

US BANCORP \DE\  
Form 424B2  
March 16, 2006

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**PROSPECTUS SUPPLEMENT**  
**(To Prospectus Dated March 10, 2006)**

**1,250,000**  
**USB Capital IX**  
**6.189% Fixed-to-Floating Rate Normal ITS<sup>sm\*</sup>**  
**(liquidation amount \$1,000 per security)**  
**fully and unconditionally guaranteed, as described herein, by**

The 6.189% Fixed-to-Floating Rate Normal Income Trust Securities, or *Normal ITS*, are beneficial interests in USB Capital IX, a Delaware statutory trust. The trust will pass through, as distributions on or redemption price of Normal ITS, amounts that it receives on its assets that are the corresponding assets for the Normal ITS, and your financial entitlements as a holder of Normal ITS generally will correspond to the trust's financial entitlements as a holder of corresponding assets. The corresponding assets for each Normal ITS, with its \$1,000 liquidation amount, initially will be \$1,000 principal amount of our Remarketable Junior Subordinated Notes due 2042, or *Junior Subordinated Notes*, and a 1/100th, or \$1,000, interest in a stock purchase contract between the trust and U.S. Bancorp under which the trust agrees to purchase, and we agree to sell, on the stock purchase date, one share of our Series A Non-Cumulative Perpetual Preferred Stock, \$100,000 liquidation preference per share, or *Preferred Stock*, for \$100,000 and we agree to make contract payments to the trust. The trust will pledge the Junior Subordinated Notes and their proceeds to secure its obligation to pay the purchase price under the related stock purchase contracts. We expect the stock purchase date to be April 15, 2011 but in certain circumstances it may occur on an earlier date or as late as April 15, 2012. From and after the stock purchase date, the corresponding asset for each Normal ITS will be a 1/100th, or \$1,000, interest in one share of Preferred Stock.

Assuming that we do not elect to defer contract payments or interest payments on the Junior Subordinated Notes or to skip dividends on the Preferred Stock, holders of Normal ITS will receive distributions on the \$1,000 liquidation amount per Normal ITS:

from March 17, 2006 through the later of April 15, 2011 and the stock purchase date, at a rate *per annum* of 6.189%, payable semi-annually on each April 15 and October 15 (and on the stock purchase date, if not an April 15 or October 15), commencing October 15, 2006, and

thereafter at a rate *per annum* equal to the greater of (x) three-month LIBOR for the related distribution period plus 1.02% and (y) 3.50%, payable quarterly on each January 15, April 15, July 15 and October 15 (or if any such date is not a business day, on the next business day).

Distributions will be cumulative through the stock purchase date and non-cumulative thereafter.

The Normal ITS are perpetual and the trust will redeem them only to the extent we redeem the Preferred Stock. Although the Preferred Stock by its terms is redeemable by us at our option at any time on or after the later of April 15, 2011 and the stock purchase date, any redemption is subject to prior approval of the Federal Reserve as well as to our commitments in the Replacement Capital Covenant described in this prospectus supplement. Unless the Federal Reserve agrees otherwise in writing, we will redeem the Preferred Stock only if it is replaced with other Tier 1 capital that is not a restricted core capital element. See the discussion at pages S-93 to S-95 of this prospectus supplement.

Investors may exchange Normal ITS and U.S. treasury securities having a \$1,000 principal amount per Normal ITS for like amounts of Stripped ITS and Capital ITS, which are also beneficial interests in the trust. Each Stripped ITS corresponds to a 1/100th interest in a stock purchase contract and \$1,000 principal amount of U.S. treasury securities, and each Capital ITS corresponds to \$1,000 principal amount of Junior Subordinated Notes.

The Normal ITS and the Junior Subordinated Notes are not deposits or other obligations of a bank. They are not insured by the FDIC or any other government agency. The trust will apply to list the Normal ITS on the New York

Stock Exchange under the symbol USBTP. Trading of the Normal ITS on the New York Stock Exchange is expected to commence within a 30-day period after the initial delivery of the Normal ITS.

**Investing in the ITS involves risks. See Risk Factors beginning on page S-27 of this prospectus supplement to read about factors you should consider before buying ITS.**

**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.**

	<b>Per Normal ITS</b>	<b>Discounts and Commissions</b>	<b>Total (1)(2)</b>
Initial public offering price			
\$1,000 (2)	\$1,250,000,000		
Proceeds, before expenses and commissions, to U.S. Bancorp			
\$1,000 (2)	\$1,250,000,000		

(1) The initial public offering price does not include accrued distributions, if any, on the Normal ITS from March 17, 2006 to the date of delivery.

(2) In view of the fact that the proceeds of the sale of the Normal ITS will be invested in the Junior Subordinated Notes, we have agreed to pay the underwriters, as compensation for arranging the investment therein of such proceeds, \$10.00 per Normal ITS (or \$12,500,000 in the aggregate). See Underwriting.

The underwriters expect to deliver the Normal ITS in book-entry form only, through the facilities of The Depository Trust Company, against payment on March 17, 2006.

**Wachovia Securities**

**Goldman, Sachs & Co.**

*Joint Book-Runners and Joint Structuring Coordinators*

**UBS Investment Bank**

*Joint Lead Manager*

Prospectus supplement dated March 14, 2006

\* ITS is a service mark of Wachovia Corporation.

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Where You Can Find More Information

1

Validity of Securities

1

Experts

2

**You should rely only on the information contained in or incorporated by reference in this prospectus supplement. This prospectus supplement may be used only for the purpose for which it has been prepared. No one is authorized to give information other than that contained in this prospectus supplement and in the documents referred to in this prospectus supplement and which are made available to the public. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it.**

**We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information appearing in this prospectus supplement or any document incorporated by reference is accurate as of any date other than the date of the applicable document. Our business, financial condition, results of operations and prospects may have changed since that date. This prospectus supplement does not constitute an offer, or an invitation on our behalf or on behalf of the underwriters, to subscribe for and purchase, any of the securities and may not be used for or in connection with an offer or solicitation by anyone, in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.**

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**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*.

Unless otherwise mentioned or unless the context requires otherwise, all references in this prospectus supplement to *U.S. Bancorp*, *we*, *us*, *our* or similar references mean U.S. Bancorp and its subsidiaries, and references to the *T* mean USB Capital IX.

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.

*An index of terms used in this prospectus supplement with specific meanings appears on the inside back cover of this prospectus supplement.*

**WHERE YOU CAN FIND MORE INFORMATION**

We file annual, quarterly and current 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., Washington, D.C. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. In addition, our SEC filings are available to the public from the SEC's web site 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 a 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, or *Exchange Act*, until we or any of the underwriters sell all of the securities:

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

Current Reports on Form 8-K filed on January 17, 2006 (two reports) and February 1, 2006 (on Form 8-K/A). 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

The Trust has no separate financial statements. The statements would not be material to holders of the securities because the Trusts have no independent operations.

Unless otherwise indicated, currency amounts in this prospectus supplement are stated in U.S. dollars.

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**FORWARD-LOOKING STATEMENTS**

This prospectus supplement contains or incorporates by reference forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act. Statements that are not historical or current facts, including statements about beliefs and expectations, are forward-looking statements. These statements often include the words *may*, *could*, *would*, *should*, *believes*, *expects*, *anticipates*, *plans*, *targets*, *potentially*, *probably*, *projects*, *outlook* or similar expressions.

These forward-looking statements cover, among other things, anticipated future revenue and expenses and the future prospects of U.S. Bancorp. Forward-looking statements involve inherent risks and uncertainties, and important factors could cause actual results to differ materially from those anticipated, including but not limited to the following, in addition to those contained in U.S. Bancorp's reports on file with the SEC:

general economic or industry conditions could be less favorable than expected, resulting in a deterioration in credit quality, a change in the allowance for credit losses, or a reduced demand for credit or fee-based products and services;

changes in the domestic interest rate environment could reduce net interest income and could increase credit losses;

inflation, changes in securities market conditions and monetary fluctuations could adversely affect the value or credit quality of our assets, or the availability and terms of funding necessary to meet our liquidity needs;

changes in the extensive laws, regulations and policies governing financial services companies could alter our business environment or affect operations;

the potential need to adapt to industry changes in information technology systems, on which we are highly dependent, could present operational issues or require significant capital spending;

competitive pressures could intensify and affect our profitability, including as a result of continued industry consolidation, the increased availability of financial services from non-banks, technological development or bank regulatory reform;

changes in consumer spending and savings habits could adversely affect our results of operations;

changes in the financial performance and condition of our borrowers could negatively affect repayment of such borrowers' loans;

acquisitions may not produce revenue enhancements or cost savings at levels or within time frames originally anticipated, or may result in unforeseen integration difficulties;

capital investments in our businesses may not produce expected growth in earnings anticipated at the time of the expenditure; and

acts or threats of terrorism, and/or political and military actions taken by the U.S. or other governments in response to acts or threats of terrorism or otherwise could adversely affect general economic or industry conditions.

Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update them in light of new information or future events.

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**SUMMARY**

*This summary highlights information contained elsewhere, or incorporated by reference, in this prospectus supplement. As a result, it does not contain all of the information that may be important to you or that you should consider before investing in the ITS or any of their component securities. You should read this entire prospectus supplement and accompanying prospectus, including the Risk Factors section and the documents incorporated by reference, which are described under Where You Can Find More Information.*

**U.S. Bancorp**

We are a multi-state financial 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 ND.

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, and our telephone number is (612) 303-0799.

**USB Capital IX**

USB Capital IX, or the Trust, is a statutory trust organized under Delaware law by the trustees and us. The Trust was established solely for the following purposes:

issuing the ITS and the Trust Common Securities;

investing the gross proceeds of the ITS and the Trust Common Securities in Junior Subordinated Notes;

entering into the Stock Purchase Contract Agreement and holding the Stock Purchase Contracts;

holding Junior Subordinated Notes, certain U.S. treasury securities, and an interest-bearing deposit with U.S. Bank National Association, and pledging them to secure the Trust's obligations under the Stock Purchase Contracts;

purchasing the Preferred Stock pursuant to the Stock Purchase Contracts on the Stock Purchase Date and holding it thereafter;

selling Junior Subordinated Notes in a Remarketing or an Early Remarketing; and

engaging in other activities that are directly related to the activities described above.

The Trust's business and affairs will be conducted by its trustees, each appointed by us as sponsor of the Trust. The trustees will be Wilmington Trust Company, as the *Property Trustee*, and also as the *Delaware Trustee*, and two or more individual trustees, or *administrative trustees*, who are employees or officers of or affiliated with us.

The principal executive office of the Trust is c/o U.S. Bancorp, 800 Nicollet Mall, Minneapolis, Minnesota 55402, and the Trust's telephone number is (612) 303-0799.



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**The Offering**

This summary includes questions and answers that highlight selected information from this prospectus supplement to help you understand the ITS, the Junior Subordinated Notes and the Preferred Stock.

***What are the ITS?***

The ITS and the common securities issued concurrently by the Trust to us, or *Trust Common Securities*, represent beneficial interests in the Trust. The Trust's assets consist solely of:

Remarketable Junior Subordinated Notes due 2042, or *Junior Subordinated Notes*, issued by us to the Trust;

contracts, or *Stock Purchase Contracts*, for the Trust to purchase shares of our Series A Non-Cumulative Perpetual Preferred Stock, \$100,000 Liquidation Preference per share, or *Preferred Stock*, from us on a date, or *Stock Purchase Date*, that we expect to be April 15, 2011 but may in certain circumstances be an earlier date or be deferred for quarterly periods until as late as April 15, 2012;

in the event holders exchange Normal ITS and U.S. treasury securities for Stripped ITS and Capital ITS, as described under *What are Stripped ITS and Capital ITS, and how can I exchange Normal ITS for Stripped ITS and Capital ITS?*, certain U.S. treasury securities;

after a successful Remarketing of the Junior Subordinated Notes, an interest-bearing deposit with U.S. Bank National Association; and

after the Stock Purchase Date, shares of Preferred Stock.

Each holder of ITS will have a beneficial interest in the Trust but will not own any specific Junior Subordinated Note, Stock Purchase Contract, substituted treasury security, deposit or share of Preferred Stock. However, the Trust Agreement under which the Trust operates defines the financial entitlements of each class of beneficial interests in the Trust in a manner that causes those financial entitlements to correspond to the financial entitlements of the Trust in the assets of the Trust that are the *corresponding assets* for such class.

The Trust will issue the ITS in three classes that will correspond to different assets of the Trust. Each ITS will have a liquidation amount of \$1,000. At completion of the offering, the only beneficial interests in the Trust that will be outstanding are the Normal ITS offered by this prospectus supplement and the Trust Common Securities. The two other classes of beneficial interests that the Trust may issue, *Stripped ITS* and *Capital ITS*, may be issued only in connection with an exchange for Normal ITS as described under *What are Stripped ITS and Capital ITS, and how can I exchange Normal ITS for Stripped ITS and Capital ITS?*

The ITS sold in the offering are called the 6.189% Fixed-to-Floating Rate Normal Income Trust Securities, or *Normal ITS*, and each represents a beneficial interest in the Trust initially corresponding to the following Trust assets: a 1/100th interest in a Stock Purchase Contract under which the Trust agrees to purchase, and we agree to sell, for \$100,000, a share of Preferred Stock on the Stock Purchase Date, and

a Junior Subordinated Note with a principal amount of \$1,000, which the Trust will pledge to us to secure its obligations under the Stock Purchase Contract.

After the Stock Purchase Date, each Normal ITS will correspond to 1/100th of a share of Preferred Stock held by the Trust.

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The following diagram shows the transactions that will happen on the day that the Trust issues the Normal ITS in the offering:

- 1) Investors purchase Normal ITS, each with a \$1,000 liquidation amount, from the Trust, which corresponds to \$1,000 principal amount of Junior Subordinated Notes and a 1/100th interest in a Stock Purchase Contract having a stated amount of \$100,000.
- 2) The Trust purchases Junior Subordinated Notes from U.S. Bancorp and enters into the Stock Purchase Contracts with U.S. Bancorp. The Trust pledges the Junior Subordinated Notes to U.S. Bancorp to secure its obligation to purchase Preferred Stock, on the Stock Purchase Date.

After the offering, you will have the right to exchange your Normal ITS and certain U.S. treasury securities for Stripped ITS and Capital ITS by substituting pledged treasury securities for the pledged Junior Subordinated Notes. You will be able to exercise this right on any business day until the Stock Purchase Date, other than on a day in January, April, July or October that is on or after the first day of the month through the 15th day of the month (or the next business day if the 15th day is not a business day) or from 3:00 P.M., New York City time, on the second business day before any Remarketing Date and until the business day after that Remarketing Date. You will also not be able to exercise this right at any time after a successful Remarketing. We refer to periods during which exchanges are permitted as *Exchange Periods* and we explain how Remarketing works and when it may occur under *What is a Remarketing?* A *business day* means any day other than a Saturday, Sunday or any other day on which banking institutions and trust companies in New York, New York, Minneapolis, Minnesota or Wilmington, Delaware are permitted or required by any applicable law to close.

Each Stripped ITS will be a beneficial interest in the Trust corresponding to a 1/100th interest in a Stock Purchase Contract and the substituted treasury securities, and each Capital ITS will be a beneficial interest in the Trust corresponding to a Junior Subordinated Note with a principal amount of \$1,000. We describe the exchange process and the Stripped ITS in more detail under *What are Stripped ITS and Capital ITS, and how can I exchange Normal ITS for Stripped ITS and Capital ITS?*

Unless indicated otherwise, as used in this prospectus supplement *ITS* will include Normal ITS, Stripped ITS and Capital ITS.

### ***What are the Stock Purchase Contracts?***

Each Stock Purchase Contract consists of an obligation of the Trust to purchase, and us to sell, a share of our Preferred Stock on the Stock Purchase Date for \$100,000, as well as our obligation to pay periodic contract payments, or *Contract Payments*, to the Trust as described below. To secure its obligation under each Stock Purchase Contract to purchase a share of Preferred Stock from us on the Stock Purchase Date, the Trust will pledge either Junior Subordinated Notes (which after the Remarketing Settlement Date will be replaced by a deposit with U.S. Bank National Association, payable on the Stock

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Purchase Date and bearing interest at 5.32% *per annum*) or Qualifying Treasury Securities with an aggregate principal amount equal to the stated amount of \$100,000 of the corresponding Stock Purchase Contract.

We will make Contract Payments on each Regular Distribution Date through the Stock Purchase Date at the annual rate of 0.65% of the stated amount of \$100,000 per Stock Purchase Contract. We explain what the Regular Distribution Dates are under What distributions or payments will be made to holders of the Normal ITS, Stripped ITS and Capital ITS? The Trust will distribute these Contract Payments when received to each holder of Normal ITS and Stripped ITS in an amount equal to 1/100th of each Contract Payment received on a Stock Purchase Contract for each Normal ITS or Stripped ITS. We may defer the Contract Payments. If we defer any of these payments, we will accrue interest on the deferred amounts at the initial rate *per annum* applicable to the Junior Subordinated Notes. We will pay the deferred amounts on the Stock Purchase Date to the Trust in the form of subordinated notes, as described under When can the Trust defer or skip distributions on the ITS? The Trust will in turn distribute each payment of interest on, or principal of, these subordinated notes to the holders of Normal ITS and Stripped ITS as received.

**What are the basic terms of the Junior Subordinated Notes?**

**Maturity and Redemption.** The maturity date of the Junior Subordinated Notes is initially April 15, 2042. We may from time to time redeem Junior Subordinated Notes, in whole or in part, at any date on or after April 15, 2015, at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest, including deferred interest (if any), to the date of redemption. In connection with a Remarketing, we may change the date after which we may redeem Junior Subordinated Notes to a later date or change the redemption price; *provided* that no redemption price may be less than the principal plus accrued and unpaid interest (including additional interest) on the Junior Subordinated Notes. In connection with a Remarketing, we may also move up the maturity date of the Junior Subordinated Notes to any time on or after April 15, 2015.

**Subordination.** Our obligations to pay interest and premium (if any) on, and principal of, the Junior Subordinated Notes are subordinate and junior in right of payment and upon liquidation to all our senior and subordinated indebtedness, whether now outstanding or subsequently incurred, including all of our indebtedness for money borrowed, including junior subordinated debt securities underlying our trust preferred securities currently outstanding (except for *Pari Passu Securities* defined below including the junior subordinated notes underlying the trust preferred securities issued by USB Capital VIII) and other subordinated indebtedness that is not by its terms expressly made *pari passu* with or junior to the Junior Subordinated Notes, indebtedness evidenced by bonds, debentures, notes or similar instruments, similar obligations arising from off-balance sheet guarantees and direct credit substitutes, obligations associated with derivative products including but not limited to interest rate and foreign exchange contracts and foreign contracts relating to mortgages, commodity contracts, capital lease obligations and guarantees of any of the foregoing, but not including trade accounts payable and accrued liabilities arising in the ordinary course of business, which will rank equally in right of payment and upon liquidation with the Junior Subordinated Notes. *Pari Passu Securities* means: (i) indebtedness that, among other things, (a) qualifies or is issued to financing vehicles issuing securities that qualify as tier 1 capital of U.S. Bancorp under the capital guidelines of the Federal Reserve and (b) by its terms ranks equally with the Junior Subordinated Notes in right of payment and upon liquidation; and (ii) guarantees of indebtedness described in clause (i) or securities issued by one or more financing vehicles described in clause (i). *Pari Passu Securities* does not include our junior subordinated debentures or guarantees issued in connection with our other currently outstanding traditional trust preferred securities, each of which does or will rank senior to the capital securities issued by USB Capital VIII and the Normal ITS being issued by USB Capital IX or any junior subordinated debentures or guarantees that may be issued in the future in connection with traditional trust preferred securities. We refer to our obligations to which the Junior Subordinated Notes are subordinate as our *senior and subordinated debt*. All liabilities of our subsidiaries including trade accounts payable and accrued liabilities arising in the ordinary course of

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business are effectively senior to the Junior Subordinated Notes to the extent of the assets of such subsidiaries. As of December 31, 2005, our indebtedness and obligations, on an unconsolidated basis, totaled approximately \$14 billion and our subsidiaries' direct borrowings and deposit liabilities that would effectively rank senior to the Junior Subordinated Notes totaled approximately \$170 billion. Because of the subordination, if we become insolvent, holders of senior and subordinated debt may receive more, ratably, and holders of the Junior Subordinated Notes having a claim pursuant to those securities may receive less, ratably, than our other creditors. This type of subordination will not prevent an event of default from occurring under the Indenture in connection with the Junior Subordinated Notes. The Indenture places no limitation on the amount of senior and subordinated debt that we may incur. We expect from time to time to incur additional indebtedness and other obligations constituting senior and subordinated debt. As described under "What is an Early Remarketing?", after the first Remarketing attempt in an Early Remarketing we may remarket the Junior Subordinated Notes as senior and subordinated debt.

**Interest Payments.** We will pay interest on the Junior Subordinated Notes semi-annually on each April 15 and October 15, commencing October 15, 2006, at a rate equal to 5.539% *per annum*. We will also pay interest on the Junior Subordinated Notes on the Stock Purchase Date, if not otherwise an interest payment date, if they have not been successfully remarketed prior thereto, as described under "What is a Remarketing?". We will have the right under the Indenture to defer the payment of interest on the Junior Subordinated Notes at any time or from time to time as described under "When can the Trust defer or skip distributions on the ITS?". Interest on Junior Subordinated Notes. In the case that any date on which interest is payable on the Junior Subordinated Notes is not a business day, then payment of the interest payable on that date will be made on the next succeeding day that is a business day. However, no interest or other payment shall be paid in respect of the delay.

If on the Stock Purchase Date any interest accrued on the Junior Subordinated Notes has not been paid in cash and there is a Failed Remarketing, we will pay the Trust the deferred interest on the Stock Purchase Date in subordinated notes that have a principal amount equal to the aggregate amount of deferred interest as of the Stock Purchase Date, mature on the later of April 15, 2014 and five years after commencement of the related deferral period, bear interest at a rate *per annum* equal to the rate of interest then in effect on the Junior Subordinated Notes, are subordinate and rank junior in right of payment to all of our senior and subordinated debt on the same basis as the Junior Subordinated Notes and are redeemable by us at any time prior to their stated maturity. The Trust will in turn distribute each payment of interest on, or principal of, these subordinated notes to the holders of Normal ITS and Capital ITS as received.

**Alternative Payment Mechanism.** We will covenant in the Indenture that, if we defer payment of interest on any interest payment date on or prior to the Stock Purchase Date:

we will notify the Federal Reserve if this covenant is applicable; and

commencing with the date two years after the beginning of an interest deferral period:

we will pay deferred interest only out of the net proceeds of the sale of shares of our common stock or non-cumulative perpetual preferred stock received by us during the 180 days prior to the date of payment of such deferred interest; and

subject to the approval of the Federal Reserve, we will continuously use our Commercially Reasonable Efforts to sell shares of our common stock or non-cumulative perpetual preferred stock in an amount so that the net proceeds of such sale, when applied to such deferred payments of interest, will cause such unpaid deferred interest payments to be paid in full and (unless the Federal Reserve instructs otherwise) apply the proceeds of such sale to pay the deferred amounts (*provided* that we will not in any event be required to pay interest on the Junior Subordinated Notes at a time when the payment of such interest would violate the terms of any securities issued by us or one of our subsidiaries or the terms of a contract binding on us or one of our subsidiaries).

We refer to these provisions as the *Alternative Payment Mechanism*.



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Our failure to raise sufficient eligible equity proceeds or our use of other sources to fund interest payments in accordance with our covenant described above would be a breach of our obligations under the Junior Subordinated Notes, but would not be an event of default under the Indenture. However, an event of default under the Indenture will occur if we fail to pay all accrued and unpaid interest on the Junior Subordinated Notes at the end of the deferral period.

Notwithstanding the foregoing, if we are required to conduct a sale of shares of our common stock and/or non-cumulative perpetual preferred stock in order to pay amounts due and payable under any instruments or other securities that rank *pari passu* as to interest or distributions with the Junior Subordinated Notes, then we will apply such proceeds to deferred interest payments on the Junior Subordinated Notes, on the one hand, and such other *pari passu* securities, on the other hand, on a ratable basis in proportion to the total amounts that are due on the Junior Subordinated Notes and such other *pari passu* securities before we shall be relieved of our obligation to conduct the sale of shares of our common stock and/or non-cumulative perpetual preferred stock and apply the proceeds thereof to such securities.

**Events of Default.** If an event of default under the Indenture occurs and continues, the Indenture Trustee or the holders of at least 25% in aggregate principal amount of the outstanding Junior Subordinated Notes may declare the entire principal and all accrued but unpaid interest of all Junior Subordinated Notes to be due and payable immediately. If the Indenture Trustee or the holders of Junior Subordinated Notes do not make such declaration and the Junior Subordinated Notes are beneficially owned by the Trust or a trustee of the Trust, the Property Trustee or the holders of at least 25% in aggregate liquidation amount of the Capital ITS and, if such default occurs prior to the Stock Purchase Date or, if earlier, the Remarketing Settlement Date, the holders of the Normal ITS shall have such right. An *event of default* when used in the Indenture means any of the following:

non-payment of interest after deferral for 14 or more consecutive semi-annual interest periods or the equivalent thereof, in the event that interest periods are other than semi-annual;

termination of the Trust without redemption of the ITS, distribution of the Junior Subordinated Notes to holders of Capital ITS and, if such termination occurs prior to the Stock Purchase Date, or if earlier, the Remarketing Settlement Date, the holders of the Normal ITS, or assumption of U.S. Bancorp's obligations under the Junior Subordinated Notes by its successor;

bankruptcy of U.S. Bancorp; or

receivership of U.S. Bank National Association.

Events of default do not include the breach of any other covenant in the Junior Subordinated Notes or the Indenture and, accordingly, the breach of any other covenant would not entitle the Indenture Trustee or holders of the Junior Subordinated Notes to declare the Junior Subordinated Notes due and payable.

**Pledge of Junior Subordinated Notes.** The Trust will pledge Junior Subordinated Notes with a principal amount equal to the aggregate liquidation amount of the Normal ITS and Trust Common Securities to secure its obligations under the Stock Purchase Contracts. After the creation of Stripped ITS and Capital ITS, the Trust will also hold Junior Subordinated Notes that are not pledged with an aggregate principal amount equal to the liquidation amount of the Capital ITS. The pledged Junior Subordinated Notes and related Stock Purchase Contracts are corresponding assets for Normal ITS and Trust Common Securities and the Junior Subordinated Notes that are not pledged are corresponding assets for the Capital ITS. U.S. Bank National Association will hold the pledged Junior Subordinated Notes and Qualifying Treasury Securities as collateral agent, or *Collateral Agent*, for us and the other Junior Subordinated Notes as custodial agent, or *Custodial Agent*, for the Trust.

**Table of Contents*****What are the basic terms of the Preferred Stock?***

***Dividends.*** The holder of Preferred Stock after the Stock Purchase Date will be the Trust unless the Trust is dissolved. The Trust, as the sole holder of the Preferred Stock so long as the Normal ITS are outstanding, will make distributions on the Normal ITS out of the dividends received on the Preferred Stock. Non-cumulative cash dividends will be payable if, as and when declared by our board of directors, on the following dates, or *Dividend Payment Dates* : (1) if the Preferred Stock is issued prior to April 15, 2011, semi-annually in arrears on each April 15 and October 15 through April 15, 2011 and (2) from and including the later of April 15, 2011 and the date of issuance, quarterly in arrears on each January 15, April 15, July 15 and October 15 (or, in the case of this clause (2) if such day is not a business day, the next business day). We refer to the period from and including the date of issuance of the Preferred Stock or any Dividend Payment Date to but excluding the next Dividend Payment Date as a *Dividend Period*. Dividends on each share of Preferred Stock will accrue on the liquidation preference of \$100,000 per share (i) to but not including the Dividend Payment Date in April 2011 at a rate *per annum* equal to 6.189%, and (ii) thereafter for each related Dividend Period at a rate *per annum* equal to the greater of (x) Three-Month LIBOR plus 1.02% and (y) 3.50%. *Three-Month LIBOR* will be the offered rate *per annum* for three-month deposits in U.S. dollars as that rate appears on Moneyline Telerate page 3750 as of 11:00 A.M., London time, on the second London business day immediately preceding the first day of the Dividend Period, except as otherwise determined by the calculation agent in the manner described under *Description of the Preferred Stock Dividends*. In the case that any date on which dividends are payable on the Preferred Stock is not a business day, then payment of the dividend payable on that date will be made on the next succeeding day that is a business day. However, no interest or other payment shall be paid in respect of the delay.

***Ranking.*** With respect to the payment of dividends and amounts upon liquidation, the Preferred Stock will rank equally with any other class or series of our stock that ranks on a par with the Preferred Stock in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding-up of U.S. Bancorp, if any, which we refer to as *Parity Stock*, and will rank senior to our common stock and any other class or series of our stock over which the Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding-up of U.S. Bancorp, which we also refer to as *Junior Stock*. In particular, during a Dividend Period (i) no dividend will be paid or declared and no distribution will be made on any Junior Stock, other than a dividend payable solely in Junior Stock; (ii) no shares of Junior Stock shall be repurchased, redeemed or otherwise acquired for consideration by us, directly or indirectly (other than as a result of reclassification of Junior Stock for or into Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by us; and (iii) no shares of Parity Stock shall be purchased, redeemed or otherwise acquired for consideration by us otherwise than pursuant to offers to purchase all, or a *pro rata* portion, of the Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, unless, in each case, full dividends for such Dividend Period on all outstanding shares of Preferred Stock have been paid or declared and a sum sufficient for the payment thereof set aside.

***No Maturity.*** The Preferred Stock does not have any maturity date, and we are not required to redeem the Preferred Stock. Accordingly, once issued pursuant to the Stock Purchase Contracts, the Preferred Stock will remain outstanding indefinitely, unless and until we decide to redeem it.

***Redemption.*** Our right to redeem or repurchase shares of Preferred Stock is subject to important limitations, including the following:

Under the Federal Reserve's risk-based capital guidelines applicable to bank holding companies, any redemption of the Preferred Stock is subject to prior approval of the Federal Reserve. Moreover, we have agreed with the Federal Reserve that, unless it authorizes us to do otherwise in writing, we will redeem the Preferred Stock only if it is replaced with other

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Tier 1 capital that is not a restricted core capital element for example, common stock or another series of non-cumulative perpetual preferred stock.

We are making a covenant in favor of certain debtholders limiting, among other things, our right to redeem or repurchase shares of Preferred Stock, as described under What is the maturity of the ITS, and may the Trust redeem the ITS? .

See Risk Factors Investors should not expect U.S. Bancorp to redeem the Preferred Stock on the date it first becomes redeemable or on any particular date after it becomes redeemable. Subject to those limitations, so long as full dividends on all outstanding shares of Preferred Stock for the then-current Dividend Period have been paid or declared and a sum sufficient for the payment thereof set aside, we may redeem the Preferred Stock in whole or in part at any time on or after the later of April 15, 2011 and the Stock Purchase Date. Any such redemption shall be at the redemption price of \$100,000 per share plus dividends that have been declared but not paid plus accrued and unpaid dividends for the then-current Dividend Period to the redemption date. The redemption price will not include any undeclared dividends for prior Dividend Periods. The holders of Preferred Stock will not have any right to require the redemption or repurchase of the Preferred Stock. If the Trust is the holder of the Preferred Stock at such redemption, it will also redeem the Normal ITS as described in What is the maturity of the ITS, and may the Trust redeem the ITS?

**Voting.** Holders of the Preferred Stock have no voting rights with respect to matters that generally require the approval of voting stockholders, except as required by law.

**Liquidation.** In the event of U.S. Bancorp's voluntary or involuntary liquidation, dissolution or winding-up, the holders of the Preferred Stock at the time outstanding will be entitled to receive a liquidating distribution in the amount of the liquidation preference of \$100,000 per share, or *Liquidation Preference*, plus any authorized, declared and unpaid dividends for the then-current Dividend Period to the date of liquidation, out of our assets legally available for distribution to our stockholders, before any distribution is made to holders of our common stock or any other Junior Stock and subject to the rights of the holders of any Parity Stock or any class or series of securities ranking senior to the Preferred Stock upon liquidation and the rights of our depositors and other creditors. After the full amount of the Liquidation Preference is paid, the holders of Preferred Stock will not be entitled to any further participation in any distribution of our assets.

**What are Stripped ITS and Capital ITS, and how can I exchange Normal ITS for Stripped ITS and Capital ITS?**

After the offering, you may consider it beneficial either to hold Capital ITS, which correspond only to Junior Subordinated Notes but not to Stock Purchase Contracts, or to realize income from their sale. These investment choices are facilitated by exchanging Normal ITS and certain U.S. treasury securities for Stripped ITS and Capital ITS. At your option, at any time during an Exchange Period, you may elect to exchange Normal ITS for Stripped ITS and Capital ITS by substituting certain U.S. treasury securities, which we refer to as *Qualifying Treasury Securities*, for the pledged Junior Subordinated Notes. See Description of the ITS Exchanging Normal ITS and Qualifying Treasury Securities for Stripped ITS and Capital ITS. The Trust will pledge the substituted Qualifying Treasury Securities to secure its obligations under the Stock Purchase Contracts corresponding to the Stripped ITS and the Collateral Agent will release the pledged Junior Subordinated Notes from the pledge, but they will continue to be property of the Trust corresponding to the Capital ITS.

Each Stripped ITS will have a liquidation amount of \$1,000 and will initially be a beneficial interest in the Trust corresponding to:

a 1/100th interest in a Stock Purchase Contract; and

a Qualifying Treasury Security having a principal amount of \$1,000 and maturing at least one business day prior to July 15, 2006 (for the period to such date if Stripped ITS are outstanding before such date) and thereafter the next succeeding January 15, April 15, July 15 or October 15.



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On the Stock Purchase Date, the Trust will use the proceeds of the Qualifying Treasury Securities to satisfy its obligations under the Stock Purchase Contracts corresponding to the Stripped ITS, as a result of which each Stripped ITS, like each Normal ITS, will represent a 1/100th interest in a share of Preferred Stock held by the Trust. On the next business day, each Stripped ITS will automatically, without any action by holders being necessary, be and become a Normal ITS with the same liquidation amount. If, however, there has been a Failed Remarketing, as described under *What happens if the Remarketing Agent cannot remarket the Junior Subordinated Notes for settlement on or before March 15, 2012?*, and we have paid deferred interest on the Junior Subordinated Notes on the Stock Purchase Date in additional notes, as described under *When can the Trust defer or skip distributions on the ITS?*, the Stripped ITS will not become Normal ITS until we have paid all amounts due on these additional notes.

Each Capital ITS will have a liquidation amount of \$1,000 and will represent a beneficial interest in the Trust corresponding to a Junior Subordinated Note with a principal amount of \$1,000. The Trust will not pledge the Junior Subordinated Notes that are the corresponding assets for the Capital ITS to secure its obligations under Stock Purchase Contracts.

After you have exchanged Normal ITS and Qualifying Treasury Securities for Stripped ITS and Capital ITS, you may exchange them back into Normal ITS during any Exchange Period. In that event, Junior Subordinated Notes having a principal amount equal to the liquidation amount of the Capital ITS will be substituted under the pledge for the same principal amount of Qualifying Treasury Securities, which will be released from the pledge and delivered to you. If you elect to exchange Normal ITS and Qualifying Treasury Securities for Stripped ITS and Capital ITS, or *vice versa*, you will be responsible for any related fees or expenses incurred by the Trust, the Collateral Agent, the Custodial Agent or the Transfer Agent.

The following diagrams illustrate the exchange of Normal ITS and Qualifying Treasury Securities for Stripped ITS and Capital ITS and *vice versa*:

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***What distributions or payments will be made to holders of the Normal ITS, Stripped ITS and Capital ITS?***

**General.** The Normal ITS, Stripped ITS and Capital ITS are beneficial interests in the Trust, with the financial entitlements of each such class corresponding to the financial entitlements of the Trust in the corresponding assets for such class. Accordingly, the Trust will make distributions on Normal ITS, Stripped ITS and Capital ITS only when and to the extent it has funds on hand available to make such distributions from receipt of payments on the corresponding assets for each respective class. Similarly, if we exercise our right to defer payment of interest on Junior Subordinated Notes or Contract Payments, or to skip dividends on the Preferred Stock once issued, the Trust will defer or skip corresponding distributions on the Normal ITS, Stripped ITS and Capital ITS, as applicable.

The distribution dates for Normal ITS and Stripped ITS, which we call *Regular Distribution Dates*, are: each April 15 and October 15 occurring prior to and including the later of April 15, 2011 and the Stock Purchase Date, commencing October 15, 2006 (or, in the case of Stripped ITS, the first such date on which Stripped ITS are outstanding);

after the later of April 15, 2011 and the Stock Purchase Date, each January 15, April 15, July 15 and October 15, or if any such date is not a business day, the next business day; and

the Stock Purchase Date if not otherwise a Regular Distribution Date;

*provided* that the last Regular Distribution Date for the Stripped ITS shall be the Stock Purchase Date.

The distribution dates for Capital ITS, which we call *Capital ITS Distribution Dates*, are: each April 15 and October 15, commencing on the later of the first such date on which Capital ITS are outstanding and October 15, 2006 and continuing through and including the last such date to occur prior to the Remarketing Date for a successful Remarketing; and

thereafter for so long as Capital ITS remain outstanding, each day that is an interest payment date for the Junior Subordinated Notes.

Also, prior to the Stock Purchase Date, the Trust will make additional distributions on the Stripped ITS relating to the Qualifying Treasury Securities quarterly on each January 15, April 15, July 15 and October 15, or if any such date is not a business day, the next business day, or which we call *Additional Distribution Dates*, or as promptly thereafter as the Collateral Agent and the paying agent determine to be practicable, commencing on the later of the first such day after Stripped ITS are outstanding and July 15, 2006.

We use the term *Distribution Date* to mean a Regular Distribution Date, a Capital ITS Distribution Date or an Additional Distribution Date. A *Distribution Period* is (i) with respect to Normal ITS, Stripped ITS and Trust Common Securities, each period of time beginning on a Regular Distribution Date (or the date of original issuance in the case of the Distribution Period ending in October 2006) and continuing to but not including the next succeeding Regular Distribution Date for such class; and (ii) with respect to Capital ITS, each period of time beginning on a Capital ITS Distribution Date (or the date of original issuance of the ITS in the case of the Distribution Period ending in October 2006) and continuing to but not including the next succeeding Capital ITS Distribution Date. When a Distribution Date is not a business day, the Trust will make the distribution on the next business day without interest.

Distributions made for periods prior to the later of April 15, 2011 and the Stock Purchase Date will be calculated on the basis of a 360-day year consisting of twelve 30-day months, and distributions for periods beginning on or after such date will be calculated on the basis of a 360-day year and the number of days actually elapsed.

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**Normal ITS.** Distributions on Normal ITS will be payable on each Regular Distribution Date: from March 17, 2006 through the later of April 15, 2011 and the Stock Purchase Date, accruing at a rate equal to 6.189% *per annum* for each Distribution Period ending prior to such date, and thereafter accruing at an annual rate equal to the greater of (i) Three-Month LIBOR for such Distribution Period plus 1.02% and (ii) 3.50%; and

on a cumulative basis for each Regular Distribution Date to and including the Stock Purchase Date and on a non-cumulative basis thereafter.

The distributions paid on any Regular Distribution Date will include any additional amounts or deferred interest amounts received by the Trust on the Junior Subordinated Notes or deferred Contract Payments received by the Trust on Stock Purchase Contracts, in each case that are corresponding assets for the Normal ITS, as well as payments of interest on and principal of any subordinated notes we issue to the Trust on the Stock Purchase Date in respect of deferred interest on the Junior Subordinated Notes or deferred Contract Payments. See *When can the Trust defer or skip distributions on the ITS?*

**Stripped ITS.** Distributions on Stripped ITS will be payable on each Regular Distribution Date on or prior to the Stock Purchase Date:

at the annual rate of 0.65%, accruing for each Stripped ITS from the Regular Distribution Date immediately preceding its issuance, and

on a cumulative basis.

The distributions paid on any Regular Distribution Date will include any deferred Contract Payments received by the Trust on Stock Purchase Contracts that are corresponding assets for the Stripped ITS. The Trust will also distribute to holders of Stripped ITS a *pro rata* portion of each payment received in respect of interest on or principal of any subordinated notes we issue to the Trust on the Stock Purchase Date in respect of deferred Contract Payments.

Additionally, on each Additional Distribution Date (or as promptly thereafter as the Collateral Agent and the paying agent determine to be practicable), each holder of Stripped ITS will also receive a *pro rata* distribution from the Trust of the amount by which the proceeds of the Qualifying Treasury Securities pledged by the Trust in respect of Stock Purchase Contracts maturing at least one business day prior to such date exceed the amount required to purchase replacement Qualifying Treasury Securities. We refer to these distributions as *Excess Proceeds Distributions*.

**Capital ITS.** Distributions on Capital ITS will be payable on each Capital ITS Distribution Date prior to the Stock Purchase Date at the annual rate of 5.539%, accruing for each Capital ITS from the Capital ITS Distribution Date immediately preceding its issuance.

If we successfully remarket the Junior Subordinated Notes as described below under *What is a Remarketing?* and you do not elect to dispose of your Capital ITS in connection with the Remarketing, any changes we make to the interest rate and interest payment dates for the Junior Subordinated Notes will be reflected in the distribution rate and distribution payment dates applicable to the Capital ITS. The Trust will redeem the Capital ITS in exchange for Junior Subordinated Notes promptly after the Remarketing Settlement Date.

On and after the Remarketing Settlement Date (if the redemption described above has not been completed) or, in the event of a Failed Remarketing, the Stock Purchase Date, holders of Capital ITS will be entitled to receive distributions on the dates and in the amounts that we pay interest on the Junior Subordinated Notes, as described above under *What are the basic terms of the Junior Subordinated Notes?* The distributions paid on any Capital ITS Distribution Date will include any additional amounts or deferred interest amounts received by the Trust on the Junior Subordinated Notes that are corresponding assets for the Capital ITS, as well as payments of interest on and principal of any subordinated notes we issue to the Trust on the Stock Purchase Date in respect of deferred interest on the Junior Subordinated Notes in the event of a Failed Remarketing.

**Table of Contents*****When can the Trust defer or skip distributions on the ITS?***

The Trust will make distributions on each class of ITS only to the extent it has received payments on the corresponding assets of such class – that is, interest payments on the Junior Subordinated Notes, Contract Payments on the Stock Purchase Contracts and dividends on the Preferred Stock. Accordingly, the Trust will defer or skip distributions on any class of ITS whenever we are deferring payments on the assets that correspond to that class. Thus, if we are deferring Contract Payments at any time prior to the Stock Purchase Date, the Trust will defer that portion of the distributions on the Normal ITS and Stripped ITS that corresponds to the Contract Payments. Similarly, if we are deferring interest payments on the Junior Subordinated Notes, the Trust will defer that portion of the distributions on the Normal ITS (prior to the Remarketing Settlement Date) that corresponds to the interest payments, and will defer the distributions on the Capital ITS. If we skip any dividend on the Preferred Stock, the Trust will skip the corresponding distribution on Normal ITS after the Stock Purchase Date. The Trust will not be entitled to defer Excess Proceeds Distributions on the Stripped ITS. Since the Preferred Stock is non-cumulative, the Trust will not make a distribution on the Normal ITS on any Distribution Date to the extent we do not declare and pay a dividend on the Preferred Stock, and you will have no entitlement to receive these distributions at a later date.

***Stock Purchase Contracts.*** We may, at our option, and will if so directed by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of Minneapolis, or any successor Federal bank regulatory agency having primary jurisdiction over us, collectively referred to as *Federal Reserve*, defer Contract Payments. We may elect, and will elect if so directed by the Federal Reserve, to defer payments on more than one occasion. Deferred Contract Payments will accrue interest until paid, compounded on each Regular Distribution Date, at the rate *per annum* originally applicable to the Junior Subordinated Notes. If we elect to defer Contract Payments on the Stock Purchase Contracts until the Stock Purchase Date, then we will pay the Trust the deferred Contract Payments on the Stock Purchase Date in subordinated notes that have a principal amount equal to the aggregate amount of deferred Contract Payments as of the Stock Purchase Date, mature on the later of April 15, 2014 and five years after commencement of the related deferral period, bear interest at a rate *per annum* equal to the rate of interest originally applicable to the Junior Subordinated Notes, are subordinate and rank junior in right of payment to all of our senior and subordinated debt on the same basis as the Contract Payments and are redeemable by us at any time prior to their stated maturity.

***Interest on Junior Subordinated Notes.*** We may, at our option, and will if so directed by the Federal Reserve, defer the interest payments due on the Junior Subordinated Notes at any time and from time to time. We may elect to defer interest payments on more than one occasion. Deferred interest will accrue additional interest, compounded on each Regular Distribution Date, from the relevant interest payment date during any deferral period, at the rate borne by the Junior Subordinated Notes at such time, to the extent permitted by applicable law. We may not defer interest payments that we are otherwise obligated to pay in cash for any period of time that exceeds seven years with respect to any deferral period or that extends beyond the maturity date of the Junior Subordinated Notes. If on the Stock Purchase Date any interest accrued on the Junior Subordinated Notes has not been paid in cash and there is a Failed Remarketing then we will pay the Trust the deferred interest on the Stock Purchase Date in subordinated notes that have a principal amount equal to the aggregate amount of deferred interest as of the Stock Purchase Date, mature on the later of April 15, 2014 and five years after commencement of the related deferral period, bear interest at a rate *per annum* equal to the rate of interest then in effect on the Junior Subordinated Notes, are subordinate and rank junior in right of payment to all of our senior and subordinated debt on the same basis as the Junior Subordinated Notes and are redeemable by us at any time prior to their stated maturity. Subject to certain exceptions, we covenant in the Indenture that if we defer interest on any interest payment date on or prior to the Stock Purchase Date, we will pay that deferred interest only out of proceeds of shares of our common stock or our non-cumulative perpetual preferred stock we receive during the 180 days prior to the date we pay such deferred interest, but our use of other sources to fund interest payments would not be an event of default under the Indenture

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notwithstanding that it would be a breach of this covenant. See What are the basic terms of the Junior Subordinated Notes? Alternative Payment Mechanism.

**Restrictions Resulting from a Deferral.** Subject to certain exceptions as described under Description of the Junior Subordinated Notes Restrictions on Certain Payments, Including on Deferral of Interest, during any period in which we defer interest payments on the Junior Subordinated Notes or Contract Payments on the Stock Purchase Contracts, including any period prior to the payment in full of any subordinated notes that we may issue on the Stock Purchase Date in respect of deferred interest or deferred Contract Payments, in general we cannot:

declare or pay any dividends or distributions on, or redeem, purchase, acquire or make a liquidation payment with respect to, any shares of our capital stock;

make any interest, principal or premium payment on, or repay, repurchase or redeem, any of our debt securities that rank equally with or junior to the Junior Subordinated Notes; or

make any payment on any guarantee that ranks equal or junior to the Guarantee related to the ITS.

If we exercise our right to defer payments of stated interest on the Junior Subordinated Notes, we intend to treat the Junior Subordinated Notes as reissued, solely for U.S. federal income tax purposes, with original issue discount, and you would generally be required to accrue such original issue discount as ordinary income using a constant yield method prescribed by Treasury regulations. As a result, the income that you would be required to accrue would exceed the interest payments that you would actually receive. See Certain U.S. Federal Income Tax Consequences.

**Dividends on Preferred Stock.** We may pay a partial dividend or skip a dividend on the Preferred Stock at any time. Whenever we pay a partial dividend or skip a dividend on the Preferred Stock for any Dividend Period, during that Dividend Period we may not pay or declare a dividend, or make a distribution, on any Junior Stock, other than a dividend payable solely in Junior Stock, or repurchase, redeem or otherwise acquire for consideration, directly or indirectly, any Junior Stock (other than as a result of reclassification of Junior Stock for or into Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock), nor will we pay to or make available any monies for a sinking fund for the redemption of any such securities, and we will not purchase, redeem or otherwise acquire for consideration shares of other stock ranking equally as to dividends with the Preferred Stock and having the same restrictions on the declaration and payment of dividends as the Preferred Stock other than pursuant to offers to purchase all, or a *pro rata* portion, of the Preferred Stock and such other stock except by conversion into or exchange for Junior Stock.

***What is the maturity of the ITS, and may the Trust redeem the ITS?***

The ITS have no stated maturity. The Trust must redeem the Normal ITS upon redemption of the Preferred Stock and it must redeem the Capital ITS in kind in exchange for Junior Subordinated Notes or for cash (if you have so elected) in connection with a successful Remarketing. The consequences of an unsuccessful Remarketing are described under Are there limitations on our or the Trust's right to redeem or repurchase the ITS? . The redemption price of each ITS will equal the liquidation amount of such ITS plus accumulated and unpaid distributions to but excluding the redemption date. The Property Trustee will give not less than 30 days (or not less than 20 days in the case of a redemption in kind after a successful Remarketing) nor more than 60 days notice of redemption by mail to holders of the ITS.

The Junior Subordinated Notes will mature on April 15, 2042 or on such earlier date on or after April 15, 2015 as we may elect in connection with the Remarketing. We may from time to time redeem Junior Subordinated Notes, in whole or in part, at any date on or after April 15, 2015, at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest, including deferred interest (if any), to the date of redemption. In connection with a Remarketing, we may change the date after which we may redeem Junior Subordinated Notes to a later date or change the redemption price. If

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we are deferring interest on the Junior Subordinated Notes at the time of the Remarketing, however, we may not elect a maturity date or redemption date that is earlier than seven years after commencement of the deferral period. We will give not less than 30 days nor more than 60 days notice of redemption by mail to holders of the Junior Subordinated Notes. We may not redeem the Junior Subordinated Notes in part if the principal amount has been accelerated and such acceleration has not been rescinded or unless all accrued and unpaid interest has been paid in full on all outstanding Junior Subordinated Notes for all interest periods terminating on or before the redemption date.

Because the Trust will not purchase Preferred Stock until the Stock Purchase Date, the Normal ITS may not be redeemed prior to the later of April 15, 2011 and the Stock Purchase Date and, because the Junior Subordinated Notes by their terms may be redeemed no earlier than April 15, 2015, which will be after the Stock Purchase Date, the Junior Subordinated Notes may not be redeemed at a time when they are corresponding assets for Normal ITS.

***What is a Remarketing?***

For each Normal ITS, the Trust will pledge \$1,000 principal amount of Junior Subordinated Notes to secure its obligation to pay the purchase price for 1/100th of a share of Preferred Stock on the Stock Purchase Date. To provide the Trust with the funds necessary to pay the purchase price of the Preferred Stock under the Stock Purchase Contracts, the Trust will attempt to sell the Junior Subordinated Notes in a process we call a *Remarketing*. Unless an Early Settlement Event shall have occurred as described under *What is an Early Remarketing?*, the first Remarketing will occur on the third business day immediately preceding March 15, 2011. If the Remarketing is successful, the Remarketing Settlement Date will occur three business days later. We call any date on which a Remarketing occurs a *Remarketing Date* and the date on which a successful Remarketing settles, which will always be the third business day after that Remarketing Date, the *Remarketing Settlement Date*.

As a holder of Normal ITS, you are not required to take any action in connection with a Remarketing but you may elect to exchange your Normal ITS for Stripped ITS and Capital ITS if the Remarketing is successful. If you do so, Junior Subordinated Notes having a principal amount equal to the liquidation amount of your Normal ITS will be excluded from the Remarketing. To make this election, you will also be required to deliver Qualifying Treasury Securities in the same principal amount to the Collateral Agent prior to the Remarketing. Upon a successful Remarketing, the Trust will receive the net proceeds of the pledged Junior Subordinated Notes sold in the Remarketing and place them in an interest-bearing deposit with U.S. Bank National Association. This deposit will be substituted for the pledged Junior Subordinated Notes and will provide the Trust with sufficient cash on the Stock Purchase Date to purchase the Preferred Stock and to make a payment to holders of Normal ITS (other than those making the election described above) in the amount they would have received in respect of interest accrued on the Junior Subordinated Notes through the Stock Purchase Date had they not been successfully remarketed and the interest rate not been reset as described below. If we are deferring interest on the Junior Subordinated Notes at the time of a successful Remarketing, the deposit will also enable the Trust to make a cash payment to holders of the Normal ITS on the Stock Purchase Date in the amount of the accrued and unpaid interest on the Junior Subordinated Notes.

If you hold Capital ITS and elect to dispose of them in the event of a successful Remarketing as described below, your Capital ITS will be redeemed for cash out of the proceeds of the Remarketing. If you do not make this election, your Capital ITS will be redeemed in exchange for Junior Subordinated Notes promptly after the Remarketing Settlement Date.

We will enter into a remarketing agreement, or *Remarketing Agreement*, with a nationally recognized investment bank, as remarketing agent, or *Remarketing Agent*, which will agree to use its commercially reasonable efforts as Remarketing Agent to sell the Junior Subordinated Notes included in the Remarketing at a price that results in proceeds, net of any remarketing fee, of at least 100% of their Remarketing Value. The *Remarketing Value* of each Junior Subordinated Note will be equal to the present value on the Remarketing Settlement Date of an amount equal to the principal amount of, plus

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the interest payable on, such Junior Subordinated Note on the next Regular Distribution Date, including any deferred interest, assuming for this purpose, even if not true, that the interest rate on the Junior Subordinated Notes remains at the rate in effect immediately prior to the Remarketing and all accrued and unpaid interest on the Junior Subordinated Notes is paid in cash on such date, determined using a discount rate equal to the interest rate on the deposit with U.S. Bank National Association. To obtain that value, the Remarketing Agent may reset the interest rate on the Junior Subordinated Notes to a new fixed rate, or *Reset Rate*, or to a new floating rate equal to an index plus a spread, or *Reset Spread*, that will apply to all outstanding Junior Subordinated Notes, whether or not included in the Remarketing, and will become effective on the Remarketing Settlement Date. If we elect a floating rate, we also have the option to change the interest payment dates and manner of calculation of interest on the Junior Subordinated Notes to correspond with the market conventions applicable to notes bearing interest at rates based on the applicable index. The Junior Subordinated Notes will bear interest at the new rate from and after the Remarketing Settlement Date.

As noted above, if you hold Normal ITS and prefer to retain your economic interest in the Junior Subordinated Notes represented by your Normal ITS if a Remarketing is successful, you may elect to exchange them for Stripped ITS and Capital ITS. To make this election, you must, by 3:00 P.M., New York City time, on the second business day before any Remarketing Date, deliver your Normal ITS to the Transfer Agent and, for each Normal ITS, deliver \$1,000 principal amount of Qualifying Treasury Securities to the Collateral Agent, all as described in Description of the ITS Remarketing of the Junior Subordinated Notes Normal ITS. If the Remarketing is successful, on the Remarketing Settlement Date, the Qualifying Treasury Securities you delivered will be substituted under the pledge for the Junior Subordinated Notes, you will be deemed to have exchanged your Normal ITS for Stripped ITS and Capital ITS, your Normal ITS will be cancelled and the Stripped ITS and Capital ITS will be delivered to you. If the Remarketing is unsuccessful, your Normal ITS and Qualifying Treasury Securities will be returned to you.

If you hold Capital ITS, you may elect to dispose of them in connection with the Remarketing, as a result of which you will receive an amount in cash equal to the Remarketing Value of the corresponding Junior Subordinated Notes on the Remarketing Settlement Date if the Remarketing is successful. To make this election, you must deliver your Capital ITS to the Transfer Agent by 3:00 P.M., New York City time, on the second business day before any Remarketing Date, as described in Description of the ITS Remarketing of the Junior Subordinated Notes Capital ITS. If the Remarketing is not successful, your Capital ITS will be returned to you. Since distributions on the Capital ITS correspond to interest on the Junior Subordinated Notes, the new rate established in a successful Remarketing will also apply to any Capital ITS that are not disposed of in connection with the Remarketing.

The Reset Rate or Reset Spread will be determined in the Remarketing such that the proceeds from the Remarketing, net of any remarketing fee, will be at least 100% of the Remarketing Value; *provided* that the Reset Rate or Reset Spread may not exceed the applicable Fixed Rate Reset Cap or Floating Rate Reset Cap, as applicable, in connection with (i) any Remarketing with a settlement date on or prior to December 15, 2011 (or if such day is not a business day, on or prior to the next business day), if no Early Settlement Event shall have occurred, and (ii) the first four related Remarketing attempts, if an Early Settlement Event shall have occurred. The *Fixed Rate Reset Cap* will be the prevailing market yield, as determined by the Remarketing Agent, of the benchmark U.S. treasury security having a remaining maturity that most closely corresponds to the period from such date until the earliest date on which the Junior Subordinated Notes may be redeemed at our option in the event of a successful Remarketing, plus 350 basis points, or 3.50%, *per annum*, and the *Floating Rate Reset Cap*, which the Reset Spread may not exceed, will be 302 basis points, or 3.02%, *per annum*.

In connection with a Remarketing, we may elect:

to change the date after which the Junior Subordinated Notes will be redeemable at our option to any date on or after April 15, 2015 and to change the redemption price; *provided* that no redemption price may be less than the principal plus accrued and unpaid interest (including additional interest) on the Junior Subordinated Notes, or



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to move the maturity date of the Junior Subordinated Notes up to any date on or after April 15, 2015; *provided* that if we are deferring interest on the Junior Subordinated Notes at the time of the Remarketing, we may not elect a maturity date or optional redemption date that is earlier than seven years after commencement of the deferral period.

The following diagram shows the principal features of a Remarketing:

- (1) The Junior Subordinated Notes owned by the Trust and pledged to U.S. Bancorp are remarketed to new investors.
- (2) Net proceeds from Remarketing are placed in an interest-bearing deposit with U.S. Bank National Association that will be used to purchase the Preferred Stock under the Stock Purchase Contracts and, combined with the final semi-annual Contract Payment on the Stock Purchase Contracts, make the final semi-annual payment due to holders of the Normal ITS on the Stock Purchase Date at the rate of 6.189% *per annum* of their liquidation amount.

***What happens if the first Remarketing is not successful?***

If the Remarketing Agent cannot remarket the Junior Subordinated Notes on the first Remarketing Date at a price that results in proceeds, net of any remarketing fee, of at least 100% of their Remarketing Value, then:  
the interest rate on the Junior Subordinated Notes will not be reset;

the Junior Subordinated Notes will continue to bear interest at the interest rate originally applicable;

the Remarketing Agent will attempt to establish a Reset Rate or Reset Spread meeting the requirements described under *What is a Remarketing?* and remarket the Junior Subordinated Notes on subsequent Remarketing Dates; and

the subsequent Remarketing Dates shall be the third business day immediately preceding each of June 15, 2011, September 15, 2011, December 15, 2011 and March 15, 2012 and the Remarketing Settlement Date will be the third business day after any successful Remarketing.

Any Remarketing after the first one will be subject to the same conditions and procedures described under *What is a Remarketing?*, except that if a successful Remarketing has not previously occurred and, as a result, the Remarketing Agent attempts a Remarketing on the third business day immediately preceding March 15, 2012, the Reset Rate or Reset Spread for that Remarketing will not be subject to the Fixed Rate Reset Cap or Floating Rate Reset Cap, as applicable.

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### ***What is an Early Remarketing?***

If an Early Settlement Event occurs, as described under *What is an Early Settlement Event?*, the Remarketing process will be moved up such that the first attempted Remarketing will take place on the third business day prior to the March 15, June 15, September 15 or December 15 that is at least 30 days after the occurrence of such Early Settlement Event. We will conduct an *Early Remarketing* in which:

the first Remarketing attempt will be on the basis that the Junior Subordinated Notes will be remarketed as deeply subordinated securities (*i.e.*, we will not have the option to elect to remarket them as senior notes) and be subject to the Fixed Rate Reset Cap or Floating Rate Reset Cap, as applicable;

the second, third and fourth Remarketing attempts will be on the basis that the Junior Subordinated Notes will be subject to the Fixed Rate Reset Cap or Floating Rate Reset Cap, as applicable, but may, at our election, be remarketed as senior and subordinated debt; and

the fifth and last Remarketing attempt will be on the basis that the Junior Subordinated Notes will not be subject to the Fixed Rate Reset Cap or Floating Rate Reset Cap, as applicable, and may, at our election, be remarketed as senior and subordinated debt.

If the first Remarketing attempt in an Early Remarketing is not successful, up to four additional attempts will be made on the third business day prior to March 15, June 15, September 15 or December 15, as applicable, immediately following the first Remarketing Date, with the Remarketing Settlement Date on the third business day after a successful Remarketing and the Stock Purchase Date on the January 15, April 15, July 15 or October 15 immediately following the Remarketing Settlement Date or the final unsuccessful attempt, or on the next business day if not a business day. In the case of an Early Settlement Event resulting from the entry of an order for dissolution of the Trust by a court of competent jurisdiction, however, there shall be only one Remarketing Date and the Reset Rate or Reset Spread shall not be subject to the Fixed Rate Reset Cap or Floating Rate Reset Cap, as applicable. If the Remarketing conducted on that date is not successful, it shall be deemed a Failed Remarketing and the Stock Purchase Date shall be the next succeeding January 15, April 15, July 15 or October 15, or if such day is not a business day, the next business day.

### ***What is an Early Settlement Event?***

An *Early Settlement Event* shall be deemed to occur if:

our total risk-based capital ratio is less than 10%;

our tier 1 risk-based capital ratio is less than 6%;

our leverage capital ratio is less than 4%;

the Federal Reserve, in its discretion, anticipates that we may fail one or more of the capital tests referred to above in the near term and delivers a notice to us so stating; or

the Trust is dissolved pursuant to the entry of an order for dissolution by a court of competent jurisdiction.

The related Early Settlement Event in the case of the tests described in the first three bullets will be deemed to occur on the date we file a Form FR Y-9C showing in Schedule HC-R (or successor forms) that the related capital measure has been failed.

### ***If I hold Capital ITS, may I dispose of them in a Remarketing?***

If you hold Capital ITS, you may elect to dispose of them in the Remarketing. If the Remarketing is successful, you would then receive an amount equal to the Remarketing Value of the corresponding Junior Subordinated Notes on the Remarketing Settlement Date. You may wish to make this election if you think that you would not want to hold Capital ITS after the Remarketing because of the changes in the



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distribution rate and other terms that may occur as a result of the Remarketing. To make this election, you must deliver your Capital ITS to the Transfer Agent for the ITS by 3:00 P.M., New York City time, on the second business day before any Remarketing Date, as described in Description of the ITS Remarketing of the Junior Subordinated Notes Capital ITS.

***What happens if the Remarketing Agent cannot remarket the Junior Subordinated Notes for settlement on or before March 15, 2012?***

If the Remarketing Agent fails to remarket the Junior Subordinated Notes successfully on or before the fifth Remarketing Date, which except in an Early Remarketing would be the third business day prior to March 15, 2012, the interest rate on the Junior Subordinated Notes will not be reset and they will continue to accrue interest at the rate that would otherwise apply. We refer to this situation as a *Failed Remarketing*. In the event of a Failed Remarketing, we may move up the maturity date of the Junior Subordinated Notes to any date on or after April 15, 2015; *provided* that if we are deferring interest on the Junior Subordinated Notes at the time of the Remarketing, we may not elect a maturity date that is earlier than seven years after commencement of the deferral period.

Following a Failed Remarketing, on the Stock Purchase Date we will exercise our rights as a secured party and, subject to applicable law, retain the Junior Subordinated Notes pledged to secure the Trust's obligations under the Stock Purchase Contracts or their proceeds under the Collateral Agreement or sell them in one or more public or private sales. In either case, together with the application of the proceeds at maturity of any Qualifying Treasury Securities held by the Collateral Agent, this would satisfy the Trust's obligations under the Stock Purchase Contracts in full and we would deliver the Preferred Stock to the Trust. We will pay any accrued and unpaid interest not otherwise paid in cash on the Junior Subordinated Notes pledged to us by the Trust in unsecured notes that have a principal amount equal to the aggregate amount of accrued and unpaid interest as of the Stock Purchase Date, mature on the later of April 15, 2014 and five years after commencement of any related deferral period, bear interest at the same rate as the initial interest rate on the Junior Subordinated Notes, are subordinate and rank junior in right of payment to all of our senior and subordinated debt on the same basis as the Contract Payments and are redeemable by us at any time prior to their stated maturity. Holders of Normal ITS and Capital ITS will receive distributions corresponding to payments of principal of and interest on these notes received by the Trust.

The following diagrams show what will happen on and after the Stock Purchase Date following a Failed Remarketing:

- (1) If five Remarketing attempts fail, U.S. Bancorp will exercise its rights under the Collateral Agreement either to retain the Junior Subordinated Notes or dispose of them and apply the proceeds in settlement of the Stock Purchase Contracts.

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In either case, the Trust's obligations under the Stock Purchase Contracts will be satisfied in full and U.S. Bancorp will deliver the Preferred Stock to the Trust and make a final semi-annual Contract Payment on the Stock Purchase Contracts.

- (2) The Trust uses the final semi-annual Contract Payment and the interest payment due on the Stock Purchase Date on the Junior Subordinated Notes to make a distribution to holders of the Normal ITS at the rate of 6.189% *per annum* of their liquidation amount, which is the initial combined distribution rate on the Normal ITS.

After settlement of the Stock Purchase Contracts on the Stock Purchase Date, for each \$1,000 liquidation amount of Normal ITS and Stripped ITS the Trust will own 1/100th of a share of Preferred Stock.

***What happens on the Stock Purchase Date?***

If there has been a successful Remarketing, on the Stock Purchase Date, U.S. Bank National Association will repay the interest-bearing deposit and a portion of the proceeds, together with the cash proceeds of the Qualifying Treasury Securities automatically will be applied towards satisfying the Trust's obligation to purchase Preferred Stock under the Stock Purchase Contracts, and we will issue the Preferred Stock to the Trust. The Trust will apply the remainder of the proceeds of the interest-bearing deposit and the Contract Payments received from U.S. Bancorp to make the distributions due on the Regular Distribution Date to holders of Normal ITS and Stripped ITS. Whether or not there has been a successful Remarketing, you will not be required to deliver any additional cash or securities to the Trust.

Each Stripped ITS will automatically, without any action by holders being necessary, be and become a Normal ITS on the business day immediately following the Stock Purchase Date, unless there has been a Failed Remarketing and we have issued subordinated notes to the Trust in respect of deferred interest on the Junior Subordinated Notes, in which case the Stripped ITS will only be and become Normal ITS on the business day after these subordinated notes have been paid in full. The Normal ITS, and the Stripped ITS if then outstanding, will represent a beneficial interest in the Trust corresponding to 1/100th of a share of Preferred Stock. If we have issued subordinated notes to the Trust in respect of deferred interest on the Junior Subordinated Notes, the Normal ITS, but not the Stripped ITS, will also correspond to these additional notes. On the Stock Purchase Date, holders of the Normal ITS and the Stripped ITS will also receive the distributions described under What distributions or payments will be made to holders of the Normal ITS, Stripped ITS and Capital ITS?

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The following diagrams show what happens on the Stock Purchase Date if there has been a successful Remarketing on the initially scheduled Remarketing Date in March 2011, as well as what assets of the Trust the Normal ITS will correspond to after the Stock Purchase Date:

- (1) U.S. Bank National Association repays the interest-bearing deposit.
- (2) The Trust purchases the Preferred Stock from U.S. Bancorp for \$100,000 per share under the Stock Purchase Contracts using the proceeds at maturity of the Qualifying Treasury Securities and a portion of the proceeds of the deposit. U.S. Bancorp makes the final semi-annual Contract Payment to the Trust.
- (3) The Trust uses the final semi-annual Contract Payment and the remainder of the proceeds of the U.S. Bank National Association deposit to make a distribution to holders of the Normal ITS at the rate of 6.189% *per annum* of their liquidation amount, which is the initial combined distribution rate on the Normal ITS.

After settlement of the Stock Purchase Contracts on the Stock Purchase Date, for each \$1,000 liquidation amount of Normal ITS and Stripped ITS the Trust will own 1/100th of a share of Preferred Stock.

***What happens to the Stock Purchase Contracts in the event of a bankruptcy or merger of U.S. Bancorp?***

The Stock Purchase Contracts, our and the Trust's related rights and obligations under the Stock Purchase Contracts, including the right and obligation to purchase Preferred Stock and the right to receive accrued Contract Payments, automatically will terminate upon our bankruptcy, insolvency or reorganization. If U.S. Bank National Association is placed in receivership while it is holding the interest-bearing

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deposit, and if the Stock Purchase Contracts have not been terminated, the deposit will be assigned to us on the Stock Purchase Date as payment for the Preferred Stock corresponding to the Normal ITS; however, if the Stock Purchase Contracts have been terminated, the deposit will remain property of the Trust until the Trust's assets are distributed to the holders of the Trust securities.

We will agree not to merge or consolidate with any other person unless the surviving corporation assumes our obligations under the Stock Purchase Contracts and reserves sufficient authorized and unissued shares of preferred stock having substantially the same terms and conditions as the Preferred Stock, such that the Trust will receive, on the Stock Purchase Date, preferred stock having substantially the same rights as the Preferred Stock that it would have received had such merger or consolidation not occurred.

***What is the ranking of the Trust's claims against U.S. Bancorp either for the Contract Payments under the Stock Purchase Contracts or for interest or principal on the Junior Subordinated Notes, if U.S. Bancorp were to become insolvent?***

The Trust's claims against us for Contract Payments or for payments of principal and interest on Junior Subordinated Notes are subordinated to our indebtedness for money borrowed, including any junior subordinated debt securities underlying trust preferred securities of U.S. Bancorp that are currently outstanding (except for the junior subordinated notes underlying trust preferred securities issued by USB Capital VIII) and other subordinated debt that is not by its terms expressly made *pari passu* with or junior to the Junior Subordinated Notes, all as described under

Description of the Junior Subordinated Notes Subordination. As mentioned above, your right to receive accrued and unpaid Contract Payments automatically will terminate upon the occurrence of particular events of U.S. Bancorp's bankruptcy, insolvency or reorganization.

In connection with an Early Remarketing, other than the first attempt at Remarketing, we may elect that our obligations under the Junior Subordinated Notes shall be senior obligations instead of subordinated obligations, effective on or after the Remarketing Settlement Date.

***Are there limitations on our or the Trust's right to redeem or repurchase the ITS?***

At or prior to the initial issuance of the Normal ITS, we will enter into a Replacement Capital Covenant, or *Replacement Capital Covenant*, relating to the ITS and the shares of Preferred Stock the Trust will purchase under the Stock Purchase Contracts. *The Replacement Capital Covenant only benefits holders of Covered Debt, as defined below in Description of the Preferred Stock Redemption or Repurchase Subject to Restrictions, and is not enforceable by holders of the ITS or the Preferred Stock.* However, the Replacement Capital Covenant could preclude us from repurchasing the ITS or redeeming or repurchasing shares of Preferred Stock at a time we might otherwise wish to repurchase the ITS or redeem or repurchase shares of Preferred Stock.

In the Replacement Capital Covenant, we covenant to repurchase the ITS prior to the Stock Purchase Date only if and to the extent that (a) the total repurchase price is equal to or less than 100% of the aggregate net cash we or our subsidiaries have received during the 180 days prior to such date from the issuance of our common stock, certain qualifying non-cumulative perpetual preferred stock satisfying the requirements of the Replacement Capital Covenant or other securities that qualify as tier 1 capital of U.S. Bancorp under the risk-based capital guidelines of the Federal Reserve, but that are not restricted core capital elements; and (b) we have obtained prior approval of the Federal Reserve, if such approval is then required by the Federal Reserve. We also covenant to redeem or repurchase the ITS or shares of Preferred Stock on or after the Stock Purchase Date only if and to the extent that (a) the total redemption or repurchase price is equal to or less than the sum, as of the date of redemption or repurchase, of (i) 133.33% of the aggregate net cash proceeds we or our subsidiaries have received during the 180 days prior to such date from the issuance and sale of common stock of U.S. Bancorp plus (ii) 100% of the aggregate net cash proceeds we or our subsidiaries have received during the 180 days prior to such date from the issuance of certain other specified securities that (A) have equity-like characteristics that satisfy

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the requirements of the Replacement Capital Covenant and are the same as or more equity-like than, the applicable characteristics of the ITS at that time, and (B) qualify as tier 1 capital of U.S. Bancorp under the risk-based capital guidelines of the Federal Reserve; and (b) we have obtained the prior approval of the Federal Reserve, if such approval is then required by the Federal Reserve.

Additionally, under the Federal Reserve's risk-based capital guidelines applicable to bank holding companies, any redemption or repurchase of the ITS is subject to prior approval of the Federal Reserve. See *What are the basic terms of the Preferred Stock? Redemption* concerning limitations on our right to redeem or repurchase shares of Preferred Stock.

The Trust will redeem the Capital ITS in exchange for Junior Subordinated Notes promptly after the Remarketing Settlement Date. After the Stock Purchase Date, if the Junior Subordinated Notes have not been successfully remarketed, or the earlier termination of the Stock Purchase Contracts, the Trust may redeem the Capital ITS, in whole but not in part, in exchange for Junior Subordinated Notes having a principal amount equal to the liquidation amount of the Capital ITS so redeemed, provided that there are no additional notes outstanding that were issued in respect of deferred interest on the Junior Subordinated Notes. The Trust is also required to redeem the Normal ITS upon redemption of the Preferred Stock and to redeem any outstanding Capital ITS upon the maturity or earlier redemption of the Junior Subordinated Notes, in each case out of the proceeds of the corresponding security. The Replacement Capital Covenant does not restrict the redemption or repurchase of the Capital ITS on or after the Stock Purchase Date.

### ***When can the Trust be dissolved?***

The Trust may only be dissolved upon a bankruptcy, dissolution or liquidation of U.S. Bancorp, the redemption of all the ITS in accordance with the provisions of the Trust Agreement or the entry of an order for dissolution of the Trust by a court of competent jurisdiction. The dissolution of the Trust pursuant to the entry of an order for dissolution will constitute an Early Settlement Event if it occurs prior to the Stock Purchase Date and the Stock Purchase Contracts have not otherwise been terminated.

Upon the dissolution, after satisfaction of liabilities of creditors of the Trust, holders of each class of ITS will generally receive corresponding assets of the Trust in respect of their ITS, which may in the case of Normal ITS consist of depositary receipts in respect of their interests therein, and the ITS will no longer be deemed to be outstanding.

### ***What is the extent of our Guarantee?***

Pursuant to a guarantee, or *Guarantee*, that we will execute and deliver for the benefit of holders of ITS, we will irrevocably guarantee, on a junior subordinated basis, the payment in full of the following:

any accumulated and unpaid distributions required to be paid on the ITS, to the extent the Trust has funds available to make the payment;

the redemption price for any ITS called for redemption, to the extent the Trust has funds available to make the payment; and

upon a voluntary or involuntary dissolution, winding-up or liquidation of the Trust, other than in connection with a distribution of corresponding assets to the holders of the ITS, the lesser of:

the aggregate of the liquidation amount and all accumulated and unpaid distributions on the ITS to the date of payment, to the extent the Trust has funds available to make the payment; and

the amount of assets of the Trust remaining available for distribution to holders of the ITS upon liquidation of the Trust.

Our obligations under the Guarantee are unsecured, are subordinated to and junior in right of payment to all of our secured and senior and subordinated debt, and rank on a parity with all other similar guarantees issued by us.



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The ITS, the Guarantee and the Junior Subordinated Notes do not limit our ability or the ability of our subsidiaries to incur additional indebtedness, including indebtedness that ranks senior to or equally with the Junior Subordinated Notes and the Guarantee.

The Guarantee, when taken together with our obligations under the Junior Subordinated Notes and the Indenture, the Stock Purchase Contracts and the Trust Agreement, including the obligations to pay costs, expenses, debts and liabilities of the Trust, other than liabilities with respect to the Trust securities, has the effect of providing a full and unconditional guarantee of amounts due on the ITS.

***What are the U.S. federal income tax consequences related to the ITS?***

If you purchase Normal ITS in the offering, we will treat you for U.S. federal income tax purposes as having acquired an interest in the Junior Subordinated Notes and Stock Purchase Contracts held by the Trust. You must allocate the purchase price of the Normal ITS between those Junior Subordinated Notes and Stock Purchase Contracts in proportion to their respective fair market values, which will establish your initial tax basis in the Junior Subordinated Notes and the Stock Purchase Contracts. We expect to treat the fair market value of each interest in the Junior Subordinated Notes as \$1,000 and the fair market value of each Stock Purchase Contract as \$0. This position generally will be binding on the beneficial owner of each Normal ITS but not on the Internal Revenue Service.

Assuming full compliance with the terms of the Trust Agreement, the Trust will not be classified as an association or publicly traded partnership taxable as a corporation for U.S. federal income tax purposes, and the Trust intends to treat itself as one or more grantor trusts and/or agency arrangements for U.S. federal income tax purposes. Accordingly, for U.S. federal income tax purposes, we will treat each U.S. holder (as defined under *Certain U.S. Federal Income Tax Consequences*) of Normal ITS as purchasing and owning a beneficial interest in the Junior Subordinated Notes and as required to take into account its *pro rata* share of all items of income, gain, loss or deduction of the Trust.

The Junior Subordinated Notes will be treated as our indebtedness for U.S. federal income tax purposes. We intend to treat stated interest on the Junior Subordinated Notes as ordinary interest income that is includible in your gross income at the time the interest is paid or accrued, in accordance with your regular method of tax accounting, and by purchasing a Normal ITS you agree to report income on this basis. However, because there are no regulations, rulings or other authorities that address the U.S. federal income tax treatment of debt instruments that are substantially similar to the Junior Subordinated Notes, other treatments of the Junior Subordinated Notes are possible. See *Certain U.S. Federal Income Tax Consequences*.

If we exercise our right to defer payments of stated interest on the Junior Subordinated Notes, we intend to treat the Junior Subordinated Notes as reissued, solely for U.S. federal income tax purposes, with original issue discount, and you would generally be required to accrue such original issue discount as ordinary income using a constant yield method prescribed by Treasury regulations. As a result, the income that you would be required to accrue would exceed the interest payments that you would actually receive. See *Certain U.S. Federal Income Tax Consequences*. We intend to report Contract Payments on the Stock Purchase Contracts as income to you, but you may want to consult your tax advisor concerning the U.S. federal income tax treatment of the Contract Payments. See *Certain U.S. Federal Income Tax Consequences*.

***What are the U.S. federal income tax consequences related to the Preferred Stock?***

Any distribution with respect to Preferred Stock that we pay out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) will constitute a dividend and will be includible in income by you when received by the Trust and distributed to you as holder of a Normal ITS after the Stock Purchase Date. Any such dividend will be eligible for the dividends received deduction if you are an otherwise qualifying corporate U.S. holder that meets the holding period and other requirements for the dividends received deduction. Dividends paid to non-corporate U.S. holders in taxable years beginning before January 1, 2009 are generally taxable at preferential rates if the holder holds its

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interest in the Preferred Stock for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and meets certain other requirements.

***What are your expected uses of proceeds from the offering of the ITS?***

We expect to receive net proceeds from this offering of approximately \$1,236,611,393, after expenses and underwriting commissions.

The Trust will invest all of the proceeds from the sale of the Normal ITS and the Trust Common Securities in the Junior Subordinated Notes.

We intend to use the net proceeds from this offering for general corporate purposes. We expect that the ITS will be treated as tier 1 capital of U.S. Bancorp for federal bank holding company regulatory purposes.

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The following is selected unaudited consolidated condensed financial information for U.S. Bancorp for the years ended December 31, 2005, 2004 and 2003. The summary below should be read in conjunction with our consolidated financial statements, and the related notes thereto, and the other detailed information contained in our 2005 Annual Report on Form 10-K.

<b>Year Ended December 31, 2005</b>	<b>Year Ended December 31, 2004</b>	<b>Year Ended December 31, 2003</b>
-------------------------------------------------	-------------------------------------------------	-------------------------------------------------

(Dollars and shares in millions,  
except per  
share data)

**Condensed Income Statement**

Net interest income (taxable-equivalent basis)	\$7,088	\$7,140	\$7,217
Noninterest income	6,151	5,624	5,068
Securities gains (losses), net	(106)	(105)	245
Total net revenue (taxable-equivalent basis)	13,133	12,659	12,530
Noninterest expense	5,863	5,785	5,597
Provision for credit losses	666	669	1,254
Income from continuing operations before taxes	6,604	6,205	5,679
Taxable-equivalent adjustment	33	29	28
Applicable income taxes	2,082	2,009	1,941
Income from continuing operations	4,489	4,167	3,710
Discontinued operations (after-tax)		23	
Net income	\$4,489	\$4,167	\$3,733

**Financial Ratios**

Return on average assets	2.21%	2.17%	1.99%
Return on average equity	22.5	21.4	19.2

Net interest margin (taxable-equivalent basis)

3.97 4.25 4.49

Efficiency ratio

44.3 45.3 45.6

**Per Common Share**

Earnings per share from continuing operations

\$2.45 \$2.21 \$1.93

Diluted earnings per share from continuing operations

2.42 2.18 1.92

Earnings per share

2.45 2.21 1.94

Diluted earnings per share

2.42 2.18 1.93

Dividends declared per share

1.230 1.020 .855

**Average Balance Sheet Data**

Loans

\$133,105 \$122,141 \$118,362

Loans held for sale

1,795 1,608 3,616

Investment securities

42,103 43,009 37,248

Earning assets

178,425 168,123 160,808

Assets

203,198 191,593 187,630

Noninterest-bearing deposits

29,229 29,816 31,715

Deposits

121,001 116,222 116,553

Short-term borrowing

19,382 14,534 10,503

Long-term debt

36,141 35,115 33,663

Shareholders equity

19,953 19,459 19,393

Average common shares outstanding

1,831 1,887 1,924

Average diluted common shares outstanding

1,857 1,913 1,936

**Period End Balances**

Loans

\$137,806 \$126,315 \$118,235

Allowance for credit losses

	2,251	2,269	2,369
Investment securities			
	39,768	41,481	43,334
Assets			
	209,465	195,104	189,471
Deposits			
	124,709	120,741	119,052
Long-term debt			
	37,069	34,739	33,816
Shareholders' equity			
	20,086	19,539	19,242
Regulatory capital ratios			
Tangible common equity			
	5.9%	6.4%	6.5%
Tier 1 capital			
	8.2	8.6	9.1
Total risk-based capital			
	12.5	13.1	13.6
Leverage			
	7.6	7.9	8.0

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*In considering whether to purchase the ITS, you should carefully consider all the information we have included or incorporated by reference in this prospectus supplement. In particular, you should carefully consider the following risk factors. In addition, because each ITS sold in the offering will represent a beneficial interest in the Trust, which will own our Junior Subordinated Notes and enter into Stock Purchase Contracts with us to acquire our Preferred Stock, you are also making an investment decision with regard to the Junior Subordinated Notes and the Preferred Stock, as well as our Guarantee of the Trust's obligations. You should carefully review all the information in this prospectus supplement about all of these securities.*

**Risks Relating to the ITS**

***We may defer Contract Payments and interest payments on the Junior Subordinated Notes and this may have an adverse effect on the value of the ITS.***

We may at our option, and will if directed to do so by the Federal Reserve, defer the payment of all or part of the Contract Payments on the Stock Purchase Contracts through the Stock Purchase Date, in which case the Trust would defer distributions of corresponding amounts on the Normal ITS and the Stripped ITS. We also may at our option, and will if directed to do so by the Federal Reserve, defer interest payments on the Junior Subordinated Notes, in which case the Trust would defer distributions on the Normal ITS, if the deferral occurs prior to the Stock Purchase Date, and on the Capital ITS.

If the Junior Subordinated Notes are successfully remarketed, the proceeds will reflect the value of accrued and unpaid interest and, to the extent not placed in an interest-bearing deposit with U.S. Bank National Association to fund the purchase of the Preferred Stock and the final payment under the Normal ITS, will be paid to the holders of the Normal ITS and Trust Common Securities and holders of Capital ITS who elected to dispose of them in connection with the Remarketing. If the Junior Subordinated Notes are not successfully remarketed, on the Stock Purchase Date, the Trust will receive subordinated notes in respect of the deferred amounts, which it will hold as additional assets corresponding to the Normal ITS and Capital ITS. If we defer any Contract Payments until the Stock Purchase Date, the Trust will receive subordinated notes, in lieu of a cash payment, which it will hold as additional assets corresponding to the Normal ITS, the Stripped ITS and Trust Common Securities. The subordinated notes that we issue to the Trust in satisfaction of deferred interest or Contract Payments will be deeply subordinated and bear interest at the rate originally applicable to the Junior Subordinated Notes, which could be less than our then current market rate of interest. In addition, if we exercise our option to defer interest on the Junior Subordinated Notes, we intend to treat the Junior Subordinated Notes as reissued, solely for U.S. federal income tax purposes, with original issue discount. As a result, you will be required to continue to accrue income for U.S. federal income tax purposes even though you would not receive current cash payments in respect of the Junior Subordinated Notes. See Certain U.S. Federal Income Tax Consequences. Furthermore, if the Stock Purchase Contracts are terminated due to our bankruptcy, insolvency or reorganization, the right to receive Contract Payments and deferred Contract Payments, if any, will also terminate.

The terms of our outstanding junior subordinated debentures prohibit us from making any payment of principal or interest on the Junior Subordinated Notes or the Guarantee relating to the ITS and from repaying, redeeming or repurchasing any Junior Subordinated Notes if we have actual knowledge of any event that would be an event of default under any indenture governing those debentures or at any time when we have deferred interest thereunder.

***We must obtain Federal Reserve approval before using the Alternative Payment Mechanism.***

The Indenture for the Junior Subordinated Notes provides that we must notify the Federal Reserve if the Alternative Payment Mechanism is applicable and that we may not sell our common stock or perpetual non-cumulative preferred stock or apply any eligible equity proceeds to pay interest pursuant to the Alternative Payment Mechanism if such actions have not been approved by the Federal Reserve. The

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Federal Reserve may allow the issuance of common stock or non-cumulative perpetual preferred stock, but not allow use of the proceeds to pay deferred dividends on the Junior Subordinated Notes or deferred Contract Payments on the Stock Purchase Contracts and require that the proceeds be applied to other purposes, including supporting a troubled bank subsidiary. Accordingly, if we elect to defer interest on the Junior Subordinated Notes or we issue additional subordinated notes in respect of deferred interest and do not obtain the prior approval of the Federal Reserve to issue common stock or perpetual non-cumulative preferred stock and apply the proceeds to pay deferred interest, we will be unable to pay the deferred interest or pay interest on or principal of the additional notes.

***Our failure to raise eligible equity proceeds to pay deferred interest is not, by itself, an event of default under the Indenture for the Junior Subordinated Notes.***

Although we are required under the terms of the Indenture for the Junior Subordinated Notes, absent a Market Disruption Event, to use Commercially Reasonable Efforts to sell common stock or non-cumulative perpetual preferred stock to pay deferred interest commencing on the date two years after the beginning of any deferral period, our failure to raise sufficient eligible equity proceeds or our use of other funds to pay interest will not, by itself, constitute an event of default under the Indenture.

***If the Trust must settle the Stock Purchase Contracts early, you may earn a smaller return on your investment.***

The Remarketing process may begin before March 2011 if certain adverse events described under Description of the Junior Subordinated Notes Early Settlement Events occur. Although dividends will accrue on the Preferred Stock at the same rate as the combined rate at which Contract Payments and interest on the Junior Subordinated Notes would have accrued through April 15, 2011, Preferred Stock dividends are non-cumulative and thus the distributions on the Normal ITS may become non-cumulative at an earlier date than expected. The Preferred Stock acquired by the Trust will also rank lower on liquidation of U.S. Bancorp than the Junior Subordinated Notes. Accordingly, if an Early Settlement Event occurs, the Trust may skip distributions that otherwise would have been cumulative and if U.S. Bancorp becomes insolvent prior to the date on which the Stock Purchase Date would otherwise have occurred, the Trust's claim against U.S. Bancorp in the insolvency will rank lower than it would have ranked.

***The Preferred Stock that the Trust purchases on the Stock Purchase Date may be worth less than the amount it pays for it.***

The Trust must buy our Preferred Stock pursuant to the Stock Purchase Contracts on the Stock Purchase Date at a fixed price of \$100,000 per share, or \$1,000 for each 1/100th interest in a Stock Purchase Contract corresponding to Normal ITS or Stripped ITS. Although dividends will accrue on the Preferred Stock at a floating rate commencing on the later of April 15, 2011 and the Stock Purchase Date, the spread was established at the time of the offering. Accordingly, adverse changes in our credit quality may cause the market value of the Preferred Stock that the Trust will purchase on the Stock Purchase Date to be lower than the price per share that the Stock Purchase Contracts require it to pay. Holders of Normal ITS and Stripped ITS are assuming the entire risk that the market value of Preferred Stock purchased by the Trust will be lower than the purchase price of the Preferred Stock and that the market value of 1/100th of a share of Preferred Stock corresponding to a Normal ITS may be less than the price they paid for it, and that difference could be substantial.

***The return of Pledged Securities on termination of the Stock Purchase Contracts could be delayed if we become subject to a bankruptcy proceeding.***

Notwithstanding the automatic termination of the Stock Purchase Contracts, if we become the subject of a case under the U.S. Bankruptcy Code, imposition of an automatic stay under Section 362 of the Bankruptcy Code, if applicable, or any court-ordered stay may delay the return to the Trust of the securities or interest-bearing deposit with U.S. Bank National Association being held as collateral for the Stock Purchase Contracts, and the delay may continue until the stay has been lifted. The stay will not be

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lifted until the bankruptcy judge agrees to lift it and return the collateral to the Trust, and the Trust will not be able to distribute the Junior Subordinated Notes or proceeds of the U.S. Bank National Association interest-bearing deposit held as collateral to the holders of the Normal ITS or to distribute the Qualifying Treasury Securities held as collateral to the holders of the Stripped ITS until they are returned to it.

***The Contract Payments and interest on the Junior Subordinated Notes beneficially owned by the Trust will be contractually subordinated and will be effectively subordinated to the obligations of our subsidiaries.***

Our obligations with respect to Contract Payments and interest on Junior Subordinated Notes will be subordinate and junior in right of payment and upon liquidation to our obligations under all of our indebtedness for money borrowed, including the junior subordinated debt securities underlying trust preferred securities of U.S. Bancorp currently outstanding (except for the junior subordinated notes underlying trust preferred securities issued by USB Capital VIII) and other debt that is not by its terms expressly made *pari passu* with or junior to the Junior Subordinated Notes, but *pari passu* with trade creditors. At December 31, 2005, our indebtedness and other obligations, on an unconsolidated basis, totaled approximately \$14 billion.

We receive substantially all of our revenue from dividends from our subsidiaries. Because we are a holding company, our right to participate in any distribution of the assets of our banking or nonbanking subsidiaries, upon a subsidiary's dissolution, winding-up, liquidation or reorganization or otherwise, and thus your ability to benefit indirectly from such distribution, is subject to the prior claims of creditors of any such subsidiary, except to the extent that we may be a creditor of that subsidiary and our claims are recognized. There are legal limitations on the extent to which some of our subsidiaries may extend credit, pay dividends or otherwise supply funds to, or engage in transactions with, us or some of our other subsidiaries. Our subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay amounts due under our contracts or otherwise to make any funds available to us. Accordingly, the Contract Payments and payments on our Junior Subordinated Notes, and therefore the ITS, effectively will be subordinated to all existing and future liabilities of our subsidiaries. At December 31, 2005, our subsidiaries' direct borrowings and deposit liabilities totaled approximately \$170 billion.

***We guarantee distributions on the ITS only if the Trust has cash available.***

If you hold any of the ITS, we will guarantee you, on an unsecured and junior subordinated basis, the payment of the following:

any accumulated and unpaid distributions required to be paid on the ITS, to the extent the Trust has funds available to make the payment;

the redemption price for any ITS called for redemption, to the extent the Trust has funds available to make the payment; and

upon a voluntary or involuntary dissolution, winding-up or liquidation of the Trust, other than in connection with a distribution of corresponding assets to holders of ITS, the lesser of:

the aggregate of the stated liquidation amount and all accumulated and unpaid distributions on the ITS to the date of payment, to the extent the Trust has funds available to make the payment; and

the amount of assets of the Trust remaining available for distribution to holders of the ITS upon liquidation of the Trust.

If we do not make a required Contract Payment on the Stock Purchase Contracts or interest payment on the Junior Subordinated Notes, the Trust will not have sufficient funds to make the related payment on the ITS. The Guarantee does not cover payments on the ITS when the Trust does not have sufficient funds to make them. If we do not pay any amounts on the Stock Purchase Contracts or the Junior



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Subordinated Notes when due, holders of the ITS will have to rely on the enforcement by the Property Trustee of the trustee's rights as owner of the Stock Purchase Contracts or the Junior Subordinated Notes, or proceed directly against us for payment of any amounts due on the Stock Purchase Contracts or the Junior Subordinated Notes.

Our obligations under the Guarantee are unsecured and are subordinated to and junior in right of payment to all of our secured and senior indebtedness, and rank on a parity with all other similar guarantees issued by us.

***Holders of the ITS have limited rights under the Junior Subordinated Notes and Stock Purchase Contracts.***

Except as described below, you, as a holder of the ITS, will not be able to exercise directly any other rights with respect to the Junior Subordinated Notes or Stock Purchase Contracts.

If an event of default under the Trust Agreement were to occur and be continuing, holders of the ITS would rely on the enforcement by the Property Trustee of its rights as registered holder of the Junior Subordinated Notes and the Stock Purchase Contracts against us. In addition, the holders of a majority in liquidation amount of the relevant class or classes of ITS would have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Property Trustee or to direct the exercise of any trust or power conferred upon the Property Trustee under the Trust Agreement, including the right to direct the Property Trustee to exercise the remedies available to it as the holder of the Junior Subordinated Notes and Stock Purchase Contracts.

The Indenture for the Junior Subordinated Notes provides that the Indenture Trustee must give holders notice of all defaults or events of default within 30 days after it becomes known to the Indenture Trustee. However, except in the cases of a default or an event of default in payment on the Junior Subordinated Notes, the Indenture Trustee will be protected in withholding the notice if its responsible officers determine that withholding of the notice is in the interest of such holders.

If the Property Trustee were to fail to enforce its rights under the Junior Subordinated Notes in respect of an Indenture event of default after a record holder of the Normal ITS (if prior to the Stock Purchase Date or, if earlier, the Remarketing Settlement Date) or the Capital ITS had made a written request, that record holder of the Normal ITS or the Capital ITS may, to the extent permitted by applicable law, institute a legal proceeding against us to enforce the Property Trustee's rights under the Junior Subordinated Notes. In addition, if we were to fail to pay interest or principal on the Junior Subordinated Notes on the date that interest or principal is otherwise payable, except for deferrals permitted by the Trust Agreement and the Indenture, and this failure to pay were continuing, holders of the Normal ITS, if such failure occurs prior to the Stock Purchase Date or, if earlier, the Remarketing Settlement Date, and holders of the Capital ITS may directly institute a proceeding for enforcement of payment of the principal of or interest on the Junior Subordinated Notes having a principal amount equal to the aggregate liquidation amount of their Normal ITS or Capital ITS (a *direct action*) after the respective due dates specified in the Junior Subordinated Notes. In connection with a direct action, we would have the right under the Indenture and the Trust Agreement to set off any payment made to that holder by us. The Stock Purchase Contract Agreement contains similar provisions with respect to a direct action by holders of Normal ITS or Stripped ITS in the event of our default under the Stock Purchase Contracts.

***The Property Trustee, as holder of the Junior Subordinated Notes on behalf of the Trust, has only limited rights of acceleration.***

The Property Trustee, as holder of the Junior Subordinated Notes on behalf of the Trust, may accelerate payment of the principal and accrued and unpaid interest on the Junior Subordinated Notes only upon the occurrence and continuation of an Indenture event of default. An Indenture event of default is generally limited to payment defaults after giving effect to our deferral rights, and specific events of bankruptcy, insolvency and reorganization relating to us or the receivership of our lead bank.

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There is no right to acceleration upon breaches by us of other covenants under the Indenture or default on our payment obligations under the Guarantee.

***The secondary market for the ITS may be illiquid.***

We are unable to predict how the ITS will trade in the secondary market or whether that market will be liquid or illiquid. There is currently no secondary market for the ITS. Although we will apply to list the Normal ITS on the New York Stock Exchange under the symbol USBTP, we can give you no assurance as to the liquidity of any market that may develop for the Normal ITS. In addition, in the event that sufficient numbers of Normal ITS are exchanged for Stripped ITS and Capital ITS, the liquidity of Normal ITS could decrease. If Stripped ITS or Capital ITS are separately traded to a sufficient extent that applicable exchange listing requirements are met, we may list the Stripped ITS or Capital ITS on the same exchange as the Normal ITS are then listed, including, if applicable, the New York Stock Exchange, though we are under no obligation to do so. Accordingly, if you exchange Normal ITS for Stripped ITS and Capital ITS, your ability to sell them may be limited and we can give you no assurance whether a trading market, if it develops, will continue. As Normal ITS may only be held or transferred in amounts having an aggregate liquidation amount of at least \$1,000, the trading market for Normal ITS may be less active than markets for securities that may be held or transferred in smaller denominations and may be less liquid.

***The tax accounting for the Junior Subordinated Notes is unclear.***

The Junior Subordinated Notes will be treated as our indebtedness for U.S. federal income tax purposes. We intend to treat stated interest on the Junior Subordinated Notes as ordinary interest income that is includible in your gross income at the time the interest is paid or accrued, in accordance with your regular method of tax accounting, and by purchasing a Normal ITS you agree to report income on this basis. However, because there are no regulations, rulings or other authorities that address the U.S. federal income tax treatment of debt instruments that are substantially similar to the Junior Subordinated Notes, other treatments of the Junior Subordinated Notes are possible. See Certain U.S. Federal Income Tax Consequences.

**Additional Risks Related to the Normal ITS after the Stock Purchase Date**

***In purchasing the ITS in the offering, you are making an investment decision with regard to the Preferred Stock.***

As described in this prospectus supplement, on the Stock Purchase Date we will issue Preferred Stock to the Trust. If you hold Normal ITS or Stripped ITS on the Stock Purchase Date, your securities will thereafter represent beneficial interests in the Trust corresponding to 1/100th of a share of Preferred Stock for each \$1,000 liquidation amount of ITS. After the Stock Purchase Date, the Trust will rely solely on the payments it receives on the Preferred Stock to fund all payments on the Normal ITS, other than payments corresponding to payments on subordinated notes that we may issue in respect of any deferred interest on the Junior Subordinated Notes after a Failed Remarketing or in respect of deferred Contract Payments. Accordingly, you should carefully review the information in this prospectus supplement regarding the Preferred Stock.

***The Preferred Stock is equity and is subordinate to our existing and future indebtedness.***

The shares of Preferred Stock are equity interests in U.S. Bancorp and do not constitute indebtedness. As such, the shares of Preferred Stock will rank junior to all indebtedness and other non-equity claims on U.S. Bancorp with respect to assets available to satisfy claims on U.S. Bancorp, including in a liquidation of U.S. Bancorp. Additionally, unlike indebtedness, where principal and interest would customarily be payable on specified due dates, in the case of preferred stock like the Preferred Stock (1) dividends are payable only if declared by our board of directors and (2) as a corporation, we are subject to restrictions on payments of dividends and redemption price out of lawfully available funds.

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Also, as a bank holding company, U.S. Bancorp's ability to declare and pay dividends is dependent on certain federal regulatory considerations. U.S. Bancorp has issued and outstanding debt securities under which we may defer interest payments from time to time, but in that case we would not be permitted to pay dividends on any of our capital stock, including the Preferred Stock, during the deferral period.

***Investors should not expect U.S. Bancorp to redeem the Preferred Stock on the date it first becomes redeemable or on any particular date after it becomes redeemable.***

The Preferred Stock is a perpetual equity security. The Preferred Stock has no maturity or mandatory redemption date and is not redeemable at the option of investors. By its terms, the Preferred Stock may be redeemed by us at our option either in whole or in part at any time on or after the later of April 15, 2011 and the Stock Purchase Date. Any decision we may make at any time to propose a redemption of the Preferred Stock will depend, among other things, upon our evaluation of the overall level and quality of our capital components, considered in light of our risk exposures, earnings and growth strategy, as well as general market conditions at such time. Our right to redeem the Preferred Stock once issued is subject to two important limitations. Accordingly, investors should not expect us to redeem the Preferred Stock on the date it first becomes redeemable or on any particular date thereafter.

First, under the Federal Reserve's risk-based capital guidelines applicable to bank holding companies, any redemption of the Preferred Stock is subject to prior approval of the Federal Reserve. Moreover, we have agreed with the Federal Reserve that unless it authorizes us to do otherwise in writing, we will redeem the Preferred Stock only if it is replaced with other Tier 1 capital that is not a restricted core capital element—for example, common stock or another series of non-cumulative perpetual preferred stock.

There can be no assurance that the Federal Reserve will approve any redemption of the Preferred Stock that we may propose. There also can be no assurance that, if we propose to redeem the Preferred Stock without replacing the Preferred Stock with Tier 1 capital that is not a restricted core capital element, the Federal Reserve will authorize such redemption. We understand that the factors that the Federal Reserve will consider in evaluating a proposed redemption, or a request that we be permitted to redeem the Preferred Stock without replacing it with Tier 1 capital that is not a restricted core capital element, include its evaluation of the overall level and quality of our capital components, considered in light of our risk exposures, earnings and growth strategy, and other supervisory considerations.

Second, at or prior to initial issuance of the ITS, we are entering into the Replacement Capital Covenant, which will limit our right to repurchase the ITS and to redeem or repurchase the Preferred Stock. In the Replacement Capital Covenant, we covenant to repurchase the ITS prior to the Stock Purchase Date only if and to the extent that (a) the total repurchase price is equal to or less than 100% of the aggregate net cash we or our subsidiaries have received during the 180 days prior to such date from the issuance of our common stock, certain qualifying non-cumulative perpetual preferred stock satisfying the requirements of the Replacement Capital Covenant or other securities that qualify as tier 1 capital of U.S. Bancorp under the risk-based capital guidelines of the Federal Reserve, but that are not restricted core capital elements; and (b) we have obtained prior approval of the Federal Reserve, if such approval is then required by the Federal Reserve for repurchases of the ITS. We also covenant to redeem or repurchase the ITS or shares of Preferred Stock on or after the Stock Purchase Date only if and to the extent that (a) the total redemption or repurchase price is equal to or less than the sum, as of the date of redemption or repurchase, of (i) 133.33% of the aggregate net cash proceeds we or our subsidiaries have received during the 180 days prior to such date from the issuance and sale of common stock of U.S. Bancorp plus (ii) 100% of the aggregate net cash proceeds we or our subsidiaries have received during the 180 days prior to such date from the issuance of certain other specified securities that (A) have equity-like characteristics that satisfy the requirements of the Replacement Capital Covenant and are the same as or more equity-like than, the applicable characteristics of the ITS at that time, and (B) qualify as tier 1 capital of U.S. Bancorp under the risk-based capital guidelines of the Federal Reserve; and (b) we have obtained the prior approval of the Federal Reserve, if such approval is then required by the Federal Reserve for redemptions of the Preferred Stock.

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Our ability to raise proceeds from qualifying securities during the six months prior to a proposed redemption or repurchase will depend on, among other things, market conditions at such time as well as the acceptability to prospective investors of the terms of such qualifying securities. Accordingly, there could be circumstances where we would wish to redeem or repurchase some or all of the Preferred Stock and sufficient cash is available for that purpose, but we are restricted from doing so because we have not been able to obtain proceeds from qualifying securities sufficient for that purpose. In addition, the Federal Reserve has not approved as a tier 1 capital instrument, in connection with the issuance of the Normal ITS, certain of the types of securities that otherwise would be qualifying securities under the Replacement Capital Covenant on and after the Stock Purchase Date and, accordingly, these securities would not constitute qualifying securities pursuant to the Replacement Capital Covenant unless such approval is obtained.

***Dividends on the Preferred Stock are non-cumulative.***

Dividends on the Preferred Stock are non-cumulative. Consequently, if our board of directors does not authorize and declare a dividend for any Dividend Period, holders of the Preferred Stock would not be entitled to receive any such dividend, and such unpaid dividend will cease to accrue and be payable. We will have no obligation to pay dividends accrued for a Dividend Period after the Dividend Payment Date for such period if our board of directors has not declared such dividend before the related Dividend Payment Date, whether or not dividends are declared for any subsequent Dividend Period with respect to the Preferred Stock or any other preferred stock we may issue.

***If we are deferring payments on our outstanding junior subordinated debt securities or the Junior Subordinated Notes or are in default under the indentures governing those securities, we will be prohibited from making distributions on or redeeming the Preferred Stock.***

The terms of our outstanding junior subordinated debt securities prohibit us from declaring or paying any dividends or distributions on the Preferred Stock, or redeeming, purchasing, acquiring or making a liquidation payment with respect to our Preferred Stock, if we are aware of any event that would be an event of default under the indenture governing those junior subordinated debt securities or at any time when we have deferred interest thereunder. The Indenture governing the Junior Subordinated Notes will contain similar provisions.

***Holders of Preferred Stock will have limited voting rights.***

Holders of the Preferred Stock have no voting rights with respect to matters that generally require the approval of voting stockholders, except as required by law.

***Holders of Preferred Stock may be unable to use the dividends received deduction.***

Distributions paid to corporate U.S. holders out of dividends on the Preferred Stock may be eligible for the dividends received deduction if we have current or accumulated earnings and profits, as determined for U.S. federal income tax purposes. Although we presently have accumulated earnings and profits, we may not have sufficient current or accumulated earnings and profits during future fiscal years for the distributions on the Preferred Stock to qualify as dividends for U.S. federal income tax purposes. See Certain U.S. Federal Income Tax Consequences Acquisition and Taxation of the Preferred Stock Dividends on the Preferred Stock. If any distributions on the Preferred Stock with respect to any fiscal year are not eligible for the dividends received deduction because of insufficient current or accumulated earnings and profits, the market value of the Preferred Stock may decline.

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**U.S. BANCORP**

We are a multi-state financial 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 ND.

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, and our telephone number is (612) 303-0799.

If you would like to know more about us, see our documents incorporated by reference in this prospectus supplement as described in the section Where You Can Find More Information.

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**THE TRUST**

*The following is a summary of some of the terms of the Trust. This summary, together with the summary of some of the provisions of the related documents described below, contains a description of the material terms of the Trust but is not necessarily complete. We refer you to the documents referred to in the following description, copies of which are available upon request as described above under Where You Can Find More Information.*

USB Capital IX, or the *Trust*, is a statutory trust organized under Delaware law pursuant to a Trust Agreement, signed by us, as sponsor of the Trust, and the Delaware Trustee, and the filing of a certificate of trust with the Delaware Secretary of State. The Trust Agreement of the Trust will be amended and restated in its entirety by us, the Delaware Trustee, the Property Trustee and the administrative trustees before the issuance of the ITS. We refer to the Trust Agreement, as so amended and restated, as the *Trust Agreement*. The Trust Agreement will be qualified as an indenture under the Trust Indenture Act of 1939, as amended, or *Trust Indenture Act*.

The Trust was established solely for the following purposes:

issuing the ITS and the common securities issued concurrently to us by the Trust, or *Trust Common Securities*, and together with the ITS, the *Trust securities*, representing beneficial interests in the Trust;

investing the gross proceeds of the Trust securities in Junior Subordinated Notes;

entering into the Stock Purchase Contract Agreement and holding the Stock Purchase Contracts;

holding Junior Subordinated Notes, Qualifying Treasury Securities and an interest-bearing deposit with U.S. Bank National Association and pledging them to secure the Trust's obligations under the Stock Purchase Contracts;

selling Junior Subordinated Notes in a Remarketing or an Early Remarketing;

purchasing the Preferred Stock pursuant to the Stock Purchase Contracts on the Stock Purchase Date and holding it thereafter; and

engaging in other activities that are directly related to the activities described above.

We will own all of the Trust Common Securities, either directly or indirectly. The Trust Common Securities rank equally with the ITS and the Trust will make payment on its Trust securities *pro rata*, except that upon certain events of default under the Trust Agreement relating to payment defaults on the Junior Subordinated Notes or non-payment of Contract Payments, the rights of the holders of the Trust Common Securities to payment in respect of distributions and payments upon liquidation, redemption and otherwise will be subordinated to the rights of the holders of the ITS. We will acquire Trust Common Securities in an aggregate liquidation amount equal to \$1,000,000.

The Trust's business and affairs will be conducted by its trustees, each appointed by us as sponsor of the Trust. The trustees will be Wilmington Trust Company, as the property trustee, or *Property Trustee*, and Wilmington Trust Company as the Delaware trustee, or *Delaware Trustee*, and two or more individual trustees, or *administrative trustees*, who are employees or officers of or affiliated with us. The Property Trustee will act as sole trustee under the Trust Agreement for purposes of compliance with the Trust Indenture Act and will also act as trustee under the Guarantee and the Indenture. See Description of the Guarantee.

Unless an event of default under the Indenture has occurred and is continuing at a time that the Trust owns any Junior Subordinated Notes, the holders of the Trust Common Securities will be entitled to appoint, remove or replace the Property Trustee and/or the Delaware Trustee.

The Property Trustee and/or the Delaware Trustee may be removed or replaced for cause by the holders of a majority in liquidation amount of the ITS. In addition, holders of a majority in liquidation amount of the Capital ITS and, if prior to the Stock Purchase Date or, if earlier, the Remarketing



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Settlement Date, Normal ITS will be entitled to appoint, remove or replace the Property Trustee and/or the Delaware Trustee if an event of default under the Indenture has occurred and is continuing and, at any time after the Stock Purchase Date, the holders of a majority in liquidation amount of the Normal ITS will be entitled to appoint, remove or replace the Property Trustee and/or the Delaware Trustee if we have failed to declare and pay dividends on the Preferred Stock held by the Trust for six or more consecutive quarters.

The right to vote to appoint, remove or replace the administrative trustees is vested exclusively in the holders of the Trust Common Securities, and in no event will the holders of ITS have such right.

The Trust is a finance subsidiary of us within the meaning of Rule 3-10 of Regulation S-X under the Securities Act of 1933, as amended, or *Securities Act*. As a result, no separate financial statements of the Trust are included in this prospectus supplement, and we do not expect that the Trust will file reports with the SEC under the Exchange Act.

The Trust is perpetual, but may be dissolved earlier as provided in the Trust Agreement.

We will pay all fees and expenses related to the Trust and the offering of the ITS.

**USE OF PROCEEDS**

We expect to receive net proceeds from this offering of approximately \$1,236,611,393, after expenses and underwriting commissions. The Trust will invest substantially all of the proceeds from the sale of the Normal ITS and all of the proceeds from the sale of the Trust Common Securities in the Junior Subordinated Notes issued by us.

We intend to use the net proceeds from this offering for general corporate purposes.

**REGULATORY CONSIDERATIONS**

As a financial holding company and a bank holding company under the Bank Holding Company Act, the Federal Reserve regulates, supervises and examines U.S. Bancorp. For a discussion of the material elements of the regulatory framework applicable to financial holding companies, bank holding companies and their subsidiaries and specific information relevant to U.S. Bancorp, please refer to U.S. Bancorp's annual report on Form 10-K for the fiscal year ended December 31, 2005, and any subsequent reports we file with the SEC, which are incorporated by reference in this prospectus supplement. This regulatory framework is intended primarily for the protection of depositors and the federal deposit insurance funds and not for the protection of security holders. As a result of this regulatory framework, U.S. Bancorp's earnings are affected by actions of the Federal Reserve and the Office of Comptroller of the Currency, which regulate our banking subsidiaries, the Federal Deposit Insurance Corporation, which insures the deposits of our banking subsidiaries within certain limits, and the SEC, which regulates the activities of certain subsidiaries engaged in the securities business.

U.S. Bancorp's earnings are also affected by general economic conditions, our management policies and legislative action.

In addition, there are numerous governmental requirements and regulations that affect our business activities. A change in applicable statutes, regulations or regulatory policy may have a material effect on U.S. Bancorp's business.

Depository institutions, like U.S. Bancorp's bank subsidiaries, are also affected by various federal laws, including those relating to consumer protection and similar matters. U.S. Bancorp also has other financial services subsidiaries regulated, supervised and examined by the Federal Reserve, as well as other relevant state and federal regulatory agencies and self-regulatory organizations. U.S. Bancorp's non-bank subsidiaries may be subject to other laws and regulations of the federal government or the various states in which they are authorized to do business.



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**ACCOUNTING TREATMENT; REGULATORY CAPITAL**

***General***

The proceeds from the sale of the ITS will be allocated between the Stock Purchase Contracts and the Junior Subordinated Notes in proportion to the fair market value of each at the date of the offering.

We will recognize the present value of the Contract Payments under the Stock Purchase Contracts as a liability with an offsetting reduction in stockholders' equity. This liability increases over five years by interest charges to the statement of earnings based on a constant rate calculation. Contract Payments paid on the Stock Purchase Contracts will reduce this liability.

Each of the Stock Purchase Contracts is a forward transaction in our Preferred Stock. Upon settlement of a Stock Purchase Contract, we will receive \$100,000 on that Stock Purchase Contract and will issue a share of Preferred Stock. The \$100,000 we receive will be credited to stockholders' equity.

Fees and expenses incurred in connection with this offering will be allocated between the Junior Subordinated Notes and the Stock Purchase Contracts. The amount allocated to the Junior Subordinated Notes will be amortized and recognized as interest expense over the term of the Junior Subordinated Notes. The amount allocated to the Stock Purchase Contracts will be charged to stockholders' equity.

***Other Matters***

Both the Financial Accounting Standards Board and its Emerging Issues Task Force continue to study the accounting for financial instruments and derivative instruments, including instruments such as the ITS and the Stock Purchase Contracts. It is possible that our accounting for the ITS and the Stock Purchase Contracts could be affected by any new accounting rules that might be issued by these groups.

***Regulatory Capital Treatment***

We expect that the Federal Reserve will treat the Normal ITS and Stripped ITS as tier 1 capital in an amount equal to the amount of this offering for purposes of its capital guidelines applicable to bank holding companies such as U.S. Bancorp. We also expect that, although the Normal ITS and Stripped ITS will be restricted core capital elements for purposes of the guidelines prior to issuance of the Preferred Stock on the Stock Purchase Date, the Normal ITS and Stripped ITS will be treated as qualifying mandatory convertible preferred securities for purposes of those guidelines, with the consequence that the Normal ITS and Stripped ITS, taken together with the other enumerated restricted core capital elements that in the aggregate are limited to 15% of tier 1 capital, will be subject to the separate sub-limit of 25% of tier 1 capital for internationally active banking organizations once the guidelines become fully effective on March 31, 2009.

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**DESCRIPTION OF THE ITS**

*The following is a summary of some of the terms of the ITS and of the Trust Agreement under which they are issued. This summary, together with the summary of some of the provisions of the related documents described below, contains a description of the material terms of the ITS and the Trust Agreement but is not necessarily complete. We refer you to the documents referred to in the following description, copies of which are available upon request as described above under **Where You Can Find More Information**.*

**General**

The ITS will be issued pursuant to the Trust Agreement. The Property Trustee, Wilmington Trust Company, will act as indenture trustee for the ITS under the Trust Agreement for purposes of compliance with the provisions of the Trust Indenture Act. The ITS, each with a liquidation amount of \$1,000, may be either Normal ITS, Stripped ITS or Capital ITS, and unless indicated otherwise, as used in this prospectus supplement the term *ITS* will include all three of these classes of ITS. The ITS issued in the offering will consist of 1,250,000 Normal ITS, which are exchangeable for the other classes of ITS as described herein. The terms of each class of ITS will include those stated in the Trust Agreement, including any amendments thereto and those made part of the Trust Agreement by the Trust Indenture Act and the Delaware Statutory Trust Act.

The Trust will initially own all of our Remarketable Junior Subordinated Notes due 2042, or *Junior Subordinated Notes*, and will enter into a stock purchase contract agreement, or *Stock Purchase Contract Agreement*, with us, pursuant to which it will own 12,510 stock purchase contracts, each a *Stock Purchase Contract* having a stated amount of \$100,000.

In addition to the ITS, the Trust Agreement authorizes the administrative trustees of the Trust to issue the Trust Common Securities on behalf of the Trust. We will own directly or indirectly all of the Trust Common Securities. The Trust Common Securities rank on a parity, and payments upon redemption, liquidation or otherwise will be made on a proportionate basis with the ITS except as set forth below under **Ranking of Trust Common Securities**. The Trust Agreement does not permit the Trust to issue any securities other than the Trust Common Securities and the ITS or to incur any indebtedness.

Under the Trust Agreement, the Property Trustee on behalf of the Trust:

will own the Junior Subordinated Notes purchased by the Trust for the benefit of the holders of the Normal ITS, Capital ITS and Trust Common Securities;

will enter into the Stock Purchase Contracts and own the Preferred Stock purchased by the Trust pursuant thereto for the benefit of the holders of the Normal ITS, Stripped ITS and Trust Common Securities;

will own the Qualifying Treasury Securities delivered upon exchange of Normal ITS and Qualifying Treasury Securities for Stripped ITS and Capital ITS or purchased by the Collateral Agent with the proceeds of maturing Qualifying Treasury Securities for the benefit of the holders of Stripped ITS;

will place in an interest-bearing deposit with U.S. Bank National Association, payable on the Stock Purchase Date and bearing interest at 5.32% *per annum*, the cash proceeds from the Remarketing of the Junior Subordinated Notes on the Remarketing Settlement Date for the benefit of the holders of Normal ITS; and

may own the subordinated notes, if any, we issue to the Trust on the Stock Purchase Date in respect of deferred interest on the Junior Subordinated Notes and/or deferred Contract Payments on the Stock Purchase Contracts, as the case may be.

The payment of distributions out of money held by the Trust, and payments upon redemption of the ITS or liquidation of the Trust, are guaranteed by us to the extent described under **Description of the**

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Guarantee. The Guarantee, when taken together with our obligations under the Stock Purchase Contracts, the Junior Subordinated Notes and the Indenture and our obligations under the Trust Agreement, including our obligations to pay costs, expenses, debts and liabilities of the Trust, other than with respect to the Trust Common Securities and the ITS, has the effect of providing a full and unconditional guarantee of amounts due on the ITS. Wilmington Trust Company, as the Guarantee Trustee, will hold the Guarantee for the benefit of the holders of the ITS. The Guarantee does not cover payment of distributions when the Trust does not have sufficient available funds to pay those distributions. In that case, except in the limited circumstances in which the holder may take direct action, the remedy of a holder of the ITS is to vote to direct the Property Trustee to enforce the Property Trustee's rights under the Junior Subordinated Notes or the Stock Purchase Contracts, as the case may be.

When we use the term *holder* in this prospectus supplement with respect to a registered ITS, we mean the person in whose name such ITS is registered in the security register. The ITS will be held in book-entry form only, as described under Book-Entry System, except in the circumstances described in that section, and will be held in the name of DTC or its nominee.

We will apply to list the Normal ITS on the New York Stock Exchange under the symbol USBTP. Unless and until Normal ITS are exchanged for Stripped ITS and Capital ITS, the Stripped ITS and the Capital ITS will not trade separately. If Stripped ITS or Capital ITS (or after the Remarketing Settlement Date, Junior Subordinated Notes) are separately traded to a sufficient extent that applicable exchange listing requirements are met, we may list the Stripped ITS or Capital ITS (or after the Remarketing Settlement Date, Junior Subordinated Notes) on the same exchange as the Normal ITS are then listed, including, if applicable, the New York Stock Exchange, though we are under no obligation to do so.

**Normal ITS**

The ITS sold in the offering are called the 6.189% Fixed-to-Floating Rate Normal ITS, or *Normal ITS*, and each represents a beneficial interest in the Trust initially corresponding to the following Trust assets:

\$1,000 principal amount of Junior Subordinated Notes; and

a 1/100<sup>th</sup> interest in a Stock Purchase Contract under which:

the Trust will agree to purchase from us, and we will agree to sell to the Trust, on the Stock Purchase Date, for \$100,000 in cash, a share of our Series A Non-Cumulative Perpetual Preferred Stock, \$100,000 Liquidation Preference per share, or *Preferred Stock*; and

we will pay Contract Payments to the Trust at the rate of 0.65% *per annum* on the liquidation amount of \$100,000, subject to our right to defer these payments.

We describe the Stock Purchase Contracts, the Trust's obligation to purchase our Preferred Stock and the Contract Payments in more detail under Description of the Stock Purchase Contracts and we describe the Junior Subordinated Notes and how and when they will be remarketed in more detail under Description of the Junior Subordinated Notes.

The stock purchase date under the Stock Purchase Contracts, or *Stock Purchase Date*, is expected to be April 15, 2011 (or, if such day is not a business day, the next business day), but could (i) occur on an earlier date in the circumstances described below under Description of the Junior Subordinated Notes Early Settlement or (ii) be deferred for quarterly periods until as late as April 15, 2012 (or, if such day is not a business day, the next business day) if the first four attempts to remarket the Junior Subordinated Notes are not successful. Through the later of April 15, 2011 and the Stock Purchase Date or, if earlier, the Remarketing Settlement Date, unless we otherwise defer such payments, we will make interest payments on the Junior Subordinated Notes at the annual rate of 5.539% *per annum*, semi-annually in arrears on each April 15 and October 15, commencing October 15, 2006, calculated on the basis of a 360-day year consisting of twelve 30-day months, and the Trust will pass through such interest payments when received as distributions on the Normal ITS. We will also make an interim interest payment on the Stock Purchase Date if the Junior Subordinated Notes have not been successfully remarketed and such date is not

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otherwise an interest payment date. After the later of April 15, 2011 and the Stock Purchase Date or, if earlier, the Remarketing Settlement Date, the Trust will not pass through interest on the Junior Subordinated Notes to holders of Normal ITS.

The purchase price of each Normal ITS will be allocated between the interests in the corresponding Stock Purchase Contract and the corresponding Junior Subordinated Notes in proportion to their respective fair market values at the time of issuance. We expect that, at the time of issuance, the fair market value of each Junior Subordinated Note will be \$1,000 and the fair market value of each Stock Purchase Contract will be \$0. This position generally will be binding on each beneficial owner of each Normal ITS but not on the Internal Revenue Service.

Any Junior Subordinated Notes beneficially owned by the Trust corresponding to the Normal ITS and their proceeds will be pledged to us under a collateral agreement, or *Collateral Agreement*, between us and U.S. Bank National Association, or *U.S. Bank*, acting as collateral agent, or *Collateral Agent*, to secure the Trust's obligation to purchase Preferred Stock under the corresponding Stock Purchase Contract. U.S. Bank will also act as registrar and transfer agent, or *Transfer Agent*, for the ITS and as custodial agent, or *Custodial Agent*, for other property of the Trust. If U.S. Bank should resign or be removed in any of these capacities, we or the Trust will designate a successor and the terms *Collateral Agent*, *Transfer Agent* and *Custodial Agent* as used in this prospectus supplement will refer to that successor.

A *business day* means any day other than a Saturday, Sunday or any other day on which banking institutions and trust companies in New York, New York, Minneapolis, Minnesota or Wilmington, Delaware are permitted or required by any applicable law to close.

***Exchanging Normal ITS and Qualifying Treasury Securities for Stripped ITS and Capital ITS***

You will have the right prior to the Stock Purchase Date or, if earlier, the successful Remarketing of the Junior Subordinated Notes, to exchange Normal ITS and Qualifying Treasury Securities for Stripped ITS and Capital ITS by depositing with the Collateral Agent \$1,000 principal amount of Qualifying Treasury Securities for each \$1,000 liquidation amount of Normal ITS to be exchanged, transferring your Normal ITS to the Transfer Agent and delivering the required notice, as described below under *Exchange Procedures*. Upon any such exchange, you will receive \$1,000 liquidation amount of Stripped ITS and \$1,000 liquidation amount of Capital ITS, and you will be able to trade them separately, although they will not be listed on any stock exchange unless we decide to list them. You will be able to exercise this right on any business day until the Stock Purchase Date, other than on a day in January, April, July or October that is on or after the first day of the month through the 15th day of the month (or the next business day if the 15th is not a business day) or from 3:00 P.M., New York City time, on the second business day before any Remarketing Date and until the business day after that Remarketing Date. You will also not be able to exercise this right at any time after a successful Remarketing. We refer to periods during which exchanges are permitted as *Exchange Periods*.

Each *Stripped ITS* will be a beneficial interest in the Trust corresponding to:

a 1/100<sup>th</sup> interest in a Stock Purchase Contract; and

\$1,000 principal amount of U.S. treasury securities that were Qualifying Treasury Securities on the date they were acquired by the Trust.

On each Additional Distribution Date (or as promptly thereafter as the Collateral Agent and the paying agent determine to be practicable), each holder of Stripped ITS will also be entitled to receive Excess Proceeds Distributions consisting of the excess of the principal amount at maturity of the Qualifying Treasury Securities over the cost of replacing them with new Qualifying Treasury Securities.

Each *Capital ITS* will be a beneficial interest in the Trust corresponding to \$1,000 principal amount of Junior Subordinated Notes held by the Custodial Agent on behalf of the Trust. The Trust will redeem the Capital ITS promptly after the Remarketing Settlement Date in exchange for Junior Subordinated

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Notes having an aggregate principal amount equal to the aggregate liquidation amount of Capital ITS so redeemed.

***Qualifying Treasury Securities.*** In order to determine what U.S. Treasury security is the Qualifying Treasury Security during any Exchange Period, any administrative trustee shall, for each January 15, April 15, July 15 or October 15, commencing on July 15, 2006 and ending on the Stock Purchase Date or the earlier termination of the Stock Purchase Contracts, or if any such day is not a business day, the immediately succeeding business day, or *Additional Distribution Date*, identify:

the 13-week treasury bill that matures at least one but not more than six business days prior to that *Additional Distribution Date*, or

if no 13-week treasury bill that matures on at least one but more than six business days prior to that *Additional Distribution Date* is or is scheduled to be outstanding on the immediately preceding *Additional Distribution Date*, the 26-week treasury bill that matures at least one but not more than six business days prior to that *Additional Distribution Date*, or

if neither of such treasury bills is or is scheduled to be outstanding on the immediately preceding *Additional Distribution Date*, any other treasury security (which may be a zero coupon treasury security) that is outstanding on the immediately preceding *Additional Distribution Date*, is highly liquid and matures at least one business day prior to such *Additional Distribution Date*; *provided* that any treasury security identified pursuant to this clause shall be selected in a manner intended to minimize the cash value of the security selected.

The administrative trustees shall use commercially reasonable efforts to identify the security meeting the foregoing criteria for each *Additional Distribution Date* promptly after the Department of the Treasury makes the schedule for upcoming auctions of U.S. treasury securities publicly available and shall, to the extent that a security previously identified with respect to any *Additional Distribution Date* is no longer expected to be outstanding on the immediately preceding *Additional Distribution Date*, identify another security meeting the foregoing criteria for such *Additional Distribution Date*. The security most recently identified by the administrative trustees with respect to any *Additional Distribution Date* shall be the *Qualifying Treasury Security* with respect to the period from and including its date of issuance (or if later, the date of maturity of the *Qualifying Treasury Security* with respect to the immediately preceding *Additional Distribution Date*) to but excluding its date of maturity, and the administrative trustees identification of a security as a *Qualifying Treasury Security* for such period shall be final and binding for all purposes absent manifest error. You will be able to obtain the issue date, the maturity date and, when available, the CUSIP number of the treasury bills or other U.S. treasury securities that are *Qualifying Treasury Securities* for the current Exchange Period from the Collateral Agent by calling (800) 934-6802. Since this information is subject to change from time to time, holders should confirm this information prior to purchasing or delivering U.S. treasury securities in connection with any exchange of Normal ITS and *Qualifying Treasury Securities* for Stripped ITS and Capital ITS.

Each *Qualifying Treasury Security* delivered to the Collateral Agent in connection with any exchange of Normal ITS and *Qualifying Treasury Securities* for Stripped ITS and Capital ITS and each *Qualifying Treasury Security* purchased by the Collateral Agent with the proceeds of any maturing *Qualifying Treasury Security* will be pledged to us through the Collateral Agent to secure the Trust's obligation to purchase Preferred Stock under the corresponding Stock Purchase Contracts. In purchasing *Qualifying Treasury Securities*, the Collateral Agent will solicit offers from at least three U.S. government securities dealers, one of which may be U.S. Bank or an affiliate of U.S. Bank, and will accept the lowest offer so long as at least two offers are available. The Collateral Agent shall have no liability to the Trust, any trustee or any holder of the ITS in connection with the purchase of *Qualifying Treasury Securities* in the absence of gross negligence or willful misconduct.

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***Exchange Procedures.*** To exchange Normal ITS and Qualifying Treasury Securities for Stripped ITS and Capital ITS, for each Normal ITS you must:

deposit with the Collateral Agent U.S. treasury securities that are Qualifying Treasury Securities on the date of deposit, in a principal amount of \$1,000, which you must purchase on the open market at your expense unless you already own them;

transfer the Normal ITS to the Transfer Agent; and

deliver a notice to the Collateral Agent and the Transfer Agent, in connection with the actions specified above, stating that you are depositing the appropriate Qualifying Treasury Securities with the Collateral Agent, transferring the Normal ITS to the Transfer Agent in connection with the exchange of the Normal ITS and Qualifying Treasury Securities for Stripped ITS and Capital ITS and requesting the delivery to you of Stripped ITS and Capital ITS.

Upon the deposit, transfer and receipt of notice, the Collateral Agent will release the Junior Subordinated Notes corresponding to the exchanged Normal ITS from the pledge under the Collateral Agreement, free and clear of our security interest, and continue to hold them as Custodial Agent for the Trust in connection with the Capital ITS to be delivered to you. The Transfer Agent will cancel the exchanged Normal ITS and then deliver the Stripped ITS and Capital ITS to you.

### ***Exchanging Stripped ITS and Capital ITS for Normal ITS and Qualifying Treasury Securities***

If you hold Stripped ITS and Capital ITS you will have the right, at any time during an Exchange Period, to exchange them for Normal ITS and Qualifying Treasury Securities by transferring your Stripped ITS and Capital ITS to the Transfer Agent and delivering the notice specified below. The Collateral Agent will substitute a principal amount of Junior Subordinated Notes equal to the liquidation amount of the Stripped ITS so exchanged for the same principal amount of Qualifying Treasury Securities pledged to secure the Trust's obligations under the Stock Purchase Contracts and deliver these Qualifying Treasury Securities to you, unencumbered by the security interest created under the Collateral Agreement, after which you will own the Qualifying Treasury Securities separately from the Normal ITS.

To exchange Stripped ITS and Capital ITS for Normal ITS and Qualifying Treasury Securities, you must transfer to the Transfer Agent Stripped ITS and Capital ITS having the same liquidation amount, accompanied by a notice to the Transfer Agent, which you must also deliver to the Collateral Agent, stating that you are transferring the Stripped ITS and Capital ITS in connection with the exchange of Stripped ITS and Capital ITS for Normal ITS and Qualifying Treasury Securities, requesting the release to you of pledged Qualifying Treasury Securities having a principal amount equal to the liquidation amount of Stripped ITS and Capital ITS so exchanged and requesting the delivery to you of Normal ITS. You must purchase the Stripped ITS or the Capital ITS at your expense unless you otherwise own them.

Upon the transfer of Stripped ITS and Capital ITS together with the notice and request, the Collateral Agent will release the corresponding Qualifying Treasury Securities from the pledge under the Collateral Agreement, free and clear of our security interest, and deliver them to you. The Transfer Agent will then cancel the exchanged Stripped ITS and Capital ITS and deliver the Normal ITS to you.

The Junior Subordinated Notes corresponding to the Capital ITS you delivered will be pledged to us through the Collateral Agent to secure the Trust's obligation to purchase Preferred Stock under the Stock Purchase Contracts related to the Normal ITS.

If you elect to exchange Normal ITS and Qualifying Treasury Securities for Stripped ITS and Capital ITS or *vice versa*, you will be responsible for any fees or expenses payable in connection with the exchange.

### ***Current Payments***

The Trust must make distributions on each class of ITS on the relevant Distribution Dates to the extent that it has funds available therefor. The Trust's funds available for distribution to you as a holder of

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any class of ITS will be limited to payments received from us on the assets held by the Trust corresponding to that class. We will guarantee the payment of distributions on the ITS out of moneys held by the Trust to the extent of available Trust funds, as described under Description of the Guarantee. Our obligation to pay Contract Payments will be subordinate and junior in right of payment to all our senior and subordinated indebtedness, to the same extent as our obligations under our Junior Subordinated Notes, as described under Description of the Junior Subordinated Notes. Our obligations under the Junior Subordinated Notes are similarly subordinate and junior in right of payment to all our senior and subordinated indebtedness.

The distribution dates for Normal ITS and Stripped ITS, which we call *Regular Distribution Dates* are:

each April 15 and October 15 occurring prior to and including the later of April 15, 2011 and the Stock Purchase Date, commencing October 15, 2006 (or, in the case of Stripped ITS, the first such date on which Stripped ITS are outstanding);

after the later of April 15, 2011 and the Stock Purchase Date, each January 15, April 15, July 15 and October 15, or if any such date is not a business day, the next business day; and

the Stock Purchase Date if not otherwise a Regular Distribution Date;

*provided* that the last Regular Distribution Date for the Stripped ITS shall be the Stock Purchase Date.

The distribution dates for Capital ITS, which we call *Capital ITS Distribution Dates*, are:

each April 15 and October 15, commencing on the later of the first such date on which Capital ITS are outstanding and October 15, 2006 and continuing through and including the last such date to occur prior to the Remarketing Date for a successful Remarketing; and

thereafter for so long as Capital ITS remain outstanding, each day that is an interest payment date for the Junior Subordinated Notes.

Also, prior to the Stock Purchase Date, the Trust will make additional distributions on the Stripped ITS relating to the Qualifying Treasury Securities quarterly on each January 15, April 15, July 15 or October 15, or if any such date is not a business day, the next business day, which dates we call *Additional Distribution Dates*, or as promptly thereafter as the Collateral Agent and the paying agent determine to be practicable, commencing on the later of the first such day after Stripped ITS are outstanding and July 15, 2006.

We use the term *Distribution Date* to mean a Regular Distribution Date, a Capital ITS Distribution Date or an Additional Distribution Date. A *Distribution Period* is (i) with respect to Normal ITS, Stripped ITS and Trust Common Securities, each period of time beginning on a Regular Distribution Date (or the date of original issuance in the case of the Distribution Period ending in October 2006) and continuing to but not including the next succeeding Regular Distribution Date for such class; and (ii) with respect to Capital ITS, each period of time beginning on a Capital ITS Distribution Date (or the date of original issuance of the ITS in the case of the Distribution Period ending in October 2006) and continuing to but not including the next succeeding Capital ITS Distribution Date. When a Distribution Date is not a business day, the Trust will make the distribution on the next business day without interest. The term *distribution* includes any interest payable on unpaid distributions unless otherwise stated.

Distributions made for periods prior to the later of April 15, 2011 and the Stock Purchase Date will be calculated on the basis of a 360-day year consisting of twelve 30-day months, and distributions for periods beginning on or after such date will be calculated on the basis of a 360-day year and the number of days actually elapsed.

Distributions on the ITS will be payable to holders as they appear in the security register of the Trust on the relevant record dates. The record dates will be the last day of the month immediately preceding the month in which the Distribution Date falls. Distributions will be paid through the Property Trustee or paying agent, who will hold amounts received in respect of the Junior Subordinated Notes, the

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Stock Purchase Contracts and the Preferred Stock for the benefit of the holders of the ITS. Subject to any applicable laws and regulations and the provisions of the Trust Agreement, each distribution will be made as described in the section entitled Book-Entry System.

**Normal ITS.** Subject to the deferral provisions described below, through the later of April 15, 2011 and the Stock Purchase Date holders of Normal ITS will be entitled to receive cash distributions semi-annually on each Regular Distribution Date at the rate of 6.189% *per annum* of the liquidation amount, corresponding to (i) interest on the Junior Subordinated Notes accruing for each Distribution Period ending prior to that date at the rate of 5.539% *per annum* and Contract Payments accruing for each Distribution Period ending prior to that date at the rate of 0.65% *per annum* on the liquidation amount of \$1,000 per Normal ITS or (ii) if the Stock Purchase Date occurs prior to April 15, 2011, dividends on the Preferred Stock accruing for each Distribution Period ending prior to that date.

Subject to the deferral provisions described below, holders of Normal ITS will also receive on the Stock Purchase Date, without duplication of the above payments, an amount equal to accrued and unpaid Contract Payments and interest on the Junior Subordinated Notes, whether or not the Junior Subordinated Notes have been successfully remarketed. A portion of the net proceeds of any successful Remarketing will be placed in the interest-bearing deposit with U.S. Bank National Association in an amount equal to the amount of interest that would have been payable to the Trust on the Junior Subordinated Notes had they not been sold in the Remarketing and the interest rate not been reset. Holders of Normal ITS making the election described under Remarketing of the Junior Subordinated Notes Normal ITS will not be entitled to this additional cash payment due to other holders of Normal ITS if the Remarketing is successful since their Normal ITS will automatically become Stripped ITS and Capital ITS on the Remarketing Settlement Date. In the case of a Failed Remarketing, the Stock Purchase Date will be an interest payment date on the Junior Subordinated Notes.

After the Stock Purchase Date, holders of Normal ITS will be entitled to receive distributions corresponding to dividends on the Preferred Stock held by the Trust. These non-cumulative cash dividends will be payable if, as and when declared by our board of directors, on the Dividend Payment Dates, which are:

if the Preferred Stock is issued prior to April 15, 2011, semi-annually in arrears on each April 15 and October 15 through April 15, 2011; and

from and including the later of April 15, 2011 and the date of issuance, quarterly in arrears on each January 15, April 15, July 15 and October 15 (or, if such day is not a business day, the next business day).

Dividends on each share of Preferred Stock will accrue on the liquidation preference of \$100,000 per share (i) to but not including the Dividend Payment Date in April 2011 at a rate *per annum* equal to 6.189%, and (ii) thereafter for each related Dividend Period at a rate *per annum* equal to the greater of (x) Three-Month LIBOR plus 1.02% and (y) 3.50%.

For more information about dividends on the Preferred Stock, see Description of the Preferred Stock Dividends.

**Stripped ITS.** Subject to the deferral provisions described below, holders of Stripped ITS will be entitled to receive cash distributions on each Regular Distribution Date corresponding to Contract Payments payable by us through the Stock Purchase Date, at the rate of 0.65% *per annum* on the liquidation amount of \$1,000 per Stripped ITS, accruing for each Stripped ITS from the Regular Distribution Date immediately preceding its issuance. Not later than each Additional Distribution Date on which any Stripped ITS are outstanding, the Collateral Agent will reinvest the proceeds of maturing Qualifying Treasury Securities on behalf of the Trust in securities that are Qualifying Treasury Securities as of such date, in each case having the same principal amount at maturity as the maturing Qualifying Treasury Securities. The Collateral Agent will invest the excess of the proceeds over the cost of the replacement securities in cash equivalents, and deliver to the Trust for distribution to the holders of Stripped ITS, on each Additional Distribution Date (or as promptly thereafter as the Collateral Agent and



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the paying agent determine to be practicable), an amount, or *Excess Proceeds Distribution*, equal to the excess of \$1,000 per Stripped ITS over the cost of such replacement Qualifying Treasury Securities plus any interest earned on those cash equivalents from the maturity date until the Additional Distribution Date. Since the principal amount of the Qualifying Treasury Securities will be used to pay the purchase price under the Stock Purchase Contracts on the Stock Purchase Date, the Excess Proceeds Distribution on the Stock Purchase Date will consist only of interest earned from the maturity date of the Qualifying Treasury Securities through the Stock Purchase Date, if any.

For as long as they hold the Capital ITS, the holders of the Stripped ITS will continue to receive the scheduled distributions on the Capital ITS that were delivered to them when the Stripped ITS were created, subject to our right to defer interest payments on the Junior Subordinated Notes. Each Stripped ITS will automatically, without any action by holders being necessary, be and become a Normal ITS on the business day following the Stock Purchase Date and be entitled to receive the same current payments as each Normal ITS after the Stock Purchase Date; *provided* that if after a Failed Remarketing we have issued subordinated notes to the Trust in respect of deferred interest on the Junior Subordinated Notes, the Stripped ITS will only be and become Normal ITS on the business day after such subordinated notes have been paid in full. In this case, the Stripped ITS will not become Normal ITS until we have paid all amounts due on these additional notes, and until then the holders of Stripped ITS will be entitled to receive on each Regular Distribution Date non-cumulative distributions corresponding to the dividends on the Preferred Stock.

**Capital ITS.** Subject to the deferral provisions described below, holders of Capital ITS will be entitled to receive cumulative cash distributions semi-annually on each April 15 and October 15, commencing on the later of the first such date on which Capital ITS are outstanding and October 15, 2006, corresponding to interest on the Junior Subordinated Notes accruing for each Distribution Period ending on such date at the rate of 5.539% *per annum* on the liquidation amount of \$1,000 per Capital ITS. If the Stock Purchase Date occurs on a date that is not a semi-annual distribution date and the Junior Subordinated Notes have not been successfully remarketed, that date will also be an interest payment date on the Junior Subordinated Notes and, accordingly, subject to the deferral provisions described below, holders of Capital ITS will receive a distribution on that date corresponding to interest on the Junior Subordinated Notes.

The distributions paid on any Capital ITS Distribution Date will include any additional amounts or deferred interest amounts received by the Trust on the Junior Subordinated Notes that are corresponding assets for the Capital ITS, as well as payments of interest on and principal of any subordinated notes we issue to the Trust on the Stock Purchase Date in respect of deferred interest on the Junior Subordinated Notes, if any.

Upon a successful Remarketing, we may elect to change the rate of interest on the Junior Subordinated Notes from and after the Remarketing Settlement Date, as described below under Description of the Junior Subordinated Notes Remarketing. Accordingly, distributions will accrue on the Capital ITS that are not disposed of in connection with the Remarketing from and including the Remarketing Settlement Date to but excluding the date on which they are redeemed in exchanged for Junior Subordinated Notes at the rate established in the Remarketing.

**Deferral of Contract Payments and Interest Payments.** We may at our option, and will if so directed by the Federal Reserve, defer the Contract Payments until no later than the Stock Purchase Date as described under Description of the Stock Purchase Contracts Option to Defer Contract Payments. As a consequence, the Trust will defer corresponding distributions on the Normal ITS and the Stripped ITS during the deferral period. Deferred Contract Payments will accrue interest until paid, compounded on each Regular Distribution Date, at the interest rate *per annum* originally applicable to the Junior Subordinated Notes. If we elect to defer the payment of Contract Payments until the Stock Purchase Date, then we will pay the Trust the deferred Contract Payments in subordinated notes that have a principal amount equal to the aggregate amount of deferred Contract Payments as of the Stock Purchase Date, mature on the later of April 15, 2014 and five years after commencement of the related deferral period, bear interest at the rate *per annum* originally applicable to the Junior Subordinated Notes, are subordinate

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and rank junior in right of payment to all of our senior and subordinated debt on the same basis as the Contract Payments and are redeemable by us at any time prior to their stated maturity.

Also, we may at our option, and will if so directed by the Federal Reserve, defer cash payments of interest on the Junior Subordinated Notes that are owned by the Trust for up to 14 consecutive interest payment dates (*i.e.*, seven years), or the equivalent thereof if interest payments on the Junior Subordinated Notes are not then semi-annual, in which case the deferred amounts will accrue additional interest at the applicable rate then borne by the Junior Subordinated Notes. As a consequence, the Trust will defer corresponding distributions on the Normal ITS (prior to the Stock Purchase Date, or if earlier, the Remarketing Settlement Date) and on the Capital ITS during the deferral period. Deferred distributions to which you are entitled will accrue interest, from the relevant Distribution Date during any deferral period, at the rate originally applicable to the Junior Subordinated Notes compounded on each interest payment date with respect to the Junior Subordinated Notes, to the extent permitted by applicable law. Subject to certain exceptions in the Indenture under which we are issuing the Junior Subordinated Notes, as described under

Description of the Junior Subordinated Notes Alternative Payment Mechanism, we covenant that, if we defer interest on any interest payment date on or prior to the Stock Purchase Date, commencing with the date two years after the beginning of an interest deferral period:

we will pay that deferred interest only out of the net proceeds of shares of common stock or non-cumulative perpetual preferred stock received by us during the 180 days prior to the date of payment of such deferred interest; and

subject to the approval of the Federal Reserve, we will continuously use our Commercially Reasonable Efforts to sell shares of our common stock or non-cumulative perpetual preferred stock in an amount that will generate net proceeds in an amount sufficient to pay such deferred amounts and shall apply the proceeds of such sale to such deferred amounts.

During any period that we are deferring Contract Payments or interest on the Junior Subordinated Notes (and, accordingly, the Trust is deferring distributions on the ITS) or have issued but not yet repaid in full subordinated notes in respect of deferred interest or deferred Contract Payments, we will be restricted, subject to certain exceptions, from making certain payments, including declaring or paying any dividends or making any distributions on, or redeeming, purchasing, acquiring or making a liquidation payment with respect to, shares of our capital stock as described under

Description of the Junior Subordinated Notes Restrictions on Certain Payments, Including on Deferral of Interest. If we have elected to defer interest on the Junior Subordinated Notes and there is a Failed Remarketing, then we will pay the Trust the deferred interest in subordinated notes that have a principal amount equal to the aggregate amount of deferred interest as of the Stock Purchase Date, mature on April 15, 2014, bear interest at the rate *per annum* originally applicable to the Junior Subordinated Notes, are subordinate and rank junior in right of payment to all of our senior and subordinated debt on the same basis as the Contract Payments and are redeemable by us at any time prior to their stated maturity. If we issue any subordinated notes in respect of deferred interest on the Junior Subordinated Notes, the foregoing covenant will also apply to the payment of interest on and principal of these notes except that the reference to termination of the deferral period shall instead be to the maturity date of the notes.

### ***Agreed Tax Treatment of the ITS***

As a beneficial owner of ITS, by acceptance of the beneficial interest therein, you will be deemed to have agreed, for all U.S. federal income tax purposes:

to treat yourself as the owner of:

for each Normal ITS or Stripped ITS, a 1/100th interest in a Stock Purchase Contract;

for each Normal ITS or Capital ITS, a \$1,000 principal amount of Junior Subordinated Notes;

for each Stripped ITS, \$1,000 principal amount of Qualifying Treasury Securities;

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for each Normal ITS participating in the Remarketing, its *pro rata* portion of the interest-bearing deposit with U.S. Bank National Association;  
to treat the Trust as one or more grantor trusts and/or agency arrangements;

to treat the fair market value of the \$1,000 principal amount of Junior Subordinated Notes corresponding to one Normal ITS as \$1,000 and the fair market value of a 1/100<sup>th</sup> fractional interest in a Stock Purchase Contract corresponding to one Normal ITS as \$0 at the time of initial purchase;

to treat the Junior Subordinated Notes as our indebtedness; and

to treat stated interest on the Junior Subordinated Notes as ordinary interest income that is includible in your gross income at the time the interest is paid or accrued in accordance with your regular method of tax accounting, and otherwise to treat the Junior Subordinated Notes as described in Certain U.S. Federal Income Tax Consequences Treatment of the Junior Subordinated Notes.

***Remarketing of the Junior Subordinated Notes***

The Trust will attempt to remarket the Junior Subordinated Notes in order to fund the purchase of the Preferred Stock on the Stock Purchase Date under the Stock Purchase Contracts in a process we call *Remarketing*. If a Remarketing is successful, the interest rate on and certain other terms of the Junior Subordinated Notes may be changed, as a result of which the distribution rate, distribution dates and other terms of the Capital ITS may also change. We describe the timing of the Remarketing and how the Remarketing will be conducted under Description of the Junior Subordinated Notes Remarketing and Early Remarketing. In this section we describe choices that you may make in connection with Remarketings as a holder of Normal ITS or Capital ITS.

***Normal ITS.*** If you hold Normal ITS, you may decide that, in the event a Remarketing is successful, you would prefer to exchange your Normal ITS for Stripped ITS and Capital ITS instead of continuing to hold your Normal ITS. You may make a contingent exchange election by transferring your Normal ITS to the Transfer Agent and the notice of contingent exchange election in the form set forth on the reverse side of the Normal ITS certificate executed and completed as indicated during the period that commences on the tenth business day immediately preceding any Remarketing Date and ending at 3:00 P.M., New York City time, on the second business day before that Remarketing Date and depositing Qualifying Treasury Securities having a principal amount equal to the liquidation amount of your Normal ITS on the date of deposit with the Collateral Agent on or prior to 3:00 P.M., New York City time, on the second business day before that Remarketing Date.

If the Junior Subordinated Notes are successfully remarketed on that Remarketing Date and you have made an effective election, your Normal ITS will be cancelled and you will receive Stripped ITS and Capital ITS having the same liquidation amount on or promptly after the Remarketing Settlement Date. As with any other exchange of Normal ITS and Qualifying Treasury Securities for Stripped ITS and Capital ITS, you will be able to trade the Stripped ITS and Capital ITS separately. As a result of the successful Remarketing, the Stock Purchase Date will occur on the January 15, April 15, July 15 or October 15 next following the Remarketing Settlement Date, or if such date is not a business day, the next business day, and on the business day following the Stock Purchase Date each Stripped ITS will automatically be and become a Normal ITS, corresponding to 1/100th of a share of Preferred Stock held by the Trust. Each Capital ITS you receive will correspond to \$1,000 principal amount of Junior Subordinated Notes beneficially owned by the Trust and the Trust will redeem the Capital ITS promptly after the Remarketing Settlement Date in exchange for the corresponding Junior Subordinated Notes.

If you have given notice of a contingent exchange election but fail to deliver the Qualifying Treasury Securities to the Collateral Agent by 3:00 P.M., New York City time, on the second business day before the applicable Remarketing Date, the notice will be void and your Normal ITS will be returned to you promptly after the Remarketing Date.

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If you have given notice of a contingent exchange election and delivered the Qualifying Treasury Securities but the Remarketing is unsuccessful, your Qualifying Treasury Securities will be promptly returned to you by the Collateral Agent and your Normal ITS certificates will be promptly returned to you by the Transfer Agent.

**Capital ITS.** If you hold Capital ITS, you may decide that, in the event a Remarketing is successful, you would prefer to dispose of your Capital ITS and receive the net cash proceeds of the Remarketing of the Junior Subordinated Notes. You may make a contingent disposition election by transferring your Capital ITS to the Transfer Agent and the notice of contingent disposition election in the form set forth on the reverse side of the Capital ITS certificate executed and completed as indicated during the period that commences on the tenth business day immediately preceding a Remarketing Date and ending at 3:00 P.M., New York City time, on the second business day immediately preceding any Remarketing Date. If the Junior Subordinated Notes are successfully remarketed on that Remarketing Date and you have made an effective election, on or promptly after the Remarketing Settlement Date, your Capital ITS will be cancelled and you will receive an amount in cash equal to the net proceeds of the sale of \$1,000 principal amount of Junior Subordinated Notes in the Remarketing for each \$1,000 liquidation amount of Capital ITS with respect to which you made your election.

If you have given notice of a contingent disposition election but the Remarketing is unsuccessful, your Capital ITS will remain outstanding and the certificates will be promptly returned to you by the Transfer Agent.

**Stripped ITS.** The timing and success or failure of any Remarketing affects the timing of the Stock Purchase Date, and thus the date upon which holders of Stripped ITS cease to receive distributions corresponding to Contract Payments and Additional Distributions and begin to receive distributions corresponding to the non-cumulative dividends on the Preferred Stock. Unless there has been a Failed Remarketing and we have issued subordinated notes in respect of deferred interest on the Junior Subordinated Notes, each Stripped ITS automatically, without any action by holders being necessary, will be and become a Normal ITS on the business day after the Stock Purchase Date. Otherwise, each Stripped ITS automatically, without any action by holders being necessary, will be and become a Normal ITS on the business day after we have paid all amounts due on the subordinated notes issued in respect of deferred interest.

***Mandatory Redemption of Normal ITS upon Redemption of Preferred Stock***

The Normal ITS have no stated maturity but must be redeemed on the date we redeem the Preferred Stock, and the Property Trustee or paying agent will apply the proceeds from such repayment or redemption to redeem a like amount, as defined below, of the Normal ITS. The Preferred Stock is perpetual but we may redeem it at any time on or after the later of April 15, 2011 and the Stock Purchase Date, subject to certain limitations. See Description of the Preferred Stock Redemption and Description of the Preferred Stock Redemption or Repurchase Subject to Restrictions. The redemption price per Normal ITS will equal the liquidation amount per Normal ITS plus accumulated and unpaid distributions to but excluding the redemption date.

If less than all of the shares of Preferred Stock held by the Trust are to be redeemed on a redemption date, then the proceeds from such redemption will be allocated *pro rata* to the redemption of the Normal ITS and the Trust Common Securities, except as set forth below under Ranking of Trust Common Securities.

The term *like amount* as used above means Normal ITS having a liquidation amount equal to that portion of the liquidation amount of the Preferred Stock to be contemporaneously redeemed, the proceeds of which will be used to pay the redemption price of such Normal ITS.

**Table of Contents*****Mandatory Redemption of Capital ITS upon Maturity of the Junior Subordinated Notes***

The Capital ITS have no stated maturity but must be redeemed, if they remain outstanding, in cash upon the date the Junior Subordinated Notes mature or are redeemed. On each date the Capital ITS must be redeemed, or *Capital ITS Mandatory Redemption Date*, the Property Trustee or paying agent will apply the proceeds from the repayment or redemption of Junior Subordinated Notes to redeem a like amount, as defined below, of the Capital ITS. The initial stated maturity of the Junior Subordinated Notes is April 15, 2042 and the Junior Subordinated Notes are redeemable at our option at any time on or after April 15, 2015, but we may move up the stated maturity of the Junior Subordinated Notes and, accordingly, the Capital ITS Mandatory Redemption Date, to any date on or after the Stock Purchase Date in connection with a Remarketing; *provided* that if we are deferring interest on the Junior Subordinated Notes at the time of the Remarketing, any new stated maturity date and Capital ITS Mandatory Redemption Date may not be earlier than seven years after commencement of the deferral period. The redemption price per Capital ITS will equal the liquidation amount per Capital ITS plus accumulated and unpaid distributions to but excluding the redemption date. Changes we may make to the stated maturity or early redemption provisions of the Junior Subordinated Notes in connection with a successful Remarketing will not affect the redemption of the Capital ITS since the Trust will redeem them for Junior Subordinated Notes upon a successful Remarketing.

The term *like amount* as used above means Capital ITS having a liquidation amount equal to that portion of the principal amount of Junior Subordinated Notes to be contemporaneously redeemed in accordance with the Indenture, the proceeds of which will be used to pay the redemption price of such Capital ITS.

***Redemption of Capital ITS for Junior Subordinated Notes in Connection with Remarketing***

If the Junior Subordinated Notes are successfully remarketed, the Trust must redeem in kind the Capital ITS in whole but not in part in exchange for a principal amount of Junior Subordinated Notes equal to the liquidation amount of each Capital ITS so redeemed promptly after the Remarketing Settlement Date. On the redemption date, the Capital ITS will be cancelled and you will receive Junior Subordinated Notes.

If a Failed Remarketing occurs but on the Stock Purchase Date there is no deferred interest amount outstanding on the Junior Subordinated Notes, then promptly after the Stock Purchase Date the Trust must redeem the Capital ITS, in whole but not in part, in kind in exchange for a like amount of Junior Subordinated Notes. If a Failed Remarketing occurs and there is a deferred interest amount outstanding on the Stock Purchase Date, or if the Stock Purchase Contracts are terminated before the Stock Purchase Date, then we may instruct the Trust at any time thereafter when there is no deferred interest amount outstanding to redeem the Capital ITS, in whole but not in part, in kind in exchange for a like amount of Junior Subordinated Notes.

***Redemption Procedures***

Notice of any redemption will be mailed at least 30 days (or at least 20 days for a redemption in kind after a successful Remarketing) but not more than 60 days before the redemption date to the registered address of each holder of ITS to be redeemed.

If (i) the Trust gives an irrevocable notice of redemption of any class of ITS for cash and (ii) we have paid to the Property Trustee a sufficient amount of cash in connection with the related redemption or maturity of the Junior Subordinated Notes or Preferred Stock, then on the redemption date, the Property Trustee will irrevocably deposit with DTC funds sufficient to pay the redemption price for the class of ITS being redeemed. See Book-Entry System. The Trust will also give DTC irrevocable instructions and authority to pay the redemption amount in immediately available funds to the beneficial owners of the global securities representing ITS or, in the case of a redemption of Capital ITS in exchange for Junior Subordinated Notes after the Remarketing Settlement Date, to credit Junior Subordinated Notes having a principal amount equal to the liquidation amount of the Capital ITS to the beneficial owners of

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the global securities representing the Capital ITS. Distributions to be paid on or before the redemption date for any ITS called for redemption will be payable to the holders as of the record dates for the related dates of distribution. If the ITS called for redemption are no longer in book-entry form, the Property Trustee, to the extent funds are available, will irrevocably deposit with the paying agent for the ITS funds sufficient to pay the applicable redemption price and will give such paying agent irrevocable instructions and authority to pay the redemption price to the holders thereof upon surrender of their certificates evidencing the ITS.

If notice of redemption shall have been given and funds deposited as required, then upon the date of such deposit:

all rights of the holders of such ITS called for redemption will cease, except the right of the holders of such ITS to receive the redemption price and any distribution payable in respect of the ITS on or prior to the redemption date, but without interest on such redemption price, or in the case of a redemption of Capital ITS in exchange for Junior Subordinated Notes after the Remarketing Settlement Date, the right to receive the Junior Subordinated Notes; and

the ITS called for redemption will cease to be outstanding.

If any redemption date is not a business day, then the redemption amount will be payable on the next business day (and without any interest or other payment in respect of any such delay). However, if payment on the next business day causes payment of the redemption amount to be in the next calendar month, then payment will be on the preceding business day.

If payment of the redemption amount for any Junior Subordinated Notes or shares of Preferred Stock called for redemption is improperly withheld or refused and accordingly the redemption amount of the relevant class of ITS is not paid either by the Trust or by us under the Guarantee, then interest on the Junior Subordinated Notes, or dividends on the Preferred Stock, as the case may be, will continue to accrue and distributions on such class of ITS called for redemption will continue to accumulate at the applicable rate then borne by such ITS from the original redemption date scheduled to the actual date of payment. In this case, the actual payment date will be considered the redemption date for purposes of calculating the redemption amount.

Redemptions of the ITS will require prior approval of the Federal Reserve.

If less than all of the outstanding shares of Preferred Stock are to be redeemed on a redemption date, then the aggregate liquidation amount of Normal ITS and Trust Common Securities to be redeemed shall be allocated *pro rata* to the Normal ITS and Trust Common Securities based upon the relative liquidation amounts of such classes, except as set forth below under Ranking of Trust Common Securities. The Property Trustee will select the particular Normal ITS to be redeemed on a *pro rata* basis not more than 60 days before the redemption date from the outstanding Normal ITS not previously called for redemption by any method the Property Trustee deems fair and appropriate, or, if the Normal ITS are in book-entry only form, in accordance with the procedures of DTC. The Property Trustee shall promptly notify the Transfer Agent in writing of the Normal ITS selected for redemption and, in the case of any Normal ITS selected for redemption in part, the liquidation amount to be redeemed.

If less than all of the outstanding Capital ITS are to be redeemed on a redemption date, then the Property Trustee will select the particular Capital ITS to be redeemed on a *pro rata* basis based upon their respective liquidation amounts not more than 60 days before the redemption date from the outstanding Capital ITS not previously called for redemption by any method the Property Trustee deems fair and appropriate, or, if the Capital ITS are in book-entry only form, in accordance with the procedures of DTC. The Property Trustee shall promptly notify the Transfer Agent in writing of the Capital ITS selected for redemption and, in the case of any Capital ITS selected for partial redemption, the liquidation amount to be redeemed.

For all purposes of the Trust Agreement, unless the context otherwise requires, all provisions relating to the redemption of ITS shall relate, in the case of any ITS redeemed or to be redeemed only in part, to

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the portion of the aggregate liquidation amount of ITS that has been or is to be redeemed. If less than all of the Normal ITS or Capital ITS are redeemed, the Normal ITS or Capital ITS held through the facilities of DTC will be redeemed *pro rata* in accordance with DTC's internal procedures. See Book-Entry System.

Subject to applicable law, including, without limitation, U.S. federal securities laws and the Replacement Capital Covenant, and subject to the Federal Reserve's risk-based capital guidelines applicable to bank holding companies, we or our affiliates may at any time and from time to time purchase outstanding ITS of any class by tender, in the open market or by private agreement.

***Liquidation Distribution upon Dissolution***

Pursuant to the Trust Agreement, the Trust shall dissolve on the first to occur of:

certain events of bankruptcy, dissolution or liquidation of U.S. Bancorp;

redemption of all of the ITS as described above; and

the entry of an order for the dissolution of the Trust by a court of competent jurisdiction.

Except as set forth in the next paragraph, if an early dissolution occurs as a result of certain events of bankruptcy, dissolution or liquidation of U.S. Bancorp, the Property Trustee and the administrative trustees will liquidate the Trust as expeditiously as they determine possible by distributing, after satisfaction of liabilities to creditors of the Trust as provided by applicable law, to each holder of ITS of each class a like amount of corresponding assets as of the date of such distribution. Except as set forth in the next paragraph, if an early dissolution occurs as a result of the entry of an order for the dissolution of the Trust by a court of competent jurisdiction, unless otherwise required by applicable law the Trust will not be liquidated until after the Stock Purchase Date but, commencing promptly thereafter, the Property Trustee will liquidate the Trust as expeditiously as it determines to be possible by distributing, after satisfaction of liabilities to creditors of the Trust as provided by applicable law, to each holder of ITS of each class a like amount of corresponding assets as of the date of such distribution. The Property Trustee shall give notice of liquidation to each holder of ITS at least 30 days and not more than 60 days before the date of liquidation.

If, whether because of an order for dissolution entered by a court of competent jurisdiction or otherwise, the Property Trustee determines that distribution of the corresponding assets in the manner provided above is not practical, or if the early dissolution occurs as a result of the redemption of all the ITS, the Property Trustee shall liquidate the property of the Trust and wind up its affairs in such manner as it determines. In that case, upon the winding-up of the Trust, except with respect to an early dissolution that occurs as a result of the redemption of all the ITS, the holders will be entitled to receive out of the assets of the Trust available for distribution to holders and after satisfaction of liabilities to creditors of the Trust as provided by applicable law, an amount equal to the aggregate liquidation amount per Trust security plus accrued and unpaid distributions to the date of payment. If, upon any such winding-up, the Trust has insufficient assets available to pay in full such aggregate liquidation distribution, then the amounts payable directly by the Trust on its Trust securities shall be paid on a *pro rata* basis, except as set forth above under Ranking of Trust Common Securities.

The term *like amount* as used above means:

with respect to a distribution of Junior Subordinated Notes to holders of any Normal ITS, Capital ITS or Trust Common Securities in connection with a dissolution or liquidation of the Trust or a redemption in kind of Capital ITS, Junior Subordinated Notes having a principal amount equal to the liquidation amount of the ITS or Trust Common Securities of the holder to whom such Junior Subordinated Notes would be distributed; and

with respect to a distribution of Preferred Stock to holders of Normal ITS in connection with a dissolution or liquidation of the Trust therefor, Preferred Stock having a Liquidation Preference equal to the liquidation amount of the Normal ITS of the holder to whom such Preferred Stock would be distributed.

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### ***Distribution of Trust Assets***

Upon liquidation of the Trust other than as a result of an early dissolution upon the redemption of all the ITS and after satisfaction of the liabilities of creditors of the Trust as provided by applicable law, the assets of the Trust will be distributed to the holders of such Trust securities in exchange therefor.

After the liquidation date fixed for any distribution of assets of the Trust:

the ITS will no longer be deemed to be outstanding;

if the assets to be distributed are Junior Subordinated Notes or shares of Preferred Stock, DTC or its nominee, as the record holder of the ITS, will receive a registered global certificate or certificates representing the Junior Subordinated Notes and Preferred Stock to be delivered upon such distribution and if the assets to be distributed are Qualifying Treasury Securities that are Pledged Securities, such securities will be delivered in book-entry form;

any certificates representing the Capital ITS not held by DTC or its nominee or surrendered to the exchange agent will be deemed to represent the Junior Subordinated Notes having a principal amount equal to the liquidation amount of the Capital ITS, and bearing accrued and unpaid interest in an amount equal to the accrued and unpaid distributions on the Capital ITS until such certificates are so surrendered for transfer or reissuance (and until such certificates are surrendered, no payments of interest, principal, dividends, redemption price or otherwise will be made to holders);

any certificates representing the Normal ITS not held by DTC or its nominee or surrendered to the exchange agent will be deemed to represent shares of Preferred Stock having a Liquidation Preference equal to the Normal ITS until such certificates are so surrendered for transfer and reissuance; and

all rights of the holders of the ITS will cease, except the right to receive Junior Subordinated Notes, Qualifying Treasury Securities or Preferred Stock, as the case may be, upon such surrender.

Since after the Stock Purchase Date each Normal ITS corresponds to 1/100th of a share of Preferred Stock, holders of Normal ITS may receive fractional shares of Preferred Stock or depositary shares representing the Preferred Stock upon this distribution. Since holders of the Preferred Stock are not entitled to vote for the election of directors in the event we do not pay full dividends for six quarterly Dividend Periods, the Preferred Stock (or depositary shares representing the Preferred Stock) would not qualify for listing on the New York Stock Exchange under its current rules.

### ***Ranking of Trust Common Securities***

If on any Distribution Date the Trust does not have funds available from payments of interest on the Junior Subordinated Notes, dividends on the Preferred Stock or Contract Payments on the Stock Purchase Contracts (as applicable) to make full distributions on the ITS and the Trust Common Securities (other than as a result of the proper exercise of our deferral right in respect of interest or Contract Payments), then:

if such deficiency in funds results from our failure to make a full payment of interest on the Junior Subordinated Notes on any interest payment date, then the available funds shall be applied first to make distributions then due on the Normal ITS and the Capital ITS on a *pro rata* basis on such Distribution Date up to the amount of such distributions corresponding to interest payments on the Junior Subordinated Notes (or, if less, the amount of the corresponding distribution that would have been made on the Normal ITS and Capital ITS had we made a full payment of interest on the Junior Subordinated Notes) before any such amount is applied to make a distribution on the Trust Common Securities on such Distribution Date;

if the deficiency in funds results from our failure to make a full payment of Contract Payments on the Stock Purchase Contracts on a payment date for Contract Payments, then the available funds





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shall be applied first to make distributions then due on the Normal ITS and the Stripped ITS on a *pro rata* basis on such Distribution Date up to the amount of such distributions corresponding to the Contract Payments on the Stock Purchase Contracts (or, if less, the amount of the corresponding distributions that would have been made on the Normal ITS and the Stripped ITS had we made a full payment of Contract Payments on the Stock Purchase Contracts) before any such amount is applied to make a distribution on the Trust Common Securities on such Distribution Date; and

if the deficiency in funds results from our failure to pay a full dividend on shares of Preferred Stock on a Dividend Payment Date, then the available funds from dividends on the Preferred Stock shall be applied first to make distributions then due on the Normal ITS on a *pro rata* basis on such Distribution Date up to the amount of such distributions corresponding to dividends on the Preferred Stock (or, if less, the amount of the corresponding distributions that would have been made on the Normal ITS had we paid a full dividend on the Preferred Stock) before any such amount is applied to make a distribution on Trust Common Securities on such Distribution Date.

If on any date where Normal ITS and Trust Common Securities must be redeemed because we are redeeming Preferred Stock the Trust does not have funds available from our redemption of shares of Preferred Stock to pay the full redemption price then due on all of the outstanding Normal ITS and Trust Common Securities to be redeemed, then (i) the available funds shall be applied first to pay the redemption price on the Normal ITS to be redeemed on such redemption date and (ii) Trust Common Securities shall be redeemed only to the extent funds are available for such purpose after the payment of the full redemption price on the Normal ITS to be redeemed.

If an early dissolution event occurs in respect of the Trust, no liquidation distributions shall be made on the Trust Common Securities until full liquidation distributions have been made on each class of the ITS.

In the case of any event of default under the Trust Agreement resulting from (i) an event of default under the Indenture or (ii) our failure to comply in any material respect with any of our obligations under the Stock Purchase Contract Agreement or as issuer of the Preferred Stock, including obligations set forth in our restated certificate of incorporation, as amended, or *Certificate of Incorporation*, or arising under applicable law, we, as holder of the Trust Common Securities, will be deemed to have waived any right to act with respect to any such event of default under the Trust Agreement until the effect of all such events of default with respect to the ITS have been cured, waived or otherwise eliminated. Until all events of default under the Trust Agreement have been so cured, waived or otherwise eliminated, the Property Trustee shall act solely on behalf of the holders of the ITS and not on our behalf, and only the holders of the ITS will have the right to direct the Property Trustee to act on their behalf.

***Events of Default; Notice***

Any one of the following events constitutes an event of default under the Trust Agreement, or a *Trust Event of Default*, regardless of the reason for such event of default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body:

the occurrence of an event of default under the Indenture with respect to the Junior Subordinated Notes beneficially owned by the Trust;

the failure to comply in any material respect with our obligations (i) under the Stock Purchase Contract Agreement or (ii) as issuer of the Preferred Stock, under our Certificate of Incorporation or those of the Trust, or arising under applicable law;

the default by the Trust in the payment of any distribution on any Trust security of the Trust when such becomes due and payable, and continuation of such default for a period of 30 days;

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the default by the Trust in the payment of any redemption price of any Trust security of the Trust when such becomes due and payable;

the failure to perform or the breach, in any material respect, of any other covenant or warranty of the trustees in the Trust Agreement for 90 days after the defaulting trustee or trustees have received written notice of the failure to perform or breach in the manner specified in such Trust Agreement; or

the occurrence of certain events of bankruptcy or insolvency with respect to the Property Trustee and our failure to appoint a successor Property Trustee within 90 days.

Within 30 days after any Trust Event of Default actually known to the Property Trustee occurs, the Property Trustee will transmit notice of such Trust Event of Default to the holders of the affected class of Trust securities and to the administrative trustees, unless such Trust Event of Default shall have been cured or waived. We, as depositor, and the administrative trustees are required to file annually with the Property Trustee a certificate as to whether or not we or they are in compliance with all the conditions and covenants applicable to us and to them under the Trust Agreement.

The existence of a Trust Event of Default under the Trust Agreement, in and of itself, with respect to the Junior Subordinated Notes does not entitle the holders of the Normal ITS or the Capital ITS to accelerate the maturity of such Junior Subordinated Notes.

***Removal of Trustees***

Unless an event of default under the Indenture has occurred and is continuing, the Property Trustee and/or the Delaware Trustee may be removed at any time by the holder of the Trust Common Securities. The Property Trustee and the Delaware Trustee may be removed by the holders of a majority in liquidation amount of the outstanding ITS for cause or by the holders of a majority in liquidation amount of the Normal ITS or the Capital ITS if an event of default under the Indenture has occurred and is continuing. In no event will the holders of the ITS have the right to vote to appoint, remove or replace the administrative trustees, which voting rights are vested exclusively in us, as the holder of the Trust Common Securities. No resignation or removal of a trustee and no appointment of a successor trustee shall be effective until the acceptance of appointment by the successor trustee in accordance with the provisions of the Trust Agreement.

***Co-Trustees and Separate Property Trustee***

Unless an event of default under the Indenture shall have occurred and be continuing, at any time or from time to time, for the purpose of meeting the legal requirements of the Trust Indenture Act or of any jurisdiction in which any part of the Trust property may at the time be located, we, as the holder of the Trust Common Securities, and the administrative trustees shall have the power to appoint one or more persons either to act as a co-trustee, jointly with the Property Trustee, of all or any part of such Trust property, or to act as separate trustee of any such property, in either case with such powers as may be provided in the instrument of appointment, and to vest in such person or persons in such capacity any property, title, right or power deemed necessary or desirable, subject to the provisions of such Trust Agreement. If an event of default under the Indenture has occurred and is continuing, the Property Trustee alone shall have power to make such appointment.

***Merger or Consolidation of Trustees***

Any person into which the Property Trustee or the Delaware Trustee, if not a natural person, may be merged or converted or with which it may be consolidated, or any person resulting from any merger, conversion or consolidation to which such trustee shall be a party, or any person succeeding to all or substantially all the corporate trust business of such trustee, shall be the successor of such trustee under the Trust Agreement, *provided* that such person shall be otherwise qualified and eligible.

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***Mergers, Consolidations, Amalgamations or Replacements of the Trust***

The Trust may not merge with or into, consolidate, amalgamate, or be replaced by, or convey, transfer or lease its properties and assets substantially as an entirety to us or any other person, except as described below or as otherwise described in the Trust Agreement. The Trust may, at our request, with the consent of the administrative trustees but without the consent of the holders of the ITS, the Property Trustee or the Delaware Trustee, merge with or into, consolidate, amalgamate, or be replaced by, or convey, transfer or lease its properties and assets substantially as an entirety to, the Trust organized as such under the laws of any state if:

such successor entity either:

expressly assumes all of the obligations of the Trust with respect to the ITS, or

substitutes for each class of ITS other securities having substantially the same terms as that class of ITS, or the *Successor Securities*, so long as the Successor Securities rank the same as the corresponding class of ITS in priority with respect to distributions and payments upon liquidation, redemption and otherwise; a trustee of such successor entity possessing the same powers and duties as the Property Trustee is appointed to hold the Junior Subordinated Notes, the Stock Purchase Contracts, Qualifying Treasury Securities and the Preferred Stock then held by or on behalf of the Property Trustee;

such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease does not cause any class of ITS, including any Successor Securities, to be downgraded by any nationally recognized statistical rating organization;

such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease does not adversely affect the rights, preferences and privileges of the holders of any class of ITS, including any Successor Securities, in any material respect;

such successor entity has purposes substantially identical to those of the Trust;

prior to such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease, the Property Trustee has received an opinion from counsel to the Trust experienced in such matters to the effect that:

such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease does not adversely affect the rights, preferences and privileges of the holders of any class of ITS, including any Successor Securities, in any material respect, and

following such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease, neither the Trust nor such successor entity will be required to register as an investment company under the Investment Company Act of 1940, or *Investment Company Act* ;

the Trust has received an opinion of counsel experienced in such matters that such merger, consolidation, amalgamation, conveyance, transfer or lease will not cause the Trust or the successor entity to be classified as an association or a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes; and

we or any permitted successor or assignee owns all of the common securities of such successor entity and guarantees the obligations of such successor entity under the Successor Securities at least to the extent provided by the Guarantee.

Notwithstanding the foregoing, the Trust may not, except with the consent of holders of 100% in liquidation amount of the ITS, consolidate, amalgamate, merge with or into, or be replaced by or convey, transfer or lease its properties and assets substantially as an entirety to any other entity or permit any other entity to consolidate, amalgamate, merge with or into, or replace it if such consolidation, amalgamation, merger, replacement, conveyance, transfer or lease would cause the Trust or the successor entity to be classified as other than one or more grantor trusts

and/or agency arrangements or to be

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classified as an association or a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes.

***Voting Rights; Amendment of the Trust Agreement***

Except as provided herein and under Description of the Guarantee Amendments and Assignment and as otherwise required by law and the Trust Agreement, the holders of the ITS will have no voting rights or control over the administration, operation or management of the Trust or the obligations of the parties to the Trust Agreement, including in respect of Junior Subordinated Notes, Stock Purchase Contracts or Preferred Stock beneficially owned by the Trust. Under the Trust Agreement, however, the Property Trustee will be required to obtain their consent before exercising some of its rights in respect of these securities.

***Trust Agreement.*** We and the administrative trustees may amend the Trust Agreement without the consent of the holders of the ITS, the Property Trustee or the Delaware Trustee, unless in the case of the first two bullets below such amendment will materially and adversely affect the interests of any holder of ITS or the Property Trustee or the Delaware Trustee, to:

cure any ambiguity, correct or supplement any provisions in the Trust Agreement that may be inconsistent with any other provision, or to make any other provisions with respect to matters or questions arising under such Trust Agreement, which may not be inconsistent with the other provisions of the Trust Agreement;

modify, eliminate or add to any provisions of the Trust Agreement to such extent as shall be necessary to ensure that the Trust will be classified for U.S. federal income tax purposes as one or more grantor trusts and/or agency arrangements and not as an association or a publicly traded partnership taxable as a corporation at all times that any Trust securities are outstanding, to ensure that the Trust will not be required to register as an investment company under the Investment Company Act or to ensure the treatment of the ITS as tier 1 regulatory capital under prevailing Federal Reserve rules and regulations;

provide that certificates for the ITS may be executed by an administrative trustee by facsimile signature instead of manual signature, in which case such amendment(s) shall also provide for the appointment by us of an authentication agent and certain related provisions;

require that holders that are not U.S. persons for U.S. federal income tax purposes irrevocably appoint a U.S. person to exercise any voting rights to ensure that the Trust will not be treated as a foreign trust for U.S. federal income tax purposes; or

conform the terms of the Trust Agreement to the description of the Trust Agreement, the ITS and the Trust Common Securities in this prospectus supplement, in the manner provided in the Trust Agreement.

Any such amendment shall become effective when notice thereof is given to the Property Trustee, the Delaware Trustee and the holders of the ITS.

We and the administrative trustees may generally amend the Trust Agreement with:

the consent of holders representing not less than a majority, based upon liquidation amounts, of each outstanding class of ITS affected by the amendments; and

receipt by the trustees of the Trust of an opinion of counsel to the effect that such amendment or the exercise of any power granted to the trustees of the Trust or the administrative trustees in accordance with such amendment will not affect the Trust's status as one or more grantor trusts and/or agency arrangements for U.S. federal income tax purposes or affect the Trust's exemption from status as an investment company under the Investment Company Act.

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However, without the consent of each affected holder of Trust securities, the Trust Agreement may not be amended to:

change the amount or timing, or otherwise adversely affect the amount, of any distribution required to be made in respect of Trust securities as of a specified date; or

restrict the right of a holder of Trust securities to institute a suit for the enforcement of any such payment on or after such date.

***Indenture and Junior Subordinated Notes.*** So long as the Property Trustee holds any Junior Subordinated Notes, the trustees of the Trust may not, without obtaining the prior approval of the holders of a majority in aggregate liquidation amount of all outstanding Capital ITS and prior to the Stock Purchase Date or, if earlier, the Remarketing Settlement Date, the Normal ITS, considered together as a single class:

direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee for the Junior Subordinated Notes, or execute any trust or power conferred on the Indenture Trustee with respect to such Junior Subordinated Notes;

waive any past default that is waivable under the Indenture;

exercise any right to rescind or annul a declaration that the principal of all the Junior Subordinated Notes is due and payable; or

consent to any amendment, modification or termination of the Indenture or such Junior Subordinated Notes, where such consent by the holders of the Junior Subordinated Notes shall be required.

If a consent under the Indenture would require the consent of each holder of Junior Subordinated Notes affected thereby, no such consent may be given by the Property Trustee without the prior consent of each holder of Capital ITS and prior to the Stock Purchase Date or, if earlier, the Remarketing Settlement Date, each holder of the Normal ITS.

The Property Trustee will notify each holder of the Capital ITS and prior to the Stock Purchase Date or, if earlier, the Remarketing Settlement Date, each holder of the Normal ITS of any notice of default with respect to the Junior Subordinated Notes. In addition to obtaining the foregoing approvals of the holders of the ITS, before taking any of the foregoing actions, the trustees of the Trust will obtain an opinion of counsel experienced in such matters to the effect that such action would not cause the Trust to be classified as other than one or more grantor trusts and/or agency arrangements or as an association or a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes. The Property Trustee may not revoke any action previously authorized or approved by a vote of the holders of the ITS except by subsequent vote of the holders of the same class or classes of ITS.

***Stock Purchase Contract Agreement and Collateral Agreement.*** We may modify the Stock Purchase Contract Agreement or the Collateral Agreement with the consent of the trustees of the Trust. The trustees may consent to any amendment or modification of these agreements without the prior consent of the holders of any class of ITS for any of the following purposes:

to evidence the succession of another person to the obligations of the Trust or the Property Trustee,

to add to the covenants for the benefit of the Trust or the Property Trustee or to surrender any of our rights or powers under those agreements,

to evidence and provide for the acceptance of appointment of a successor Collateral Agent, Custodial Agent or securities intermediary under the Collateral Agreement,

to cure any ambiguity, or to correct or supplement any provisions that may be inconsistent,

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to conform the terms of the Stock Purchase Contract Agreement or the Collateral Agreement to their respective descriptions in this prospectus supplement, or

to make any other provisions with respect to such matters or questions, *provided* that such action shall not adversely affect the interest of the holders of any class of ITS in any material respect.

The trustees of the Trust may agree, with the consent of the holders of not less than a majority of the holders of the Normal ITS and Stripped ITS at the time outstanding, considered together as a single class, to amend or modify the Stock Purchase Contract Agreement or the Collateral Agreement. However, no such amendment or modification may, without the consent of the holder of each outstanding Normal ITS and Stripped ITS:

change any payment date,

change the amount or type of Pledged Securities required to be pledged, impair the right of the Trust to receive distributions on the Pledged Securities or otherwise adversely affect the Trust's rights in or to the Pledged Securities,

change the place or currency of payment or reduce any Contract Payments,

impair the Property Trustees, or the holders in the case of a direct action, right to institute suit for the enforcement of the Stock Purchase Contract or payment of any Contract Payments, or

reduce the number of shares of Preferred Stock purchasable under the Stock Purchase Contracts, increase the price to purchase Preferred Stock upon settlement of the Stock Purchase Contracts, change the Stock Purchase Date or otherwise adversely affect the Trust's rights under the Stock Purchase Contracts.

If any amendment or proposal referred to above would adversely affect only the Normal ITS or the Stripped ITS, then only the affected class of holders will be entitled to consent to such modification, and the Property Trustees' consent to such modification will not be effective except with the consent of the holders of not less than a majority of the affected class or of all of the holders of the affected classes, as applicable.

***Preferred Stock.*** So long as the Preferred Stock is held by the Property Trustee on behalf of the Trust, the trustees of the Trust will not waive any default in respect of the Preferred Stock without obtaining the prior approval of the holders of at least a majority in liquidation amount of the Normal ITS and the Stripped ITS then outstanding, considered together as a single class. The trustees of the Trust shall also not consent to any amendment to the Trust's or our governing documents that would change the dates on which dividends are payable or the amount of such dividends, without the prior written consent of each holder of Normal ITS and Stripped ITS. In addition to obtaining the foregoing approvals from holders, the Issuer Trustee shall obtain, at our expense, an opinion of counsel to the effect that such action shall not cause the Issuer Trust to be taxable as a corporation or classified as a partnership for U.S. federal income tax purposes.

***General.*** Any required approval of holders of any class of ITS may be given at a meeting of holders of such class of ITS convened for such purpose or pursuant to written consent. The Property Trustee will cause a notice of any meeting at which holders of any class of ITS are entitled to vote, or of any matter upon which action by written consent of such holders is to be taken, to be given to each record holder of such ITS in the manner set forth in the Trust Agreement.

No vote or consent of the holders of ITS will be required for the Trust to redeem and cancel the ITS in accordance with the Trust Agreement.

Notwithstanding that holders of the ITS are entitled to vote or consent under any of the circumstances described above, any of the ITS that are owned by us or our affiliates or the trustees or any of their affiliates, shall, for purposes of such vote or consent, be treated as if they were not outstanding.



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***Payment and Paying Agent***

Payments on the ITS shall be made to DTC, which shall credit the relevant accounts on the applicable Distribution Dates. If any ITS are not held by DTC, such payments shall be made by check mailed to the address of the holder as such address shall appear on the register.

The paying agent shall initially be U.S. Bank and any co-paying agent chosen by the Property Trustee and acceptable to us and to the administrative trustees. The paying agent shall be permitted to resign as paying agent upon 30 days written notice to the administrative trustees and to the Property Trustee. In the event that U.S. Bank shall no longer be the paying agent, the Property Trustee will appoint a successor to act as paying agent, which will be a bank or trust company acceptable to the administrative trustees and to us.

***Registrar and Transfer Agent***

U.S. Bank will act as registrar and transfer agent, or *Transfer Agent*, for the ITS.

Registration of transfers of ITS will be effected without charge by or on behalf of the Trust, but upon payment of any tax or other governmental charges that may be imposed in connection with any transfer or exchange. Neither the Trust nor the Securities Registrar shall be required to register the transfer of or exchange any Trust security during a period beginning at the opening of business 15 days before the day of selection for redemption of Trust securities and ending at the close of business on the day of mailing of notice of redemption or to transfer or exchange any Trust security so selected for redemption in whole or in part, except, in the case of any Trust security to be redeemed in part, any portion thereof not to be redeemed.

Any ITS can be exchanged for other ITS of the same class so long as such other ITS are denominated in authorized denominations and have the same aggregate liquidation amount and same terms as the ITS that were surrendered for exchange. The ITS may be presented for registration of transfer, duly endorsed or accompanied by a satisfactory written instrument of transfer, at the office or agency maintained by us for that purpose in a place of payment. There will be no service charge for any registration of transfer or exchange of the ITS, but we may require holders to pay any tax or other governmental charge payable in connection with a transfer or exchange of the ITS. We may at any time rescind the designation or approve a change in the location of any office or agency, in addition to the security registrar, designated by us where holders can surrender the ITS for registration of transfer or exchange. However, the Trust will be required to maintain an office or agency in each place of payment for the ITS.

***Information Concerning the Property Trustee***

Other than during the occurrence and continuance of a Trust Event of Default, the Property Trustee undertakes to perform only the duties that are specifically set forth in the Trust Agreement. After a Trust Event of Default, the Property Trustee must exercise the same degree of care and skill as a prudent individual would exercise or use in the conduct of his or her own affairs. Subject to this provision, the Property Trustee is under no obligation to exercise any of the powers vested in it by the Trust Agreement at the request of any holder of ITS unless it is offered indemnity satisfactory to it by such holder against the costs, expenses and liabilities that might be incurred. If no Trust Event of Default has occurred and is continuing and the Property Trustee is required to decide between alternative courses of action, construe ambiguous provisions in the Trust Agreement or is unsure of the application of any provision of the Trust Agreement, and the matter is not one upon which holders of ITS are entitled under the Trust Agreement to vote, then the Property Trustee will take any action that we direct. If we do not provide direction, the Property Trustee may take any action that it deems advisable and in the interests of the holders of the Trust securities and will have no liability except for its own bad faith, negligence or willful misconduct.

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We and our affiliates may maintain certain accounts and other banking relationships with the Property Trustee and its affiliates in the ordinary course of business.

***Trust Expenses***

Pursuant to the Trust Agreement, we, as sponsor, agree to pay:

all debts and other obligations of the Trust (other than with respect to the ITS);

all costs and expenses of the Trust, including costs and expenses relating to the organization of the Trust, the fees and expenses of the trustees and the cost and expenses relating to the operation of the Trust; and

any and all taxes and costs and expenses with respect thereto, other than U.S. withholding taxes, to which the Trust might become subject.

***Governing Law***

The Trust Agreement will be governed by and construed in accordance with the laws of Delaware.

***Miscellaneous***

The administrative trustees are authorized and directed to conduct the affairs of and to operate the Trust in such a way that it will not be required to register as an investment company under the Investment Company Act or characterized as other than one or more grantor trusts and/or agency arrangements for U.S. federal income tax purposes. The administrative trustees are authorized and directed to conduct their affairs so that the Junior Subordinated Notes will be treated as indebtedness of U.S. Bancorp for U.S. federal income tax purposes.

In this regard, we and the administrative trustees are authorized to take any action, not inconsistent with applicable law, the certificate of trust of the Trust or the Trust Agreement, that we and the administrative trustees determine to be necessary or desirable to achieve such end, as long as such action does not materially and adversely affect the interests of the holders of the ITS.

Holders of the ITS have no preemptive or similar rights. The ITS are not convertible into or exchangeable for our common stock or preferred stock.

Subject to the Replacement Capital Covenant and to the Federal Reserve's risk-based capital guidelines applicable to bank holding companies, we or our affiliates may from time to time purchase any of the ITS that are then outstanding by tender, in the open market or by private agreement.

The Trust may not borrow money or issue debt or mortgage or pledge any of its assets except for pledges of Junior Subordinated Notes, the interest-bearing deposit with U.S. Bank National Association and Qualifying Treasury Securities to secure its obligations under the Stock Purchase Contracts.

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**Table of Contents****DESCRIPTION OF THE STOCK PURCHASE CONTRACTS**

*The following is a summary of some of the terms of the Stock Purchase Contract Agreement, the Stock Purchase Contracts and the Collateral Agreement. This summary, together with the summary of some of the provisions of the related documents described below, contains a description of the material terms of the Stock Purchase Contract Agreement, the Stock Purchase Contracts and the Collateral Agreement, but is not necessarily complete. We refer you to the documents referred to in the following description, copies of which are available upon request as described above under *Where You Can Find More Information*.*

***Purchase of Preferred Stock***

Each Stock Purchase Contract will obligate the Trust to purchase, and us to sell, a newly-issued share of Preferred Stock on the Stock Purchase Date for \$100,000 in cash. The Stock Purchase Date is expected to be April 15, 2011, but could (i) occur on an earlier date if an Early Settlement Event (as described below) occurs or (ii) be deferred for quarterly periods until as late as April 15, 2012 (or, if such day is not a business day, the next business day) if the initial Remarketing attempts are not successful. The Stock Purchase Date will be the January 15, April 15, July 15 or October 15 (or, if any such day is not a business day, the next business day) immediately following the Remarketing Settlement Date, or if no successful Remarketing has occurred by the January 15, April 15, July 15 or October 15 (or, if any such day is not a business day, by the next business day) immediately following the fifth Remarketing attempt, then such January 15, April 15, July 15 or October 15 (or, if any such day is not a business day, the next business day) after such fifth unsuccessful Remarketing. For example, if no Early Settlement Event has occurred and each successive Remarketing in June 2011, September 2011, December 2011 and March 2012, is not successful, the Stock Purchase Date would then be on April 15, 2012 (or, if any such day is not a business day, on the next business day).

On the Stock Purchase Date, the Trust will satisfy its obligation to purchase the Preferred Stock for \$100,000 per Stock Purchase Contract. Unless an event described under *Termination* has occurred, then the settlement of the Stock Purchase Contracts will occur as follows:

a portion of the cash proceeds from the Remarketing will be withdrawn from the interest-bearing deposit with U.S. Bank National Association and applied together with the proceeds at maturity of the Qualifying Treasury Securities to satisfy in full the Trust's obligation to purchase Preferred Stock under the Stock Purchase Contracts; and

if there has not been a successful Remarketing, we will exercise our rights as a secured party in accordance with applicable law, including without limitation disposition of the Junior Subordinated Notes pledged to secure the Trust's obligations under the Stock Purchase Contracts or their proceeds or applying these Junior Subordinated Notes or their proceeds against the Trust's obligation to purchase Preferred Stock under the Stock Purchase Contracts.

In any event, a share of Preferred Stock will then be issued and delivered to the Trust in respect of each Stock Purchase Contract.

***Contract Payments***

We will make periodic contract payments, or *Contract Payments*, to the Trust on the Stock Purchase Contracts at the rate of 0.65% *per annum* of the stated amount of \$100,000 per Stock Purchase Contract. Contract Payments will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Contract Payments will accrue from March 17, 2006 and, subject to our right to defer Contract Payments described below, will be payable on each Regular Distribution Date through the Stock Purchase Date. If any Regular Distribution Date is not a business day, then payment of the Contract Payments payable on that date will be made on the next business day, and no interest or payment will be paid in respect of the delay.

Our obligations with respect to Contract Payments will be subordinate and junior in right of payment to our obligations under any of our senior and subordinated debt to the same extent as the

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Junior Subordinated Notes. The Stock Purchase Contracts do not limit the incurrence by us of other indebtedness, including senior and subordinated debt. No Contract Payments may be made if there shall have occurred and be continuing a default in any payment with respect to senior and subordinated debt or an event of default with respect to any senior and subordinated debt resulting in the acceleration of the maturity thereof, or if any judicial proceedings are pending with respect to any such default.

**Option to Defer Contract Payments**

We may, at our option, and will at the direction of the Federal Reserve, defer Contract Payments on the corresponding Stock Purchase Contracts. If we defer Contract Payments we will provide prior written notice to the Property Trustee, who will notify holders of Normal ITS and Stripped ITS and the administrative trustees. We may elect to defer Contract Payments on more than one occasion. Deferred Contract Payments will accrue interest until paid, compounded on each Regular Distribution Date at the rate *per annum* originally applicable to the Junior Subordinated Notes. If we elect or are directed by the Federal Reserve to defer the payment of Contract Payments and such deferral is continuing on the Stock Purchase Date, then we will pay the Trust the deferred Contract Payments in subordinated notes that have a principal amount equal to the aggregate amount of deferred Contract Payments as of the Stock Purchase Date, mature on the later of April 15, 2014 and five years after commencement of the related deferral period, bear interest at a rate *per annum* equal to the originally applicable rate of interest on the Junior Subordinated Notes, are subordinate and rank junior in right of payment to all of our senior indebtedness on the same basis as the Contract Payments and are redeemable by us at any time prior to their stated maturity. The notes will be issued as a new series of notes under our junior subordinated indenture described in this prospectus supplement under

Description of the Junior Subordinated Notes. The Trust will hold these notes as assets corresponding to the Normal ITS and Stripped ITS and make distributions to the holders thereof corresponding to payments of principal of, and interest on, these notes. If the Stock Purchase Contracts are terminated upon the occurrence of certain events of bankruptcy, insolvency or reorganization with respect to us, the Trust's right to receive Contract Payments and deferred Contract Payments also will terminate.

If we elect or are directed by the Federal Reserve to defer Contract Payments, then until the deferred Contract Payments have been paid in cash or any notes we issue in respect of deferred Contract Payments have been repaid in full, we will not take any of the actions that we would be prohibited from taking during a deferral of interest payments on the Junior Subordinated Notes as described under Description of the Junior Subordinated Notes Restrictions on Certain Payments, Including on Deferral of Interest.

**Direct Action by Holders of Normal ITS or Stripped ITS**

Up to and including the Stock Purchase Date, or the earlier termination of the Stock Purchase Contracts, any holder of Normal ITS or Stripped ITS may institute a direct action if we fail to make Contract Payments on the Stock Purchase Contracts when due, taking into account any extension period. A direct action may be brought without first:

directing the Property Trustee to enforce the terms of the Stock Purchase Contracts; or

suing us to enforce the Property Trustee's rights under the Stock Purchase Contracts.

This right of direct action cannot be amended in a manner that would impair the rights of the holders of the Normal ITS or Stripped ITS thereunder without the consent of all such holders.

**Termination**

Our rights and obligations and the rights and obligations of the Trust under the Stock Purchase Contracts, including the right and obligation to purchase Preferred Stock and the right to receive deferred Contract Payments, will immediately and automatically terminate, without any further action, upon the termination of the Stock Purchase Contracts as a result of our bankruptcy, insolvency or reorganization. In the event of a termination of the Stock Purchase Contracts as a result of our bankruptcy, insolvency or

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reorganization, the Trust will not have a claim in bankruptcy under the Stock Purchase Contracts with respect to our issuance of Preferred Stock or the right to receive Contract Payments.

Upon any termination, the Collateral Agent will release the aggregate principal amount of the Junior Subordinated Notes corresponding to the aggregate liquidation amount of the Normal ITS and the aggregate principal amount of Qualifying Treasury Securities corresponding to the aggregate liquidation amount of the Stripped ITS, as the case may be, held by it to the Property Trustee for distribution to the holders of the Normal ITS and the Stripped ITS. Upon any termination, however, the release and distribution may be subject to the automatic stay under Section 362 of the U.S. Bankruptcy Code, and claims arising out of the Junior Subordinated Notes, like all other claims in bankruptcy proceedings, will be subject to the equitable jurisdiction and powers of the bankruptcy court. In the event that we become the subject of a case under the U.S. Bankruptcy Code, a delay may occur as a result of the automatic stay under the U.S. Bankruptcy Code and continue until the automatic stay has been lifted. We expect any such delay to be limited. The automatic stay will not be lifted until such time as the bankruptcy court agrees to lift it and return your Pledged Securities to you.

If U.S. Bank National Association is placed in receivership while it is holding the interest-bearing deposit made with the net proceeds of the Remarketing, and if the Stock Purchase Contracts have not been terminated, the deposit will be assigned to us on the Stock Purchase Date as payment for the Preferred Stock corresponding to the Normal ITS; however, if the Stock Purchase Contracts have been terminated, the deposit will remain property of the Trust until the Trust's assets are distributed to the holders of the Trust securities.

If your Stock Purchase Contracts are terminated as a result of our bankruptcy, insolvency or reorganization, the Trust will have no right to receive any accrued Contract Payments.

***Pledged Securities and the Collateral Agreement***

The Trust will pledge Junior Subordinated Notes and Qualifying Treasury Securities, also referred to as the *Pledged Securities*, and, after a successful Remarketing the interest-bearing deposit with U.S. Bank National Association, to us through the Collateral Agent, for our benefit, pursuant to the Collateral Agreement to secure the obligations of the Trust to purchase Preferred Stock under the Stock Purchase Contracts. The rights of the Trust (acting through the Property Trustee) to the Pledged Securities and the interest-bearing deposit will be subject to our security interest created by the Collateral Agreement. The aggregate principal amount of Junior Subordinated Notes and Qualifying Treasury Securities constituting Pledged Securities, together with the amount of any proceeds of Qualifying Treasury Securities held by the Collateral Agent for reinvestment in additional Qualifying Treasury Securities and, after a successful Remarketing, the deposit with U.S. Bank National Association must always equal the purchase price of the Preferred Stock under the Stock Purchase Contracts. Accordingly, Pledged Securities may not be withdrawn from the pledge arrangement except:

to substitute Qualifying Treasury Securities for Junior Subordinated Notes in connection with an exchange of Normal ITS for Stripped ITS and Capital ITS, as provided for under Description of the ITS Exchanging of Normal ITS and Qualifying Treasury Securities for Stripped ITS and Capital ITS ;

to substitute Junior Subordinated Notes for Qualifying Treasury Securities in connection with an exchange of Stripped ITS and Capital ITS for Normal ITS, as provided for under Description of the ITS Exchanging of Stripped ITS and Capital ITS for Normal ITS and Qualifying Treasury Securities ;

to substitute the interest-bearing deposit with U.S. Bank National Association for Junior Subordinated Notes upon completion of a successful Remarketing; or

upon the termination of the Stock Purchase Contracts.

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Subject to the security interest and the terms of the Collateral Agreement, the Trust (acting through the Property Trustee) will own the Pledged Securities and, subject to the terms of the Trust Agreement, it will be entitled to exercise all rights pertaining to the Junior Subordinated Notes and Preferred Stock, including voting rights and, in the case of the Junior Subordinated Notes, redemption rights. We will have no interest other than our security interest in the Pledged Securities or the interest-bearing deposit with U.S. Bank National Association.

Except as described in Certain Other Provisions of the Stock Purchase Contract Agreement and the Collateral Agreement, the Collateral Agent will, upon receipt, if any, of payments on the Pledged Securities (except to the extent it applies the proceeds at maturity of any Qualifying Treasury Securities to purchase replacement Qualifying Treasury Securities), distribute the payments to the Trust, which will in turn distribute those payments together with Contract Payments received from us, to the persons in whose names the Normal ITS and Stripped ITS are registered at the close of business on the record date immediately preceding the date of payment.

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**CERTAIN OTHER PROVISIONS OF THE STOCK PURCHASE  
CONTRACT AGREEMENT AND THE COLLATERAL AGREEMENT**

*The following is a summary of certain other provisions of the Stock Purchase Contract Agreement and the Collateral Agreement. This summary, together with the summary of some of the provisions of the related documents described below, contains a description of certain other provisions of the Stock Purchase Contract Agreement and the Collateral Agreement but is not necessarily complete. We refer you to the documents referred to in the following description, copies of which are available upon request as described above under *Where You Can Find More Information*.*

***No Consent to Assumption***

The Trust (acting through the Property Trustee) will under the terms of the Stock Purchase Contract Agreement be deemed expressly to have withheld any consent to the assumption (*i.e.*, affirmation) of the Stock Purchase Contracts by us or our trustee if we become the subject of a case under the U.S. Bankruptcy Code or other similar state or federal law provision for reorganization or liquidation.

***Consolidation, Merger, Sale or Conveyance***

We covenant in the Stock Purchase Contract Agreement that we will not merge with and into, consolidate with or convert into any other entity or sell, assign, transfer, lease or convey all or substantially all of our properties and assets to any person or entity, unless:

the successor entity is a corporation organized and existing under the laws of a domestic jurisdiction and assumes our obligations under the Stock Purchase Contracts, the Stock Purchase Contract Agreement, the Collateral Agreement, the Trust Agreement, the Indenture for the Junior Subordinated Notes, the Guarantee and the Remarketing Agreement;

the successor entity is not, immediately after the merger, consolidation, conversion, sale, assignment, transfer, lease or conveyance, in default of its payment obligations under the Stock Purchase Contracts, the Stock Purchase Contract Agreement, the Collateral Agreement, the Trust Agreement or the Remarketing Agreement or in material default in the performance of any other covenants under these agreements; and

the successor entity reserves sufficient authorized and unissued shares of preferred stock having substantially the same terms and conditions as the Preferred Stock, such that the Trust will receive, on the Stock Purchase Date, preferred stock having substantially the same rights as the Preferred Stock that the Trust would have received had such merger, consolidation or other transaction not occurred.

***Governing Law***

The Stock Purchase Contract Agreement, the Stock Purchase Contracts and the Collateral Agreement will be governed by, and construed in accordance with, the laws of the State of New York.

***Information Concerning the Collateral Agent***

U.S. Bank initially will be the Collateral Agent, Custodial Agent and securities intermediary under the Collateral Agreement. U.S. Bank, in its capacity as Collateral Agent, will act solely as our agent and will not assume any obligation or relationship of agency or trust for or with the Property Trustee or any of the holders of the ITS, except for the obligations owed by a pledgee of property to the owner of the property under the Collateral Agreement and applicable law. U.S. Bank, in its capacity as Custodial Agent, will act solely as agent for the Trust and will not assume any obligation or relationship of agency or trust for or with any of the holders of the ITS.

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The Collateral Agreement will contain provisions limiting the liability of the Collateral Agent and Custodial Agent and provisions under which they may resign or be replaced. This resignation or replacement would be effective upon the acceptance of appointment by a successor.

***Miscellaneous***

The Collateral Agreement will provide that we will pay all fees and expenses related to the retention of the Collateral Agent and Custodial Agent.

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**Table of Contents****DESCRIPTION OF THE JUNIOR SUBORDINATED NOTES**

*The following is a summary of some of the terms of the Junior Subordinated Notes. This summary, together with the summary of some of the provisions of the related documents described below, contains a description of the material terms of the Junior Subordinated Notes but is not necessarily complete. We refer you to the documents referred to in the following description, copies of which are available upon request as described above under *Where You Can Find More Information*.*

The Junior Subordinated Notes will be issued pursuant to a junior subordinated indenture, dated as of April 28, 2005 between us and Delaware Trust Company, National Association (the *Original Trustee*), as amended and supplemented by the first supplemental indenture, dated as of August 3, 2005, between us and the Original Trustee, as further amended and supplemented by the second supplemental indenture, dated as of December 29, 2005, among us, the Original Trustee and Wilmington Trust Company, as the indenture trustee. We refer to the junior subordinated indenture, as further amended and supplemented (including by a third supplemental indenture, to be dated as of March 17, 2006), as the *Indenture*, and to Wilmington Trust Company or its successor, as indenture trustee, as the *Indenture Trustee*. You should read the Indenture for provisions that may be important to you.

When we use the term *holder* in this prospectus supplement with respect to a registered Junior Subordinated Note, we mean the person in whose name such Junior Subordinated Note is registered in the security register. It is expected that U.S. Bank, in its capacity as either Collateral Agent or Custodial Agent, will be the registered holder of the Junior Subordinated Notes at all times prior to the Remarketing Settlement Date. After the Remarketing Settlement Date, we expect that the Junior Subordinated Notes will be held in book-entry form only, as described under *Book-Entry System*, and will be held in the name of DTC or its nominee.

The Indenture does not limit the amount of debt that we or our subsidiaries may incur either under the Indenture or other indentures to which we are or become a party. The Junior Subordinated Notes are not convertible into or exchangeable for our common stock or authorized preferred stock.

***General***

The Junior Subordinated Notes will be unsecured, will be deeply subordinated, including to all of our existing and future senior and subordinated debt, as defined below under *Subordination*, and, in the case of our liquidation (whether in bankruptcy or otherwise), to all of our indebtedness for money borrowed, including junior subordinated debt securities underlying trust preferred securities that are currently outstanding (except for the junior subordinated notes underlying trust preferred securities issued by USB Capital VIII) and other subordinated debt that is not by its terms expressly made *pari passu* with or junior to the Junior Subordinated Notes, but *pari passu* with trade creditors and *Pari Passu Securities*, as defined below under *Subordination*; *provided* that in connection with an Early Remarketing, other than the first attempt at Remarketing, we may elect that our obligations under the Junior Subordinated Notes shall be senior obligations instead of subordinated obligations, effective on or after the Remarketing Settlement Date.

We will have the right at any time after the Stock Purchase Date or the earlier termination of the Stock Purchase Contracts to dissolve the Trust and cause the Junior Subordinated Notes to be distributed to the holders of the Capital ITS and, if the Stock Purchase Contracts have been terminated, the holders of the Normal ITS. If Junior Subordinated Notes are distributed to holders of the Normal ITS and Capital ITS in liquidation of the holders' interests in the Trust at any time that the Normal ITS and Capital ITS are represented by global securities, those Junior Subordinated Notes initially will be issued as a global security. Unless the Trust is dissolved and the Junior Subordinated Notes distributed to holders of the Normal ITS and Capital ITS, U.S. Bank, in its capacity as either Collateral Agent or Custodial Agent, will continue to hold legal title to the Junior Subordinated Notes, subject, in the case of Junior Subordinated Notes that are Pledged Securities, to the pledge under the Collateral Agreement, and until the Stock Purchase Date or, if earlier, the Remarketing Settlement Date.

**Table of Contents*****Interest Rate and Maturity***

The interest payment provisions for the Junior Subordinated Notes correspond to the distribution provisions of the Normal ITS described under Description of the ITS Current Payments Normal ITS.

The Junior Subordinated Notes will mature on April 15, 2042 (subject to change in connection with a Remarketing as described below under Remarketing ) and will bear interest accruing from March 17, 2006, at the rate of 5.539% *per annum*, payable semi-annually in arrears on April 15 and October 15 of each year, commencing October 15, 2006, subject to the deferral provisions described under Option to Defer Interest Payments. If there is a Failed Remarketing, interest will also be payable on the Junior Subordinated Notes on the Stock Purchase Date if it is not otherwise an interest payment date.

The amount of interest payable for any period will be computed on the basis of a 360-day year consisting of twelve 30-day months. In the case that any date on which interest is payable on the Junior Subordinated Notes is not a business day, then payment of the interest payable on that date will be made on the next succeeding day that is a business day. However, no interest or other payment shall be paid in respect of the delay.

***Option to Defer Interest Payments***

We will have the right under the Indenture to defer, and will defer if directed to do so by the Federal Reserve, the payment of interest on the Junior Subordinated Notes at any time or from time to time. We may not defer interest payments for any period of time that exceeds 14 consecutive interest payment dates (or the equivalent if interest periods are not at the time semi-annual), *i.e.*, seven years, with respect to any deferral period. If we elect to move up the maturity date of the Junior Subordinated Notes in connection with a Remarketing and, at the time of the Remarketing, are deferring interest, we may not elect a maturity date that is earlier than seven years after commencement of the deferral period. Any deferral period must end on an interest payment date. At the end of a deferral period, we must pay all interest then accrued and unpaid, together with any interest on the accrued and unpaid interest, to the extent permitted by applicable law. If we exercise our right to defer payments of stated interest on the Junior Subordinated Notes, we intend to treat the Junior Subordinated Notes as reissued, solely for U.S. federal income tax purposes, with original issue discount, and you would generally be required to accrue such original issue discount as ordinary income using a constant yield method prescribed by Treasury regulations. As a result, the income that you would be required to accrue would exceed the interest payments that you would actually receive. If the Stock Purchase Date occurs during a deferral period and we have not successfully remarketed the Junior Subordinated Notes, on the Stock Purchase Date we will pay the Trust deferred interest on the Junior Subordinated Notes that are Pledged Securities in subordinated notes that have a principal amount equal to the aggregate amount of deferred interest as of the Stock Purchase Date, mature on the later of April 15, 2014 and five years after commencement of the related deferral period, bear interest at a rate *per annum* equal to the rate of interest originally in effect on the Junior Subordinated Notes, are subordinate and rank junior in right of payment to all of our senior and subordinated debt on the same basis as the Junior Subordinated Notes and are redeemable by us at any time prior to their stated maturity.

Prior to the termination of any deferral period, we may extend such deferral period, *provided* that such extension does not:

cause such extended deferral period to exceed the maximum deferral period;

end on a date other than an interest payment date; or

extend beyond the stated maturity of the Junior Subordinated Notes.

Upon the termination of any deferral period, or any extension of the related deferral period, and the payment of all amounts then due, we may begin a new deferral period, subject to the limitations described

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above. No interest shall be due and payable during a deferral period except at the end thereof. We must give the Indenture Trustee and the paying agent notice of our election to begin or extend a deferral period at least 10 business days prior to the date interest on the Junior Subordinated Notes would have been payable except for the election to begin or extend the deferral period.

The Indenture Trustee shall give notice of our election to begin or extend a deferral period to the holders of the Junior Subordinated Notes to the administrative trustees and to the holders of the Capital ITS and, if such election is made prior to the Stock Purchase Date or, if earlier, the Remarketing Settlement Date, to the holders of the Normal ITS. Subject to the foregoing limitations, there is no limitation on the number of times that we may begin or extend a deferral period.

As described under *Restrictions on Certain Payments, Including on Deferral of Interest*, during any such deferral period we will be restricted, subject to certain exceptions, from making certain payments, including declaring or paying any dividends or making any distributions on, or redeeming, purchasing, acquiring or making a liquidation payment with respect to, shares of our capital stock.

We have agreed not to make any payment of principal of or interest on, repay or redeem any debt securities ranking *pari passu* or junior to the junior subordinated debentures issued under various indentures if, at that time, there is a default under the applicable indenture or we have delayed interest payments thereon. Currently, there is \$3.2 billion aggregate principal amount of junior subordinated debentures outstanding under these indentures.

### ***Alternative Payment Mechanism***

We covenant in the Indenture that, if we defer payment of interest on any interest payment date on or prior to the Stock Purchase Date:

we will notify the Federal Reserve if this covenant is applicable; and

commencing with the date two years after the beginning of an interest deferral period:

we will pay deferred interest only out of the net proceeds of the sale of shares of our common stock or non-cumulative perpetual preferred stock received by us during the 180 days prior to the date of payment of such deferred interest; and

subject to the approval of the Federal Reserve, we will continuously use our Commercially Reasonable Efforts to sell shares of our common stock or non-cumulative perpetual preferred stock in an amount so that the net proceeds of such sale, when applied to such deferred payments of interest, will cause such unpaid deferred interest payments to be paid in full and (unless the Federal Reserve instructs otherwise) apply the proceeds of such sale to pay the deferred amounts (*provided* that we will not in any event be required to pay interest on the Junior Subordinated Notes at a time when the payment of such interest would violate the terms of any securities issued by us or one of our subsidiaries or the terms of a contract binding on us or one of our subsidiaries).

We refer to these provisions as the *Alternative Payment Mechanism*.

If we are involved in a business combination where immediately after its consummation more than 50% of the surviving entity's voting stock is owned by the shareholders of the other party to the business combination, then the Alternative Payment Mechanism (including both our obligation to pay deferred interest only out of the proceeds of common stock or non-cumulative perpetual preferred stock after the first two years of deferral and our covenant to use Commercially Reasonable Efforts after the first two years to sell common stock or non-cumulative perpetual preferred stock to pay such amounts of deferred interest) will not apply to any interest on the Junior Subordinated Notes that is deferred and unpaid as of the date of consummation of the business combination.

Our failure to raise sufficient eligible equity proceeds or our use of other sources to fund interest payments in accordance with the covenant described above would be a breach of our obligations under the

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Junior Subordinated Notes, but would not be an event of default under the Indenture. However, an event of default under the Indenture will occur if we fail to pay all accrued and unpaid interest on the Junior Subordinated Notes at the end of the deferral period.

Notwithstanding the foregoing, if we are required to conduct a sale of shares of our common stock and/or non-cumulative perpetual preferred stock in order to pay amounts due and payable under any instruments or other securities that rank *pari passu* as to interest or distributions with the Junior Subordinated Notes, then we shall apply such proceeds to deferred interest payments on the Junior Subordinated Notes, on the one hand, and such other *pari passu* securities, on the other hand, on a ratable basis in proportion to the total amounts that are due on the Junior Subordinated Notes and such securities before we shall be relieved of our obligation to conduct the sale of shares of our common stock and/or non-cumulative perpetual preferred stock and apply the proceeds thereof to such securities.

For purposes of the foregoing, the following terms have the meanings indicated:

*Commercially Reasonable Efforts* by us to sell shares of our common stock or non-cumulative perpetual preferred stock means commercially reasonable efforts to complete the offer and sale of shares of our common stock or non-cumulative perpetual preferred stock, as the case may be, to third parties that are not our affiliates in public offerings or private placements; *provided* that we shall be deemed to have used such Commercially Reasonable Efforts if a Market Disruption Event occurs and for so long as it continues regardless of whether we make any offers or sales during such period.

*Market Disruption Event* means the occurrence or existence of any of the following events or sets of circumstances:

we would be required to obtain the consent or approval of our stockholders or a regulatory body (including, without limitation, any securities exchange) or governmental authority to issue shares of our common stock or perpetual preferred stock and we fail to obtain that consent or approval notwithstanding our commercially reasonable efforts to obtain that consent or approval (including, without limitation, our failing to obtain the approval of the Federal Reserve, after having notified the Federal Reserve and having sought such approval in accordance with the terms of the instrument or instruments under which the relevant securities are to be issued);

trading in securities generally on the New York Stock Exchange, the American Stock Exchange, the Nasdaq National Market or any other national securities, futures or options exchange or in the over-the-counter market, or trading in any of our securities (or any options or futures contracts related to such securities) on any exchange or in the over-the-counter market shall have been suspended or the settlement of such trading generally shall have been materially disrupted or minimum prices shall have been established on any such exchange or such market by the SEC, by such exchange or by any other regulatory body or governmental authority having jurisdiction;

a banking moratorium shall have been declared by the federal or state authorities of the United States such that market trading has been disrupted or ceased;

a material disruption shall have occurred in commercial banking or securities settlement or clearance services in the United States such that market trading has been disrupted or ceased;

the United States shall have become engaged in hostilities, there shall have been an escalation in hostilities involving the United States, there shall have been a declaration of a national emergency or war by the United States or there shall have occurred any other national or international calamity or crisis such that market trading has been disrupted or ceased;

there shall have occurred such a material adverse change in general domestic or international economic, political or financial conditions, including without limitation as a result of terrorist activities, or the effect of international conditions on the financial markets in the United States shall be such, as to make it, in our reasonable judgment,

impracticable or inadvisable to proceed with the offer and sale of shares of our common stock or non-cumulative perpetual preferred stock; or

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an event occurs and is continuing as a result of which the offering document for such offer and sale of securities would, in our judgment, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading and either (a) the disclosure of that event at such time, in our judgment, is not otherwise required by law and would have a material adverse effect on our business or (b) the disclosure relates to a previously undisclosed proposed or pending material business transaction, the disclosure of which would impede our ability to consummate such transaction, *provided* that no single suspension period contemplated by this clause shall exceed 90 consecutive days and multiple suspension periods contemplated by this clause shall not exceed an aggregate of 180 days in any 360-day period.

If we issue any subordinated notes in respect of deferred interest on the Junior Subordinated Notes, the foregoing covenant will also apply to the payment of interest on and principal of these notes except that the reference to termination of the deferral period shall instead be to the maturity date of the notes.

***Subordination***

Our obligations to pay interest and premium (if any) on, and principal of, the Junior Subordinated Notes are subordinate and junior in right of payment and upon liquidation to all our senior and subordinated indebtedness, whether now outstanding or subsequently incurred, including all of our indebtedness for money borrowed, including junior subordinated debt securities underlying our trust preferred securities currently outstanding (except for the junior subordinated notes underlying the trust preferred securities issued by USB Capital VIII), and other subordinated indebtedness that is not by its terms expressly made *pari passu* with the Junior Subordinated Notes, indebtedness evidenced by bonds, debentures, notes or similar instruments, similar obligations arising from off-balance sheet guarantees and direct credit substitutes, obligations associated with derivative products including but not limited to interest rate and foreign exchange contracts and foreign contracts relating to mortgages, commodity contracts, capital lease obligations and guarantees of any of the foregoing, but not including trade accounts payable and accrued liabilities arising in the ordinary course of business, which will rank equally in right of payment and upon liquidation with the Junior Subordinated Notes; *provided, however*, that the Junior Subordinated Notes and the guarantee will rank equally in right of payment with any *Pari Passu Securities*. *Pari Passu Securities* means (i) indebtedness that, among other things, (a) qualifies or is issued to financing vehicles issuing securities that qualify as tier 1 capital of U.S. Bancorp under the capital guidelines of the Federal Reserve and (b) by its terms ranks equally with our 6.35% Income Capital Obligation Notes<sup>sm</sup> ( *ICONS* ) in right of payment and upon liquidation; and (ii) guarantees of indebtedness described in clause (i) or securities issued by one or more financing vehicles described in clause (i). *Pari Passu Securities* does not include our junior subordinated debentures or guarantees issued in connection with our currently outstanding traditional trust preferred securities, each of which will rank senior to the capital securities issued by USB Capital VIII and being issued by USB Capital IX or any junior subordinated debentures or guarantees that may be issued in the future in connection with traditional trust preferred securities. We refer to our obligations to which the Junior Subordinated Notes are subordinated as our *senior and subordinated debt*. All liabilities of our subsidiaries including trade accounts payable and accrued liabilities arising in the ordinary course of business are effectively senior to the Junior Subordinated Notes to the extent of the assets of such subsidiaries. As of December 31, 2005, our indebtedness and obligations, on an unconsolidated basis, totaled approximately \$14 billion and our subsidiaries' direct borrowings and deposit liabilities that would effectively rank senior to the Junior Subordinated Notes totaled approximately \$170 billion.

In addition, we will not incur any additional indebtedness for borrowed money that ranks *pari passu* with or junior to the Junior Subordinated Notes except in compliance with applicable Federal Reserve regulations and guidelines.

In connection with an Early Remarketing, other than the first attempt at Remarketing, we may elect that our obligations under the Junior Subordinated Notes shall be senior obligations instead of subordinated obligations, effective on or after the Remarketing Settlement Date.

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If certain events in bankruptcy, insolvency or reorganization occur, we will first pay all senior and subordinated debt, including any interest accrued after the events occur, in full before we make any payment or distribution, whether in cash, securities or other property, on account of the principal of or interest on the Junior Subordinated Notes. In such an event, we will pay or deliver directly to the holders of senior and subordinated debt and of other indebtedness described in the previous sentence, any payment or distribution otherwise payable or deliverable to holders of the Junior Subordinated Notes. We will make the payments to the holders of senior and subordinated debt according to priorities existing among those holders until we have paid all senior and subordinated debt, including accrued interest, in full. Notwithstanding the subordination provisions discussed in this paragraph, we may make payments or distributions on the Junior Subordinated Notes so long as:

the payments or distributions consist of securities issued by us or another company in connection with a plan of reorganization or readjustment; and

payment on those securities is subordinate to outstanding senior and subordinated debt and any securities issued with respect to senior and subordinated debt under such plan of reorganization or readjustment at least to the same extent provided in the subordination provisions of the Junior Subordinated Notes.

If such events in bankruptcy, insolvency or reorganization occur, after we have paid in full all amounts owed on senior and subordinated debt, the holders of Junior Subordinated Notes together with the holders of any of our other obligations ranking equal with the Junior Subordinated Notes will be entitled to receive from our remaining assets any principal, premium or interest due at that time on the Junior Subordinated Notes and such other obligations before we make any payment or other distribution on account of any of our capital stock or obligations ranking junior to the Junior Subordinated Notes.

If we violate the Indenture by making a payment or distribution to holders of the Junior Subordinated Notes before we have paid all the senior and subordinated debt in full, then such holders of the Junior Subordinated Notes will have to pay or transfer the payments or distributions to the trustee in bankruptcy, receiver, liquidating trustee or other person distributing our assets for payment of the senior and subordinated debt. Notwithstanding the subordination provisions discussed in this paragraph, holders of Junior Subordinated Notes will not be required to pay, or transfer payments or distributions to, holders of senior and subordinated debt so long as:

the payments or distributions consist of securities issued by us or another company in connection with a plan of reorganization or readjustment; and

payment on those securities is subordinate to outstanding senior and subordinated debt and any securities issued with respect to senior and subordinated debt under such plan of reorganization or readjustment at least to the same extent provided in the subordination provisions of the Junior Subordinated Notes.

Because of the subordination, if we become insolvent, holders of senior and subordinated debt may receive more, ratably, and holders of the Junior Subordinated Notes having a claim pursuant to those securities may receive less, ratably, than our other creditors. This type of subordination will not prevent an event of default from occurring under the Indenture in connection with the Junior Subordinated Notes.

We may modify or amend the Indenture as provided under Modification of Indenture below. However, the modification or amendment may not, without the consent of the holders of all senior and subordinated debt outstanding, modify any of the provisions of the Indenture relating to the subordination of the Junior Subordinated Notes in a manner that would adversely affect the holders of senior and subordinated debt.

The Indenture places no limitation on the amount of senior and subordinated debt that we may incur. We expect from time to time to incur additional indebtedness and other obligations constituting senior and subordinated debt.

**Table of Contents*****Additional Interest***

If the Junior Subordinated Notes are owned by the Trust and if the Trust is required to pay any taxes, duties, assessments or governmental charges of whatever nature, other than withholding taxes, imposed by the United States, or any other taxing authority, then we will be required to pay additional interest on the Junior Subordinated Notes. The amount of any additional interest will be an amount sufficient so that the net amounts received and retained by the Trust after paying any such taxes, duties, assessments or other governmental charges will be not less than the amounts that the Trust would have received had no such taxes, duties, assessments or other governmental charges been imposed. This means that the Trust will be in the same position it would have been in if it did not have to pay such taxes, duties, assessments or other charges.

***Remarketing***

Remarketings will occur, and if successful, will settle in the calendar month immediately preceding the Stock Purchase Date. More specifically, the dates on which a Remarketing will occur, or *Remarketing Dates*, will be the third business day prior to March 15, June 15, September 15 or December 15, commencing with March 2011 unless an Early Settlement Event has occurred, and continuing until the fifth such date or the earlier settlement of a successful Remarketing. A successful Remarketing will settle on the date, or *Remarketing Settlement Date*, that is the third business day after the relevant Remarketing Date.

Before the first Remarketing, we will appoint a nationally recognized investment bank as *Remarketing Agent* pursuant to a *Remarketing Agreement* with that firm. We covenant in the Indenture to use our commercially reasonable efforts to effect the Remarketing of the Junior Subordinated Notes as described in this prospectus supplement. If in the judgment of our counsel or counsel to the Remarketing Agent a registration statement is required to effect the Remarketing of the Junior Subordinated Notes, we will use our commercially reasonable efforts to ensure that a registration statement covering the full principal amount of the Junior Subordinated Notes to be remarketed will be effective in a form that will enable the Remarketing Agent to rely on it in connection with the Remarketing process or we will effect such Remarketing pursuant to Rule 144A under the Securities Act, if available, or any other available exemption from applicable registration requirements under the Securities Act.

All of the outstanding Junior Subordinated Notes will be remarketed in the Remarketing other than Junior Subordinated Notes having an aggregate principal amount equal to (i) the liquidation amount of Normal ITS the holders of which have elected to exchange their Normal ITS for Stripped ITS and Capital ITS if the Remarketing is successful and (ii) the liquidation amount of Capital ITS the holders of which have not elected to dispose of their Capital ITS in the Remarketing if it is successful. We describe the procedures for these elections under *Description of the ITS Remarketing of the Junior Subordinated Notes*.

The net proceeds of Junior Subordinated Notes sold in a successful Remarketing, to the extent not distributed to holders of Capital ITS who have elected to dispose of their Capital ITS in connection with the Remarketing, will be placed in an interest-bearing deposit with U.S. Bank National Association, in an amount equal to at least 100% of the Remarketing Value, and such deposit will be pledged under the Collateral Agreement to secure the Trust's obligation to purchase the Preferred Stock under the Stock Purchase Contracts. The net proceeds of the aggregate principal amount of Junior Subordinated Notes sold in a successful Remarketing corresponding to the liquidation amount of Capital ITS, the holders of which elected to dispose of their Capital ITS in the Remarketing, will be distributed to such holders promptly after the Remarketing Settlement Date and their Capital ITS will be cancelled. Any remaining proceeds, net of any remarketing fee, will be remitted to holders of Normal ITS other than those who made an effective election to exchange their Normal ITS and Qualifying Treasury Securities for Stripped ITS and Capital ITS upon a successful Remarketing promptly after the Remarketing Settlement Date.

Pursuant to the Remarketing Agreement, the Remarketing Agent will use its commercially reasonable efforts to obtain a price for the Junior Subordinated Notes to be remarketed that results in proceeds, net



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of any remarketing fee, of at least 100% of their Remarketing Value. The *Remarketing Value* of each Junior Subordinated Note will be equal to the present value on the Remarketing Settlement Date of an amount equal to the principal amount of, plus the interest payable on, such Junior Subordinated Note on the next Regular Distribution Date, including any deferred interest, assuming for this purpose, even if not true, that the interest rate on the Junior Subordinated Notes remains at the rate in effect immediately prior to the Remarketing and all accrued and unpaid interest on the Junior Subordinated Notes is paid in cash on such date, determined using a discount rate equal to the interest rate on the deposit with U.S. Bank National Association.

To obtain that value, the Remarketing Agent may reset the interest rate on the Junior Subordinated Notes to a new fixed or floating rate that will apply to all outstanding Junior Subordinated Notes, whether or not included in the Remarketing, and will become effective on the Remarketing Settlement Date. If the interest rate is reset as a fixed rate, the Junior Subordinated Notes will bear interest at that rate, or *Reset Rate*, from and after the Remarketing Settlement Date, and if the interest rate is reset as a floating rate, the Junior Subordinated Notes will bear interest at the applicable index as in effect from time to time plus a spread, or *Reset Spread*, from and after the Remarketing Settlement Date. In addition, in connection with the Remarketing the maturity of the Junior Subordinated Notes may be moved up and the date after which the Junior Subordinated Notes are optionally redeemable and the redemption price may be changed. If we elect a floating rate, we also have the option to change the interest payment dates and manner of calculation of interest on the Junior Subordinated Notes to correspond with the market conventions applicable to notes bearing interest at rates based on the applicable index. Any such changes will be announced as described below prior to the Remarketing attempt.

If the Remarketing Agent cannot remarket the Junior Subordinated Notes on the Remarketing Date at a price that results in proceeds, net of any remarketing fee, equal to 100% of the Remarketing Value of the Junior Subordinated Notes to be remarketed, then:

the Stock Purchase Date will be deferred until after the next Remarketing Settlement Date;

the interest rate on the Junior Subordinated Notes will not be reset; and

the Remarketing Agent will thereafter attempt to establish a new Reset Rate or Reset Spread meeting the requirements described above and remarket the Junior Subordinated Notes on subsequent Remarketing Dates, which will be the third business day immediately preceding June 15, 2011, September 15, 2011, December 15, 2011 and March 15, 2012.

Any subsequent Remarketing will be subject to the conditions and procedures described above, and will settle (if successful) on the corresponding Remarketing Settlement Date; *provided* that if a successful Remarketing has not previously occurred and, as a result, the Remarketing Agent attempts a Remarketing for settlement on March 15, 2012 (or the fifth scheduled Remarketing Settlement Date in the case of an Early Remarketing) or, if such day is not a business day, on the next business day, then the Reset Rate or Reset Spread for that Remarketing will not be subject to the Fixed Rate Reset Cap or Floating Rate Reset Cap, as applicable.

If the Remarketing Agent is unable to remarket the Junior Subordinated Notes for settlement on or before March 15, 2012 (or the fifth scheduled Remarketing Settlement Date in the case of an Early Remarketing) or, if such day is not a business day, the next business day, a *Failed Remarketing* will be deemed to have occurred. In that case:

The interest rate on the Junior Subordinated Notes will not be reset, and the Normal ITS and Capital ITS will continue to bear cash distributions at the rate otherwise applicable, payable in arrears on each Regular Distribution Date. In the event of a Failed Remarketing, we may move up the stated maturity of the Junior Subordinated Notes and, accordingly, the Capital ITS Mandatory Redemption Date, to any date on or after April 15, 2015; *provided* that if we are deferring interest on the Junior Subordinated Notes at the time of the Failed Remarketing, any new stated maturity date and Capital ITS Mandatory Redemption Date may not be earlier than seven years after commencement of the deferral period.

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We will exercise our rights as a secured party with respect to the Pledged Securities under the Collateral Agreement and, subject to applicable law, retain the Pledged Securities or their proceeds and apply them against the Trust's obligation to us under the Stock Purchase Contract or sell them in one or more private sales. In either case, the Trust's obligations under the Stock Purchase Contracts would be satisfied in full. We will issue a note, payable on the later of April 15, 2014 and the date five years after commencement of any related deferral period on the Junior Subordinated Notes and bearing interest at the same rate (or pursuant to the same interest rate formula) that applies to the Junior Subordinated Notes, in the amount of any accrued and unpaid distributions on the Normal ITS and the Stripped ITS as of the Stock Purchase Date, to the Property Trustee for delivery to you.

If you hold Capital ITS and elected to dispose of them in the Remarketing, your Capital ITS will be returned to you.

We will cause notice of any unsuccessful Remarketings and of a Failed Remarketing to be made publicly available.

The Reset Rate or Reset Spread will be equal to the interest rate determined to result in proceeds from the Remarketing of the Junior Subordinated Notes, net of any remarketing fee, of at least 100% of the Remarketing Value; *provided* that the Reset Rate or Reset Spread may not exceed the Fixed Rate Reset Cap or Floating Rate Reset Cap, as the case may be, in connection with (i) any ordinary Remarketing with a settlement date on or prior to December 15, 2011 (or, if such day is not a business day, on or prior to the next business day) and (ii) the first four related Remarketing attempts following the occurrence of an Early Settlement Event. For this purpose, the *Fixed Rate Reset Cap* is the prevailing market yield, as determined by the Remarketing Agent, of the benchmark U.S. treasury security having a remaining maturity that most closely corresponds to the period from such date until the earliest date on which the Junior Subordinated Notes may be redeemed at our option in the event of a successful Remarketing, plus 350 basis points, or 3.50%, *per annum* and the *Floating Rate Reset Cap*, which the Reset Spread may not exceed, will be 302 basis points, or 3.02%, *per annum*. Since the new rate will become effective part way through an interest period, the first interest payment due on the Junior Subordinated Notes after the Remarketing Settlement Date will reflect the initial rate for the period from and including the immediately preceding payment date to but excluding the Remarketing Settlement Date and the new rate for the period from and including the Remarketing Settlement Date to but excluding the date of payment.

If a Remarketing is attempted for settlement on or after March 15, 2012 or after the fourth Remarketing attempt following the occurrence of an Early Settlement Event, the Reset Rate or Reset Spread will not be subject to the Fixed Rate Reset Cap or Floating Rate Reset Cap, as the case may be.

In connection with a Remarketing, we may elect, in our sole discretion, to move up the stated maturity of the Junior Subordinated Notes to any date on or after April 15, 2015, and we may change the date on and after which the Junior Subordinated Notes are redeemable at our option to a new date not earlier than April 15, 2015 and change the redemption price. In the event we are deferring interest on the Junior Subordinated Notes at the time of the Remarketing, any new maturity or redemption date of the Junior Subordinated Notes may not be earlier than seven years after commencement of the deferral period, and any new redemption price may not be less than the principal plus accrued and unpaid interest (including additional interest) on the Junior Subordinated Notes. In addition, we may also elect, in the case of a Remarketing following an Early Settlement Event, other than the first attempt at Remarketing, that the Junior Subordinated Notes underlying the ITS, and our Guarantee of the ITS, will no longer be subordinated. Any such election would take effect, upon a successful Remarketing, on the Remarketing Settlement Date.

The Property Trustee will give holders of Normal ITS and Capital ITS notice of Remarketing at least 21 calendar days prior to any Remarketing Date. Such notice will set forth:

the applicable Distribution Dates and record dates for cash distributions on the Normal ITS and Capital ITS;

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any change to the stated maturity of the Junior Subordinated Notes if the Remarketing is successful;

in the case of a Remarketing following an Early Settlement Event or any other Remarketing after an unsuccessful Remarketing on the first scheduled Remarketing Date, whether the Junior Subordinated Notes will no longer be subordinated to our senior indebtedness;

the procedures you must follow if you hold Normal ITS to elect to exchange your Normal ITS for Stripped ITS and Capital ITS if the Remarketing is successful and the date by which such election must be made; and

the procedures you must follow if you hold Capital ITS to elect to dispose of them in connection with the Remarketing and the date by which such election must be made.

***Early Remarketing***

If an Early Settlement Event occurs, the Remarketing process described above will begin earlier. The first attempted Remarketing will be on the first following Remarketing Date that is at least 30 days after the occurrence of such Early Settlement Event. In the event of such an *Early Remarketing* :

the first Remarketing attempt will be on the basis that the ITS will be remarketed with the underlying Junior Subordinated Notes remaining subordinated to the same extent as when they are originally issued (*i.e.*, we will not have the option to elect to remarket them as senior notes) subject to the Fixed Rate Reset Cap or Floating Rate Reset Cap, as applicable;

the second, third and fourth Remarketing attempts will be subject to the Fixed Rate Reset Cap or Floating Rate Reset Cap, as applicable, but the underlying Junior Subordinated Notes may, at our election, become senior and subordinated debt; and

the fifth and last Remarketing attempt will not be subject to the Fixed Rate Reset Cap or Floating Rate Reset Cap, as applicable, and the underlying Junior Subordinated Notes may, at our election, become senior and subordinated debt.

For example, if an Early Settlement Event (other than as a result of the entry of an order for dissolution of the Trust by a court of competent jurisdiction) occurs on April 10, 2007, then the first Remarketing attempt would be on the third business day prior to June 15, 2007 for settlement on that date as the Remarketing Settlement Date; if that Remarketing fails, successive Remarketing attempts would be made for settlement on the September 15, 2007, December 15, 2007 and March 15, 2008 Remarketing Settlement Dates (with the Stock Purchase Date being the October 15, January 15 or April 15, as applicable, that is immediately thereafter, or, if any such day is not a business day, the next business day); and if none of those Remarketing attempts succeeds, then the fifth and final Remarketing attempt will be made for settlement on the June 15, 2008 Remarketing Settlement Date, in which case the Stock Purchase Date would be July 15, 2008, or, if such day is not a business day, the next business day.

In the case of an Early Settlement Event resulting from the entry of an order for dissolution of the Trust by a court of competent jurisdiction, as described under *Description of the ITS Liquidation Distribution upon Dissolution*, however, there shall be only one Remarketing Date and the Reset Rate or Reset Spread shall not be subject to the Fixed Rate Reset Cap or Floating Rate Reset Cap, as applicable. If the Remarketing conducted on such date is not successful, it shall be deemed a Failed Remarketing and the Stock Purchase Date shall be the next succeeding January 15, April 15, July 15 or October 15, or if such day is not a business day, the next business day.

Except as described above, an Early Remarketing after the occurrence of an Early Settlement Event will be conducted as described under *Remarketing*.

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### ***Early Settlement Events***

An *Early Settlement Event* shall be deemed to occur if:

our total risk-based capital ratio is less than 10%;

our tier 1 risk-based capital ratio is less than 6%;

our leverage capital ratio is less than 4%;

the Federal Reserve, in its discretion, anticipates that we may fail one or more of the capital tests referred to above in the near term and delivers a notice to us so stating; or

the Trust is dissolved pursuant to the entry of an order for dissolution by a court of competent jurisdiction.

In the case of the tests described in the first three bullets, each ratio will be determined as required pursuant to Appendix A to Regulation Y of the Federal Reserve Board, 12 C.F.R. Part 225. The related Early Settlement Event will be deemed to occur on the date we file a Form FR Y-9C showing in Schedule HC-R (or successor form) that the related capital measure has been failed.

### ***Payment; Exchange; Transfer***

We will appoint a paying agent on or before the Remarketing Settlement Date from whom holders of Junior Subordinated Notes can receive payment of the principal of and any premium and interest on the Junior Subordinated Notes on and after such date. We may elect to pay any interest on the Junior Subordinated Notes by mailing a check to the person listed as the owner of the Junior Subordinated Notes in the security register or by wire transfer to an account designated by that person in writing not less than ten days before the date of the interest payment. One of our affiliates may serve as the paying agent under the Indenture. We will pay interest on the Junior Subordinated Notes: on an interest payment date to the person in whose name that Junior Subordinated Note is registered at the close of business on the record date relating to that interest payment date; and

on the date of maturity or earlier redemption or repayment to the person who surrenders such Junior Subordinated Note at the office of our appointed paying agent.

Any money that we pay to a paying agent for the purpose of making payments on the Junior Subordinated Notes and that remains unclaimed two years after the payments were due will, at our request, be returned to us and after that time any holder of such Junior Subordinated Notes can only look to us for the payments on such Junior Subordinated Notes.

Any Junior Subordinated Notes can be exchanged for other Junior Subordinated Notes so long as such other Junior Subordinated Notes are denominated in authorized denominations and have the same aggregate principal amount and same terms as the Junior Subordinated Notes that were surrendered for exchange. The Junior Subordinated Notes may be presented for registration of transfer, duly endorsed or accompanied by a satisfactory written instrument of transfer, at the office or agency maintained by us for that purpose in a place of payment. There will be no service charge for any registration of transfer or exchange of the Junior Subordinated Notes, but we may require holders to pay any tax or other governmental charge payable in connection with a transfer or exchange of the Junior Subordinated Notes. We may at any time rescind the designation or approve a change in the location of any office or agency, in addition to the security registrar, designated by us where holders can surrender the Junior Subordinated Notes for registration of transfer or exchange. However, we will be required to maintain an office or agency in each place of payment for the Junior Subordinated Notes.

### ***Denominations***

The Junior Subordinated Notes will be issued only in registered form, without coupons, in denominations of \$1,000 each or multiples of \$1,000. After the Remarketing Settlement Date, we expect

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that the Junior Subordinated Notes will be held in book-entry form only, as described under Book-Entry System, and will be held in the name of DTC or its nominee.

***Restrictions on Certain Payments, Including on Deferral of Interest***

If:

there shall have occurred and be continuing any event that, with the giving of notice or the lapse of time, or both, would be an event of default with respect to the Junior Subordinated Notes of which we have actual knowledge and which we have not taken reasonable steps to cure;

the Junior Subordinated Notes are beneficially owned by the Trust and we shall be in default relating to our payment of any obligations under the Guarantee;

we shall have given notice of our election to defer payments of interest on the Junior Subordinated Notes by extending the interest payment period and such period, or any extension of such period, shall be continuing; or

we have paid deferred interest to the Trust in the form of additional subordinated notes and not yet repaid all amounts outstanding on such notes;

then:

we shall not declare or pay any dividends or distributions on, or redeem, purchase, acquire or make a liquidation payment with respect to, any shares of our capital stock;

we shall not make any payment of principal of or interest or premium, if any, on or repay, repurchase or redeem any debt securities issued by us that rank equally with or junior to the Junior Subordinated Notes (except for partial payments of interest with respect to the Junior Subordinated Notes); and

we shall not make any payment under any guarantee that ranks equally with or junior to our Guarantee related to the ITS.

The restrictions listed above do not apply to:

any repurchase, redemption or other acquisition of shares of our capital stock in connection with:

any employment contract, benefit plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors, consultants or independent contractors;

the satisfaction of our obligations pursuant to any contract entered into in the ordinary course prior to the beginning of the deferral period;

a dividend reinvestment or stockholder purchase plan; or

the issuance of our capital stock, or securities convertible into or exercisable for such capital stock, as consideration in an acquisition transaction entered into prior to the applicable event of default, default or extension period, as the case may be;

any exchange, redemption or conversion of any class or series of our capital stock, or the capital stock of one of our subsidiaries, for any other class or series of our capital stock, or of any class or series of our indebtedness for any class or series of our capital stock;

any purchase of fractional interests in shares of our capital stock pursuant to the conversion or exchange provisions of such capital stock or the securities being converted or exchanged;

any declaration of a dividend in connection with any rights plan, or the issuance of rights, stock or other property under any rights plan, or the redemption or repurchase of rights pursuant thereto;



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payments by us under any guarantee agreement executed for the benefit of the holders of the ITS; or

any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock.

***Redemption***

We may from time to time redeem Junior Subordinated Notes, in whole or in part, at any date on or after April 15, 2015, at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest, including deferred interest (if any), to the date of redemption. In connection with a Remarketing, we may change the date after which we may redeem Junior Subordinated Notes to a later date or change the redemption price as described under Remarketing.

The Junior Subordinated Notes will not be subject to any sinking fund and will not be redeemable at the option of the holder.

We may not redeem the Junior Subordinated Notes in part if the principal amount has been accelerated and such acceleration has not been rescinded or unless all accrued and unpaid interest has been paid in full on all outstanding Junior Subordinated Notes for all interest periods terminating on or before the redemption date.

Any redemption will be subject to receipt of prior approval by the Federal Reserve, if required.

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of Junior Subordinated Notes to be redeemed at its registered address. Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Junior Subordinated Notes or portions thereof called for redemption.

In the event of any redemption, neither we nor the Indenture Trustee will be required to:

issue, register the transfer of, or exchange, Junior Subordinated Notes during a period beginning at the opening of business 15 days before the day of publication or mailing of the notice of redemption and ending at the close of business on the day of such publication or the mailing of such notice; or

transfer or exchange any Junior Subordinated Notes so selected for redemption, except, in the case of any Junior Subordinated Notes being redeemed in part, any portion thereof not to be redeemed.

***Limitation on Mergers and Sales of Assets***

The Indenture generally permits a consolidation or merger between us and another entity. It also permits the sale or transfer by us of all or substantially all of our property and assets. These transactions are permitted if:

the resulting or acquiring entity, if other than us, is organized and existing under the laws of a domestic jurisdiction and assumes all of our responsibilities and liabilities under the Indenture, including the payment of all amounts due on the debt securities and performance of the covenants in the Indenture;

immediately after the transaction, and giving effect to the transaction, no event of default under the Indenture exists; and

certain other conditions as prescribed in the Indenture are met.

If we consolidate or merge with or into any other entity or sell or lease all or substantially all of our assets according to the terms and conditions of the Indenture, the resulting or acquiring entity will be substituted for us in such Indenture with the same effect as if it had been an original party to the Indenture. As a result, such successor entity may exercise our rights and powers under the Indenture, in

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our name and, except in the case of a lease of all or substantially all of our properties and assets, we will be released from all our liabilities and obligations under the Indenture and under the Junior Subordinated Notes.

***Events of Default, Waiver and Notice***

An *event of default*, when used in the Indenture, means any of the following:

non-payment of interest after deferral for 14 or more consecutive semi-annual interest periods or the equivalent thereof, in the event that interest periods are other than semi-annual;

termination of the Trust without redemption of the ITS, distribution of the Junior Subordinated Notes to holders of Capital ITS and, if such termination occurs prior to the Stock Purchase Date, or if earlier, the Remarketing Settlement Date, the holders of the Normal ITS, or assumption of U.S. Bancorp's obligations under the Junior Subordinated Notes by its successor;

bankruptcy of U.S. Bancorp; or

receivership of U.S. Bank National Association.

If an event of default under the Indenture occurs and continues, the Indenture Trustee or the holders of at least 25% in aggregate principal amount of the outstanding Junior Subordinated Notes may declare the entire principal and all accrued but unpaid interest of all Junior Subordinated Notes to be due and payable immediately. If the Indenture Trustee or the holders of Junior Subordinated Notes do not make such declaration and the Junior Subordinated Notes are beneficially owned by the Trust or trustee of the Trust, the Property Trustee or the holders of at least 25% in aggregate liquidation amount of the Capital ITS and, if such termination occurs prior to the Stock Purchase Date or, if earlier, the Remarketing Settlement Date, the holders of the Normal ITS shall have such right.

If such a declaration occurs, the holders of a majority of the aggregate principal amount of the outstanding Junior Subordinated Notes can, subject to certain conditions (including, if the Junior Subordinated Notes are held by a trust or the trustee of the Trust, the consent of the holders of at least a majority in aggregate liquidation amount of the Capital ITS and, if such termination occurs prior to the Stock Purchase Date or, if earlier, the Remarketing Settlement Date, the Normal ITS), rescind the declaration. If the holders of the Junior Subordinated Notes do not rescind such declaration and the Junior Subordinated Notes are beneficially owned by the Trust or trustee of the Trust, the holders of at least a majority in aggregate liquidation amount of the ITS shall have such right.

The holders of a majority in aggregate principal amount of the outstanding Junior Subordinated Notes may waive any past default, except:

a default in payment of principal of or any premium or interest; or

a default under any provision of the Indenture that itself cannot be modified or amended without the consent of the holder of each outstanding Junior Subordinated Note.

If the Junior Subordinated Notes are beneficially owned by the Trust or a trustee of the Trust, any such waiver shall require a consent of the holders of at least a majority in aggregate liquidation amount of the Normal ITS and the Capital ITS. If the holders of Junior Subordinated Notes do not waive such default, the holders of a majority in aggregate liquidation amount of the Capital ITS and, if such consent is requested prior to the Stock Purchase Date or, if earlier, the Remarketing Settlement Date, the Normal ITS, shall have such right.

The holders of a majority in principal amount of the Junior Subordinated Notes shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee.

We are required to file an officers' certificate with the Indenture Trustee each year that states, to the knowledge of the certifying officer, whether or not any defaults exist under the terms of the Indenture.



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If the Junior Subordinated Notes are beneficially owned by the Trust or a trustee of the Trust, a holder of the Capital ITS and, if such termination occurs prior to the Stock Purchase Date or, if earlier, the Remarketing Settlement Date, a holder of Normal ITS, may institute a direct action against us if we fail to make interest or other payments on the Junior Subordinated Notes when due, taking into account any extension period. A direct action may be brought without first:

directing the Property Trustee to enforce the terms of the Junior Subordinated Notes; or

suing us to enforce the Property Trustee's rights under the Junior Subordinated Notes.

This right of direct action cannot be amended in a manner that would impair the rights of the holders of the Capital ITS and, if such amendment occurs prior to the Stock Purchase Date or, if earlier, the Remarketing Settlement Date, the holders of the Normal ITS, thereunder without the consent of all such holders.

### ***Actions Not Restricted by Indenture***

The Indenture does not contain restrictions on our ability to:  
incur, assume or become liable for any type of debt or other obligation;

create liens on our property for any purpose; or

pay dividends or make distributions on our capital stock or repurchase or redeem our capital stock, except as set forth under Restrictions on Certain Payments, Including on Deferral of Interest above.

The Indenture does not require the maintenance of any financial ratios or specified levels of net worth or liquidity. In addition, the Indenture does not contain any provisions that would require us to repurchase or redeem or modify the terms of any of the Junior Subordinated Notes upon a change of control or other event involving us that may adversely affect the creditworthiness of the Junior Subordinated Notes.

The Alternative Payment Mechanism, which is implemented through our covenants in the Indenture, will not affect the ability of the Federal Reserve to allow or require us to issue common stock or non-cumulative perpetual preferred stock for supervisory purposes independent of, and not restricted by, the Alternative Payment Mechanism or the other terms of the Junior Subordinated Notes or the ITS.

### ***No Protection in the Event of a Highly Leveraged Transaction***

The Indenture does not protect holders from a sudden and dramatic decline in credit quality resulting from takeovers, recapitalizations, or similar restructurings or other highly leveraged transactions.

### ***Distribution of the Junior Subordinated Notes***

If the Junior Subordinated Notes are owned by the Trust, under circumstances involving the dissolution of the Trust, the Junior Subordinated Notes may be distributed to the holders of the Trust securities in liquidation of the Trust, *provided* that any required regulatory approval is obtained. See Description of the ITS Liquidation Distribution upon Dissolution.

### ***Modification of Indenture***

Under the Indenture, certain of our rights and obligations and certain of the rights of holders of the Junior Subordinated Notes may be modified or amended with the consent of the holders of at least a majority of the aggregate principal amount of the outstanding Junior Subordinated Notes. However, the following modifications and amendments will not be effective against any holder without its consent:

a change in the stated maturity date of any payment of principal or interest, including any additional interest, except as expressly permitted in connection with a Remarketing;

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a reduction in or change in the manner of calculating payments due on the Junior Subordinated Notes, except as expressly permitted in connection with a Remarketing;

a change in the place of payment or currency in which any payment on the Junior Subordinated Notes is payable;

a limitation of a holder's right to sue us for the enforcement of payments due on the Junior Subordinated Notes;

a reduction in the percentage of outstanding Junior Subordinated Notes required to consent to a modification or amendment of the Indenture or required to consent to a waiver of compliance with certain provisions of the Indenture or certain defaults under the Indenture;

a reduction in the requirements contained in the Indenture for quorum or voting; and

a modification of any of the foregoing requirements contained in the Indenture.

Under the Indenture, the holders of at least a majority of the aggregate principal amount of the outstanding Junior Subordinated Notes may, on behalf of all holders of the Junior Subordinated Notes, waive compliance by us with any covenant or condition contained in the Indenture.

If the Junior Subordinated Notes are held by or on behalf of the Trust, no modification may be made that adversely affects the holders of the ITS in any material respect, and no termination of the Indenture may occur, and no waiver of any compliance with any covenant will be effective without the prior consent of a majority in liquidation amount of each class of ITS so affected. If the consent of the holder of each outstanding Junior Subordinated Note is required for such modification or waiver, no such modification or waiver shall be effective without the prior consent of each holder of the ITS so affected.

We and the Indenture Trustee may execute, without the consent of any holder of Junior Subordinated Notes, any supplemental indenture for the purposes of:

reflecting any modifications to the terms of the Notes pursuant to the terms of the Indenture with respect to a Remarketing;

evidencing the succession of another corporation to us, and the assumption by such successor of our covenants contained in the Indenture and the Junior Subordinated Notes;

adding covenants of us for the benefit of the holders of the Junior Subordinated Notes, transferring any property to or with the Indenture Trustee or surrendering any of our rights or powers under the Indenture;

adding any additional events of default for the Junior Subordinated Notes;

changing or eliminating any restrictions on the payment of principal or premium, if any, on Junior Subordinated Notes in registered form, *provided* that any such action shall not adversely affect the interests of the holders of the Junior Subordinated Notes of any series in any material respect;

evidencing and providing for the acceptance of appointment under the Indenture by a successor trustee with respect to the Junior Subordinated Notes;

curing any ambiguity, correcting or supplementing any provision in the Indenture that may be defective or inconsistent with any other provision therein or making any other provisions with respect to matters or questions arising under the Indenture that shall not be inconsistent with any provision therein, *provided* that such other provisions shall not adversely affect the interests of the holders of the Junior Subordinated Notes in any material respect or, if the Junior Subordinated Notes are beneficially owned by the Trust and for so long as any of the

ITS shall remain outstanding, the holders of the ITS; or

adding to, changing or eliminating any provision of the Indenture as shall be necessary or desirable in accordance with any amendments to the Trust Indenture Act, *provided* that such

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action shall not adversely affect the interest of the holders of the Junior Subordinated Notes in any material respect.

***Governing Law***

The Indenture and the Junior Subordinated Notes will be governed by, and construed in accordance with, the laws of the State of New York.

***The Indenture Trustee***

The Indenture Trustee will have all of the duties and responsibilities specified under the Trust Indenture Act. Other than its duties in a case of default, the Indenture Trustee is under no obligation to exercise any of the powers under the Indenture at the request, order or direction of any holders of Junior Subordinated Notes unless offered reasonable indemnification.

***Miscellaneous***

We or our affiliates may from time to time purchase any of the Junior Subordinated Notes that are then outstanding by tender, in the open market or by private agreement.

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**DESCRIPTION OF THE GUARANTEE**

*The following is a summary of some of the terms of the Guarantee. This summary, together with the summary of some of the provisions of the related documents described below, contains a description of the material terms of the Guarantee but is not necessarily complete. We refer you to the documents referred to in the following description, copies of which are available upon request as described above under *Where You Can Find More Information*.*

**General**

The following payments on the ITS, also referred to as the *guarantee payments*, if not fully paid by the Trust, will be paid by us under a guarantee, or *Guarantee*, that we will execute and deliver for the benefit of the holders of ITS. Pursuant to the Guarantee, we will irrevocably and unconditionally agree to pay in full the guarantee payments, without duplication:

any accumulated and unpaid distributions required to be paid on each class of ITS, to the extent the Trust has funds available to make the payment;

the redemption price for any ITS called for redemption other than in connection with a redemption of Capital ITS in exchange for Junior Subordinated Notes, to the extent the Trust has funds available to make the payment; and

upon a voluntary or involuntary dissolution, winding-up or liquidation of the Trust, other than in connection with a distribution of a like amount of corresponding assets to the holders of the ITS, the lesser of:

the aggregate of the liquidation amount and all accumulated and unpaid distributions on the ITS to the date of payment, to the extent the Trust has funds available to make the payment; and

the amount of assets of the Trust remaining available for distribution to holders of the ITS upon liquidation of the Trust.

Our obligation to make a guarantee payment may be satisfied by direct payment of the required amounts by us to the holders of the ITS or by causing the Trust to pay the amounts to the holders.

If we do not make a required payment on the Junior Subordinated Notes or the Stock Purchase Contracts or, after the Stock Purchase Date, a regular dividend payment on the Preferred Stock, the Trust will not have sufficient funds to make the related payments on the relevant classes of ITS. The Guarantee does not cover payments on the ITS when the Trust does not have sufficient funds to make these payments. If we do not pay any amounts on the Junior Subordinated Notes or the Stock Purchase Contracts when due, holders of the relevant classes of ITS will have to rely on the enforcement by the Property Trustee of its rights as registered holder of the Junior Subordinated Notes and Stock Purchase Contracts or proceed directly against us for payment of any amounts due on the Junior Subordinated Notes and Stock Purchase Contracts. See *Status of the Guarantee* below. Because we are a holding company, our rights to participate in the assets of any of our subsidiaries upon the subsidiary's liquidation or reorganization will be subject to the prior claims of the subsidiary's creditors except to the extent that we may ourselves be a creditor with recognized claims against the subsidiary. The Guarantee does not limit the incurrence or issuance by us of other secured or unsecured indebtedness.

The Guarantee will be qualified as an indenture under the Trust Indenture Act. Wilmington Trust Company will act as *Guarantee Trustee* for the Guarantee for purposes of compliance with the provisions of the Trust Indenture Act. The Guarantee Trustee will hold the Guarantee for the benefit of the holders of the ITS.

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### ***Effect of the Guarantee***

The Guarantee, when taken together with our obligations under the Indenture and Stock Purchase Contracts and the Trust's obligations under the Trust Agreement, including the obligations to pay costs, expenses, debts and liabilities of the Trust, other than with respect to the Trust securities, has the effect of providing a full and unconditional guarantee on a subordinated basis of payments due on the ITS. See Relationship among ITS, Junior Subordinated Notes, Stock Purchase Contracts and Guarantee.

We will also agree separately to irrevocably and unconditionally guarantee the obligations of the Trust with respect to the Trust Common Securities to the same extent as the Guarantee.

### ***Status of the Guarantee***

The Guarantee will be unsecured and will rank:

subordinate and junior in right of payment to all our senior and subordinated debt in the same manner as our Junior Subordinated Notes as set forth in the Indenture; and

equally with all other guarantees for payments on ITS that we issue in the future to the extent the related subordinated notes by their terms rank *pari passu* with the Junior Subordinated Notes, our subordinated notes that we issue in the future to the extent that by their terms rank *pari passu* with the Junior Subordinated Notes and any of our other present or future obligations that by their terms rank *pari passu* with such Guarantee.

The Guarantee will constitute a guarantee of payment and not of collection, which means that the guaranteed party may sue the guarantor to enforce its rights under the Guarantee without suing any other person or entity. The Guarantee will be held for the benefit of the holders of the ITS. The Guarantee will be discharged only by payment of the guarantee payments in full to the extent not paid by the Trust.

### ***Amendments and Assignment***

The Guarantee may be amended only with the prior approval of the holders of not less than a majority in aggregate liquidation amount of the outstanding ITS. The holders of Normal ITS, Stripped ITS and Capital ITS will also be entitled to vote separately to the extent that any proposed amendment would not affect each class in the same or substantially the same manner. No vote will be required, however, for any changes that do not adversely affect the rights of holders of the ITS in any material respect. All guarantees and agreements contained in the Guarantee will bind our successors, assignees, receivers, trustees and representatives and will be for the benefit of the holders of the ITS then outstanding.

### ***Termination of the Guarantee***

The Guarantee will terminate:

upon full payment of the redemption price of all ITS; or

upon full payment of the amounts payable in accordance with the Trust Agreement upon liquidation of the Trust.

The Guarantee will continue to be effective or will be reinstated, as the case may be, if at any time any holder of ITS must restore payment of any sums paid under the ITS or the Guarantee.

### ***Events of Default***

An event of default under the Guarantee will occur if we fail to perform any payment obligation or if we fail to perform any other obligation under the Guarantee and such default remains unremedied for 30 days.

The holders of a majority in liquidation amount of the relevant class or classes of ITS have the right to direct the time, method and place of conducting any proceeding for any remedy available to the

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Guarantee Trustee in respect of the Guarantee or to direct the exercise of any trust or power conferred upon the Guarantee Trustee under the Guarantee. Any holder of ITS may institute a legal proceeding directly against us to enforce the Guarantee Trustee's rights and our obligations under the Guarantee, without first instituting a legal proceeding against the Trust, the Guarantee Trustee or any other person or entity.

As guarantor, we are required to file annually with the Guarantee Trustee a certificate as to whether or not we are in compliance with all applicable conditions and covenants under the Guarantee.

***Information Concerning the Guarantee Trustee***

Prior to the occurrence of an event of default relating to the Guarantee, the Guarantee Trustee is required to perform only the duties that are specifically set forth in the Guarantee. Following the occurrence of an event of default, the Guarantee Trustee will exercise the same degree of care as a prudent individual would exercise in the conduct of his or her own affairs. Provided that the foregoing requirements have been met, the Guarantee Trustee is under no obligation to exercise any of the powers vested in it by the Guarantee at the request of any holder of ITS, unless offered indemnity satisfactory to it against the costs, expenses and liabilities which might be incurred thereby.

We and our affiliates may maintain certain accounts and other banking relationships with the Guarantee Trustee and its affiliates in the ordinary course of business.

***Governing Law***

The Guarantee will be governed by and construed in accordance with the laws of the State of New York.

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**RELATIONSHIP AMONG ITS, JUNIOR SUBORDINATED NOTES, STOCK PURCHASE CONTRACTS AND GUARANTEE**

As set forth in the Trust Agreement, the exclusive purposes of the Trust are:

issuing the Trust securities representing beneficial interests in the Trust;

investing the gross proceeds of the Trust securities in the Junior Subordinated Notes;

entering into the Stock Purchase Contract Agreement and holding the Stock Purchase Contracts;

holding Junior Subordinated Notes, certain U.S. treasury securities and cash, and pledging them to secure the Trust's obligations under the Stock Purchase Contracts;

purchasing the Preferred Stock pursuant to the Stock Purchase Contracts on the Stock Purchase Date and holding it thereafter;

selling Junior Subordinated Notes in a Remarketing; and

engaging in only those activities necessary or incidental thereto.

As long as payments of interest, Contract Payments and other payments are made when due on the Junior Subordinated Notes and the Stock Purchase Contracts and dividends are declared and paid on the Preferred Stock, those payments will be sufficient to cover the distributions and payments due on the Trust securities. This is due to the following factors:

prior to the Stock Purchase Date the Trust will hold an aggregate principal amount of Junior Subordinated Notes and aggregate stated amount of Stock Purchase Contracts equal to the sum of the aggregate liquidation amount of the Normal ITS and Trust Common Securities, the combined interest rate on the Junior Subordinated Notes and Contract Payment rate on the Stock Purchase Contracts will match the distribution rate on the Normal ITS and Trust Common Securities and the interest, Contract Payment and other payment dates on the Junior Subordinated Notes and the Stock Purchase Contracts will match the Distribution Dates for the Normal ITS and Trust Common Securities;

the Trust will hold an aggregate principal amount of Qualifying Treasury Securities and aggregate stated amount of Stock Purchase Contracts equal to the aggregate stated liquidation amount of the Stripped ITS, the Contract Payment rate on the Stock Purchase Contracts will match the distribution rate on the Stripped ITS, the entitlement to additional distributions on the Stripped ITS in respect of the Qualifying Treasury Securities will match the amount of such distributions to which the Trust is entitled under the Collateral Agreement and the Contract Payment and other payment dates on the Stock Purchase Contracts will match the Distribution Dates for the Stripped ITS;

the Trust will hold an aggregate principal amount of Junior Subordinated Notes equal to the aggregate stated liquidation amount of the Capital ITS and the interest rate and interest payment dates on the Junior Subordinated Notes will match the distribution rate and payment dates on the Capital ITS;

after the Stock Purchase Date, the Trust will hold an aggregate Liquidation Preference of Preferred Stock equal to the aggregate liquidation amount of Normal ITS and Trust Common Securities and the dividend payment rates and dates on the Preferred Stock will match the distribution payment rates and dates on the Normal ITS and the Trust Common Securities;



under the Guarantee Agreement, we will pay, and the Trust will not be obligated to pay, directly or indirectly, all costs, expenses, debts and obligations of the Trust, other than those relating to such Trust securities; and

the Trust Agreement further provides that the trustees may not cause or permit the Trust to engage in any activity that is not consistent with the purposes of the Trust.

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To the extent that funds are available, we guarantee payments of distributions and other payments due on the Trust securities to the extent described in this prospectus supplement. If we do not make interest payments on the Junior Subordinated Notes, Contract Payments on the Stock Purchase Contracts or dividend payments on the Preferred Stock, the Trust will not have sufficient funds to pay distributions on the Trust securities. The Guarantee is a subordinated guarantee in relation to the Trust securities. The Guarantee does not apply to any payment of distributions unless and until the Trust has sufficient funds for the payment of such distributions. See Description of the Guarantee.

We have the right to set off any payment that we are otherwise required to make under the Indenture or the Stock Purchase Contracts with any payment that we have previously made or are concurrently on the date of such payment making under the Guarantee.

The Guarantee covers the payment of distributions and other payments on the Trust securities only if and to the extent that we have made a payment of interest or principal or other payments on the Junior Subordinated Notes, Contract Payments on the Stock Purchase Contracts and dividends or redemption payments on the Preferred Stock, as applicable. The Guarantee, when taken together with our obligations under the Junior Subordinated Notes and the Indenture, our obligations under the Stock Purchase Contracts and our obligations under the Trust Agreement, will provide a full and unconditional guarantee of distributions, redemption payments and liquidation payments on the Trust securities.

If we fail to make interest or other payments on the Junior Subordinated Notes when due, taking into account any deferral period, the Trust Agreement allows the holders of the Normal ITS and Capital ITS to direct the Property Trustee to enforce its rights under the Junior Subordinated Notes. If the Property Trustee fails to enforce these rights, any holder of Normal ITS or Capital ITS may directly sue us to enforce such rights without first suing the Property Trustee or any other person or entity.

A holder of Normal ITS or Capital ITS may institute a direct action if we fail to make interest or other payments on the Junior Subordinated Notes when due, taking into account any extension period. A direct action may be brought without first:

directing the Property Trustee to enforce the terms of the Junior Subordinated Notes; or

suing us to enforce the Property Trustee's rights under the Junior Subordinated Notes.

If we fail to make Contract Payments on the Stock Purchase Contracts when due, taking into account any extension period, the Trust Agreement allows the holders of the Normal ITS and Stripped ITS to direct the Property Trustee to enforce its rights under the Stock Purchase Contracts. If the Property Trustee fails to enforce these rights, any holder of Normal ITS or Stripped ITS may directly sue us to enforce such rights without first suing the Property Trustee or any other person or entity.

A holder of Normal ITS or Stripped ITS may institute a direct action if we fail to make Contract Payments on the Stock Purchase Contracts when due, taking into account any extension period. A direct action may be brought without first:

directing the Property Trustee to enforce the terms of the Stock Purchase Contracts; or

suing us to enforce the Property Trustee's rights under the Stock Purchase Contracts.

We acknowledge that the Guarantee Trustee will enforce the Guarantee on behalf of the holders of the Normal ITS, Stripped ITS and Capital ITS. If we fail to make payments under the Guarantee, the holders of the Normal ITS, Stripped ITS and Capital ITS may direct the Guarantee Trustee to enforce its rights under such Guarantee. If the Guarantee Trustee fails to enforce the Guarantee, any holder of Normal ITS, Stripped ITS or Capital ITS may directly sue us to enforce the Guarantee Trustee's rights under the Guarantee. Such holder need not first sue the Trust, the Guarantee Trustee, or any other person or entity. A holder of Normal ITS, Stripped ITS or Capital ITS may also directly sue us to enforce such holder's right to receive payment under the Guarantee. Such holder need not first direct the Guarantee Trustee to enforce the terms of the Guarantee or sue the Trust or any other person or entity.



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We and the Trust believe that the above mechanisms and obligations, taken together, are equivalent to a full and unconditional guarantee by us of payments due on the Normal ITS, Stripped ITS and Capital ITS.

***Limited Purpose of Trust***

The Trust securities evidence beneficial interests in the Trust. A principal difference between the rights of a holder of a Trust security and a holder of Junior Subordinated Notes, Stock Purchase Contracts or Preferred Stock is that a holder of Junior Subordinated Notes, Stock Purchase Contracts or Preferred Stock would be entitled to receive from the issuer the principal amount of and interest accrued on such Junior Subordinated Notes, Contracts Payments on and stock issued under such Stock Purchase Contracts, and dividends, redemption payments and payment upon liquidation in respect of Preferred Stock, as the case may be, while a holder of Trust securities is entitled to receive distributions from the Trust, or from us under the Guarantee, if and to the extent the Trust has funds available for the payment of such distributions.

***Rights upon Dissolution***

Upon any voluntary or involuntary dissolution of the Trust holders of each class of ITS will receive the distributions described under Description of the ITS Liquidation Distribution upon Dissolution. Upon any voluntary or involuntary liquidation or bankruptcy of U.S. Bancorp, the Property Trustee, as holder of the Junior Subordinated Notes, would be a subordinated creditor of U.S. Bancorp, subordinated in right of payment to all indebtedness senior to the Junior Subordinated Notes as set forth in the Indenture, but entitled to receive payment in full of principal and interest before any of our stockholders receive distributions, and as holder of the Preferred Stock, would also be a preferred stockholder of U.S. Bancorp, entitled to the preferences upon liquidation described under Description of the Preferred Stock. Since we are the guarantor under the Guarantee and have agreed to pay for all costs, expenses and liabilities of the Trust, other than the Trust's obligations to the holders of the Trust securities, the positions of a holder of ITS relative to other creditors and to our stockholders in the event of liquidation or bankruptcy are expected to be substantially the same as if that holder held the corresponding assets of the Trust directly.

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**DESCRIPTION OF THE PREFERRED STOCK**

*The following is a summary of some of the terms of the Preferred Stock we will issue to the Trust pursuant to the Stock Purchase Contracts. This summary contains a description of the material terms of the Preferred Stock but is not necessarily complete. We refer you to the documents referred to in the following description, copies of which are available upon request as described above under Where You Can Find More Information.*

***Authorized Preferred Stock***

We are authorized to issue up to 50,000,000 shares of preferred stock, par value \$1.00 per share (including the Preferred Stock). We currently have no preferred stock outstanding. U.S. Bancorp has filed a certificate of designation designating the terms of the Preferred Stock with the Secretary of State of the State of Delaware. U.S. Bancorp will not issue any shares of Preferred Stock prior to the Stock Purchase Date.

***General***

When issued, the Preferred Stock will be validly issued, fully paid, and non-assessable. The holders of the Preferred Stock will have no preemptive rights with respect to any shares of U.S. Bancorp's capital stock or any of its other securities convertible into or carrying rights or options to purchase any such capital stock.

The holders of Preferred Stock will be entitled to receive non-cumulative cash dividends when, as and if declared out of assets legally available for payment in respect of such Preferred Stock by U.S. Bancorp's board of directors in its sole discretion. In the event U.S. Bancorp does not declare dividends or does not pay dividends in full on the Preferred Stock on any date on which dividends are due, then such unpaid dividends will not cumulate and will no longer accrue and be payable.

When issued, the Preferred Stock will have a fixed liquidation preference, or *Liquidation Preference*, of \$100,000 per share, or \$1,251,000,000 in the aggregate, on a liquidation, dissolution or winding-up of the affairs of U.S. Bancorp, holders of Preferred Stock will be entitled to receive such Liquidation Preference per share, together with an amount equal to all accrued and unpaid dividends for the then-current Dividend Period to the date of payment. The Preferred Stock is perpetual and will not be convertible into shares of U.S. Bancorp common stock or any other class or series of its capital stock, and will not be subject to any sinking fund or other obligation for their repurchase or retirement.

We will issue the Preferred Stock to the Trust on the Stock Purchase Date. Unless the Trust is dissolved after the Stock Purchase Date and prior to the redemption of the Preferred Stock, holders of Normal ITS and Stripped ITS will not receive shares of Preferred Stock, and their interest in the Preferred Stock will be represented from and after the Stock Purchase Date by their Normal ITS or Stripped ITS. Since the Preferred Stock will be held by the Property Trustee, holders of Normal ITS or Stripped ITS will only be able to exercise voting or other rights with respect to the Preferred Stock through the Property Trustee.

***Rank***

The Preferred Stock will rank senior to our common stock and to any other securities that we may issue in the future that are subordinate to the Preferred Stock. As of the date hereof, there are no shares of our authorized preferred stock that would rank senior to the Preferred Stock authorized, issued or outstanding. We may authorize and issue additional shares of preferred stock that may rank junior to, on parity with or senior to the Preferred Stock as to dividend rights and rights upon liquidation, winding-up, or dissolution without the consent of the holders of the Preferred Stock. Each series of our authorized preferred stock will, with respect to dividend rights and rights upon U.S. Bancorp's liquidation, dissolution or winding-up, rank prior or superior to common stock. All shares of each series of our authorized

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preferred stock will be of equal rank with each other. The Preferred Stock and any other series of preferred stock will rank equal or junior to, but not prior or superior to, any series of preferred stock.

With respect to the payment of dividends and amounts upon liquidation, the Preferred Stock will rank equally with any other class or series of our stock that ranks on a par with the Preferred Stock in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding-up of U.S. Bancorp, if any, or *Parity Stock*, and will rank senior to our common stock and any other class or series of our stock over which the Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding-up of U.S. Bancorp, or *Junior Stock*. In particular, during a Dividend Period no dividend will be paid or declared and no distribution will be made on any Junior Stock, other than a dividend payable solely in Junior Stock, no shares of Junior Stock shall be repurchased, redeemed or otherwise acquired for consideration by us, directly or indirectly (other than as a result of reclassification of Junior Stock for or into Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by us, and no shares of Parity Stock shall be purchased, redeemed or otherwise acquired for consideration by us otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, unless full dividends for such Dividend Period on all outstanding shares of Preferred Stock have been paid or declared and a sum sufficient for the payment thereof set aside.

For any Dividend Period in which dividends are not paid in full upon the Preferred Stock and other Parity Stock having the same restrictions on the declaration and payment of dividends as the Preferred Stock, all dividends declared for such Dividend Period with respect to the Preferred Stock and such other Parity Stock shall be declared on a *pro rata* basis.

***Dividends***

Dividends on shares of Preferred Stock will not be mandatory. Holders of the Preferred Stock will be entitled to receive, if, when, and as declared by our board of directors out of legally available assets, non-cumulative cash dividends on the Liquidation Preference, which is \$100,000 per share of Preferred Stock. These dividends will be payable on the following dates, or *Dividend Payment Dates* : (1) if the Preferred Stock is issued prior to April 15, 2011, semi-annually in arrears on each April 15 and October 15 through April 15, 2011 and (2) from and including the later of April 15, 2011 and the date of issuance, quarterly in arrears on each January 15, April 15, July 15 or October 15 (or, in the case of this clause (2) if such day is not a business day, the next business day). We refer to the period from and including the date of issuance of the Preferred Stock or any Dividend Payment Date to but excluding the next Dividend Payment Date as a *Dividend Period*. Dividends on each share of Preferred Stock will accrue on the liquidation preference of \$100,000 per share (i) to but not including the Dividend Payment Date in April 2011 at a rate *per annum* equal to 6.189%, and (ii) thereafter for each related Dividend Period at a rate *per annum* equal to the greater of (x) Three-Month LIBOR plus 1.02% and (y) 3.50%. In the case that any date on which dividends are payable on the Preferred Stock is not a business day, then payment of the dividend payable on that date will be made on the next succeeding day that is a business day. However, no interest or other payment shall be paid in respect of the delay. The record date for payment of dividends on the Preferred Stock will be the last day of the immediately preceding calendar month during which the Dividend Payment Date falls. The amount of dividends payable for any Dividend Period prior to the later of April 15, 2011 and the Stock Purchase Date will be calculated on the basis of a 360-day year consisting of twelve 30-day months and dividends for periods beginning on or after such date will be calculated on the basis of a 360-day year and the number of days actually elapsed.

*Three-Month LIBOR* means, with respect to any Dividend Period beginning on or after the later of April 15, 2011 and the Stock Purchase Date, the rate (expressed as a percentage *per annum*) for deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period that appears on Telerate Page 3750 as of 11:00 A.M. (London time) on the second London Banking Day preceding the first

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day of that Dividend Period. If the rate described above does not appear on Telerate Page 3750, Three-Month LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than \$1,000,000 are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by us, at approximately 11:00 A.M., London time on the second London Banking Day preceding the first day of that Dividend Period.

U.S. Bank National Association, as calculation agent for the Preferred Stock, will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of such quotations. If fewer than two quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of the rates quoted by three major banks in New York, New York, selected by the calculation agent, at approximately 11:00 A.M., New York City time, on the first day of that Dividend Period for loans in U.S. dollars to leading European banks for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than \$1,000,000. However, if the banks selected by the calculation agent to provide quotations are not quoting as described above, Three-Month LIBOR for that Dividend Period will be the same as Three-Month LIBOR as determined for the previous Dividend Period, or in the case of the first Dividend Period, the most recent rate that could have been determined in accordance with the first sentence of this paragraph had the Preferred Stock been outstanding. The calculation agent's establishment of Three-Month LIBOR and calculation of the amount of dividends for each Dividend Period will be on file at our principal offices, will be made available to any holder of Preferred Stock upon request and will be final and binding in the absence of manifest error.

*London Banking Day* means any day on which commercial banks are open for general business (including dealings in deposits in U.S. dollars) in London.

*Telerate Page 3750* means the display page so designated on the Moneyline/ Telerate Service (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying rates or prices comparable to the London Interbank Offered Rate for U.S. dollar deposits).

The right of holders of Preferred Stock to receive dividends is non-cumulative. If our board of directors does not declare a dividend on the Preferred Stock or declares less than a full dividend in respect of any Dividend Period, the holders of the Preferred Stock will have no right to receive any dividend or a full dividend, as the case may be, for that Dividend Period, and we will have no obligation to pay a dividend or to pay full dividends for that Dividend Period, whether or not dividends are declared and paid for any future Dividend Period with respect to the Preferred Stock, Parity Stock, Junior Stock or any other class or series of our authorized preferred stock.

When dividends are not paid in full upon the Preferred Stock and any other Parity Stock, dividends upon that stock will be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the current Dividend Period per share on the Preferred Stock, and accrued dividends, including any accumulations on such Parity Stock, bear to each other. No interest will be payable in respect of any dividend payment on the Preferred Stock that may be in arrears. If we determine not to pay any dividend or a full dividend, we will provide prior written notice to the Property Trustee, who will notify holders of Normal ITS and Stripped ITS, if then outstanding, and the administrative trustees.

We have agreed not to make any payment of principal of or interest on, repay or redeem any debt securities ranking *pari passu* or junior to the junior subordinated debentures issued under various indentures if, at that time, there is a default under the applicable indenture or we have delayed interest payments thereon. Currently, there is \$3.2 billion aggregate principal amount of junior subordinated debentures outstanding under these indentures.

We are subject to various general regulatory policies and requirements relating to the payment of dividends, including requirements to maintain adequate capital above regulatory minimums. The Federal

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Reserve is authorized to determine, under certain circumstances relating to the financial condition of a bank holding company, such as us, that the payment of dividends would be an unsafe or unsound practice and to prohibit payment thereof. In addition, we are subject to Delaware state laws relating to the payment of dividends.

***Redemption***

So long as full dividends on all outstanding shares of Preferred Stock for the then-current Dividend Period have been paid or declared and a sum sufficient for the payment thereof set aside, we, at the option of our board of directors, may redeem the Preferred Stock in whole or in part at any time on or after the later of April 15, 2011 and the Stock Purchase Date. Any such redemption shall be at the redemption price of \$100,000 per share plus dividends that have been declared but not paid plus accrued and unpaid dividends for the then current Dividend Period to the redemption date. If fewer than all of the outstanding shares of Preferred Stock are to be redeemed, the Preferred Stock to be redeemed will be selected either *pro rata* from the holders of record of the Preferred Stock in proportion to the number of Preferred Stock held by such holders or by lot or in such other manner as our board of directors may determine to be fair and equitable.

Subject to this section, our board of directors will have the full power and authority to prescribe the terms and conditions upon which Preferred Stock will be redeemed from time to time. We will mail notice of every redemption of Preferred Stock by first class mail, postage prepaid, addressed to the holders of record of the Preferred Stock to be redeemed at their respective last addresses appearing on our books. Such mailing will be at least 30 days and not more than 60 days before the date fixed for redemption. Notwithstanding the foregoing, if the Preferred Stock is held in book-entry form through DTC, we may give such notice in any manner permitted by DTC. Any notice mailed as provided in this paragraph will be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing of such notice, to any holder of Preferred Stock designated for redemption will not affect the redemption of any other Preferred Stock. If we redeem the Preferred Stock, the Trust, as holder of the Preferred Stock, will redeem the corresponding Normal ITS as described under Description of the ITS Mandatory Redemption of Normal ITS upon Redemption of Preferred Stock.

Each notice shall state:

the redemption date;

the number of shares of Preferred Stock to be redeemed;

the redemption price;

the place or places where the Preferred Stock are to be redeemed; and

that dividends on the shares to be redeemed will cease to accrue on the redemption date.

All shares of Preferred Stock we redeem, purchase or acquire shall be cancelled and restored to the status of authorized but unissued shares of our authorized preferred stock, undesignated as to series.

***Redemption or Repurchase Subject to Restrictions***

Our right to redeem the Preferred Stock once issued is subject to two important limitations.

First, under the Federal Reserve's risk-based capital guidelines applicable to bank holding companies, any redemption of the Preferred Stock is subject to prior approval of the Federal Reserve. Moreover, we have agreed with the Federal Reserve that, unless it authorizes us to do otherwise in writing, we will redeem the Preferred Stock only if it is replaced with other Tier 1 capital that is not a restricted core capital element for example, common stock or another series of non-cumulative perpetual preferred stock.



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Second, at or prior to the initial issuance of the Normal ITS, we will enter into a Replacement Capital Covenant, or *Replacement Capital Covenant*, relating to the ITS and the shares of Preferred Stock we will issue under the Stock Purchase Contracts. *The Replacement Capital Covenant only benefits holders of Covered Debt, as defined below, and is not enforceable by holders of ITS or Preferred Stock.* However, the Replacement Capital Covenant could preclude us from repurchasing ITS or redeeming or repurchasing shares of Preferred Stock at a time we might otherwise wish to repurchase ITS or redeem or repurchase shares of Preferred Stock.

In the Replacement Capital Covenant, we covenant to repurchase the ITS prior to the Stock Purchase Date only if and to the extent that (a) the total repurchase price is equal to or less than 100% of the aggregate net cash we or our subsidiaries have received during the 180 days prior to such date from the issuance of our common stock, certain qualifying non-cumulative perpetual preferred stock satisfying the requirements of the Replacement Capital Covenant or other securities that qualify as tier 1 capital of U.S. Bancorp under the risk-based capital guidelines of the Federal Reserve, but that are not restricted core capital elements; and (b) we have obtained prior approval of the Federal Reserve, if such approval is then required by the Federal Reserve. We also covenant to redeem or repurchase the ITS or shares of Preferred Stock on or after the Stock Purchase Date only if and to the extent that (a) the total redemption or repurchase price is equal to or less than the sum, as of the date of redemption or repurchase, of (i) 133.33% of the aggregate net cash proceeds we or our subsidiaries have received during the 180 days prior to such date from the issuance and sale of common stock of U.S. Bancorp plus (ii) 100% of the aggregate net cash proceeds we or our subsidiaries have received during the 180 days prior to such date from the issuance of certain other specified securities that (A) have equity-like characteristics that satisfy the requirements of the Replacement Capital Covenant and are the same as or more equity-like than, the applicable characteristics of the ITS at that time, and (B) qualify as tier 1 capital of U.S. Bancorp under the risk-based capital guidelines of the Federal Reserve; and (b) we have obtained the prior approval of the Federal Reserve, if such approval is then required by the Federal Reserve.

Our ability to raise proceeds from qualifying securities during the six months prior to a proposed redemption or repurchase will depend on, among other things, market conditions at such times as well as the acceptability to prospective investors of the terms of such qualifying securities. In addition, the Federal Reserve has not approved as a tier 1 capital instrument, in connection with the issuance of the ITS, certain of the types of securities that otherwise would be qualifying securities under the Replacement Capital Covenant on and after the Stock Purchase Date and, accordingly, these securities would not constitute qualifying securities pursuant to the Replacement Capital Covenant unless such approval is obtained.

Our covenants in the Replacement Capital Covenant run in favor of persons that buy, hold or sell our indebtedness during the period that such indebtedness is *Covered Debt*, which is currently comprised of our 5.875% junior subordinated debentures due 2035, owned of record by DTC, the trust preferred securities of which have a CUSIP No. 903301208. Other debt will replace our Covered Debt under the Replacement Capital Covenant on the earlier to occur of (i) the date two years prior to the maturity of the existing Covered Debt or (ii) the date of a redemption or repurchase of the existing Covered Debt in an amount such that the outstanding principal amount of the existing Covered Debt is or will become less than \$100 million.

The Replacement Capital Covenant is subject to various additional terms and conditions and this description is qualified in its entirety by reference to the Replacement Capital Covenant, a copy of the form of which is available upon request from us. The Replacement Capital Covenant may be terminated if the holders of at least 51% by principal amount of the Covered Debt so agree, or if we no longer have outstanding any long-term indebtedness that qualifies as Covered Debt, without regard to whether such indebtedness is rated by a nationally recognized statistical rating organization.

Subject to the limitations described above and the terms of any preferred stock ranking senior to the Preferred Stock or of any outstanding debt instruments, we or our affiliates may from time to time

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purchase any outstanding shares of Preferred Stock by tender, in the open market or by private agreement.

***Rights upon Liquidation***

In the event of U.S. Bancorp's voluntary or involuntary liquidation, dissolution or winding-up, the holders of the Preferred Stock at the time outstanding will be entitled to receive a liquidating distribution in the amount of the Liquidation Preference of \$100,000 per share, plus any authorized, declared and unpaid dividends for the then-current Dividend Period to the date of liquidation, out of our assets legally available for distribution to our stockholders, before any distribution is made to holders of our common stock or any securities ranking junior to the Preferred Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with the Preferred Stock upon liquidation and the rights of our depositors and other creditors. If the amounts available for distribution upon our liquidation, dissolution or winding-up are not sufficient to satisfy the full liquidation rights of all the outstanding Preferred Stock and all stock ranking equal to the Preferred Stock, then the holders of each series of Preferred Stock will share ratably in any distribution of assets in proportion to the full respective preferential amount to which they are entitled. After the full amount of the Liquidation Preference is paid, the holders of Preferred Stock will not be entitled to any further participation in any distribution of our assets.

For such purposes, our consolidation or merger with or into any other entity, the consolidation or merger of any other entity with or into us, or the sale of all or substantially all of our property or business, will not be deemed to constitute our liquidation, dissolution, or winding-up.

We have agreed not to make a liquidation payment relating to any of our capital stock, including the Preferred Stock, if, at that time, there are one or more defaults under various indentures or related guarantees from us or we have delayed interest payments on the junior subordinated debentures issued thereunder. Currently, there is \$3.2 billion aggregate principal amount of junior subordinated debentures outstanding under these indentures.

***Voting***

Holders of the Preferred Stock will not have any voting rights and will not be entitled to elect any directors, except as required by law.

Shares of Preferred Stock are not entitled to vote after notice of redemption is given to the holders and a sum sufficient to redeem the shares has been deposited with a bank, trust company, or other financial institution under an irrevocable obligation to pay the holders the redemption price on surrender of the shares.

***Form***

The Preferred Stock will be issued only in fully registered form. No fractional shares will be issued unless the Trust is dissolved and we deliver the shares, rather than depositary receipts representing the shares, to the registered holders of the Normal ITS, or Stripped ITS if then outstanding. If the Trust is dissolved after the Stock Purchase Date and depositary receipts or shares of Preferred Stock are distributed to holders of Normal ITS, or Stripped ITS if then outstanding, we would intend to distribute them in book-entry form only and the procedures governing holding and transferring beneficial interests in the Preferred Stock, and the circumstance in which holders of beneficial interests will be entitled to receive certificates evidencing their shares or depositary receipts, will be as described under Book-Entry System below.

***Title***

We, the transfer agent and registrar for the Preferred Stock, and any of their agents may treat the registered owner of the Preferred Stock, which shall be the Property Trustee unless and until the Trust is

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dissolved, as the absolute owner of that stock, whether or not any payment for the Preferred Stock shall be overdue and despite any notice to the contrary, for any purpose.

***Transfer Agent and Registrar***

If the Trust is dissolved after the Stock Purchase Date and the shares of Preferred Stock or depositary receipts representing Preferred Stock are distributed to holders of Normal ITS, or Stripped ITS if then outstanding, we may appoint a transfer agent, registrar and dividend disbursement agent for the Preferred Stock. The registrar for the Preferred Stock will send notices to stockholders of any meetings at which holders of Preferred Stock have the right to vote on any matter.

**BOOK-ENTRY SYSTEM**

The Depository Trust Company, which we refer to along with its successors in this capacity as *DTC*, will act as securities depository for the ITS. The ITS will be issued only as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One or more fully registered global security certificates, representing the total aggregate number of each class of ITS, will be issued and will be deposited with DTC and will bear a legend regarding the restrictions on exchanges and registration of transfer referred to below. Immediately prior to the Remarketing Settlement Date or such other time as the Junior Subordinated Notes may be held by persons other than the Property Trustee, the Collateral Agent and the Custodial Agent, one or more fully registered global security certificates, representing the total aggregate principal amount of Junior Subordinated Notes, will be issued and will be deposited with DTC and will bear a legend regarding the restrictions on exchanges and registration of transfer referred to below. Likewise, in the event the Trust is dissolved after the Stock Purchase Date and prior to the redemption of the Preferred Stock, one or more fully registered global security certificates, representing the total aggregate number of shares of Preferred Stock, or if we issue depositary receipts to evidence the Preferred Stock in such circumstances, the total aggregate number of depositary receipts, will be issued and will be deposited with DTC and will bear a legend regarding the restrictions on exchanges and registration of transfer referred to below.

The laws of some jurisdictions may require that some purchasers of securities take physical delivery of securities in definitive form. These laws may impair the ability to transfer beneficial interests in ITS, Preferred Stock or Junior Subordinated Notes, so long as the corresponding securities are represented by global security certificates.

DTC has advised us that it is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants deposit with DTC. DTC also facilitates the post-trade settlement among participants of sales and other securities transactions, including transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants' accounts, thereby eliminating the need for physical movement of securities certificates. Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its direct participants and by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to DTC's system is also available to others, including securities brokers and dealers, banks and trust companies that clear transactions through or maintain a direct or indirect custodial relationship with a participant. The rules applicable to DTC and its participants are on file with the SEC.

Persons that are not participants or indirect participants but desire to purchase, sell or otherwise transfer ownership of, or other interests in, securities may do so only through participants and indirect participants. Under a book-entry format, holders may experience some delay in their receipt of payments, as such payments will be forwarded by our designated agent to Cede & Co., as nominee for DTC. DTC will

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forward such payments to its participants, who will then forward them to indirect participants or holders. Beneficial owners other than DTC or its nominees will not be recognized by the relevant registrar, transfer agent, paying agent or trustee as registered holders of the securities entitled to the benefits of the Trust Agreement and the Guarantee or the Indenture or, in the case of the Preferred Stock, entitled to the rights of holders thereof under our Certificate of Incorporation. Beneficial owners that are not participants will be permitted to exercise their rights only indirectly through and according to the procedures of participants and, if applicable, indirect participants.

In the event that:

DTC notifies us that it is unwilling or unable to continue as a securities depository for the global security certificates and no successor securities depository has been appointed within 90 days after this notice,

DTC at any time ceases to be a clearing agency registered under the Exchange Act when DTC is required to be so registered to act as the securities depository and no successor securities depository has been appointed within 90 days after we learn that DTC has ceased to be so registered,

an event of default has occurred and is continuing under the instrument governing the securities, or

we, in our sole discretion, determine that the global security certificates shall be so exchangeable, certificates for the relevant class or classes of securities will be printed and delivered in exchange for beneficial interests in the global security certificates. Any global security that is exchangeable under the preceding sentence will be exchangeable for securities registered in such names as DTC directs. We expect that these instructions will be based upon directions received by DTC from its participants with respect to ownership of beneficial interests in the global security certificates.

Upon the occurrence of any event described in the above paragraph, DTC is generally required to notify all participants of the availability of definitive securities. Upon DTC surrendering the global security representing the securities and delivery of instructions for re-registration, the relevant registrar and transfer agent will reissue the securities as definitive securities, and then such persons will recognize the holders of such definitive securities as registered holders of securities entitled to the benefits of the instrument or instruments governing the securities or, in the case of the Preferred Stock, entitled to the rights of holders thereof under our Certificate of Incorporation.

As long as DTC or its nominee is the registered owner of the global security certificates, DTC or its nominee, as the case may be, will be considered the sole owner and holder of the global security certificates and all securities represented by these certificates for all purposes under the instruments governing the rights and obligations of holders of such securities. Except in the limited circumstances referred to above, owners of beneficial interests in global security certificates:

will not be entitled to have such global security certificates or the securities represented by these certificates registered in their names,

will not receive or be entitled to receive physical delivery of securities certificates in exchange for beneficial interests in global security certificates, and

will not be considered to be owners or holders of the global security certificates or any securities represented by these certificates for any purpose under the instruments governing the rights and obligations of holders of such securities.

All payments on the securities represented by the global security certificates and all transfers and deliveries of such securities will be made to DTC or its nominee, as the case may be, as the registered holder of the securities.

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Ownership of beneficial interests in the global security certificates will be limited to participants or persons that may hold beneficial interests through institutions that have accounts with DTC or its nominee. Ownership of beneficial interests in global security certificates will be shown only on, and the transfer of those ownership interests will be effected only through, records maintained by DTC or its nominee, with respect to participants' interests, or any participant, with respect to interests of persons held by the participant on their behalf. Procedures for exchanges of Normal ITS and Qualifying Treasury Securities for Stripped ITS and Capital ITS and vice versa prior to the Remarketing Settlement Date, the redemption of the Capital ITS in exchange for Junior Subordinated Notes in connection with a successful Remarketing, the exchange of Normal ITS and Qualifying Treasury Securities for Stripped ITS, the disposition of Capital ITS in connection with a successful Remarketing and the Stripped ITS automatically becoming Normal ITS will be governed by arrangements among DTC, participants and persons that may hold beneficial interests through participants designed to permit settlement without the physical movement of certificates. Payments, transfers, deliveries, exchanges, redemptions and other matters relating to beneficial interests in global security certificates may be subject to various policies and procedures adopted by DTC from time to time. None of us, the Collateral Agent, the Custodial Agent, the trustees of the Trust, the Indenture Trustee or the Guarantee Trustee, or any agent for us or any of them, will have any responsibility or liability for any aspect of DTC's or any participant's records relating to, or for payments made on account of, beneficial interests in global security certificates, or for maintaining, supervising or reviewing any of DTC's records or any participant's records relating to these beneficial ownership interests.

Although DTC has agreed to the foregoing procedures in order to facilitate transfer of interests in the global security certificates among participants, DTC is under no obligation to perform or continue to perform these procedures, and these procedures may be discontinued at any time. We will not have any responsibility for the performance by DTC or its direct participants or indirect participants under the rules and procedures governing DTC.

Under the rules, regulations and procedures creating and affecting DTC and its operations as currently in effect, DTC will be required to make book-entry transfers of securities among participants and to receive and transmit payments to participants. DTC's rules require participants and indirect participants with which beneficial securities owners have accounts to make book-entry transfers and receive and transmit payments on behalf of their respective account holders.

Because DTC can act only on behalf of

participants, who in turn act only on behalf of participants or indirect participants, and

certain banks, trust companies and other persons approved by it, the ability of a beneficial owner of securities issued in global form to pledge such securities to persons or entities that do not participate in the DTC system may be limited due to the unavailability of physical certificates for these securities.

DTC has advised us that it will take any action permitted to be taken by a registered holder of any securities under the Trust Agreement, the Guarantee, the Collateral Agreement, the Indenture or our Certificate of Incorporation, only at the direction of one or more participants to whose accounts with DTC the relevant securities are credited.

Redemption notices will be sent to Cede & Co. as the registered holder of the global securities. If less than all of a series of securities are being redeemed, DTC will determine the amount of the interest of each direct participant to be redeemed in accordance with its then current procedures.

Except as described above, the global securities for any class of securities may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or to a successor depository we appoint. Except as described above, DTC may not sell, assign, transfer or otherwise convey any beneficial interest in a global security evidencing all or part of any securities unless the beneficial interest is in an amount equal to an authorized denomination for these securities.

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The information in this section concerning DTC and its book-entry system has been obtained from sources that we and the trustees of the Trust believe to be accurate, but we assume no responsibility for the accuracy thereof. None of us, the Trust, the trustees of the Trust, the Collateral Agent, the Custodial Agent, any registrar and transfer agent, any paying agent or any agent of any of us or them, will have any responsibility or liability for any aspect of DTC's or any participant's records relating to, or for payments made on account of, beneficial interests in a global security, or for maintaining, supervising or reviewing any records relating to such beneficial interests.

Secondary trading in notes and debentures of corporate issuers is generally settled in clearinghouse or next-day funds. In contrast, beneficial interests in a global security, in some cases, may trade in DTC's same-day funds settlement system, in which secondary market trading activity in those beneficial interests would be required by DTC to settle in immediately available funds. There is no assurance as to the effect, if any, that settlement in immediately available funds would have on trading activity in such beneficial interests. Also, settlement for purchases of beneficial interests in a global security upon its original issuance may be required to be made in immediately available funds.

**CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES**

The following discussion summarizes certain of the U.S. federal income tax consequences of the purchase, beneficial ownership and disposition of ITS. This summary deals only with the beneficial owner of an ITS that is:

a citizen or resident of the United States,

a corporation (or other entity that is treated as a corporation for U.S. federal tax purposes) created or organized in or under the laws of the United States or any State thereof (including the District of Columbia),

an estate, the income of which is subject to U.S. federal income taxation regardless of its source, or

a trust, if a court within the United States is able to exercise primary supervision over its administration, and one or more U.S. persons (as determined for U.S. federal income tax purposes) have the authority to control all of its substantial decisions (each, a *U.S. holder* ).

This summary is based on interpretations of the Internal Revenue Code of 1986, as amended (the *Code* ), regulations issued thereunder, and rulings and decisions currently in effect (or in some cases proposed), all of which are subject to change. Any such change may be applied retroactively and may adversely affect the U.S. federal income tax consequences described herein. This summary addresses only U.S. holders that purchase Normal ITS at initial issuance, and own ITS as capital assets. This summary does not discuss all of the tax consequences that may be relevant to particular investors or to investors subject to special treatment under the U.S. federal income tax laws, such as:

securities dealers or brokers, or traders in securities electing mark-to-market treatment;

banks, thrifts, or other financial institutions;

insurance companies, regulated investment companies or real estate investment trusts;

small business investment companies or S corporations;

investors that hold their ITS through a partnership or other entity that is treated as a partnership for U.S. federal tax purposes;

investors whose functional currency is not the U.S. dollar;

retirement plans or other tax-exempt entities, or persons holding the ITS in tax-deferred or tax-advantaged accounts;



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investors holding ITS as part of a straddle or a conversion transaction for U.S. federal income tax purposes or as part of some other integrated investment; or

investors subject to the alternative minimum tax.

This summary also does not address the tax consequences to shareholders, or other equity holders in, or beneficiaries of, a holder, or any state, local or foreign tax consequences of the purchase, ownership or disposition of the ITS. Persons considering the purchase of ITS should consult their own tax advisors concerning the application of U.S. federal income tax laws to their particular situations as well as any consequences of the purchase, beneficial ownership and disposition of ITS arising under the laws of any other taxing jurisdiction.

If you are not a U.S. holder, the following discussion does not apply to you and you should consult your own tax advisor.

***Classification of the Trust***

Assuming full compliance with the terms of the Trust Agreement, in the opinion of Squire, Sanders & Dempsey, L.L.P., the Trust will not be classified as an association or a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes. The Trust intends to treat itself as one or more grantor trusts and/or agency arrangements. By purchasing an ITS, you will be required to agree to treat the Trust as one or more grantor trusts and/or agency arrangements. Under this treatment, for U.S. federal income tax purposes, you will be treated as purchasing or owning an undivided beneficial ownership interest in the Stock Purchase Contracts, the Junior Subordinated Notes, the Qualifying Treasury Securities, the interest-bearing deposit with U.S. Bank National Association and/or the Preferred Stock, as the case may be, and will be required to take into account your *pro rata* share of all the items of income, gain, loss, or deduction of the Trust corresponding to the class or classes of ITS certificates you own, each as described below. The character of the income included by you as a holder of ITS generally will reflect the character of the Trust's income.

Although the Trust intends to treat itself as one or more grantor trusts and/or agency arrangements, it is possible that the portion of a Stripped ITS that represents an interest in the Qualifying Treasury Securities could be treated as a partnership for U.S. federal income tax purposes. We do not expect such treatment to materially change your U.S. federal income tax treatment with respect to the ITS. The balance of this summary assumes that the Trust is treated as one or more grantor trusts and/or agency agreements.

***Taxation of a Normal ITS***

Each Normal ITS will be treated for U.S. federal income tax purposes as an undivided beneficial ownership interest in (a) the corresponding \$1,000 principal amount of Junior Subordinated Notes and (b) the corresponding 1/100th fractional interest in a Stock Purchase Contract, which represents the right to receive Contract Payments and the obligation to purchase one share of Preferred Stock on the Stock Purchase Date. Consequently, you should allocate your purchase price for the Normal ITS between your beneficial ownership interests in the two components in proportion to their respective fair market values at the time of purchase. This allocation will establish your initial U.S. federal income tax basis in your interest in the underlying Junior Subordinated Notes and Stock Purchase Contracts. We will treat the fair market value of the \$1,000 principal amount of Junior Subordinated Notes corresponding to one Normal ITS as \$1,000 and the fair market value of a 1/100th fractional interest in a Stock Purchase Contract corresponding to one Normal ITS as \$0 at the time of purchase. Holders of Normal ITS, by purchasing an ITS, will be required to agree to this allocation. This allocation is not, however, binding on the Internal Revenue Service (the *IRS*). The remainder of this summary assumes that this allocation of the purchase price will be respected for U.S. federal income tax purposes.



**Table of Contents*****Taxation of the Junior Subordinated Notes***

***Treatment of the Junior Subordinated Notes.*** The Junior Subordinated Notes will be treated as our indebtedness for U.S. federal income tax purposes. We intend to treat the Junior Subordinated Notes as variable rate debt instruments that are subject to the Treasury regulations that apply to reset bonds and which are issued with no more than a *de minimis* amount of original issue discount for U.S. federal income tax purposes. Consistent with this treatment, we intend to treat the Junior Subordinated Notes, solely for purposes of the original issue discount rules of the Code, as if they mature on the date immediately preceding the Remarketing Settlement Date for an amount equal to the Remarketing Value. As a result, we intend to treat the Junior Subordinated Notes as issued with no more than a *de minimis* amount of original issue discount for U.S. federal income tax purposes. However, there are no regulations, rulings or other authorities that address the U.S. federal income tax treatment of debt instruments that are substantially similar to the Junior Subordinated Notes, and therefore the U.S. federal income tax treatment of the Junior Subordinated Notes is unclear. See Possible Alternative Characterizations and Treatments below.

By purchasing a Normal ITS, you agree to treat the Junior Subordinated Notes as described above, unless the IRS requires you to treat the Junior Subordinated Notes differently. The balance of this summary generally assumes that the Junior Subordinated Notes are so treated. However, different treatments are possible. See Possible Alternative Characterizations and Treatments below.

***Interest on the Junior Subordinated Notes.*** We intend to treat stated interest on the Junior Subordinated Notes as ordinary interest income that is includible in your gross income at the time the interest is paid or accrued, in accordance with your regular method of tax accounting. However, if we exercise our right to defer payments of stated interest on the Junior Subordinated Notes, we intend to treat the Junior Subordinated Notes as reissued, solely for U.S. federal income tax purposes, with original issue discount, and you would generally be required to accrue such original issue discount as ordinary income using a constant yield method prescribed by Treasury regulations. As a result, the income that you would be required to accrue would exceed the interest payments that you would actually receive.

***Tax Basis in Junior Subordinated Notes.*** Under the treatment described above, your tax basis in the Junior Subordinated Notes will generally be equal to the portion of the purchase price for the Normal ITS allocated to your interest in the Junior Subordinated Notes (as described in Taxation of a Normal ITS ). However, if stated interest payments are deferred so that the Junior Subordinated Notes are deemed to be reissued with original issue discount, your tax basis in the Junior Subordinated Notes would be increased by the amounts of accrued original issue discount, and decreased by all payments on the Junior Subordinated Notes after such deemed reissuance.

***Sale, Exchange or Other Taxable Disposition of the Junior Subordinated Notes.*** You will recognize gain or loss on a sale, exchange or other taxable disposition of your interest in the Junior Subordinated Notes upon the sale or other taxable disposition of your Normal ITS or Capital ITS or upon a successful Remarketing of the Junior Subordinated Notes. The gain or loss that you recognize will be equal to the difference between the portion of the proceeds allocable to your interest in the Junior Subordinated Notes (less any accrued and unpaid interest) and your adjusted U.S. federal income tax basis in your interest in your Junior Subordinated Notes. Selling expenses (including the remarketing fee) incurred by you should reduce the amount of gain or increase the amount of loss you recognize upon a disposition of your interest in the Junior Subordinated Notes.

Any gain that is recognized by you upon a sale, exchange or other taxable disposition of the Junior Subordinated Notes generally will be capital gain or loss, which will be long-term capital gain or loss if you held your interest in the Junior Subordinated Notes for more than one year immediately prior to such disposition. The deductibility of capital losses is subject to limitations.

***Possible Alternative Characterizations and Treatments.*** As mentioned above, there are no regulations, rulings or other authorities that address the U.S. federal income tax treatment of debt instruments that are substantially similar to the Junior Subordinated Notes, and therefore the U.S. federal

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income tax treatment of the Junior Subordinated Notes is unclear and other alternative characterizations and treatments are possible. For example, it is possible that the Junior Subordinated Notes could be treated as contingent payment debt instruments. In that event, you would be required to accrue original issue discount income based on the comparable yield of the Junior Subordinated Notes. In general, the comparable yield of the Junior Subordinated Notes would be the rate at which we would issue a fixed rate debt instrument with terms and conditions similar to the Junior Subordinated Notes. It is possible that the comparable yield of the Junior Subordinated Notes could exceed the stated interest rate, in which case you may be required to include in income amounts in excess of the stated interest payments on the Junior Subordinated Notes. In addition, if the Junior Subordinated Notes are treated as contingent payment debt instruments, any gain that you would recognize upon a sale, exchange or other taxable disposition of the Junior Subordinated Notes would generally be treated as ordinary interest income. Alternatively, even if the Junior Subordinated Notes are not treated as contingent payment debt instruments, they could be treated as issued with more than a *de minimis* amount of original issue discount and you could be required to accrue such original issue discount (regardless of your method of accounting) at a rate that exceeds stated interest on the Junior Subordinated Notes. You should consult your tax advisor concerning alternative characterizations and treatments of the Junior Subordinated Notes.

***Taxation of the Stock Purchase Contracts***

There is no direct authority under current law that addresses the treatment of the Contract Payments, and their treatment is, therefore, unclear. We intend to report the Contract Payments as ordinary taxable income to you. Under this treatment, you should include the Contract Payments in income when received or accrued, in accordance with your regular method of tax accounting. The following discussion assumes that the Contract Payments are so treated. However, other treatments are possible. You should consult your tax advisor concerning the treatment of the Contract Payments.

If we exercise our right to defer any Contract Payments and issue subordinated notes to the Trust in satisfaction of the Contract Payments, you should generally accrue original issue discount on the subordinated notes equal to the interest rate on the subordinated notes, regardless of your method of tax accounting and before receipt of that interest.

If you dispose of a Normal ITS or Stripped ITS when the Stock Purchase Contracts have positive value, you will generally recognize gain equal to the sale proceeds allocable to the Stock Purchase Contracts. If you dispose of a Normal ITS or Stripped ITS when the Stock Purchase Contracts have negative value, you should generally recognize loss with respect to the Stock Purchase Contracts equal to the negative value of your interest in the Stock Purchase Contracts and should be considered to have received additional consideration for your interest in the Junior Subordinated Notes or Qualifying Treasury Securities, as the case may be, in an amount equal to such negative value. Gain or loss from the disposition of your interest in the Stock Purchase Contracts (upon your disposition of Normal ITS or Stripped ITS) generally will be capital gain or loss, and such gain or loss generally will be long-term capital gain or loss if you held the ITS for more than one year at the time of such disposition. The deductibility of capital losses is subject to limitations.

***Taxation of the Interest-Bearing Deposit with U.S. National Bank Association***

The interest-bearing deposit with U.S. National Bank Association will be treated as a short-term obligation for U.S. federal income tax purposes. Interest payable on the interest-bearing deposit will be treated as acquisition discount for U.S. federal income tax purposes. If you are a cash basis taxpayer, you will report this acquisition discount when it is received, unless you elect to report the acquisition discount in income as it accrues on a straight line basis or as original issue discount. However, if you are a cash basis taxpayer that does not elect to report the acquisition discount in income currently, you may be required to defer deductions for any interest paid on indebtedness incurred or continued by you to purchase or carry the Normal ITS until the interest on the interest-bearing deposit is paid. If you are an accrual basis taxpayer, you will be required to report the acquisition discount on the interest-bearing deposit as it accrues on a straight line basis or, if you so elect, on a constant yield basis.

**Table of Contents*****Acquisition and Taxation of the Preferred Stock***

***Acquisition of Preferred Stock under the Stock Purchase Contracts.*** On the Stock Purchase Date, the Trust will purchase Preferred Stock pursuant to the Stock Purchase Contracts. You generally will not recognize gain or loss with respect to your Normal ITS or Stripped ITS on the purchase by the Trust of Preferred Stock under the Stock Purchase Contracts. Your aggregate initial U.S. federal income tax basis in your interest in the Preferred Stock received by the Trust under the Stock Purchase Contracts generally should equal your interest in the purchase price paid for such Preferred Stock plus the amount, if any, of any Contract Payments included in your income but not received. The holding period for Preferred Stock received under a Stock Purchase Contract will commence on the date following the acquisition of such Preferred Stock and, consequently, your holding period in your interest in the Preferred Stock (evidenced by Normal ITS) will not include the period you held your Normal ITS prior to and including the Stock Purchase Date.

***Dividends on the Preferred Stock.*** Any distribution with respect to Preferred Stock that we pay out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) will constitute a dividend and will be includible in income by you when received by the Trust and distributed to you as holder of a Normal ITS after the Stock Purchase Date. Any such dividend will be eligible for the dividends received deduction if you are an otherwise qualifying corporate U.S. holder that meets the holding period and other requirements for the dividends received deduction. Dividends paid to non-corporate U.S. holders in taxable years beginning before January 1, 2009 are generally taxable at preferential rates if the holder holds its interest in the Preferred Stock for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and meets certain other requirements. Distributions in excess of our current and accumulated earnings and profits are treated first as a non-taxable return of capital to the extent of your basis in the Preferred Stock, and then as capital gain. Upon a redemption by us of the Preferred Stock, you will recognize capital gain or loss equal to the amount received over your adjusted tax basis in the Preferred Stock. Your adjusted tax basis in the Preferred Stock at the time of any such redemption should generally equal your initial tax basis in the Preferred Stock at the time of purchase, reduced by the amount of any cash distributions that are not treated as dividends. Such capital gain or loss generally will be long-term capital gain or loss if you held the Normal ITS for more than one year following the Stock Purchase Date.

***Disposition of Normal ITS Corresponding to Preferred Stock.*** Upon a disposition after the Stock Purchase Date of Normal ITS corresponding to Preferred Stock, you generally will recognize capital gain or loss equal to the difference between the amount realized and your adjusted tax basis in your interest in the Preferred Stock. Such capital gain or loss generally will be long-term capital gain or loss if you held the Normal ITS for more than one year following the Stock Purchase Date. The deductibility of capital losses is subject to limitations.

***Separation and Recreation of Normal ITS***

***Exchange of Normal ITS and Qualifying Treasury Securities for Stripped ITS and Capital ITS.*** You will generally not recognize gain or loss upon an exchange of Normal ITS and Qualifying Treasury Securities for Stripped ITS and Capital ITS. You will continue to take into account items of income or deduction otherwise includible or deductible, respectively, by you with respect to such Qualifying Treasury Securities (as described below) and your interest in the Junior Subordinated Notes, as well as your interest in the Stock Purchase Contracts, and your adjusted tax bases in and your holding period of the Qualifying Treasury Securities and your interest in the Stock Purchase Contracts (as evidenced by your Stripped ITS) and your interest in the Junior Subordinated Notes (as evidenced by your Capital ITS) will not be affected by such delivery and exchange.

***Taxation of Stripped ITS.*** Distributions on Stripped ITS prior to the Stock Purchase Date will consist of Contract Payments on the corresponding interest in the Stock Purchase Contracts and distributions of the excess of the proceeds of maturing Qualifying Treasury Securities over the cost of replacing those Qualifying Treasury Securities at maturity.

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The treatment of the Stock Purchase Contracts is described above under Taxation of a Normal ITS and Taxation of the Stock Purchase Contracts.

**Taxation of the Qualifying Treasury Securities.** If you hold a Stripped ITS, upon the maturity of the Qualifying Treasury Securities you exchanged for your Stripped ITS, the Trust will purchase replacement Qualifying Treasury Securities. It is expected that the Qualifying Treasury Securities designated for the creation of Stripped ITS will have an original term of one year or less. To the extent that the Qualifying Treasury Securities purchased as replacement Qualifying Treasury Securities have an original term of one year or less, they will be treated as short-term obligations. In general, if you are a cash basis taxpayer, you will not be required to report your allocable share of the difference between the amounts payable on a Qualifying Treasury Security that is a short-term obligation over its issue price ( acquisition discount ) until the amounts are paid, unless you so elect to report the acquisition discount in income as it accrues on a straight line basis or as original issue discount. However, if you are a cash basis taxpayer that does not elect to report the acquisition discount in income currently, you may be required to defer deductions for any interest paid on indebtedness incurred or continued by you to purchase or carry the Stripped ITS to the extent the Qualifying Treasury Securities constitute short-term obligations until the interest on such Qualifying Treasury Securities is paid. If you are an accrual basis taxpayer, you will be required to report acquisition discount on a Qualifying Treasury Security as it accrues on a straight-line basis unless you elect to treat the acquisition discount as original issue discount under a constant yield method.

If and to the extent that the replacement Qualifying Treasury Securities have an original term in excess of one year, you will be **required** to report your allocable share of any original issue discount on such Qualifying Treasury Securities. Original issue discount on the Qualifying Treasury Securities will accrue on a constant yield method, regardless of your method of tax accounting.

You should generally not be additionally taxed upon the distribution of any excess of the proceeds from maturing Qualifying Treasury Securities over the cost of replacing those Qualifying Treasury Securities.

You should consult your tax advisor regarding your tax treatment in respect of any Qualifying Treasury Securities, and any elections with respect to them.

**Recreation of Normal ITS.** If you exchange a Stripped ITS and a Capital ITS for a Normal ITS and the pledged Qualifying Treasury Securities, you will generally not recognize gain or loss upon the exchange. You will continue to take into account items of income or deduction otherwise includible or deductible, respectively, by you with respect to such Qualifying Treasury Securities and Junior Subordinated Notes, and your adjusted tax bases in and your holding period of the Qualifying Treasury Securities and your interests in the Junior Subordinated Notes and the Stock Purchase Contracts will not be affected by such exchange.

***Sales, Exchanges or Other Taxable Dispositions of ITS***

Upon a sale, exchange or other taxable disposition of an ITS, you will be treated as having sold, exchanged or disposed of your *pro rata* interest in (i) the Stock Purchase Contracts and the Junior Subordinated Notes or the interest-bearing deposit with U.S. Bank National Association (in the case of a Normal ITS), (ii) the Stock Purchase Contracts and Qualifying Treasury Securities (in the case of a Stripped ITS) or (iii) the Junior Subordinated Notes (in the case of Capital ITS). In the case of Normal ITS or Stripped ITS, the proceeds realized in such disposition should be allocated between the related Stock Purchase Contracts and the related Junior Subordinated Notes, *pro rata* portion of the deposit or Qualifying Treasury Securities, as the case may be, in proportion to their respective fair market values at the time of disposition. In the case of Capital ITS, all of the proceeds received in such disposition should be allocated to the related Junior Subordinated Notes. Your treatment upon a sale, exchange or other taxable disposition of the Junior Subordinated Notes (upon a sale, exchange or other taxable disposition of a Normal ITS or Capital ITS) is described in Taxation of a Normal ITS and Taxation of the Junior Subordinated Notes Sale, Exchange or Other Taxable Disposition of the Junior Subordinated Notes,

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your treatment upon a sale, exchange or other taxable disposition of Stock Purchase Contracts (upon a sale, exchange or other taxable disposition of a Normal ITS or Stripped ITS) is described in Taxation of a Normal ITS and Taxation of the Stock Purchase Contracts and your treatment upon a sale, exchange or other taxable disposition of the Qualifying Treasury Securities (upon a sale, exchange or other taxable disposition of a Normal ITS or Stripped ITS) is described in Separation and Recreation of Normal ITS Taxation of the Qualifying Treasury Securities.

***Dissolution of the Trust***

Under certain circumstances (including a termination of the Stock Purchase Contracts), we may dissolve the Trust and distribute the trust assets to the holders of ITS. A distribution of trust assets (Junior Subordinated Notes, Preferred Stock, interest in the interest-bearing deposit or Qualifying Treasury Securities, as the case may be) to you as a holder of ITS upon the dissolution of the Trust will not be a taxable event to you for U.S. federal income tax purposes, and your tax basis in the Junior Subordinated Notes, Qualifying Treasury Securities or shares of Preferred Stock received generally will be the same as your tax basis in your interest in the related trust assets. Your holding period in the Junior Subordinated Notes or shares of Preferred Stock received generally would include your holding period in the related ITS.

If the Stock Purchase Contracts terminate, you will recognize a capital loss equal to the amount, if any, of Contract Payments included in your income but not paid at the time of such termination. The deductibility of capital losses is subject to limitations.

***Backup Withholding and Information Reporting***

In general, you will be subject to backup withholding with respect to payments made on your ITS and the proceeds received from the sale of your ITS unless:

you (1) are an entity (including a corporation or a tax-exempt entity) that is exempt from backup withholding and, when required, demonstrate this fact or (2) provide your Taxpayer Identification Number ( TIN ) (which, if you are an individual, would be your Social Security Number),

you certify that (i) the TIN you provide is correct, (ii) you are a U.S. person and (iii) you are exempt from backup withholding,

you have not been notified by the IRS that you are subject to backup withholding due to underreporting of interest or dividends or you have been notified by the IRS that you are no longer subject to backup withholding, and

you otherwise comply with the applicable requirements of the backup withholding rules.

In addition, such payments or proceeds received by you if you are not a corporation or tax-exempt organization will generally be subject to information reporting requirements.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to you will be allowed as a credit against your U.S. federal income tax liability and may entitle you to a refund, provided that you furnish the required information to the IRS.

**Table of Contents****ERISA CONSIDERATIONS**

The following is a summary of certain considerations associated with the acquisition and holding of the Normal ITS, and the Stripped ITS and Capital ITS for which they may be exchanged, by employee benefit plans that are subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended ( *ERISA* ), Keogh plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code, and entities whose underlying assets are considered to include plan assets of such plans, accounts and arrangements (each, a *Plan* ).

***General Fiduciary Matters***

Each fiduciary of a Plan should consider the fiduciary standards of ERISA or other applicable governing law in the context of the Plan's particular circumstances before authorizing an investment in Normal ITS, or the exchange of Normal ITS for Stripped ITS and Capital ITS. Among other factors, the fiduciary should consider whether the investment is consistent with the documents and instruments governing the Plan and whether the investment would satisfy the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA and the Code. Any insurance company proposing to invest assets of its general account in Normal ITS, or to exchange Normal ITS for Stripped ITS and Capital ITS, should consult with its counsel concerning the potential application of ERISA or other applicable law to such investments.

***Prohibited Transaction and Related Issues***

Section 406 of ERISA and Section 4975 of the Code, as applicable, prohibit Plans from engaging in specified transactions (prohibited transactions) involving plan assets with persons or entities who are parties in interest, within the meaning of ERISA, or disqualified persons, within the meaning of Section 4975 of the Code, unless an exemption is available. We, the trustees of the Trust or the Collateral Agent may be considered a party in interest or disqualified person with respect to a Plan to the extent we or any of our affiliates are engaged in businesses which provide services to such Plan.

A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the Plan that engages in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA and Section 414(d) of the Code), certain church plans (as defined in Section 3(33) of ERISA and Section 414(e) of the Code with respect to which the election provided by Section 410(d) of the Code has not been made) and foreign plans (as described in Section 4(b)(4) of ERISA) are not subject to the requirements of ERISA or Section 4975 of the Code. It is possible, however, that a governmental plan may be subject to other federal, state or local laws that contain fiduciary and prohibited transaction provisions substantially similar to those under Title I of ERISA and Section 4975 of the Code ( *Similar Laws* ).

The U.S. Department of Labor has issued a regulation with regard to the circumstances in which the underlying assets of an entity in which Plans acquire equity interests will be deemed to be plan assets (the *Plan Asset Regulation* ). Under this regulation, for purposes of ERISA and Section 4975 of the Code, the assets of the Trust would be deemed to be plan assets of a Plan whose assets were used to acquire the Normal ITS, Stripped ITS or Capital ITS, if the ITS were considered to be equity interests in the Trust and no exception were applicable under the Plan Asset Regulation. The Plan Asset Regulation defines an equity interest as any interest in an entity other than an instrument that is treated as indebtedness under applicable local law and which has no substantial equity features. Although it is not free from doubt, the Normal ITS, Stripped ITS and Capital ITS should be treated as equity interests in the Trust for purposes of the Plan Asset Regulation.

An exception to plan asset status is available, however, under the Plan Asset Regulation in the case of a class of equity interests that are (i) widely held, *i.e.*, held by 100 or more investors who are independent of the issuer and each other, (ii) freely transferable, and (iii) either (a) part of a class of

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securities registered under Section 12(b) or 12(g) of the Exchange Act, or (b) sold as part of an offering of securities to the public pursuant to an effective registration statement under the Securities Act of 1933 and such class is registered under the Exchange Act within 120 days after the end of the fiscal year of the issuer during which the offering of such securities to the public occurred (the *Publicly Offered Securities Exception* ). Although no assurance can be given, the underwriters believe that the Publicly Offered Securities Exception will be applicable to the Normal ITS offered hereby. Accordingly, the assets of the Trust should not be treated as the assets of any Plan that holds the Normal ITS.

No assurance can be given, however, that the Publicly Offered Securities Exception will be applicable to Stripped ITS or Capital ITS that a Plan might acquire in exchange for Normal ITS, because the Stripped ITS or the Capital ITS may not meet at all times the requirement that they be widely held. Moreover, no assurance can be given that any other exception to plan asset status under the Plan Asset Regulation will be applicable to the Stripped ITS or the Capital ITS. Accordingly, it is possible that the Stock Purchase Contract and any U.S. treasury securities beneficially owned by the Trust (or, after the Stock Purchase Date, the Preferred Stock) could be treated proportionately as plan assets of any Plan holding Stripped ITS, and the Junior Subordinated Notes beneficially owned by the Trust could be treated proportionately as plan assets of any Plan holding Capital ITS. Further, it is possible that any asset beneficially owned by the Trust (*i.e.*, the Stock Purchase Contract, any U.S. treasury securities, the Preferred Stock and the Junior Subordinated Notes) could be treated proportionately as plan assets of any Plan holding Stripped ITS or Capital ITS.

If the assets of the Trust were deemed to be plan assets under the Plan Asset Regulation, this would result, among other things, in the application of the prudence and other fiduciary responsibility standards of ERISA and the Code, as applicable, to transactions engaged in by the Trust and the treatment of any person who exercises any authority or control with regard to the management or disposition of the assets of the Trust as a fiduciary of Plan investors. In this regard, if any person with discretionary responsibility with respect to the Trust assets were affiliated with us, any such discretionary actions taken with respect to such assets could be deemed to constitute a prohibited transaction under ERISA or the Code (*e.g.*, the use of such fiduciary responsibility in circumstances under which such person has an interest that may conflict with the interests of the Plans for which they act). In order to reduce the likelihood of any such prohibited transaction, any Plan that acquires Stripped ITS or Capital ITS will be deemed to have (i) directed the Trust to invest in the Stock Purchase Contract, U.S. treasury securities, Preferred Stock and/or Junior Subordinated Notes, as applicable, and (ii) appointed the Trustees.

In addition, and whether or not the assets of the Trust are considered to be plan assets of Plans investing in the ITS, the acquisition and holding of the Normal ITS, Stripped ITS or Capital ITS with plan assets of a Plan could result in a direct or indirect prohibited transaction. The Department of Labor has issued several prohibited transaction class exemptions, or *PTCEs*, that may provide exemptive relief for direct or indirect prohibited transactions resulting from the purchase, holding and disposition of ITS. These class exemptions include PTCE 84-14 for certain transactions determined by independent qualified professional asset managers, PTCE 90-1 for certain transactions involving insurance company pooled separate accounts, PTCE 91-38 for certain transactions involving bank collective investment funds, PTCE 95-60 for certain transactions involving life insurance company general accounts, and PTCE 96-23 for certain transactions determined by in-house asset managers.

Accordingly, any purchaser or holder of Normal ITS or any interest therein, and any person who acquires Stripped ITS or Capital ITS in exchange for Normal ITS, will be deemed to have represented and warranted by its acquisition and holding thereof that either (A) it is not a Plan, or a governmental plan subject to any Similar Law, and it is not acquiring the Normal, Stripped or Capital ITS, as applicable, on behalf of or with plan assets of any such Plan or governmental plan or (B) its acquisition and holding of the Normal, Stripped or Capital ITS, as applicable, either (i) qualifies for exemptive relief under PTCE 84-14, 90-1, 91-38, 95-60 or 96-23 or another applicable statutory or administrative exemption or (ii) will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental plan, a violation of any Similar Law).

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Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing Normal ITS, or exchanging Normal ITS for Stripped ITS and Capital ITS, on behalf of or with plan assets of any Plan or governmental plan consult with their counsel regarding the potential consequences of the investment and the availability of exemptive relief.

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We, the Trust and the underwriters named below have entered into an underwriting agreement, dated March 14, 2006, with respect to the Normal ITS. Subject to certain conditions, each underwriter has severally agreed to purchase the number of Normal ITS indicated in the following table.

<b>Underwriters</b>	<b>Number of Normal ITS</b>
Wachovia Capital Markets, LLC	625,000
Goldman, Sachs & Co. 375,000	
UBS Securities LLC 250,000	
Total 1,250,000	

The underwriters are committed to take and pay for all of the Normal ITS being offered, if any are taken.

In view of the fact that the proceeds from the sale of the Normal ITS and Trust Common Securities will be used to purchase the Junior Subordinated Notes issued by us, the underwriting agreement provides that we will pay as compensation for the underwriters arranging the investment therein of such proceeds the following amounts for the account of the underwriters.

**Paid by  
U.S. Bancorp**

Per Normal ITS \$10
Total \$12,500,000

The Normal ITS sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus supplement. Any Normal ITS sold by the underwriters to securities dealers may be sold at a discount from the initial public offering price of up to \$6.00 per Normal ITS. Any such securities dealers may resell any Normal ITS purchased from the underwriters to certain other brokers or dealers at a discount of up to \$2.50 per Normal ITS from the initial public offering price. If all the Normal ITS are not sold at the initial offering price, the underwriters may change the offering price and the other selling terms.

Application will be made to list the Normal ITS on the New York Stock Exchange under the symbol USBTP. Neither the Stripped ITS nor the Capital ITS will initially be listed. However, if the Stripped ITS or the Capital ITS are separately traded to a sufficient extent so that applicable exchange listing requirements are met, we may list the Stripped ITS or the Capital ITS on the same exchange as the Normal ITS are then listed, including, if applicable, the New York Stock Exchange, though we are under no obligation to do so. The Normal ITS are a new issue of securities with no established trading market. We have been advised by the underwriters that they presently intend to make a market in the Normal ITS but they are not obligated to do so and may discontinue market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the Normal ITS, the Stripped ITS or the Capital ITS.

In connection with this offering, the underwriters may purchase and sell the Normal ITS in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of Normal ITS than they are required to purchase in this offering. Stabilizing transactions consist of certain bids for or purchases of Normal ITS made by the

underwriters in the open market prior to the completion of this offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because Wachovia Capital Markets, LLC has repurchased Normal ITS sold by or for the account of such underwriter in stabilizing or short covering transactions.

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Purchases to cover a short position and stabilizing transactions may have the effect of preventing or retarding a decline in the market price of the Normal ITS, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the Normal ITS. As a result, the price of the Normal ITS may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected in over-the-counter market or otherwise.

Each of the underwriters has represented and agreed that:

it has not made or will not make an offer of Normal ITS to the public in the United Kingdom within the meaning of section 102B of the Financial Services and Markets Act 2000 (as amended) (the FSMA ) except to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities or otherwise in circumstances which do not require the publication by U.S. Bancorp of a prospectus pursuant to the Prospectus Rules of the Financial Services Authority (the FSA );

it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) to persons who have professional experience in matters relating to investments falling within Article 19(5) of the FSMA Order 2005 or in circumstances in which section 21 of the FSMA does not apply to U.S. Bancorp; and

it has complied with and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Normal ITS in, from or otherwise involving the United Kingdom.

In relation to each Member State of the European Economic Area (Iceland, Norway and Lichtenstein in addition to the member states of the European Union) that has implemented the Prospectus Directive (each, a Relevant Member State ), each underwriter has represented and agreed that it has not made and will not make an offer of Normal ITS to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Normal ITS that has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may make an offer of Normal ITS to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than 43,000,000 and (3) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts;

to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the underwriters for any such offer; or

in any other circumstances falling within Article 3(2) of the Prospectus Directive; provided that no such offer of Normal ITS shall result in a requirement for the publication by U.S. Bancorp or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of Normal ITS to the public in relation to any Normal ITS in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Normal ITS to be offered so as to enable an investor to decide to purchase or subscribe the Normal ITS, as the same may be varied in that Member State by any measure implementing the



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expression Prospectus Directive means Directive 2003/71/ EC and includes any relevant implementing measure in each Relevant Member State.

We estimate that our total out-of-pocket expenses of this offering, excluding underwriting commissions, will be approximately \$888,607.

We and the Trust have agreed to indemnify the underwriters against certain liabilities including liabilities under the Securities Act.

Wachovia Capital Markets, LLC is an indirect, wholly owned subsidiary of Wachovia. We conduct our retail brokerage investment banking, institutional and capital markets businesses through our various bank, broker-dealer and nonbank subsidiaries, including Wachovia Capital Markets, LLC, under the trade name Wachovia Securities. Any reference in this prospectus supplement to Wachovia Securities means Wachovia Capital Markets, LLC, and does not mean Wachovia Securities, LLC, a broker-dealer subsidiary of Wachovia that is not participating in this offering.

Any offerings of Normal ITS will be conducted in accordance with the provisions of Rule 2810 of the NASD Rules of Fair Conduct or any successor provision.

In compliance with guidelines of the NASD, the maximum commission or discount to be received by any NASD member or independent broker-dealer may not exceed 8% of the aggregate principal amount of the securities offered pursuant to this prospectus supplement. It is anticipated that the maximum commission or discount to be received in any particular offering of securities will be significantly less than this amount.

From time to time the underwriters engage in transactions with us in the ordinary course of business. The underwriters have performed investment banking services for us in the last two years and have received fees for these services.

**VALIDITY OF SECURITIES**

The validity of the ITS will be passed upon by Richards, Layton & Finger, P.A., special Delaware counsel for the Trust. The validity of the Junior Subordinated Notes, the Guarantee and the Preferred Stock will be passed upon for us by Squire, Sanders & Dempsey, L.L.P., Cincinnati, Ohio. The validity of the Junior Subordinated Notes, the Guarantee and the Preferred Stock will be passed upon for the underwriters by Sullivan & Cromwell LLP, 125 Broad Street, New York, New York. Squire, Sanders & Dempsey, L.L.P. and Sullivan & Cromwell LLP will rely on the opinion of Richards, Layton & Finger, P.A. as to certain matters of Delaware law.

**EXPERTS**

Our financial statements as of December 31, 2005 and 2004 and for each of the three years in the period ended December 31, 2005 and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2005 incorporated in this prospectus supplement by reference from our Annual Report on Form 10-K for the year ended December 31, 2005 have been audited by Ernst & Young LLP, independent registered public accounting firm, as stated in their reports which are incorporated by reference in this prospectus supplement. Such financial statements and management's assessment are incorporated in reliance upon the reports of such firm given on its authority as experts in accounting and auditing.

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**PROSPECTUS**

**U.S. Bancorp  
800 Nicollet Mall  
Minneapolis, Minnesota 55402  
(651) 466-3000  
U.S. Bancorp  
Junior Subordinated Notes  
Debentures  
Stock Purchase Contracts  
Preferred Stock  
Guarantees  
Senior Notes  
Subordinated Notes  
Common Stock  
Depository Shares  
Debt Warrants  
Equity Warrants  
Units  
USB Capital IX  
Normal ITS  
Stripped ITS  
Capital ITS**

The securities of each class may be offered and sold by us and/or may be offered and sold, from time to time, by one or more selling securityholders to be identified in the future. We will provide the specific terms of these securities in supplements to this prospectus. You should read this prospectus and the applicable prospectus supplement carefully before you invest in the securities described in the applicable prospectus supplement.

These securities will be our equity securities or unsecured obligations and will not be savings accounts, deposits or other obligations of any bank or nonbank subsidiary of ours and are not insured by the Federal Deposit Insurance Corporation, the Bank Insurance Fund or any other government agency.

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

This prospectus may not be used to sell securities unless accompanied by the applicable prospectus supplement.

The date of this prospectus is March 10, 2006.

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The words USB, Company, we, our, ours and us refer to U.S. Bancorp and its subsidiaries, unless otherwise stated.

**WHERE YOU CAN FIND MORE INFORMATION**

We file annual, quarterly and current 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., Washington, D.C. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. In addition, our SEC filings are available to the public from the SEC's web site 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 a part of this prospectus, 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, until we or any underwriters sell all of the securities:

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

Current Reports on Form 8-K filed on January 17, 2006 (two reports) and February 1, 2006 (on Form 8-K/A). 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

The trust has no separate financial statements. The statements would not be material to holders of the securities because the trust has no independent operations.

**VALIDITY OF SECURITIES**

Unless otherwise indicated in the applicable prospectus supplement, some legal matters will be passed upon for us by our counsel, Squire, Sanders & Dempsey L.L.P., Cincinnati, Ohio. Richards, Layton & Finger, P.A., Wilmington, Delaware, special Delaware counsel for the trust, will pass on some legal matters for the trust. Squire, Sanders & Dempsey L.L.P. will rely on the opinion of Richards, Layton & Finger, P.A., Wilmington, Delaware as to matters of Delaware law regarding the trust. Any underwriters will be represented by their own legal counsel.

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**EXPERTS**

Our financial statements as of December 31, 2005 and 2004 and for each of the three years in the period ended December 31, 2005 and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2005 incorporated in this prospectus by reference from our Annual Report on Form 10-K for the year ended December 31, 2005 have been audited by Ernst & Young LLP, independent registered public accounting firm, as stated in their reports which are incorporated by reference in this prospectus. Such financial statements and management's assessment are incorporated in reliance upon the reports of such firm given on its authority as experts in accounting and auditing.

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**U.S. Bancorp  
USB Capital IX  
6.189% Fixed-to-Floating Normal ITS<sup>sm</sup>**

**Wachovia Securities**

*Joint Book-Runners and Joint Structuring Coordinators*

**UBS Investment Bank**

*Joint Lead Manager*

**Prospectus supplement dated March 14, 2006**

**Goldman, Sachs & Co.**