U.S. Bancorp Reports Net Income for the First Quarter of 2010

Reports 42 Percent Growth in Earnings Per Diluted Common Share

U.S. Bancorp reported net income of $669 million for the first quarter of 2010, or $.34 per diluted common share. Earnings for the first quarter were driven by total net revenue of $4.3 billion, the result of strong year-over-year growth in both net interest income and fee revenue.

U.S. Bancorp Chairman, President and Chief Executive Officer Richard K. Davis said, "Our first quarter earnings of $.34 per diluted common share were approximately 42 percent higher than the same quarter of 2009 and were driven by solid year-over-year growth in total net revenue, moderating credit costs and on-going operational efficiency. Total net revenue benefited from earning asset and deposit growth, as well as an expanded net interest margin, while higher fee revenue, notably in payments and corporate banking, reflected our on-going investments and business line growth initiatives."

"As a Company, we are confident and focused on the future," continued Davis. "We are investing in our businesses, branches, employees and infrastructure. We continue to build deeper relationships with our clients, while transitioning from providing high quality customer service to being recognized for providing a great, high quality customer experience. We have not, however, lost sight of the prudent operating and risk management principles of our past - principles that have allowed our Company to successfully navigate an uncertain economy and unprecedented changes in the financial services industry. There is more change to come, and we have taken a leadership position to help ensure that the industry and, importantly, our Company play a vital role in the economic recovery."

U.S. Bank’s first quarter results demonstrate the underlying strength of the company’s business model, instilling confidence that the Company's momentum will accelerate as the economy recovers. U.S. Bank is situated in depth, breadth and strength to grow and prosper in the years ahead for the benefit of their customers, employees and communities they serve.
Carolyn Cox Named Vice President and Business Development Officer

Citing U.S. Bank’s strong financial performance, Carolyn Cox sees new opportunities to expand the Bank’s presence in California. Cox joins U.S. Bank Institutional Trust & Custody as vice president and business development officer focused exclusively on Northern California.

“There is tremendous opportunity for U.S. Bank within California and more specifically the trust and custody market,” said Cox. “In a time of financial uncertainty among some of our other competitors, U.S. Bank has weathered the storm and is stronger and more committed to developing their brand and presence throughout the state.”

Prospective clients will benefit from Cox’s industry experience. By developing a relationship with a prospect, Cox identifies the organization’s requirements, operating culture and goals. Armed with this information, she cultivates connections throughout U.S. Bank to mold a custom solution for each client.

“I’m looking forward to having access to the state-of-the-art solutions U.S. Bank Institutional Trust & Custody has available,” said Cox. “Institutional Trust & Custody has “big bank” resources to assist California clients with all of their financial management needs and I’m looking forward to being the front person who conveys this message.”

Cox earned Master of Business Administration and Bachelor of Arts degrees from the University of California at Irvine. Carolyn spends much of her free time giving back to her community, where she is an active volunteer with the Girl Scouts and many other local organizations focused on children’s welfare.

Carolyn Cox can be reached at (415) 273-5243 or carolyn.cox@usbank.com. 
First Quarter 2010 Market & Economic Summary

Macro

- U.S. Bank believes the global economy is in recovery.
- U.S. Bank believes it's likely that the non-U.S. consumer is in a strong position due to low debt levels and high savings rates.
- U.S. Bank anticipates that inflation may remain sporadic during 2010 and weak due to low, but improving, manufacturing activity and excess capacity in material and the labor force.
- Massive global monetary and fiscal stimulus appears to have been successful in stabilization of the global financial system.

Equity Markets

- The cyclical global equity advance in 2009 is likely to extend into early 2010, and we believe it will be influenced by persistent improvement in company-specific trends, enhanced investor confidence, and continued government and central bank sponsored stimulus.
- In 2010, we anticipate that equity markets worldwide may face less accommodation via global central banks and expect dramatic decreases in direct government stimulus and program support.
- Equity markets should continue to respond to relative currency movements as both competitive export flows and participation by foreign investors likely become increasingly influential as market trends.

Fixed Income Markets

- Current rates on Treasury securities appear to be too low and may represent a risk to investors.
- U.S. government agency debt spreads are at historically tight levels due to the lack of supply, which influences our belief that they are unattractive on a relative basis.
- Long-term investment grade corporate bond spreads have narrowed to ranges that are more reflective of normal levels.
- In our opinion, high yield bonds are still attractive, although spreads have narrowed significantly.
- U.S. Bank believes that high-grade municipal bonds are very attractive in the intermediate area of the yield curve for tax-exempt investors.
- We see upward pressure on interest rates around the globe, thus making us cautious for the outlook on short-term foreign debt.
Commodity Markets

- U.S. Bank anticipates that a synchronized global economic recovery will likely push commodities higher.

Real Estate Markets

- U.S. Bank has seen a significant deterioration in U.S. commercial real estate fundamentals as vacancy rates have moved higher and imputed rents have moved significantly lower.
- The global economic upturn is creating localized opportunity in global commercial real estate.

This information represents the opinion of U.S. Bank and is not intended to be a forecast of future events or guarantee of future results. It is not intended to provide specific advice or to be construed as an offering of securities or recommendation to invest. Not for use as a primary basis of investment decisions. Not to be construed to meet the needs of any particular investor. Not a representation or solicitation or an offer to sell/buy any security. Investors should consult with their investment professional for advice concerning their particular situation. The factual information provided has been obtained from sources believed to be reliable, but is not guaranteed as to accuracy or completeness. U.S. Bank is not responsible for and does not guarantee the products, services or performance of third party providers. Fannie Mae, Freddie Mac, Ginnie Mae, National Association of Realtors, Mortgage Bankers Association, and any other organizations mentioned in this publication are not affiliates or associated with U.S. Bank in any way. The Mortgage Bankers Association’s Weekly Applications Survey tracks real estate financing trends, including refinancing and purchases. Past performance is no guarantee of future results. All performance data, while deemed obtained from reliable sources, are not guaranteed for accuracy. Indexes shown are unmanaged and are not available for investment. The S&P 500 Index is an unmanaged, capitalization-weighted index of 500 widely traded stocks that are considered to represent the performance of the U.S. stock market in general. The Dow Jones Industrial Average (DJIA) is the price-weighted average of 30 actively traded blue chip stocks. The NASDAQ Composite Index is a market capitalization weighted average of roughly 5,000 stocks that are electronically traded in the NASDAQ market. The S&P GSCI Index is a composite index of commodity sector returns that is broadly diversified across the spectrum of commodities. The S&P GSCI Crude Oil Index is a sub-index of the S&P GSCI Index. It provides a reliable and publicly available benchmark for investment performance of the crude oil commodity markets. The S&P GSCI Natural Gas Index is a sub-index of the S&P GSCI Index. It provides a reliable and publicly available benchmark for investment performance of the natural gas commodity markets. The MSCI U.S. REIT Index represents approximately 85% of the U.S. equity REIT universe. Equities: Equity securities are subject to stock market fluctuations that occur in response to economic and business developments. Fixed income securities: Investing in fixed income securities are subject to various risks, including changes in interest rates, credit quality, market valuations, liquidity, prepayments, early redemption, corporate events, tax ramifications, and other factors. Investment in debt securities typically decrease in value when interest rates rise. The risk is usually greater for longer term debt securities. Investments in lower rated and non rated securities
present a greater risk of loss to principal and interest than higher rated securities. Commodities: There are special risks associated with an investment in commodities, including market price fluctuations, regulatory changes, interest rate changes, credit risk, economic changes, and the impact of adverse political or financial factors. Real Estate: Investments in real estate securities can be subject to fluctuations in the value of the underlying properties, the effect of economic conditions on real estate values, changes in interest rates and risks related to renting properties, such as rental defaults. Hedge Funds: An investment in a hedge fund involves a substantially more complicated set of risk factors than traditional investments in stocks or bonds, including the risks of using derivatives, leverage and short sales, which can magnify potential losses or gains. Restrictions exist on the ability to redeem units in a hedge fund. Hedge funds are speculative and involve a high degree of risk. International: International investing involves special risks, including foreign taxation, currency risks, risks associated with possible difference in financial standards and other risks associated with future political and economic developments. Emerging Markets: Investing in emerging markets may involve greater risks than investing in more developed countries. In addition, concentration of investments in a single region may result in greater volatility. Small/Mid Cap: Stocks of small- and mid-cap companies pose special risks, including possible illiquidity and great price volatility than stocks of larger, more established companies. High-Yield Bonds: Investments in high-yield bonds offer the potential for high current income and attractive total return, but involve certain risks. Changes in economic conditions or other circumstances may adversely affect a bond issuerâ€™s ability to make principal and interest payments. Treasury Inflation-Protected Securities: Special types of Treasury notes or bonds designed to offer protection from inflation. Interest payments vary with the rate of inflation. These securities offer a lower return compared to other similar investments. The principal value may increase or decrease with the rate of inflation. Private Equity: Consists of investors and funds that make investments directly into private companies or conduct buyouts of public companies that result in a delisting of public equity. Potential investors should remember that investments in private equity are illiquid by nature and typically represent a long-term binding commitment. The investments made by private equity funds are not readily marketable and the valuation procedures for these positions are often subjective in nature.
New U.S. Bank Online System Improves Efficiency for Global Corporate Actions

The recent implementation of the U.S. Bank XSP -- a Web-based system that processes global corporate actions -- has improved client service through increased automation and efficiency.

We implemented XSP at the end of 2009. The online system automatically captures notifications of corporate actions, sends an alert to clients with affected securities and tracks responses. Clients review and respond to corporate actions through XSP’s Web-based response tool, eTran.

Institutional Trust & Custody clients with global securities now use the same convenient corporate actions system they use for domestic securities to track and respond to global corporate actions. “Clients aren’t going to their fax machines for global corporate actions anymore,” Alice Owens, U.S. Bank Global Custody Service Manager, says.

Driven by client feedback, U.S. Bank began using this system for domestic securities in 2004. Logistical differences between domestic and global securities processing prevented conversion to XSP until 2009 when a series of system upgrades became available.

For more information regarding the use of XSP, please contact us at (866) 681-5052 or via email at: itcsalessupport@usbank.com.
U.S. Bank Government & Nonprofits Banking - Depository, Credit and Payment Solutions to Fit Your Clients Needs

Are your clients looking for a trusted advisor and banking services partner that can provide high value depository, debt financing/credit and payment products? Look no further than U.S. Bank Government & Nonprofits Banking (GNP).

GNP has more than a century of experience providing specialized financial services to local, state and federal entities. The division understands the unique legal, operating and financing requirements and purchasing characteristics of the public and nonprofit sector and manages the services tailored to these characteristics. U.S. Bank’s nationwide, coordinated delivery of services to local governments is unique among major banks, providing our clients with broad access to technologically-advanced products while maintaining essential local service and community involvement.

“We are committed to the communities within U.S. Bank’s footprint and understands that our success is tightly linked to their well-being and prosperity,” said Chris Karlin, Division Manager for U.S. Bank Government & Nonprofits Banking. “To ensure U.S. Bank’s success in this market, we strive to work collaboratively with other U.S. Bank divisions - including Institutional Trust & Custody, Retail Payments, Community Banking, Corporate Trust, and Commercial Banking – to help build strong community relationships with you.”

Government & Nonprofits Banking has three teams of industry specialists serving this functional niche across U.S. Bank’s 25-state territory: State, Municipal and Nonprofits. Eight teams focus on managing the needs of state and local governmental entities; together they manage over 5,000 relationships. The division offers a full product line of financial solutions including:

- Cash concentration
- Credit cards, purchasing cards, and "smart cards"
- Depository/treasury management
- Electronic payment alternatives
- Fraud prevention solutions
- Full-service investment activities
- Information reporting
- Leasing
- Public finance activities
So, how does GNP add value to a typical Institutional Trust & Custody public sector relationship? It is not uncommon for a public sector client to have Institutional Trust & Custody manage their clients’ securities, while Government & Nonprofits Banking provides banking services to the funds.

For example, if your clients are currently buying treasuries or interested in doing so, GNP offers clients the resources of the U.S. Bank Money Center. The Money Center brings value to your clients entity or organization by offering a full range of fixed income products with a focus on short-term money market products and government securities – at competitive market yields.

Government & Nonprofits Banking may help your clients with payments too. Whether your client is a housing authority, library, water and sewer district, or community college, every public/government organization has to make and collect payments. They utilize the resources of U.S. Bank Treasury Management to offer your clients a full array of products and services to streamline their treasury function, helping them manage costs and expand their collection and disbursement options.

Let’s say your client has an upcoming project that may need financing? GNP has a group of debt financing and credit specialists, geographically dispersed across the country that meets interim, term financing and liquidity support for government entities and large nonprofit institutions.

To learn more about U.S. Bank’s Government & Nonprofits Banking Division, please contact your Institutional Trust & Custody representative at (866) 681-5052 or visit us online at: www.usbank.com/government.