US BANCORP \DE\
Form 10-K
February 21, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2013

or

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from (not applicable)

Commission file number: 1-6880

U.S. Bancorp

(Exact name of registrant as specified in its charter)

Delaware	**41-0255900**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

800 Nicollet Mall, Minneapolis, Minnesota 55402

(Address of principal executive offices) (Zip Code)

(651) 446-3000

(Registrant s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $.01 par value per share	New York Stock Exchange
Depositary Shares (each representing 1/100th interest in a share of Series A Non-Cumulative Perpetual Preferred Stock, par value $1.00)	New York Stock Exchange
Depositary Shares (each representing 1/1,000th interest in a share of Series B Non-Cumulative Perpetual Preferred Stock, par value $1.00)	New York Stock Exchange
Depositary Shares (each representing 1/1,000th interest in a share of Series F Non-Cumulative Perpetual Preferred Stock, par value $1.00)	New York Stock Exchange
Depositary Shares (each representing 1/1,000th interest in a share of Series G Non-Cumulative Perpetual Preferred Stock, par value $1.00)	New York Stock Exchange
Depositary Shares (each representing 1/1,000th interest in a share of Series H Non-Cumulative Perpetual Preferred Stock, par value $1.00)	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No þ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	þ	Accelerated filer	¨
Non-accelerated filer	¨ (Do not check if a smaller reporting company)	Smaller reporting company	¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ¨ No þ

As of June 28, 2013, the aggregate market value of the registrant s common stock held by non-affiliates of the registrant was $66.7 billion based on the closing sale price as reported on the New York Stock Exchange.

Indicate the number of shares outstanding of each of the registrant s classes of common stock, as of the latest practicable date.

Class	Outstanding at January 31, 2014
Common Stock, $.01 par value per share	1,822,548,514

DOCUMENTS INCORPORATED BY REFERENCE

	Document	Parts Into Which Incorporated
1.	Portions of the Annual Report to Shareholders for the Fiscal Year Ended December 31, 2013 (2013 Annual Report)	Parts I and II
2.	Portions of the Proxy Statement for the Annual Meeting of Shareholders to be held April 15, 2014 (Proxy Statement)	Part III

PART I

Item 1. *Business*

General Business Description

U.S. Bancorp (U.S. Bancorp or the Company) is a multi-state financial services holding company headquartered in Minneapolis, Minnesota. U.S. Bancorp was incorporated in Delaware in 1929 and operates as a financial holding company and a bank holding company under the Bank Holding Company Act of 1956. U.S. Bancorp provides a full range of financial services, including lending and depository services, cash management, capital markets, and trust and investment management services. It also engages in credit card services, merchant and ATM processing, mortgage banking, insurance, brokerage and leasing.

U.S. Bancorp s banking subsidiary, U.S. Bank National Association, is engaged in the general banking business, principally in domestic markets. U.S. Bank National Association, with $271 billion in deposits at December 31, 2013, provides a wide range of products and services to individuals, businesses, institutional organizations, governmental entities and other financial institutions. Commercial and consumer lending services are principally offered to customers within the Company s domestic markets, to domestic customers with foreign operations and to large national customers operating in specific industries targeted by the Company. Lending services include traditional credit products as well as credit card services, leasing, financing and import/export trade, asset-backed lending, agricultural finance and other products. Depository services include checking accounts, savings accounts and time certificate contracts. Ancillary services such as capital markets, treasury management and receivable lock-box collection are provided to corporate customers. U.S. Bancorp s bank and trust subsidiaries provide a full range of asset management and fiduciary services for individuals, estates, foundations, business corporations and charitable organizations.

U.S. Bancorp s non-banking subsidiaries primarily offer investment and insurance products to the Company s customers principally within its markets, and fund processing services to a broad range of mutual and other funds.

Banking and investment services are provided through a network of 3,081 banking offices principally operating in the Midwest and West regions of the United States. The Company operates a network of 4,906 ATMs and provides 24-hour, seven day a week telephone customer service. Mortgage banking services are provided through banking offices and loan production offices throughout the Company s markets. Lending products may be originated through banking offices, indirect correspondents, brokers and other lending sources. The Company is also one of the largest providers of Visa® corporate and purchasing card services and corporate trust services in the United States. A wholly-owned subsidiary, Elavon, Inc. (Elavon), provides merchant processing services directly to merchants and through a network of banking affiliations. Wholly-owned subsidiaries, and affiliates of Elavon, provide similar merchant services in Canada, Mexico, Brazil and segments of Europe directly or through joint ventures with other financial institutions. The Company also provides corporate trust and fund administration services in Europe. These foreign operations are not significant to the Company.

On a full-time equivalent basis, as of December 31, 2013, U.S. Bancorp employed 65,565 people.

Competition

The commercial banking business is highly competitive. U.S. Bank National Association competes with other commercial banks and with other financial institutions, including savings and loan associations, mutual savings banks, finance companies, mortgage banking companies, credit unions and investment companies. In recent years, competition has increased from institutions not subject to the same regulatory restrictions as domestic banks and bank holding companies. Competition is based on a number of factors including, among others, customer service, quality and range of products and services offered, price, reputation, interest rates on loans and deposits, lending limits and customer convenience. The Company s ability to continue to compete effectively also depends in large part on its ability to attract new employees and retain and motivate existing employees, while managing compensation and other costs.

Government Policies

The operations of the Company s various operating units are affected by federal and state legislative changes and by policies of various regulatory authorities, including those of the numerous states in which they operate, the United States and foreign governments. These policies include, for example, statutory maximum legal lending rates, domestic monetary policies of the Board of Governors of the Federal Reserve System (the Federal Reserve), United States fiscal policy, international currency regulations and monetary policies and capital adequacy and liquidity constraints imposed by bank regulatory agencies.

Supervision and Regulation

U.S. Bancorp and its subsidiaries are subject to the extensive regulatory framework applicable to bank holding companies and their subsidiaries. This regulatory framework is intended primarily for the protection of depositors, the deposit insurance fund of the Federal Deposit Insurance Corporation (the FDIC), consumers and the stability of the financial system in the United States and the health of the national economy, and not for investors in bank holding companies such as the Company.

This section summarizes certain provisions of the principal laws and regulations applicable to the Company and its subsidiaries. The descriptions are not intended to be complete and are qualified in their entirety by reference to the full text of the statutes and regulations described below.

Substantial changes to the regulation of bank holding companies and their subsidiaries have occurred and will continue to occur as a result of the enactment in 2010 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act). Changes in applicable law or regulation, and in their application by regulatory agencies, have had and will continue to have a material effect on the business and results of the Company and its subsidiaries.

Dodd-Frank Act The Dodd-Frank Act significantly changed the regulatory framework for financial services companies, and since its enactment has required significant rulemaking and numerous studies and reports that will continue over the next several years. Among other things, it created a new Financial Stability Oversight Council (the Council) with broad authority to make recommendations covering enhanced prudential standards and more stringent supervision for large bank holding companies and certain non-bank financial services companies. The Dodd-Frank Act significantly reduced interchange fees on debit card transactions, changed the preemption of state laws applicable to national banks, increased the regulation of consumer mortgage banking and made numerous other changes, some of which are discussed below.

In addition to the Dodd-Frank Act, other legislative and regulatory proposals affecting banks have been made in recent years both domestically and internationally. Among other things, these proposals include significant additional capital and liquidity requirements and limitations on size or types of activity in which banks may engage.

Federal Reserve Regulation The Company elected to become a financial holding company as of March 13, 2000, pursuant to the provisions of the Gramm-Leach-Bliley Act (the GLBA) that permit qualifying bank holding companies to engage in, and affiliate with financial companies engaging in, a broader range of activities than would otherwise be permitted for a bank holding company. Under the GLBA s system of functional regulation, the Federal Reserve acts as an umbrella regulator for the Company, and certain of the Company s subsidiaries are regulated directly by additional agencies based on the particular activities of those subsidiaries. U.S. Bank National Association is regulated by the Office of the Comptroller of the Currency (the OCC) and also by the Federal Reserve and the FDIC in certain areas. Supervision and regulation by the responsible regulatory agency generally includes comprehensive annual reviews of all major aspects of a bank s business and condition, and imposition of periodic reporting requirements and limitations on investments and certain types of activities. U.S. Bank National Association, and in some cases the Company and the Company s non-bank affiliates, must undergo regular on-site examinations by the appropriate regulatory agency, which will examine for adherence to a range of legal and regulatory compliance responsibilities. If they deem the Company to be operating in a manner that is inconsistent with safe and sound banking practices, the applicable regulatory agencies can require the entry into informal or formal supervisory agreements, including board resolutions, memoranda of understanding, written agreements and consent or cease and desist orders, pursuant to which the Company would be required to take identified corrective actions to address cited concerns and to refrain from taking certain actions.

If a financial holding company or a depository institution controlled by a financial holding company ceases to meet certain capital or management standards, the Federal Reserve may impose corrective capital and managerial requirements on the financial holding company, and may place limitations on its ability to conduct all of the business activities that financial holding companies are generally permitted to conduct. See Permissible Business Activities below. If the failure to meet these standards persists, a financial holding company may be required to divest its depository institution subsidiaries, or cease all activities other than those activities that may be conducted by bank holding companies that are not financial holding companies.

Federal Reserve regulations also provide that, if any depository institution controlled by a financial holding company fails to maintain a satisfactory rating under the Community Reinvestment Act (CRA), the Federal Reserve must prohibit the financial holding company and its subsidiaries from engaging in the additional activities in which only financial holding companies may engage. See Community Reinvestment Act below. At December 31, 2013, U.S. Bank National Association met the capital, management and CRA requirements necessary to permit the Company to conduct the broader activities permitted for financial holding companies under the GLBA.

The Dodd-Frank Act codified existing Federal Reserve policy requiring the Company to act as a source of financial strength to U.S. Bank National Association, and to commit resources to support this subsidiariy in circumstances where it might not otherwise do so. However, because the GLBA provides for functional regulation of financial holding company activities by various regulators, the GLBA prohibits the Federal Reserve from requiring payment by a holding company to a depository institution if the functional regulator of the depository institution objects to the payment. In those cases, the Federal Reserve could instead require the divestiture of the depository institution and impose operating restrictions pending the divestiture. As a result of the Dodd-Frank Act, non-bank subsidiaries of a holding company that engage in activities permissible for an insured depository institution must be examined and regulated in a manner that is at least as stringent as if the activities were conducted by the lead depository institution of the holding company.

Enhanced Prudential Standards/Early Remediation In 2011, the Federal Reserve issued a proposed rule relating to enhanced prudential standards required under the Dodd-Frank Act for bank holding companies with over $50 billion in consolidated assets. The prudential standards include enhanced risk-based capital and leverage requirements, enhanced liquidity requirements, enhanced risk management and risk committee requirements, a requirement to submit a resolution plan, single-counterparty credit limits and stress tests. The proposal requires the Federal Reserve to conduct annual supervisory capital adequacy stress tests of covered companies under baseline, adverse and severely adverse scenarios, and requires covered companies to conduct their own capital adequacy stress tests. The proposal would provide for notification to a covered company as to which the Council has determined to impose a debt-to-equity ratio of no more than 15-to-1, based upon the determination by the Council that (a) such company poses a grave threat to the financial stability of the United States and (b) the imposition of such a requirement is necessary to mitigate the risk that the company poses to the financial stability of the United States.

The proposed rule also provides, as required by the Dodd-Frank Act, for the early remediation of financial distress at covered companies so as to minimize the probability that the company will become insolvent and to reduce the potential harm of the insolvency of a covered company to the financial stability of the United States. Remedies include, in the initial stages of financial decline of the covered company, limits on capital distributions, acquisitions and asset growth. Remedies in the later stages of financial decline of the covered company include a capital restoration plan and capital-raising requirements, limits on transactions with affiliates, management changes and asset sales. In addition to regulatory capital triggers, the proposed rule includes triggers based on supervisory stress test results, market indicators and weaknesses in enterprise-wide and liquidity risk management.

Permissible Business Activities As a financial holding company, the Company may affiliate with securities firms and insurance companies and engage in other activities that are financial in nature or incidental or complementary to activities that are financial in nature. Financial in nature activities include the following: securities underwriting, dealing and market making; sponsoring mutual funds and investment companies; insurance underwriting and agency; merchant banking; and activities that the Federal Reserve, in consultation with the Secretary of the United States Treasury, determines to be financial in nature or incidental to such financial activity. Complementary activities are activities that the Federal Reserve determines upon application to be complementary to a financial activity and that do not pose a safety and soundness risk.

The Company generally is not required to obtain Federal Reserve approval to acquire a company (other than a bank holding company, bank or savings association) engaged in activities that are financial in nature or incidental to activities that are financial in nature, as determined by the Federal Reserve. However, the Dodd-Frank Act added a provision requiring approval if the total consolidated assets to be acquired exceed $10 billion. Financial holding companies are also required to obtain the approval of the Federal Reserve before they may acquire more than 5 percent of the voting shares or substantially all of the assets of an unaffiliated bank holding company, bank or savings association.

Interstate Banking Under the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (the Riegle-Neal Act), a bank holding company may acquire banks in states other than its home state, subject to any state requirement that the bank has been organized and operating for a minimum period of time (not to exceed five years). Also, such an acquisition is not permitted if the bank holding company controls, prior to or following the proposed acquisition, more than 10 percent of the total amount of deposits of insured depository institutions nationwide, or, if the acquisition is the bank holding company s initial entry into the state, more than 30 percent of the deposits of insured depository institutions in the state (or any lesser or greater amount set by the state).

The Riegle-Neal Act also authorizes banks to merge across state lines to create interstate branches. Under the Dodd-Frank Act, banks are permitted to establish new branches in another state to the same extent as banks chartered in that state.

Regulatory Approval for Acquisitions In determining whether to approve a proposed bank acquisition, federal bank regulators will consider a number of factors, including the following: the effect of the acquisition on competition, financial condition and future prospects (including current and projected capital ratios and levels); the competence, experience and integrity of management and its record of compliance with laws and regulations; the convenience and needs of the communities to be served (including the acquiring institution s record of compliance under the CRA); and the effectiveness of the acquiring institution in combating money laundering activities. In addition, under the Dodd-Frank Act, approval of interstate transactions requires that the acquiror satisfy regulatory standards for well capitalized and well managed institutions.

Dividend Restrictions The Company is a legal entity separate and distinct from its subsidiaries. Typically, the majority of the Company s operating funds are received in the form of dividends paid to the Company by U.S. Bank National Association. Federal law imposes limitations on the payment of dividends by national banks.

In general, dividends payable by U.S. Bank National Association and the Company s trust bank subsidiaries, as national banking associations, are limited by rules which compare dividends to net income for regulatorily-defined periods.

The OCC, the Federal Reserve and the FDIC also have authority to prohibit or limit the payment of dividends by the banking organizations they supervise (including the Company and U.S. Bank National Association), if, in the banking regulator s opinion, payment of a dividend would constitute an unsafe or unsound practice in light of the financial condition of the banking organization. Subject to exceptions for well capitalized and well managed holding companies, Federal Reserve regulations also require approval of holding company purchases and redemptions of its securities if the gross consideration paid exceeds 10 percent of consolidated net worth for any 12-month period.

In addition, Federal Reserve policy on the payment of dividends, stock redemptions and stock repurchases requires that bank holding companies consult with and inform the Federal Reserve in advance of doing any of the following: declaring and paying dividends that could raise safety and soundness concerns (e.g., declaring and paying dividends that exceed earnings for the period for which dividends are being paid); redeeming or repurchasing capital instruments when experiencing financial weakness; and redeeming or repurchasing common stock and perpetual preferred stock, if the result will be a net reduction in the amount of such capital instruments outstanding for the quarter in which the reduction occurs.

In 2010, the Federal Reserve issued an addendum to its policy on dividends, stock redemptions and stock repurchases that is specifically applicable to the 19 largest bank holding companies (including the Company) that are covered by the Supervisory Capital Assessment Program. The addendum provides for Federal Reserve review of dividend increases, implementation of capital repurchase programs and other capital repurchases or redemptions.

The supervisory stress tests of the Company conducted by the Federal Reserve as part of its annual Comprehensive Capital Analysis and Review (CCAR) process also affect the ability of the Company to pay dividends and make other forms of capital distribution. See Comprehensive Capital Analysis and Review and Stress Testing below.

Capital Requirements The Company is subject to regulatory capital requirements (the Basel I or general risk-based capital rules) established by the Federal Reserve, and U.S. Bank National Association is subject to substantially similar rules established by the OCC. These requirements are currently the subject of significant changes as a result of standards established by the Basel Committee on Banking Supervision (the BCBS), an international organization which has the goal of creating international standards for banking regulation, and the implementation of these standards and of relevant provisions of the Dodd-Frank Act by banking regulators in the United States. Minimum regulatory capital levels will significantly increase as these requirements are implemented and phased in.

Federal banking regulators have adopted risk-based capital and leverage rules that require the capital-to-assets ratios of financial institutions to meet certain minimum standards. The risk-based capital ratio is calculated by allocating assets and specified off-balance sheet financial instruments into risk-weighted categories (with higher levels of capital being required for the categories perceived as representing greater risk), and is used to determine the amount of a financial institution s total risk-weighted assets (RWAs).

Under the rules, capital is divided into two tiers: Tier 1 capital and Tier 2 capital. The amount of Tier 2 capital may not exceed the amount of Tier 1 capital. Total capital is the sum of Tier 1 capital and Tier 2 capital. Under the existing Basel I rules, banking organizations are required to maintain a total capital ratio (total capital to RWA) of 8 percent and a Tier 1 capital ratio (Tier 1 capital to RWA) of 4 percent. At December 31, 2013, under the Basel I rules, the Company s consolidated total capital ratio was 13.2 percent and its Tier 1 capital ratio was 11.2 percent. For a further description, see Note 14 of the Notes to Consolidated Financial Statements in the Company s 2013 Annual Report.

The federal banking regulators also have established minimum leverage ratio guidelines. The leverage ratio is defined as Tier 1 capital divided by adjusted average total on-balance sheet assets. Under the existing rules, the minimum leverage ratio is 3 percent for bank holding companies that are considered strong under Federal Reserve guidelines or which have implemented the Federal Reserve s risk-based capital measure for market risk. Other bank holding companies must have a minimum leverage ratio of 4 percent. Bank holding companies may be expected to maintain ratios well above the minimum levels, depending upon their particular condition, risk profile and growth plans. At December 31, 2013, the Company s leverage ratio was 9.6 percent.

The Dodd-Frank Act effectively eliminated differences between the minimum capital requirements applicable to insured depository institutions and their holding companies by phasing out the use of hybrid debt instruments (such as trust preferred securities) in determining holding company regulatory capital.

For additional information regarding the Company s regulatory capital, see Capital Management in the Company s 2013 Annual Report on page 58.

Basel II and III The Federal Reserve and the OCC approved a final rule in 2007 adopting international guidelines established by the BCBS known as Basel II. The Basel II framework consists of three pillars: (a) capital adequacy, (b) supervisory review (including the computation of capital and internal assessment processes), and (c) market discipline (including increased disclosure requirements). The Company began the parallel run phase of its Basel II implementation process in 2011. The Company must complete the parallel run to the satisfaction of the Federal Reserve and the OCC before it may use the Basel II advanced approaches to calculate its risk-based capital requirements.

In December 2010, the BCBS issued a new set of international standards for determining regulatory capital known as Basel III. The U.S. federal banking regulators published the U.S. Basel III final rule in October 2013 to implement many aspects of these international standards as well as certain provisions of the Dodd-Frank Act. The U.S. Basel III final rule focuses regulatory capital on common equity Tier 1 capital, introduces new regulatory adjustments and deductions from capital, narrows the eligibility criteria for regulatory capital instruments and makes other changes to the existing Basel I and Basel II frameworks. Under the U.S. Basel III final rule, the Company will be subject to a minimum common equity Tier 1 capital ratio (common equity Tier 1 capital to RWA) of 4.5 percent, a minimum Tier 1 capital ratio of 6 percent and a minimum total capital ratio of 8 percent on a fully phased-in basis. In addition, the final rule provides that certain new items be deducted from common equity Tier 1 capital and certain Basel I deductions be modified. The majority of these capital deductions are subject to a phase-in schedule and will be fully phased in by 2018. The Company will also be subject to a 2.5 percent common equity Tier 1 capital conservation buffer and, if deployed, up to a 2.5 percent common equity Tier 1 countercyclical buffer on a fully phased-in basis by 2019. The U.S. Basel III final rule establishes a minimum leverage ratio of 4 percent for all U.S. banking organizations. The final rule also subjects banking organizations calculating their capital requirements using advanced approaches, including the Company, to a minimum Basel III supplementary leverage ratio of 3 percent that takes into account certain off-balance sheet exposures. The Company became subject to the U.S. Basel III final rule beginning on January 1, 2014. Certain requirements in the U.S. Basel III final rule, including the new capital buffers, will be phased in over several years.

In June 2011, the U.S. banking regulators published final regulations implementing a provision of the Dodd-Frank Act requiring that certain institutions supervised by the Federal Reserve, including the Company, be subject to minimum capital requirements that are not less than the generally applicable risk-based capital requirements. Currently, this minimum capital floor is based on Basel I. Beginning on January 1, 2015, the U.S. Basel III final rule will replace the current Basel I-based capital floor with a standardized approach that, among other things, modifies the existing risk weights for certain types of asset classes. The capital floor applies to the calculation of both minimum risk-based capital requirements as well as the capital conservation buffer and, if deployed, the countercyclical capital buffer.

Comprehensive Capital Analysis and Review The Federal Reserve s Capital Plans rule requires large bank holding companies with assets in excess of $50 billion to submit capital plans to the Federal Reserve on an annual basis and to obtain approval from the Federal Reserve for capital distributions proposed in the capital plan. These capital plans consists of a number of mandatory elements, including an assessment of a company s sources and uses of capital over a nine-quarter planning horizon assuming both expected and stressful conditions; a detailed description of a company s process for assessing capital adequacy; a demonstration of a company s ability to maintain capital above each minimum regulatory capital ratio and above a Tier 1 common ratio of 5 percent under expected and stressful conditions; and a demonstration of a company s ability to achieve, readily and without difficulty, the minimum capital ratios and capital buffers under the Basel III framework as it comes into effect in the United States.

The Federal Reserve has issued an interim final rule specifying how large bank holding companies, including the Company, should incorporate the U.S. Basel III capital standards into their 2014 capital plan. Among other things, the interim final rule requires large bank holding companies to project both their common equity Tier 1 capital ratio using the methodology under existing capital guidelines and their common equity Tier 1 capital ratio under the U.S. Basel III capital standards, as such standards phase in over the nine-quarter planning horizon.

The Company submitted its 2014 capital plan to the Federal Reserve on January 6, 2014, in accordance with instructions from the Federal Reserve. Applicable stress testing rules require the Federal Reserve to publish the results of its assessment of the Company s capital plan, including its planned capital distributions, no later than March 31, 2014.

Stress Testing The Federal Reserve s CCAR framework and the Dodd-Frank Act stress testing framework require large bank holding companies such as the Company to conduct company-run stress tests and subjects them to supervisory stress tests conducted by the Federal Reserve. Among other things, the company-run stress tests employ stress scenarios developed by the Company as well as stress scenarios provided by the Federal Reserve and incorporate the Dodd-Frank Act capital actions, which are intended to normalize capital distributions across large U.S. bank holding companies. The Federal Reserve conducts CCAR and Dodd-Frank supervisory stress tests employing its adverse and severely adverse stress scenarios and internal supervisory models. The Federal Reserve s CCAR and Dodd-Frank supervisory stress tests incorporate the Company s planned capital actions and the Dodd-Frank Act capital actions, respectively. The Federal Reserve and the Company are required to publish the results of the annual supervisory and annual company-run stress tests, respectively, no later than March 31 of each year. In addition, all large bank holding companies are required to submit a mid-cycle company-run stress test employing stress scenarios developed by the Company. The results of this stress test must be submitted to the Federal Reserve for review in early July of each year. The Company is required to publish its results of this stress test no later than the end of September of each year. The Federal Reserve has stated that, in 2014, it plans to publish summaries of supervisory stress test results for each large bank holding company under both the adverse and severely adverse stress scenarios developed by the Federal Reserve.

National banks with assets in excess of $50 billion are required to submit annual company-run stress test results to the OCC concurrently with their parent bank holding company s CCAR submission to the Federal Reserve. The stress test is based on the OCC s stress scenarios (which are typically the same as the Federal Reserve s stress scenarios) and capital actions that are appropriate for the economic conditions assumed in each scenario. U.S. Bank National Association submitted its stress test in accordance with regulatory requirements in January 2014. The Company is required to publish the results of this stress test no later than March 31, 2014.

Basel III Liquidity Proposals The BCBS proposed in 2009 two minimum standards for limiting liquidity risk: the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR). The LCR is designed to ensure that bank holding companies have sufficient high-quality liquid assets to survive a significant liquidity stress event lasting for 30 calendar days. The NSFR is designed to promote stable, longer-term funding of assets and business activities over a one-year time horizon. The BCBS contemplates that bank regulators in major jurisdictions will begin to phase in the LCR requirement on January 1, 2015. It contemplates that the NSFR, including any revisions, will be implemented as a minimum standard by January 1, 2018.

In October 2013, the federal banking regulators proposed a rule to implement the LCR in the United States. The proposed rule would apply the LCR standards to bank holding companies and their U.S. bank subsidiaries calculating their capital requirements using advanced approaches, such as the Company and U.S. Bank National Association. The LCR standards in the proposed rule differ in certain respects from the BCBS s version of the LCR, including a narrower definition of high-quality liquid assets, different prescribed cash inflow and outflow assumptions for certain types of instruments and transactions, a different methodology for calculating the LCR and a shorter phase-in schedule that ends on December 31, 2016. The federal banking regulators have not yet proposed rules to implement the NSFR in the United States.

Federal Deposit Insurance Corporation Improvement Act The Federal Deposit Insurance Corporation Improvement Act of 1991 (the FDICIA) provides a framework for regulation of depository institutions and their affiliates (including parent holding companies) by federal banking regulators. As part of that framework, the FDICIA requires the relevant federal banking regulator to take prompt corrective action with respect to a depository institution if that institution does not meet certain capital adequacy standards.

Supervisory actions by the appropriate federal banking regulator under the prompt corrective action rules generally depend upon an institution s classification within five capital categories. The U.S. Basel III final rule revises the capital ratio thresholds in the prompt corrective action framework to reflect the new Basel III capital ratios. This aspect of the U.S. Basel III rule will become effective on January 1, 2015. The regulations apply only to banks and not to bank holding companies such as the Company; however, subject to limitations that may be imposed pursuant to the GLBA, the Federal Reserve is authorized to take appropriate action at the holding company level, based on the undercapitalized status of the holding company s subsidiary banking institutions. In certain instances relating to an undercapitalized banking institution, the bank holding company would be required to guarantee the performance of the undercapitalized subsidiary s capital restoration plan and could be liable for civil money damages for failure to fulfill those guarantee commitments.

Deposit Insurance Under current FDIC regulations, each depository institution is assigned to a risk category based on capital and supervisory measures. A depository institution is assessed premiums by the FDIC based on its risk category and the amount of deposits held. In 2009, the FDIC revised the method for calculating the assessment rate for depository institutions by introducing several adjustments to an institution s initial base assessment rate. The Dodd-Frank Act altered the assessment base for deposit insurance assessments from a deposit to an asset base, and seeks to fund part of the cost of the Dodd-Frank Act by increasing the deposit insurance reserve fund to 1.35 percent of estimated insured deposits. The Dodd-Frank Act also requires that FDIC assessments be set in a manner that offsets the cost of the assessment increases for institutions with consolidated assets of less than $10 billion. This provision effectively places the increased assessment costs on larger financial institutions such as the Company.

The Dodd-Frank Act also permanently increased deposit insurance coverage from $100,000 per account ownership type to $250,000. In February 2011, the FDIC adopted a final rule implementing the Dodd-Frank Act provisions, which provides for use of a risk scorecard to determine deposit premiums. The effect of the rule was to increase the FDIC premiums paid by U.S. Bank National Association.

Powers of the FDIC Upon Insolvency of an Insured Institution If the FDIC is appointed the conservator or receiver of an insured depository institution upon its insolvency or in certain other events, the FDIC has the power to (a) transfer any of the depository institution s assets and liabilities to a new obligor without the approval of the depository institution s creditors; (b) enforce the terms of the depository institution s contracts pursuant to their terms; or (c) repudiate or disaffirm any contracts (if the FDIC determines that performance of the contract is burdensome and that the repudiation or disaffirmation is necessary to promote the orderly administration of the depository institution). These provisions would be applicable to obligations and liabilities of the Company s insured depository institution subsidiary, U.S. Bank National Association.

Depositor Preference Under federal law, in the event of the liquidation or other resolution of an insured depository institution, the claims of a receiver of the institution for administrative expense and the claims of holders of domestic deposit liabilities (including the FDIC, as subrogee of the depositors) have priority over the claims of other unsecured creditors of the institution, including holders of publicly issued senior or subordinated debt and depositors in non-domestic offices. As a result, those noteholders and depositors would be treated differently from, and could receive, if anything, substantially less than, the depositors in domestic offices of the depository.

Orderly Liquidation Authority The Dodd-Frank Act created a new framework for the orderly liquidation of a covered financial company by the FDIC as receiver. A covered financial company is a financial company (including a bank holding company, but not an insured depository institution), in situations where the Secretary of the Treasury determines (upon the written recommendation of the FDIC and the Federal Reserve and after consultation with the President) that the conditions set forth in the Dodd-Frank Act regarding the potential impact on financial stability of the financial company s failure have been met. The rule sets forth a comprehensive method for the receivership of a covered financial company. The Company is a financial company and therefore is potentially subject to the orderly liquidation authority of the FDIC. In preparation for the potential exercise of this authority, the FDIC created the Office of Complex Financial Institutions. Its duties include the continuous review and oversight of bank holding companies with assets of more than $100 billion.

Resolution Plans The Federal Reserve and the FDIC have adopted a rule to implement the requirements of the Dodd-Frank Act regarding annual resolution plans for bank holding companies with assets of $50 billion or more (so-called Living Wills). The rule requires each covered company to produce a contingency resolution plan for the rapid and orderly resolution of the Company in the event of material financial distress or failure. Resolution plans must include information regarding the manner and extent to which any insured depository institution affiliated with the company is adequately protected from risks arising from the activities of any nonbank subsidiaries of the company; full descriptions of ownership structure, assets, liabilities and contractual obligations of the company; identification of the cross-guarantees tied to different securities; identification of major counterparties; a process for determining to whom the collateral of the company is pledged; and any other information that the Federal Reserve and the FDIC jointly require by rule or order. Plans must analyze baseline, adverse, and severely adverse economic condition impacts. The plan must demonstrate, in the event of material financial distress or failure of the covered company, a reorganization or liquidation of the covered company under the federal bankruptcy code that could be accomplished within a reasonable period of time and in a manner that substantially mitigates the risk that the failure of the covered company would have serious adverse effects on financial stability in the United States. Covered companies and their subsidiaries are subject to more stringent capital, leverage and liquidity requirements or restrictions on growth, activities or operations if they fail to file an acceptable plan (i.e. the plan is determined to not be credible and deficiencies are not cured in a timely manner). Plans must be updated annually.

In January 2012, the FDIC adopted a final rule requiring an insured depository institution with $50 billion or more in total assets to submit periodically to the FDIC a contingency plan for the resolution of such institution in the event of its failure. The rule requires a covered depository institution to submit a resolution plan that should enable the FDIC, as receiver, to resolve the institution under applicable receivership provisions of the Federal Deposit Insurance Act in a manner that ensures that depositors receive access to their insured deposits within one business day of the institution s failure, maximizes the net present value return from the sale or disposition of its assets and minimizes the amount of any loss to be realized by the institution s creditors.

The Company filed its initial resolution plan pursuant to each rule in December 2013, and will periodically revise its plan as required.

Liability of Commonly Controlled Institutions An FDIC-insured depository institution can be held liable for any loss incurred or expected to be incurred by the FDIC in connection with another FDIC-insured institution under common control with that institution being in default or in danger of default (commonly referred to as cross-guarantee liability). An FDIC claim for cross-guarantee liability against a depository institution is generally superior in right of payment to claims of the holding company and its affiliates against the depository institution.

Transactions with Affiliates There are various legal restrictions on the extent to which the Company and its non-bank subsidiaries may borrow or otherwise obtain funding from U.S. Bank National Association. Under the Federal Reserve Act and Regulation W of the Federal Reserve, U.S. Bank National Association (and its subsidiaries) may only engage in lending and other covered transactions with non-bank and non-savings bank affiliates to the following extent: (a) in the case of any single affiliate, the aggregate amount of covered transactions may not exceed 10 percent of the capital stock and surplus of U.S. Bank National Association; and (b) in the case of all affiliates, the aggregate amount of covered transactions may not exceed 20 percent of the capital stock and surplus of U.S. Bank National Association.

Covered transactions between U.S. Bank National Association and its affiliates are also subject to certain collateralization requirements. All covered transactions, including transactions with a third party in which an affiliate of U.S. Bank National Association has a financial interest, must be conducted on market terms. Covered transactions are defined to include (a) a loan or extension of credit by a bank subsidiary to an affiliate, (b) a purchase of securities issued to a banking subsidiary by an affiliate, (c) a purchase of assets (unless otherwise exempted by the Federal Reserve) by the banking subsidiary from an affiliate, (d) the acceptance of securities issued by an affiliate to the banking subsidiary as collateral for a loan, and (e) the issuance of a guarantee, acceptance or letter of credit by the banking subsidiary on behalf of an affiliate. The Dodd-Frank Act eliminated the special treatment for transactions with financial subsidiaries and added derivative and securities lending transactions to the definition of covered transactions.

Anti-Money Laundering and Suspicious Activity Several federal laws, including the Bank Secrecy Act, the Money Laundering Control Act and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the Patriot Act) require all financial institutions (including banks and securities broker-dealers) to, among other things, implement policies and procedures relating to anti-money laundering, compliance, suspicious activities, and currency transaction reporting and due diligence on customers. The Patriot Act also requires federal bank regulators to evaluate the effectiveness of an applicant in combating money laundering when determining whether to approve a proposed bank acquisition.

Community Reinvestment Act U.S. Bank National Association is subject to the provisions of the CRA. Under the terms of the CRA, banks have a continuing and affirmative obligation, consistent with safe and sound operation, to help meet the credit needs of their communities, including providing credit to individuals residing in low-income and moderate-income neighborhoods. The CRA does not establish specific lending requirements or programs for financial institutions, and does not limit an institution s discretion to develop the types of products and services that it believes are best suited to its particular community in a manner consistent with the CRA.

The OCC regularly assesses U.S. Bank National Association on its record in meeting the credit needs of the community served by that institution, including low-income and moderate-income neighborhoods. The assessment also is considered when the Federal Reserve reviews applications by banking institutions to acquire, merge or consolidate with another banking institution or its holding company, to establish a new branch office that will accept deposits or to relocate an office. In the case of a bank holding company applying for approval to acquire a bank or other bank holding company, the Federal Reserve will assess the records of each subsidiary depository institution of the applicant bank holding company, and those records may be the basis for denying the application.

U.S. Bank National Association received an outstanding CRA rating in its most recent examination, covering the period from January 1, 2006 through December 31, 2008.

Regulation of Brokerage, Investment Advisory and Insurance Activities The Company conducts securities underwriting, dealing and brokerage activities in the United States through U.S. Bancorp Investments, Inc. (USBII) and other subsidiaries. These activities are subject to regulations of the Securities and Exchange Commission (the SEC), the Financial Industry Regulatory Authority and other authorities, including state regulators. These regulations generally include licensing of securities personnel, interactions with customers, trading operations and periodic examinations.

Securities regulators impose capital requirements on USBII and monitor its financial operations with periodic financial reviews. In addition, USBII is a member of the Securities Investor Protection Corporation.

The operations of First American Funds money market funds, the Company s proprietary money market funds, also are subject to regulation by the SEC. In June 2013, the SEC proposed rules regarding money market mutual fund reform. The proposed rules provide two primary potential requirements. One would require a floating net asset value for institutional prime money market mutual funds. The other seeks to limit redemptions during periods of stress (allowing for the use of liquidity fees and redemption gates during such times). Other changes proposed include tightened diversification requirements and enhanced disclosure requirements.

The Company s operations in the areas of insurance brokerage and reinsurance of credit life insurance are subject to regulation and supervision by various state insurance regulatory authorities, including the licensing of insurance brokers and agents.

Regulation of Derivatives and the Swap Marketplace Under the Dodd-Frank Act, the Commodity Futures Trading Commission (the CFTC) has issued and will continue to issue additional rules regarding the regulation of the swaps marketplace and over-the-counter derivatives. The rules require swap dealers and major swap participants to register with the CFTC and require them to meet robust business conduct standards to lower risk and promote market integrity, to meet certain recordkeeping and reporting requirements so that regulators can better monitor the markets, and to be subject to certain capital and margin requirements. U.S. Bank National Association is a registered swap dealer.

The CFTC rules also include push-out provisions, which require covered U.S. banks acting as dealers in commodity swaps, equity swaps and certain credit default swaps to push out such activities and conduct them through one or more non-bank affiliates by July 2015. In July 2013, the CFTC released final cross-border guidance and provided temporary exemptive relief from application of derivatives requirements for certain non-U.S. derivatives activity. Future regulations will likely impose additional operational and compliance costs, although the ultimate impact of regulations that have not yet been finalized remains unclear.

The Volcker Rule Proprietary Trading of Securities, Derivatives, and Certain other Financial Instruments In December 2013, the SEC, the Federal Reserve, the OCC and the FDIC jointly issued a final rule to implement the so-called Volcker Rule under the Dodd-Frank Act. The Volcker Rule prohibits banking entities from engaging in proprietary trading of securities, derivatives and certain other financial instruments for the entity s own account, and prohibits certain interests in, or relationships with, a hedge fund or private equity fund. The final rule also requires annual attestation by a banking entity s Chief Executive Officer regarding the banking entity s compliance program to ensure and monitor compliance with the Volcker Rule s prohibitions and restrictions. The final rule will become effective on April 1, 2014 and will apply to the Company, U.S. Bank National Association and their affiliates. However, banking entities have until July 1, 2015 to bring their activities and investments into conformance with the Volcker Rule, subject to possible extensions.

Financial Privacy Under the requirements imposed by the GLBA, the Company and its subsidiaries are required periodically to disclose to their retail customers the Company s policies and practices with respect to the sharing of nonpublic customer information with its affiliates and others, and the confidentiality and security of that information. Under the GLBA, retail customers also must be given the opportunity to opt out of information-sharing arrangements with nonaffiliates, subject to certain exceptions set forth in the GLBA.

Incentive-Based Compensation Arrangements In April 2011, the Federal Reserve, the OCC, the FDIC, the SEC, the National Credit Union Administration and the Federal Housing Finance Agency issued a proposed rule under the Dodd-Frank Act that would require the reporting of incentive-based compensation arrangements by a covered financial institution, and prohibit incentive-based compensation arrangements at a covered financial institution that provide excessive compensation or that could expose the institution to inappropriate risks that could lead to material financial loss.

Durbin Amendment A provision of the Dodd-Frank Act known as the Durbin Amendment required the Federal Reserve to establish a cap on the interchange fees that merchants pay banks for electronic clearing of debit transactions. The Federal Reserve issued final rules, effective October 1, 2011, for establishing standards, including a cap, for debit card interchange fees and prohibiting network exclusivity arrangements and routing restrictions. The final rule established standards for assessing whether debit card interchange fees received by debit card issuers were reasonable and proportional to the costs incurred by issuers for electronic debit transactions, and it established a maximum permissible interchange fee that an issuer may receive for an electronic debit transaction, which reduces fee revenue to debit card issuers such as the Company. Under the final rule, the maximum permissible interchange fee that an issuer may receive for an electronic debit transaction is the sum of 21 cents per transaction, a 1 cent fraud prevention adjustment, and 5 basis points multiplied by the value of the transaction.

In July 2013, a decision by a Washington, D.C. District Court judge invalidated the Federal Reserve s interchange fee rule, ruling in favor of a group of retailers who argued that the new lower interchange fees had been inappropriately set too high by the Federal Reserve. If upheld, the decision would keep in place current interchange transaction standards until new regulations or interim standards are implemented. The Federal Reserve has appealed the decision and a stay is in effect. If the rule were to be revised so that the cap on interchange fees were even lower, it could adversely impact the Company s debit interchange fee revenue. The final impact of the court decision will depend on factors such as the outcome of the appeal and the provisions of any new or revised regulations that are promulgated.

Consumer Protection Regulation Retail banking activities are subject to a variety of statutes and regulations designed to protect consumers. Interest and other charges collected or contracted for by banks are subject to state usury laws and federal laws concerning interest rates. Loan operations are also subject to numerous laws applicable to credit transactions, such as:

- the federal Truth-In-Lending Act and Regulation Z issued by the Federal Reserve, governing disclosures of credit terms to consumer borrowers;

- the Home Mortgage Disclosure Act and Regulation C issued by the Federal Reserve, requiring financial institutions to provide information to enable the public and public officials to determine whether a financial institution is fulfilling its obligation to help meet the housing needs of the community it serves;

- the Equal Credit Opportunity Act and Regulation B issued by the Federal Reserve, prohibiting discrimination on the basis of race, creed or other prohibited factors in extending credit;

- the Fair Credit Reporting Act and Regulation V issued by the Federal Reserve, governing the use and provision of information to consumer reporting agencies;

- the Fair Debt Collection Act, governing the manner in which consumer debts may be collected by collection agencies;

- the Servicemembers Civil Relief Act, applying to all debts incurred prior to commencement of active military service (including credit card and other open-end debt) and limiting the amount of interest, including service and renewal charges and any other fees or charges (other than bona fide insurance) that is related to the obligation or liability; and

- the guidance of the various federal agencies charged with the responsibility of implementing such laws.

Deposit operations also are subject to consumer protection laws and regulations, such as:

- the Truth in Savings Act and Regulation DD issued by the Federal Reserve, which require disclosure of deposit terms to consumers;

- Regulation CC issued by the Federal Reserve, which relates to the availability of deposit funds to consumers;

- the Right to Financial Privacy Act, which imposes a duty to maintain the confidentiality of consumer financial records and prescribes procedures for complying with administrative subpoenas of financial records; and

- the Electronic Funds Transfer Act and Regulation E issued by the Federal Reserve, which governs automatic deposits to and withdrawals from deposit accounts and customers rights and liabilities arising from the use of automated teller machines and other electronic banking services.

The Company and its subsidiaries, as applicable, are also subject to state consumer lender regulation and various other state laws and regulations designed to protect consumers.

Consumer Financial Protection Bureau Many of the foregoing laws and regulations are subject to change resulting from provisions in the Dodd-Frank Act, which in many cases calls for revisions to implementing regulations. In addition, the Consumer Financial Protection Bureau (the CFPB) created by the Dodd-Frank Act has assumed all authority to prescribe rules or issue orders or guidelines pursuant to any federal consumer financial law. The CFPB regulates and examines the Company and its banks and other subsidiaries with respect to matters that relate to these laws and consumer financial services and products. The CFPB undertook numerous rule-making and other initiatives in 2013, and will continue to do so in 2014. The CFPB s rulemaking, examination and enforcement authority is expected to significantly affect financial institutions involved in the provision of consumer financial products and services, including the Company, U.S. Bank National Association and the Company s other subsidiaries.

The CFPB recently finalized a number of significant rules which will impact nearly every aspect of the lifecycle of a residential mortgage. These rules implement the Dodd-Frank Act amendments to the Equal Credit Opportunity Act, the Truth in Lending Act and the Real Estate Settlement Procedures Act. The final rules require banks to, among other things: (a) develop and implement procedures to ensure compliance with a new ability to repay requirement and identify whether a loan meets a new definition for a qualified mortgage, (b) implement new or revised disclosures, policies and procedures for servicing mortgages including, but not limited to, early intervention with delinquent borrowers and specific loss mitigation procedures for loans secured by a borrower s principal residence, (c) comply with additional rules and restrictions regarding mortgage loan originator compensation and the qualification and registration or licensing of loan originators, and (d) comply with new disclosure requirements and standards for appraisals and escrow accounts maintained for higher priced mortgage loans. Some of these new rules became effective in June 2013, while others became effective in January 2014, and additional forthcoming rulemaking affecting the residential mortgage business is also expected.

The CFPB and other federal agencies have also jointly issued proposed rules imposing credit risk retention requirements on lenders originating certain mortgage loans, which require sponsors of a securitization to retain at least 5 percent of the credit risk of assets collateralizing asset-back securities. Residential mortgage-backed securities qualifying as qualified residential mortgages will be exempt from the risk retention requirements. Recent revisions to the proposed rules cover degrees of flexibility for meeting risk retention requirements and the relationship between qualified mortgages and qualified residential mortgages. Until these rules are finalized, it is not entirely clear what the requirements will be and what impact they will have on affected operations. These rules and any other new regulatory requirements promulgated by the CFPB could require changes to the Company s mortgage origination and servicing businesses, result in increased compliance costs and affect the streams of revenue of such businesses.

Other Supervision and Regulation The Company is subject to the disclosure and regulatory requirements of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended (the Exchange Act), both as administered by the SEC, by virtue of the Company s status as a public company. As a listed company on the New York Stock Exchange (the NYSE), the Company is subject to the rules of the NYSE for listed companies.

Website Access to SEC Reports

U.S. Bancorp s internet website can be found at usbank.com. U.S. Bancorp makes available free of charge on its website its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13 or 15(d) of the Exchange Act, as well as all other reports filed by U.S. Bancorp with the SEC as soon as reasonably practicable after electronically filed with, or furnished to, the SEC.

Executive Officers of the Registrant

Richard K. Davis

Mr. Davis is Chairman, President and Chief Executive Officer of U.S. Bancorp. Mr. Davis, 55, has served as Chairman of U.S. Bancorp since December 2007, Chief Executive Officer since December 2006 and President since October 2004. He also served as Chief Operating Officer from October 2004 until December 2006. Mr. Davis has held management positions with the Company since joining Star Banc Corporation, one of its predecessors, in 1993 as Executive Vice President.

Jennie P. Carlson

Ms. Carlson is Executive Vice President, Human Resources, of U.S. Bancorp. Ms. Carlson, 53, has served in this position since January 2002. Until that time, she served as Executive Vice President, Deputy General Counsel and Corporate Secretary of U.S. Bancorp since the merger of Firstar Corporation and U.S. Bancorp in February 2001. From 1995 until the merger, she was General Counsel and Secretary of Firstar Corporation and Star Banc Corporation.

Andrew Cecere

Mr. Cecere is Vice Chairman and Chief Financial Officer of U.S. Bancorp. Mr. Cecere, 53, has served in this position since February 2007. Until that time, he served as Vice Chairman, Wealth Management and Securities Services of U.S. Bancorp since the merger of Firstar Corporation and U.S. Bancorp in February 2001. Previously, he had served as an executive officer of the former U.S. Bancorp, including as Chief Financial Officer from May 2000 through February 2001.

James L. Chosy

Mr. Chosy is Executive Vice President, General Counsel and Corporate Secretary of U.S. Bancorp. Mr. Chosy, 50, has served in this position since March 2013. From 2001 to 2013, he served as the General Counsel and Secretary of Piper Jaffray Companies. From 1995 to 2001, Mr. Chosy was Vice President and Associate General Counsel of U.S. Bancorp, having also served as Assistant Secretary of U.S. Bancorp from 1995 through 2000 and as Secretary from 2000 until 2001.

Terrance R. Dolan

Mr. Dolan is Vice Chairman, Wealth Management and Securities Services, of U.S. Bancorp. Mr. Dolan, 52, has served in this position since July 2010. From September 1998 to July 2010, Mr. Dolan served as U.S. Bancorp s Controller. He additionally held the title of Executive Vice President from January 2002 until June 2010 and Senior Vice President from September 1998 until January 2002.

John R. Elmore

Mr. Elmore is Vice Chairman, Community Banking and Branch Delivery, of U.S. Bancorp. Mr. Elmore, 57, has served in this position since March 2013. From 1999 to 2013, he served as Executive Vice President, Community Banking, of U.S. Bancorp and its predecessor company, Firstar Corporation.

Joseph C. Hoesley

Mr. Hoesley is Vice Chairman, Commercial Real Estate, of U.S. Bancorp. Mr. Hoesley, 59, has served in this position since June 2006. From June 2002 until June 2006, he served as Executive Vice President and National Group Head of Commercial Real Estate at U.S. Bancorp, having previously served as Senior Vice President and Group Head of Commercial Real Estate since joining U.S. Bancorp in 1992.

Pamela A. Joseph

Ms. Joseph is Vice Chairman, Payment Services, of U.S. Bancorp. Ms. Joseph, 54, has served in this position since December 2004. Since November 2004, she has been Chairman and Chief Executive Officer of Elavon Inc., a wholly owned subsidiary of U.S. Bancorp. Prior to that time, she had been President and Chief Operating Officer of Elavon Inc. since February 2000.

Michael S. LaFontaine

Mr. LaFontaine is Executive Vice President and Chief Operational Risk Officer of U.S. Bancorp. Mr. LaFontaine, 35, has served in this position since October 2012. From 2007 to 2012, he served as Senior Vice President with responsibility for U.S. Bancorp s corporate compliance, anti-money laundering, and fair lending divisions, and also served as Chief Compliance Officer since 2005.

Howell D. McCullough III

Mr. McCullough is Executive Vice President and Chief Strategy Officer of U.S. Bancorp and Head of U.S. Bancorp s Enterprise Revenue Office. Mr. McCullough, 57, has served in these positions since September 2007. From July 2005 until September 2007, he served as Director of Strategy and Acquisitions of the Payment Services business of U.S. Bancorp. He also served as Chief Financial Officer of the Payment Services business from October 2006 until September 2007. From March 2001 until July 2005, he served as Senior Vice President and Director of Investor Relations at U.S. Bancorp.

P.W. Parker

Mr. Parker is Vice Chairman and Chief Risk Officer of U.S. Bancorp. Mr. Parker, 57, has served in this position since December 2013. From October 2007 until December 2013 he served as Executive Vice President and Chief Credit Officer of U.S. Bancorp. From March 2005 until October 2007, he served as Executive Vice President of Credit Portfolio Management of U.S. Bancorp, having served as Senior Vice President of Credit Portfolio Management of U.S. Bancorp since January 2002.

Richard B. Payne, Jr.

Mr. Payne is Vice Chairman, Wholesale Banking, of U.S. Bancorp. Mr. Payne, 66, has served in this position since November 2010, when he assumed the additional responsibility for Commercial Banking at U.S. Bancorp. From July 2006, when he joined U.S. Bancorp, until November 2010, Mr. Payne served as Vice Chairman, Corporate Banking at U.S. Bancorp. Prior to joining U.S. Bancorp, he served as Executive Vice President for National City Corporation in Cleveland, with responsibility for Capital Markets, from 2001 to 2006.

Mark G. Runkel

Mr. Runkel is Executive Vice President and Chief Credit Officer of U.S. Bancorp. Mr. Runkel, 37, has served in this position since December 2013. From February 2011 until December 2013, he served as Senior Vice President and Credit Risk Group Manager of U.S. Bancorp Retail and Payment Services Credit Risk Management, having served as Senior Vice President and Risk Manager of U.S. Bancorp Retail and Small Business Credit Risk Management from June 2009 until February 2011. From March 2005 until May 2009, he served as Vice President and Risk Manager of U.S. Bancorp.

Kent V. Stone

Mr. Stone is Vice Chairman, Consumer Banking Sales and Support, of U.S. Bancorp. Mr. Stone, 56, has served in this position since March 2013. He served as an Executive Vice President of U.S. Bancorp from 2000 to 2013, most recently with responsibility for Consumer Banking Support Services since 2006, and held other senior leadership positions with U.S. Bancorp since 1991.

Jeffry H. von Gillern

Mr. von Gillern is Vice Chairman, Technology and Operations Services, of U.S. Bancorp. Mr. von Gillern, 48, has served in this position since July 2010. From April 2001, when he joined U.S. Bancorp, until July 2010, Mr. von Gillern served as Executive Vice President of U.S. Bancorp, additionally serving as Chief Information Officer from July 2007 until July 2010.

Additional Information

Additional information in response to this Item 1 can be found in the Company s 2013 Annual Report on page 22 under the heading Acquisitions ; and on pages 61 to 65 under the heading Line of Business Financial Review. That information is incorporated into this report by reference.

Item 1A. ***Risk Factors***

Information in response to this Item 1A can be found in the Company s 2013 Annual Report on pages 147 to 156 under the heading Risk Factors. That information is incorporated into this report by reference.

Item 1B. ***Unresolved Staff Comments***

None.

Item 2. ***Properties***

U.S. Bancorp and its significant subsidiaries occupy headquarter offices under a long-term lease in Minneapolis, Minnesota. The Company also leases nine freestanding operations centers in Cincinnati, Denver, Milwaukee, Minneapolis, Overland Park, Portland and St. Paul. The Company owns 11 principal operations centers in Cincinnati, Coeur d Alene, Fargo, Milwaukee, Olathe, Owensboro, Portland, St. Louis and St. Paul. At December 31, 2013, the Company s subsidiaries owned and operated a total of 1,512 facilities and leased an additional 1,960 facilities, all of which are well maintained. The Company believes its current facilities are adequate to meet its needs. Additional information with respect to premises and equipment is presented in Notes 8 and 22 of the Notes to Consolidated Financial Statements included in the Company s 2013 Annual Report. That information is incorporated into this report by reference.

Item 3. ***Legal Proceedings***

Information in response to this Item 3 can be found in Note 22 of the Notes to Consolidated Financial Statements included in the Company s 2013 Annual Report. That information is incorporated into this report by reference.

Item 4. ***Mine Safety Disclosures***

Not Applicable.

Capital Covenants

The Company has entered into several transactions involving the issuance of capital securities (Capital Securities) by certain Delaware statutory trusts formed by the Company (the Trusts), the issuance by the Company of preferred stock (Preferred Stock) or the issuance by an indirect subsidiary of U.S. Bank National Association of preferred stock exchangeable for the Company s Preferred Stock under certain circumstances (Exchangeable Preferred Stock). Simultaneously with the closing of each of those transactions, the Company entered into a replacement capital covenant, as amended from time to time (as amended, each, a Replacement Capital Covenant and collectively, the Replacement Capital Covenants) for the benefit of persons that buy, hold or sell a specified series of long-term indebtedness of the Company or U.S. Bank National Association (the Covered Debt). Each of the Replacement Capital Covenants provides that neither the Company nor any of its subsidiaries (including any of the Trusts) will repay, redeem or purchase any of the Preferred Stock, Exchangeable Preferred Stock or the Capital Securities and the securities held by the Trust (the Other Securities), as applicable, on or before the date specified in the applicable Replacement Capital Covenant, unless the Company has received proceeds from the sale of qualifying securities that (a) have equity-like characteristics that are the same as, or more equity-like than, the applicable characteristics of the Preferred Stock, the Exchangeable Preferred Stock, the Capital Securities or Other Securities, as applicable, at the time of repayment, redemption or purchase, and (b) the Company has obtained the prior approval of the Federal Reserve, if such approval is then required by the Federal Reserve or, in the case of the Exchangeable Preferred Stock, the approval of the OCC.

The Company will provide a copy of any Replacement Capital Covenant to a holder of the relevant Covered Debt. For copies of any of these documents, holders should write to Investor Relations, U.S. Bancorp, 800 Nicollet Mall, Minneapolis, Minnesota 55402, or call (866) 775-9668.

The following table identifies the closing date for each transaction, issuer, series of Capital Securities, Preferred Stock or Exchangeable Preferred Stock issued in the relevant transaction, Other Securities, if any, and applicable Covered Debt as of February 21, 2014, for those securities that remain outstanding.

Closing Date	**Issuer**	**Capital Securities or Preferred Stock**	**Other Securities**	**Covered Debt**
3/17/06	USB Capital IX and U.S. Bancorp	USB Capital IX s $675,378,000 of 6.189% Fixed-to-Floating Rate Normal Income Trust Securities	U.S. Bancorp s Series A Non-Cumulative Perpetual Preferred Stock	U.S. Bancorp s 7.50% Subordinated Debentures due 2026 (CUSIP No. 911596AL8)
3/27/06	U.S. Bancorp	U.S. Bancorp s 40,000,000 Depositary Shares ($25 per Depositary Share) each representing a 1/1000th interest in a share of Series B Non-Cumulative Perpetual Preferred Stock	Not Applicable	U.S. Bancorp s 7.50% Subordinated Debentures due 2026 (CUSIP No. 911596AL8)
12/22/06	USB Realty Corp[(a)] and U.S. Bancorp	USB Realty Corp. s 5,000 shares of Fixed-to-Floating-Rate Exchangeable Non-Cumulative Perpetual Series A Preferred Stock exchangeable for shares of U.S. Bancorp s Series C Non-cumulative Perpetual Preferred Stock[(b)]	Not Applicable	U.S. Bancorp s 7.50% Subordinated Debentures due 2026 (CUSIP No. 911596AL8)
6/10/10	U.S. Bancorp	U.S. Bancorp s 574,622 Depositary Shares ($1,000 per Depositary Share) each representing a 1/100		