Dec 31, 2006	Percent Change	Dec 31, 2007	Dec 31, 2006	Percent Change
<b>Condensed Income Statement</b>									
Net interest income (taxable-equivalent basis)	\$1,830	\$1,911	(4.2) %	\$3,905	\$3,881	.6 %	\$501	\$507	(1.2) %
Noninterest income	901	881	2.3	1,820	1,698	7.2	1,456	1,446	.7
Securities gains (losses), net	--	11	**	2	--	**	--	--	--
Total net revenue	2,731	2,803	(2.6)	5,727	5,579	2.7	1,957	1,953	.2
Noninterest expense	945	906	4.3	2,601	2,466	5.5	932	926	.6
Other intangibles	16	16	--	51	48	6.3	91	88	3.4
Total noninterest expense	961	922	4.2	2,652	2,514	5.5	1,023	1,014	.9
Income before provision and income taxes	1,770	1,881	(5.9)	3,075	3,065	.3	934	939	(.5)
Provision for credit losses	51	4	**	330	248	33.1	2	3	(33.3)
Income before income taxes	1,719	1,877	(8.4)	2,745	2,817	(2.6)	932	936	(.4)
Income taxes and taxable-equivalent adjustment	626	684	(8.5)	999	1,026	(2.6)	340	339	.3
Net income	\$1,093	\$1,193	(8.4)	\$1,746	\$1,791	(2.5)	\$592	\$597	(.8)
<b>Average Balance Sheet Data</b>									
Loans	\$51,944	\$50,651	2.6 %	\$74,816	\$71,755	4.3 %	\$5,515	\$5,370	2.7 %
Other earning assets	223	530	(57.9)	4,422	3,764	17.5	124	120	3.3
Goodwill	1,329	1,329	--	2,215	2,131	3.9	1,554	1,400	11.0
Other intangible assets	38	53	(28.3)	1,636	1,450	12.8	414	472	(12.3)
Assets	57,085	56,076	1.8	85,549	81,597	4.8	8,057	7,806	3.2
Noninterest-bearing deposits	10,529	11,698	(10.0)	12,014	12,654	(5.1)	4,317	3,990	8.2
Interest-bearing deposits	22,056	21,423	3.0	57,226	57,336	(.2)	12,523	10,945	14.4
Total deposits	32,585	33,121	(1.6)	69,240	69,990	(1.1)	16,840	14,935	12.8
Shareholders' equity	5,790	5,690	1.8	6,411	6,451	(.6)	2,467	2,369	4.1

Year Ended (Dollars in Millions, Unaudited)	Payment Services			Treasury and Corporate Support			Consolidated Company		
	Dec 31, 2007	Dec 31, 2006	Percent Change	Dec 31, 2007	Dec 31, 2006	Percent Change	Dec 31, 2007	Dec 31, 2006	Percent Change
<b>Condensed Income Statement</b>									
Net interest income (taxable-equivalent basis)	\$738	\$658	12.2 %	\$(210)	\$(167)	(25.7) %	\$6,764	\$6,790	(.4) %
Noninterest income	2,936	2,579	13.8	44	228	(80.7)	7,157	6,832	4.8
Securities gains (losses), net	--	--	--	13	3	**	15	14	7.1
Total net revenue	3,674	3,237	13.5	(153)	64	**	13,936	13,636	2.2
Noninterest expense	1,362	1,232	10.6	646	295	**	6,486	5,825	11.3
Other intangibles	218	203	7.4	--	--	--	376	355	5.9
Total noninterest expense	1,580	1,435	10.1	646	295	**	6,862	6,180	11.0
Income before provision and income taxes	2,094	1,802	16.2	(799)	(231)	**	7,074	7,456	(5.1)
Provision for credit losses	404	284	42.3	5	5	--	792	544	45.6
Income before income taxes	1,690	1,518	11.3	(804)	(236)	**	6,282	6,912	(9.1)
Income taxes and taxable-equivalent adjustment	615	552	11.4	(622)	(440)	(41.4)	1,958	2,161	(9.4)
Net income	\$1,075	\$966	11.3	\$(182)	\$204	**	\$4,324	\$4,751	(9.0)
<b>Average Balance Sheet Data</b>									
Loans	\$14,832	\$12,579	17.9 %	\$241	\$246	(2.0) %	\$147,348	\$140,601	4.8 %
Other earning assets	172	87	97.7	42,394	41,129	3.1	47,335	45,630	3.7
Goodwill	2,494	2,426	2.8	8	3	**	7,600	7,289	4.3
Other intangible assets	1,093	1,125	(2.8)	12	3	**	3,193	3,103	2.9
Assets	20,389	17,456	16.8	52,541	50,577	3.9	223,621	213,512	4.7
Noninterest-bearing deposits	413	341	21.1	91	72	26.4	27,364	28,755	(4.8)
Interest-bearing deposits	37	26	42.3	1,869	2,104	(11.2)	93,711	91,834	2.0
Total deposits	450	367	22.6	1,960	2,176	(9.9)	121,075	120,589	.4
Shareholders' equity	4,874	4,677	4.2	1,455	1,523	(4.5)	20,997	20,710	1.4

\* Preliminary data

\*\* Not meaningful