Fellow Shareholders:

It is with great confidence, care and conviction that we have combined two outstanding

financial services companies – Firstar and U.S. Bancorp – to form the *new* U.S. Bancorp,

the best bank in America!

Very seldom do two companies that are performing at the high levels of Firstar and

U.S. Bancorp converge at the right time to transform their future. The combination of

Firstar and U.S. Bancorp will create the nation’s 8th largest banking company, which will

be strong, nimble and focused on doing the right things, the right way. It is a pre-eminent

American franchise.

There are tremendous positive aspects of this combination. This merger gives us the people

with the expertise and resources to provide the most comprehensive and value-added

products and services to customers and prospects throughout our franchise. With a renewed

commitment to delivering our Five Star Service Guarantee, we will earn our customers’ trust

and their business.

Of course, this integration will bring its own challenges. Our primary challenge is to have

a growth strategy that is flexible enough to accommodate the unpredictable, strong enough

to withstand assault, visionary enough to inspire our people and rational enough to achieve.

The new U.S. Bancorp is prepared to execute such a strategy and your management team

has a proven track record of delivering.

We’re very pleased with the tremendous progress we have made in the integration and

conversion progress. This transaction is outstanding for shareholders, customers, employees

and the communities we serve now – and will serve in the future.

Every year in our letter to you, our shareholders, we tell you that increasing the value of

your investment in this corporation is our primary goal. We make that same commitment

to you this year. It is the reason we come to work each day.

Sincerely,

Jerry A. Grundhofer John F. Grundhofer

*President and Chief Executive Officer Chairman*