

US BANCORP \DE\
Form 424B2
January 12, 2007

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**Prospectus Supplement
(To Prospectus Dated March 10, 2006)**

\$2,500,000,000

Floating Rate Convertible Senior Debentures due September, 2036

U.S. Bancorp issued the debentures in a private placement on September 20, 2006 at an issue price of \$1,000 per debenture. The initial purchaser resold the debentures to qualified institutional buyers in accordance with Rule 144A under the Securities Act of 1933, as amended. This prospectus supplement will be used by the selling securityholders from time to time to resell their debentures and any common stock issuable upon conversion of their debentures. The debentures bear interest at an annual rate equal to 3-month LIBOR, reset quarterly, minus 1.75, initially 3.64%; provided that such rate will never be less than 0% per annum. Interest will be payable quarterly in arrears on March 20, June 20, September 20 and December 20 of each year, beginning December 20, 2006, until September 20, 2031. After that date, we will not pay interest on the debentures prior to maturity. Instead, on September 2036, the maturity date of the debentures, or any earlier redemption date, purchase date or change in control purchase date, a holder will receive the accreted principal amount of a debenture, which will be equal to the original principal amount of \$1,000 per debenture, increased daily by a variable yield beginning on September 20, 2031. The yield will be reset quarterly to a rate of 3-month LIBOR minus 1.75% per annum; provided that such yield will never be less than 0% per annum. The debentures are unsecured and unsubordinated obligations of U.S. Bancorp and will rank equally with all of our other unsecured and unsubordinated indebtedness.

Holders may convert their debentures into a number of shares of our common stock determined as set forth in this prospectus supplement, which we refer to as the conversion rate. Upon conversion, we will have the right to deliver, in lieu of shares of our common stock, cash or a combination of cash and shares of our common stock in an amount described in this prospectus supplement. The conversion rate is initially 26.1233, subject to adjustment as described in this prospectus supplement.

Holders may require us to purchase for cash all or a portion of their debentures on September 20, 2007, 2008, 2011, 2016, 2021, 2026 and 2031 at 100% of the accreted principal amount thereof, plus accrued and unpaid interest to, but excluding, the date of purchase, if any. In addition, upon a change in control of U.S. Bancorp, as defined in the indenture governing the debentures, each holder may require us to purchase for cash all or a portion of such holder's debentures at 100% of the accreted principal amount thereof, plus accrued and unpaid interest to, but excluding, the date of purchase, if any.

We may redeem for cash all or a portion of the debentures at any time on or after September 20, 2007 at a price of 100% of the accreted principal amount thereof, plus accrued and unpaid interest to, but excluding, the date of purchase, if any.

Our common stock is traded on the New York Stock Exchange under the ticker symbol **USB**.

Investing in the debentures involves risks. See Risk Factors beginning on page S-5.

We will not receive any of the proceeds from the sale of the debentures or the shares of common stock by any of the selling securityholders. The debentures and the shares of common stock may be offered in negotiated transactions or otherwise, at market prices prevailing at the time of sale or at negotiated prices. In addition, the shares of common stock may be offered from time to time through ordinary brokerage transactions on the New York Stock Exchange. See Plan of Distribution. The selling securityholders may be deemed to be Underwriters as defined in the Securities Act of 1933, as amended, or Securities Act. If any broker-dealers are used by the selling securityholders, any commissions paid to broker-dealers and, if broker-dealers purchase any debentures or common stock as principals, any profits received by these broker-dealers on the resale of the debentures or shares of common stock, may be deemed to be underwriting discounts or commissions under the Securities Act. In addition, any profits realized by the selling securityholders may be deemed to be underwriting commissions.

The debentures are not deposits or other obligations of a depository institution and are not insured by the Federal Deposit Insurance Corporation, The Bank Insurance Fund or any other governmental agency.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus supplement is January 12, 2007.

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Prospectus

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We are not, and the selling securityholders are not, making an offer to sell the debentures in any jurisdiction except where an offer or sale is permitted.

This prospectus supplement summarizes certain documents and other information in a manner we believe to be accurate, but we refer you to the actual documents summarized herein for a more complete understanding of what we discuss in this prospectus supplement. In making an investment decision, you must rely on your own examination of us and the terms of the offering and the debentures, including the merits and risks involved.

We are not, and the selling securityholders are not, making any representation to any purchaser of the debentures regarding the legality of an investment in the debentures by the purchaser under any legal investment or similar laws or regulations. You should not consider any information contained or incorporated by reference in this prospectus supplement to be legal, business or tax advice. You should consult your own attorney, accountant, business advisor and tax advisor for legal, tax, business and financial advice regarding an investment in the debentures.

You should rely only on the information contained or incorporated by reference in this prospectus supplement. We have not, and the selling securityholders have not, authorized any person to provide you with different information or to make any representation not contained in, or incorporated by reference into, this prospectus supplement. If anyone provides you with different or inconsistent information, you should not rely on it. You should not assume the information contained in this prospectus supplement is accurate after the date on the front cover of this prospectus supplement or that the information contained in documents incorporated by reference is accurate after the respective dates of the filing of such incorporated documents. Our business, financial condition, results of operations and prospects may have changed since those dates.

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The selling securityholders reserve the right to withdraw this offering of the debentures at any time. The selling securityholders also reserve the right to reject any offer to purchase some or all of the debentures for any reason and to allot to any prospective investor less than the full amount of debentures sought by the investor.

You must comply with all applicable laws and regulations in force in any applicable jurisdiction and you must obtain any consent, approval or permission required by you for the purchase, offer or sale of the debentures under the laws and regulations in force in the jurisdiction to which you are subject or in which you make your purchase, offer or sale, and neither we nor the initial purchaser will have any responsibility therefor.

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is called a prospectus supplement and is part of a registration statement that we filed with the Securities and Exchange Commission, or SEC. The registration statement containing this prospectus supplement and the accompanying prospectus, including exhibits to the registration statement provides additional information about us and the securities offered under this prospectus supplement. The registration statement can be read at the SEC web site or at the SEC office mentioned under the heading **Where You Can Find More Information**.

If the information set forth in this prospectus supplement differs in any way from the information set forth in the accompanying prospectus, you should rely on the information set forth in this prospectus supplement.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any document that we file at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public from the SEC's website at <http://www.sec.gov>. Our SEC filings are also available at the offices of the New York Stock Exchange. For further information on obtaining copies of our public filings at the New York Stock Exchange, you should call (212) 656-5060.

The SEC allows us to incorporate by reference the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus supplement, and later information that we file with the SEC will automatically update and supersede this information. We incorporate by reference the following documents listed below and any future filings made with the SEC under Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), until this offering is completed:

Annual Report on Form 10-K for the year ended December 31, 2005;

Quarterly Reports on Form 10-Q for the quarters ended March 31, June 30 and September 30, 2006;

Current Reports on Form 8-K filed on January 17 (two reports), February 1 (filed on Form 8-K/A), March 17, March 27, March 29, April 12, April 21, July 20, August 3, August 30, September 5 (filed on Form 8-K/A), September 20, October 18, December 13, December 19 and December 22, 2006; and

the description of our common stock contained in Item 1 of the registration statement on Form 8-A dated March 19, 1984, as amended in its entirety by that Form 8 Amendment dated February 26, 1993 and that Form 8-A/A-2 dated October 6, 1994, and any amendment or report filed for the purpose of updating such description.

You may request a copy of these filings, at no cost, by writing or telephoning us at the following address:

U.S. Bancorp
800 Nicollet Mall
Minneapolis, Minnesota 55402
Attn: Investor Relations Department
(612) 303-0799 or (866) 775-9668

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus, including documents incorporated by reference by this prospectus supplement and the accompanying prospectus, contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended. 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, anticipa estimates, intends, plans, targets, potentially, probably, projects, outlook or similar expressions.

These forward-looking statements cover, among other things, our anticipated future revenue and expenses and our future plans and prospects. 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; and

effects of critical accounting policies and judgments.

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, 2005 on file with the SEC, including the sections entitled Risk Factors and Corporate Risk Profile. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update them in light of new information or future events.

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SUMMARY

The following summary highlights selected information contained elsewhere in this prospectus supplement, accompanying prospectus and certain documents incorporated by reference herein. You should read this entire prospectus supplement, the accompanying prospectus and the documents we have incorporated by reference into this prospectus supplement, including the section entitled Risk Factors and our financial statements and the notes thereto incorporated by reference in this prospectus supplement, before making an investment decision. The terms we, our, and us, as used in this prospectus supplement, refer to U.S. Bancorp and its majority owned subsidiaries as a combined entity, except where otherwise stated or where it is clear that the terms mean only U.S. Bancorp.

U.S. Bancorp

We are a multi-state financial services holding company headquartered in Minneapolis, Minnesota. We were incorporated in Delaware in 1929 and operate as a financial holding company and a bank holding company under the Bank Holding Company Act of 1956. We provide a full range of financial services through our subsidiaries, including lending and depository services, cash management, foreign exchange and trust and investment management services. Our subsidiaries also engage in credit card services, merchant and automated teller machine processing, mortgage banking, insurance, brokerage and leasing services. We are the parent company of U.S. Bank National Association and U.S. Bank National Association N.D.

Our common stock is traded on the New York Stock Exchange under the ticker symbol USB. Our principal executive offices are located at 800 Nicollet Mall, Minneapolis, Minnesota, 55402. Our telephone number is (612) 303-0799.

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The Offering

Debentures	\$2,500,000,000 aggregate original principal amount of Floating Rate Convertible Senior Debentures due 2036. The original principal amount per debenture is \$1,000.
Maturity	September 20, 2036.
Payment at Maturity	On September 20, 2036, the maturity date of the debentures, or any earlier redemption date, purchase date or change in control purchase date, a holder will receive the accreted principal amount per debenture, which will be equal to the original principal amount of \$1,000 per debenture increased daily by a variable yield, which until September 20, 2031 will be 0% per annum and beginning on September 21, 2031 will be reset quarterly to a rate of 3-month LIBOR minus 1.75% per annum; provided that such yield will never be less than 0% per annum.
Interest	The debentures bear interest at an annual rate equal to 3-month LIBOR, reset quarterly, minus 1.75%, initially 3.64%; provided that such rate will never be less than 0% per annum. Interest will be payable quarterly in arrears on March 20, June 20, September 20 and December 20 of each year, beginning December 20, 2006, until September 20, 2031. After that date, we will not pay interest on the debentures prior to maturity.
Tax Original Issue Discount	Because cash interest is not payable throughout the term of the debentures, the debentures will be considered issued with original issue discount for U.S. federal income tax purposes. Accordingly, U.S. holders (as defined herein) generally will be required to include such original issue discount in their gross income for U.S. federal income tax purposes, regardless of the timing of receipt of the related cash payments. See Material United States Federal Income Tax Considerations.
Conversion Rights	<p>A holder may convert its debentures at any time on or prior to the maturity date. If a holder surrenders its debentures for conversion, it will receive, in respect of each \$1,000 original principal amount of debentures surrendered for conversion,</p> <p style="padding-left: 40px;">cash in an amount equal to the lesser of (1) the accreted principal amount of such debenture as of the conversion date and (2) the Conversion Value (as defined below), and</p> <p style="padding-left: 40px;">if the Conversion Value is greater than the accreted principal amount of such debenture as of the conversion date, a number of shares of our common stock equal to the sum of the Daily Share Amounts (as defined below) for each of the ten consecutive trading days in the applicable Conversion Reference Period (as defined below), subject to our right to deliver cash in lieu of all or</p>

a portion of such shares and provided that we will pay cash in lieu of fractional shares otherwise issuable upon conversion of such debenture.

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The **Conversion Value** means the average of the Daily Conversion Values (as defined below) for each of the ten consecutive trading days of the applicable Conversion Reference Period (as defined below).

The **Daily Conversion Value** means, with respect to any trading day, the product of (1) the applicable Conversion Rate (as defined below) and (2) the closing sale price of our common stock on such trading day.

The **Conversion Reference Period** means:
for debentures that are converted after we have specified a redemption date, the ten consecutive trading days beginning on the third trading day following the redemption date (in the case of a partial redemption, this will apply only to those debentures that are subject to redemption); and

in all other instances, the ten consecutive trading days beginning on the third trading day following the conversion date.

The **Daily Share Amount** means, for each trading day of the applicable Conversion Reference Period, a number of shares determined by the following formula:

$$\frac{(\text{Closing Sale Price on Such Trading Day} * \text{Applicable Conversion Rate}) * \text{the Accreted Principal Amount of the Debenture on the Conversion Date}}{\text{Closing Sale Price on Such Trading Day} * 10}$$

*Closing Sale Price on Such Trading Day * 10*

The **Conversion Rate** is initially 26.1233, subject to adjustment as described under **Description of Debentures Conversion Rights Conversion Rate Adjustments**.

We will have the option to deliver cash in lieu of all or any portion of the shares of common stock, if any, deliverable upon conversion.

Upon conversion, a holder will not receive any cash payment representing accrued interest (unless such debenture or portion thereof is converted after a record date but prior to the next succeeding interest payment date or the debenture has been called for redemption on a redemption date that occurs between a regular record date and the interest payment date to which it relates). Instead, interest will be deemed paid by the delivery to the holder of the cash and common stock, if any, into which such holder's debentures are convertible, together with any cash payment for fractional shares. See **Description of Debentures Conversion Rights**.

Ranking

The debentures are our unsecured and unsubordinated obligations and rank equally in right of payment with all of our existing and future

unsecured and unsubordinated indebtedness. The debentures are structurally subordinated to the liabilities of our subsidiaries, including but not limited to deposits and trade payables.

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Sinking Fund	None.
Redemption of Debentures at Our Option	We may redeem for cash all or a portion of the debentures at any time on or after September 20, 2007 at a price equal to 100% of the accreted principal amount of the debentures to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date, if any.
Purchase of Debentures by Us at the Option of Holder	Holder s may require us to purchase all or a portion of their debentures on September 20, 2007, 2008, 2011, 2016, 2021, 2026 and 2031 for cash at a price equal to 100% of the accreted principal amount of the debentures to be purchased, plus accrued and unpaid interest to, but excluding, such purchase date, if any. See Description of Debentures Purchase of Debentures by Us at the Option of the Holder.
Change in Control	Upon a change in control (as defined in the indenture governing the debentures) of U.S. Bancorp, each holder may require us to purchase all or a portion of such holder s debentures for cash at a price equal to 100% of the accreted principal amount of the debentures to be purchased, plus accrued and unpaid interest to, but excluding, the date of purchase, if any. See Description of Debentures Change in Control Permits Purchase of Debentures by Us at the Option of the Holder.
Use of Proceeds	We will not receive any proceeds from the sale by selling securityholders of the debentures or the shares of common stock issuable upon conversion of the debentures.
DTC Eligibility	The debentures were issued in book-entry form and are represented by one or more permanent global certificates deposited with a custodian for and registered in the name of a nominee of The Depository Trust Company, or DTC, in New York, New York. Beneficial interests in any such securities are shown on, and transfers will be effected only through, records maintained by DTC and its direct and indirect participants. Any such interest may not be exchanged for certificated securities, except in limited circumstances. See Description of Debentures Book-Entry System.
NYSE Symbol for Our Common Stock	USB
<i>You should refer to the section Risk Factors for an explanation of some risks of investing in the debentures.</i>	

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RISK FACTORS

Your investment in the debentures will involve certain risks. You should carefully consider the risk factors included in our Annual Report on Form 10-K for the year ended December 31, 2005 and pay special attention to the following factors, in addition to the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus before making an investment in the debentures.

No public market exists for the debentures.

The debentures are a new issue of securities for which there is currently no public market. We do not intend to list the debentures on any national securities exchange or automated quotation system. We cannot assure you that an active or sustained trading market for the debentures will develop or that the holders will be able to sell their debentures. Although the initial purchaser informed us that it intends to make a market in the debentures, the initial purchaser may cease its market making at any time.

Moreover, even if the holders are able to sell their debentures, we cannot assure you as to the price at which any sales will be made. Future trading prices of the debentures will depend on many factors, including, among other things, prevailing interest rates, our operating results, the price of our common stock and the market for similar securities. Historically, the market for convertible debt has been subject to disruptions that have caused volatility in prices. It is possible that the market for the debentures will be subject to disruptions which may have a negative effect on the holders of the debentures, regardless of our prospects or financial performance.

The price of our common stock, and therefore of the debentures, may fluctuate significantly, which may make it difficult for you to resell the debentures, or common stock issuable upon conversion of the debentures, when you want or at prices you find attractive.

The price of our common stock on the New York Stock Exchange constantly changes. We expect that the market price of our common stock will continue to fluctuate. Because the debentures are convertible into our common stock, volatility or depressed prices for our common stock could have a similar effect on the trading price of the debentures. Holders who have received common stock upon conversion will also be subject to the risk of volatility and depressed prices.

Our stock price can fluctuate as a result of a variety of factors, many of which are beyond our control. These factors include:

actual or anticipated variations in our quarterly operating results;

recommendations by securities analysts;

new technology used, or services offered, by our competitors;

significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors;

failure to integrate our acquisitions or realize anticipated benefits from our acquisitions;

operating and stock price performance of other companies that investors deem comparable to us;

news reports relating to trends, concerns and other issues in the financial services industry;

changes in government regulations; and

geopolitical conditions such as acts or threats of terrorism or military conflicts.

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General market fluctuations, industry factors and general economic and political conditions and events, such as terrorist attacks, economic slowdowns or recessions, interest rate changes, credit loss trends or currency fluctuations, also could cause our stock price to decrease regardless of our operating results.

In addition, the stock market in general has experienced extreme volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations may adversely affect the market price of our common stock.

The yield on the debentures cannot be determined at this time and may be lower than the yield on a standard debt security of comparable maturity and may be zero.

The yield on the debentures is based on 3-month LIBOR, which is the London Interbank Offered Rate, minus 1.75% and was initially 3.64% at September 14, 2006, when 3-month LIBOR was 5.39% per annum. The yield on the debentures will be reset every three months. If LIBOR is at or below 1.75% per annum at the start of any three-month period before September 21, 2031, no interest will accrue on the debenture for such three-month period. If LIBOR is at or below 1.75% per annum at the start of any three-month period on or after 20, 2031, the principal amount of the debenture will not increase during that period. Therefore, the accreted principal amount of a debenture at maturity cannot be determined at this time and there can be no assurance that we will pay more than \$1,000 on the maturity date.

The amount we pay holders may be less than the return the holders could earn on other investments. The holder's yield may be less than the yield a holder would earn if it bought a standard senior debt security of U.S. Bancorp with the same stated maturity date. Your investment may not reflect the full opportunity cost to you when you take into account factors that affect the time value of money.

The conversion rate may not be adjusted for all dilutive events that may occur.

The conversion rate is subject to adjustment for certain events including, but not limited to, the issuance of stock dividends above the dividend threshold amount on our common stock, the issuance of certain rights or warrants, subdivisions or combinations of our common stock, certain distributions of assets, debt securities, capital stock or cash to holders of our common stock and certain issuer tender or exchange offers as described under Description of Debentures Conversion Rights Conversion Rate Adjustments. Notwithstanding the foregoing, in no event shall the Conversion Rate as adjusted exceed 30.3030 per \$1,000 principal amount of debentures, other than on account of certain proportional adjustments to the Conversion Rate as described under Description of Debentures Conversion Rights Conversion Rate Adjustments. The conversion rate will not be adjusted for other events, such as an issuance of common stock for cash or a third-party tender offer (including cash tender offers), that may adversely affect the trading price of the debentures or the common stock. There can be no assurance that an event that adversely affects the value of the debentures, but does not result in an adjustment to the conversion rate, will not occur.

The issuance of common stock, if any, upon conversion of the debentures will dilute the ownership interest of existing shareholders.

If we are required to issue common stock upon conversion of the debentures, such issuance will dilute the ownership interests of existing shareholders. Any sales in the public market of such common stock could adversely affect prevailing market prices of our common stock. In addition, the existence of the debentures may encourage short selling by market participants because the conversion of the debentures could depress the price of our common stock.

If you hold debentures, you will not be entitled to any rights with respect to our common stock, but you will be subject to all changes made with respect to our common stock.

If you hold debentures, you will not be entitled to any rights with respect to our common stock, including, without limitation, voting rights and rights to receive any dividends or other distributions on our common stock, but you will be subject to all changes affecting the common stock. You will have rights with respect to our common

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stock only if and when we deliver shares of common stock to you upon conversion of your debentures and, in limited cases, under the conversion rate adjustments applicable to the debentures. For example, in the event that an amendment is proposed to our certificate of incorporation or bylaws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to delivery of common stock to you, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers, preferences or special rights of our common stock.

The trading prices for the debentures will be directly affected by the trading prices for our common stock, which is impossible to predict.

The price of our common stock could be affected by possible sales of our common stock by investors who view the debentures as a more attractive means of equity participation in U.S. Bancorp and by hedging or arbitrage trading activity that may develop involving the common stock. The arbitrage could, in turn, affect the trading prices of the debentures.

The U.S. federal income tax consequences of the conversion of the debentures into cash and common stock are unclear.

The U.S. federal income tax consequences of the conversion of debentures are unclear. The conversion of debentures into common stock and cash may be treated as in part a conversion into stock and in part a payment in redemption of a portion of the debentures. Alternatively, the conversion of debentures may be treated in its entirety as a recapitalization. In either event, U.S. holders who convert their debentures may be subject to tax on a portion of the converted debentures. See *Material United States Federal Income Tax Considerations U.S. Holders Conversion of Debentures into Cash and Common Stock* for more information.

The debentures are structurally subordinated to debt of our subsidiaries.

The debentures are our obligations but our assets consist primarily of equity in our subsidiaries and, as a result, our ability to make payments on the debentures depends on our receipt of dividends, loan payments and other funds from our subsidiaries.

The debentures are not obligations of our subsidiaries, and our subsidiaries have no obligation to pay any amounts due on the debentures. All amounts due on the debentures are structurally subordinated to all obligations and liabilities of our subsidiaries. The indenture relating to the debentures does not limit our ability or the ability of our subsidiaries to issue or incur additional debt or preferred stock.

We may not have the ability to raise the funds necessary to finance the purchase of the debentures if required by holders pursuant to the indenture or to settle any debentures that are converted.

Upon the occurrence of certain specific kinds of change in control events, holders may require us to purchase for cash any or all outstanding debentures. Certain important corporate events, such as leveraged recapitalizations that would increase the level of our indebtedness, would not constitute a change in control under the debentures. See *Description of Debentures Change in Control Permits Purchase of Debentures by Us at the Option of the Holder*. In addition, holders may require us to purchase for cash all outstanding debentures on September 20, 2007, 2008, 2011, 2016, 2021, 2026 and 2031. Furthermore, we are required to settle any debentures that are submitted for conversion in whole or in part for cash. However, it is possible that we will not have sufficient funds available at any such time to make the required repurchase of debentures or cash settlement of conversions and restrictions in our other indebtedness outstanding in the future may not allow any such repurchase or cash settlement.

Certain provisions in our certificate of incorporation and bylaws may deter potential acquirors and may depress our stock price.

Our certificate of incorporation and bylaws contain provisions that could have the effect of discouraging unwanted or hostile takeover attempts that are not approved by the U.S. Bancorp board. See *Description of Capital Stock*.

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USE OF PROCEEDS

We will not receive any proceeds from the sale by the selling securityholders of the debentures or the shares of common stock issuable upon conversion of the debentures.

RATIO OF EARNINGS TO FIXED CHARGES

Our ratio of earnings to fixed charges for each of the periods indicated is as follows:

	Nine Months Ended September 30		Year Ended December 31			
	2006	2005	2004	2003	2002	2001
Ratio	2.29	2.84	3.88	3.64	2.79	1.50

For the purpose of computing the ratios of earnings to fixed charges, earnings consist of consolidated income from continuing operations before provision for income taxes, minority interest and fixed charges, and fixed charges consist of interest expense, amortization of debt issuance costs and the portion of rental expense deemed to represent interest.

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We issued the debentures on September 20, 2006 under a senior indenture, dated as of September 20, 2006, between us and Wilmington Trust Company, as trustee.

The following summary does not purport to be complete, and is subject to, and is qualified in its entirety by reference to, all of the provisions of the debentures and the indenture. We urge you to read the indenture and the form of the debentures, which you may obtain from us upon request, because they and not this description define your rights in respect of the debentures. As used in this description, all references to U.S. Bancorp, we, us or our mean U.S. Bancorp, excluding, unless otherwise expressly stated or the context otherwise requires, any of its subsidiaries.

General

The debentures are limited to \$2,500,000,000 aggregate original principal amount and were issued only in registered form without coupons in denominations of \$1,000 original principal amount and any integral multiple of \$1,000 above that amount. We use the term debenture in this prospectus supplement to refer to each \$1,000 original principal amount of debentures. The debentures will mature on September 20, 2036. On the maturity date of the debentures, or any earlier redemption date, purchase date or change in control purchase date, a holder will receive the accreted principal amount of a debenture. The accreted principal amount will equal the original principal amount of \$1,000 per debenture increased by a variable yield, which until September 20, 2031 will be 0% per annum and commencing on September 21, 2031 will be reset quarterly to a rate of 3-month LIBOR minus 1.75% per annum; provided that such yield will never be less than 0% per annum. The principal amount of the debentures will accrete daily beginning September 21, 2031 at the applicable yield. The rate of accretion will be applied to the accreted principal amount per debenture as of the day preceding the most recent yield reset date. LIBOR reset dates will be each March 21, June 21, September 21 and December 21, commencing on September 21, 2031. The yield will be calculated using the actual number of days elapsed between the LIBOR reset dates divided by 360.

The debentures bear interest at an annual rate equal to 3-month LIBOR, reset quarterly, minus 1.75% (initially 3.64%) on the original principal amount from September 20, 2006, or from the most recent date to which interest has been paid or provided for, until September 20, 2031. In no event shall such rate be less than 0% per annum. During such period interest will be payable quarterly in arrears on March 20, June 20, September 20 and December 20 of each year, beginning December 20, 2006, to the person in whose name a debenture is registered at the close of business on the March 1, June 1, September 1 and December 1, as the case may be, immediately preceding the relevant interest payment date. Each payment of interest will include interest accrued for the period, which we refer to as an interest period, commencing on and including the immediately preceding interest payment date (or, if none, September 20, 2006) to, but excluding the applicable interest payment date or purchase date or change in control purchase date, as the case may be. Interest on the debentures will be computed using the actual number of days elapsed between the LIBOR reset dates divided by 360.

If any interest payment date (other than an interest payment date coinciding with the maturity date or earlier redemption date or purchase date) of a debenture falls on a day that is not a business day, such interest payment date will be postponed to the next succeeding business day, provided that, if such business day falls in the next succeeding calendar month, the interest payment date will be brought forward to the immediately preceding business day. If the maturity date, redemption date or purchase date of a debenture would fall on a day that is not a business day, the required payment of interest, if any, and principal will be made on the next succeeding business day and no interest on such payment will accrue for the period from and after the maturity date, redemption date or purchase date to such next succeeding business day. The term business day means, with respect to any debenture, any day other than a Saturday, a Sunday or a day on which banking institutions in The City of New York are authorized or required by law, regulation or executive order to close, provided solely with respect to the LIBOR determination date (as defined below), such day is also a London banking day. The term London banking day is defined below under 3-month LIBOR.

The debentures are redeemable prior to maturity only on or after September 20, 2007 and as described below under Redemption of Debentures at Our Option, Purchase of Debentures by Us at the Option of the Holder and Change in Control Permits Purchase of Debentures by Us at the Option of the Holder, and do not have the

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benefit of a sinking fund. Principal of and interest on the debentures will be payable at the office of the paying agent, which initially will be an office or agency of U.S. Bank Trust National Association, or an office or agency maintained for such purpose, in the Borough of Manhattan, The City of New York. The debentures may be presented for conversion at the office of the conversion agent, and for registration of transfer or exchange at the office of the registrar, each such agent initially being U.S. Bank Trust National Association. No service charge will be made for any registration of transfer or exchange of debentures, but we may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Maturity, conversion, purchase by us at the option of a holder or redemption of a debenture will cause interest to cease to accrue on such debenture. We may not reissue a debenture that has matured or been converted, purchased by us at the option of a holder, redeemed or otherwise cancelled, except for registration of transfer, exchange or replacement of such debenture.

3-month LIBOR

Prior to September 20, 2031, the annual rate of interest payable on the debentures will be reset on the first day of each interest period for the debentures. Beginning on September 21, 2031, the yield on the debentures will be reset on each March 21, June 21, September 21 and December 21, which we call the LIBOR reset date. If any LIBOR reset date would otherwise be a day that is not a business day, that LIBOR reset date will be postponed to the next succeeding business day, except if that business day falls in the next succeeding calendar month, in which case that LIBOR reset date will be the immediately preceding business day.

The calculation agent will determine 3-month LIBOR on the second London banking day preceding the related LIBOR reset date, which we refer to as the LIBOR determination date.

3-month LIBOR means:

the rate for three-month deposits in United States dollars commencing on the related LIBOR reset date, that appears on the Moneyline Telerate Page 3750 as of 11:00 A.M., London time, on the LIBOR determination date; or

if no rate appears on the particular LIBOR determination date on the Moneyline Telerate Page 3750, the rate calculated by the calculation agent as the arithmetic mean of at least two offered quotations obtained by the calculation agent after requesting the principal London offices of each of four major reference banks in the London interbank market to provide the calculation agent with its offered quotation for deposits in United States dollars for the period of three months, commencing on the related LIBOR reset date, to prime banks in the London interbank market at approximately 11:00 A.M., London time, on that LIBOR determination date and in a principal amount that is representative for a single transaction in United States dollars in that market at that time; or

if fewer than two offered quotations referred to in the preceding bullet are provided as requested, the rate calculated by the calculation agent as the arithmetic mean of the rates quoted at approximately 11:00 A.M., New York time, on the particular LIBOR determination date by three major banks in The City of New York selected by the calculation agent for loans in United States dollars to leading European banks for a period of three months and in a principal amount that is representative for a single transaction in United States dollars in that market at that time; or

if the banks so selected by the calculation agent are not quoting as mentioned in the preceding bullet, 3-month LIBOR in effect on the particular LIBOR determination date.

Moneyline Telerate Page 3750 means the display on Moneyline Telerate (or any successor service) on such page (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for United States dollars.

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London banking day means a day on which commercial banks are open for business, including dealings in United States dollars, in London.

Ranking of Debentures

The debentures are unsecured and unsubordinated obligations and rank equally in right of payment with all of our existing and future unsecured and unsubordinated indebtedness. The debentures are structurally subordinated to the indebtedness and liabilities of our subsidiaries, including but not limited to deposits and trade payables.

Conversion Rights

A holder may convert its debentures at any time on or prior to the maturity date. If a holder surrenders its debentures for conversion, such holder will receive, in respect of each \$1,000 original principal amount of debentures surrendered for conversion,

cash in an amount equal to the lesser of (1) the accreted principal amount of such debenture as of the conversion date and (2) the Conversion Value (as defined below); and

if the Conversion Value is greater than the accreted principal amount of such debenture as of the conversion date, a number of shares of our common stock equal to the sum of the Daily Share Amounts (as defined below) for each of the ten consecutive trading days in the applicable Conversion Reference Period (as defined below), subject to our right to deliver cash in lieu of all or a portion of such shares as described below.

The Conversion Value means the average of the Daily Conversion Values (as defined below) for each of the ten consecutive trading days of the applicable Conversion Reference Period (as defined below).

The Daily Conversion Value means, with respect to any trading day, the product of (1) the applicable Conversion Rate and (2) the closing sale price of our common stock on such trading day.

The Conversion Reference Period means:

for debentures that are converted after we have specified a redemption date, the ten consecutive trading days beginning on the third trading day following the redemption date (in the case of a partial redemption, this will apply only to those debentures that are subject to redemption); and

in all other instances, the ten consecutive trading days beginning on the third trading day following the conversion date.

The Daily Share Amount means, for each trading day of the applicable Conversion Reference Period, a number of shares determined by the following formula:

$$\frac{(\text{Closing Sale Price on Such Trading Day} * \text{Applicable Conversion Rate}) - \text{the Accreted Principal Amount of the Debenture on the Conversion Date}}{\text{Closing Sale Price on Such Trading Day} * 10}$$

The Conversion Rate is initially 26.1233, subject to adjustment as described under Description of Debentures Conversion Rights Conversion Rate Adjustments.

Trading day means a day during which trading in securities generally occurs on the New York Stock Exchange or, if our common stock is not listed on the New York Stock Exchange, on the principal other national or regional securities exchange on which our common stock is then listed or, if our common stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation

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System or, if our common stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which our common stock is then traded.

The closing sale price of our common stock on any date means the closing sale price per share (or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on such date as reported in composite transactions for the principal United States securities exchange on which the common stock is traded or, if the common stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System.

On any day prior to the first trading day of the applicable Conversion Reference Period, we may specify a percentage of the Daily Share Amount that will be settled in cash (the Cash Percentage). If we elect to specify a Cash Percentage, the amount of cash that we will deliver in respect of each trading day in the applicable Conversion Reference Period will equal the product of: (1) the Cash Percentage, (2) the Daily Share Amount for such trading day and (3) the closing sale price of our common stock for such trading day. The number of shares deliverable in respect of each trading day in the applicable Conversion Reference Period will be a percentage of the Daily Share Amount equal to 100% minus the Cash Percentage. If we do not specify a Cash Percentage by the start of the applicable Conversion Reference Period, we must settle 100% of the Daily Share Amount for each trading day in the applicable Conversion Reference Period with shares of our common stock; provided, however, that we will pay cash in lieu of fractional shares otherwise issuable upon conversion of such debenture.

Upon conversion of debentures, a holder will not receive any cash payment of interest (unless such debentures or portions thereof have been called for redemption on a redemption date that occurs between a regular record date and the interest payment date to which it relates). Our delivery to the holder of the cash and common stock, if any, into which such holder's debentures are convertible, together with any cash payment for fractional shares will be deemed to satisfy:

our obligation to pay the accreted principal amount of the debenture and

our obligation to pay accrued but unpaid interest, if any, attributable to the period from the most recent interest payment date through the conversion date.

As a result, accretion of the principal amount of the debenture and unpaid interest, if any, through the conversion date are deemed to be paid in full rather than cancelled, extinguished or forfeited.

Notwithstanding the above, if debentures are converted after a record date but prior to the next succeeding interest payment date, holders of such debentures at the close of business on the record date will receive the interest payable on such debentures on the corresponding interest payment date notwithstanding the conversion. Such debentures, upon surrender for conversion, must be accompanied by funds equal to the amount of interest payable on the debentures so converted, unless we have specified a redemption date or a change in control repurchase date that occurs after a regular record date and on or prior to the interest payment date to which it relates, in which case no such payment shall be required. Notwithstanding anything to the contrary, if we specify a redemption date that is in the month of September 2007, such payment also shall not be required upon the surrender of debentures for conversion after September 1, 2007 and prior to such redemption date.

The amount of cash due to a holder upon conversion, together with a certificate for the number of shares, if any, then due and any cash payment for fractional shares, will be delivered through the conversion agent as soon as practicable following the end of the applicable Conversion Reference Period. For a discussion of the tax treatment of a holder receiving shares of common stock upon conversion, see Material United States Federal Income Tax Considerations Sale, Exchange, Conversion or Redemption.

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To convert a debenture into cash and shares of common stock, a holder must:

complete and manually sign the conversion notice on the back of the debenture or complete and manually sign a facsimile of the conversion notice and deliver the conversion notice to the conversion agent;

surrender the debenture to the conversion agent;

if required by the conversion agent, furnish appropriate endorsements and transfer documents; and

if required, pay all transfer or similar taxes.

Pursuant to the indenture, the date on which all of the foregoing requirements have been satisfied is the conversion date.

Conversion Rate Adjustments. The Conversion Rate will be adjusted if we:

issue shares of our common stock as a dividend or a distribution with respect to the outstanding shares of our common stock;

effect subdivisions, combinations, recapitalizations or reclassifications of our common stock;

issue rights or warrants to all holders of our common stock entitling them to subscribe for or purchase shares of our common stock at a price less than the then current market price of our common stock;

pay dividends or other distributions to all holders of our common stock of shares of our capital stock or evidences of our indebtedness or our assets (including securities and shares of stock of our subsidiaries, but excluding (1) those dividends and distributions and rights and warrants referred to above or (2) distributions and dividends paid exclusively in cash referred to in the following bullet);

pay dividends or other distributions consisting exclusively of cash to all holders of our common stock, excluding: (A) any cash that is distributed as part of a distribution referred to in the preceding bullet and (B) any quarterly cash dividend on our common stock to the extent that such quarterly cash dividend per share of our common stock in any quarter does not exceed \$0.330 (the current dividend amount); the current dividend amount is also subject to adjustment on a basis inversely proportional to the Conversion Rate, provided that no adjustment will be made to the current dividend amount in respect of any cash dividend or other distribution that results in an adjustment to the Conversion Rate pursuant to this clause; and

purchase shares of our common stock pursuant to a tender offer or exchange offer made by us or any of our subsidiaries to the extent that the cash and fair market value of any other consideration included in the payment per share for our common stock exceeds the closing sale price per share of our common stock on the trading day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer.

Notwithstanding the foregoing, in no event shall the Conversion Rate as adjusted in accordance with the foregoing exceed 30.3030 per \$1,000 principal amount of the debentures, other than on account of proportional adjustments to the Conversion Rate in the manner set forth in clauses (1) through (4) above.

If an adjustment is required to be made pursuant to the fifth bullet above as a result of a distribution that is a quarterly dividend, the adjustment would be based upon the amount by which the distribution exceeds the amount of the quarterly cash dividend permitted to be excluded under such bullet. If an adjustment is required to be made pursuant to the fifth bullet above as a result of a distribution that is not a quarterly dividend, the adjustment would be based upon the amount of the distribution.

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In the event that we pay a dividend or make a distribution on shares of our common stock consisting of capital stock of, or similar equity interests in, a subsidiary or other business unit of ours, the Conversion Rate will be adjusted based on the market value of the securities so distributed relative to the market value of our common stock, in each case based on the average closing sale prices of those securities for the 10 trading days commencing on and including the fifth trading day after the date on which ex-dividend trading commences for such dividend or distribution on the New York Stock Exchange or such other national or regional exchange or market on which the securities are then listed or quoted.

The indenture provides that, if the shares of common stock issuable upon conversion of the notes are reclassified or changed in certain respects, if we are party to a consolidation or merger in which we are not the surviving corporation, if all or substantially all of our property and assets are sold or conveyed to any person (other than such a sale or conveyance in which holders of our common stock immediately prior to the transaction do not receive securities, cash or assets of our company or any other person) or if there is a statutory share exchange, then we or our successor in any such transaction, as a condition precedent to such transaction, will execute a supplemental indenture providing that the holders of notes may convert them into the kind and amount of securities, cash or other assets that such holders would have received immediately after the transactions if such holders had converted the notes into shares of our common stock, based on the applicable Conversion Rate, immediately before the effective date of the transaction.

In addition, the indenture provides that upon conversion of the debentures, the holders of such debentures will receive, in addition to the shares of our common stock issuable upon such conversion, the rights related to such common stock pursuant to our existing and any future shareholder rights plan, whether or not such rights have separated from such common stock at the time of such conversion. However, there shall not be any adjustment to the conversion privilege or Conversion Rate as a result of:

the issuance of the rights;

the distribution of separate certificates representing the rights; or

the termination or invalidation of the rights.

The indenture permits us to increase the Conversion Rate from time to time.

In the event of:

a taxable distribution to holders of shares of our common stock which results in an adjustment of the Conversion Rate; or

an increase in the Conversion Rate at our discretion,

the holders of the debentures may, in certain circumstances, be deemed to have received a distribution subject to federal income tax as a dividend. See Material United States Federal Income Tax Considerations Constructive Dividends.

We will not be required to make an adjustment in the Conversion Rate unless the adjustment would require a change of at least 1% in the Conversion Rate; provided that we will carry forward any adjustments that are less than 1% of the Conversion Rate and make such carried forward adjustments, regardless of whether the aggregate adjustment is less than 1%, (a) annually on the anniversary of the first date of issue of the debentures and otherwise (b)(1) five business days prior to the maturity of the debentures (whether at stated maturity or otherwise) or (2) five business days prior to the redemption date or repurchase date, unless such adjustment has already been made. Except as described above in this section, we will not adjust the Conversion Rate for any issuance of our common stock or convertible or exchangeable securities or rights to purchase our common stock or convertible or exchangeable securities.

Table of Contents**Redemption of Debentures at Our Option**

Prior to September 20, 2007, the debentures will not be redeemable at our option. Beginning on September 20, 2007 and thereafter, we may redeem the debentures for cash at any time as a whole, or from time to time in part. The redemption price of a debenture will be the accreted principal amount of such debenture on the redemption date, plus accrued and unpaid interest to, but excluding, such date, if any. We will give not less than 30 days nor more than 60 days notice of redemption by mail to holders of the debentures. The notice of redemption will inform the holders of the percentage of the Daily Share Amount that will be settled in cash, if any.

If we decide to redeem fewer than all of the outstanding debentures, the registrar may select the debentures by lot, pro rata, or by another method the registrar considers fair and appropriate.

If the registrar selects a portion of your debentures for partial redemption and you convert a portion of your debentures, the converted portion will be deemed to be the portion selected for redemption.

Holders of the debentures called for redemption may convert their debentures until 5:00 P.M., New York time, on the business day immediately preceding the redemption date.

The accreted principal amount of a debenture will be equal to the original principal amount of \$1,000 per debenture increased daily by a variable yield, which until September 20, 2031 will be 0% per annum and commencing on September 21, 2031 will be reset quarterly on the LIBOR reset date to a rate of 3-month LIBOR minus 1.75% per annum; provided that such yield will never be less than 0% per annum. Because the redemption price of a debenture at any time is dependent upon the accreted principal amount of a debenture at that time, the redemption price cannot be determined at this time. The following table indicates what the redemption prices would be on each date below if LIBOR was a constant 2.00%, 5.00% and 8.00% from September 20, 2031. This table represents an example of only three possibilities and you should realize that because LIBOR and therefore the yield on the debentures will fluctuate, any increases in accreted principal amount and redemption prices will differ, and may differ significantly, from the results below. The redemption price of a debenture redeemed between the dates below would include an additional amount reflecting the additional yield accrued since the next preceding date in the table.

Hypothetical Redemption Prices

Redemption Dates	Assuming 2.00% LIBOR			Assuming 5.00% LIBOR			Assuming 8.00% LIBOR		
	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)
	Original Principal Amount	Accretion	Redemption Price (1) + (2)	Original Principal Amount	Accretion	Redemption Price (1) + (2)	Original Principal Amount	Accretion	Redemption Price (1) + (2)
September 20, 2031*	\$1,000.00	\$ 0.00	\$1,000.00	\$1,000.00	\$ 0.00	\$1,000.00	\$1,000.00	\$ 0.00	\$1,000.00
September 20, 2032	\$1,000.00	\$ 2.54	\$1,002.54	\$1,000.00	\$ 33.45	\$1,033.45	\$1,000.00	\$ 65.07	\$1,065.07
September 20, 2033	\$1,000.00	\$ 5.09	\$1,005.09	\$1,000.00	\$ 67.93	\$1,067.93	\$1,000.00	\$134.18	\$1,134.18
September 20, 2034	\$1,000.00	\$ 7.64	\$1,007.64	\$1,000.00	\$103.56	\$1,103.56	\$1,000.00	\$207.78	\$1,207.78
September 20, 2035	\$1,000.00	\$10.19	\$1,010.19	\$1,000.00	\$140.37	\$1,140.37	\$1,000.00	\$286.15	\$1,286.15
September 20, 2036	\$1,000.00	\$12.76	\$1,012.76	\$1,000.00	\$178.52	\$1,178.52	\$1,000.00	\$369.85	\$1,369.85

* Date on which holders may require us to purchase outstanding debentures at a price equal to the redemption price.

Purchase of Debentures by Us at the Option of the Holder

You have the right to require us to purchase for cash all or a portion of your debentures on September 20, 2007, 2008, 2011, 2016, 2021, 2026 and 2031, or, if such day is not a business day, on the immediate succeeding business day, each such day a purchase date. We will be required to purchase, at a purchase price equal to 100% of the accreted principal amount thereof on the applicable purchase date, plus accrued and unpaid interest to, but excluding, such purchase date, if any, any outstanding debenture for which a written purchase notice has been properly