

US BANCORP \DE\  
Form 424B2  
April 13, 2006

**Table of Contents****CALCULATION OF REGISTRATION FEE (1)**

<b>Title of each Class of Securities to be Registered</b>	<b>Amount to be Registered</b>	<b>Proposed Maximum Offering Price Per Unit</b>	<b>Proposed Maximum Aggregate Offering Price (1)</b>	<b>Amount of Registration Fee</b>
Floating Rate Convertible Senior Debentures due December, 2035	\$2,000,000,000	100.0%	\$2,000,000,000	\$ 214,000
Common Stock, par value \$0.01 per share	(2)	(2)	(2)	(3)

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(i) under the Securities Act, exclusive of accrued interest, if any.

(2) Includes such indeterminate number of shares of Common Stock as are issuable upon conversion of the Debentures registered hereby.

(3) Pursuant to Rule 457(i) under the Securities Act, there is no additional filing fee with respect to the shares of Common Stock issuable upon conversion of the Debentures because no additional consideration will be received by the registrant in connection with the exercise of the conversion privilege.

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

Filed Pursuant to Rule 424(b)(2)  
Commission File No. 333-132297

**\$2,000,000,000**

**Floating Rate Convertible Senior Debentures due December, 2035**

U.S. Bancorp issued the debentures in a private placement on December 9, 2005 at an issue price of \$1,000 per debenture. The initial purchasers resold the debentures to qualified institutional buyers in accordance with Rule 144A under the Securities Act of 1933, as amended. This prospectus supplement will be used by the selling securityholders from time to time to resell their debentures and any common stock issuable upon conversion of their debentures. The debentures bear interest at an annual rate equal to 3-month LIBOR, reset quarterly, minus 1.46%, initially 2.99688%; provided that such rate will never be less than 0% per annum. Interest will be payable quarterly in arrears on March 11, June 11, September 11 and December 11 of each year, beginning March 11, 2006, until December 11, 2030. After that date, we will not pay interest on the debentures prior to maturity. Instead, on December 11, 2035, the maturity date of the debentures, or any earlier redemption date, purchase date or change in control purchase date, a holder will receive the accreted principal amount of a debenture, which will be equal to the original principal amount of \$1,000 per debenture, increased daily by a variable yield beginning on December 11, 2030. The yield will be reset quarterly to a rate of 3-month LIBOR minus 1.46% per annum; provided that such yield will never be less than 0% per annum. The debentures are unsecured and unsubordinated obligations of U.S. Bancorp and rank equally with all of our other unsecured and unsubordinated indebtedness.

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

described in this prospectus supplement. The conversion rate is initially 27.1370, subject to adjustment as described in this prospectus supplement.

Holders may require us to purchase for cash all or a portion of their debentures on December 11, 2006, March 11, 2007, June 11, 2007, September 11, 2007, December 11, 2007, 2010, 2015, 2020, 2025 and 2030 at 100% of the accreted principal amount thereof, plus accrued and unpaid interest to, but excluding, the date of purchase, if any. In addition, upon a change in control of U.S. Bancorp, as defined in the indenture governing the debentures, each holder may require us to purchase for cash all or a portion of such holder's debentures at 100% of the accreted principal amount thereof, plus accrued and unpaid interest to, but excluding, the date of purchase, if any.

We may redeem for cash all or a portion of the debentures at any time on or after December 11, 2006 at a price of 100% of the accreted principal amount thereof, plus accrued and unpaid interest to, but excluding, the date of purchase, if any.

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

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

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

**The debentures are not deposits or other obligations of a depository institution and are not insured by the Federal Deposit Insurance Corporation, The Bank Insurance Fund or any other governmental agency. Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.**

The date of this prospectus supplement is April 13, 2006.

---

**TABLE OF CONTENTS**  
**Prospectus Supplement**

	<b>Page</b>
<u>ABOUT THIS PROSPECTUS SUPPLEMENT</u>	ii
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	ii
<u>SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	iii
<u>SUMMARY</u>	S-1
<u>RISK FACTORS</u>	S-5
<u>USE OF PROCEEDS</u>	S-8
<u>RATIO OF EARNINGS TO FIXED CHARGES</u>	S-8
<u>DESCRIPTION OF DEBENTURES</u>	S-9
<u>DESCRIPTION OF CAPITAL STOCK</u>	S-24
<u>MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS</u>	S-27
<u>SELLING SECURITYHOLDERS</u>	S-34
<u>PLAN OF DISTRIBUTION</u>	S-36
<u>LEGAL MATTERS</u>	S-38
<u>EXPERTS</u>	S-38

**Prospectus**

<u>WHERE YOU CAN FIND MORE INFORMATION</u>	1
<u>VALIDITY OF SECURITIES</u>	1
<u>EXPERTS</u>	2

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

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

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

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

**Table of Contents**

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

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

**ABOUT THIS PROSPECTUS SUPPLEMENT**

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

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

**WHERE YOU CAN FIND MORE INFORMATION**

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

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

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

Current Reports on Form 8-K filed on January 17 (two reports), February 1 (filed on Form 8-K/A), March 17, March 27, March 29 and April 12, 2006; and

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

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

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

**Table of Contents**

**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus supplement and the accompanying prospectus, including documents incorporated by reference by this prospectus supplement and the accompanying prospectus, contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended. Statements that are not historical or current facts, including statements about beliefs and expectations, are forward-looking statements. These statements often include the words may, could, would, should, believes, expects, anticipates, estimates, intends, plans, targets, potentially, probably, projects, outlook or similar expressions.

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

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

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

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

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

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

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

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

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

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

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

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

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

**Table of Contents**

**SUMMARY**

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

**U.S. Bancorp**

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

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

**Table of Contents**

**The Offering**

Debentures	\$2,000,000,000 aggregate original principal amount of Floating Rate Convertible Senior Debentures due 2035. The original principal amount per debenture is \$1,000.
Maturity	December 11, 2035.
Payment at Maturity	On December 11, 2035, the maturity date of the debentures, or any earlier redemption date, purchase date or change in control purchase date, a holder will receive the accreted principal amount per debenture, which will be equal to the original principal amount of \$1,000 per debenture increased daily by a variable yield, which until December 10, 2030 will be 0% per annum and beginning on December 11, 2030 will be reset quarterly to a rate of 3-month LIBOR minus 1.46% per annum; provided that such yield will never be less than 0% per annum.
Interest	The debentures bear interest at an annual rate equal to 3-month LIBOR, reset quarterly, minus 1.46%, initially 2.99688%; provided that such rate will never be less than 0% per annum. Interest will be payable quarterly in arrears on March 11, June 11, September 11 and December 11 of each year, beginning March 11, 2006, until December 11, 2030. After that date, we will not pay interest on the debentures prior to maturity.
Tax Original Issue Discount	Because cash interest is not payable throughout the term of the debentures, the debentures will be considered issued with original issue discount for U.S. federal income tax purposes. Accordingly, U.S. holders (as defined herein) generally will be required to include such original issue discount in their gross income for U.S. federal income tax purposes, regardless of the timing of receipt of the related cash payments. See Material United States Federal Income Tax Considerations.
Conversion Rights	<p>A holder may convert its debentures at any time on or prior to the maturity date. If a holder surrenders its debentures for conversion, it will receive, in respect of each \$1,000 original principal amount of debentures surrendered for conversion,</p> <p>cash in an amount equal to the lesser of (1) the accreted principal amount of such debenture as of the conversion date and (2) the Conversion Value (as defined below), and</p> <p>if the Conversion Value is greater than the accreted principal amount of such debenture as of the conversion date, a number of shares of our common stock equal to the sum of the Daily Share Amounts (as defined below) for each of the ten consecutive trading days in the applicable Conversion Reference Period (as defined below), subject to</p>



our right to deliver cash in lieu of all or a portion of such shares and provided that we will pay cash in lieu of fractional shares otherwise issuable upon conversion of such debenture.

S-2

---

**Table of Contents**

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

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

The **Conversion Reference Period** means:

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

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

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

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

$$\text{Closing Sale Price on Such Trading Day} * 10$$

The **Conversion Rate** is initially 27.1370, subject to adjustment as described under **Description of Debentures Conversion Rights Conversion Rate Adjustments**.

The **Conversion Price** is a dollar amount (initially \$36.85) derived by dividing the accreted principal amount (which will be \$1,000 until December 11, 2030) by the Conversion Rate.

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

Upon conversion, a holder will not receive any cash payment representing accrued interest (unless such debenture or portion thereof is converted after a record date but prior to the next succeeding interest payment date or the debenture has been called for redemption on a redemption date that occurs between a regular record date and the interest payment date to which it relates). Instead, interest will be deemed paid by the delivery to the holder of

the cash and common stock, if any, into which such holder's debentures are convertible, together with any cash payment for fractional shares. See Description of Debentures Conversion Rights.

Ranking

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

S-3

---

**Table of Contents**

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

Sinking Fund

None.

Redemption of Debentures at Our Option

We may redeem for cash all or a portion of the debentures at any time on or after December 11, 2006 at a price equal to 100% of the accreted principal amount of the debentures to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date, if any.

Purchase of Debentures by Us at the Option of Holder

Holder may require us to purchase all or a portion of their debentures on December 11, 2006, March 11, 2007, June 11, 2007, September 11, 2007, December 11, 2007, 2010, 2015, 2020, 2025 and 2030 for cash at a price equal to 100% of the accreted principal amount of the debentures to be purchased, plus accrued and unpaid interest to, but excluding, such purchase date, if any. See Description of Debentures Purchase of Debentures by Us at the Option of the Holder.

Change in Control

Upon a change in control (as defined in the indenture governing the debentures) of U.S. Bancorp, each holder may require us to purchase all or a portion of such holder's debentures for cash at a price equal to 100% of the accreted principal amount of the debentures to be purchased, plus accrued and unpaid interest to, but excluding, the date of purchase, if any. See Description of Debentures Change in Control Permits Purchase of Debentures by Us at the Option of the Holder.

Use of Proceeds

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

DTC Eligibility

The debentures were issued in book-entry form and are represented by one or more permanent global certificates deposited with a custodian for and registered in the name of a nominee of The Depository Trust Company, or DTC, in New York, New York. Beneficial interests in any such securities are shown on, and transfers will be effected only through, records maintained by DTC and its direct and indirect participants. Any such interest may not be exchanged for certificated securities, except in limited circumstances. See Description of Debentures Book-Entry System.

NYSE Symbol for Our Common Stock

USB

*You should refer to the section Risk Factors for an explanation of some risks of investing in the debentures.*

**Table of Contents**

**RISK FACTORS**

*Your investment in the debentures will involve certain risks. You should carefully consider the following factors in addition to the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus before making an investment in the debentures.*

**No public market exists for the debentures.**

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

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

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

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

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

- actual or anticipated variations in our quarterly operating results;
- recommendations by securities analysts;
- new technology used, or services offered, by our competitors;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors;
- failure to integrate our acquisitions or realize anticipated benefits from our acquisitions;
- operating and stock price performance of other companies that investors deem comparable to us;
- news reports relating to trends, concerns and other issues in the financial services industry;
- changes in government regulations; and
- geopolitical conditions such as acts or threats of terrorism or military conflicts.

## **Table of Contents**

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

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

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

The yield on the debentures is based on 3-month LIBOR, which is the London Interbank Offered Rate, minus 1.46% and was initially 2.99688% at December 6, 2005, when 3-month LIBOR was 4.45688% per annum. The yield on the debentures will be reset every three months. If LIBOR is at or below 1.46% per annum at the start of any three-month period before December 11, 2030, no interest will accrue on the debenture for such three-month period. If LIBOR is at or below 1.46% per annum at the start of any three-month period on or after December 11, 2030, the principal amount of the debenture will not increase during that period. Therefore, the accreted principal amount of a debenture at maturity cannot be determined at this time and there can be no assurance that we will pay more than \$1,000 on the maturity date.

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

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

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

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

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

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

If you hold debentures, you will not be entitled to any rights with respect to our common stock, including, without limitation, voting rights and rights to receive any dividends or other distributions on our common stock, but you will be subject to all changes affecting the common stock. You will have rights with respect to our common stock only if and when we deliver shares of common stock to you upon conversion of your debentures and, in limited cases, under the conversion rate adjustments applicable to the debentures. For example, in the event that an amendment is proposed to our certificate of incorporation or bylaws requiring stockholder approval and the record

**Table of Contents**

date for determining the stockholders of record entitled to vote on the amendment occurs prior to delivery of common stock to you, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers, preferences or special rights of our common stock.

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

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

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

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

**The debentures are structurally subordinated to debt of our subsidiaries.**

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

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

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

Upon the occurrence of certain specific kinds of change in control events, holders may require us to purchase for cash any or all outstanding debentures. Certain important corporate events, such as leveraged recapitalizations that would increase the level of our indebtedness, would not constitute a change in control under the debentures. See [Description of Debentures Change in Control Permits Purchase of Debentures by Us at the Option of the Holder](#). In addition, holders may require us to purchase for cash all outstanding debentures on December 11, 2006, March 11, 2007, June 11, 2007, September 11, 2007, December 11, 2007, 2010, 2015, 2020, 2025 and 2030. Furthermore, we are required to settle any debentures that are submitted for conversion in whole or in part for cash. However, it is possible that we will not have sufficient funds available at any such time to make the required repurchase of debentures or cash settlement of conversions and restrictions in our other indebtedness outstanding in the future may not allow any such repurchase or cash settlement.

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

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

**Table of Contents****USE OF PROCEEDS**

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

**RATIO OF EARNINGS TO FIXED CHARGES**

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

	<b>Year Ended December 31,</b>				
	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
Ratio	2.84	3.88	3.64	2.79	1.50

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

S-8

---



**Table of Contents****DESCRIPTION OF DEBENTURES**

We issued the debentures on December 9, 2005 under a senior indenture, dated as of December 9, 2005, between us and Citibank, N.A., as trustee.

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

**General**

The debentures are limited to \$2,000,000,000 aggregate original principal amount and were issued only in registered form without coupons in denominations of \$1,000 original principal amount and any integral multiple of \$1,000 above that amount. We use the term debenture in this prospectus supplement to refer to each \$1,000 original principal amount of debentures. The debentures will mature on December 11, 2035. On the maturity date of the debentures, or any earlier redemption date, purchase date or change in control purchase date, a holder will receive the accreted principal amount of a debenture. The accreted principal amount will equal the original principal amount of \$1,000 per debenture increased by a variable yield, which until December 10, 2030 will be 0% per annum and commencing on December 11, 2030 will be reset quarterly to a rate of 3-month LIBOR minus 1.46% per annum; provided that such yield will never be less than 0% per annum. The principal amount of the debentures will accrete daily beginning December 11, 2030 at the applicable yield. The rate of accretion will be applied to the accreted principal amount per debenture as of the day preceding the most recent yield reset date. LIBOR reset dates will be each March 11, June 11, September 11 and December 11, commencing on December 11, 2030. The yield will be calculated using the actual number of days elapsed between the LIBOR reset dates divided by 360.

The debentures bear interest at an annual rate equal to 3-month LIBOR, reset quarterly, minus 1.46% (initially 2.99688%) on the original principal amount from December 9, 2005, or from the most recent date to which interest has been paid or provided for, until December 11, 2030. In no event shall such rate be less than 0% per annum. During such period interest will be payable quarterly in arrears on March 11, June 11, September 11 and December 11 of each year, beginning March 11, 2006, to the person in whose name a debenture is registered at the close of business on the March 1, June 1, September 1 and December 1, as the case may be, immediately preceding the relevant interest payment date. Each payment of interest will include interest accrued for the period, which we refer to as an interest period, commencing on and including the immediately preceding interest payment date (or, if none, December 9, 2005) to, but excluding the applicable interest payment date or purchase date or change in control purchase date, as the case may be. Interest on the debentures will be computed using the actual number of days elapsed between the LIBOR reset dates divided by 360.

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

The debentures are redeemable prior to maturity only on or after December 11, 2006 and as described below under Redemption of Debentures at Our Option, Purchase of Debentures by Us at the Option of the Holder and Change in Control Permits Purchase of Debentures by Us at the Option of the Holder, and do not have the



**Table of Contents**

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

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

**3-month LIBOR**

Prior to December 11, 2030, the annual rate of interest payable on the debentures will be reset on the first day of each interest period for the debentures. Beginning on December 11, 2030, the yield on the debentures will be reset on each March 11, June 11, September 11 and December 11, which we call the LIBOR reset date. If any LIBOR reset date would otherwise be a day that is not a business day, that LIBOR reset date will be postponed to the next succeeding business day, except if that business day falls in the next succeeding calendar month, in which case that LIBOR reset date will be the immediately preceding business day.

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

3-month LIBOR means:

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

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

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

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

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

**Table of Contents**

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

**Ranking of Debentures**

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

**Conversion Rights**

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

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

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

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

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

The Conversion Reference Period means:

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

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

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

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

$$\text{Closing Sale Price on Such Trading Day} * 10$$

The Conversion Rate is initially 27.1370, subject to adjustment as described under Description of Debentures Conversion Rights Conversion Rate Adjustments.

The Conversion Price is a dollar amount (initially \$36.85) derived by dividing the accreted principal amount (which will be \$1,000 until December 11, 2030) by the Conversion Rate.

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

**Table of Contents**

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

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

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

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

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

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

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

Notwithstanding the above, if debentures are converted after a record date but prior to the next succeeding interest payment date, holders of such debentures at the close of business on the record date will receive the interest payable on such debentures on the corresponding interest payment date notwithstanding the conversion. Such debentures, upon surrender for conversion, must be accompanied by funds equal to the amount of interest payable on the debentures so converted, unless we have specified a redemption date or a change in control repurchase date that occurs after a regular record date and on or prior to the interest payment date to which it relates, in which case no such payment shall be required. Notwithstanding anything to the contrary, if we specify a redemption date that is in the month of December 2006, such payment also shall not be required upon the surrender of debentures for conversion after December 1, 2006 and prior to such redemption date.

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

**Table of Contents**

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

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

surrender the debenture to the conversion agent;

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

if required, pay all transfer or similar taxes.

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

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

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

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

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

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

pay dividends or other distributions consisting exclusively of cash to all holders of our common stock, excluding: (A) any cash that is distributed as part of a distribution referred to in the preceding bullet and (B) any quarterly cash dividend on our common stock to the extent that such quarterly cash dividend per share of our common stock in any quarter does not exceed \$0.30 (the current dividend amount); the current dividend amount is also subject to adjustment on a basis inversely proportional to the Conversion Rate, provided that no adjustment will be made to the current dividend amount in respect of any cash dividend or other distribution that results in an adjustment to the Conversion Rate pursuant to this clause; and

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

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

In the event that we pay a dividend or make a distribution on shares of our common stock consisting of capital stock of, or similar equity interests in, a subsidiary or other business unit of ours, the Conversion Rate will be adjusted based on the market value of the securities so distributed relative to the market value of our common stock, in each case based on the average closing sale prices of those securities for the 10 trading days commencing on and

## **Table of Contents**

including the fifth trading day after the date on which ex-dividend trading commences for such dividend or distribution on the New York Stock Exchange or such other national or regional exchange or market on which the securities are then listed or quoted.

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

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

the issuance of the rights;

the distribution of separate certificates representing the rights; or

the termination or invalidation of the rights.

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

In the event of:

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

an increase in the Conversion Rate at our discretion,

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

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

### **Redemption of Debentures at Our Option**

Prior to December 11, 2006, the debentures will not be redeemable at our option. Beginning on December 11, 2006 and thereafter, we may redeem the debentures for cash at any time as a whole, or from time to time in part. The redemption price of a debenture will be the accreted principal amount of such debenture on the redemption date,

**Table of Contents**

plus accrued and unpaid interest to, but excluding, such date, if any. We will give not less than 30 days nor more than 60 days notice of redemption by mail to holders of the debentures. The notice of redemption will inform the holders of the percentage of the Daily Share Amount that will be settled in cash, if any.

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

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

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

The accreted principal amount of a debenture will be equal to the original principal amount of \$1,000 per debenture increased daily by a variable yield, which until December 10, 2030 will be 0% per annum and commencing on December 11, 2030 will be reset quarterly on the LIBOR reset date to a rate of 3-month LIBOR minus 1.46% per annum; provided that such yield will never be less than 0% per annum. Because the redemption price of a debenture at any time is dependent upon the accreted principal amount of a debenture at that time, the redemption price cannot be determined at this time. The following table indicates what the redemption prices would be on each date below if LIBOR was a constant 2.00%, 5.00% and 8.00% from December 11, 2030. This table represents an example of only three possibilities and you should realize that because LIBOR and therefore the yield on the debentures will fluctuate, any increases in accreted principal amount and redemption prices will differ, and may differ significantly, from the results below. The redemption price of a debenture redeemed between the dates below would include an additional amount reflecting the additional yield accrued since the next preceding date in the table.

**Hypothetical Redemption Prices**

Redemption Dates	Assuming 2.00% LIBOR			Assuming 5.00% LIBOR			Assuming 8.00% LIBOR		
	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)
	Original Principal Amount	Accretion	Redemption Price (1) + (2)	Original Principal Amount	Accretion	Redemption Price (1) + (2)	Original Principal Amount	Accretion	Redemption Price (1) + (2)
December 11, 2030*	\$ 1,000.00	\$ 0.00	\$ 1,000.00	\$ 1,000.00	\$ 0.00	\$ 1,000.00	\$ 1,000.00	\$ 0.00	\$ 1,000.00
December 11, 2031.	\$ 1,000.00	\$ 5.49	\$ 1,005.49	\$ 1,000.00	\$ 36.38	\$ 1,036.38	\$ 1,000.00	\$ 67.98	\$ 1,067.98
December 11, 2032.	\$ 1,000.00	\$ 11.02	\$ 1,011.02	\$ 1,000.00	\$ 74.18	\$ 1,074.18	\$ 1,000.00	\$ 140.78	\$ 1,140.78
December 11, 2033.	\$ 1,000.00	\$ 16.56	\$ 1,016.56	\$ 1,000.00	\$ 113.26	\$ 1,113.26	\$ 1,000.00	\$ 218.32	\$ 1,218.32
December 11, 2034.	\$ 1,000.00	\$ 22.14	\$ 1,022.14	\$ 1,000.00	\$ 153.76	\$ 1,153.76	\$ 1,000.00	\$ 301.14	\$ 1,301.14
December 11, 2035.	\$ 1,000.00	\$ 27.75	\$ 1,027.75	\$ 1,000.00	\$ 195.73	\$ 1,195.73	\$ 1,000.00	\$ 389.58	\$ 1,389.58

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



**Purchase of Debentures by Us at the Option of the Holder**

You have the right to require us to purchase for cash all or a portion of your debentures on December 11, 2006, March 11, 2007, June 11, 2007, September 11, 2007, December 11, 2007, 2010, 2015, 2020, 2025 and 2030, or, if such day is not a business day, on the immediate succeeding business day, each such day a purchase date. We will be required to purchase, at a purchase price equal to 100% of the accreted principal amount thereof on the applicable purchase date, plus accrued and unpaid interest to, but excluding, such purchase date, if any, any outstanding debenture for which a written purchase notice has been properly delivered by the holder to the paying agent and not withdrawn, subject to certain additional conditions. We may also add additional dates on which you may require us to purchase all or a portion of your debentures, although we cannot assure you that we will do so. You may submit your debentures for purchase to the paying agent at any time from the opening of business on the date that is 21 business days prior to the purchase date until the close of business on the business day immediately preceding the purchase date. Also, our ability to satisfy our purchase obligations may be affected by the factors described in Risk Factors under the heading We may not have the ability to raise the funds necessary to finance the purchase of the debentures if required by holders pursuant to the indenture or to cash settle any debentures that are converted.

S-15

---

## **Table of Contents**

We will be required to give notice on a date not less than 21 business days prior to the purchase date to all holders at their addresses shown in the register of the registrar, and to beneficial owners as required by applicable law, stating among other things, the procedures that holders must follow to require us to purchase their debentures.

Your purchase notice electing to require us to purchase your debentures must state:

if certificated debentures have been issued, the debenture certificate numbers, or if not, such information as may be required under applicable DTC procedures; and

the portion of the original principal amount of debentures to be purchased, in integral multiples of \$1,000; and

that we are to purchase the debentures pursuant to the applicable provisions of the debentures and the indenture.

You may withdraw any purchase notice by a written notice of withdrawal delivered to the paying agent prior to the close of business on the business day immediately preceding the purchase date. The notice of withdrawal must state:

the original principal amount of the withdrawn debentures;

if certificated debentures have been issued, the certificate numbers of the withdrawn debentures, or if not, such information as may be required under applicable DTC procedures; and

the original principal amount, if any, of debentures that remain subject to your purchase notice.

Our ability to purchase debentures with cash may be limited by the terms of our then existing borrowing agreements. The indenture will prohibit us from purchasing debentures in connection with the holders' purchase right if any event of default under the indenture has occurred and is continuing, except a default in the payment of the purchase price with respect to the debentures. As a result, if an event of default has occurred and is continuing, we will also default on the payment of the purchase price of any debentures that we are required to purchase.

A holder must either effect book-entry transfer or deliver the debentures to be purchased, together with necessary endorsements, to the office of the paying agent after delivery of the purchase notice to receive payment of the purchase price. You will receive payment in cash on the later of the purchase date or the time of book-entry transfer or the delivery of the debenture. If the paying agent holds money or securities sufficient to pay the purchase price of the debenture on the business day following the purchase date, then, immediately after the purchase date:

the debenture will cease to be outstanding;

interest will cease to accrue; and

all other rights of the holder will terminate.

This will be the case whether or not book-entry transfer of the debenture is made or whether or not the debenture is delivered to the paying agent.

We will, to the extent applicable, comply with the provisions of Rule 13e-4 and any other tender offer rules under the Exchange Act that may then be applicable; and file Schedule TO or any other required schedule under the Exchange Act.

### **Change in Control Permits Purchase of Debentures by Us at the Option of the Holder**

In the event of a change in control, you will have the right, at your option, subject to the terms and conditions of the indenture, to require us to purchase for cash any or all of your debentures in integral multiples of

S-16

---

**Table of Contents**

\$1,000 original principal amount. We will purchase the debentures at a price equal to 100% of the accreted principal amount of the debentures to be purchased plus, accrued and unpaid interest to, but excluding, the change in control purchase date, if any.

We will be required to purchase the debentures as of the date specified by us that is between 20 and 35 days following our notice of a change in control (which we refer to as a change in control purchase date ).

Under the indenture, a change in control of U.S. Bancorp is deemed to have occurred at such time as:

any person, including its affiliates and associates, other than U.S. Bancorp, its subsidiaries or their employee benefit plans, files a Schedule 13D or 14D-1 (or any successor schedule, form or report under the Exchange Act) disclosing that such person has become the beneficial owner of 50% or more of the voting power of our common stock or other capital stock into which the common stock is reclassified or changed, with certain exceptions as described in the indenture; or

there shall be consummated any consolidation or merger of U.S. Bancorp pursuant to which our common stock would be converted into cash, securities or other property, in each case other than a consolidation or merger of U.S. Bancorp in which the holders of the shares of our common stock immediately prior to the consolidation or merger have, directly or indirectly, at least a majority of the total voting power of all classes of capital stock of the continuing or surviving corporation immediately after the consolidation or merger.

Within 5 business days after the occurrence of a change in control, we are obligated to mail to the trustee and to all holders of debentures at their addresses shown in the register of the registrar, and to beneficial owners as required by applicable law, a notice (upon which the trustee shall have no liability in relying) regarding the change in control, stating, among other things:

the events causing a change in control;

the date of such change in control;

the last date on which the purchase right may be exercised;

the change in control purchase price;

the change in control purchase date;

the name and address of the paying agent and the conversion agent;

the Conversion Rate and any adjustments to the Conversion Rate;

that debentures with respect to which a change in control purchase notice is given by the holder may be converted only if the change in control purchase notice has been withdrawn in accordance with the terms of the debentures and the indenture; and

the procedures that holders must follow to exercise these rights.

To exercise this right, you must deliver a written notice to the paying agent prior to the close of business on the business day immediately before the change in control purchase date. The required purchase notice upon a change in control must state:

if certificated debentures have been issued, the debenture certificate numbers, or if not, such information as may be required under applicable DTC procedures;

**Table of Contents**

the portion of the original principal amount of debentures to be purchased, in integral multiples of \$1,000; and  
that we are to purchase such debentures pursuant to the applicable provisions of the debentures and the indenture.

You may withdraw any change in control purchase notice by a written notice of withdrawal delivered to the paying agent prior to the close of business on the business day before the change in control purchase date. The notice of withdrawal must state:

the principal amount of the withdrawn debentures, in integral multiples of \$1,000;

if certificated debentures have been issued, the debenture certificate numbers, or if not, such information as may be required under applicable DTC procedures; and

the principal amount, if any, of debentures that remain subject to your change in control purchase notice.

A holder must either effect book-entry transfer or deliver the debentures to be purchased, together with necessary endorsements, to the office of the paying agent after delivery of the change in control purchase notice to receive payment of the change in control purchase price. You will receive payment in cash on the later of the change in control purchase date or the time of book-entry transfer or the delivery of the debentures. If the paying agent holds money or securities sufficient to pay the change in control purchase price of the debentures on the business day following the change in control purchase date, then, immediately after the change in control purchase date:

the debentures will cease to be outstanding;

interest will cease to accrue; and

all other rights of the holder will terminate.

This will be the case whether or not book-entry transfer of the debentures is made or whether or not the debentures are delivered to the paying agent.

We will, to the extent applicable comply with the provisions of Rule 13e-4 and any other tender offer rules under the Exchange Act that may then be applicable; and file Schedule TO or any other required schedule under the Exchange Act in connection with any offer by us to purchase the debentures at your option upon a change in control.

The change in control purchase feature of the debentures may in certain circumstances make more difficult or discourage a takeover of us. The change in control purchase feature, however, is not the result of our knowledge of any specific effort:

to accumulate shares of common stock;

to obtain control of us by means of a merger, tender offer, solicitation or otherwise; or

by management to adopt a series of anti-takeover provisions.

Instead, the terms of the change in control purchase feature resulted from negotiations between the initial purchasers and us.

We could, in the future, enter into certain transactions, including certain recapitalizations, that would not constitute a change in control with respect to the change in control purchase feature of the debentures but that would increase the amount of our (or our subsidiaries ) outstanding indebtedness.

## **Table of Contents**

No debentures may be purchased by us at the option of holders upon a change in control if there has occurred and is continuing an event of default with respect to the debentures, other than a default in the payment of the change in control purchase price with respect to the debentures. As a result, if an event of default has occurred and is continuing, we will also default on the payment of the purchase price of any debentures that we are required to purchase.

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

We may not consolidate with or merge into any other person or convey, transfer or lease all or substantially all of our properties and assets to any person, unless:

we are the surviving corporation or the successor is a U.S. domestic corporation and such corporation expressly assumes our obligations on the debentures and under the indenture;

immediately after giving effect to the transaction, no default or event of default shall have occurred and be continuing;

if, as a result of such transaction, the debentures become convertible into common stock or other securities issued by a third party, such third party fully and unconditionally guarantees all obligations of us or such successor under the debentures, the indenture and the registration rights agreement; and

certain other conditions are met.

### **Events of Default; Waiver and Notice**

The indenture defines an event of default as one or more of the following:

default in payment of the accreted principal amount, redemption price, purchase price or change in control purchase price with respect to any debenture when such payment becomes due and payable;

default for 30 days in payment of any interest on the debentures;

failure to convert any debentures into cash and, if applicable, shares of our common stock in the amounts set forth in the indenture;

our failure to comply with any of our other agreements in the debentures or the indenture upon receipt by us of written notice of such default by the trustee or by holders of not less than 25% in aggregate original principal amount of the debentures then outstanding and our failure to cure (or obtain a waiver of) such default within 90 days after receipt by us of such notice; and

the bankruptcy, insolvency or reorganization of U.S. Bancorp.

If an event of default, other than an event of default described in the fifth bullet above, shall have happened and be continuing, either the trustee or the holders of not less than 25% in aggregate original principal amount of the debentures then outstanding may declare the accreted principal amount of the debentures as of the date of such declaration plus accrued interest, if any, through the date of such declaration to be immediately due and payable. If an event of default described in the fifth bullet above shall occur, the accreted principal amount of the debentures as of the date on which such event occurs plus accrued interest, if any, through the date on which such event occurs shall automatically become and be immediately due and payable.

After acceleration, the holders of a majority in aggregate original principal amount of the debentures may, under certain circumstances, rescind and annul such acceleration if all events of default, other than the non-payment of accelerated principal or other specified amount, have been cured or waived.

## **Table of Contents**

Prior to the declaration of the acceleration of the debentures, the holders of a majority in aggregate original principal amount of the debentures may waive, on behalf of all of the holders of the debentures, any default and its consequences, except an event of default described in the first three bullets above or a default in respect of a provision that cannot be amended without the consent of all of the holders of the debentures. Other than the duty to act with the required care during an event of default, the trustee will not be obligated to exercise any of its rights or powers at the request of the holders unless the holders shall have offered to the trustee reasonable indemnity. Generally, the holders of a majority in aggregate original principal amount of the debentures will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee.

A holder will not have any right to institute any proceeding under the indenture, or for the appointment of a receiver or a trustee, or for any other remedy under the indenture, unless:

the holder has previously given to the trustee written notice of a continuing event of default with respect to the debentures;

the holders of at least 25% in aggregate original principal amount of the debentures have made a written request to the trustee to institute the proceeding;

such holder or holders offer to the trustee security or indemnity satisfactory to the trustee against any loss, liability or expense; and

the trustee has failed to institute the proceeding and has not received direction inconsistent with the original request from the holders of a majority in aggregate original principal amount of the debentures within 60 days after the original request.

Holders may, however, sue to enforce the payment of the accreted principal amount, accrued and unpaid interest, if any, redemption price, purchase price or change in control purchase price with respect to any debenture on or after the due date or to enforce the right, if any, to convert any debenture without following the procedures listed in the first three bullets above.

We will furnish the trustee an annual statement by our officers as to whether or not we are in default in the performance of the indenture and, if so, specifying all known defaults.

### **Modification of the Indenture**

We and the trustee may, without the consent of the holders of the debentures, enter into supplemental indentures for, among others, one or more of the following purposes:

to evidence the succession of another corporation to our company, and the assumption by such successor of our obligations under the indenture and the debentures;

to add to our covenants, or surrender any of our rights, or add any rights for the benefit of the holders of debentures;

to cure any ambiguity, omission, defect or inconsistency in the indenture, to correct or supplement any provision in the indenture, or to make any other provisions with respect to matters or questions arising under the indenture, so long as the interests of holders of debentures are not adversely affected in any material respect under the indenture;

to evidence and provide for the acceptance of any successor trustee with respect to the debentures or to facilitate the administration of the trust thereunder by the trustee in accordance with such indenture; and

to provide any additional events of default;

## **Table of Contents**

provided that any amendment described in the third bullet point above made solely to conform the provisions of the indenture to the description of the debentures contained in this prospectus supplement will not be deemed to adversely affect the interests of holders of the debentures.

With certain exceptions, the indenture or the rights of the holders of the debentures may be modified by us and the trustee with the consent of the holders of a majority in aggregate original principal amount of the debentures then outstanding, but no such modification may be made without the consent of the holder of each outstanding debenture affected thereby that would:

change, in an adverse manner, the rights of the holders of the debentures to convert the debentures;

change, in an adverse manner, the rights of the holders of the debentures to require us to repurchase their debentures on specific dates or upon a change in control;

change the maturity of any payment of principal of or any installment of interest on any debenture, or reduce the original principal amount or accreted principal amount thereof or alter the manner or rate of accretion of principal or the manner or rate of accrual of interest, or change any place of payment where, or the coin or currency in which, any debenture or interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the maturity thereof (or, in the case of redemption or repayment, on or after the redemption date or the repayment date, as the case may be);

reduce the percentage in original principal amount of the outstanding debentures, the consent of whose holders is required for any such modification, or the consent of whose holders is required for any waiver of compliance with certain provisions of the indenture or certain defaults thereunder and their consequences provided for in the indenture; or

modify any of the provisions of certain sections of the indenture, including the provisions summarized in this paragraph, except to increase any such percentage or to provide that certain other provisions of the indenture cannot be modified or waived without the consent of the holder of each outstanding debenture affected thereby.

## **Discharge of the Indenture**

We may satisfy and discharge our obligations under the indenture by delivering to the trustee for cancellation all outstanding debentures or by depositing with the trustee, the paying agent or the conversion agent, if applicable, after the debentures have become due and payable, whether at stated maturity, or any redemption date, or any purchase date, or a change in control purchase date, or upon conversion or otherwise, cash or common stock (as applicable under the terms of the indenture) sufficient to pay all of the outstanding debentures and paying all other sums payable by us under the indenture.

## **Governing Law**

The indenture and the debentures are governed by and construed in accordance with the laws of the State of New York.

## **Book-Entry System**

The debentures are represented by one or more global securities. Each global security was deposited with, or on behalf of, DTC and registered in the name of a nominee of DTC. Except under circumstances described below, the debentures will not be issued in definitive form.

Ownership of beneficial interests in a global security will be limited to persons that have accounts with DTC or its nominee ( participants ) or persons that may hold interests through participants. Owners of beneficial interests in the debentures represented by the global securities will hold their interests pursuant to the procedures and practices of DTC. Ownership of beneficial interests in a global security will be shown on, and the transfer of that ownership

S-21

## **Table of Contents**

will be effected only through, records maintained by DTC or its nominee (with respect to interests of persons other than participants). The laws of some states require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and such laws may impair the ability to transfer beneficial interests in a global security.

So long as DTC or its nominee is the registered owner of a global security, DTC or its nominee, as the case may be, will be considered the sole owner or holder of the debentures represented by that global security for all purposes under the indenture. Except as provided below, owners of beneficial interests in a global security will not be entitled to have debentures represented by that global security registered in their names, will not receive or be entitled to receive physical delivery of debentures in definitive form and will not be considered the owners or holders thereof under the indenture. Beneficial owners will not be holders and will not be entitled to any rights provided to the holders of debentures under the global securities or the indenture. Principal and interest payments, if any, on debentures registered in the name of DTC or its nominee will be made to DTC or its nominee, as the case may be, as the registered owner of the relevant global security. Neither we, the trustee, any paying agent, any conversion agent or the registrar for the debentures will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in a global security or for maintaining, supervising or reviewing any records relating to such beneficial interests.

We expect that DTC or its nominee, upon receipt of any payment of principal or interest, if any, will credit immediately participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant global security as shown on the records of DTC or its nominee. We also expect that payments by participants to owners of beneficial interests in a global security held through such participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of such participants.

If DTC is at any time unwilling or unable to continue as a depository and a successor depository is not appointed by us within 90 days or if an event of default shall occur under the indenture, we will issue debentures in definitive form in exchange for the entire global security for the debentures. In addition, we may at any time and in our sole discretion determine not to have debentures represented by a global security and, in such event, will issue debentures in definitive form in exchange for the entire global security relating to such debentures. In any such instance, an owner of a beneficial interest in a global security will be entitled to physical delivery in definitive form of debentures represented by such global security equal in original principal amount to such beneficial interest and to have such debentures registered in its name. Debentures so issued in definitive form will be issued as registered debentures in denominations of \$1,000 original and integral multiples thereof, unless otherwise specified by us.

### **Registration Rights**

We entered into a registration rights agreement with the initial purchasers of the debentures pursuant to which we have, at our expense, for the benefit of the holders, filed with the SEC a shelf registration statement, of which this prospectus supplement is a part, covering resale of the debentures and the shares of our common stock issuable upon conversion of the debentures. Our obligation to keep the shelf registration statement effective terminates upon the earlier of (i) the sale pursuant to Rule 144 under the Securities Act or the shelf registration statement of all the securities registered thereunder, and (ii) the expiration of the holding period applicable to such securities held by persons that are not affiliates of ours under Rule 144(k) under the Securities Act or any successor provision.

We may suspend the use of this prospectus supplement under certain circumstances. Any suspension period shall not exceed 45 days in any 90-day period, or an aggregate of 90 days in any 360-day period.

We will pay predetermined liquidated damages as described herein ( liquidated damages ) to holders of transfer restricted debentures if this prospectus supplement is unavailable for periods in excess of those permitted above. Such liquidated damages shall accrue on the debentures until such unavailability is cured:

at an annual rate equal to 0.25% for the first 90-day period after the occurrence of such event; and

S-22



**Table of Contents**

thereafter at an annual rate equal to 0.50%.

Following conversion of any debentures liquidated damages shall cease to accrue at an annual rate equal to 0.50% with respect to the underlying common stock.

So long as the unavailability continues, we will pay all accrued liquidated damages quarterly in arrears, with the first quarterly payment due on the first interest payment date, as applicable, following the date on which such liquidated damages begin to accrue.

A holder who sells debentures or shares of our common stock issued upon conversion of the debentures pursuant to this prospectus supplement generally will be required to:

be named as a selling securityholder in this prospectus supplement or a related prospectus supplement;

deliver a prospectus to purchasers; and

be bound by certain provisions of the registration rights agreement that are applicable to such holder, including certain indemnification provisions, and will be subject to certain civil liability provisions under the Securities Act.

Under the registration rights agreement we will:

provide copies of this prospectus supplement and accompanying prospectus to each holder that has notified us of its acquisition of debentures or shares of our common stock issued upon conversion of the debentures, and

take certain other actions as are required to permit, subject to the foregoing, unrestricted resales of the debentures and the shares of our common stock issued upon conversion of the debentures.

The summary herein of certain provisions of the registration rights agreement is subject to, and is qualified in its entirety by reference to, all the provisions of the registration rights agreement, a copy of which is filed as an exhibit to this registration statement of which this prospectus supplement is a part.

S-23

---

**Table of Contents**

**DESCRIPTION OF CAPITAL STOCK**

The following description summarizes the terms of our capital stock but does not purport to be complete, and it is qualified in its entirety by reference to the applicable provisions of federal law governing bank holding companies, Delaware law and our certificate of incorporation and bylaws.

**Common Stock**

We are authorized to issue up to 4,000,000,000 shares of common stock, par value \$.01 per share. As of December 31, 2005, there were 1,972,643,007 shares of common stock issued (including 154,894,949 shares held in treasury). Our common stock is listed on the New York Stock Exchange under the symbol USB.

*Voting and Other Rights.* Each share of common stock is entitled to one vote per share, and, in general, a majority of votes cast with respect to a matter is sufficient to authorize action upon routine matters. Directors are elected by a majority of the votes cast, and shareholders do not have the right to cumulate their votes in the election of directors. For that reason, holders of a majority of the shares of common stock entitled to vote in any election of directors may elect all of the directors standing for election. In general, however:

amendments to the certificate of incorporation are approved if the votes cast within a voting group favoring the action exceed the votes cast within the voting group opposing the action; and

a merger or dissolution, or the sale of all or substantially all of its assets, must be approved by the affirmative vote of the holders of a majority of the voting power of the outstanding voting shares and the affirmative vote of the holders of a majority of the outstanding shares of each class entitled to vote on the matter as a class.

*No Preemptive or Conversion Rights.* Our common stock will not entitle its holders to any preemptive rights, redemption privileges, sinking fund privileges or conversion rights.

*Assets upon Dissolution.* In the event of liquidation, holders of common stock will receive proportionately any assets legally available for distribution to our shareholders with respect to shares held by them, subject to any prior rights of any of our preferred stock then outstanding.

*Distributions.* Holders of our common stock will be entitled to receive the dividends or distributions that our board of directors may declare out of funds legally available for these payments. The payment of distributions by us is subject to the restrictions of Delaware law applicable to the declaration of distributions by a corporation. Under Delaware law, a corporation may not pay a dividend out of net profits if the capital stock of the corporation is less than the stated amount of capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of the corporation's assets. In addition, the payment of distributions to shareholders is subject to any prior rights of outstanding preferred stock.

As a bank holding company, our ability to pay distributions is affected by the ability of our banking subsidiaries to pay dividends. The ability of these banking subsidiaries, as well as us, to pay dividends in the future currently is, and could be further, influenced by bank regulatory requirements and capital guidelines.

*Restrictions on Ownership* The Bank Holding Company Act of 1956 requires any bank holding company (as defined in that Act) to obtain the approval of the Federal Reserve Board prior to acquiring more than 5% of our outstanding common stock. Any person other than a bank holding company is required to obtain prior approval of the Board of Governors of the Federal Reserve System to acquire 10% or more of our outstanding common stock under the Change in Bank Control Act. Any holder of 25% or more of our outstanding common stock, other than an individual, is subject to regulation as a bank holding company under the Bank Holding Company Act.

**Table of Contents****Preferred Stock**

We are authorized to issue up to 50,000,000 shares of preferred stock, par value \$1.00 per share. The board of directors is authorized to issue preferred stock in one or more series, to fix the number of shares in each series, and to determine the designations and preferences, limitations and relative rights of each series, including dividend rates, terms of redemption, liquidation preferences, sinking fund requirements, conversion rights, voting rights, and whether the preferred stock can be issued as a share dividend with respect to another class or series of shares, all without any vote or other action on the part of shareholders. This power is limited by applicable laws or regulations and may be delegated to a committee of our board of directors. We currently have no preferred stock outstanding and have no current plans or agreements with respect to the issuance of any shares of preferred stock.

The rights of holders of our common stock will be subject to, and may be adversely affected by, the rights of holders of any preferred stock that may be issued in the future. Any such issuance may adversely affect the interests of holders of our common stock by (1) limiting the control that the holders may exert by exercise of their voting rights or (2) subordinating their rights in liquidation to the rights of the holders of preferred stock. In addition, the issuance of shares of preferred stock may discourage takeover attempts and other changes in control by limiting the exercise of control by a person who has gained a substantial equity interest in U.S. Bancorp.

**Shareholder Rights Plan**

We have a shareholder rights plan that could discourage unwanted or hostile takeover attempts that are not approved by our board. On February 27, 2001, our board declared a dividend of one preferred share purchase right for each outstanding share of common stock as of March 9, 2001. The rights currently trade with, and are inseparable from, the common stock.

Each right allows its holder to purchase from us one one-thousandth of a share of our Series A Junior Participating Preferred Stock for \$100, once the rights become exercisable. This portion of a preferred share will give the shareholder approximately the same dividend and liquidation rights as would one share of common stock. Prior to exercise, a right does not give its holder any dividend, voting or liquidation rights.

The rights generally will not be exercisable until the earlier of:

10 days after a public announcement that a person or group has obtained beneficial ownership of 10% or more of our outstanding common stock; or

10 business days after a person or group begins a tender or exchange offer that, if completed, would result in that person or group becoming the beneficial owner of 10% or more of our outstanding common stock.

The date when the rights become exercisable is referred to in the rights plan as the distribution date. After that date, the rights will separate from the common stock and will be evidenced by book-entry credits or by rights certificates that we will mail to all eligible holders of common stock. A person or member of a group that has obtained beneficial ownership of 10% or more of U.S. Bancorp's outstanding common stock may not exercise any rights even after the distribution date.

A person or group that acquires beneficial ownership of 10% or more of our outstanding common stock is called an acquiring person. The consequences of a person or group becoming an acquiring person include the following:

*Flip In.* If a person or group becomes an acquiring person, all holders of rights other than the acquiring person may purchase shares of our common stock at half their market value.

*Flip Over.* If, after a person or group becomes an acquiring person, we are acquired by another entity in a merger or similar transaction, all holders of rights other than the acquiring person may purchase shares of the acquiring company at half their market value.

**Table of Contents**

Our board may redeem the rights for \$.01 per right at any time before a person or group becomes an acquiring person. If the board redeems any rights, it must redeem all of the rights. Once the rights are redeemed, the only right of the holders of rights will be to receive the redemption price of \$.01 per right.

Our board may adjust the purchase price of the preferred shares, the number of preferred shares issuable and the number of outstanding rights to prevent dilution that may occur from a stock dividend, a stock split or a reclassification of the preferred shares or common stock. No adjustments to the exercise price of less than 1% will be made.

The terms of the rights plan may be amended by our board without the consent of the holders of the rights. However, after a person or group becomes an acquiring person, the board may not amend the plan in a way that adversely affects the holders of the rights.

**Additional Anti-takeover Provisions Contained in the Certificate of Incorporation and Bylaws**

In addition to the ability to issue preferred stock and preferred share rights as described above, our certificate of incorporation and bylaws contain additional provisions that may make it less likely that our management would be changed or that someone would acquire voting control of us without our board's consent.

*Amendment of Bylaws.* Under our bylaws, our board of directors can supplement, amend or repeal the bylaws, subject to limitations under the Delaware General Corporation Law. Our stockholders also have the power to supplement, amend or repeal our bylaws at any annual or special meeting of the stockholders.

*Classified Board.* Our board of directors is divided into three classes, with the classes serving staggered three-year terms. The members of one of the three classes are elected by our stockholders each year.

S-26

---

**Table of Contents**

**MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS**

The following summary discusses certain material U.S. federal income tax (and if you are a non-U.S. holder, as defined below, certain U.S. federal estate tax) consequences relating to your purchase (other than income tax consequences relating to a current sale of U.S. Bancorp common stock, if any), ownership, and disposition of debentures and shares of common stock into which debentures may be converted. Except where noted, this summary deals only with debentures and shares of common stock of which you are the beneficial owner and which you hold as capital assets and is applicable only if you are the initial holder and purchased debentures for an amount of cash equal to their initial offering price. Additionally, this summary does not deal with special situations, such as tax consequences:

if you are a dealer in securities or currencies, a bank, a financial institution, an insurance company, a tax-exempt entity or a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings;

if you hold our debentures or common stock as part of a hedging, integrated, constructive sale or conversion transaction or a straddle;

if your functional currency is not the U.S. dollar;

if you hold our debentures or common stock through a partnership or other pass-through entity;

under the alternative minimum tax regime, if applicable; or

under any state, local or foreign laws.

The discussion below is based upon the provisions of the Internal Revenue Code of 1986, as amended (the Code), and U.S. Treasury regulations, rulings and judicial decisions as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in U.S. federal income tax consequences different from those discussed below. There can be no assurance that the Internal Revenue Service (the IRS) will not challenge one or more of the tax consequences discussed herein.

Whether a debenture is treated as debt (and not equity) for U.S. federal income tax purposes is an inherently factual question and no single factor is determinative. We will treat the debentures as indebtedness for U.S. federal income tax purposes and the following discussion assumes that such treatment will be respected.

**U. S. Holders**

For purposes of this summary, you are a U.S. holder if you are the beneficial owner of our debentures or common stock and you are:

a citizen or resident of the United States;

a corporation (or other entity taxable as a corporation) created or organized in or under the laws of the United States or any state thereof or the District of Columbia;

an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust if it (1) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all of its substantial decisions or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If you are the beneficial owner of our debentures or common stock and you are not a U.S. holder, you are referred to herein as a non-U.S. holder.

**Table of Contents**

If a partnership holds our debentures or common stock, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding our debentures or common stock, you should consult your tax advisor.

***Interest and Yield on Debentures***

The debentures will bear interest at a variable interest rate that is a qualified floating rate and thus should be treated as variable rate debt instruments under the U.S. Treasury regulations governing original issue discount (OID), in part because:

the issue price of the debentures will not substantially exceed the total noncontingent principal payments due under the debentures;

the variation in the value of the variable rate on the debentures can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in U.S. dollars; and

the debentures will provide for stated interest, paid or compounded at least annually, at one or more qualified floating rates.

Because the debentures do not provide for any payments of stated interest beginning on December 11, 2030, the debentures will be considered issued with OID equal to the excess of their stated redemption price at maturity over their issue price of \$1,000. The stated redemption price at maturity of the debentures will include all payments on the debentures, including any payment of stated interest paid on or before December 10, 2030. The issue price is the first price at which a substantial amount of the debentures are sold for money (excluding sales to bond houses, brokers or similar persons or organizations acting as underwriters, placement agents or wholesalers). The OID will accrue at the stated interest rate until December 11, 2030, and at the accretion rate thereafter. The OID accrues ratably over each quarterly accrual period and you must include the amount accruing for each day in the taxable year (or portion thereof) in which you hold the debenture, regardless of your normal method of accounting and regardless of whether interest is being paid currently.

***Liquidated Damages on Debentures***

We may be required to make payments of liquidated damages if we do not file or cause to be declared effective a registration statement, as described under Description of Debentures Registration Rights. We intend to take the position for U.S. federal income tax purposes that any payments of liquidated damages should be taxable to you as additional ordinary income when received or accrued, in accordance with your method of tax accounting. This position is based in part on the assumption that as of the date of issuance of the debentures, the possibility that liquidated damages will have to be paid is a remote or incidental contingency within the meaning of applicable U.S. Treasury regulations. Our determination that such possibility is a remote or incidental contingency is binding on you, unless you explicitly disclose that you are taking a different position to the IRS on your tax return for the year during which you acquire the debentures. The IRS, however, may take a contrary position from that described above, which could affect the timing and character of both your income from the debentures and our deduction with respect to the payments of liquidated damages.

**If we do fail to file or cause to be declared effective a registration statement, you should consult your tax advisor concerning the appropriate tax treatment of the payment of liquidated damages with respect to the debentures.**

***Constructive Dividends***

The conversion price of your debentures is subject to adjustment in certain circumstances. Under Section 305 of the Code and the U.S. Treasury regulations promulgated thereunder, adjustments to the conversion price of your debentures may result in a taxable constructive distribution to you if, and to the extent that, certain adjustments in the conversion price that may occur in limited circumstances (particularly an adjustment to reflect a taxable dividend to holders of our common stock) increase your proportionate interest in our assets or earnings and profits. Such a constructive distribution will be treated as a dividend, resulting in ordinary income to the extent of our current

**Table of Contents**

and accumulated earnings and profits, with any excess treated first as a tax-free return of capital which reduces your tax basis in the debentures to the extent thereof and thereafter as gain from the sale or exchange of your debentures. Generally, your tax basis in your debentures will be increased to the extent of any such constructive distribution treated as a dividend. Moreover, if there is not a full adjustment to the conversion price of your debentures (or any other outstanding option, warrant, convertible debt or similar instrument) to reflect a stock dividend or other event increasing the proportionate interest of the holders of our outstanding common stock in our assets or earnings and profits, then such increase in the proportionate interest of the holders of our common stock generally will be treated as a constructive distribution to such holders, taxable as described above.

***Sale, Exchange, Redemption, Certain Conversions and Other Disposition of Debentures***

Except as provided below under U.S. Holders Conversion of Debentures into Cash and Common Stock, you will generally recognize gain or loss upon the sale, exchange, redemption, conversion (if we exercise our option to deliver cash in lieu of any shares of common stock deliverable upon conversion) or other disposition of a debenture equal to the difference between the amount realized upon the sale, exchange, redemption or other disposition and your adjusted tax basis in the debenture, which will be equal to the amount paid for the debenture, increased by both the amount of OID previously included in income and the amount of any constructive distributions treated as dividends (as discussed above), and decreased by the amount of payments of interest and principal. Any gain or loss recognized on a disposition of the debenture will be capital gain or loss. If you are a non-corporate U.S. holder and have held the debenture for more than one year, any such capital gain will be subject to tax at long-term capital gain rates (currently 15% or less). Your ability to deduct capital losses may be limited.

***Conversion of Debentures into Cash and Common Stock***

The tax treatment of the conversion of your debentures into our common stock and cash is uncertain. You should consult your tax advisor to determine the correct treatment of such conversion. It is possible that the conversion may be treated as a partially taxable exchange as briefly discussed below.

*Possible treatment as part conversion and part redemption.* The conversion of your debenture into our common stock and cash may be treated as in part a conversion into stock and in part a payment in redemption of a portion of the debenture. In that event, you would not recognize any income, gain or loss with respect to the portion of the debenture considered to be converted into stock, except with respect to any cash received in lieu of a fractional share of stock. If you receive cash in lieu of a fractional share of stock, you would be treated as if you received the fractional share and then redeemed it for cash. Accordingly, you generally would recognize capital gain or loss with respect to the receipt of cash in lieu of a fractional share measured by the difference between the cash received for the fractional share and your adjusted tax basis in the fractional share. Your adjusted tax basis in the stock received upon conversion generally would be equal to the portion of your adjusted tax basis in the debenture allocable to the portion of the debenture deemed converted (less the basis allocable to any fractional share for which you receive cash). Your holding period for such common stock generally would include the period during which you held the debenture.

With respect to the part of the conversion that would be treated under this characterization as a payment in redemption of the remaining portion of the debenture, you generally would recognize capital gain or loss equal to the difference between the amount of cash received and your adjusted tax basis allocable to such portion of the debenture. Gain or loss recognized will be long-term capital gain or loss if you have held the debenture for more than one year. If you are a non-corporate U.S. holder, your long-term capital gain will be subject to tax at long-term capital gain rates (currently 15% or less). Your ability to deduct capital losses may be limited.

*Possible treatment as a recapitalization.* The conversion of your debenture into our common stock and cash may instead be treated in its entirety as a recapitalization for U.S. federal income tax purposes, in which case you would be required to recognize gain on the conversion but would not be allowed to recognize any loss. Accordingly, such tax treatment may be less favorable to you than if the conversion were treated as part conversion and part redemption, as described above. If the conversion constitutes a recapitalization, you generally: (a) would recognize gain (but not loss) in an amount equal to the lesser of

**Table of Contents**

(i) the excess (if any) of (A) the amount of cash (not including cash received in lieu of fractional shares) and the fair market value of common stock you received (treating fractional shares as received for this purpose) in the exchange over (B) your adjusted tax basis in the debenture; and

(ii) the amount of cash you received upon conversion (other than cash received in lieu of fractional shares); (b) with respect to cash you received in lieu of a fractional share of common stock, such cash would be treated as if you received the fractional share and then redeemed it for cash (and you would recognize capital gain or loss in an amount equal to the difference between (i) the amount of cash received in lieu of the fractional share and (ii) the portion of your adjusted tax basis in the debenture that is allocated to the fractional share); (c) you would have an aggregate tax basis in the common stock you received in the conversion equal to the aggregate tax basis of the debentures you converted (less any basis allocable to any fractional shares deemed received in the conversion), decreased by the aggregate amount of cash (other than cash in lieu of fractional shares) you received upon conversion and increased by the aggregate amount of gain (if any) you recognized upon conversion (other than gain realized as a result of cash received in lieu of fractional shares); and (d) you would have a holding period for such common stock received that includes the period during which you held the debenture. Any gain you recognize will be long-term capital gain if you have held the debenture for more than one year and if you are a non-corporate U.S. holder you will be subject to tax at long-term capital gain rates (currently 15% or less).

**You are urged to consult your tax advisor with respect to the U.S. federal income tax consequences resulting from the exchange of your debentures into a combination of cash and common stock.**

***Dividends on Common Stock***

If, after you convert a debenture, you receive shares of our common stock, and we make a distribution of cash or other property (other than certain pro rata distributions of our common stock) in respect of that stock, the distribution will be treated as a dividend, taxable to you as ordinary income, to the extent it is paid from our current or accumulated earnings and profits. If the distribution exceeds our current and accumulated earnings and profits, the excess will be treated first as a tax-free return of your investment, up to your basis in your shares. Any remaining excess will be treated as capital gain. If you are a corporation, you may be able to claim a dividend received deduction for a portion of any distribution received that is considered a dividend.

***Sale or Other Disposition of Common Stock***

You will generally recognize capital gain or loss on a sale or other disposition of your shares of our common stock. Your gain or loss will equal the difference between the proceeds you received and your adjusted tax basis in your shares. The proceeds received will include the amount of any cash and the fair market value of any other property received for the shares. If you are a non-corporate U.S. holder and your holding period for the shares (determined under the rules discussed under U.S. Holders Conversion of Debentures into Cash and Common Stock ) exceeds one year, your capital gain will be subject to tax at long-term capital gain rates (currently 15% or less). Your ability to deduct capital losses may be limited.

***Current U.S. Bancorp Shareholders***

For U.S. holders who hold our common stock immediately prior to your purchase of the debentures (other than pursuant to a securities borrowing of our stock), the U.S. federal income tax consequences to you of our purchase of your stock contemporaneously with your purchase of the debentures are not entirely certain. We intend to take the position for U.S. federal income tax purposes that this aspect of the transaction is properly treated as a sale of stock and does not result in a dividend. If you are a U.S. holder who held our common stock immediately prior to your purchase of the debentures, you should consult your tax advisor.

**Non-U.S. Holders**

The following is a summary of certain material U.S. federal tax consequences that will apply to you if you are a non-U.S. holder of debentures or common stock. Special rules may apply to you if you are a controlled foreign



## **Table of Contents**

corporation, passive foreign investment company, or foreign personal holding company for U.S. federal income tax purposes, or a U.S. expatriate. Those special rules are not discussed in this summary. You should consult your own tax advisor to determine the U.S. federal, state, local and other tax consequences that may be relevant to you.

### ***Payment of Interest to Non-U.S. Holders***

Payments of interest (including OID) on a debenture to you will not be subject to U.S. federal income or withholding tax if:

the payments are not effectively connected with your conduct of a trade or business in the United States;

you do not actually or constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote;

you are not a controlled foreign corporation related to us;

you are not a bank whose receipt of interest on your debenture is described in Section 881(c)(3)(A) of the Code; and

prior to payment, we or our agent receive a statement (generally made on a properly completed and duly executed IRS Form W-8BEN) certifying that you are the beneficial owner of the debenture and not a U.S. person.

Special certification rules may apply if you hold your debenture through certain intermediaries or through pass-through entities.

If you cannot satisfy the requirements described above, payments of interest and OID on a debenture to you will generally be subject to U.S. federal income and withholding tax at a rate of 30% unless:

you are entitled to the benefits of an applicable income tax treaty and claim an exemption from or reduction in such tax (generally by providing a properly completed and duly executed IRS Form W-8BEN on which you will claim the benefits of such treaty); or

the interest or OID is effectively connected with your conduct of a trade or business in the United States and we or our agent receive a statement certifying to that effect (generally on a properly completed and duly executed IRS Form W-8ECI).

If the interest or OID on a debenture is effectively connected with your conduct of a trade or business in the United States (and, if you are entitled to the benefits of an applicable income tax treaty, such interest or OID is attributable to your U.S. permanent establishment), you will be subject to U.S. federal income tax on such interest or OID on a net income basis, generally under the same rules that would apply if you were a U.S. holder. In addition, if you are a foreign corporation, you could be subject to a branch profits tax equal to 30% (or lower applicable treaty rate) of your adjusted effectively connected earnings and profits for the taxable year.

### ***Conversion of the Debentures by Non-U.S. Holders***

As a non-U.S. holder, you will generally not recognize any income, gain or loss on converting a debenture into cash and our common stock. Any gain resulting from your receipt of cash in lieu of a fractional share of stock would also generally not be subject to U.S. federal income tax. See **Non-U.S. Holders Sale, Exchange or Redemption of Debentures or Common Stock by Non-U.S. Holders** below.

### ***Dividends Paid to Non-U.S. Holders***

Any dividends paid to you with respect to our common stock (and any deemed dividends resulting from certain adjustments, or failure to make adjustments, to the number of shares of common stock to be issued on

**Table of Contents**

conversion, see U.S. Holders Constructive Dividends above) will generally be subject to U.S. federal income and withholding tax at rate of 30% unless:

you are entitled to the benefits of an applicable income tax treaty and claim a reduction in such tax (generally by providing a properly completed and duly executed IRS Form W-8BEN on which you will claim the benefits of such treaty); or

the dividends or deemed dividends are effectively connected with your conduct of a trade or business in the United States and we or our agent receives a statement certifying to that effect (generally on a properly completed and duly executed IRS Form W-8ECI).

If the dividends or deemed dividends are effectively connected with your conduct of a trade or business in the United States (and, if you are entitled to the benefits of an applicable income tax treaty, such dividends or deemed dividends are attributable to your U.S. permanent establishment), you will be subject to U.S. federal income tax on such dividends or deemed dividends on a net income basis, generally under the same rules that would apply if you were a U.S. holder. In addition, if you are a foreign corporation, you could be subject to a branch profits tax equal to 30% (or lower applicable treaty rate) of your adjusted effectively connected earnings and profits for the taxable year.

***Sale, Exchange or Redemption of Debentures or Common Stock by Non-U.S. Holders***

The gain you may realize upon a sale, exchange, redemption or other disposition of a debenture or share of our common stock generally will not be subject to U.S. federal income or withholding tax unless:

the gain is effectively connected with your conduct of a trade or business in the United States (and, if you are entitled to the benefits of an applicable income tax treaty, the gain is attributable to your U.S. permanent establishment);

you are an individual who is present in the United States for 183 days or more in the taxable year of that disposition and certain other conditions are met, or

we are or have been a U.S. real property holding corporation for U.S. federal income tax purposes.

If the gain you realize is described in the first bullet point above, you will be subject to U.S. federal income tax on such gain on a net income basis, generally under the same rules that would apply if you were a U.S. holder. In addition, if you are a foreign corporation, you could be subject to a branch profits tax equal to 30% (or lower applicable treaty rate) of your adjusted effectively connected earnings and profits for the taxable year.

If the gain you realize is described in the second bullet point above, subject to any provision to the contrary under an applicable tax treaty, you will generally be subject to a flat 30% U.S. federal income tax on such gain.

We believe we are not and do not anticipate becoming a U.S. real property holding corporation for U.S. federal income tax purposes. However, there can be no assurances that we will not become a U.S. real property holding corporation in the future.

***U.S. Federal Estate Tax***

If you are a non-U.S. holder other than an individual, you will not be subject to the U.S. federal estate tax. If you are a non-U.S. holder and an individual, your debentures will not be included in your gross estate for U.S. federal estate tax purposes unless at the time of death (i) you were a citizen or resident of the United States (as defined for U.S. federal estate tax purposes) and (ii) either (a) payments of interest or OID on the debentures would have been effectively connected with your conduct of a trade or business in the United States or (b) you actually or constructively owned 10 percent or more of the total combined voting power of all classes of our stock entitled to vote.

**Table of Contents**

By contrast, common stock held by you at the time of your death will be included in your gross estate for U.S. estate tax purposes unless an applicable estate tax treaty provides otherwise.

You should consult with your own tax advisor regarding the potential application of the U.S. federal estate tax rules to you and your estate before considering an investment in the debentures.

**Information Reporting and Backup Withholding**

If you are a U.S. holder, in general, information reporting requirements will apply to certain payments of principal and interest (including OID) on the debentures, dividends paid on the common stock, and the proceeds of a sale of debentures or shares of our common stock unless you are an exempt recipient (such as a corporation). Backup withholding tax at the applicable rate will apply to such payments if you fail to provide your taxpayer identification number or a certification of foreign status or to report in full dividend and interest income, or if you fail to otherwise establish an exemption.

If you are a non-U.S. holder and you have provided a certification of non-U.S. status (e.g., on a properly completed and duly executed IRS Form W-8BEN), in general and subject to the discussion in the following paragraph, you will not be subject to information reporting or backup withholding with respect to payments that we make to you provided that we do not have actual knowledge or reason to know that you are a U.S. person. In addition, you will not be subject to information reporting or backup withholding with respect to the proceeds of a sale of a debenture or share of common stock, even if such sale is effected within the United States or conducted through a U.S.-related financial intermediary, as long as the payor does not have actual knowledge or reason to know that you are a U.S. person.

We are required to and will report annually to the IRS and to you the amount of, and the tax withheld, if any, with respect to, any interest or dividends paid to a non-U.S. holder. Copies of these information returns may be made available to the tax authorities of the country in which you are a resident under the provisions of a specific treaty or agreement.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your U.S. federal income tax liability provided the required information is furnished timely to the IRS.

S-33

---

**Table of Contents****SELLING SECURITYHOLDERS**

We originally issued the debentures on December 9, 2005. The debentures were resold by the initial purchaser to qualified institutional buyers under Rule 144A under the Securities Act. Selling securityholders, including their transferees, pledgees, donees or their successors, may offer and sell the debentures and the underlying common stock pursuant to this prospectus supplement.

The following table sets forth information as of April 12, 2006 about the principal amount of debentures and the underlying common stock beneficially owned by each selling securityholder that may be offered using this prospectus supplement.

Name	Principal Amount of Debentures Beneficially Owned and Offered	Shares of Common Stock	Common Stock Offered Upon Conversion of Debentures (1)	Common Stock Owned After Completion of Offering (2) (2)
		Beneficially Owned Upon Conversion of Debentures <sup>(1)</sup>		
Altma Fund Sicav PLC In Respect of the Grafton Sub Fund Canyon Capital Arbitrage Master Fund, Ltd. Canyon Value Realization Fund, L.P. Canyon Value Realization Mac 18, Ltd. Citigroup Global Markets Inc. Clariant Corporation Retirement Plan c/o TQA Investors CQS Convertible	2,000,000           4,950,000   2,550,000   750,000   11,475,000      350,000 162,500,000	54,274           134,328   69,199   20,352   311,397      9,497 4,409,762	54,274           134,328   69,199   20,352   311,397      9,497 4,409,762	0 0           0 0   0 0   0 0   0 0      0 0 0 0

and Quantitative Strategies Master Fund Limited Credit Suisse Securities LLC	78,500,000		2,130,254	2,130,254	0	0
Cypress Investment Grade Convertible Bond Fund LP c/o TQA Investors	900,000		24,423	24,423	0	0
DBAG London		Taiwan Semiconductor Manufacturing Co., Ltd.	2,728,284	6.50	5,498,252	
		United Microelectronics Corp.	1,577,397*	1.00	847,705	
Steel — 4.29%	3,413,696	China Steel Corp.		4.16	3,519,769	
	101,004	Tung Ho Steel Enterprise Corp.		0.13	109,350	
Textiles — 1.31%					3,629,119	
	884,334	Far Eastern Textile, Ltd.		1.31	1,105,228	
Transportation — 0.38%						
	159,000	U-Ming Marine Transport Corp.		0.38	322,913	
Other Non-Tech — 1.53%						
	168,660	Giant Manufacturing Co., Ltd.		0.56	472,167	
	377,900	Merida Industry Co., Ltd.		0.72	613,982	
	263,696	Pou Chen Corp.		0.25	209,273	
					1,295,422	
TOTAL COMMON STOCK (COST \$69,612,814)					84,356,053	
SHORT TERM SECURITIES — 0.26%						
Time Deposit — 0.26%						
Wells Fargo - Grand Cayman, 0.03%, Due 01/04/10			0.26		218,733	
TOTAL SHORT-TERM SECURITIES (COST \$218,733)					218,733	
TOTAL INVESTMENTS IN SECURITIES AT FAIR VALUE						

(COST \$69,831,547)	99.98	84,574,786
OTHER ASSETS (LESS LIABILITIES)	0.02	17,292
NET ASSETS	100.00	\$ 84,592,078

---

\* Non-income producing: These stocks did not pay a cash dividend during the past year.

See accompanying notes to financial statements.

7

---

---

TAIWAN GREATER CHINA FUND  
Statement of Assets and Liabilities  
December 31, 2009 (Expressed in U.S. Dollars)

---

## Assets

Investments in securities at market value (Notes 2B, 2D, 3 and 7)	
Common Stock (cost — \$69,612,814)	\$ 84,356,053
Short-term securities (cost — \$218,733)	218,733
Total investment in securities at fair value (cost — \$69,831,547)	84,574,786
Cash	85,750
Foreign cash (cost — \$68,322)	69,071
Prepaid expenses and other assets	237,874
Total assets	84,967,481

## Liabilities

Professional fees payable	192,688
Management fee payable (Note 4)	98,663
Shareholder communication fees payable	27,775
Custodian fee payable (Note 6)	15,896
Administration fee payable (Note 5)	11,993
Other accrued expenses payable	28,388
Total liabilities	375,403

Net assets	\$ 84,592,078
Components of net assets	
Par value of shares of beneficial interest (Note 8)	\$ 117,890
Additional paid-in capital (Note 8)	92,559,089
Accumulated net investment income	59,796,405
Accumulated net realized loss on investments and foreign currency transactions	(43,330,217)
Unrealized net depreciation on investments (Note 7)	14,743,239
Cumulative translation adjustment (Note 2F)	(39,294,328)
Net assets	\$ 84,592,078
Net asset value per share (11,788,968 shares issued and outstanding, par value \$0.01)	\$ 7.18

See accompanying notes to financial statements.

---

**TAIWAN GREATER CHINA FUND**
**Statement of Operations**

For the Year Ended December 31, 2009 (Expressed in U.S. Dollars)

---

Investment income (Notes 2B, 2C, 2D)	
Dividends	\$ 1,931,901
Interest and other income	298
	1,932,199
Republic of China taxes (Note 2H)	(469,556)
	1,462,643
Expenses	
Management fee (Note 4)	855,127
Trustee fees and expenses	201,973
Shareholder communication expenses	186,585
Audit and tax fee	120,986
Legal fees and expenses	100,822
Insurance expenses	101,573
Administrative fee (Note 5)	95,970
Custodian fee (Note 6)	95,937
Other expenses	139,783
	1,898,756
Net investment loss	(436,113)
Net realized and unrealized loss on investments and foreign currencies (Notes 2F and 7)	
Net realized gain on:	
investments (excluding short-term securities)	1,285,491
foreign currency transactions	43,228
Net realized gain on investments and foreign currency transactions	1,328,719
Net changes in unrealized appreciation on:	
investments	39,826,892
translation of assets and liabilities in foreign currencies	1,559,690
Net realized and unrealized gain from investments and foreign currencies	42,715,301
Net increase in net assets resulting from operations	42,279,188

See accompanying notes to financial statements.



---

**TAIWAN GREATER CHINA FUND**
**Statements of Changes in Net Assets**

For the Years Ended December 31, 2009 and 2008 (Expressed in U.S. Dollars)

---

	2009	2008
Net increase (decrease) in net assets resulting from operations		
Net investment income (loss)	\$ (436,113)	\$ 2,046,036
Net realized gain (loss) on investments and foreign currency transactions	1,328,719	(6,872,628)
Unrealized appreciation (depreciation) on investments	39,826,892	(52,029,736)
Unrealized appreciation (depreciation) on translation of assets and liabilities in foreign currencies	1,559,690	(1,988,385)
Net increase (decrease) in net assets resulting from operations	42,279,188	(58,844,713)
Capital share transactions:		
Cost of semi-annual repurchase offer (Note 8B)	(7,406,801)	(7,466,652)
Net assets, beginning of year	49,719,691	116,031,056
Net assets, end of year	\$ 84,592,078	\$ 49,719,691

See accompanying notes to financial statements.

---

**TAIWAN GREATER CHINA FUND**  
**Financial Highlights**  
**(Expressed in U.S. Dollars)**


---

	Years Ended December 31,				
	2009	2008	2007	2006	2005
<b>Per share operating performance:</b>					
Net asset value, beginning of year	\$ 3.81	\$ 8.02	\$ 7.07	\$ 5.87	\$ 5.37
Net investment income (loss) (a)	(0.03)	0.15	0.02	0.01	0.05
Net realized and unrealized gain (loss) on investments	3.24	(4.21)	0.92	1.21	0.65
Net realized and unrealized appreciation (depreciation) on translation of foreign currencies	0.15	(0.16)	(0.01)	(0.03)	(0.25)
Total from investment operations	3.36	(4.22)	0.93	1.19	0.45
<b>Distributions to Shareholders from:</b>					
Net investment income*	—	—	—	—	—
<b>Capital Stock Transactions:</b>					
Share Tender Offer/Repurchase	0.01(a)	0.01(a)	0.02(a)	0.01	0.05
Net asset value, end of year	\$ 7.18	\$ 3.81	\$ 8.02	\$ 7.07	\$ 5.87
Per share market price, end of year	6.36	3.53	7.23	6.61	5.30
<b>Total investment return (%):</b>					
Based on Trust's market price	80.18	(51.18)	9.38	24.72	8.16
Based on Trust's net asset value	88.45	(52.49)	13.44	20.44	9.31
U.S. \$ return of Taiwan Stock Exchange Index**	82.88	(46.66)	9.23	20.35	3.03
<b>Ratios and supplemental data:</b>					
Net assets, end of year (in thousands)	\$ 84,592	\$ 49,720	\$ 116,031	\$ 113,391	\$ 104,364
Ratio of expenses to average net assets (%)	2.80	2.37	2.30	2.55	2.12
Ratio of net investment income (loss) to average net assets (%)	(0.64)	2.29	0.28	0.22	0.99
Portfolio turnover ratio (%)	11	22	26	24	16

(a) Based on average shares outstanding.

\* See Note 2G for information concerning the Trust's distribution policy.

\*\* Returns for the Taiwan Stock Exchange Index are not total returns and reflect only changes in share price, and do

not assume that cash dividends were reinvested. The Taiwan Stock Exchange Index is calculated by the Taiwan Stock Exchange Corp.

See accompanying notes to financial statements.

---

TAIWAN GREATER CHINA FUND

Notes to Financial Statements / December 31, 2009 (Expressed in U.S. Dollars)

---

Note 1 — Organization and Acquisition of The Taiwan (R.O.C.) Fund

---

The Taiwan Greater China Fund (the “Fund” or the “Trust”) is a Massachusetts business trust formed in July 1988 and registered with the U.S. Securities and Exchange Commission (the “SEC”) as a diversified, closed-end management investment company under the Investment Company Act of 1940, as amended. The Trust changed its name from The R.O.C. Taiwan Fund to the Taiwan Greater China Fund on December 29, 2003. The change took effect on the New York Stock Exchange on January 2, 2004.

The Trust was formed in connection with the reorganization (the “Reorganization”) of The Taiwan (R.O.C.) Fund. The Taiwan (R.O.C.) Fund, which commenced operations in October 1983, was established under the laws of the Republic of China as an open-end contractual investment fund pursuant to an investment contract between International Investment Trust Company Limited and the Central Trust of China, as custodian. Pursuant to the Reorganization, which was completed in May 1989, the Trust acquired the entire beneficial interest in the assets constituting The Taiwan (R.O.C.) Fund. On February 23, 2004, the investment contract was terminated and substantially all of the assets held in The Taiwan (R.O.C.) Fund were transferred to the direct account of the Trust. The Trust thereupon converted to internal management and now directly invests in Taiwan as a Foreign Institutional Investor (“FINI”). The Taiwan (R.O.C.) Fund was subsequently liquidated. At the Annual Meeting of Shareholders held on August 21, 2007, shareholders approved an advisory agreement between the Fund and Nanking Road Capital Management, LLC (the “NRC”), a company organized by employees of the Fund who had managed the Fund’s investments for the period from February 2004 to September 2007.

As required by the Trust’s Declaration of Trust, if the Trust’s shares trade on the market at an average discount to net asset value per share (“NAV”) of more than 10% in any consecutive 12-week period, the Trust must submit to the shareholders for a vote at its next annual meeting a binding resolution that the Trust be converted from a closed-end to an open-end investment company. The affirmative vote of a majority of the Trust’s outstanding shares is required to approve such a conversion. Because the Trust’s shares traded at an average discount to NAV of more than 10% for the 12-week period ended December 4, 2009, the Trust’s shareholders will be asked to consider the conversion of the Trust to an open-end investment company at the 2010 annual meeting. The affirmative vote of a majority of the Trust’s outstanding shares is required to approve such a conversion.

At the Annual Meeting of Shareholders held on June 21, 2005, the shareholders approved the adoption by the Trust of an interval fund structure. The Trust now makes semi-annual repurchase offers with respect to its shares (see Note 8B).

On October 31, 2006, the Board of Trustees terminated the Fund’s policy requiring the Republic of China Securities and Futures Bureau, Financial Supervisory Commission (the “ROC FSC”) to consent to change certain policies of the Fund.

Note 2 — Summary of Significant Accounting Policies

---

A — Basis of presentation — The accompanying financial statements of the Trust have been prepared in accordance with

U.S. generally accepted accounting principles (“GAAP”).

B — Valuation of investments — Common stocks represent securities that are traded on the Taiwan Stock Exchange or the Taiwan over-the-counter market or Hong Kong Stock Exchange. Securities traded on a principal securities exchange are valued at the closing price on such exchange. Short-term investments are valued at NAV or at amortized cost, which approximates fair value. Securities for which market quotations are not readily available are, or if a development/event occurs that may significantly impact the value of a security may be, fair-valued in good faith pursuant to procedures established by the Board of Trustees.

C — Lending of Portfolio Securities —The Trust may lend portfolio securities up to 331/3% of the market value of the Fund’s total assets to qualified broker-dealers or financial institutions. All loans of portfolio securities are required to be secured by cash, U.S. government or government agency securities, or bank letters of credit, in each case in an amount equal, at the inception of the loan and continuing throughout the life of loan, to 105% of the market value of securities lent, which are marked-to-market daily. The Trust receives compensation for securities lending activities from interest earned on the invested cash collateral net of fee rebates paid to the borrower. The Trust’s lending agency agreement with UBS Securities LLC (“UBS”), was terminated in October 2008, as UBS decided to exit the securities lending agency business. The Trust did not have securities on loan during the fiscal year ended December 31, 2009.

## TAIWAN GREATER CHINA FUND

Notes to Financial Statements / December 31, 2009 (Expressed in U.S. Dollars) (continued)

D — Security transactions and investment income — Security transactions are recorded on the date the transactions are entered into (the trade date). Dividend income is recorded on the ex-dividend date, and interest income is recorded on an accrual basis as it is earned.

E — Realized gains and losses — For U.S. federal income tax purposes and financial reporting purposes, realized gains and losses on securities transactions are determined using the first-in, first-out method and the specific identification method, respectively. For the fiscal year ended December 31, 2009, the Trust had \$59,446,991 of capital loss carryover expire with a total loss carryover of \$42,932,949 remaining.

This capital loss carryover may be used to offset any future capital gains generated by the Trust, and, if unused, \$16,589,494 of such loss will expire on December 31, 2010, \$11,721,463 of such loss will expire on December 31, 2011, \$3,691,414 of such loss will expire on December 31, 2013 and \$10,930,578 will expire on December 31, 2017.

In accordance with federal income tax regulations, the Trust expects to elect to defer currency losses of \$1,636,206, realized on investment transactions from November 1, 2009 through December 31, 2009 and treat them as arising during the fiscal year ending December 31, 2010 for U.S. federal income tax purposes.

F — Foreign currency translation — Substantially all of the Trust's income is earned, and its expenses are partially paid, in New Taiwan Dollars ("NT\$"). The cost and market value of securities, currency holdings, and other assets and liabilities that are denominated in NT\$ are reported in the accompanying financial statements after translation into United States Dollars ("U.S.\$") based on the closing market rate for the United States Dollar in Taiwan at the end of the year. At December 31, 2009, that rate was NT\$32.0055 to U.S. \$1.00. Investment income and expenses are translated at the average exchange rate for the period. Currency translation gains or losses are reported as a separate component of changes in net assets resulting from operations.

The Trust does not separately record that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

G — Distributions to shareholders — It is the Trust's policy to distribute all ordinary income and net realized capital gains calculated in accordance with U.S. federal income tax regulations. Such calculations may differ from those based on GAAP. In order to reconcile such differences, accumulated net investment income was increased by \$1,987,015 and accumulated net realized loss on investments was increased by \$59,166,502 to reflect the impact of such differences in accordance with GAAP. Permanent book to tax differences primarily relate to the treatment of the Trust's gains from the disposition of passive foreign investment company shares as well as the nondeductibility of net operating losses for U.S. federal income tax purposes. Temporary book to tax differences are primarily due to differing treatments for certain foreign currency losses.

As of December 31, 2009, the components of distributable earnings/ (accumulated losses) on a tax basis were as follows:

Undistributed net investment income	\$	0
Accumulated capital and other losses		(20,139,656)

Unrealized appreciation	12,054,755
	\$ (8,084,901)

H — Taxes — The Trust intends to continue to elect and to continue to qualify as a regulated investment company under the Internal Revenue Code of 1986, as amended (the “Code”). If the Trust complies with all of the applicable requirements of the Code, it will not be subject to U.S. federal income and excise taxes provided that it distributes all of its investment company taxable income and net capital gains to its shareholders.

Management has analyzed the Trust’s tax positions taken on federal income tax returns for all open tax years and has concluded that, as of December 31, 2009, no provision for income tax would be required in the Trust’s financial statements. The Trust’s federal and state income and federal excise tax returns for tax years for which the applicable statutes of limitations have not expired are subject to examination by the Internal Revenue Service and state departments of revenue.

---

TAIWAN GREATER CHINA FUND

Notes to Financial Statements / December 31, 2009 (Expressed in U.S. Dollars) (continued)

---

The Republic of China (“R.O.C.”) levies a tax at the rate of 20% on cash dividends and interest received by the Trust on investments in R.O.C. securities. In addition, a 20% tax is levied based on par value of stock dividends (except those which have resulted from capitalization of capital surplus) received by the Trust. For the year ended December 31, 2009, total par value of stock dividend received was \$460,345.

Realized gains on securities transactions are not subject to income tax in the R.O.C.; instead, a securities transaction tax of 0.3% of the fair value of stocks sold or transferred is levied. Proceeds from sales of investments are net of securities transaction tax of \$46,635 paid for the year ended December 31, 2009.

I — Use of estimates — The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements, financial highlights and accompanying notes. Actual results could differ from those estimates.

J — Accounting for Uncertainty in Income Taxes — ASC 740 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Trust’s tax returns to determine whether the tax positions are “more-likely-than-not” of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the current year. As required, the Trust implemented ASC 740 on January 1, 2007. Based on management’s evaluation, ASC 740 did not have a material impact on the Trust’s financial statements.

K — Fair Value Measurements and Disclosures — Effective January 1, 2008, the Trust adopted Accounting Standards Codification 820 - Fair Value Measurements and Disclosures (“ASC 820”). ASC 820 defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurement. The changes to current practices resulting from the application of ASC 820 relate to the definition of fair value, the methods used to measure fair value, and expanded disclosures about fair value measurement. ASC 820 emphasizes that fair value is a market based measurement, not an entity specific measurement; as such, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, ASC 820 establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from sources independent of the Trust (observable inputs) and (2) the Trust’s own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The three levels defined by the ASC 820 hierarchy are as follows:

Level I – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level II – Inputs other than quoted prices included within Level I that are observable for the asset or liability, either directly or indirectly. Level II assets include the following: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).



Level III – Unobservable pricing input at the measurement date for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available.

In some instances, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. The level in the fair value hierarchy within which the fair value measurement in its entirety falls shall be determined based on the lowest input level that is significant to the fair value measurement in its entirety.

---

**TAIWAN GREATER CHINA FUND**

 Notes to Financial Statements / December 31, 2009 (Expressed in U.S. Dollars) (continued)
 

---

The following table summarizes the valuation of the Trust's securities at December 31, 2009 using the fair value hierarchy:

At December 31, 2009

	Level I	Level II	Level III	Total
Investments, at value	\$ 84,574,786	—	—\$	84,574,786
Common Stocks	84,356,053	—	—	84,356,05
Time Deposits	218,733	—	—	218,733

---

**Note 3 — Investment Considerations**


---

Because the Trust concentrates its investments in publicly traded equities issued by R.O.C. corporations, its portfolio involves considerations not typically associated with investing in U.S. securities. In addition, the Trust is more susceptible to factors adversely affecting the R.O.C. economy than a fund not concentrated in these issuers to the same extent. Since the Trust's investment securities are primarily denominated in NT\$, changes in the relationship of the NT\$ to the U.S.\$ may also significantly affect the value of the investments and the earnings of the Trust.

---

**Note 4 — Investment Management**


---

As described in Note 1, the Trust entered into an advisory agreement with NRC on October 1, 2007. Pursuant to the advisory agreement, NRC is responsible, among other things, for investing and managing the assets of the Trust and administering the Trust's affairs. The Trust pays NRC a fee at an annual rate of 1.25% of the NAV of the Trust's assets up to \$150 million and 1.00% of such NAV in excess of \$150 million.

---

**Note 5 — Administrative Management**


---

Brown Brothers Harriman & Co. ("BBH") provides administrative and accounting services for the Trust, including maintaining certain books and records of the Trust, and preparing certain reports and other documents required by U.S. federal and/or state laws and regulations. The Trust pays BBH a monthly fee for these services at an annual rate of 0.06% of the NAV of the Trust's assets up to \$200 million, 0.05% of such NAV equal to or in excess of \$200 million up to \$400 million and 0.04% of such NAV equal to or in excess of \$400 million. The total payment to BBH for administrative and custodial services is subject to a minimum annual fee of \$200,000. Out-of-pocket expenses will be billed at the actual amount incurred at the time the goods or service is purchased.

---

**Note 6 — Custodian**


---

BBH serves as custodian of the assets of the Trust. The Trust pays BBH a monthly fee for securities in the Taiwan market at an annual rate of 0.15% of the Trust's market value of Taiwan holdings up to \$200 million, 0.13% of such

Taiwan holdings equal to or in excess of \$200 million up to \$400 million and 0.11% of such Taiwan holdings equal to or in excess of \$400 million. The Trust pays BBH a monthly fee for securities in the Hong Kong market at an annual rate of 0.10% of the Trust's market value of Hong Kong holdings. The total payment to BBH for administrative and custodial services is subject to a minimum annual fee of \$200,000.

Note 7 — Investments in Securities

---

Purchases and proceeds from sales of securities, excluding short-term investments, for the year ended December 31, 2009, included \$6,988,759 for stock purchases and \$14,544,850 for stock sales, respectively.

At December 31, 2009, the cost of investments, excluding short-term investments, for U.S. federal income tax purposes was \$72,301,296. At December 31, 2009, the unrealized appreciation of \$12,054,757 for U.S. federal income tax purposes consisted of \$19,912,640 of gross unrealized appreciation and \$7,857,883 of gross unrealized depreciation.

Note 8 — Shares of Beneficial Interest

---

A — The Trust's Declaration of Trust permits the Trustees to issue an unlimited number of shares of beneficial interest or additional classes of other securities. The shares have a par value of \$0.01, and no other classes of securities are outstanding at present. The Trust has a repurchase program which allows for the repurchase of up to 10% of the outstanding shares. The share repurchase program commenced on November 1, 2004.

In connection with the share repurchase program referred to above, the Board of Trustees authorized management to repurchase Trust shares in one or more block transactions provided that no block exceeds 500,000 shares on any day, no more than 1,000,000 shares in total are repurchased in block transactions, and such share repurchases are made on the New York Stock Exchange and in compliance with the safe harbor provided by Rule 10b-18 under the Securities Exchange Act of 1934. This does not increase the overall repurchase authorization and the Trust will continue to make non-block share repurchases under its share repurchase program.

---

TAIWAN GREATER CHINA FUND

Notes to Financial Statements / December 31, 2009 (Expressed in U.S. Dollars) (continued)

---

During the year ended December 31, 2009, the Trust did not repurchase any shares under this program.

B — The Trust has adopted an interval fund structure pursuant to which it makes semi-annual repurchase offers of its shares of beneficial interest. The percentage of outstanding shares of beneficial interest that the Trust can offer to repurchase in each repurchase offer will be established by the Trust's Board of Trustees shortly before the commencement of each offer, and will be between 5% and 25% of the Trust's outstanding shares of beneficial interest. If the repurchase offer is oversubscribed, the Trust may, but is not required to, repurchase up to an additional 2% of shares outstanding.

In June 2008, the Trust accepted 723,688 shares for payment at a price of \$6.66 per share in accordance with its semi-annual repurchase offer. Pursuant to the semi-annual repurchase offer, the purchase price was equal to 100% of the Trust's NAV at the close of regular trading on the Taiwan Stock Exchange on June 27, 2008, to which a 2% repurchase fee was applied. The purchased shares constituted approximately 5% of the Trust's previously outstanding shares.

In December 2008, the Trust accepted 687,504 shares for payment at a price of \$3.85 per share in accordance with its semi-annual repurchase offer. Pursuant to the semi-annual repurchase offer, the purchase price was equal to 100% of the Trust's NAV at the close of regular trading on the Taiwan Stock Exchange on December 17, 2008, to which a 2% repurchase fee was applied. The purchased shares constituted approximately 5% of the Trust's previously outstanding shares.

In June 2009, the Trust accepted 653,128 shares for payment at a price of \$5.08 per share in accordance with its semi-annual repurchase offer. Pursuant to the semi-annual repurchase offer, the purchase price was equal to 100% of the Trust's NAV at the close of regular trading on the Taiwan Stock Exchange on June 24, 2009, to which a 2% repurchase fee was applied. The purchased shares constituted approximately 5% of the Trust's previously outstanding shares.

In December 2009, the Trust accepted 620,472 shares for payment at a price of \$6.59 per share in accordance with its semi-annual repurchase offer. Pursuant to the semi-annual repurchase offer, the purchase price was equal to 100% of the Trust's NAV at the close of regular trading on the Taiwan Stock Exchange on December 16, 2009, to which a 2% repurchase fee was applied. The purchased shares constituted approximately 5% of the Trust's previously outstanding shares.

On July 15, 2008, the Trust filed a Registration Statement on Form N-2 with the SEC to register its common shares for one or more potential offerings in the future. On December 18, 2008, the Trust filed an amended Registration Statement on Form N-2 with the SEC to register its common shares for one or more potential offerings in the future and on January 22, 2009, the Registration Statement was declared effective by the SEC. The Fund filed subsequent amendments for the same purpose on November 11, 2009 and January 27, 2010.

At December 31, 2009, 11,788,968 shares were outstanding.

Note 9 — Subsequent Events

---

Management of the Fund has performed an evaluation of subsequent events through February 25, 2010, which is the date the financial statements were issued. This evaluation did not result in any subsequent events that necessitated disclosures and/or adjustments.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders  
Taiwan Greater China Fund

We have audited the accompanying statement of assets and liabilities of the Taiwan Greater China Fund (the “Fund”), including the schedule of investments, as of December 31, 2009, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years in the five-year period then ended. These financial statements and financial highlights are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2009, by correspondence with custodians. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Fund as of December 31, 2009, the results of its operations for the year then ended, the changes in its net assets for each of the years in the two year period then ended, and the financial highlights for each of the years in the five year period then ended, in conformity with U.S. generally accepted accounting principles.

Boston, Massachusetts  
February 25, 2010

---

TAIWAN GREATER CHINA FUND  
Additional Information (unaudited)

---

The Fund has obtained an agreement letter from Offshore Funds Centre of United Kingdom dated January 23, 2007 that its investors do not hold “material interest” in an offshore fund. Therefore, the Fund does not need to seek distributing fund status.

---

Steven R. Champion, President and Chief Executive Officer of the Fund has served as Portfolio Manager responsible for the day to day management of the Fund’s portfolio since February 2004. Prior to October 1, 2007, Mr. Champion was employed directly by the Fund as the portfolio Manager for the Fund. Since October 1, 2007, he has been employed by NCR, Investment Manager to serve as Portfolio Manager to the Fund. Mr. Champion was Executive Vice President of the Bank of Hawaii from 2001 to 2003 and Chief Investment Officer of Aetna International from 2000 to 2001. Mr. Champion also previously served as the portfolio manager of The Taiwan (R.O.C) Fund, predecessor to the Trust, from 1987 to 1989, and President and portfolio manager of the Trust from 1989 to 1992. Other positions he has held include Vice Chairman of the Bank of San Francisco, Chief International Investment Officer at the Bank of America, and Vice President and Country Manager in Taiwan for Continental Illinois National Bank.

---

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that from time to time the Fund may purchase shares of its common stock in the open market at prevailing market prices.

---

---

New York Stock Exchange Certification

In 2009, the Trust’s Chief Executive Officer provided to the New York Stock Exchange (the “NYSE”) the annual CEO certification regarding the Trust’s compliance with the NYSE’s Corporate Governance listing standards stating that he was unaware of any violations of such listing standards.

---

---

Proxy Voting Policy

The Trust’s policy with regard to voting stocks held in its portfolio is to vote in accordance with the recommendations of Risk Metrics Group, formerly Institutional Shareholder Services, Inc., unless the Trust’s portfolio manager recommends to the contrary, in which event the decision as to how to vote will be made by the Trust’s Board of Trustees. A summary of the voting policies may be found on the Trust’s website, [www.taiwangreaterchinafund.com](http://www.taiwangreaterchinafund.com), and a more detailed description of those policies is available on the website of the (SEC), [www.sec.gov](http://www.sec.gov). In addition, information regarding how the Trust voted proxies relating to its portfolio securities during the 12-month period ended June 30, 2009 is available on or through the Trust’s website and on the SEC’s website.

---

Portfolio Holdings

The Trust provides a complete list of its portfolio holdings in its report to shareholders four times each year, at each quarter end. For the second and fourth quarters, the list of portfolio holdings appears in the Trust’s semi-annual and

annual reports to shareholders. For the first and third quarters, the list of portfolio holdings appears in its quarterly reports to shareholders. These reports are available on the Trust's website. The Trust also files the list of portfolio holdings for the first and third quarters with the SEC on Form N-Q, which is available on the SEC's website at [www.sec.gov](http://www.sec.gov). Form N-Q may also be reviewed and copied at the SEC's Public Reference Room, 100 F. Street N.E., Room 1580, Washington, DC, 20549. To find out more about this public service, call the SEC at 1-800-SEC-0330.

The Trust issues a new monthly update each month, which can be viewed on the Trust's website at [www.taiwangreaterchinafund.com](http://www.taiwangreaterchinafund.com). Please call toll free 1-800-343-9567 for any further information.

---



---

 2009 ANNUAL MEETING OF SHAREHOLDERS (unaudited)
 

---

On September 10, 2009, the Trust held an annual meeting to:

- (i) Elect two trustees, each to serve for a term expiring on the date of the 2012 Annual Meeting of Shareholders or the special meeting held in lieu thereof.
- (ii) Consider whether to approve the conversion of the Trust from a closed end investment company to an open-end investment company.

The results of the shareholder votes are shown below. Votes representing 8,954,031, or 72.16%, of the 12,409,440 eligible shares outstanding were represented by proxy. Edward B. Collins and Tsung-Ming Chung were each elected for a term expiring in 2012. Votes representing approximately 39% of the eligible shares outstanding were voted for the conversion from a closed-end fund to an open-end fund which did not constitute a majority of the outstanding shares, therefore, the conversion was not approved.

Nominees to the Board of Trustees

	For	Withheld
Edward B. Collins	8,110,586	843,445
Tsung-Ming Chung	8,341,231	612,800

Pedro-Pablo Kuczynski, David N. Laux, Robert P. Parker and Frederick C. Copeland Jr., whose terms did not expire in 2009, remain trustees.

Approval of Conversion from a Closed-End Investment Company to an Open-End Investment Company

	Against	Withheld/Abstain
For		
4,418,855	2,338,643	26,701

## Information Concerning Trustees and Officers

Name (Age) and Address	Position(s) Held with the Trust	Term of Office and Length of Time Served	Principal Occupation(s) During the Past Five Years	Other Directorships Held by Director
Non-Interested Trustees				
Tsung-Ming Chung (60) 4F, No.1, Lane 21, Hsing-Hua Road Kwei-Shan Industrial Zone, Taoyuan, Taiwan, R.O.C.	Trustee and Audit Committee Member	Trustee since 2006 and until the 2012 Annual Meeting of Shareholders or the special meeting in lieu thereof	Chairman and Chief Executive Officer, Dynapak International Technology Corp, since 2002; Chairman, Systems and Chips, Inc.; Director, Arima Group (technology)	Director, Far Eastern International Bank; Director and Chairman of Audit Committee, Taiwan Mobile Co.; Director and Audit Committee Chairman, SMIC
Edward B. Collins (67) 765 Market Street, Suite 31A San Francisco, California 94103 USA	Trustee and Audit Committee Member	Trustee since 2000 and until the 2012 Annual Meeting of Shareholders or the special meeting in lieu thereof	Managing Director, China Vest Group (venture capital investment), since prior to 2004	Director Bookham Inc., since May 2008 Director, Medio Stream, Inc, since 2001; Chairman, California Bank of Commerce, since 2006; Partner, McCutchen, Doyle, Brown & Enersen (law firm), 1987–95
Frederick C. Copeland, Jr. (68) 11 Deer Ridge Road Avon, Connecticut 06001 U.S.A.	Trustee, Vice Chairman, and Audit Committee member	Trustee since May 2004 and until the 2011 Annual Meeting of Shareholders or the special meeting in lieu thereof; Vice Chairman of the Board since February 2006	Vice Chairman, Director, Chairman of Executive Committee, Far East National Bank since 2004; Principal, Deer Ridge Associates, LLC (financial consulting), 2001-2006	Director, Mercantile Commerce Bank Holding, since 2007; Director, Mercantile Commerce Bank, since 2007; President, Chief Executive Officer and Chief Operating Officer, Aetna International (insurance), from 1995 to 2001; Executive Vice President, Aetna, Inc. (insurance), from 1997 to 2001; Chairman, President and Chief Executive Officer, Fleet Bank, N.A., 1993–1995; President and Chief Executive Officer,

				Citibank Canada Ltd., 1987–1993; Taiwan Country Head, Citibank, 1983–1987
Pedro-Pablo Kuczynski (71) Chequehuanla 967 San Isidro, Lima, Peru	Trustee and Chairman	Trustee since 2007 and until the 2010 Annual Meeting of Shareholders or the special meeting in lieu thereof; and Chairman since August 2007	Senior Advisor and Partner, The Rohatyn Group (emerging markets manager), since 2007; Prime Minister of Peru, 2005–2006; Minister of Economy of Peru, 2001–2002; 2004–2005; Partner and CEO, Latin America Enterprise Fund (private equity), 1995–2001	Chairman and Director, Advanced Metallurgical Group ("AMG, N.V."), since 2007; Director, Ternium Inc., since 2007
David N. Laux (82) The Hampshire, Apt. 701 1101 N. Elm St. Greensboro, NC, 27401 U.S.A.	Trustee	Trustee since 1992 and until the 2010 Annual Meeting of Shareholders or the special meeting in lieu thereof; and Chairman from July 2004 to August 2007	Director International Foundation, 2001–2007; Chairman, Great Dads (non-profit), 2004–2006; President, US-Taiwan Business Forum, from 2000 to 2005; Director, US-Taiwan Business Council, 2000-present	President, US-ROC (Taiwan) Business Council, 1990–2000; Chairman and Managing Director, American Institute in Taiwan, 1987–90; Director of Asian Affairs, National Security Council, The White House, 1982–86
Robert P. Parker (68) 101 California Street Suite 2830 San Francisco, California 94111 U.S.A.	Trustee and Audit Committee Member	Trustee since 1998 and until the 2011 Annual Meeting of Shareholders or the special meeting in lieu thereof; and Chairman from February to July 2004	Chairman, Parker Price Venture Capital, Inc. (formerly known as Allegro Capital, Inc.), since prior to 2004	Director, NexFlash Technologies, Inc., 2001-2005 Partner, McCutchen, Doyle, Brown & Enersen (law firm), 1988–97
Non-Trustee Officers Steven R. Champion (64) 111 Gillett Street Hartford, CT 06105	President, Chief Executive Officer and Portfolio Manager	President, Chief Executive Officer and Portfolio Manager, since February 2004; President from May 1989 to June 1992	President, Nanking Road Capital Management, LLC, since July 2007; President, Chief Executive Officer and Portfolio Manager of the Fund from February 2004 to October 2007; Executive Vice President, Bank of Hawaii, 2001–2003;	None

Regina Foley (45) 111 Gillett Street Hartford, CT 06105	Secretary, Treasurer, Chief Financial Officer and Chief Compliance Officer	Secretary, Treasurer, Chief Financial Officer and Chief Compliance Officer since September 2009	Chief Investment Officer, Aetna International, from prior to 2000 to 2001 Secretary, Treasurer, Chief Financial Officer and Chief Compliance Officer, Nanking Road Capital Managment LLC, since June 2009; Finance Manager, Pfizer, 2007–2009; Assistant Controller, Alea Group, 2006–2007; Finance Manager. ING, January 2006 to November 2006; and Assistant Director, The Hartford Financial Services Group, 2002–2006	None
---	--	---	---	------

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

TAIWAN GREATER CHINA FUND

www.taiwangreaterchinafund.com

Trustees and Officers:

Pedro-Pablo Kuczynski, Chairman and Trustee

Frederick C. Copeland Jr., Vice Chairman, Trustee and Audit Committee Member

David N. Laux, Trustee

Tsung-Ming Chung, Trustee and Audit Committee Member

Edward B. Collins, Trustee and Audit Committee Member

Robert P. Parker, Trustee and Audit Committee Member

Steven R. Champion, President, Chief Executive Officer and Portfolio Manager

Regina Foley, Chief Financial Officer, Treasurer and Secretary

Manager:

Nanking Road Capital Management, LLC

111 Gillett Street

Hartford, CT 06105

U.S.A.

Tel: (860) 278-7888

Administrator & Custodian:

Brown Brothers Harriman & Co.

40 Water Street

Boston, MA 02109

U.S.A.

Tel: (617) 742-1818

Transfer Agent,

Paying and Plan Agent:

American Stock Transfer & Trust Company

59 Maiden Lane – Plaza Level

New York, NY 10038

U.S.A.

Tel: (866) 624-4110

Investor Relations & Communications:

The Altman Group, Inc.

60 East 42nd Street, Suite 916

New York, NY 10165

U.S.A.

Tel: (212) 681-9600

U.S. Legal Counsel:

Clifford Chance US LLP

31 West 52nd Street

New York, NY 10019-6131

U.S.A.

Tel: (212) 878-8000

For information on the Fund, including the NAV,  
please call toll free 1-800-343-9567.

Current and historical (from 2/27/2004) NAV information can be found on the Fund's website at  
[www.taiwangreaterchinafund.com](http://www.taiwangreaterchinafund.com)

---



## ITEM 2. CODE OF ETHICS.

As of the fiscal year ended December 31, 2009 (the "Reporting Period"), the registrant has adopted a code of ethics applicable to its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. There have not been any changes to, or waivers from, any provision of the code of ethics during the Reporting Period. A copy of this code of ethics is filed as an exhibit to this report.

## ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

The registrant's Board of Trustees has determined that Tsung-Ming Chung possesses the attributes identified in Item 3 of Form N-CSR to qualify as an "audit committee financial expert" and has designated Mr. Chung as the registrant's Audit Committee financial expert. Mr. Chung is independent for purposes of paragraph (a)(2) of Item 3 of Form N-CSR.

## ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

(a) **Audit Fees.** The aggregate fees billed for professional services rendered by the principal accountant for the audit of the registrant's annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for each of the fiscal years ended December 31, 2009 and December 31, 2008 were \$85,000 and \$85,000, respectively.

(b) **Audit Related Fees.** For each of the fiscal years ended December 31, 2009 and December 31, 2008, the aggregate fees billed for assurance and related services rendered to the registrant by the principal accountant that are reasonably related to the performance of the audit of the registrant's financial statements and are not reported under paragraph (a) of this Item were \$7,400 and \$20,150, respectively.

(c) **Tax Fees.** For each of the fiscal years ended December 31, 2009 and December 31, 2008, the aggregate fees billed for professional services rendered to the registrant by the principal accountant for tax compliance, tax advice, and tax planning were \$30,000 and \$30,000 respectively. The services for the fiscal year ended December 31, 2008 and December 31, 2009 consisted of (i) review or preparation of U.S. federal, state, local and excise tax returns; (ii) U.S. federal, state and local tax planning, advice and assistance regarding statutory, regulatory or administrative developments, and (iii) tax advice regarding tax qualification.

(d) **All Other Fees.** For each of the fiscal years ended December 31, 2009 and December 31, 2008, the aggregate fees billed for products and services provided to the registrant by the principal accountant, other than the services reported in paragraphs (a) through (c) of this Item were \$0 and \$0, respectively.

(e) (1) In accordance with the Audit Committee Charter, the Audit Committee shall pre-approve the engagement of the auditor, including the fees to be paid to the auditor, to provide any audit or non-audit services to the registrant and any non-audit services to the registrant's investment adviser or any entity controlling, controlled by or under common control with the investment adviser that provides on-going services to the registrant if the engagement relates directly to the operations and financial reporting of the registrant. The Chairman of the Audit Committee may pre-approve certain services to be provided by the auditor to the registrant. All such delegated pre-approvals shall be presented to the Audit Committee no later than the next Audit Committee meeting.

(2) The percentage of services described in each of paragraphs (b) through (d) of this Item 4 that were approved by the Audit Committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X are as follows:

(b) 100%

(c) 100%

(d) 100%

(f) Not Applicable.

---

(g) Aggregate fees billed to the registrant for non-audit services for each of the fiscal years ended December 31, 2009 and December 31, 2008 were \$0 and \$0, respectively. The aggregate fees billed by the auditor for non-audit services rendered to the registrant's investment adviser and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the registrant were \$0 and \$0 for each of the fiscal years ended December 31, 2009 and December 31, 2008.

(h) There were no non-audit services rendered to the registrant's investment adviser, or any entity controlling, controlled by, or under common control with the adviser that provide on-going services to the registrant.

#### ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

The registrant has a separately-designated standing audit committee, which was established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

The members of the registrant's audit committee are: Edward B. Collins (Chairman), Robert P. Parker, Frederick C. Copeland, Jr. and Tsung-Ming Chung.

#### ITEM 6. SCHEDULE OF INVESTMENTS.

(a) Investments in securities of unaffiliated issuers as of the close of the reporting period are included as part of the report to shareholders filed under Item 1 of this Form N-CSR.

(b) Not Applicable.

#### ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

The registrant's policy with regard to voting shares held in its portfolio is to vote in accordance with the recommendations of Risk Metrics Group, formerly Institutional Shareholder Services Inc., unless the registrant's chief executive officer recommends to the contrary, in which event the decision as to how to vote shares will be made by the registrant's Board of Trustees.

#### ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

(1) Portfolio Manager. Steven R. Champion, President and Chief Executive Officer of the Fund has served as Portfolio Manager responsible for the day to day management of the Fund's portfolio since February 2004. Prior to October 1, 2007, Mr. Champion was employed directly by the Fund as the Portfolio Manager for the Fund. Since October 1, 2007, he has been employed by Nanking Road Capital Management, LLC ("NRC"), the Investment Manager, to serve as Portfolio Manager to the Fund. Mr. Champion was Executive Vice President of the Bank of Hawaii from 2001-2003 and Chief Investment Officer of Aetna International from 2000-2001. Mr. Champion also previously served as the Portfolio Manager of The Taiwan (R.O.C.) Fund, the predecessor to the registrant, from 1987 to 1989, and President and Portfolio Manager of the registrant from 1989 to 1992. Other positions he has held include Vice Chairman of the Bank of San Francisco, Chief International Investment Officer at the Bank of America, and Vice President and Country Manager in Taiwan for Continental Illinois National Bank.

(2) Other Accounts Managed by Portfolio Manager. As of the fiscal year ended December 31, 2009, Mr. Champion managed the registrant with approximately \$84,592,078 million in assets under management. As of the fiscal year ended December 31, 2009, Mr. Champion did not manage any mutual funds, pooled investment vehicles or other

accounts other than the registrant.

While Mr. Champion does not currently manage any other fund or account, actual or potential conflicts of interest may arise when a portfolio manager has management responsibilities with respect to more than one fund. NRC has adopted policies and procedures that it believes are reasonably designed to address potential conflicts of interest. As a result, NRC does not believe that these potential conflicts of interest will affect the Portfolio Manager's professional judgment while managing the registrant.

---

(3) Compensation. As of October 31, 2007, the registrant entered into an investment advisory agreement (the “Agreement”) with NRC, whereby the registrant’s management structure changed from an internally managed entity to an externally managed entity. Mr. Champion is the principal owner of NRC and controls its affairs. In that connection, he determines the compensation to be paid to himself and other NRC employees out of NRC’s investment advisory revenues, net of other expenses. If profits are available for distribution to NRC’s owners after the payment of salary, bonus and other operating expenses, Mr. Champion is the principal beneficiary of those profits. In determining compensation and bonuses to be paid to him and other NRC officers and employees, Mr. Champion has structured NRC’s compensation program to attract and retain key personnel as well as to provide incentives for top quality performance. The factors that he expects to take into account in making such decisions include competence, diligence, creativity and dedication and his assessment of the level of importance of a person’s performance as an employee or consultant to NRC’s success as an enterprise. In assessing his own performance as portfolio manager, Mr. Champion expects to base his assessment on a variety of factors, the most important of which is the registrant’s (and other clients’, if any) investment performance in relation to various benchmarks. Mr. Champion anticipates that the relationship between salary and bonus payments to himself and other officers and employees of NRC, on the one hand, and the proportion of NRC’s profits to which he will be entitled as a result of his ownership and profit interest in NRC, on the other hand, may vary from year to year, particularly if NRC acquires other investment management or advisory clients and if the proportion of NRC owned by Mr. Champion changes. In addition to a base salary, bonus and his profit interest, Mr. Champion is eligible for health insurance and deferred compensation benefits.

Prior to October 31, 2007, Mr. Champion received a salary pursuant to an employment agreement he entered into with the registrant. The salary was fixed each year and may have been adjusted from year to year based on the performance of the registrant and various other quantitative and qualitative factors, as determined by the Compensation Committee of the Board of Trustees of the registrant. In addition, Mr. Champion received a prorated bonus for the year ended December 31, 2007, which was paid to Mr. Champion in 2008. Such bonus was calculated based on the performance of the registrant and various other quantitative and qualitative factors, as determined by the Compensation Committee of the Board of Trustees of the registrant.

(4) As of the fiscal year ended December 31, 2009, Mr. Champion beneficially owned shares in the registrant with a market value of over \$100,000.

#### ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
January 1 to January 31 February 1 to February 28				

March 1  
to  
March 31  
April 1  
to  
April 30  
May 1  
to  
May 31

---

June 1	(1) 653,128	\$5.08	(1) 653,128	(2) 0
to				
June 30				
July 1				
to				
July 31				
August 1				
to				
August 31				
September 1				
to				
September 30				
October 1				
to				
October 31				
November 1				
to				
November 30				
December 1	(1) 620,472	\$6.59	(1) 620,472	(2) 0
to				
December 31				
Total	1,273,600	\$11.67	1,273,600	125,032

(1) Shares repurchased under the registrant's semi-annual repurchase offer.

(2) In addition to the semi-annual repurchase offer, the registrant may repurchase up to 2,179,932 shares under a separate repurchase program (the "Repurchase Program") which commenced on November 1, 2004. The Repurchase Program does not have an expiration date. No shares were repurchased under the Repurchase Program during the fiscal year ended. As of December 31, 2009, 125,032 shares may be purchased under the Repurchase Program.

#### ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There have been no material changes to the procedures by which shareholders may recommend nominees to the registrant's Board of Trustees.

#### ITEM 11. CONTROLS AND PROCEDURES.

(a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing date of this report based on their evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 13a-15(b) under the Exchange Act.

(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the second fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 12. EXHIBITS.

(a)(1) Code of Ethics required by Item 2 of Form N-CSR is filed as Exhibit 12(a)(1) to this Form N-CSR.

---



(a)(2) Certifications pursuant to Rule 30a-2(a) under the 1940 Act and Section 302 of the Sarbanes-Oxley Act of 2002, as amended (“SOX”), are filed as Exhibit 12(a)(2) to this Form N-CSR.

(a)(3) The registrant has made no written solicitations to purchase securities pursuant to Rule 23C-1 under the 1940 Act during the period covered by this report to 10 or more persons.

(b) Certifications required by Rule 30a-2(b) under the 1940 Act, Section 906 of SOX, Rule 13a-14(b) under the Exchange Act, and Section 1350 of Chapter 63 of Title 18 of the United States Code are furnished as Exhibit 12(b) to this Form N-CSR.

---

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Taiwan Greater China Fund

By: /s/ Steven R. Champion  
Name: Steven R. Champion  
Title: President and Chief Executive Officer (Principal Executive Officer)

Date: March 10, 2010

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Steven R. Champion  
Name: Steven R. Champion  
Title: President and Chief Executive Officer (Principal Executive Officer)

Date: March 10, 2010

By: /s/ Regina Foley  
Name: Regina Foley  
Title: Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

Date: March 10, 2010

---