US BANCORP \DE\
Form DEF 14A
March 03, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x
Filed by a Party other than the Registrant o
Check the appropriate box:

o	Preliminary Proxy Statement
o	**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x	Definitive Proxy Statement
o	Definitive Additional Materials
o	Soliciting Material Pursuant to §240.14a-12

U.S. BANCORP

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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800 Nicollet Mall
Minneapolis, Minnesota 55402
(651) 466-3000

March 11, 2005

Dear Shareholders:

You are cordially invited to join us for our 2005 annual meeting of shareholders, which will be held on Tuesday, April 19, 2005, at 11:00 a.m., Mountain Time, in The Grand Ballroom at the Grand Hyatt Denver, 1750 Welton Street, Denver, Colorado. For your convenience, a map showing the downtown location of the Grand Hyatt Denver is provided on the back of the accompanying proxy statement. Holders of record of our common stock as of February 28, 2005, are entitled to notice of and to vote at the 2005 annual meeting.

The Notice of Annual Meeting of Shareholders and the proxy statement that follow describe the business to be conducted at the meeting. We also will report on matters of current interest to our shareholders.

The proxy statement contains two shareholder proposals which your Board of Directors believes are not in the best interests of our shareholders. Your Board urges you to vote against these proposals.

We hope you will be able to attend the meeting. However, even if you plan to attend in person, please vote your shares promptly to ensure they are represented at the meeting. You may submit your proxy vote by telephone or internet as described in the following materials or by completing and signing the enclosed proxy card and returning it in the envelope provided. If you decide to attend the meeting and wish to change your proxy vote, you may do so automatically by voting in person at the meeting.

If your shares are held in the name of a broker, trust, bank or other nominee, you will need proof of ownership to be admitted to the meeting, as described under How can I attend the meeting? on page 4 of the proxy statement.

We look forward to seeing you at the annual meeting.

Sincerely,

Jerry A. Grundhofer
Chairman and Chief Executive Officer

800 Nicollet Mall
Minneapolis, Minnesota 55402
(651) 466-3000

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Date and Time:	Tuesday, April 19, 2005, at 11:00 a.m. Mountain Time	
Place:	Grand Hyatt Denver The Grand Ballroom 1750 Welton Street Denver, Colorado 80202	
Items of Business:	1.	The election of five directors, each for a three-year term.
	2.	The ratification of the selection of Ernst & Young LLP as our independent auditor for the fiscal year ending December 31, 2005.
	3.	A proposal to amend our restated certificate of incorporation to eliminate the supermajority voting provisions.
	4.	A shareholder proposal urging our Board of Directors to adopt a compensation policy for senior executives emphasizing performance-based restricted stock.
	5.	A shareholder proposal urging our Board of Directors and Audit Committee to adopt a policy that prohibits our independent auditor from performing any services for us other than audit and audit-related services.
	6.	Any other business that may properly be considered at the meeting or any adjournment of the meeting.
Record Date:	You may vote at the meeting if you were a shareholder of record at the close of business on February 28, 2005.	
Voting by Proxy:	If you cannot attend the annual meeting in person, you may vote your shares by telephone or internet by no later than 10:59 p.m. Central Time on April 18, 2005 (as directed on the enclosed proxy card), or by completing, signing and promptly returning the enclosed proxy card by mail. We encourage you to vote by telephone or internet in order to reduce our mailing and handling expenses. If you choose to submit your proxy by mail, we have enclosed an envelope addressed to our transfer agent, Mellon Investor Services, for which no postage is required if mailed in the United States.	

By Order of the Board of Directors

Lee R. Mitau
Secretary

March 11, 2005

PROXY STATEMENT

TABLE OF CONTENTS

PROXY STATEMENT
2005 ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON APRIL 19, 2005

The Board of Directors of U.S. Bancorp is soliciting proxies for use at the annual meeting of shareholders to be held on April 19, 2005, and at any adjournment of the meeting. This proxy statement and the enclosed proxy card are first being mailed or given to shareholders on or about March 11, 2005.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

What is the purpose of the meeting?

At our annual meeting, shareholders will act upon the matters outlined in the Notice of Annual Meeting of Shareholders. These include the election of directors, ratification of the selection of our independent auditor, amendment of our restated certificate of incorporation, and consideration of two shareholder proposals. Also, management will report on our performance during the last fiscal year and respond to questions from shareholders.

Who is entitled to vote at the meeting?

The Board has set February 28, 2005, as the record date for the annual meeting. If you were a shareholder of record at the close of business on February 28, 2005, you are entitled to vote at the meeting.

As of the record date, 1,853,368,993 shares of our common stock were issued and outstanding and, therefore, eligible to vote at the meeting.

What are my voting rights?

Holders of our common stock are entitled to one vote per share. Therefore, a total of 1,853,368,993 votes are entitled to be cast at the meeting. There is no cumulative voting.

How many shares must be present to hold the meeting?

In accordance with our bylaws, shares equal to at least one-third of the voting power of our outstanding shares of common stock as of the record date must be present at the meeting in order to hold the meeting and conduct business. This is called a quorum. Your shares are counted as present at the meeting if:

- you are present and vote in person at the meeting; or
- you have properly submitted a proxy card by mail, telephone or internet.

How do I vote my shares?

If you are a shareholder of record as of the record date, you can give a proxy to be voted at the meeting in any of the following ways:

- over the telephone by calling a toll-free number;
- electronically, using the internet; or
- by completing, signing and mailing the enclosed proxy card.

The telephone and internet voting procedures have been set up for your convenience. We encourage you to save corporate expense by submitting your vote by telephone or internet. The procedures have been designed to authenticate your identity, to allow you to give voting instructions, and to confirm that those instructions have been recorded properly. If you are a shareholder of record and you would like to submit your proxy by telephone or internet, please refer to the specific instructions provided on the enclosed proxy card. If you wish to submit your proxy by mail, please return your signed proxy card to us before the annual meeting.

If you hold your shares in street name, you must vote your shares in the manner prescribed by your broker or other nominee. Your broker or other nominee has enclosed or otherwise provided a voting instruction card for you to use in directing the broker or nominee how to vote your shares, and telephone and internet voting is also encouraged for shareholders who hold their shares in street name.

What is the difference between a shareholder of record and a street name holder?

If your shares are registered directly in your name, you are considered the shareholder of record with respect to those shares.

If your shares are held in a stock brokerage account or by a bank, trust or other nominee, then the broker, bank, trust or other nominee is considered to be the shareholder of record with respect to those shares. However, you still are considered the beneficial owner of those shares, and your shares are said to be held in street name. Street name holders generally cannot vote their shares directly and must instead instruct the broker, bank, trust or other nominee how to vote their shares using the method described above.

How do I vote if my shares are held in the U.S. Bancorp 401(k) Savings Plan?

If you hold any shares in the U.S. Bancorp 401(k) Savings Plan, your completed proxy card or telephone or internet proxy vote will serve as voting instructions to the plan trustee. However, your voting instructions must be received at least five days prior to the annual meeting in order to count. In accordance with the terms of the plan, the trustee will vote all of the shares held in the plan in the same proportion as the actual proxy votes submitted by plan participants at least five days prior to the annual meeting.

What does it mean if I receive more than one proxy card?

If you receive more than one proxy card, it means that you hold shares registered in more than one account. To ensure that all of your shares are voted, sign and return each proxy card or, if you submit your proxy vote by telephone or internet, vote once for each proxy card you receive.

Can I vote my shares in person at the meeting?

If you are a shareholder of record, you may vote your shares in person at the meeting by completing a ballot at the meeting. Even if you currently plan to attend the meeting, we recommend that you also submit your proxy as described above so that your vote will be counted if you later decide not to attend the meeting.

If you are a street name holder, you may vote your shares in person at the meeting only if you obtain a signed letter or other proxy from your broker, bank, trust or other nominee giving you the right to vote the shares at the meeting.

If you are a participant in the U.S. Bancorp 401(k) Savings Plan, you may submit a proxy vote as described above, but you may not vote your 401(k) Savings Plan shares in person at the meeting.

What vote is required for the election of directors or for a proposal to be approved?

The affirmative vote of a majority of the voting power of our common stock present and entitled to vote at the meeting is required for the election of each director and for the approval of each proposal other than the proposal to amend our restated certificate of incorporation to eliminate its supermajority voting provisions. The affirmative vote of 80% of the outstanding shares of our common stock entitled to vote at the meeting is required for the approval of the amendments to our restated certificate of incorporation.

How are votes counted?

You may either vote FOR or WITHHOLD authority to vote for each nominee for the Board of Directors. You may vote FOR, AGAINST or ABSTAIN on the other proposals.

If you submit your proxy but abstain from voting or withhold authority to vote on one or more matters, your shares will be counted as present at the meeting for the purpose of determining a quorum. Your shares also will be counted as present at the meeting for the purpose of calculating the vote on the particular matter with respect to which you abstained from voting or withheld authority to vote.

If you abstain from voting on a proposal, your abstention has the same effect as a vote against that proposal. If you withhold authority to vote for one or more of the directors, this has the same effect as a vote against those directors.

If you hold your shares in street name and do not provide voting instructions to your broker or other nominee, your shares will be considered to be broker non-votes and will not be voted on any proposal on which your broker or other nominee does not have discretionary authority to vote under the rules of the New York Stock Exchange. Shares that constitute broker non-votes will be counted as present at the meeting for the purpose of determining a quorum, but will not be considered entitled to vote on the proposal in question. This effectively reduces the number of shares needed to approve the proposal, making it more likely that the proposal will be approved.

Who will count the vote?

Representatives of Mellon Investor Services, our transfer agent, will tabulate votes and act as independent inspectors of election.

How does the Board recommend that I vote?

You will vote on the following matters:

- Election of five directors: Joel W. Johnson, David B. O Maley, O dell M. Owens, M.D., M.P.H., Craig D. Schnuck and Warren R. Staley;

- Ratification of the selection of Ernst & Young LLP as our independent auditor for the fiscal year ending December 31, 2005; and

- A proposal to amend our restated certificate of incorporation to eliminate the supermajority voting provisions.

The Board of Directors recommends that you vote **FOR** each of the nominees to the Board of Directors, **FOR** the ratification of Ernst & Young LLP as our independent auditor for the fiscal year ending December 31, 2005, and FOR the proposal to amend our restated certificate of incorporation to eliminate the supermajority voting provisions.

You will also vote on the following shareholder proposals:

- A shareholder proposal urging our Board of Directors to adopt a compensation policy for senior executives emphasizing performance-based restricted stock; and

- A shareholder proposal urging our Board of Directors and Audit Committee to adopt a policy that prohibits our independent auditor from performing any services for us other than audit and audit-related services.

The Board of Directors recommends that you vote **AGAINST** the shareholder proposals.

What if I do not specify how I want my shares voted?

If you submit a signed proxy card or submit your proxy by telephone or internet and do not specify how you want to vote your shares, we will vote your shares:

- **FOR** all of the nominees for director;
- **FOR** the ratification of the selection of Ernst & Young LLP as our independent auditor for the fiscal year ending December 31, 2005;
- **FOR** the proposal to amend our restated certificate of incorporation to eliminate the supermajority voting provisions;
- **AGAINST** the shareholder proposal urging our Board of Directors to adopt a compensation policy for senior executives emphasizing performance-based restricted stock; and
- **AGAINST** the shareholder proposal urging our Board of Directors and Audit Committee to adopt a policy that prohibits our independent auditor from performing any services for us other than audit and audit-related services.

Can I change my vote after submitting my proxy?

Yes. You may revoke your proxy and change your vote at any time before your proxy is voted at the annual meeting. If you are a shareholder of record, you may revoke your proxy and change your vote by submitting a later-dated proxy by telephone, internet or mail, or by voting in person at the meeting. To request an additional proxy card, or if you have any questions about the annual meeting or how to vote or revoke your proxy, you should contact Mellon Investor Services at 1-888-778-1311.

If you are a participant in the U.S. Bancorp 401(k) Savings Plan, you may revoke your proxy and change your vote as described above, but only until April 14, 2005. If you hold your shares in street name, contact your broker or other nominee regarding how to revoke your proxy and change your vote.

Will my vote be kept confidential?

Yes. We have procedures to ensure that, regardless of whether shareholders vote by mail, telephone, internet or in person, all proxies, ballots and voting tabulations that identify shareholders are kept permanently confidential, except as disclosure may be required by federal or state law or as expressly permitted by a shareholder. We also have the voting tabulations performed by an independent third party.

How can I attend the meeting?

You may be asked to present valid picture identification, such as a driver s license or passport, before being admitted to the meeting. If you hold your shares in street name, you also will need proof of ownership to be admitted to the meeting. A recent brokerage statement or letter from your broker or other nominee are examples of proof of ownership.

Please let us know whether you plan to attend the meeting by marking the attendance box on the proxy card or responding affirmatively when prompted during telephone or internet voting.

Who pays for the cost of proxy preparation and solicitation?

We pay for the cost of proxy preparation and solicitation, including the reasonable charges and expenses of brokerage firms, banks or other nominees for forwarding proxy materials to street name holders. We have retained MacKenzie Partners, Inc. to assist in the solicitation of proxies for the annual meeting for a fee of approximately $25,000, plus associated costs and expenses.

We are soliciting proxies primarily by mail. In addition, our directors, officers and regular employees may solicit proxies by telephone, facsimile or personally. These individuals will receive no additional compensation for their services other than their regular salaries.

Can I receive future proxy statements and annual reports electronically instead of receiving paper copies through the mail?

Yes. In fact, we encourage you to request electronic delivery of these documents if you are comfortable with the electronic format because it saves us the expense of printing and mailing the materials to you. If you are a shareholder of record or if your shares are held in our 401(k) Savings Plan, you may request and consent to electronic delivery of future proxy statements and annual reports by accessing the website melloninvestor.com/isd and accessing your account. If you do not see a prompt regarding consent to electronic delivery of materials, click on Consent Update munder the Account Management option and follow the instructions. If your shares are held in street name, please contact your broker or other nominee and ask about the availability of electronic delivery.

How can I communicate with U.S. Bancorp s Board of Directors?

You can communicate with our Board of Directors by sending a letter addressed to the Board of Directors, non-management directors, presiding director or specified individual directors to:

The Office of the Corporate Secretary
U.S. Bancorp
BC-MN-H210
800 Nicollet Mall
Minneapolis, MN 55402

Any such letters will be delivered to the independent presiding director, or to a specified director if so addressed. Letters relating to accounting matters will be delivered to our Chief Risk Officer for handling in accordance with the Audit Committee s policy on investigation of complaints relating to accounting matters.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Our executive officers and directors are encouraged to own our common stock to further align management s and shareholders interests. Our share ownership guideline for members of senior management is ownership of shares in an amount having a market value of a multiple of the individual s annual base salary, depending upon the individual s management level, to be achieved within three years of becoming subject to the guideline.

The following table shows how many shares of our common stock were beneficially owned as of February 7, 2005, by each of our directors, director nominees and executive officers named in the Summary Compensation Table in this proxy statement, and by all of our directors and executive officers as a group. To the best of our knowledge, no shareholder beneficially owned more than five percent of our common stock as of February 7, 2005. Unless otherwise noted, the shareholders listed in the table have sole voting and investment power with respect to the shares of common stock owned by them.

Name of Beneficial Owner	**Amount and Nature of Beneficial Ownership**(1)(2)		**Percent of Common Stock Outstanding**
Linda L. Ahlers	105,015	(3)	*
Victoria Buyniski Gluckman	189,346	(3)(4)	*
Andrew Cecere	749,036	(5)	*
William L. Chenevich	808,207	(6)	*
Arthur D. Collins, Jr.	113,892	(3)	*
Peter H. Coors	117,044	(3)	*
Richard K. Davis	2,234,643	(7)	*
Jerry A. Grundhofer	7,746,029	(8)	*
Edward Grzedzinski	1,474,162	(9)	*
Joel W. Johnson	87,099	(3)	*
Jerry W. Levin	122,169	(3)	*
David M. Moffett	2,191,007	(10)	*
David B. O Maley	236,182	(3)	*
O dell M. Owens, M.D., M.P.H.	150,107	(3)	*
Thomas E. Petry	307,947	(3)	*
Richard G. Reiten	75,413	(3)	*
Craig D. Schnuck	44,514	(3)(11)	*
Warren R. Staley	90,931	(3)	*
Patrick T. Stokes	87,238	(3)(12)	*
John J. Stollenwerk	159,982	(3)(13)	*
All directors and executive officers as a group (26 persons)	19,716,158	(14)	1.05 %

* Indicates less than 1%.

(1) Includes the following shares subject to options exercisable within 60 days: Ms. Ahlers, 85,618 shares; Ms. Buyniski Gluckman, 152,585 shares; Mr. Cecere, 604,268 shares; Mr. Chenevich, 706,018 shares; Mr. Collins, 98,615 shares; Mr. Coors, 99,448 shares; Mr. Davis, 2,039,120 shares; Mr. Grundhofer, 4,831,130 shares; Mr. Grzedzinski, 1,127,013 shares; Mr. Johnson, 76,104 shares; Mr. Levin, 83,049 shares; Mr. Moffett, 1,880,763 shares; Mr. O Maley, 126,518 shares; Dr. Owens, 92,809 shares; Mr. Petry, 99,908 shares; Mr. Reiten, 49,233 shares; Mr. Schnuck, 21,265 shares; Mr. Staley, 80,321 shares; Mr. Stokes, 58,827 shares; and Mr. Stollenwerk, 92,678 shares.

(2) Some of our directors and officers have deferred cash compensation or stock option gains under our deferred compensation plans. Some of these deferred amounts will be paid out in shares of our common stock upon the director s or officer s retirement or other termination of employment or service with U.S. Bancorp. The number of shares to which the directors and officers would be entitled had their employment or service with U.S. Bancorp terminated as of February 7, 2005, is included in the table, as

follows: Ms. Ahlers, 2,389 shares; Ms. Buyniski Gluckman, 2,992 shares; Mr. Davis, 51,851 shares; Mr. Grundhofer, 2,052,376 shares; Mr. Moffett, 177,497 shares; Mr. O Maley, 5,068 shares; Dr. Owens, 50,862 shares; Mr. Petry, 194,803 shares; Mr. Reiten, 11,747 shares; Mr. Stokes, 10,116 shares; and Mr. Stollenwerk, 3,836 shares. The directors and officers have no voting or investment power as to these shares.

(3) Includes 6,436 restricted stock units that vest over four years and are distributable in an equivalent number of shares of our common stock if (a) the holder retires from our Board of Directors in accordance with our director retirement policy, (b) the holder s Board service is terminated without cause, or (c) the holder leaves service on the Board for any reason after 10 years of service. Only vested units are distributable when the holder s Board service ends under other circumstances. The holder has no voting or investment power over these units.

(4) Includes 13,500 shares held by United Medical Resources, Inc., of which Ms. Buyniski Gluckman is Chairman, President, Chief Executive Officer and sole shareholder.

(5) Includes 44,583 shares of restricted stock subject to future vesting conditions; 341 shares held by Mr. Cecere s wife, as to which Mr. Cecere has no voting or investment power; and 5,459 shares held in the U.S. Bancorp 401(k) Savings Plan.

(6) Includes 61,072 shares of restricted stock subject to future vesting conditions and 1,223 shares held in the U.S. Bancorp 401(k) Savings Plan.

(7) Includes 39,827 shares of restricted stock subject to future vesting conditions; 43,002 shares held in a trust of which Mr. Davis s wife is trustee and as to which Mr. Davis has no voting or investment power; 33,940 shares held in a trust of which Mr. Davis is trustee; and 7,640 shares held in the U.S. Bancorp 401(k) Savings Plan.

(8) Includes 21,558 shares held in the U.S. Bancorp 401(k) Savings Plan; 227,351 shares held by a family trust, as to which Mr. Grundhofer has shared voting and investment power; and 598,614 restricted stock units that are distributable in an equivalent number of shares of our common stock at certain times after Mr. Grundhofer s retirement, as to which he has no voting or investment power.

(9) Includes 24,063 shares held by Mr. Grzedzinski s wife, as to which Mr. Grzedzinski has no voting or investment power, and 7,099 shares held by Mr. Grzedzinski s child, as to which Mr. Grzedzinski has no voting or investment power.

(10) Includes 39,827 shares of restricted stock subject to future vesting conditions; 30,291 shares held by Mr. Moffett s wife, as to which he has no voting or investment power; and 268 shares held in the U.S. Bancorp 401(k) Savings Plan.

(11) Includes 7,057 shares held jointly by Mr. Schnuck and his wife, as to which he has shared voting and investment power, and 9,756 shares held in a trust of which Mr. Schnuck is trustee.

(12) Includes 11,859 shares held in a trust by Mr. Stokes s wife, as to which Mr. Stokes has no voting or investment power.

(13) Includes 3,337 shares held by Mr. Stollenwerk s children, as to which Mr. Stollenwerk has no voting or investment power; 8,911 shares held in a family trust, as to which Mr. Stollenwerk has no voting or investment power; 18,727 shares held by Mr. Stollenwerk s wife, as to which Mr. Stollenwerk has no voting or investment power; and 100 shares held by LMI Partnership, of which Mr. Stollenwerk is a general partner and as to which he has shared voting and investment power.

(14) Includes 70,866 shares held in the U.S. Bancorp 401(k) Savings Plan for the accounts of certain executive officers; 358,119 shares of restricted stock subject to future vesting conditions; 688,718 restricted stock units that are distributable in an equivalent number of shares of our common stock; 2,577,372 shares payable to certain directors and executive officers pursuant to our deferred compensation plan; and 14,628,572 shares subject to options exercisable within 60 days.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our executive officers and directors to file initial reports of ownership and reports of changes in ownership of our securities with the Securities and Exchange Commission. Executive officers and directors are required to furnish us with copies of these reports. Based solely on a review of the Section 16(a) reports furnished to us with respect to 2004 and written representations from the executive officers and directors, we believe that all Section 16(a) filing requirements applicable to our executive officers and directors during 2004 were satisfied, except that Michael J. Doyle filed a late Form 4 in 2004 reporting six cashless stock option exercises in 2004 and Richard K. Davis reported late on Form 4 in 2004 a gift of shares that occurred in 2003.

PROPOSAL 1 ELECTION OF DIRECTORS

Our Board of Directors currently has 15 members and is divided into three classes of approximately equal size. The members of each class are elected to serve a three-year term with the term of office for each class ending in consecutive years. At this year s annual meeting, the terms of our Class I directors will expire. Linda L. Ahlers, John J. Stollenwerk and Thomas E. Petry will retire at the upcoming annual meeting. Ms. Ahlers is a Class I director with her term expiring at the upcoming annual meeting, Mr. Stollenwerk is a Class II director whose term would expire at the 2006 annual meeting, and Mr. Petry is a Class III director whose term would expire at the 2007 annual meeting. Notwithstanding the company s retirement age guideline, the Board believes that it is in the best interest of the company and its shareholders for Richard G. Reiten, a Class III director, to continue to serve on the Board for the remainder of his term, which expires at the 2007 annual meeting. The Board also determined that Mr. Reiten s service on the Board would not be impaired by his service on four other public company boards of directors.

In connection with these retirements, the Board has determined to decrease the number of directors in Class I from six to five, the number of directors in Class II from four to three, and the number of directors in Class III from five to four. Joel W. Johnson, David B. O Maley, O dell M. Owens, M.D., M.P.H., Craig D. Schnuck and Warren R. Staley are the current Class I directors who have been nominated for re-election to the Board to serve until the 2008 annual meeting or until their successors are elected and qualified. Each of the nominees has agreed to serve as a director if elected. Proxies may not be voted for more than five directors. If, for any reason, any nominee becomes unable to serve before the election, the persons named as proxies will vote your shares for a substitute nominee selected by the Board of Directors. Alternatively, the Board of Directors, at its option, may further reduce the number of directors constituting Class I directors.

The election of each nominee requires the affirmative vote of a majority of the common stock present and entitled to vote at the annual meeting.

The Board of Directors recommends a vote FOR election of the five nominated directors. Proxies will be voted for the election of the five nominees unless otherwise specified.

The nominees for election as directors and the directors whose terms of office will continue after the meeting have provided the following information about themselves. Dates listed for the nominees and continuing directors include service as directors of predecessor companies to U.S. Bancorp.

CLASS I DIRECTORS NOMINEES FOR TERMS ENDING IN 2008

JOEL W. JOHNSON: Age 61, director since 1999. Mr. Johnson is Chairman and Chief Executive Officer of Hormel Foods Corporation, a meat and food processing company. He joined Hormel in 1991 as Executive Vice President, Sales and Marketing, and was elected President in 1992. He served as President until May 2004. In 1993, Mr. Johnson assumed the title of Chief Executive Officer, and he was elected Chairman of the Board in 1995. Mr. Johnson also serves as a director of Ecolab, Inc. and Meredith Corporation.

DAVID B. O MALEY: Age 58, director since 1995. Mr. O Maley is Chairman, President and Chief Executive Officer of Ohio National Financial Services, Inc., an intermediate insurance holding company that markets insurance and financial products through its affiliates, and of certain of its affiliated companies including its ultimate parent company. Mr. O Maley has held these positions since 1994 and has been with Ohio National since 1992. Mr. O Maley also serves as a director of The Midland Company, Inc.

O DELL M. OWENS, M.D., M.P.H.: Age 57, director since 1991. Dr. Owens has been providing services as an independent consultant in medicine, business, education and work-site employee benefits since 2001, and he was elected Coroner of Hamilton County, Ohio in November 2004. Dr. Owens is also the President and Chairman of the Board for Project GRAD (Graduation Really Achieves Dreams), a national non-profit organization formed to improve inner-city education. Dr. Owens has served in this capacity since 2001. From 2002 to 2003, Dr. Owens served as President, Chief Executive Officer and a member of the Board of Trustees of RISE Learning Solutions, a national non-profit organization that uses technology to provide training for adults who care for children. From 1999 to 2002, Dr. Owens served as Senior Medical Director of United Healthcare Insurance Company of Ohio, a provider of healthcare coverage and related services.

CRAIG D. SCHNUCK: Age 56, director since 2002. Mr. Schnuck is Chairman and Chief Executive Officer of Schnuck Markets, Inc., a supermarket chain. Mr. Schnuck has served in his current position since 1991. He was elected President in 1984 and Chief Executive Officer in 1989. Mr. Schnuck also serves as a director of the DESCO Group.

WARREN R. STALEY: Age 62, director since 1999. Mr. Staley is Chairman and Chief Executive Officer of Cargill, Incorporated, an international marketer, processor and distributor of agricultural, food, financial and industrial products. He joined Cargill in 1969 and was elected President and Chief Operating Officer in 1998. He was named Chief Executive Officer in 1999 and Chairman in 2000. Mr. Staley also serves as a director of Target Corporation.

CLASS II DIRECTORS TERMS ENDING IN 2006

PETER H. COORS: Age 58, director since 1996. Mr. Coors is Vice Chairman of Molson Coors Brewing Company and Chairman of Coors Brewing Company, a subsidiary of Molson Coors Brewing Company, a producer, marketer and seller of malt-based beverages. He has been associated with Coors Brewing Company since 1970 and was named Chairman in 2000. He served as Vice Chairman and Chief Executive Officer of Coors Brewing Company and as Vice President of Adolph Coors Company from 1993 to 2000. Mr. Coors served as Chairman of Adolph Coors Company from 2000 until its February 2005 merger with Molson, Inc., which created Molson Coors Brewing Company. Mr. Coors also serves as a director of H.J. Heinz Company.

JERRY A. GRUNDHOFER: Age 60, director since 1993. Mr. Grundhofer is Chairman and Chief Executive Officer of U.S. Bancorp. He has served as Chief Executive Officer of U.S. Bancorp since the merger of Firstar Corporation and U.S. Bancorp in February 2001 and as Chairman since December 30, 2002. He also served as President from the time of the merger until October 2004. From 1993 until the merger, he served as Chairman, President and Chief Executive Officer of U.S. Bancorp predecessors Firstar Corporation and Star Banc Corporation. Mr. Grundhofer also serves as a director of Ecolab, Inc. and The Midland Company, Inc.

PATRICK T. STOKES: Age 62, director since 1992. Mr. Stokes is President, Chief Executive Officer and a director of Anheuser-Busch Companies, Inc., the holding company parent of Anheuser-Busch, Incorporated, and Chairman and Chief Executive Officer of Anheuser-Busch, Incorporated, a producer and distributor of beer. Mr. Stokes has been affiliated with Anheuser-Busch since 1969, was elected President of Anheuser-Busch, Incorporated in 1990, and has served in his current position since 2002. From 2000 to 2002, he served as Senior Executive Vice President of Anheuser-Busch Companies, Inc. Mr. Stokes also serves as a director of Ameren Corporation.

CLASS III DIRECTORS TERMS ENDING IN 2007

VICTORIA BUYNISKI GLUCKMAN: Age 53, director since 1990. Ms. Buyniski Gluckman is Chairman, President and Chief Executive Officer of United Medical Resources, Inc., a third-party administrator of employer healthcare benefits. She has held these positions since founding United Medical Resources in 1983. Ms. Buyniski Gluckman also serves as a director of Ohio National Financial Services, Inc.

ARTHUR D. COLLINS, JR.: Age 57, director since 1996. Mr. Collins is Chairman and Chief Executive Officer of Medtronic, Inc., a leading medical device and technology company. Mr. Collins joined Medtronic in 1992 and served as President from 1996 to 2002. He was elected Chief Executive Officer in 2001 and Chairman in 2002. Mr. Collins also serves as a director of Cargill, Incorporated.

JERRY W. LEVIN: Age 60, director since 1995. Mr. Levin is the retired Chairman and Chief Executive Officer of American Household, Inc. (formerly Sunbeam Corporation), a leading consumer products company. He held these positions from 1998 until January 2005. Mr. Levin also serves as a director of Ecolab, Inc.

RICHARD G. REITEN: Age 65, director since 1998. Mr. Reiten is the retired Chairman of Northwest Natural Gas Company, a distributor of natural gas. Mr. Reiten joined Northwest Natural Gas in 1996 as President, a position he held until 2001, and Chief Operating Officer, a position he held until 1997. He served as Chief Executive Officer of Northwest Natural Gas from 1997 to 2002 and served as Chairman from 2000 until February 2005. Mr. Reiten also serves as a director of Building Materials Holding Corporation, Idacorp, Inc., National Fuel Gas Company and Northwest Natural Gas Company.

CORPORATE GOVERNANCE

Our Board of Directors and management are dedicated to exemplary corporate governance. Good corporate governance is vital to the continued success of U.S. Bancorp and the entire financial services industry. Our Board of Directors has adopted the U.S. Bancorp Corporate Governance Guidelines to provide a framework for directors and management to effectively pursue U.S. Bancorp s objectives for the benefit of its shareholders. The Board annually reviews and updates these guidelines and the charters of the Board committees in response to evolving best practices and the results of annual Board and committee evaluations. The Board recently amended the Audit Committee charter, which is attached as Appendix A to this proxy statement. Our Corporate Governance Guidelines, as well as our Code of Ethics and Business Conduct, can be found at usbank.com by clicking on About U.S. Bancorp and then Corporate Governance. Shareholders may request a free printed copy of our Corporate Governance Guidelines and our Code of Ethics and Business Conduct from our investor relations department by contacting them at investorrelations@usbank.com or by calling (612) 303-0799.

Board Independence

Our Board of Directors has determined that each of our directors other than Jerry A. Grundhofer and Victoria Buyniski Gluckman has no material relationship with U.S. Bancorp and is independent. Each of our Audit, Governance and Compensation Committees is composed only of independent directors. In making the independence determinations, our Governance Committee and full Board of Directors reviewed all of our directors relationships with U.S. Bancorp based primarily on a review of the responses of the directors to questions regarding employment, business, familial, compensation and other relationships with U.S. Bancorp and its management. Jerry Grundhofer is not independent because he is the current Chief Executive Officer of U.S. Bancorp. Victoria Buyniski Gluckman is not independent because during fiscal year 2004 and in prior years, U.S. Bancorp paid for services totaling more than $100,000 to United Medical Resources, Inc., a company that is wholly owned by Ms. Buyniski Gluckman. This business relationship is further described below under the caption Certain Relationships and Related Transactions Other Transactions.

Our Board has adopted certain standards to assist it in assessing the independence of each of its directors. Absent other material relationships with U.S. Bancorp, a director of U.S. Bancorp who otherwise meets the independence qualifications of the New York Stock Exchange listing standards may be deemed independent by the Board of Directors if the lending relationships, deposit relationships, other banking relationships (such as depository, transfer, registrar, indenture trustee, trusts and estates, private banking, investment management, custodial, securities brokerage, cash management and similar services) and other commercial or charitable relationships between U.S. Bancorp and its subsidiaries, on the one hand, and an entity with which the director (or any of the director s immediate family members, as defined in the New York Stock Exchange listing standards) is affiliated by reason of being a director, officer or a significant shareholder thereof, on the other, meet the following criteria:

- such relationships are in the ordinary course of business of U.S. Bancorp and are on substantially the same terms as those prevailing at the time for comparable transactions with non-affiliated persons; and

- with respect to extensions of credit by U.S. Bancorp or its subsidiaries to such entity or its subsidiaries, (i) such extensions of credit have been made in compliance with applicable law, including Regulation O of the Board of Governors of the Federal Reserve and Section 13(k) of the Securities Exchange Act of 1934; and (ii) no event of default has occurred and is continuing beyond any cure period.

Board Meetings and Committees

The Board of Directors conducts its business through meetings of the Board and the following standing committees: Audit, Governance, Compensation, Credit and Finance, Community Outreach and Fair Lending, and Executive. Each of the standing committees has adopted and operates under a written charter. These charters can be found on our website at usbank.com by clicking on About U.S. Bancorp and then Corporate Governance. Shareholders may request a free printed copy of any of these charters from our investor relations department by contacting them at investorrelations@usbank.com or by calling (612) 303-0799.

The Board of Directors held seven meetings during fiscal year 2004. Each director attended at least 75% of the total meetings of the Board and Board committees on which the director served during the fiscal year, except Peter H. Coors, who attended 56% and Craig D. Schnuck, who attended 67% of such meetings.

Audit Committee

Members:	Warren R. Staley, *Chair*	Craig D. Schnuck
	Linda L. Ahlers	John J. Stollenwerk
	Richard G. Reiten	

The Audit Committee is responsible for assisting the Board of Directors in monitoring the quality and integrity of our financial statements, our compliance with legal and regulatory requirements, the qualifications and independence of our independent auditor, and the performance of our internal audit function and independent auditor. The Audit Committee has sole authority to retain and terminate the independent auditor and is directly responsible for the compensation and oversight of the work of the independent auditor. The Audit Committee reviews and discusses with management and the independent auditor the annual audited and quarterly financial statements (including the disclosures under Management s Discussion and Analysis of Financial Condition and Results of Operations), reviews the integrity of the financial reporting processes, both internal and external, reviews the qualifications, performance and independence of the independent auditor, and prepares the Audit Committee Report included in the proxy statement in accordance with the rules and regulations of the Securities and Exchange Commission. The Audit Committee has adopted and operates under a written charter, which was amended in January 2005 and is included as Appendix A to this proxy statement. All of the Audit Committee members meet the existing independence and experience requirements of the New York Stock Exchange and the Securities and Exchange Commission. The Audit Committee charter generally prohibits Audit Committee members from serving on more than two other public company audit committees. The Chair of the Audit Committee serves on no other audit committees. Our Board of Directors has identified Warren R. Staley, our Audit Committee Chair, as an audit committee financial expert under the rules of the Securities and Exchange Commission. The Audit Committee held eight meetings in 2004, four of which were held by telephone conference. During each in-person meeting the Committee met in private session with the Chief Risk Officer and the Director of Internal Audit and in private session with our independent auditor, and met alone in executive session, without members of management present.

Governance Committee

Members:	Jerry W. Levin, *Chair*	David B. O Maley
	Arthur D. Collins, Jr.	Thomas E. Petry
	Joel W. Johnson	Patrick T. Stokes

The Governance Committee reviews and makes recommendations to the Board regarding our corporate governance principles and processes, including policies related to director retention, resignation and retirement. The Committee also manages the performance review process for our current directors, recommends new directors, recommends qualified members of the Board for membership on committees, assesses the independence of all Board members, reviews charters of all Board committees, reviews and evaluates succession plans for executive officers, oversees the evaluation of management, and makes recommendations to the Board regarding any shareholder proposals. All of the Governance Committee members meet the existing independence requirements of the New York Stock Exchange. The Governance Committee held five meetings in 2004. During each meeting the Committee held an executive session without members of management present.

Director Qualification Standards. Directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of the shareholders. In evaluating candidates for nomination as a director of U.S. Bancorp, the Governance Committee will consider criteria including current or recent experience as a chief executive officer of a public company or as a leader of another major complex organization; business and financial expertise; geography; experience as a director of a public company; gender and ethnic diversity on the Board; independence; and general criteria such as ethical standards, independent thought, practical wisdom and mature judgment. In addition, directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively, and should be committed to serving on the Board for an extended period of time. The Governance Committee believes it is necessary for one or more of the directors to possess the education or experience required to qualify as an audit committee financial expert.

Director Nominee Selection Process. The selection process for director candidates includes the following steps: (1) identification of director candidates by the Governance Committee based upon suggestions from current directors and executives and recommendations received from shareholders; (2) possible engagement of a director search firm; (3) interviews of candidates by the Chair of the Governance Committee and two other Governance Committee members; (4) reports to the Board by the Governance Committee on the selection process; (5) recommendations by the Governance Committee; and (6) formal nominations by the Board for inclusion in the slate of directors at the annual meeting. Director candidates recommended by shareholders are given the same consideration as candidates suggested by directors and executive officers. A shareholder seeking to recommend a prospective candidate for the Governance Committee s consideration should submit the candidate s name and sufficient written information about the candidate to permit a determination by the Governance Committee whether the candidate meets the director selection criteria set forth in our Corporate Governance Guidelines to the Secretary of U.S. Bancorp at the address listed on page 5 of this proxy statement.

Compensation Committee

Members:	David B. O Maley, *Chair*	Thomas E. Petry
	Linda L. Ahlers	Patrick T. Stokes
	Peter H. Coors	John J. Stollenwerk

The Compensation Committee establishes our compensation policy, determines the compensation paid to our executive officers and non-employee directors, recommends executive incentive compensation plans and equity-based plans and approves other compensation plans and retirement plans. The Compensation Committee approves corporate goals related to the compensation of the chief executive officer, evaluates the chief executive officer s performance and compensates the chief executive officer based on this evaluation. All of the Compensation Committee members meet the existing independence requirements of the New York Stock Exchange. The Compensation Committee held eight meetings in 2004. During each meeting the Committee held an executive session without members of management present.

Credit and Finance Committee

Members:	Arthur D. Collins, Jr., *Chair*	O dell M. Owens, M.D., M.P.H.
	Victoria Buyniski Gluckman	Richard G. Reiten
	Jerry A. Grundhofer	Warren R. Staley
	Jerry W. Levin	

The Credit and Finance Committee is responsible for reviewing lending and credit policies, reviewing management s assessment of the balance of loan growth and credit risk and reviewing management s assessment of the adequacy of credit management information systems and allowance for loan and lease losses. The Committee is also responsible for reviewing and approving policies relating to interest rate sensitivity, liquidity and capital adequacy and will review interest rate sensitivity, liquidity, capital, securitizations, derivatives activity and investment portfolio position reports for compliance with approved policies. The Committee reviews market risk management policies and risk limits and reviews reports of trading activities and risk exposure for compliance with such policies. The Committee also makes recommendations to the Board of Directors regarding the issuance or repurchase of debt and equity securities, reviews and evaluates potential mergers and acquisitions and reviews other actions regarding U.S. Bancorp s capital stock. The Credit and Finance Committee held six meetings in 2004. During each regularly scheduled meeting the Committee held an executive session without members of management present.

Community Outreach and Fair Lending Committee

Members:	Peter H. Coors, *Chair*	O dell M. Owens, M.D., M.P.H.
	Victoria Buyniski Gluckman	Craig D. Schnuck
	Joel W. Johnson	

The Community Outreach and Fair Lending Committee is responsible for reviewing our activities with respect to community development and compliance with the Community Reinvestment Act and fair lending regulations. The Community Outreach and Fair Lending Committee held three meetings in 2004. During each meeting the Committee held an executive session without members of management present.

Executive Committee

Members:	Jerry A. Grundhofer, *Chair*	Thomas E. Petry
	Linda L. Ahlers	Richard G. Reiten
	Arthur D. Collins, Jr.	Warren R. Staley
	David B. O Maley	Patrick T. Stokes

The Executive Committee has authority to exercise all powers of the Board of Directors between regularly scheduled Board meetings. The Executive Committee did not meet in 2004.

Executive Sessions of the Board

U.S. Bancorp s non-employee directors meet in executive session at each regular meeting of the Board without the Chairman and Chief Executive Officer or any other member of management, and the independent directors meet alone on an annual basis. The role of presiding director of each executive session is rotated annually among the Chairs of each committee other than the Audit Committee and Executive Committee. The Chair of the Credit and Finance Committee is currently acting as the presiding director.

Director Compensation and Related Policies

Fees for 2005. For 2005, directors who are not U.S. Bancorp employees will receive the following cash fees:

Annual retainer for service on the Board	$70,000
Additional annual retainer for Audit Committee Chair	$20,000
Additional annual retainer for other Committee Chairs	$10,000
Additional annual retainer for Audit Committee members	$5,000

In addition, for 2005, each non-employee director has been granted 1,743 restricted stock units and options to purchase 7,859 shares of our common stock. The restricted stock units are granted under our 2001 Stock Incentive Plan and vest in four equal, annual increments beginning one year from the date of grant. Restricted stock units are distributable in an equivalent number of shares of our common stock if (i) the director retires in accordance with our director retirement policy, (ii) the director s service is terminated without cause, or (iii) the director leaves service on the Board for any reason after 10 years of service. Only vested units are distributable when the director s board service ends under other circumstances. All of the stock options granted to our directors are granted under our 2001 Stock Incentive Plan, have a 10-year term, vest in four equal, annual increments beginning one year from the date of grant, and have an exercise price equal to the fair market value of our common stock on the date the option is granted. Directors who retire or join the Board at any time after January 1 will receive pro rata annual retainers and restricted stock unit and option grants based on the number of months in which they serve as directors during the year.

To determine director compensation, we reviewed director compensation information for a peer group of 12 diversified financial services and financial holding companies. Our market capitalization was in the 71st percentile of the market capitalization of that peer group. Compensation for our directors was designed to result in compensation for our directors that was competitive with that provided by the peer group.

Deferred Compensation Plan Participation. Under the U.S. Bancorp Deferred Compensation Plan that was in effect through 2004, our non-employee directors could choose to defer all or a part of their cash fees and all or a part of the profit amount associated with their U.S. Bancorp stock options. The minimum amount that could be deferred in any calendar year was $1,000. Cash fees that are deferred are deemed to be invested in any of the following investment alternatives selected by the participant:

- shares of our common stock, based on the fair market value of the common stock on the date of deferral, with dividend equivalents deemed reinvested in additional shares; or

- one of several mutual funds.

Although the plan administrator has established procedures permitting a plan participant to reallocate deferred amounts among these investment alternatives after the initial election to defer, the election to defer is irrevocable, and the deferred compensation will not be paid to the director until his or her termination of service on the Board. At that time, the director will receive, depending upon the investment alternative selected by the director, payment of the amounts credited to his or her account under the plan in a lump-sum cash payment, in shares of our common stock or in up to 20 annual cash installments. Deferred stock option gains must be paid in shares of common stock. If a participant dies before the entire deferred amount has been distributed, the undistributed portion will be paid to the participant s beneficiary. The benefits under the plan otherwise are not transferable by the participant.

In December 2004, the 2005 U.S. Bancorp Deferred Compensation Plan was established to comply with the expected provisions of the American Jobs Creation Act of 2004. The provisions of the 2005 plan are substantially similar to those under the 2004 plan, with the primary changes to the plan being those required to comply with the American Jobs Creation Act, including adding new restrictions that apply to distributions. In addition, the profit amount associated with U.S. Bancorp stock options or other equity awards cannot be deferred under the 2005 plan.

Additional Stock Options. Directors also may choose to convert all or a part of their cash fees into options to purchase common stock under our 2001 Stock Incentive Plan. Directors who choose to convert their cash compensation into stock options will receive a number of stock options equal to (a) 150% of the amount of cash compensation deferred, divided by (b) the estimated value of an option to purchase one share of our common stock, as determined by the Black-Scholes option valuation method. The exercise price of the stock options will equal the fair market value of our common stock on the date the options are granted. The options have a 10-year term and vest in four equal, annual increments beginning one year from the date of grant. Vested options are exercisable for the remaining term of the option if (i) the director retires in accordance with our director retirement policy, (ii) the director s service is terminated without cause, or (iii) the director leaves service on the Board for any reason after 10 years of service. The options terminate immediately when the director s board service ends under other circumstances.

Policy Regarding Service on Other Boards. Our Board of Directors has established a policy that restricts our directors from serving on the boards of directors of more than three public companies in addition to their service on our Board of Directors unless the Board determines that such service will not impair their service on the U.S. Bancorp Board.

Policy Regarding Attendance at Annual Meetings. U.S. Bancorp encourages, but does not require, its Board members to attend the annual meeting of shareholders. Last year all but one of our directors attended the annual shareholders meeting.

Retirement Policy. Our Board of Directors has established a guideline that an independent director retire at the first annual meeting of shareholders held after his or her 65th birthday.

Director Retirement and Death Benefit Plan. Until April 1997, the former U.S. Bancorp maintained a director retirement and death benefit plan to provide payments to certain non-employee directors after retirement from the Board. The Board terminated this plan for new directors effective April 30, 1997, but plan benefits continue to be payable to certain directors of U.S. Bancorp who served as directors of the former U.S. Bancorp on April 30, 1997, and who have completed 60 months of service (measured as provided in the plan) as a director of U.S. Bancorp. Benefits accrue in the amount of the annual retainer in effect on the date a director s service terminates, multiplied by the number of years of service (not to exceed 10 years). Benefits are paid in annual installments over a 10-year period. If a director retires after reaching age 67 or after completion of 12 years of service, the director receives lifetime payments, calculated based on the annual retainer in effect on the date of retirement. Due to the termination of the plan, benefits for eligible, current directors will be determined as if their service as directors had terminated on April 30, 1997 (except that additional service after that date may be considered in determining the form of benefit to be paid). As a result, the benefits payable to those directors will be based on the annual retainer and each director s service as of April 30, 1997. A director who retires after 12 years of service but who is not then 67 does not receive the first payment until age 67. In the event of a director s death, a lump-sum payment may be made. In the event of certain types of changes of control of U.S. Bancorp, benefits payable under the plan will be paid in a lump sum within 30 days.

EXECUTIVE COMPENSATION

Report of the Compensation Committee

Formation and Philosophy of the Compensation Committee

The Compensation Committee of U.S. Bancorp is composed entirely of independent directors and is responsible for setting the company s compensation policy. The Committee determines the compensation for the Chief Executive Officer and the other executive officers of U.S. Bancorp, and approves the compensation structure for other senior management. The Committee also is responsible for our incentive and retirement plans. U.S. Bancorp s compensation program is designed to attract, motivate, reward and retain the management talent required to achieve our corporate objectives and increase shareholder value.

The Compensation Committee s philosophy is to emphasize incentive compensation over base salaries. All compensation is based on pay for performance. The primary components of the compensation program for our senior executives are base salary, annual incentive cash bonus opportunity and long-term, equity-based incentive compensation.

The Compensation Committee administers the Executive Incentive Plan, the purpose of which is to reward executive officers through annual cash bonus incentives for the achievement of corporate financial objectives established in advance by the Compensation Committee. Participants in the plan include our executive officers. The baseline performance measure considered in determining plan awards is fully diluted earnings per share. To determine actual, individual awards, the Compensation Committee also considers other performance measures including credit quality, line of business performance measured by the annual financial plan, and individual performance. All performance measures are evaluated against pre-established objectives. The Compensation Committee also reviews and sets targets for the Annual Incentive Plan and the Performance Bonus Plan, annual bonus plans that apply to management and other employees in the company. Consistent with our pay for performance philosophy, all employees are eligible for some form of incentive opportunity.

The Compensation Committee also administers the U.S. Bancorp 2001 Stock Incentive Plan, which is intended to encourage long-term growth in U.S. Bancorp s shareholder value and under which our long-term equity incentive compensation grants are made. Stock options, restricted stock and other performance based stock awards may be granted pursuant to the plan. Awards are based on factors including corporate performance, individual responsibilities and performance, peer information from regional bank holding companies and diversified financial services companies, and other competitive indices. Stock options granted to executive officers in 2005 vest ratably over four years from the grant date. Approximately 1,800 managers other than the Chief Executive Officer are eligible for equity awards from this plan.

The Compensation Committee retains a nationally recognized independent compensation consulting firm to provide expertise regarding competitive compensation practices, peer analysis, and recommendations to the Committee. Using the peer information as a point of reference, the Compensation Committee then focuses on corporate and individual performance in determining each component of compensation. The Compensation Committee uses the same financial services peer group for comparative compensation data as it uses to set annual financial performance goals. The compensation data is obtained from annual surveys conducted by nationally recognized consulting firms. The peer group used by the Compensation Committee is representative of our competitors in the financial services industry and includes regional bank holding companies that have market capitalization greater than $10 billion, banking revenues in excess of 50% of total revenues and are included in the S&P Commercial Bank index. Most, but not all, of the peer group banks are also included in the Standard & Poor s Major Regional Banks Index, the performance of which is shown in the stock performance chart presented elsewhere in this proxy statement. All peer group data is inherently based on estimates, as final

18

compensation data for the peer group for calendar 2004 is not yet available when the Compensation Committee makes its determinations.

Base Salaries. Base salaries for senior management and executive officers are targeted at levels below the median level of our peer group, generally in the 40th to 45th percentiles. Any merit increases are based on individual performance of specific responsibilities, personal contributions to the company s performance, experience and tenure in a position, and increases in responsibilities.

Annual Incentives. Target levels for annual cash bonuses paid pursuant to the Executive Incentive Plan are intended to give executives the opportunity for total cash compensation to increase to the median or 55th percentile level of our peer group, based upon corporate performance. The Compensation Committee establishes target annual incentive awards for each executive officer as a percentage of base salary. Annual cash bonus targets for executive officers range from 100% to 300% of base salary. As a result, a significant percentage of total cash compensation depends upon our company s results. Consistent with the terms of the Executive Incentive Plan, and based on the achievement of pre-established earnings per share performance measures set by the Compensation Committee and other, individual performance measures listed above, actual cash bonuses for the Chief Executive Officer and the other executive officers for 2004 ranged from 85% to 133% of target.

Long-term Incentive Awards. The long-term component of our executive compensation is granted in the form of equity under our 2001 Stock Incentive Plan, with the initial target levels set at the 70th to 75th percentile of our peer group. The Compensation Committee believes it is important to link the interests of executive management with those of shareholders with equity-based, long-term awards. Long-term incentive awards granted to the company s executive officers in 2005 consisted solely of time vesting options. The Compensation Committee strongly believes that stock options are an excellent compensation tool for U.S. Bancorp. The Chief Executive Officer has a significant number of vested, in-the-money options, and has historically exercised options only as they approach their expiration dates. The Compensation Committee established stock ownership guidelines for senior managers in 2002. The requirement for the Chief Executive Officer is five times base salary, which Mr. Grundhofer currently greatly exceeds. The stock ownership requirement for our other executive officers is four times base salary. All of the named executive officers hold significant amounts of vested, in-the-money options (which do not count toward the ownership requirements) and also hold sufficient amounts of our common stock to meet or exceed the ownership requirements.

CEO Compensation and Performance

As described above, and consistent with the other executive officers, Mr. Grundhofer s 2004 compensation consisted of base salary, annual bonus and long-term incentive. The level for each of these components was determined by the Compensation Committee consistent with the principles described in this report and those used for other executive officers. The Committee considered the company s financial and operating performance for 2004, including the increase in earnings per share and high return on equity. The Compensation Committee awarded Mr. Grundhofer a cash incentive award under the Executive Incentive Plan equal to 128% of the target award level established a year earlier, based on our having exceeded financial goals for the year and his continued strong leadership. To determine Mr. Grundhofer s 2004 compensation, the Compensation Committee also evaluated his performance for 2004 by soliciting and reviewing written evaluations from each director.

Consistent with its compensation policy, the Compensation Committee believes it is important to link a substantial portion of Mr. Grundhofer s total compensation to future corporate performance. On January 18, 2005, under our 2001 Stock Incentive Plan, Mr. Grundhofer was granted options to purchase 1,720,149 shares of our common stock at an exercise price of $30.40, the market value per share of our common stock on the grant date, which will vest ratably over four years from the grant date. The

Compensation Committee positioned Mr. Grundhofer s total direct compensation at approximately the 78th percentile of the compensation disclosed for 2003 by our peer group.

Section 162(m)

The Compensation Committee intends to continue its practice of paying competitive compensation to attract and retain senior executives to manage our business in the best interests of U.S. Bancorp and its shareholders. Under Section 162(m) of the Internal Revenue Code, compensation in excess of $1 million that is not paid pursuant to plans approved by shareholders and does not include specific performance criteria is not deductible as a compensation expense to U.S. Bancorp. Compensation decisions for the executive officers are made with full consideration of Internal Revenue Code Section 162(m) implications. Although the Compensation Committee intends to structure arrangements in a manner that preserves deductibility under Section 162(m), it believes that maintaining flexibility is important and may pay amounts or make awards that are nondeductible. Mr. Grundhofer s current base compensation is $100,000 in excess of the limit imposed by Section 162(m). The U.S. Bancorp Executive Incentive Plan and the U.S. Bancorp 2001 Stock Incentive Plan were approved by shareholders and include specific performance criteria. Annual incentive bonuses and stock option awards granted are intended to meet the performance exemption under Section 162(m).

Compensation Committee of the Board of Directors of U.S. Bancorp

David B. O Maley, *Chair*	Peter H. Coors	Patrick T. Stokes
Linda L. Ahlers	Thomas E. Petry	John J. Stollenwerk

Employment and Change-in-Control Agreements

We have entered into an employment agreement with Mr. Jerry A. Grundhofer and into change-in-control agreements with Messrs. Richard K. Davis, David M. Moffett, William L. Chenevich and Andrew Cecere. The agreements are designed to enhance our ability to attract and retain high caliber senior management. We also have an employment agreement with Mr. Edward Grzedzinski, the former Chairman, President and Chief Executive Officer of our wholly owned subsidiary, NOVA Information Systems, Inc., and former Vice Chairman of U.S. Bancorp. In addition, we administer a deferred compensation plan, in which Messrs. Grundhofer, Moffett, and Davis participate, which provides for the deferral of all or a portion of a participant s cash compensation and stock option gains until the participant s retirement or earlier termination of employment.

Employment Agreement with Jerry A.Grundhofer. Mr. Grundhofer has an employment agreement with U.S. Bancorp providing for his continued services and leadership through 2006, as well as comprehensive non-competition and other restrictive covenants after termination of his employment. Under the agreement, he agreed to serve as Chief Executive Officer for a term ending on December 31, 2006, and was elected Chairman of U.S. Bancorp effective December 30, 2002. The agreement provides for an annual base salary of at least $975,000 and entitles Mr. Grundhofer to an annual bonus based on corporate performance for that year. As partial consideration for the non-competition and other restrictive covenants contained in the agreement and in order to provide long-term compensation and retention incentives, the agreement also included an award of 300,268 restricted stock units, which will vest on December 31, 2006, and will be distributed to him in an equivalent number of shares of our common stock on January 15 of the calendar year following the calendar year in which his employment with U.S. Bancorp terminates. The value of these restricted stock units at the time of grant will also be included in eligible earnings in the final year of his employment under our non-qualified retirement plan. Prior to the date of distribution, Mr. Grundhofer may elect to surrender the restricted stock units at the vesting date and receive the then-current value of the units as retirement income under our non-qualified retirement plan.

In the event his employment is terminated by U.S. Bancorp other than for cause or disability, or voluntarily by him for good reason, either before or following a change-in-control of U.S. Bancorp, Mr. Grundhofer will receive a lump-sum severance payment consisting of a pro rata base salary and annual bonus through the date of termination plus the product of (a) the number of months from the date of termination until December 31, 2006 (but not more than 36 months), divided by 12 and (b) the sum of his base salary and annual bonus; all of his unvested stock options, restricted stock and restricted stock units will vest immediately; and his medical benefits and certain other benefits will generally be continued until December 31, 2006. U.S. Bancorp also will reimburse Mr. Grundhofer for any excise taxes that he may incur as a result of these payments and any income and excise taxes on the excise tax reimbursement payments. If the termination occurs on or after a change-in-control of U.S. Bancorp, he will also receive an additional three years of service credit for purposes of computing his retirement benefits under our non-qualified retirement plan. The terms cause, good reason and change-in-control are defined in the employment agreement.

Employment Agreement with Edward Grzedzinski. In connection with our acquisition of NOVA Corporation in July 2001, we entered into an employment agreement with Mr. Grzedzinski, under which he agreed to serve as Chairman, President and Chief Executive Officer of our wholly owned subsidiary NOVA Information Systems, Inc., and as a Vice Chairman of U.S. Bancorp. Under the terms of this agreement, upon termination of Mr. Grzedzinski s employment on February 1, 2005, Mr. Grzedzinski received a cash payment of $3,695,833, which is equal to three times his 2004 base salary, 2004 bonus and a pro rata portion of his estimated 2005 bonus, and all of his unvested stock options and restricted stock vested immediately. In addition, as required under Mr. Grzedzinski s employment agreement, the estimated actuarial present value of his unvested supplemental and excess benefits under the non-qualified retirement plan will be paid to him in August 2005. The value of this payment is expected to be approximately $3.3 million. Mr. Grzedzinski s medical and certain other benefits will be continued until the earlier of three years after the termination date, his acceptance of employment with another employer, or his otherwise obtaining coverage. Mr. Grzedzinski is also subject to the non-competition, non-solicitation and confidentiality provisions contained in his employment agreement until February 1, 2007.

Change-in-Control Agreements. The change-in-control agreements with Messrs. Davis, Moffett, Chenevich and Cecere provide that if the officer is terminated within 24 months after a change-in-control of U.S. Bancorp other than for cause or disability, or by the officer for good reason, then the officer will be entitled to a lump-sum payment consisting of (a) the officer s prorated base salary through the date of termination plus the prorated amount of any bonus or incentive for the year in which the termination occurs, based on the target bonus for the officer for that year, and (b) a severance payment equal to three times the sum of the officer s highest base salary, on an annualized basis, paid by U.S. Bancorp during the prior five years plus the highest bonus earned by the executive with respect to any single year during the prior five years. We will also pay any excise taxes the officer may incur as a result of these payments and any income and excise taxes on the excise tax payments, and we will continue to provide the officer medical benefits and certain other benefits during the severance period. The terms cause, good reason and change-in-control are defined in the agreements.

Deferred Compensation Plan. Under the U.S. Bancorp Deferred Compensation Plan that was in effect through 2004, members of our senior management, including all of our executive officers, could choose to defer all or a part of their cash compensation and all or a part of the profit amount associated with their U.S. Bancorp stock options. Messrs. Grundhofer, Davis and Moffett all have deferred amounts under the plan. The minimum amount that could be deferred in any calendar year was $1,000. Cash compensation that is deferred is deemed to be invested in any of the following investment alternatives selected by the participant:

- shares of our common stock, based on the fair market value of the common stock on the date of deferral, with dividend equivalents deemed reinvested in additional shares; or

- one of several mutual funds.

Although the plan administrator has established procedures permitting a plan participant to reallocate deferred amounts among these investment alternatives after the initial election to defer, the election to defer is irrevocable, and the deferred compensation will not be paid to the executive officer until his retirement or earlier termination of employment. At that time, the participant will receive, depending upon the investment alternative selected by the executive officer, payment of the amounts credited to his account under the plan in a lump-sum cash payment, in shares of our common stock or in up to 20 annual cash installments. Deferred stock option gains must be paid in shares of common stock. If a participant dies before the entire deferred amount has been distributed, the undistributed portion will be paid to the participant s beneficiary. The benefits under the plan otherwise are not transferable by the participant.

In December 2004, the 2005 U.S. Bancorp Deferred Compensation Plan was established to comply with the expected provisions of the American Jobs Creation Act of 2004. The provisions of the 2005 plan are substantially similar to those under the 2004 plan, with the primary changes to the plan being those required to comply with the American Jobs Creation Act, including adding new restrictions that apply to distributions. In addition, the profit amount associated with U.S. Bancorp stock options or other equity awards cannot be deferred under the 2005 plan.

Summary Compensation Table

The following table shows the cash and non-cash compensation for each of the last three fiscal years awarded to or earned by our chief executive officer and each of our four other most highly compensated executive officers during fiscal year 2004. Also included is a former executive officer who left the company on February 1, 2005.

Summary Compensation Table

	Annual Compensation					Long-Term Compensation				
Name and Principal Position	**Year**	**Salary ($)**(1)	**Bonus ($)**(1)	**Other Annual Compensation ($)**(2)		**Restricted Stock Awards ($)**(3)		**Securities Underlying Options (#)**(4)	**All Other Compensation ($)**	
Jerry A. Grundhofer	2004	1,100,042	4,200,000	214,976	(5)	0		1,720,149	8,200	(6)
Chairman and	2003	1,000,038	2,625,000	61,523	(5)	0		1,232,000	17,763	
Chief Executive Officer	2002	1,000,038	1,500,000	67,144	(5)	5,023,980	(7)	678,583	14,459	
Richard K. Davis	2004	565,647	1,200,000			0		519,010	8,200	(6)
President and Chief	2003	500,019	800,000			0		286,900	28,018	
Operating Officer	2002	475,018	500,000			579,690	(8)	235,591	18,146	
David M. Moffett	2004	525,020	1,000,000			0		370,722	8,200	(6)
Vice Chairman and	2003	500,019	750,000			0		260,000	10,622	
Chief Financial Officer	2002	475,018	500,000			579,690	(8)	235,591	14,788	
William L. Chenevich	2004	450,017	600,000			0		333,650	8,200	(6)
Vice Chairman	2003	450,017	550,000			648,600	(9)	167,800	8,000	
	2002	425,016	450,000			493,810	(8)	206,394		