

U. S. Bancorp (NYSE:USB)

Sector: Financials (Industry: Diversified Banks)

Investment Theme: Investing in the company with strong credit quality and earnings.

Overview: U. S. Bancorp is one of the largest diversified bank in US and has faced economic downturn better than most of the other banks. The bank has been very conscious about its credit quality and has maintained high credit standards.

Banking industry is undergoing a lot of regulations that are transformational in nature. Most of the banks have strong balance sheet and according to management the capital levels at USB are sufficient to be compliant with the proposed Basel III requirements. These regulations will be fully implemented in phase and the high capital levels are required to be achieved in 2019. Having achieved these high capital levels early may reduce the interest income but will helps the bank in stress tests and redistribution of earnings in form of dividends and share repurchase.

USB is one the largest mortgage originators in country and is benefiting from higher spreads in mortgage business. And is also benefiting from its acquisitions in past, two of which were FDIC assisted bank acquisition. They were First Community Bank of Albuquerque, New Mexico in Jan 2011 and \$272 million-asset BankEast in Knoxville, Tennessee in January 2012. These acquisitions are helping the in increasing its scale and will ultimately improve the banks efficiency.

USB, trading at \$32.26 (Nov 03, 2012), results in a P/E ratio of approximately 11.48x based on last twelve month EPS of approximately \$2.81. Based on excess return valuation USB should be trading at \$40.66 per share. From a relative valuation perspective USB is trading at a premium to its peers but at a discount to pre recession levels. The primary risk to the performance of USB is global economic growth, should major markets in which USB operates see a major and prolonged economic downturn revenue growth will be significantly less than expected. Our group remains cautiously optimistic regarding the global economy and do not foresee significant negative impacts to USB, but it will be closely monitored with respect to U. S. Bancorp.

2012 Q3 Results: U. S. Bancorp reported revenues of \$5.18 billion, EPS of \$0.74. These numbers were better than the consensus estimates of \$5.16 billion Revenue and \$0.73 of normalized EPS.

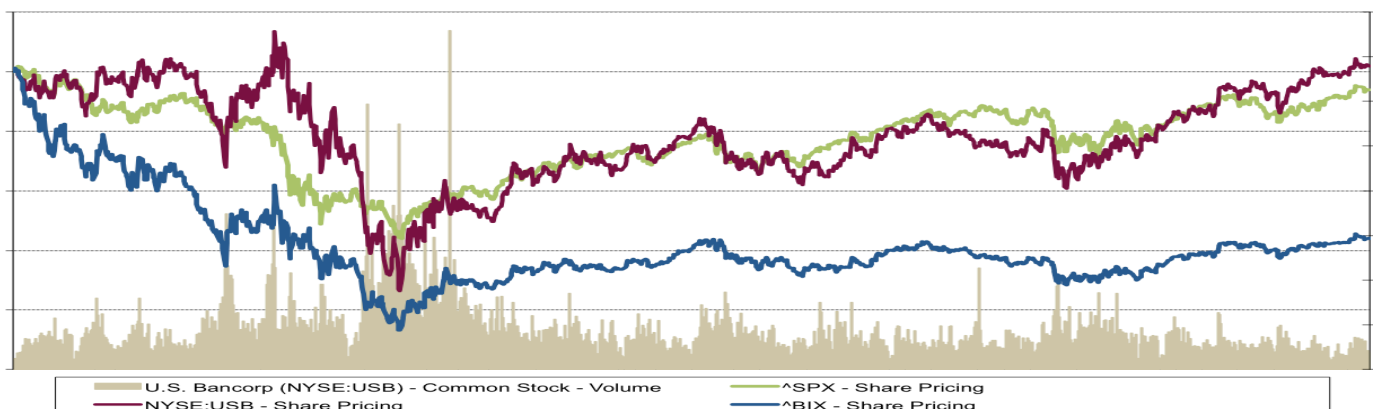
Recommendation: BUY

Total Annual Return Est.:

3 year FV	9.3%
5 year FV	7.4%

Financial Snapshot:

Price	\$32.26
Intrinsic Value	\$40.66
Buy Target	\$34.86
Sell Target	\$47.09
P/E	11.48x
Forward P/E	10.7x
Div Yield	2.27%
Market Cap	\$65.09 Billion
52 Wk Range	\$35.15 - 21.84
EPS Growth	24.4%
ROE	14.7x
Credit	B+
ROA	1.6x



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Investment Thesis: With growth in economy, demand for banking services will grow leading to higher spending, higher deposits and higher lending. This will increase the revenues and income of banks. US Bancorp has the best fundamentals among the large US banks, in terms of credit quality, expected loan and revenue growth, and high quality of earning, low cost deposit base. USB's senior executives have worked together for many years and have invested in technology to provide superior customer services at low cost. USB has held high credit quality standards and has maintained financial transparency.

Pros:

- Good balance sheet with high capital ratios. Tier 1 Capital Ratio of 10.7%, total capital ratio of 13% and leverage ratio of 9.1%.
- Good credit quality with non-performing loans lower than peers at 1.15 % of total loans.
- Stable earnings and low volatility.
- USB was allowed to raise dividend and in 2011 it had share repurchase program to buy back 50 M shares.
- Dividend yield of 2.27%.
- USB has maintained low cost of operations with efficiency ratio of 51.8% (low is better), lowers the comparable average of 58.9%
- USB's 2012 earning expected to reach pre recession levels (2006)

Industry Trends: Currently banks have the strongest balance sheet they have had in recent past. With the uptake in economy revenues of banks are expected to grow. Diversified banks subsector is better position for a stronger growth as they have maintained high credit standards and have no direct exposure to Euro zone. Banking sector is undergoing regulatory changes and is influenced by actions of federal reserves. The latest stimulus by FED is target to reduce unemployment and foster economic development. This would positively impact banking industry and in short term has increased interest margins on mortgages leading to higher income for banks.

Business Summary: USB has built a broad based consumer and commercial banking franchise with origins in Midwest and Pacific Northwest. Roughly half of USB's revenue comes from consumer and small business banking activity, wholesale banking is only about 20% of revenue. USB also has a distinctive payment business that includes credit-card merchant processing and corporate and fleet cards, accounting for about 25% of revenue.

Management Review: USB's senior executives have worked together for many years, and CEO Richard Davis has long emphasized excellent customer service, investment in technology, underwriting and capital discipline, and setting and achieving transparent financial goals. Long-term goals include a return on equity of 16-19%, return on assets of 1.60- 1.90%, an expense efficiency ratio in the low 50% range, and returning 60-80% of earnings to shareholders through dividends and stock buybacks. Currently, USB is achieving those goals, with a second-quarter ROE of 16.5%, an ROA of 1.67%, and an efficiency ratio of 51%

Financial Trend Analysis: Financial trends over the trailing five years have largely been positive. USB has also been able to see of the 2008 financial crises better than most of its peers. Specific trend figures are illustrated in the appendix of this report. Revenue has grown at a 6.64% CAGR over the last five years, while earnings from continued operations have reached a pre recession level. The net income margins have improved from a recessionary low of 20% to 30.7%, EPS has also improved and is at highest level in past five years. Higher revenues are partly attributed to inorganic expansion.

Financial Health: USB is financial very stable with high capital levels. USB has capital ratios that according to management are adequate to satisfy Basel III regulations, significantly before it is actually required to do so in 2019. USB has a Tier 1 Capital Ratio of 10.7%, total capital ratio of 13% and leverage ratio of 9.1%. Attributing to its good financial health and success in stress test USB was allowed to raise dividend and in 2011 it had share repurchase program to buy back 50 M shares.

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Competitive Analysis: Bancorp operates in highly competitive environment. It competes with numerous domestic and international banks across its area of operations. It faces stiff competition from a number of banking and asset management firms. Some of the key competitors of the company include Brown Brothers Harriman & Co., SEI Investments Company, Northern Trust Corporation, Citigroup Inc. State Street Corporation, Bank of America Corporation, Fifth Third Bancorp (Ticker: FITB), and First National of Nebraska, Inc.

Risk Factors:

- The biggest risk to USB is the failure of FED policies to achieve strong economic and employment growth.
- Banking industry is undergoing regulatory changes. USB is adequately capitalized w.r.t. proposed policy changes. But policy change could surprise industry.
- Banks faces risk of income growth, due to debit interchange cap, over draft regulations, customer pushback and competition from credit unions. Banks have been able to reduce their cost by either changing the reward programs or having annual fees. This is a concern but have been mitigated by banks in past by innovative ways and I expect the same to happen in future.

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Valuation Model:

Return on Equity =	16.00%
Retention Ratio =	68.29%
Expected growth rate =	10.93%
Cost of equity =	6.97%

	2012	2013	2014	2015	2016	Terminal Year
Net Income	\$5,292.06	\$5,870.31	\$6,080.35	\$5,687.13	\$5,015.26	\$5,165.72
- Equity Cost (see below)	\$2,305.02	\$2,556.89	\$2,836.28	\$3,091.54	\$3,266.48	\$3,364.48
Excess Equity Return	\$2,987.04	\$3,313.42	\$3,244.07	\$2,595.58	\$1,748.78	\$1,801.24
Terminal Value of Excess Equity					\$45,382.81	
Cumulated Cost of Equity	1.06969	1.14424	1.22398	1.30928	1.40052	
Present Value	\$2,792.43	\$2,895.75	\$2,650.43	\$1,982.45	\$33,652.89	
Beginning BV of Equity	\$33,075.37	\$36,689.46	\$40,698.45	\$44,361.35	\$46,871.62	\$48,277.77
Cost of Equity	6.97%	6.97%	6.97%	6.97%	6.97%	6.97%
Equity Cost	\$2,305.02	\$2,556.89	\$2,836.28	\$3,091.54	\$3,266.48	\$3,364.48
Return on Equity	16.00%	16.00%	14.94%	12.82%	10.70%	10.70%
Net Income	\$5,292.06	\$5,870.31	\$6,080.35	\$5,687.13	\$5,015.26	\$5,165.72
Dividend Payout Ratio	31.71%	31.71%	39.76%	55.86%	71.96%	71.96%
Dividends paid	\$1,677.97	\$1,861.32	\$2,417.45	\$3,176.86	\$3,609.11	
Retained Earnings	\$3,614.09	\$4,008.99	\$3,662.90	\$2,510.27	\$1,406.15	

Equity Invested =	\$33,075.37
PV of Equity Excess Return =	\$43,973.96
Value of Equity =	\$77,049.33
Number of shares =	1895
Value Per Share =	\$40.66

Sensitivity Analysis:

Return on Equity	Cost of Equity						
		5%	6%	7%	8%	9%	10%
14%	79.22	52.08	38.54	30.43	25.03	21.19	
15%	80.88	53.23	39.43	31.16	25.66	21.74	
16%	82.56	54.39	40.33	31.90	26.30	22.30	
17%	84.27	55.57	41.25	32.66	26.95	22.87	
18%	85.99	56.77	42.17	33.43	27.60	23.45	
19%	87.75	57.98	43.11	34.20	28.27	24.04	

Cost of Equity Calculation:

Inputs for Discount Rate

Beta of the stock =	0.9100
Riskfree rate=	1.60%
Risk Premium=	5.90%

Cost of Equity 6.97%

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Comparative Valuation Analysis:

Name	P/E	P/Tangible Book Value	Efficiency Ratio (Low is Good)	Return on Assets	Return on Equity	Net Charge offs/Total Avg. Asset
PNC Financial Services Group Inc.	12.98	1.39	64	1.1469	8.7637	1.0588
The Bank of New York Mellon Corp.	12.41	2.68	39	0.8974	7.6278	0.1832
Capital One Financial Corp.	9.92	1.65	57.33	1.6123	11.575	2.9363
BB&T Corporation	13.73	2.06		0.8032	7.8403	1.5665
SunTrust Banks, Inc.	19.13	1.11	71.99	0.3774	3.0558	1.7206
Fifth Third Bancorp	9.93	1.30	62.3	1.1387	9.4983	1.461
Average	13.02	1.70	58.92	1.00	8.06	1.49
Median	12.69	1.52	62.30	1.02	8.30	1.51
U.S. Bancorp	12.53	2.81	51.8	1.4779	14.6661	1.378

Valuation Assumptions:

Inputs from current financials

Net Income =	\$4,872.00	Last year	(in currency)
Book Value of Equity =	\$33,075.37	\$31,437.70	(in currency)
Current Earnings per share =	\$2.46		(in currency)
Current Dividends per share =	\$0.78		(in currency)
Number of shares outstanding =	1895.000		
Do you want to normalize the net income/earnings per share?	Yes		

Inputs for Discount Rate

Beta of the stock =	0.9100	0.757 Capiq quick comps
Riskfree rate=	1.60%	0.99 S&P Report
Risk Premium=	5.90%	US tresuray 10 yrs
Cost of Equity	6.97%	

Inputs for High Growth Period

Length of high growth period

5

Enter the inputs for fundamental growth and book value of equity

ROE =	11.24%	(in percent)
Retention =	68.29%	(in percent)
Do you want to change any of these inputs for the high growth period?	yes	
If yes, specify the values for these inputs (Please enter all variables)		
ROE =	16.00%	(in percent)
Retention =	68.29%	(in percent)
Do you want to change any of these inputs for the stable growth period?	yes	
If yes, specify the values for these inputs		
ROE =	10.70%	(in percent) avg 2008,9,10

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Historical Financial Data:

Income Statement						
For the Fiscal Period Ending	12 months Dec-31-2006	12 months Dec-31-2007	12 months Dec-31-2008	12 months Dec-31-2009	12 months Dec-31-2010	12 months Dec-31-2011
Currency	USD	USD	USD	USD	USD	USD
Units	Millions	Millions	Millions	Millions	Millions	Millions
Net Interest Income						
Interest and Fees on Loans	9,873.0	10,627.0	10,051.0	9,564.0	10,145.0	10,370.0
Interest and Fees on Loans Held for Sale	236.0	277.0	227.0	277.0	246.0	200.0
Investments Securities	2,001.0	2,095.0	1,984.0	1,606.0	1,601.0	1,820.0
Other Interest Income	153.0	137.0	156.0	91.0	166.0	249.0
Deposits	(2,389.0)	(2,754.0)	(1,881.0)	(1,202.0)	(928.0)	(840.0)
Interest on Long-term Debt	(1,930.0)	(2,260.0)	(1,739.0)	(1,279.0)	(1,103.0)	(1,145.0)
Interest on Short-term Borrowings	(1,203.0)	(1,433.0)	(1,066.0)	(539.0)	(548.0)	(531.0)
Provision For Loan Losses	(544.0)	(792.0)	(3,096.0)	(5,557.0)	(4,356.0)	(2,343.0)
Total Interest Income	12,263.0	13,136.0	12,418.0	11,538.0	12,158.0	12,639.0
Total Interest Expense	5,522.0	6,447.0	4,686.0	3,020.0	2,579.0	2,516.0
Net Interest Income	6,741.0	6,689.0	7,732.0	8,518.0	9,579.0	10,123.0
Net Interest Income After Provision for Loan Losses	6,197.0	5,897.0	4,636.0	2,961.0	5,223.0	7,780.0
Non Interest Income						
Service Charges on Deposit Accounts	1,042.0	1,077.0	1,081.0	970.0	710.0	659.0
Corporate Payment Products Revenue	562.0	638.0	671.0	669.0	710.0	734.0
Treasury Management Fees	441.0	472.0	517.0	552.0	555.0	551.0
ATM Income	313.0	327.0	366.0	410.0	423.0	452.0
Investment Products Fees and Commissions	150.0	146.0	147.0	109.0	111.0	129.0
Trust and Investment Management Income	1,235.0	1,339.0	1,314.0	1,168.0	1,080.0	1,000.0
Mortgage Banking Income	192.0	259.0	270.0	1,035.0	1,003.0	986.0
Merchant Processing Services	966.0	1,108.0	1,151.0	1,148.0	1,253.0	1,355.0
Credit and Debit Card Revenue	809.0	958.0	1,039.0	1,055.0	1,091.0	1,073.0
Securities Gain/loss	14.0	-	-	-	-	-
Realized Gain/loss, Net	-	-	42.0	-	-	-
Total Other Than Temporary Impairments	-	-	(1,020.0)	-	-	-
Total Securities Gain/loss, Net	-	15.0	-	(451.0)	(78.0)	(31.0)
Non-Interest Income Other	813.0	524.0	-	672.0	731.0	1,011.0
Commercial Product Revenues	415.0	433.0	492.0	615.0	771.0	841.0
Securities Gain/loss, Net : Other	-	-	741.0	-	-	-
Total Non-Interest Income	6,952.0	7,296.0	6,811.0	7,952.0	8,360.0	8,760.0
Non Interest Expense						
Pensions and Other Employee Benefits	(481.0)	(494.0)	(515.0)	(574.0)	(694.0)	(845.0)
Compensation	(2,513.0)	(2,640.0)	(3,039.0)	(3,135.0)	(3,779.0)	(4,041.0)
Net Occupancy and Equipment	(709.0)	(738.0)	(781.0)	(836.0)	(919.0)	(999.0)
Amortization of Intangible Assets	(355.0)	(376.0)	-	(387.0)	(367.0)	(299.0)
Other Intangibles	-	-	(355.0)	-	-	-
Marketing and Business Development	(233.0)	(260.0)	(310.0)	(378.0)	(360.0)	(369.0)
Postage, Printing & Supplies	(265.0)	(283.0)	(294.0)	(288.0)	(301.0)	(303.0)
Professional Fees	(199.0)	(233.0)	-	(255.0)	(306.0)	(383.0)
Professional Services	-	-	(240.0)	-	-	-
Technology and Communications	(545.0)	(561.0)	(598.0)	(673.0)	(744.0)	(758.0)
Non-Interest Expense: Other	-	-	(1,216.0)	-	-	-
All Other Non-Interest Expense	(986.0)	(1,322.0)	-	(1,755.0)	(1,913.0)	(1,914.0)
Total Non-Interest Expense	6,286.0	6,907.0	7,348.0	8,281.0	9,383.0	9,911.0
Earnings before Taxes	6,863.0	6,286.0	4,099.0	2,632.0	4,200.0	6,629.0
Taxes and Other Expenses						
Provision for Income Tax	(2,112.0)	(1,883.0)	(1,087.0)	(395.0)	(935.0)	(1,841.0)
Minority Interest (After Tax)	-	(79.0)	(66.0)	(32.0)	52.0	84.0
Net Income (Loss)	4,751.0	4,324.0	2,946.0	2,205.0	3,317.0	4,872.0
Charges on Net Income						
Dividends on Preferred Stock	(48.0)	(60.0)	(119.0)	(228.0)	(89.0)	(129.0)
Preferred Stock Adjustments	-	-	(4.0)	(14.0)	-	-
Preferred Stock Adjustments	-	-	-	(154.0)	-	-
Other Adjustments to Net Income	-	(6.0)	(4.0)	(6.0)	118.0	(22.0)
Other Adjustments to Net Income	-	-	-	-	(14.0)	-
Net Income Available to Common Shareholders	4,703.0	4,258.0	2,819.0	1,803.0	3,332.0	4,721.0
Supplementary Info						
Basic EPS - Continuing Operations	2.64	2.45	1.62	0.97	1.74	2.47
Diluted EPS - Continuing Operations	2.61	2.42	1.61	0.97	1.73	2.46

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Cash Flow						
For the Fiscal Period Ending						
	12 months Dec-31-2006	12 months Dec-31-2007	12 months Dec-31-2008	12 months Dec-31-2009	12 months Dec-31-2010	12 months Dec-31-2011
Currency	USD	USD	USD	USD	USD	USD
Units	Millions	Millions	Millions	Millions	Millions	Millions
Operating Activities						
Net Income	4,751.0	4,324.0	2,946.0	2,205.0	3,317.0	4,872.0
Depreciation Amortization and Accretion	233.0	243.0	218.0	220.0	229.0	266.0
Amortization of Intangibles	355.0	376.0	355.0	387.0	367.0	299.0
Gain/loss on Sale of Securities and Other Assets, Net	(575.0)	(570.0)	(804.0)	(1,571.0)	(2,023.0)	(1,663.0)
Provision for Credit Losses	544.0	792.0	3,096.0	5,557.0	4,356.0	2,343.0
Proceeds from Sales of Loans Held for Sale	22,035.0	25,389.0	32,440.0	51,915.0	50,895.0	48,354.0
Loans Originated for Sale in the Secondary Market, Net of Repayments	(22,231.0)	(27,395.0)	(32,563.0)	(52,720.0)	(53,025.0)	(45,848.0)
Provision for Deferred Income Taxes	(3.0)	(97.0)	(1,045.0)	(545.0)	(370.0)	748.0
Others	282.0	(158.0)	664.0	2,152.0	1,495.0	449.0
Cash Flow from Operating Activities	5,391.0	2,904.0	5,307.0	7,600.0	5,241.0	9,820.0
Investing Activities						
Acquisitions, Net of Cash Acquired	(600.0)	(111.0)	1,483.0	3,074.0	923.0	636.0
(Purchase) of Investment Securities	(7,080.0)	(9,816.0)	-	-	-	-
Proceeds from Maturities of Held-to-maturity Securities	-	-	22.0	11.0	167.0	1,404.0
Purchases of Securities Held to Maturity	-	-	(1.0)	(5.0)	(1,010.0)	(18,500.0)
Proceeds from Maturities of Investment Securities	5,012.0	4,211.0	-	-	-	-
Purchases of Available-for-sale-securities	-	-	(6,074.0)	(15,119.0)	(24,025.0)	(13,229.0)
Proceeds from Sales of Available-for-sale Securities	1,441.0	2,135.0	2,134.0	5,784.0	1,212.0	1,018.0
Proceeds from Maturities of Available-for Sale Securities	-	-	5,700.0	7,307.0	16,068.0	12,713.0
Net Changes in Loans	(5,003.0)	(8,015.0)	(14,776.0)	(106.0)	(6,322.0)	(13,418.0)
Purchase of Loans	(2,922.0)	(2,599.0)	(3,577.0)	(4,332.0)	(4,278.0)	(3,078.0)
Loans Sales and Securitization	616.0	421.0	123.0	2,741.0	1,829.0	820.0
Investing Activities Other, Net	(281.0)	(1,367.0)	(1,353.0)	(74.0)	(936.0)	(1,070.0)
Cash Flow from Investing Activities	(8,817.0)	(15,141.0)	(16,319.0)	(719.0)	(16,372.0)	(32,704.0)
Financing Activities						
Net Changes in Deposits	(392.0)	6,255.0	13,139.0	7,949.0	20,527.0	24,846.0
Proceeds from Long-term Debt Issuance	14,255.0	22,395.0	8,534.0	6,040.0	7,044.0	3,611.0
Principal Payments or Redemption of Long-term Debt	(13,120.0)	(16,836.0)	(16,546.0)	(11,740.0)	(8,394.0)	(3,300.0)
Net Change in Short-term Borrowings	6,650.0	5,069.0	(891.0)	(4,448.0)	592.0	(2,205.0)
Proceeds from Issuance of Common Stock	910.0	427.0	688.0	2,703.0	119.0	180.0
Purchase of Treasury Stock	(2,798.0)	(1,983.0)	-	-	-	(514.0)
Proceeds from Issuances of Preferred Stock	948.0	-	7,090.0	-	-	676.0
Redemption of Preferred Stock	-	-	-	(6,599.0)	-	-
Cash Dividends Paid on Common Stocks	(2,359.0)	(2,785.0)	(2,959.0)	(1,025.0)	(383.0)	(817.0)
Cash Dividend Paid on Preferred Stock	(33.0)	(60.0)	(68.0)	(275.0)	(89.0)	(118.0)
Repurchases of Common Stock and Warrants	-	-	-	(139.0)	-	-
Fees Paid on Exchange of Income Trust Securities for Perpetual Preferred S	-	-	-	-	(4.0)	-
Cash Flow from Financing Activities	4,061.0	12,482.0	8,987.0	(7,534.0)	19,412.0	22,359.0
Other Adjustments						
Cash Flow Net Changes in Cash	635.0	245.0	(2,025.0)	(653.0)	8,281.0	(525.0)

Balance Sheet						
Balance Sheet as of:						
	Dec-31-2006	Dec-31-2007	Dec-31-2008	Dec-31-2009	Dec-31-2010	Dec-31-2011
Currency	USD	USD	USD	USD	USD	USD
Units	Millions	Millions	Millions	Millions	Millions	Millions
Assets						
Cash and Due from Banks	8,639.0	8,884.0	6,859.0	6,206.0	14,487.0	13,962.0
Securities Available for Sale	40,030.0	43,042.0	39,468.0	44,721.0	51,509.0	51,937.0
Securities-held-to-maturity	87.0	74.0	53.0	47.0	1,469.0	18,877.0
Loans Held for Sale	3,256.0	4,819.0	3,210.0	4,772.0	8,371.0	7,156.0
Gross Loans	143,597.0	153,827.0	185,229.0	194,755.0	197,061.0	209,835.0
Allowance for Loan Losses	(2,022.0)	(2,058.0)	(3,514.0)	(5,079.0)	(5,310.0)	(4,753.0)
Loans, net	141,575.0	151,769.0	181,715.0	189,676.0	191,751.0	205,082.0
Premises and Equipment	1,835.0	1,779.0	1,790.0	2,263.0	2,487.0	2,657.0
Goodwill	7,538.0	7,647.0	8,571.0	9,011.0	8,954.0	8,927.0
Other Intangible Assets	3,227.0	3,043.0	2,834.0	3,406.0	3,213.0	2,736.0
Other Assets	13,045.0	16,558.0	21,412.0	21,074.0	25,545.0	28,788.0
Total Assets	219,232.0	237,615.0	265,912.0	281,176.0	307,786.0	340,122.0
Liabilities						
Interest-bearing Deposits	70,330.0	72,458.0	85,886.0	115,135.0	129,381.0	134,757.0
Non-Interest-bearing Deposits	32,128.0	33,334.0	37,494.0	38,186.0	45,314.0	68,579.0
Time Deposits \$100,000 and Over	22,424.0	25,653.0	35,970.0	29,921.0	29,557.0	27,549.0
Short-term Borrowings	26,933.0	32,370.0	33,983.0	31,312.0	32,557.0	30,468.0
Long-term Debt	37,602.0	43,440.0	38,359.0	32,580.0	31,537.0	31,953.0
Other Liabilities	8,618.0	9,314.0	7,187.0	7,381.0	9,118.0	11,845.0
Minority Interest	-	-	733.0	698.0	803.0	993.0
Preferred Stock Redeemable	1,000.0	1,000.0	7,931.0	1,500.0	1,930.0	2,606.0
Shareholders' Equity						
Common Stock - Par Value	20.0	20.0	20.0	21.0	21.0	21.0
Additional Paid in Capital	5,762.0	5,749.0	5,830.0	8,319.0	8,294.0	8,238.0
Treasury Stock - Common	(6,091.0)	(7,480.0)	(6,659.0)	(6,509.0)	(6,262.0)	(6,472.0)
Retained Earnings	21,242.0	22,693.0	22,541.0	24,116.0	27,005.0	30,785.0
Accumulated Other Comprehensive Income (Loss)	(736.0)	(936.0)	(3,363.0)	(1,484.0)	(1,469.0)	(1,200.0)
Total Shareholders Equity	21,197.0	21,046.0	26,300.0	25,963.0	29,519.0	33,978.0
Total Liabilities & Shareholders Equity	219,232.0	237,615.0	265,912.0	281,176.0	307,786.0	340,122.0

U. S. Bancorp (NYSE:USB)

Sector: Financials (Industry: Diversified Banks)

Annual Ratios	12/31/2011 USD	12/31/2010 USD	12/31/2009 USD	12/31/2008 USD	12/31/2007 USD
Valuation Measures					
Market Cap	51,660.7	51,806.8	43,061.6	43,892.6	54,842.2
Net Sales or Revenues	20,537.0	19,543.0	20,088.0	19,698.0	20,308.0
Total Debt	62,421.0	64,094.0	63,892.0	72,342.0	75,810.0
Net Assets	340,122.0	307,786.0	281,176.0	265,912.0	237,615.0
Enterprise Value	103,723.5	104,149.4	102,945.6	117,306.6	122,768.2
EBITDA	8,040.0	5,532.0	4,131.0	5,990.0	8,710.0
EBIT	7,774.0	5,303.0	3,911.0	5,772.0	8,467.0
Capital Expenditure	0.0	0.0	0.0	0.0	0.0
Valuation					
Price/Earnings	11.0	16.1	23.2	15.5	13.1
Price/Sales	2.5	2.7	2.1	2.2	2.7
Price/Cash Flow	7.1	7.0	5.0	8.1	12.1
Price/Book Value	1.6	1.9	1.8	2.4	2.7
Price/Tangible BV	2.6	3.4	3.6	6.3	5.9
Liquidity Leverage					
Long Term Debt / Equity	79.4	107.2	106.7	151.9	164.4
Total Debt / Equity	199.0	232.3	261.2	393.8	378.2
Long Term Debt / Total Capital	41.6	49.4	49.5	51.5	61.0
Total Debt / Total Capital	64.1	67.9	70.6	73.3	78.3
Total Loans / Deposits	61.7	64.0	69.5	69.7	64.7
Total Loans / Total Capital	3.5	3.3	3.7	3.4	2.8
Reserves / Total Loans	226.51%	269.46%	259.92%	189.71%	133.79%
Reserves / Total Capital	7.94%	8.86%	9.63%	6.48%	3.81%
Cash & Securities / Total Deposits	3,981.72%	3,712.87%	3,042.21%	3,112.02%	4,322.64%
Profitability Ratios					
Net Interest Margin	3.65%	3.88%	3.67%	3.66%	3.47%
Net Interest Margin - 5 Yr Average	3.67%	3.67%	3.68%	3.80%	3.97%
Non-Interest Income / Revenues	38.46%	37.79%	42.56%	36.96%	35.32%
Non-interest Income / Revenues - 5 Yr	38.22%	37.69%	37.42%	36.41%	36.31%
Operating Margin	30.94%	21.96%	16.08%	22.86%	30.56%
Operating Margin - 5 Yr Average	24.48%	25.51%	29.10%	34.57%	37.82%
Pre-tax Margin	32.28%	21.49%	13.10%	20.47%	30.56%
Pre-tax Margin - 5 Yr Average	23.58%	24.31%	27.93%	33.71%	37.37%
Net Margin	23.62%	17.50%	10.98%	14.96%	21.29%
Net Margin - 5 Yr Average	17.67%	17.92%	19.83%	23.30%	25.43%
Efficiency Ratios					
Sales Per Employee	0.3	0.3	0.3	0.3	0.4
Operating Profit Per Employee	0.1	0.1	0.1	0.1	0.2
Net Income Per Employee	0.1	0.1	0.0	0.1	0.1
Assets Per Employee	5.4	5.1	4.8	4.6	4.5
Total Loans / Assets	61.7	64.0	69.5	69.7	64.7
Earning Assets / Assets	83.2	82.2	85.3	84.4	84.0
Management Effectiveness					
Return on Equity	16.01%	12.80%	8.42%	14.70%	21.19%
Return on Equity - 5 Yr Average	14.62%	16.09%	18.06%	20.68%	21.74%
Return On Assets	1.73%	1.41%	1.11%	1.62%	2.54%
Return On Assets - 5 Yr Average	1.68%	1.89%	2.14%	2.41%	2.55%
Return On Invested Capital	5.83%	4.47%	3.21%	4.17%	6.35%
Return On Invested Capital - 5 Yr	4.81%	5.11%	5.68%	6.49%	7.06%
Dividend Ratios					
Dividend Per Share	0.5	0.2	0.2	1.7	1.6
Dividend Yield	1.85%	0.74%	0.89%	6.80%	5.12%
Dividend Payout Ratio	20.33%	11.98%	20.62%	105.59%	66.87%
Growth Rates					
Sales	5.09%	(2.71%)	1.98%	(3.00%)	6.27%
Sales - 5 Yr	1.45%	3.32%	6.44%	6.22%	5.66%
Operating Income	48.10%	32.85%	(28.25%)	(27.47%)	(9.99%)
Operating Income - 5 Yr	(1.62%)	(8.32%)	(12.75%)	(4.60%)	2.21%
Net Income	41.77%	55.15%	(25.15%)	(31.87%)	(8.99%)
Net Income - 5 Yr	0.41%	(5.29%)	(11.95%)	(4.62%)	4.77%
EPS	47.31%	72.16%	(39.75%)	(33.74%)	(6.90%)
EPS - 5 Yr	(1.18%)	(7.15%)	(14.95%)	(3.59%)	7.33%
Loans	6.48%	0.85%	5.50%	20.41%	7.12%
Loans - 5 Yr	7.88%	7.42%	9.12%	9.39%	5.76%
Stock Performance					
Price Close	27.1	27.0	22.5	25.0	31.7
% Change	0.30%	19.81%	(10.00%)	(21.20%)	(12.30%)
Total Return	2.15%	20.70%	(9.20%)	(15.85%)	(7.81%)

U. S. Bancorp (NYSE:USB)**Sector: Financials (Industry: Diversified Banks)****Notes:**