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US BANCORP \DE\  
Form 424B2  
December 03, 2001

Filed pursuant to Rule 424(b)(2)  
Registration No. 333-65358

PROSPECTUS SUPPLEMENT  
(TO PROSPECTUS DATED JULY 25, 2001)

12,000,000 SECURITIES

USB CAPITAL V  
7.25% TRUST PREFERRED SECURITIES  
FULLY AND UNCONDITIONALLY GUARANTEED BY

[U.S. BANCORP LOGO]  
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The 7.25% Trust Preferred Securities, each with \$25 liquidation amount, are referred to in this prospectus supplement as the "capital securities." A brief description of the capital securities can be found under "Summary" in this prospectus supplement.

The capital securities have been approved for listing on the New York Stock Exchange under the symbol "USB Pr D," subject to official notice of issuance. Trading of the capital securities on the New York Stock Exchange is expected to commence within 30 days of the date of this prospectus supplement.

INVESTING IN THE CAPITAL SECURITIES INVOLVES RISKS. SEE "RISK FACTORS" BEGINNING ON PAGE S-9.

These securities and the junior subordinated debentures are not deposits or other obligations of a bank. They are not insured by the FDIC or any other government agency.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined that this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.  
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	PER CAPITAL SECURITY	TOTAL
	-----	-----
Public offering price	\$25.0000	\$300,000,000
Underwriting commission to be paid by U.S. Bancorp	\$ 0.7875	\$ 9,450,000
Proceeds (before expenses) to USB Capital V	\$24.2125	\$290,550,000

Any accrued distributions on the capital securities from December 7, 2001 should be added to the public offering price.

The underwriters expect to deliver the capital securities in book-entry form only through The Depository Trust Company on or about December 7, 2001.  
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MERRILL LYNCH & CO.

SALOMON SMITH BARNEY

U.S. BANCORP PIPER JAFFRAY

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BANC OF AMERICA SECURITIES LLC

MORGAN STANLEY

UBS WARBURG

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The date of this prospectus supplement is November 29, 2001.

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. This prospectus supplement and the prospectus may be used only for the purpose for which they have been prepared. No one is authorized to give information other than that contained in this prospectus supplement and the prospectus and in the

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documents referred to in this prospectus supplement and the prospectus and which are made available to the public. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it.

We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information appearing in this prospectus supplement, the prospectus or any document incorporated by reference is accurate as of any date other than the date of the applicable document. Our business, financial condition, results of operations and prospects may have changed since that date. This prospectus supplement and the accompanying prospectus do not constitute an offer, or an invitation on our behalf or on behalf of the underwriters, to subscribe for and purchase, any of the capital securities, and may not be used for or in connection with an offer or solicitation by anyone, in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.

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### SUMMARY

The following information should be read together with the information contained in other parts of this prospectus supplement and in the accompanying prospectus. It may not contain all the information that is important to you. You should carefully read this entire prospectus supplement and the accompanying prospectus to understand fully the terms of the capital securities and the related guarantee and junior subordinated debentures, as well as the tax and other considerations that are important to you in making a decision about whether to invest in the capital securities. You should pay special attention to the "Risk Factors" section of this prospectus supplement to determine whether an investment in the capital securities is appropriate for you.

### ABOUT U.S. BANCORP

We are a multi-state financial services holding company formed by the merger of U.S. Bancorp and Firststar Corporation in February 2001. We are a bank holding company registered under the Bank Holding Company Act and are incorporated in Delaware. We are also a financial holding company under the Bank Holding Company Act. We operate over 2,200 banking offices in 24 states in the Midwest, South and West. We provide comprehensive banking, trust, investment and payment systems products and services to consumers, businesses and institutions. We operate a network of 5,200 branded ATMs and provide 24-hour, seven-days-a-week telephone customer service. We also offer full-service brokerage services at approximately 100 offices through U.S. Bancorp Piper Jaffray. In addition, we are the largest provider of Visa corporate and purchasing cards in the world, and are one of the largest providers of corporate trust services in the nation. At September 30, 2001, we and our consolidated subsidiaries, on a combined basis, reflecting the merger of U.S. Bancorp and Firststar Corporation, had consolidated assets of \$168.0 billion, consolidated deposits of \$104.0 billion and shareholders' equity of \$17.0 billion.

Our banking subsidiaries are engaged in general commercial banking business, principally in domestic markets. They range in size from less than \$1.0 million to over \$100.0 billion in deposits and provide a wide variety of services to individuals, businesses, industry, institutional organizations, governmental entities and other financial institutions. Depository services include checking accounts, savings accounts and time certificate contracts. Ancillary services such as treasury management and receivable lockbox collection are provided for corporate customers. Our bank and trust subsidiaries provide a

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full range of fiduciary activities for individuals, estates, foundations, business corporations and charitable organizations.

We provide banking services, through our subsidiary banks, to both domestic and foreign customers and correspondent banks. These services include consumer banking, commercial lending, financing of import/export trade, foreign exchange and investment services. We also provide, through our non-bank subsidiaries, services in trust, commercial and agricultural finance, data processing, leasing, investment banking and brokerage services.

### ABOUT USB CAPITAL V

USB Capital V is a business trust organized under Delaware law by the trustees and us. USB Capital V was established solely for the following purposes:

- to issue the capital securities, which represent undivided beneficial ownership interests in USB Capital V's assets, in exchange for our junior subordinated debentures;
- to issue the common securities to us in a total liquidation amount equal to at least 3% of USB Capital V's total capital in exchange for our junior subordinated debentures;
- to maintain USB Capital V's status as a grantor trust for federal income tax purposes; and
- to engage in other activities that are directly related to the activities described above, such as registering the transfer of the capital securities.

Because USB Capital V was established only for the purposes listed above, the junior subordinated debentures will be USB Capital V's sole assets. Payments on the junior subordinated debentures will be USB Capital V's sole source of income. USB Capital V will issue only one series of capital securities.

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### THE OFFERING

TITLE.....	USB Capital V 7.25% Trust Preferred Securities.
SECURITIES OFFERED.....	12,000,000 capital securities in denominations of \$25 each with an aggregate liquidation amount of \$300,000,000. Each capital security will represent an undivided beneficial ownership interest in the assets of USB Capital V. Each capital security will entitle its holder to receive quarterly cash distributions as described below.
USB CAPITAL V.....	The issuer of the capital securities is USB Capital V, a Delaware business trust. We created it for the sole purpose of issuing the capital securities and common securities to us in exchange for our 7.25% junior subordinated debentures due 2031 and engaging in the other transactions described below.

USB Capital V has five trustees. The three administrative trustees are officers of U.S. Bancorp. First Union Trust Company, National Association will act as the property trustee and

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the Delaware trustee of USB Capital V.

USB Capital V will hold the junior subordinated debentures that it receives from us in exchange for the issuance of capital securities and common securities to us. We will sell the capital securities to the public and retain the common securities that we receive from USB Capital V. We will pay interest on the junior subordinated debentures at the same rate and at the same times as USB Capital V makes payments on the capital securities. USB Capital V will use the payments it receives on the junior subordinated debentures to make the corresponding payments on the capital securities. We will guarantee payments made on the capital securities to the extent described below. Both the junior subordinated debentures and the guarantee will be subordinated to the holders of our existing and future senior debt.

DISTRIBUTIONS..... If you purchase the capital securities, as an undivided beneficial owner in the junior subordinated debentures, you will be entitled to receive cumulative cash distributions at an annual rate of 7.25%. Interest on the junior subordinated debentures will accrue, and as a result distributions on the capital securities will accumulate, from the date of issuance, and will be paid quarterly in arrears on March 15, June 15, September 15 and December 15 of each year, beginning March 15, 2002, unless they are deferred as described below.

DISTRIBUTION DEFERRAL..... We can, on one or more occasions, defer the quarterly interest payments on the junior subordinated debentures for up to 20 consecutive quarterly periods. In other words, we may declare at our discretion up to a five-year interest payment moratorium on the junior subordinated debentures and may choose to do that on more than one occasion. A deferral of interest payments cannot extend, however, beyond the maturity date of the junior subordinated debentures, nor can we begin a new interest deferral period until we have paid all accrued interest on the junior subordinated debentures from the previous interest deferral period.

If we defer interest payments on the junior subordinated debentures, USB Capital V will also defer distributions on the capital securities.

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Any deferred interest on the junior subordinated debentures will accrue additional interest at an annual rate of 7.25%, and, as a result, any deferred distributions will accumulate additional amounts at an annual rate of 7.25%, compounded quarterly. Once we pay all deferred interest payments on the junior subordinated debentures,

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with accrued interest, we can again defer interest payments on the junior subordinated debentures as described above, but not beyond the maturity date of the junior subordinated debentures.

During any period in which we defer interest payments on the junior subordinated debentures, we will not and our subsidiaries will not do any of the following, with certain limited exceptions:

- declare or pay any dividends or distributions, or redeem, purchase, acquire, or make a liquidation payment on any of our capital stock;
- make any payment of principal of interest or premium, if any, on or repay, repurchase or redeem any of our debt securities (including other junior subordinated debentures) that rank equally with or junior in interest to the junior subordinated debentures; or
- make any guarantee payments on any guarantee of debt securities of any of our subsidiaries (including under other guarantees of junior subordinated debentures) if the guarantee ranks equally with or junior in interest to the junior subordinated debentures, except in some circumstances.

If we defer payments of interest on the junior subordinated debentures, the junior subordinated debentures will be treated at that time as being issued with original issue discount for United States federal income tax purposes. This means you would be required to accrue interest income in an amount equal to the deferred distributions on your capital securities even though you would not be receiving any cash distributions on your capital securities. These amounts would be included in your gross income for United States federal income tax purposes. For more information, see below under the caption "United States Federal Income Tax Consequences" in this prospectus supplement.

REDEMPTION..... USB Capital V will redeem all of the outstanding capital securities when the junior subordinated debentures are repaid at maturity. The junior subordinated debentures are scheduled to mature on December 15, 2031.

In addition, if we redeem any junior subordinated debentures before their maturity, USB Capital V will use the cash it receives on the redemption of the junior subordinated debentures to redeem, on a proportionate basis, the capital securities and the common securities. We can redeem the junior subordinated debentures before their maturity at 100% of their principal amount plus accrued and unpaid interest in whole or in part on one or more occasions any time on or after December 7, 2006, or in whole at any time if certain changes occur in tax or investment company laws and regulations or

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in the treatment of the capital securities for bank regulatory purposes. These circumstances are more fully described below under the caption

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"Certain Terms of the Capital Securities -- Redemption" in this prospectus supplement.

We will not redeem the junior subordinated debentures unless we obtain the prior approval of the Board of Governors of the Federal Reserve System to do so, if then required under the Federal Reserve Board's capital rules.

LIQUIDATION PREFERENCE..... Upon any dissolution, winding-up or liquidation of USB Capital V involving the liquidation of the junior subordinated debentures, the holders of the capital securities will be entitled to receive, out of assets held by USB Capital V, subject to the rights of any creditors of USB Capital V, the liquidation distribution in cash. USB Capital V will be able to make this distribution of cash only if we redeem the junior subordinated debentures.

THE GUARANTEE..... We will fully and unconditionally guarantee the payments of all amounts due on the capital securities to the extent USB Capital V has funds available for payment of such distributions.

We also are obligated to pay most of the expenses and obligations of USB Capital V (other than USB Capital V's obligations to make payments on the capital securities and common securities, which are covered only by the guarantee).

The guarantee does not cover payments when USB Capital V does not have sufficient funds to make payments on the capital securities. In other words, if we do not make a payment on the junior subordinated debentures, USB Capital V will not have sufficient funds to make payments on the capital securities, and the guarantee will not obligate us to make those payments on USB Capital V's behalf. In addition, our obligations under the guarantee are subordinate to our obligations to other creditors to the same extent as the junior subordinated debentures. For more information, see "Description of the Guarantee" in the accompanying prospectus.

DISSOLUTION OF USB CAPITAL V AND DISTRIBUTIONS OF THE JUNIOR SUBORDINATED DEBENTURES..... We can dissolve USB Capital V at any time, subject to obtaining the prior approval of the Federal Reserve Board to do so, if then required under the Federal Reserve Board's capital rules.

If we dissolve USB Capital V, or if USB Capital V

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dissolves because of certain other specified events (such as our bankruptcy), USB Capital V will distribute the junior subordinated debentures to holders of the capital securities and the common securities on a proportionate basis.

USE OF PROCEEDS..... The net proceeds from the offering of the capital securities are estimated to be \$290,225,000. We intend to use all of the proceeds from the sale of the capital securities for general corporate purposes. We expect the capital securities to qualify as Tier 1 capital under the capital guidelines of the Federal Reserve Board.

LISTING..... The capital securities have been approved for listing on the New York Stock Exchange. Trading is expected to commence within 30 days

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after the capital securities are first issued. You should be aware that the listing of the capital securities will not necessarily ensure that an active trading market will be available for the capital securities or that you will be able to sell your capital securities at the price you originally paid for them.

If USB Capital V distributes the junior subordinated debentures, we will use our best efforts to list them on the New York Stock Exchange or wherever the capital securities are then listed.

FORM OF THE CAPITAL SECURITIES..... The capital securities will be represented by one or more global securities that will be deposited with and registered in the name of The Depository Trust Company, New York, New York. This means that you will not receive a certificate for your capital securities and the capital securities will not be registered in your name. For more details, see the information under the caption "Book-Entry Issuance" in the accompanying prospectus.

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SUMMARY SELECTED CONSOLIDATED FINANCIAL DATA OF U.S. BANCORP AND SUBSIDIARIES

We provide below selected consolidated financial data of our company as of and for the periods specified. You should read the data below with the more detailed information, consolidated financial statements and the notes to the consolidated financial statements that we refer you to in the accompanying prospectus under the caption "Where You Can Find More Information".

NINE MONTHS ENDED SEPTEMBER 30,		YEAR ENDED DECEMBER 31,	
2001	2000	2000	1999



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(\$ AND SHARES IN MILLIONS,  
EXCEPT PER SHARE DATA)

CONDENSED INCOME STATEMENT

Net interest income (taxable-equivalent basis).....	\$4,779.9	\$4,572.8	\$6,135.0	\$5,932.7
Securities gains, net.....	307.1	1.1	8.1	13.2
Other noninterest income.....	3,666.5	3,617.2	4,875.1	4,231.7
Merger and restructuring related charges.....	1,125.8	264.6	348.7	532.8
Other noninterest expense.....	4,154.9	4,020.5	5,368.3	5,128.5
Provision for credit losses.....	1,880.8	598.5	828.0	646.0
Income before taxes.....	1,592.0	3,307.5	4,473.2	3,870.3
Taxable-equivalent adjustment.....	46.0	64.7	85.4	96.3
Income taxes.....	534.9	1,135.9	1,512.2	1,392.2
Net income.....	\$1,011.1	\$2,106.9	\$2,875.6	\$2,381.8

FINANCIAL RATIOS

Return on average assets.....	0.82%	1.79%	1.81%	1.59%
Return on average equity.....	8.4	19.7	20.0	18.0
Net interest margin (taxable-equivalent basis).....	4.40	4.38	4.36	4.44
Efficiency ratio.....	58.3	52.3	51.9	55.7
Banking efficiency ratio(1).....	53.5	47.5	46.8	52.0
PER COMMON SHARE				
Earnings per share.....	\$ 0.53	\$ 1.10	\$ 1.51	\$ 1.25
Diluted earnings per share.....	0.52	1.10	1.50	1.23
Dividends declared.....	0.5625	0.4875	0.65	0.46

SELECTED FINANCIAL RATIOS EXCLUDING MERGER AND RESTRUCTURING RELATED ITEMS

Return on average assets.....	1.43%	1.94%	2.03%	1.94%
Return on average equity.....	14.7	21.4	22.4	22.0
Efficiency ratio.....	49.2	49.1	48.8	50.5
Banking efficiency ratio(1).....	44.7	44.1	43.5	46.3

AVERAGE BALANCE SHEET DATA

Loans.....	\$119,535	\$116,992	\$118,317	\$109,638
Loans held for sale.....	1,634	1,376	1,303	1,450
Investment securities.....	20,712	17,448	17,311	19,271
Earning assets.....	145,001	139,470	140,606	133,757
Assets.....	165,148	157,129	158,481	150,167
Noninterest bearing deposits.....	24,408	23,792	23,820	23,556
Deposits.....	105,663	102,911	103,426	99,920
Short-term borrowings.....	12,293	12,192	12,586	11,707
Long-term debt.....	24,304	22,413	22,410	20,248
Total shareholders' equity.....	16,012	14,257	14,365	13,221
Average shares outstanding.....	1,919.9	1,909.5	1,906.0	1,907.8
Average diluted shares outstanding.....	1,932.9	1,922.1	1,918.5	1,930.0

YEAR-END BALANCE SHEET DATA

Loans.....	\$114,567	\$121,283	\$122,365	\$113,229
Investment securities.....	25,628	16,714	17,642	17,449
Assets.....	167,830	160,765	164,921	154,318
Deposits.....	103,805	104,675	109,535	103,417
Long-term debt.....	26,881	22,971	21,876	21,027
Company-obligated mandatorily redeemable preferred securities.....	2,115	1,400	1,400	1,400
Total shareholders' equity.....	16,817	14,334	15,168	13,947

(1) Without investment banking and brokerage activity.

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#### RISK FACTORS

Before purchasing any capital securities, you should read carefully this prospectus supplement and the accompanying prospectus and pay special attention to the following risk factors.

Because USB Capital V will rely on the payments it receives on the junior subordinated debentures to fund all payments on the capital securities, and because USB Capital V may distribute the junior subordinated debentures in exchange for the capital securities, you are making an investment regarding the junior subordinated debentures as well as the capital securities. You should carefully review the information in this prospectus supplement and the accompanying prospectus about the capital securities, the guarantee and the junior subordinated debentures.

HOLDERS OF OUR SENIOR INDEBTEDNESS WILL GET PAID BEFORE YOU WILL GET PAID UNDER THE GUARANTEE

Our obligations to you under the junior subordinated debentures and the guarantee will be junior in right of payment to all of our existing and future senior debt. This means that we cannot make any payments to you on the junior subordinated debentures or the guarantee if we are in default on any of our senior debt. Therefore, in the event of our bankruptcy, liquidation or dissolution, our assets must be used to pay off our senior obligations in full before any payments may be made on the junior subordinated debentures or the guarantee.

As of September 30, 2001, we had outstanding senior debt of approximately \$11.1 billion. The indenture pursuant to which the junior subordinated debentures will be issued, the guarantee and the certificate of trust which created USB Capital V, do not limit our ability to incur additional senior debt.

For more information, see below under the captions "Certain Terms of the Junior Subordinated Debentures -- Ranking" in this prospectus supplement and "Description of the Guarantee -- Status of Guarantees" in the accompanying prospectus.

OUR RESULTS OF OPERATIONS DEPEND UPON THE RESULTS OF OPERATIONS OF OUR SUBSIDIARIES

We are a holding company that conducts substantially all of our operations through our banks and other subsidiaries. As a result, our ability to make payments on the junior subordinated debentures and the guarantee will depend primarily upon the receipt of dividends and other distributions from our subsidiaries.

There are various regulatory restrictions on the ability of our banking subsidiaries to pay dividends or make other payments to us. At September 30, 2001, our banking subsidiaries could pay a total of approximately \$470.6 million in dividends to us without prior regulatory approval.

In addition, our right to participate in any distribution of assets of any of our subsidiaries upon the subsidiary's liquidation or otherwise, and thus your ability as a holder of the capital securities to benefit indirectly from such distribution, will be subject to the prior claims of creditors of that subsidiary, except to the extent that any of our claims as a creditor of such subsidiary may be recognized. As a result, the capital securities will

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effectively be subordinated to all existing and future liabilities and obligations of our subsidiaries. Therefore, holders of the capital securities should look only to our assets for payments on the capital securities. Further, the junior subordinated debentures and the guarantee also will be effectively subordinated to all existing and future obligations of our subsidiaries.

At September 30, 2001, our subsidiaries had outstanding debt and other liabilities, including deposits, of approximately \$151.0 billion.

IF WE DO NOT MAKE PAYMENTS ON THE JUNIOR SUBORDINATED DEBENTURES, USB CAPITAL V WILL NOT BE ABLE TO PAY DISTRIBUTIONS AND OTHER PAYMENTS ON THE CAPITAL SECURITIES AND THE GUARANTEE WILL NOT APPLY

USB Capital V's ability to make timely distribution and redemption payments on the capital securities is completely dependent upon our making timely payments on the junior subordinated debentures. If we default on the junior subordinated debentures, USB Capital V will lack funds for the payments on the

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capital securities. If this happens, holders of capital securities will not be able to rely upon the guarantee for payment of such amounts because the guarantee only guarantees that we will make distribution and redemption payments on the capital securities if USB Capital V has the funds to do so itself but does not. Instead, you or the property trustee may proceed directly against us for payment of any amounts due on the capital securities.

For more information, see below under the caption "Certain Terms of the Capital Securities -- Trust Enforcement Events" in this prospectus supplement.

DISTRIBUTIONS ON THE CAPITAL SECURITIES COULD BE DEFERRED; YOU MAY HAVE TO INCLUDE INTEREST IN YOUR TAXABLE INCOME BEFORE YOU RECEIVE CASH

As long as the junior subordinated debentures are not in default, we can, on one or more occasions, defer interest payments on the junior subordinated debentures for up to 20 consecutive quarterly periods, but not beyond the maturity date of the junior subordinated debentures. Because interest payments on the junior subordinated debentures fund the distributions on the capital securities, each such deferral would result in a corresponding deferral of distributions on the capital securities.

We do not intend to defer interest payments on the junior subordinated debentures. However, if we do so in the future, the capital securities may trade at a price that does not reflect fully the value of the accrued but unpaid distributions. Even if we do not do so, our right to defer interest payments on the junior subordinated debentures could mean that the market price for the capital securities may be more volatile than that of other securities without interest deferral rights.

If we defer interest payments on the junior subordinated debentures, you will be required to accrue interest income for United States federal income tax purposes in respect of your proportionate share of the accrued but unpaid interest on the junior subordinated debentures held by USB Capital V, even if you normally report income when received. As a result, you will be required to include the accrued interest in your gross income for United States federal income tax purposes prior to your receiving any cash distribution. If you sell your capital securities prior to the record date for the first distribution after a deferral period, you will never receive the cash from us related to the accrued interest that you reported for tax purposes. YOU SHOULD CONSULT WITH YOUR OWN TAX ADVISOR REGARDING THE TAX CONSEQUENCES OF AN INVESTMENT IN THE CAPITAL SECURITIES.

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For more information regarding the tax consequences of purchasing the capital securities, see below under the caption "United States Federal Income Tax Consequences -- Interest Income and Original Issue Discount" and "-- Sales of Capital Securities or Redemption of Junior Subordinated Debentures" in this prospectus supplement.

THE CAPITAL SECURITIES MAY BE REDEEMED PRIOR TO MATURITY; YOU MAY BE TAXED ON THE PROCEEDS AND YOU MAY NOT BE ABLE TO REINVEST THE PROCEEDS AT THE SAME OR A HIGHER RATE OF RETURN

The junior subordinated debentures (and therefore the capital securities) may be redeemed in whole or in part on one or more occasions any time on or after December 7, 2006 or in whole upon the occurrence of certain special events relating to changes in tax law, the Investment Company Act of 1940 or the treatment of the capital securities for bank regulatory capital purposes, subject to receipt of any necessary Federal Reserve Board approval. The redemption price for the junior subordinated debentures would be equal to 100% of the principal amount plus accrued and unpaid interest. If such a redemption happens, USB Capital V must use the redemption price it receives to redeem on a proportionate basis capital securities and common securities having an aggregate liquidation amount equal to the aggregate principal amount of the junior subordinated debentures redeemed.

The redemption of the capital securities would be a taxable event to you for United States federal income tax purposes.

In addition, you may not be able to reinvest the money that you receive in the redemption at a rate that is equal to or higher than the rate of return on the capital securities.

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FEDERAL BANKING AUTHORITIES MAY RESTRICT THE ABILITY OF USB CAPITAL V TO MAKE DISTRIBUTIONS ON OR REDEEM THE CAPITAL SECURITIES

Federal banking authorities will have the right to examine USB Capital V and its activities because USB Capital V is our subsidiary. Under certain circumstances, including any determination that our relationship to USB Capital V would result in an unsafe and unsound banking practice, these banking authorities have the authority to issue orders which could restrict the ability of USB Capital V to make distributions on or to redeem the capital securities.

AN ACTIVE TRADING MARKET FOR THE CAPITAL SECURITIES MAY NOT DEVELOP

The capital securities have been approved for listing on the New York Stock Exchange. Trading is expected to commence within 30 days after the capital securities are first issued. You should be aware that the listing of the capital securities will not necessarily ensure that an active trading market will be available for the capital securities or that you will be able to sell your capital securities at the price you originally paid for them.

WE GENERALLY WILL CONTROL USB CAPITAL V BECAUSE YOUR VOTING RIGHTS ARE VERY LIMITED

You will only have limited voting rights. In particular, you may not elect and remove any trustees, except when there is a default under the junior subordinated debentures. If such a default occurs, a majority in liquidation amount of the holders of the capital securities would be entitled to remove or appoint the property trustee and the Delaware trustee.

For more information, see below under the caption "USB Capital V" in this prospectus supplement.

FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus contain forward-looking statements. Statements that are not historical or current facts, including statements about beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties, and important factors could cause actual results to differ materially from those anticipated, including the following, in addition to those contained elsewhere in this prospectus supplement and the accompanying prospectus and in our reports on file with the Securities and Exchange Commission: (i) our investments in our businesses and in our Internet development could require additional incremental spending, and might not produce expected deposit and loan growth and anticipated contributions to our earnings; (ii) 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; (iii) changes in the domestic interest rate environment could reduce net interest income and could increase credit losses; (iv) the conditions of the securities markets could change, adversely affecting revenues from capital markets businesses, the value or credit quality of our on-balance sheet and off-balance sheet assets, or the availability and terms of funding necessary to meet our liquidity needs; (v) changes in the extensive laws, regulations and policies governing financial services companies could alter our business environment or affect operations; (vi) 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; (vii) 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 such as the Internet, or bank regulatory reform; and (viii) acquisitions may not produce revenue enhancements or cost savings at levels or within time frames originally anticipated, or may result in unforeseen integration difficulties. 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.

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U.S. BANCORP

We are a multi-state financial services holding company formed by the merger of U.S. Bancorp and Firststar Corporation in February 2001. We are a bank holding company registered under the Bank Holding Company Act and are incorporated in Delaware. We are also a financial holding company under the Bank Holding Company Act. We operate over 2,200 banking offices in 24 states in the Midwest, South and West. We provide comprehensive banking, trust, investment and payment systems products and services to consumers, businesses and institutions. We operate a network of 5,200 branded ATMs and provide 24-hour, seven-days-a-week telephone customer service. We also offer full-service brokerage services at approximately 100 offices through U.S. Bancorp Piper Jaffray. In addition, we are the largest provider of Visa corporate and purchasing cards in the world, and are one of the largest providers of corporate trust services in the nation. At September 30, 2001, we and our consolidated subsidiaries, on a combined basis, reflecting the merger of U.S. Bancorp and Firststar Corporation, had consolidated assets of \$168.0 billion, consolidated deposits of \$104.0 billion and shareholders' equity of \$17.0 billion.

Our banking subsidiaries are engaged in general commercial banking business, principally in domestic markets. They range in size from less than \$1.0 million to over \$100.0 billion in deposits and provide a wide variety of services to individuals, businesses, industry, institutional organizations,

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governmental entities and other financial institutions. Depository services include checking accounts, savings accounts and time certificate contracts. Ancillary services such as treasury management and receivable lockbox collection are provided for corporate customers. Our bank and trust subsidiaries provide a full range of fiduciary activities for individuals, estates, foundations, business corporations and charitable organizations.

We provide banking services, through our subsidiary banks, to both domestic and foreign customers and correspondent banks. These services include consumer banking, commercial lending, financing of import/export trade, foreign exchange and investment services. We also provide, through our non-bank subsidiaries, services in trust, commercial and agricultural finance, data processing, leasing, investment banking and brokerage services.

### CONTACT INFORMATION

Our executive offices are located at U.S. Bank Place, 601 Second Avenue South, Minneapolis, Minnesota 55402, and our telephone number is (612) 973-1111.

### USB CAPITAL V

#### PURPOSE AND OWNERSHIP OF USB CAPITAL V

USB Capital V is a business trust organized under Delaware law by the trustees and us. USB Capital V was established solely for the following purposes:

- to issue the capital securities, which represent undivided beneficial ownership interests in USB Capital V's assets, in exchange for our junior subordinated debentures;
- to issue the common securities to us in a total liquidation amount equal to at least 3% of USB Capital V's total capital in exchange for our junior subordinated debentures; and
- to engage in other activities that are directly related to the activities described above, such as registering the transfer of the capital securities.

Because USB Capital V was established only for the purposes listed above, the junior subordinated debentures will be USB Capital V's sole assets. Payments on the junior subordinated debentures will be USB Capital V's sole source of income. USB Capital V will issue only one series of capital securities.

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As issuer of the junior subordinated debentures, we will pay:

- all fees, expenses and taxes related to USB Capital V and the offering of the capital securities and common securities; and
- all ongoing costs, expenses and liabilities of USB Capital V, except obligations to make distributions and other payments on the common securities and the capital securities.

For so long as the capital securities remain outstanding, we will:

- own, directly or indirectly, all of the common securities;
- cause USB Capital V to remain a business trust and not to voluntarily dissolve, wind-up, liquidate or be terminated, except as permitted by the

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certificate of trust by which USB Capital V was created;

- use our commercially reasonable efforts to ensure that USB Capital V will not be an "investment company" for purposes of the Investment Company Act of 1940; and
- take no action that would be reasonably likely to cause USB Capital V to be classified as other than a grantor trust for United States federal income tax purposes.

### THE TRUSTEES

The business and affairs of USB Capital V will be conducted by its five trustees. The three administrative trustees will be individuals who are our employees. The fourth trustee, First Union Trust Company, National Association, as property trustee, will hold title to the junior subordinated debentures for the benefit of the holders of the capital securities and will have the power to exercise all the rights and powers of a registered holder of the junior subordinated debentures. The fifth trustee, First Union Trust Company, National Association, as Delaware trustee, maintains its principal place of business in Delaware and meets the requirements of Delaware law for Delaware business trusts. In addition, First Union Trust Company, National Association, as guarantee trustee, will hold the guarantee for the benefit of the holders of the capital securities.

We have the sole right to appoint, remove and replace the trustees of USB Capital V, unless an event of default occurs with respect to the junior subordinated debentures. In that case, the holders of a majority in liquidation amount of the capital securities will have the right to remove and appoint the property trustee and the Delaware trustee.

### ADDITIONAL INFORMATION

For additional information concerning USB Capital V, see "About the Trusts" in the accompanying prospectus. USB Capital V will not be required to file any reports with the SEC after the issuance of the capital securities. As discussed below under the caption "Accounting Treatment" in this prospectus supplement, we will provide certain information concerning USB Capital V and the capital securities in the financial statements included in our own periodic reports to the SEC.

### OFFICE OF USB CAPITAL V

The executive office of USB Capital V is c/o U.S. Bancorp, 601 Second Avenue South, Minneapolis, Minnesota 55402, and its telephone number is (612) 973-1111.

### USE OF PROCEEDS

USB Capital V will issue the capital securities and common securities to us in exchange for our junior subordinated debentures.

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We will sell the capital securities to the public. The net proceeds from the offering of the capital securities are estimated to be \$290,225,000. We intend to use all of the proceeds from the sale of the capital securities for general corporate purposes.

We are required by the Federal Reserve Board to maintain certain levels of capital for bank regulatory purposes. On October 21, 1996, the Federal Reserve

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Board announced that cumulative capital securities having the characteristics of the capital securities could be included as Tier 1 capital for bank holding companies. Such Tier 1 capital treatment, together with our ability to deduct, for federal income tax purposes, interest payable on the junior subordinated debentures, will provide us with a more cost-effective means of obtaining capital for bank regulatory purposes than other Tier 1 capital alternatives currently available to us.

### ACCOUNTING TREATMENT

For financial reporting purposes, USB Capital V will be treated as our subsidiary, and its accounts will be included in our consolidated financial statements.

In our future financial reports, we will:

- present the junior subordinated debentures as part of a separate line item on our consolidated balance sheets;
- record distributions payable on the capital securities as interest expense; and
- include a footnote in our consolidated financial statements stating, among other things, that the sole assets of USB Capital V are junior subordinated debentures issued by us and providing information about the capital securities, the junior subordinated debentures and the guarantee.

### REGULATORY TREATMENT

We are required by the Federal Reserve Board to maintain certain levels of capital for bank regulatory purposes. We expect that the capital securities will be treated as Tier 1 capital of U.S. Bancorp for these purposes.

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### CAPITALIZATION

We provide in the table below our unaudited consolidated capitalization as of September 30, 2001 and as adjusted to reflect the issuance of the capital securities. You should read it together with the detailed information and our financial statements included in the documents incorporated by reference to the accompanying prospectus. See "Where You Can Find More Information" in the prospectus. The table also reflects adjustments for the issuance of the capital securities and our application of the proceeds from the sale of the junior subordinated debentures to USB Capital V as described under "Use of Proceeds" assuming the transaction had occurred on September 30, 2001.

	AS OF SEPTEMBER 30, 2001	
	ACTUAL	AS ADJUSTED
	(IN MILLIONS)	
Deposits.....	\$103,805	\$103,805
Short-term borrowings.....	12,614	12,614
Long-term debt.....	26,881	26,881
	-----	-----
Total deposits and debt.....	143,300	143,300
Company obligated mandatorily redeemable preferred		



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securities of subsidiary trusts holding solely the junior subordinated debentures of the parent company.....	2,115	2,415
Shareholders' equity		
Common stock.....	20	20
Capital surplus.....	4,918	4,918
Retained earnings.....	11,585	11,585
Treasury stock.....	(62)	(62)
Other comprehensive income.....	356	356
	-----	-----
Total shareholders' equity.....	16,817	16,817
	-----	-----
TOTAL CAPITALIZATION.....	\$162,232	\$162,532
	=====	=====

RATIOS OF EARNINGS TO FIXED CHARGES AND TO COMBINED  
FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

	NINE MONTHS ENDED SEPTEMBER 30,	YEAR ENDED DECEMBER 31,				
	2001	2000	1999	1998	1997	1996
	-----	-----	-----	-----	-----	-----
RATIO OF EARNINGS TO FIXED CHARGES:						
Excluding interest on deposits.....	1.13	2.76	2.99	2.94	2.86	3.6
Including interests on deposits.....	1.05	1.72	1.78	1.67	1.57	1.7
RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS:						
Excluding interests on deposits.....	1.13	2.76	2.99	2.94	2.84	3.6
Including interest on deposits.....	1.05	1.72	1.78	1.67	1.57	1.7

The ratio of earnings to fixed charges is computed by dividing income from continuing operations before income taxes and fixed charges (excluding capitalized interest), as adjusted for some equity method investments, by fixed charges. Fixed charges consist of interest on debt (including capitalized interest), amortization of debt discount, and expense and a portion of rentals determined to be representative of interest. To compute the ratio of earnings to combined fixed charges and preferred stock dividends, fixed charges is then combined with preferred stock dividend requirements, adjusted to a pretax basis on our outstanding preferred stock.

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CERTAIN TERMS OF THE CAPITAL SECURITIES

We have summarized below certain terms of the capital securities. This summary supplements the general description of the capital securities under the caption "Description of Capital Securities" and elsewhere in the accompanying prospectus. To the extent that this summary is inconsistent with the description in the accompanying prospectus, you should rely on the summary below. This summary is not a complete description of all of the terms and provisions of the capital securities. For more information, we refer you to the certificate of trust, the form of the amended and restated trust agreement and the form of capital security certificate (which will be substantially similar to the form of the capital securities), which we filed as exhibits to the registration

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statement of which the prospectus is a part.

The capital securities represent undivided beneficial ownership interests in the assets of USB Capital V. The only assets of USB Capital V will be the junior subordinated debentures. The capital securities will rank equally with the common securities except as described below under the caption "-- Subordination of Common Securities" in this section.

### DISTRIBUTIONS

As an undivided beneficial owner in the junior subordinated debentures, you will receive distributions on the capital securities that are cumulative and will accumulate from the date of issuance at the annual rate of 7.25% of the liquidation amount of \$25 for each capital security. Interest on the junior subordinated debentures will accrue and, as a result, distributions on the capital securities will accumulate and will be payable quarterly in arrears on March 15, June 15, September 15 and December 15 of each year, beginning March 15, 2002. The amount of distributions payable for any period will be computed on the basis of a 360-day year comprised of twelve 30-day months. The amount of distributions payable for any period shorter than a full quarterly period will be computed on the basis of a 30-day month and, for periods of less than a month, the actual number of days elapsed per 30-day month. If the capital securities are issued in the form of global securities, as is expected, the record date for determining who will receive distributions on the capital securities will be the business day preceding the payment date for such distributions; otherwise the record date will be the fifteenth day preceding the payment date for such distributions. For more information on global securities, see "-- Global Securities; Book-Entry Issue" below, and under the caption "Book-Entry Issuance" in the accompanying prospectus.

Interest not paid when due will accrue additional interest at the annual rate of 7.25% on the amount of unpaid interest, compounded quarterly. As a result, distributions not paid when due will accumulate additional distributions at the annual rate of 7.25% on the amount of unpaid distributions, compounded quarterly. When we refer to any payment of distributions, the term "distributions" includes any such additional accumulated distributions.

If distributions are payable on a date that is not a "business day", payment will be made on the next business day and without any interest or other payment as a result of such delay. A "business day" means each day except Saturday, Sunday and any day on which banking institutions in The City of New York are authorized or required by law to close or on which the corporate trust office of the property trustee or the indenture trustee is closed for business.

USB Capital V's income available for the payment of distributions will be limited to our payments made on the junior subordinated debentures. As a result, if we do not make interest payments on the junior subordinated debentures, then USB Capital V will not have funds to make distributions on the capital securities.

### DEFERRAL OF DISTRIBUTIONS

If the junior subordinated debentures are not in default, we can, on one or more occasions, defer interest payments on the junior subordinated debentures for up to 20 consecutive quarterly interest payment periods. A deferral of interest payments cannot extend, however, beyond the maturity date of the junior subordinated debentures. If we defer interest payments on the junior subordinated debentures, USB Capital V also will defer distributions on the capital securities. During a deferral period, interest on the junior subordinated debentures will accrue and compound quarterly at the annual rate of 7.25%, to the

extent permitted by applicable law, and as a result distributions otherwise due to you would continue to accumulate from the date that these distributions were due.

Once we make all deferred interest payments on the junior subordinated debentures, we again can defer interest payments on the junior subordinated debentures in the same manner as discussed above. As a result, there could be multiple periods of varying length during which you would not receive cash distributions from USB Capital V.

We currently do not intend to defer interest payments on the junior subordinated debentures. If we defer such interest payments, however, neither we nor our subsidiaries generally will be permitted to pay dividends on or repurchase shares of our capital stock or make payments on debt securities or guarantees that rank equal or junior to the junior subordinated debentures and the guarantee. These limitations are described in greater detail below under the caption "Certain Terms of the Junior Subordinated Debentures -- Option to Defer Interest Payments" in this prospectus supplement.

If we choose to defer payments of interest on the junior subordinated debentures, then the junior subordinated debentures would at that time be treated as being issued with original issue discount for United States federal income tax purposes. This means you will be required to include your share of the accrued but unpaid interest on the junior subordinated debentures in your gross income for United States federal income tax purposes before you receive cash distributions from USB Capital V. This treatment will apply as long as you own capital securities. For more information, see below under the caption "United States Federal Income Tax Consequences -- Interest Income and Original Issue Discount" in this prospectus supplement.

#### PAYMENT OF DISTRIBUTIONS

Distributions on the capital securities will be payable to holders on the relevant record date. As long as the capital securities are only in book-entry form, the record date for the payment of distributions will be one business day before the distribution date. If the capital securities are ever issued in certificated form, the record date for the payment of distributions will be the fifteenth day before the relevant payment date. Distributions payable on any capital securities that are not paid on the scheduled distribution date will cease to be payable to the person in whose name such capital securities are registered on the relevant record date, and such distribution will instead be payable to the person in whose name such capital securities are registered on a special record date set for this purpose.

Payments on the capital securities while they are in book-entry form will be made in immediately available funds to DTC, the depository for the capital securities.

#### REDEMPTION

We may redeem the junior subordinated debentures before their maturity at 100% of their principal amount plus accrued and unpaid interest:

- in whole or in part, on one or more occasions at any time on or after December 7, 2006 or
- in whole at any time if certain changes occur in tax or investment company laws and regulations, or in the treatment of the capital securities for bank regulatory capital purposes. These events, which we

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refer to as "Special Events", are described in detail below under the caption "-- Redemption Upon a Special Event".

We may not redeem the junior subordinated debentures unless we receive the prior approval of the Federal Reserve Board to do so, if that approval is then required under the Federal Reserve Board's capital rules.

### GENERAL

When we repay the junior subordinated debentures, either at maturity on December 15, 2031 or upon early redemption (as discussed above), USB Capital V will use the cash it receives from the repayment or redemption of the junior subordinated debentures to redeem a corresponding amount of the capital securities and common securities. The redemption price for the capital securities will be equal to the liquidation amount, \$25 per capital security, plus accumulated but unpaid distributions on the capital securities to the redemption date.

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If less than all the capital securities and the common securities are redeemed, the total amount of the capital securities and the common securities to be redeemed will be allocated proportionately among the capital securities and common securities, unless an event of default under the junior subordinated debentures or similar event has occurred, as described below under the caption "-- Subordination of Common Securities" in this section.

If we do not elect to redeem the junior subordinated debentures, then the capital securities will remain outstanding until the repayment of the junior subordinated debentures unless we liquidate USB Capital V and distribute the junior subordinated debentures to you. For more information, see "-- Optional Liquidation of USB Capital V and Distribution of Junior Subordinated Debentures" in this section.

### REDEMPTION UPON A SPECIAL EVENT

If a Special Event has occurred and is continuing, and we cannot cure that event by some reasonable action, then we may redeem the junior subordinated debentures within 90 days following the occurrence of the Special Event. A "Special Event" means, for these purposes, the occurrence of a "Tax Event", a "Regulatory Capital Event" or an "Investment Company Event." We summarize each of these events below.

A "Tax Event" means that either we or USB Capital V will have received an opinion of counsel (which may be our counsel or counsel of an affiliate but not an employee and which must be reasonably acceptable to the property trustee) experienced in tax matters stating that, as a result of any:

- amendment to, or change (including any announced prospective change) in, the laws (or any regulations under those laws) of the United States or any political subdivision or taxing authority affecting taxation; or
- interpretation or application of the laws, enumerated in the preceding bullet point, or regulations by any court, governmental agency or regulatory authority,

there is more than an insubstantial risk that:

- USB Capital V is, or will be within 90 days of the date of the opinion of counsel, subject to U.S. federal income tax on interest received on the junior subordinated debentures;

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- interest payable by us to USB Capital V on the junior subordinated debentures is not, or will not be within 90 days of the date of the opinion of counsel, deductible, in whole or in part, for U.S. federal income tax purposes; or
- USB Capital V is, or will be within 90 days of the date of the opinion of counsel, subject to more than a minimal amount of other taxes, duties, assessments or other governmental charges.

A "Regulatory Capital Event" means the reasonable determination by us that, as a result of any:

- amendment to, or change (including any prospective change) in, the laws or any applicable regulation of the United States or any political subdivision; or
- as a result of any official or administrative pronouncement or action or judicial decision interpreting or applying the laws or regulations, which amendment is effective or announced on or after the date of issuance the capital securities,

there is more than an insubstantial risk of impairment of our ability to treat the capital securities (or any substantial portion) as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines of the Federal Reserve in effect and applicable to us.

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An "Investment Company Event" means the receipt by us and USB Capital V of an opinion of counsel experienced in matters relating to investment companies to the effect that, as a result of any:

- change in law or regulation; or
- change in interpretation or application of law or regulation by any legislative body, court, governmental agency or regulatory authority,

USB Capital V is or will be considered an investment company that is required to be registered under the Investment Company Act, which change becomes effective on or after the original issuance of the capital securities.

### REDEMPTION PROCEDURES

USB Capital V will give you at least 30 days' but not more than 60 days' notice before any redemption of capital securities. To the extent funds are available for payment, USB Capital V will irrevocably deposit with DTC sufficient funds to pay the redemption amount for the capital securities being redeemed. USB Capital V also will give DTC irrevocable instructions and authority to pay the redemption amount to its participants. Any distribution to be paid on or before a redemption date for any capital securities called for redemption will be payable to the registered holders on the record date for the distribution.

Once notice of redemption is given and USB Capital V irrevocably deposits the redemption amount, additional distributions on the capital securities will cease to accumulate from and after the redemption date. In addition, all rights of the holders of the capital securities called for redemption will cease, except for the right to receive distributions payable prior to the redemption date and the redemption amount.

If any redemption date is not a business day, the redemption amount will be

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payable on the next business day, without any interest or other payment in respect of any such delay.

If payment of the redemption amount for any capital securities called for redemption is not paid because the payment of the redemption price on the junior subordinated debentures is not made, interest on the junior subordinated debentures will continue to accrue from the originally scheduled redemption date to the actual date of payment, and, as a result, distributions on the capital securities will continue to accumulate.

In addition, we may and our affiliates may, at any time, purchase outstanding capital securities by tender, in the open market or by private agreement.

### OPTIONAL LIQUIDATION OF USB CAPITAL V AND DISTRIBUTION OF JUNIOR SUBORDINATED DEBENTURES

We may dissolve USB Capital V at any time, and after satisfying the creditors of USB Capital V, may cause the junior subordinated debentures to be distributed to the holders of the capital securities. We may not dissolve USB Capital V, however, unless we first receive:

- the approval of the Federal Reserve System to do so, if that approval is then required under the Federal Reserve System's capital rules; and
- an opinion of independent counsel that the distribution of the junior subordinated debentures will not be taxable to the holders for United States federal income tax purposes.

See below under the caption "Certain Terms of the Junior Subordinated Debentures -- Distribution of Junior Subordinated Debentures" in this prospectus supplement.

If we elect to dissolve USB Capital V, thus causing the junior subordinated debentures to be distributed to the holders of the capital securities, we will continue to have the right to redeem the junior subordinated debentures in certain circumstances as described above.

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### SUBORDINATION OF COMMON SECURITIES

Payment of distributions or any redemption or liquidation amounts by USB Capital V regarding the capital securities and the common securities will be made proportionately based on the total liquidation amounts of the securities. However, if we are in default under the junior subordinated debentures, USB Capital V will make no payments on the common securities until all unpaid amounts on the capital securities have been provided for or paid in full.

### TRUST ENFORCEMENT EVENTS

An event of default under the indenture constitutes an event of default under the amended and restated trust agreement. We refer to such an event as a "Trust Enforcement Event". For more information on events of default under the indenture, see "Description of Junior Subordinated Debt Securities -- Events of Default" in the accompanying prospectus. Upon the occurrence and continuance of a Trust Enforcement Event, the property trustee, as the sole holder of the junior subordinated debentures, will have the right under the indenture to declare the principal amount of the junior subordinated debentures due and payable. The amended and restated trust agreement does not provide for any other events of default.

If the property trustee fails to enforce its rights under the junior subordinated debentures, any holder of capital securities may, to the extent permitted by applicable law, institute a legal proceeding against us to enforce the property trustee's rights under the junior subordinated debentures and the indenture without first instituting legal proceedings against the property trustee or any other person. In addition, if a Trust Enforcement Event is due to our failure to pay interest or principal on the junior subordinated debentures when due, then the registered holder of capital securities may institute a direct action on or after the due date directly against us for enforcement of payment to that holder of the principal of or interest on the junior subordinated debentures having a principal amount equal to the total liquidation amount of that holder's capital securities. In connection with such a direct action, we will have the right under the indenture to set off any payment made to that holder by us. The holders of capital securities will not be able to exercise directly any other remedy available to the holders of the junior subordinated debentures.

Pursuant to the amended and restated trust agreement, the holder of the common securities will be deemed to have waived any Trust Enforcement Event regarding the common securities until all Trust Enforcement Events regarding the capital securities have been cured, waived or otherwise eliminated. Until all Trust Enforcement Events regarding the capital securities have been so cured, waived or otherwise eliminated, the property trustee will act solely on behalf of the holders of the capital securities and only the holders of the capital securities will have the right to direct the enforcement actions of the property trustee.

#### VOTING RIGHTS

Holders of capital securities will have only limited voting rights. In particular, holders of capital securities may not elect or remove any trustee, except when there is a default under the junior subordinated debentures. If such a default occurs, a majority in liquidation amount of the holders of the capital securities would be entitled to remove or appoint the property trustee and the Delaware trustee.

#### REMEDIES

So long as any junior subordinated debentures are held by the property trustee, the holders of a majority of all outstanding capital securities will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the property trustee, or to direct the exercise of any

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power conferred upon the property trustee under the amended and restated trust agreement, including the right to direct the property trustee, as holder of the junior subordinated debentures to:

- exercise the remedies available to it under the indenture as a holder of the junior subordinated debentures, including the right to rescind or annul a declaration that the principal of all the junior subordinated indentures will be due and payable;
- consent to any amendment, modification or termination of the indenture or the junior subordinated debentures; or
- waive any past default that is waivable under the indenture.

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However, where a consent or action under the indenture would require the consent or action of the holders of more than a majority of the total principal amount of junior subordinated debentures affected by it, only the holders of that greater percentage of the capital securities may direct the property trustee to give the consent or to take such action. See "Description of Capital Securities -- Voting Rights; Amendment of Each Trust Agreement" in the accompanying prospectus.

If an event of default under the indenture has occurred and is continuing, the holders of 25% of the total liquidation amount of the capital securities may direct the property trustee to declare the principal and interest on the junior subordinated debentures due and payable.

### MEETINGS

Any required approval of holders of capital securities may be given at a meeting of holders of capital securities convened for such purpose or pursuant to written consent. The property trustee will cause a notice of any meeting at which holders of capital securities are entitled to vote to be given to each holder of record of capital securities in the manner described in the amended and restated trust agreement.

No vote or consent of the holders of capital securities will be required for USB Capital V to redeem and cancel its capital securities in accordance with the amended and restated trust agreement.

### GLOBAL SECURITIES; BOOK-ENTRY ISSUE

We expect that the capital securities will be issued in the form of global securities held by The Depository Trust Company as described under the caption "Book-Entry Issuance" in the accompanying prospectus.

### INFORMATION CONCERNING THE PROPERTY TRUSTEE

The property trustee, other than during the occurrence and continuance of a Trust Enforcement Event, undertakes to perform only the duties that are specifically described in the amended and restated trust agreement and, after a Trust Enforcement Event which has not been cured or waived, must exercise the same degree of care and skill as a prudent person would exercise or use in the conduct of his own affairs. Subject to this provision, the property trustee is under no obligation to exercise any of the powers vested in it by the amended and restated trust agreement at the request of any holder of capital securities unless it is offered reasonable security and indemnity against the costs, expenses and liabilities that might be incurred in connection with taking that action.

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### CERTAIN TERMS OF THE JUNIOR SUBORDINATED DEBENTURES

We have summarized below certain terms of the junior subordinated debentures. This summary supplements the general description of these securities under the caption "Description of Junior Subordinated Debt Securities" and elsewhere in the accompanying prospectus. To the extent that this summary is inconsistent with the description in the accompanying prospectus, you should rely on the summary below. This summary is not a complete description of all of the terms and provisions of the junior subordinated debentures. For more information, we refer you to the indenture and the form of the junior subordinated debentures, which we filed as exhibits to the registration statement of which the accompanying prospectus is a part.



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The junior subordinated debentures will be issued pursuant to an indenture between us and Wilmington Trust Company as indenture trustee. The indenture provides for the issuance from time to time of junior subordinated debentures in an unlimited dollar amount and an unlimited number of series.

### INTEREST RATE AND MATURITY

The junior subordinated debentures will bear interest at the annual rate of 7.25%, payable quarterly in arrears on March 15, June 15, September 15 and December 15 of each year, beginning March 15, 2002. Interest payments not paid when due will themselves accrue additional interest at the annual rate of 7.25% on the amount of unpaid interest, to the extent permitted by law, compounded quarterly. The amount of interest payable for any period will be computed based on a 360-day year comprised of twelve 30-day months. The amount of interest payable for any period shorter than a full quarterly period will be computed on the basis of a 30-day month and, for periods of less than a month, the actual number of days elapsed per 30-day month. The distribution provisions of the capital securities correspond to the interest payment provisions for the junior subordinated debentures because the capital securities represent undivided beneficial ownership interests in the junior subordinated debentures.

The junior subordinated debentures do not have a sinking fund. This means that we are not required to make any principal payments prior to maturity.

The junior subordinated debentures will mature on December 15, 2031.

### RANKING

The junior subordinated debentures will be unsecured and will rank junior and be subordinate in right of payment to all our senior debt.

As a holding company, our assets primarily consist of the equity securities of our subsidiaries. As a result, the ability of holders of the junior subordinated debentures to benefit from any distribution of assets of any subsidiary upon the liquidation or reorganization of such subsidiary is subordinate to the prior claims of present and future creditors of that subsidiary.

The capital securities, the junior subordinated debentures and the guarantee do not limit our or our subsidiaries' ability to incur additional debt, including debt that ranks senior in priority of payment to the junior subordinated debentures and the guarantee. At September 30, 2001, approximately \$11.1 billion of our senior debt was outstanding. In addition, the junior subordinated debentures will be effectively subordinated to all our subsidiaries' existing and future obligations. At September 30, 2001, our subsidiaries had outstanding debt and other liabilities, including deposits, of approximately \$151.0 billion.

### REDEMPTION

We may, under certain circumstances, redeem some or all of the junior subordinated debentures before their maturity. For more information, see above under the caption "Certain Terms of the Capital Securities -- Redemption" in this prospectus supplement.

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### DISTRIBUTION OF JUNIOR SUBORDINATED DEBENTURES

If the property trustee distributes the junior subordinated debentures to the holders of the capital securities and the common securities upon the

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liquidation of USB Capital V, we will cause the junior subordinated debentures to be issued in denominations of \$25 principal amount and integral multiples thereof. We anticipate that the junior subordinated debentures would be distributed in the form of one or more global securities and that DTC would act as depositary for the junior subordinated debentures. The depositary arrangements for the junior subordinated debentures would be substantially the same as those in effect for the capital securities.

For a description of DTC and the terms of the depositary arrangements relating to payments, transfers, voting rights, redemption and other notices and other matters, see "Book-Entry Issuance" in the accompanying prospectus.

### OPTION TO DEFER INTEREST PAYMENTS

We can defer interest payments on the junior subordinated debentures for up to 20 consecutive quarterly interest payment periods if the junior subordinated debentures are not in default. A deferral of interest payments cannot extend, however, beyond the maturity date of the junior subordinated debentures. During the deferral period, interest will continue to accrue on the junior subordinated debentures, compounded quarterly, and deferred interest payments will accrue additional interest at 7.25%. No interest will be due and payable on the junior subordinated debentures until the end of the deferral period except upon a redemption of the junior subordinated debentures during a deferral period.

We may pay at any time all or any portion of the interest accrued to that point during a deferral period. At the end of the deferral period or on any redemption date, we will be obligated to pay all accrued and unpaid interest.

Once we pay all accrued and unpaid interest on the junior subordinated debentures, we again can defer interest payments on the junior subordinated debentures as described above, provided that a deferral period cannot extend beyond the maturity date of the junior subordinated debentures.

### CERTAIN LIMITATIONS DURING A DEFERRAL PERIOD

During any deferral period, we will not and our subsidiaries will not be permitted to:

- declare or pay any dividends or distributions, or redeem, purchase, acquire, or make a liquidation payment on any of our capital stock;
- make any payment of principal of interest or premium, if any, on or repay, repurchase or redeem any of our debt securities (including other junior subordinated debentures) that rank equally with or junior in interest to the junior subordinated debentures; or
- make any guarantee payments on any guarantee of debt securities of any of our subsidiaries (including under other guarantees of junior subordinated debentures) if the guarantee ranks equally with or junior in interest to the junior subordinated debentures.

However, at any time, including during a deferral period, we will be permitted to:

- pay dividends or distributions in additional shares of our capital stock;
- make payments under the guarantee of the series of the capital securities and the common securities;
- declare or pay a dividend in connection with the implementation of a shareholders' rights plan, or issue stock under such a plan or repurchase such rights; and

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- purchase common stock for issuance pursuant to any employee benefit plans.

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### NOTICE

We will give USB Capital V, the administrative trustees and the property trustee notice if we decide to defer interest payments on the junior subordinated debentures. We will give that notice five business days before the earlier of:

- the next date distributions on the capital securities are payable; or
- the date USB Capital V is required to give notice to the New York Stock Exchange (or any applicable self-regulatory organization) or to holders of the capital securities on the record date or the date any distribution is payable, but in any event at least five business days before the record date.

The administrative trustees will give notice to the holders of capital securities if we decide to defer interest payments on the junior subordinated debentures.

### AGREEMENT BY PURCHASERS OF CERTAIN TAX TREATMENT

Each junior subordinated debenture will provide that, by acceptance of the junior subordinated debentures, or a beneficial interest therein, the holder of the junior subordinated debenture intends that such junior subordinated debenture constitutes debt and agrees to treat it as debt for United States federal, state and local tax purposes.

### MISCELLANEOUS

Under an expense agreement entered into by us under the amended and restated trust agreement, we will irrevocably and unconditionally guarantee, to each person or entity to whom USB Capital V becomes indebted or liable, the full payment of any costs, expenses or liabilities of USB Capital V, other than obligations of USB Capital V to you under the terms of the capital securities or other similar interests.

### RELATIONSHIP AMONG THE CAPITAL SECURITIES, THE JUNIOR SUBORDINATED DEBENTURES AND THE GUARANTEE

#### FULL AND UNCONDITIONAL GUARANTEE

Payments of distributions and other amounts due on the capital securities are irrevocably guaranteed by us, to the extent USB Capital V has funds available for the payment of such distributions, as described under "Description of the Guarantee" in the accompanying prospectus.

If we do not make payments under the junior subordinated debentures, USB Capital V will not have sufficient funds to pay distributions or other amounts due on the capital securities. The guarantee does not cover payment of distributions when USB Capital V does not have sufficient funds to pay such distributions. In that event, a holder of capital securities may institute a legal proceeding directly against us to enforce payment of the junior subordinated debentures to such holder in accordance with their terms, including our right to defer interest payments.

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Taken together, our obligations under the amended and restated trust agreement, the junior subordinated debentures, the indenture and the guarantee provide a full and unconditional guarantee of payments of distributions and other amounts due on the capital securities.

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### SUFFICIENCY OF PAYMENTS

As long as payments of interest, principal and other payments are made when due on the junior subordinated debentures, those payments will be sufficient to cover distributions and other payments due on the capital securities because of the following factors:

- the total principal amount of the junior subordinated debentures will be equal to the sum of the total stated liquidation amount of the capital securities and the common securities;
- the interest rate and payment dates on the junior subordinated debentures will match the distribution rate and payment dates for the capital securities;
- as borrower, we will pay, and USB Capital V will not be obligated to pay, all costs, expenses and liabilities of USB Capital V except USB Capital V's obligations under the capital securities and common securities; and
- the amended and restated trust agreement further provides that USB Capital V will engage only in activity that is consistent with the limited purposes of USB Capital V.

We have the right to set-off any payment we are otherwise required to make under the indenture with and to the extent we make a related payment under the guarantee.

### ENFORCEMENT RIGHTS OF HOLDERS OF CAPITAL SECURITIES

If a Trust Enforcement Event occurs, the holders of capital securities would rely on the enforcement by the property trustee of its rights as registered holder of the junior subordinated debentures against us. In addition, the holders of a majority in liquidation amount of the capital securities will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the property trustee or to direct the exercise of any trust or power conferred upon the property trustee under the amended and restated trust agreement, including the right to direct the property trustee to exercise the remedies available to it as the holder of the junior subordinated debentures.

If the property trustee fails to enforce its rights under the junior subordinated debentures in respect of an event of default under the indenture after a holder of capital securities has made a written request, such holder may, to the extent permitted by applicable law, institute a legal proceeding against us to enforce the property trustee's rights under the junior subordinated debentures. In addition, if we fail to pay interest or principal on the junior subordinated debentures, a holder of capital securities may institute a proceeding directly against us for enforcement of payment to that holder of the principal of or interest on junior subordinated debentures having a principal amount equal to the total liquidation amount of that holder's capital securities (which we refer to as a "direct action"). In connection with such a direct action, we will have the right to set off any payment made to such holder by us. The holders of capital securities will not be able to exercise directly any other remedy available to the holders of the junior subordinated debentures.

LIMITED PURPOSE OF TRUST

The capital securities evidence undivided beneficial ownership interests in the assets of USB Capital V, and USB Capital V exists for the sole purpose of issuing the common securities and capital securities to us in exchange for the junior subordinated debentures. A principal difference between the rights of a holder of capital securities and a holder of junior subordinated debentures is that a holder of junior subordinated debentures is entitled to receive from us the principal of and interest accrued on junior subordinated debentures held, while a holder of capital securities is entitled to receive distributions to the extent USB Capital V has funds available for the payment of such distributions.

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RIGHTS UPON TERMINATION

Upon any dissolution, winding-up or liquidation of USB Capital V involving the liquidation of the junior subordinated debentures, the holders of the capital securities will be entitled to receive, out of assets held by USB Capital V, subject to the rights of any creditors of USB Capital V, the liquidation distribution in cash. Upon our voluntary or involuntary liquidation or bankruptcy, the property trustee, as holder of the junior subordinated debentures, would be our subordinated creditor, subordinated in right of payment to all senior debt as described in the indenture, but entitled to receive payment in full of principal and interest before any of our stockholders receive payments or distributions. Because we are the guarantor under the guarantee and, under the indenture, as borrower, we have agreed to pay for all costs, expenses and liabilities of USB Capital V (other than USB Capital V's obligations to the holders of the capital securities), the positions of a holder of capital securities and a holder of the junior subordinated debentures relative to other creditors and to our stockholders in the event of our liquidation or bankruptcy would be substantially the same.

UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following summary describes the material United States federal income tax consequences of the purchase, ownership and disposition of the capital securities as of the date of this prospectus supplement. Where noted, it constitutes the opinion of Squire, Sanders & Dempsey L.L.P., counsel to U.S. Bancorp and USB Capital V.

Except where we state otherwise, this summary deals only with capital securities held as capital assets by a holder who:

- is a United States person (as defined below), and
- purchases the capital securities upon original issuance at their original issue price.

A "United States person" is a holder who is one of the following:

- a citizen or resident of the United States;
- a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision of the United States;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or

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- a trust
  - that is subject to the primary supervision of a court within the United States and the control of one or more United States persons, or
  - that has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

Your tax treatment may vary depending on your particular situation. This summary does not address all the tax consequences that may be relevant to holders that are subject to special tax treatment, such as:

- dealers in securities or currencies;
- financial institutions;
- tax-exempt investors;
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- persons liable for alternative minimum tax;

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- insurance companies;
- persons holding capital securities as part of a hedging, conversion, integrated or constructive sale transaction;
- persons holding capital securities as part of a straddle; or
- persons whose functional currency is not the United States dollar.

In addition, this summary does not include any description of the tax laws of any state, local or foreign government.

Furthermore, if a partnership holds capital securities, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding capital securities, you should consult your own tax advisor.

This summary is based on the Internal Revenue Code of 1986, as amended (which we refer to as the "Code"), the Treasury regulations promulgated under the Code and administrative and judicial interpretations thereof. These income tax laws, regulations and interpretations, however, may change at any time. Any change could be retroactive to the issuance date of the capital securities.

The authorities on which this summary is based are subject to various interpretations, and the opinions of Squire, Sanders & Dempsey L.L.P. are not binding on the Internal Revenue Service (which we refer to as the "IRS") or the courts. Either the IRS or the courts could disagree with the explanations or conclusions contained in this summary. Nevertheless, Squire, Sanders & Dempsey L.L.P. has advised us that they believe that the opinions expressed in this summary, if challenged, would be sustained by a court with jurisdiction in a properly presented case.

You should consult your own tax advisor regarding the tax consequences to you of the purchase, ownership and disposition of the capital securities, including the tax consequences under state, local, foreign and other tax laws.

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For a discussion of the possible redemption of the capital securities upon the occurrence of a Tax Event, see "Certain Terms of the Capital Securities -- Redemption -- Redemption Upon a Special Event" in this prospectus supplement.

### CLASSIFICATION OF USB CAPITAL V

In connection with the issuance of the capital securities, Squire, Sanders & Dempsey L.L.P. is of the opinion that under current law and assuming full compliance with the terms of the amended and restated trust agreement, and based upon certain facts and assumptions contained in such opinion, USB Capital V will be classified as a grantor trust for United States federal income tax purposes and not as an association taxable as a corporation. As a result, for United States federal income tax purposes, you generally will be treated as owning an undivided beneficial ownership interest in the junior subordinated debentures. Thus, you will be required to include in your gross income your proportionate share of the interest income or original issue discount that is paid or accrued on the junior subordinated debentures. See below under the caption "-- Interest Income and Original Issue Discount" in this section.

### CLASSIFICATION OF THE JUNIOR SUBORDINATED DEBENTURES

U.S. Bancorp, USB Capital V and you (by your acceptance of a beneficial ownership interest in a capital security) agree to treat the junior subordinated debentures as indebtedness for all United States tax purposes. In connection with the issuance of the junior subordinated debentures, Squire, Sanders & Dempsey L.L.P. is of the opinion that under current law, and based on certain representations, facts and assumptions set forth in its opinion, the junior subordinated debentures will be classified as indebtedness for United States federal income tax purposes.

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### INTEREST INCOME AND ORIGINAL ISSUE DISCOUNT

We anticipate that the junior subordinated debentures will not be issued with an issue price that is less than their stated redemption price at maturity. In this case, subject to the discussion below, the junior subordinated debentures will not be subject to the special original issue discount (which we refer to as "OID") rules, at least upon initial issuance, so that you will generally be taxed on the stated interest on the junior subordinated debentures as ordinary income at the time it is paid or accrued in accordance with your regular method of tax accounting.

If, however, we exercise our right to defer payments of interest on the junior subordinated debentures, the junior subordinated debentures will become OID instruments at such time. In such case, you will be subject to the special OID rules described below. Once the junior subordinated debentures become OID instruments, they will be taxed as OID instruments for as long as they remain outstanding.

Under the OID economic accrual rules, the following occur:

- regardless of your method of accounting, you would accrue an amount of interest income each year that approximates the stated interest payments called for under the terms of the junior subordinated debentures using the constant-yield-to-maturity method of accrual described in section 1272 of the Code;
- the actual cash payments of interest you receive on the junior subordinated debentures would not be reported separately as taxable

income;

- any amount of OID included in your gross income (whether or not during a deferral period) with respect to the capital securities would increase your tax basis in such capital securities; and
- the amount of distributions in respect of such accrued OID would reduce your tax basis in such capital securities.

The United States Treasury regulations dealing with OID and the deferral of interest payments have not yet been addressed in any rulings or other interpretations by the IRS. It is possible that the IRS could assert that the junior subordinated debentures were issued initially with OID, merely because of our right to defer payments of interest. If the IRS were successful in this regard, you would be subject to the special OID rules described above, regardless of whether we exercise our option to defer payments of interest on such junior subordinated debentures.

Because the junior subordinated debentures are debt for tax purposes, you will not be entitled to a dividends received deduction with respect to any income you recognize on the capital securities.

#### DISTRIBUTION OF JUNIOR SUBORDINATED DEBENTURES OR CASH UPON LIQUIDATION OF USB CAPITAL V

As described under the caption "Certain Terms of the Capital Securities -- Optional Liquidation of USB Capital V and Distribution of Junior Subordinated Debentures" in this prospectus supplement, the junior subordinated debentures held by USB Capital V may be distributed to you in exchange for your capital securities if USB Capital V is liquidated before the maturity of the junior subordinated debentures, as long as we first receive:

- the approval of the Federal Reserve System to do so, if that approval is then required under the Federal Reserve System's capital rules; and
- an opinion of independent counsel to the effect that the distribution of the junior subordinated debentures will not be taxable to you.

Under current law, except as described below, this type of distribution from a grantor trust would not be taxable. Upon such a distribution, you will receive your proportionate share of the junior subordinated debentures previously held indirectly through USB Capital V. Your holding period and total tax basis in the junior subordinated debentures will equal the holding period and total tax basis that you had in your capital securities before the distribution.

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If, however, USB Capital V is treated as an association taxable as a corporation, a Tax Event will occur. If we elect to distribute the junior subordinated debentures to you at this time, the distribution would be taxable to USB Capital V and to you.

If you receive junior subordinated debentures in exchange for your capital securities, you would accrue interest in respect of the junior subordinated debentures received from USB Capital V in the manner described above under the caption "-- Interest Income and Original Issue Discount" in this section.

In certain circumstances described above under the captions "Certain Terms of the Capital Securities -- Redemption -- Redemption Upon a Special Event" in this prospectus supplement, we may redeem the junior subordinated debentures and



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distribute cash in liquidation of USB Capital V. This distribution of cash would be taxable as described below under "-- Sales of Capital Securities or Redemption of Junior Subordinated Debentures" in this section.

### SALES OF CAPITAL SECURITIES OR REDEMPTION OF JUNIOR SUBORDINATED DEBENTURES

If you sell your capital securities or receive cash upon redemption of the junior subordinated debentures, you will recognize gain or loss equal to the difference between:

- the amount realized on the sale or redemption of the capital securities or junior subordinated debentures (less an amount equal to any accrued but unpaid qualified stated interest that you did not previously include in income, which will be taxable as interest income); and
- your adjusted tax basis in your capital securities or junior subordinated debentures sold or redeemed.

Your gain or loss will be a capital gain or loss, provided that you held the capital securities or junior subordinated debentures as a capital asset. The gain or loss will generally be a long-term capital gain or loss if you have held your capital securities or junior subordinated debentures for more than one year. Long-term capital gains of individuals derived with respect to capital assets held for more than one year are currently subject to tax at a maximum rate of 20%. The deductibility of capital losses is subject to limitations.

### NON-UNITED STATES HOLDERS

The following discussion only applies to you if you are not a United States person. As discussed above, the capital securities will be treated by the parties as evidence of undivided beneficial ownership interests in the junior subordinated debentures. See above under the caption "-- Classification of USB Capital V" in this section.

### U.S. FEDERAL WITHHOLDING TAX

The 30% U.S. federal withholding tax will not apply to any payment of principal or interest (including OID) on the capital securities (or the junior subordinated debentures) provided that:

- you do not actually (or constructively) own 10% or more of the total combined voting power of all classes of our voting stock within the meaning of the Code and the United States Treasury regulations;
- you are not a controlled foreign corporation that is related to us through stock ownership;
- you are not a bank whose receipt of interest on the capital securities (or the junior subordinated debentures) is described in section 881(c)(3)(A) of the Code; and
- (a) you provide your name and address on an IRS Form W-8BEN (or other applicable form), and certify, under penalties of perjury, that you are not a United States person, or (b) you hold your capital securities (or junior subordinated debentures) through certain foreign intermediaries and you

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satisfy the certification requirements of applicable United States Treasury regulations. Special certification rules apply to non-United

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States persons that are pass-through entities.

If you cannot satisfy the requirements described above, payments of premium, if any, and interest (including OID) made to you will be subject to the 30% U.S. federal withholding tax, unless you provide us with a properly executed (1) IRS Form W-8BEN (or other applicable form) claiming an exemption from, or reduction in the rate of, withholding under the benefit of an applicable tax treaty or (2) IRS Form W-8ECI (or successor form) stating that interest paid on the capital securities (or the junior subordinated debentures) is not subject to withholding tax because it is effectively connected with your conduct of a trade or business in the United States as discussed below under the caption "U.S. Federal Income Tax" in this section.

The 30% U.S. federal withholding tax will not apply to any gain that you realize on the sale, exchange, retirement or other disposition of the capital securities or junior subordinated debentures.

### U.S. FEDERAL INCOME TAX

If you are engaged in a trade or business in the United States and interest on the capital securities (or the junior subordinated debentures) is effectively connected with the conduct of that trade or business, you will be subject to U.S. federal income tax on that interest on a net income basis (although exempt from the 30% withholding tax), in the same manner as if you were a United States person as defined under the Code. In addition, if you are a foreign corporation, you may be subject to a branch profits tax equal to 30% (or lower applicable treaty rate) of your earnings and profits for the taxable year, subject to adjustments, that are effectively connected with the conduct by you of a trade or business in the United States.

Any gain realized on the disposition of a capital security (or a junior subordinated debenture) generally will not be subject to U.S. federal income tax unless (1) that gain is effectively connected with the conduct of a trade or business by you in the United States, or (2) 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.

### U.S. FEDERAL ESTATE TAX

Your estate will not be subject to U.S. federal estate tax on the capital securities (or the junior subordinated debentures) beneficially owned by you at the time of your death, provided that (1) you do not own 10% or more of the total combined voting power of all classes of our voting stock (within the meaning of the Code and the United States Treasury regulations) and (2) interest on those capital securities (or junior subordinated debentures) would not have been, if received at the time of your death, effectively connected with the conduct by you of a trade or business in the United States.

## INFORMATION REPORTING AND BACKUP WITHHOLDING

### UNITED STATES HOLDERS

In general, information reporting requirements will apply to payments of income on the capital securities (or the junior subordinated debentures) and to the proceeds of the sale of the capital securities (or the junior subordinated debentures) made to you (unless you are an exempt recipient such as a corporation). A backup withholding tax will apply to such payments if you fail to provide a taxpayer identification number, a certification of exempt status, or fail to report in full interest income.

### NON-UNITED STATES HOLDERS

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In general, no information reporting or backup withholding will be required regarding payments of income on the capital securities (or the junior subordinated debentures) that we make to you provided that we do not have actual knowledge that you are a United States person and we have received from you

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the certification described above in the fourth bullet point under the caption "Non-United States Holders -- U.S. Federal Withholding Tax" in this section.

In addition, no information reporting or backup withholding will be required regarding the proceeds of the sale of capital securities (or junior subordinated debentures) made within the United States or conducted through certain United States financial intermediaries if (1) the payor receives the certification described above and does not have actual knowledge that you are a United States person or (2) you otherwise establish an exemption.

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 to the IRS.

### ERISA CONSIDERATIONS

Each fiduciary of an employee benefit plan subject to Title I of ERISA, a plan described in Section 4975 of the Code, including an individual retirement arrangement or a Keogh plan, a plan subject to provisions under applicable federal, state, local, non-U.S. or other laws or regulations that are similar to the provisions of Title I of ERISA or Section 4975 of the Code ("Similar Laws"), and any entity whose underlying assets include "plan assets" by reason of any such employee benefit plan's or plan's investment in such entity (each of which we refer to as a "Plan") should consider the fiduciary responsibility and prohibited transaction provisions of ERISA, applicable Similar Laws and Section 4975 of the Code in the context of the Plan's particular circumstances before authorizing an investment in the capital securities. Accordingly, such a fiduciary should consider, among other factors, that each Plan investing in the capital securities will be deemed to have represented that the Plan's purchase of the capital securities is covered by one or more prohibited transaction exemptions. Plan fiduciaries should also consider whether the Plan's investment in the capital securities would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing their Plan.

Section 406 of ERISA and Section 4975 of the Code prohibit Plans from engaging in certain transactions involving "plan assets" with persons who are "parties in interest" under ERISA or "disqualified persons" under the Code ("Parties in Interest") regarding such a Plan. A violation of these "prohibited transaction" rules may result in an excise tax, penalty or other liabilities under ERISA and/or Section 4975 of the Code for such persons or, in the case of an individual retirement account, the occurrence of a prohibited transaction involving the individual who established the individual retirement account, or his or her beneficiaries, would cause the individual retirement account to lose its tax-exempt status, unless exemptive relief is available under an applicable statutory or administrative exemption. Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA or Section 4975(g)(3) of the Code) and foreign plans (as described in Section 4(b)(4) of ERISA) are not subject to the requirements of ERISA or Section 4975 of the Code.

ERISA and the Code do not define "plan assets". However, regulations (the "Plan Assets Regulations") promulgated under ERISA by the DOL generally provide that when a Plan subject to Title I of ERISA or Section 4975 of the Code

acquires an equity interest in an entity that is neither a "publicly-offered security" nor a security issued by an investment company registered under the Investment Company Act, the Plan's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity unless it is established either that equity participation in the entity by "benefit plan investors" is not "significant" or that the entity is an "operating company," in each case as defined in the Plan Assets Regulations. USB Capital V is not expected to qualify as an operating company and will not be an investment company registered under the Investment Company Act. For purposes of the Plan Assets Regulations, equity participation in an entity by benefit plan investors will not be significant if they hold, in the aggregate less than 25% of the value of any class of such entity's equity, excluding equity interests held by persons (other than a benefit plan investor) with discretionary authority or control over the assets of the entity or who provide investment advice for a fee (direct or indirect) with respect to such assets, and any affiliates thereof. For purposes of this 25% test (the "Benefit Plan Investor

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Test"), "benefit plan investors" include all employee benefit plans, whether or not subject to ERISA or the Code, including governmental plans, "Keogh" plans, individual retirement accounts and pension plans maintained by foreign corporations, as well as any entity whose underlying assets are deemed to include plan assets under the Plan Assets Regulations (e.g., an entity of which 25% or more of the value of any class of equity interests is held by employee benefit plans or other benefit plan investors and which does not satisfy another exception under the Plan Assets Regulations). No assurance can be given that the value of the capital securities held by "benefit plan investors" will be less than 25% of the total value of such capital securities at the completion of the initial offering of the capital securities or thereafter, and no monitoring or other measures will be taken regarding the satisfaction of the conditions to this exception. All of the common securities will be purchased and held by U.S. Bancorp.

For purposes of the Plan Assets Regulations, a "publicly-offered security" is a security that is (a) "freely transferable", (b) part of a class of securities that is "widely held", and (c) (i) sold to the Plan as part of an offering of securities to the public pursuant to an effective registration statement under the Securities Act of 1933 within 120 days after the end of the fiscal year of the issuer during which the offering of such securities to the public occurred or (ii) is part of a class of securities that is registered under Section 12 of the Securities Exchange Act of 1934 (the "Registration Requirement"). It is anticipated that the capital securities will be offered in a manner which satisfies the Registration Requirement. The Plan Assets Regulations provide that a security is "widely held" only if it is part of a class of securities that is owned by 100 or more investors independent of the issuer and of one another. A security will not fail to be "widely held" because the number of independent investors falls below 100 subsequent to the initial offering as a result of events beyond the control of the issuer. It is anticipated that the capital securities will be "widely held" within the meaning of the Plan Assets Regulations, although no assurance can be given in this regard. The Plan Assets Regulations provide that whether a security is "freely transferable" is a factual question to be determined on the basis of all relevant facts and circumstances. The Plan Assets Regulations further provide that when a security is part of an offering in which the minimum investment in US \$10,000 or less, certain restrictions described in the Plan Assets Regulations ordinarily will not, alone or in combination, affect the finding that such securities are "freely transferable". It is anticipated that the capital securities will be "freely transferable" within the meaning of the Plan Assets Regulations, although no assurance can be given in this regard.

As indicated above, there can be no assurance that any of the exceptions

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set forth in the Plan Assets Regulations will apply to the capital securities, and, as a result, under the terms of the Plan Assets Regulations, an investing Plan's assets could be considered to include an undivided interest in the assets held by USB Capital V (including the junior subordinated debentures).

If the assets of USB Capital V were to be deemed to be "plan assets" under ERISA, this would result, among other things, in (i) the application of the prudence and other fiduciary responsibility standards of ERISA to investments made by USB Capital V and (ii) the possibility that certain transactions in which USB Capital V might seek to engage could constitute "prohibited transactions" under ERISA and the Code. If a prohibited transaction occurs for which no exemption is available, any fiduciary that has engaged in the prohibited transaction could be required (i) to restore to the Plan any profit realized on the transaction and (ii) to reimburse the Plan for any losses suffered by the Plan as a result of the investment. In addition, each disqualified person (within the meaning of Section 4975 of the Code) involved could be subject to an excise tax equal to 15% of the amount involved in the prohibited transaction for each year the transaction continues and, unless the transaction is corrected within statutorily required periods, to an additional tax of 100%. Plan fiduciaries who decide to invest in USB Capital V could, under certain circumstances, be liable for prohibited transactions or other violations as a result of their investment in USB Capital V or as co-fiduciaries for actions taken by or on behalf of USB Capital V. With respect to an individual retirement account ("IRA") that invests in USB Capital V, the occurrence of a prohibited transaction involving the individual who established the IRA, or his or her beneficiaries, would cause the IRA to lose its tax-exempt status.

Regardless of whether the assets of USB Capital V are deemed to be "plan assets" of Plans investing in USB Capital V, as discussed above, the acquisition and holding of the capital securities with "plan

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assets" of a Plan could itself result in a prohibited transaction. The DOL has issued five prohibited transaction class exemptions ("PTCEs") that may provide exemptive relief for direct or indirect prohibited transactions resulting from the purchase and/or holding of the capital securities by a Plan. These class exemptions are:

- PTCE 96-23 (for certain transactions determined by "in-house asset managers");
- PTCE 95-60 (for certain transactions involving insurance company general accounts);
- PTCE 91-38 (for certain transactions involving bank collective investment funds);
- PTCE 90-1 (for certain transactions involving insurance company pooled separate accounts); and
- PTCE 84-14 (for certain transactions determined by independent "qualified professional asset managers").

Such class exemptions may not, however, apply to all of the transactions that could be deemed prohibited transactions in connection with a Plan's investment in the capital securities.

Any purchaser of the capital securities that is an insurance company using assets of its general account should note that, based on the reasoning of the United States Supreme Court set forth in *John Hancock Mutual Life Insurance Company v. Harris Trust & Savings Bank*, 114 S. Ct. 517 (1993), and amendments to

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ERISA Section 401(c), an insurance company's general account may be deemed to include assets of Plans investing in such general account (e.g., through the purchase of an annuity contract).

Any insurance company considering the use of its general account assets to purchase capital securities should consult with its counsel concerning matters affecting its purchase decision.

Because of ERISA's prohibitions and those of Section 4975 of the Code, discussed above and the potential application of Similar Laws to Pla