

U.S. Bancorp
Distribution of Piper Jaffray Companies
Shareholder Tax Basis

On December 31, 2003, U.S. Bancorp (NYSE: USB) completed the spin-off of Piper Jaffray Companies (NYSE: PJC). As part of the spin-off, U.S. Bancorp distributed one share of Piper Jaffray Companies common stock for every 100 shares of U.S. Bancorp common stock held by shareholders of record as of 5:00 p.m., EST, on December 22, 2003, by means of a special dividend. U.S. Bancorp shareholders will receive cash in lieu of any fractional shares of Piper Jaffray Companies common stock resulting from the distribution.

Shareholders who receive the special dividend will be required to allocate the aggregate tax basis in their U.S. Bancorp common stock among the shares of Piper Jaffray Companies common stock (including cash in lieu of fractional shares of Piper Jaffray Companies common stock) received in the distribution and the shares of U.S Bancorp common stock.

A shareholder's aggregate tax basis in U.S. Bancorp common stock prior to the spin-off should be allocated as 98.57288498 percent to shares of U.S. Bancorp common stock and 1.42711502 percent to shares of Piper Jaffray Companies common stock (including any fractional share of Piper Jaffray Companies common stock for which cash was received). Since cash payments in lieu of fractional shares will be received by shareholders in 2004, these payments will be considered a 2004 taxable event.

On January 2, 2004, Piper Jaffray Companies began trading as a separate company on the New York Stock Exchange under the ticker symbol "PJC." Piper Jaffray Companies common stock began trading on a "when-issued" basis on the New York Stock Exchange on December 19, 2003, under the ticker symbol "PJC wi." U.S. Bancorp shareholders who sold their shares of U.S. Bancorp common stock in the "regular way" market prior to the distribution sold their right to receive the special dividend of common stock of Piper Jaffray Companies with respect to those shares.

The following is an example of how the basis allocation would be applied:

Assumptions:

Shares of U.S. Bancorp common stock owned	1,010
Shareholder's aggregate tax basis	\$15,150
Shares of Piper Jaffray common stock received in the distribution	10
Fractional share of Piper Jaffray common stock for which cash was received	.1

Allocation:

Piper Jaffray common stock shares (including any fractional shares for which cash was received) (1.43% of 15,150)	\$217
U.S. Bancorp common stock (98.57% X 15,150)	<u>14,933</u>
Total basis allocated	\$15,150

The information in this document does not constitute tax advice. It does not purport to be complete or to describe the consequences that apply to particular categories of shareholders (*e.g.*, it does not address shareholders who did not hold their shares of U.S. Bancorp common stock continuously from the record date until the distribution date or who sold shares of Piper Jaffray Companies common stock in the “when issued” trading market). Shareholders are encouraged to consult with their tax advisors for questions on their own specific tax position.