



DIVISION OF
CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549-4561

December 16, 2011

Laura F. Bednarski
U.S. Bancorp
laura.bednarski@usbank.com

Re: U.S. Bancorp
Incoming letter dated November 29, 2011

Dear Ms. Bednarski:

This is in response to your letter dated November 29, 2011 concerning the shareholder proposal submitted to U.S. Bancorp by the United Brotherhood of Carpenters Pension Fund. We also have received a letter from the proponent dated December 13, 2011. Copies of all of the correspondence on which this response is based will be made available on our website at <http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8.shtml>. For your reference, a brief discussion of the Division's informal procedures regarding shareholder proposals is also available at the same website address.

Sincerely,

Jonathan A. Ingram
Deputy Chief Counsel

Enclosure

cc: Edward Durkin
United Brotherhood of Carpenters and Joiners of America
edurkin@carpenters.org

December 16, 2011

Response of the Office of Chief Counsel
Division of Corporation Finance

Re: U.S. Bancorp
Incoming letter dated November 29, 2011

The proposal requests that the board audit review committee establish an “Audit Firm Rotation Policy” that requires that at least every seven years U.S. Bancorp’s firm rotate off the engagement for a minimum of three years.

There appears to be some basis for your view that U.S. Bancorp may exclude the proposal under rule 14a-8(i)(7), as relating to U.S. Bancorp’s ordinary business operations. In this regard, we note that the proposal relates to limiting the term of engagement of U.S. Bancorp’s independent auditors. Proposals concerning the selection of independent auditors, or more generally, management of the independent auditor’s engagement, are generally excludable under rule 14a-8(i)(7). Accordingly, we will not recommend enforcement action to the Commission if U.S. Bancorp omits the proposal from its proxy materials in reliance on rule 14a-8(i)(7).

Sincerely,

Carmen Moncada-Terry
Special Counsel

**DIVISION OF CORPORATION FINANCE
INFORMAL PROCEDURES REGARDING SHAREHOLDER PROPOSALS**

The Division of Corporation Finance believes that its responsibility with respect to matters arising under Rule 14a-8 [17 CFR 240.14a-8], as with other matters under the proxy rules, is to aid those who must comply with the rule by offering informal advice and suggestions and to determine, initially, whether or not it may be appropriate in a particular matter to recommend enforcement action to the Commission. In connection with a shareholder proposal under Rule 14a-8, the Division's staff considers the information furnished to it by the Company in support of its intention to exclude the proposals from the Company's proxy materials, as well as any information furnished by the proponent or the proponent's representative.

Although Rule 14a-8(k) does not require any communications from shareholders to the Commission's staff, the staff will always consider information concerning alleged violations of the statutes administered by the Commission, including argument as to whether or not activities proposed to be taken would be violative of the statute or rule involved. The receipt by the staff of such information, however, should not be construed as changing the staff's informal procedures and proxy review into a formal or adversary procedure.

It is important to note that the staff's and Commission's no-action responses to Rule 14a-8(j) submissions reflect only informal views. The determinations reached in these no-action letters do not and cannot adjudicate the merits of a company's position with respect to the proposal. Only a court such as a U.S. District Court can decide whether a company is obligated to include shareholder proposals in its proxy materials. Accordingly a discretionary determination not to recommend or take Commission enforcement action, does not preclude a proponent, or any shareholder of a company, from pursuing any rights he or she may have against the company in court, should the management omit the proposal from the company's proxy material.



UNITED BROTHERHOOD OF CARPENTERS AND JOINERS OF AMERICA

Douglas J. McCarron
General President

SENT VIA EMAIL to shareholderproposals@sec.gov

December 13, 2011

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, N.E.
Washington, D.C. 20549

RE: U.S. Bancorp November 29, 2011, Letter Requesting to Exclude United Brotherhood of Carpenters Pension Fund's Auditor Rotation Policy Proposal

Ladies and Gentlemen:

I write on behalf of the United Brotherhood of Carpenters Pension Fund ("Fund") in response to the request by U.S. Bancorp ("Company") to the Staff of the Division of Corporation Finance ("Staff") of the U.S. Securities and Exchange Commission ("Commission") seeking Staff concurrence with its view that it may properly exclude the Fund's auditor rotation policy shareholder proposal ("Proposal") from inclusion in its proxy materials to be distributed in connection with the U.S. Bancorp 2012 annual meeting of shareholders. We respectfully request that the Staff not concur with U.S. Bancorp's view that it may exclude the Proposal from its 2012 annual meeting proxy materials, as U.S. Bancorp has failed to meet its burden of persuasion to demonstrate that it may properly omit the Proposal. In accordance with Rule 14a-8(k) and Section E of the Staff Legal Bulletin No. 14D (November 7, 2008), a copy of this letter is being simultaneously sent to U.S. Bancorp and its counsel.

By letter dated Nov. 29, 2011, U.S. Bancorp requested that the Staff concur in its view that it may exclude the Proposal from its proxy materials. U.S. Bancorp seeks concurrence with its view that the Proposal can be excluded pursuant to Rule 14a-8(i)(7) because the Proposal "relates to the company's 'ordinary business.'" It is our view that U.S. Bancorp has failed to meet its burden of persuasion and should not be granted leave to exclude the Proposal from inclusion in its proxy materials for the 2012 annual meeting of shareholders.

I. The Auditor Rotation Policy Proposal

On Nov. 9, 2011, the Fund submitted a shareholder proposal to U.S. Bancorp pursuant to Rule 14a-8 (Proposals of Security Holders) that addresses the engagement of the registered public accounting firm retained to audit the Company's financial statements. Specifically, the Proposal seeks to provide for and protect auditor independence by requesting that the U.S. Bancorp Board of Directors Audit Committee adopt an Auditor Rotation Policy. The Proposal reads as follows:

Be it Resolved: That the shareholders of U.S. Bancorp ("Company") hereby request that the Company's Board Audit Review Committee establish an Audit Firm Rotation Policy that requires that at least every seven years the Company's audit firm rotate off the engagement for a minimum of three years.

The Proposal's supporting statement highlights the importance of auditor independence to the integrity of the public company financial reporting system that underpins U.S. and global capital markets. The Auditor Rotation Policy is proposed as an important reform designed to advance the independence, skepticism and objectivity auditors have toward their audit clients.

II. Auditor Engagement and Independence - Governance Responsibilities

In the wake of the global financial crisis, it is important that investors be able to rely on the accuracy of public company financial statements and the integrity of corporate accounting processes. Auditor independence is the bedrock on which the reliability of our economy's financial reporting system rests, making a corporation's engagement of a registered public accounting firm to perform audit services a critically important matter. In a financial reporting system in which significant financial relationships exist between accounting firms and their audit clients, it is important that legislators, regulators, investors, corporate boards and audit committees remain vigilant against challenges to auditor independence. The Public Company Accounting Oversight Board's ("PCAOB") recent concept release entitled "Auditor Independence and Audit Firm Rotation" ("Concept Release") outlines the challenges to auditor independence and defines the issue:

Independence is both a description of the relationship between auditor and client and the mindset with which the auditor must approach his or her work. The most general of the independence requirements in the auditing standards provides: '[i]n all matters relating to the assignment, an independence in mental attitude is to be maintained by the auditor or auditors.' One measure of this mindset is the auditor's ability to exercise 'professional skepticism,' which is described as 'an attitude that includes a questioning mind and a critical assessment of audit evidence.' PCAOB standards provide that '[i]n exercising professional skepticism, the auditor

should not be satisfied with less than persuasive evidence because of a belief that management is honest.¹

The goal of ensuring auditor independence in a system of for-profit accounting firms that are retained by audit clients has been a subject of federal legislation and related rulemakings. The Sarbanes-Oxley Act sought to foster and protect auditor independence by placing various limits and requirements on the auditor-client relationship, including limitations on the services that an accounting firm can provide an audit client and a lead engagement partner rotation requirement. Section 10A(m)(2) of the Exchange Act (Responsibilities relating to registered accounting firms), and Rule 10A-3(b)(2) thereunder, set new responsibilities for board audit committees. The Rule confirmed that the audit committee, in its capacity as a committee of the board of directors, was to be "directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged..." In establishing these new audit committee responsibilities, auditor independence was protected in large measure by removing management personnel from audit firm retention decision-making.²

New York Stock Exchange Listed Company Manual requirements³ and public company governance documents further establish the governance responsibilities of corporate boards and their audit committees to provide for auditor independence. NYSE listing standards require a listed company to have an audit committee that satisfies the requirements of Exchange Act Rule 10A-3, and the audit committee must have a written charter that addresses "(i) the committee's purpose – which, at a minimum, must be to: (A) assist board oversight of (1) the integrity of the listed company's financial statements, (2) the listed company's compliance with legal and regulatory requirements, (3) the independent auditor's qualifications and independence, and (4) the performance of the listed company's internal audit function and independent auditors."

In compliance with these statutory and regulatory requirements, public corporations, including U.S. Bancorp, have in place audit committees with charters that outline committee duties and responsibilities. The U.S. Bancorp Audit Committee Charter ("Charter") clearly states that the

- The purposes of the Audit Committee of U.S. Bancorp (the "Company") are to:
- A. Provide assistance to the Board of Directors in fulfilling its responsibility to the shareholders, potential shareholders and investment community with respect to its oversight of:
 - (i) The quality and integrity of the Company's financial statements, including matters relating to its internal controls;
 - (ii) The Company's compliance with legal and regulatory requirements;
 - (iii) The independent auditor's qualifications and independence; and

¹ PCAOB Concept Release on Auditor Independence and Audit Firm Rotation, PCAOB Release No. 2011-006, August 16, 2011.

² See: Instruction 1 to Rule 10A-3.

³ New York Stock Exchange Listed Company Manual, Section 303A.6 (Audit Committee).

(iv) The performance of the Company's internal audit function and independent auditors.⁴

The Charter also provides:

5. The Committee has the sole responsibility for the appointment, compensation, retention and oversight of the work of the Company's independent auditors, and the independent auditors will report directly to the Committee. The Committee will also review and approve the independent auditor's work plan on an annual basis.

....

7. Review, at least annually, the qualifications, performance and independence of the independent auditors and present its conclusions with respect to the independent auditor to the Board. . . .

The governance framework constructed for the oversight and protection of auditor independence establishes primary responsibility with a corporation's board of directors, while assigning direct audit firm retention and monitoring duties to the audit committee, as opposed to corporate management. Both the NYSE listing standards and the U.S. Bancorp Charter define the audit committee's purpose as one of assisting board of director oversight of auditor qualifications and independence.

III. The Ordinary Business Rule 14a-8(i)(7) Does Not Provide a Basis for Excluding the Auditor Rotation Proposal

U.S. Bancorp fails to meet its burden of persuasion to justify the omission of the Proposal under Rule 14a-8(i)(7). The Proposal neither addresses a subject matter, the selection and retention of a registered public accounting firm to audit company financial statements, that relates to certain tasks that are so "fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight," nor does the Proposal attempt to "micro-manage" the Company by "probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment." Additionally, we believe that the Auditor Rotation Proposal focuses on the subject of auditor independence, a significant public policy issue that is the subject of widespread public debate, and thus is not a subject matter that falls within the Rule 14a-8(i) (7) "ordinary business" exclusion.

In Exchange Act Release No. 34-40018 (May 21, 1998) ("1998 Release"), the Commission summarized the principal considerations in the Staff's application of the "ordinary business" exclusion:

⁴ See: The U.S. Bancorp Company website: <http://www.usbank.com>.

The general underlying policy of this exclusion is consistent with the policy of most state corporate laws: to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting.

The 1998 Release further outlined “two central considerations” upon which the policy underlying the ordinary business exclusion rests. The first central consideration relates to the subject matter of a proposal and holds that certain tasks are “so fundamental to management’s ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight.” The second central consideration relates to the degree to which a proposal seeks to “micro-manage” a company by probing too deeply into “matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.”

Rule 14a-8(i)(7) First Central Consideration: Proposal Subject Matter

U.S. Bancorp can satisfy its burden of persuasion under Rule 14a-8(i)(7) by demonstrating that the subject matter of the Proposal involves a task so fundamental to management’s ability to run a company on a day-to-day basis that it cannot, as a practical matter, be subject to direct shareholder oversight. To support its position in this regard, U.S. Bancorp relies on no-action precedent and states that “[t]he Proposal seeks to impermissibly constrain the Audit Committee’s discretion with respect to the Committee’s mandated responsibilities under Rule 10A-3 and Section 303A.06 of the NYSE Listed Company Manual by requiring the termination of its current independent auditor and the engagement of a new independent auditor after a maximum period of seven years.” We believe that the precedent allowing exclusion of auditor rotation shareholder proposals has been based on an incorrect reading and, thus, misapplication of the Exchange Act as amended by Sarbanes-Oxley; specifically, as it relates to the respective roles of the board of directors, audit committees and shareholders in protecting the integrity of the audit process. We submit that applying an appropriate analysis of the ordinary business exclusion, as defined by the 1998 Release, will yield a denial of the Company’s request for leave to exclude the Proposal under Rule 14a-8(i)(7).

Section 10A(m)(2) of the Exchange Act provides that the audit committee “in its capacity as a committee of the board of directors, shall be directly responsible for the appointment, compensation, and oversight of the work of any registered public accounting firm employed by that issuer (including resolution of disagreements between management and the auditor regarding financial reporting)” Instruction 1 to Rule 10A-3, which was issued pursuant to section 10A(m) of the Exchange Act, provides in pertinent part:

The requirements in paragraphs (b)(2) through (b)(5) . . . do not conflict with, and do not affect the application of, any requirement or ability under a listed issuer’s governing law or documents . . . that requires or permits shareholders to ultimately vote on, approve or ratify such requirements. The requirements instead relate to the assignment of responsibility as between the audit committee and management.

Note the status of the audit committee "as a committee of the board" and that the audit committee is "directly," not "solely," responsible for appointing, compensating, and overseeing the auditor. Most significantly, note the specific instruction that these requirements do not conflict with certain defined shareholder rights, but "instead relate to the assignment of responsibility as between the audit committee and management."

In Release Nos. 33-8220 and 34-47654, "Standards Relating to Listed Company Audit Committees," (April 25, 2003), the Commission provided an overview of the new rules promulgated pursuant to Sarbanes-Oxley:

Effective oversight of the financial reporting process is fundamental to preserving the integrity of our markets. The board of directors, elected by and accountable to shareholders, is the focal point of the corporate governance system. The audit committee, composed of members of the board of directors, plays a critical role in providing oversight over and serving as a check and balance on a company's financial reporting system. . . . It provides a forum separate from management in which auditors and other interested parties can candidly discuss concerns. . . .

The Commission then discussed the history of concerns related to audit committee independence:

As early as 1940, the Commission encouraged the use of audit committees composed of independent directors... An audit committee comprised of independent directors is better situated to assess objectively the quality of the issuer's financial disclosure and the adequacy of internal controls than a committee that is affiliated with management. Management may face pressures for short-term performance and corresponding pressures to satisfy market expectations. These pressures could be exacerbated by the use of compensation or other incentives focused on short-term stock appreciation, which can promote self-interest rather than the promotion of long-term shareholder interest. An independent audit committee with adequate resources helps to overcome this problem and to align corporate interests with those of shareholders.

The Commission explained the importance of limiting management's role in regard to a company's outside auditors:

The auditing process may be compromised when a company's outside auditors view their main responsibility as serving the company's management rather than its full board of directors or its audit committee. This may occur if the auditor views management as its employer with hiring, firing and compensatory powers. Under these conditions, the auditor may not have the appropriate incentive to raise concerns and conduct an objective review. . . . One way to help promote auditor independence, then, is for the auditor to be hired, evaluated and, if necessary, terminated by the audit committee. This would help to align the auditor's interests with those of shareholders.

Finally, the Commission clarified the new rule's interaction with other requirements, stating:

We proposed adding an instruction to the rule to clarify that the requirements regarding auditor responsibility do not conflict with, and are not affected by, any requirement under an issuer's governing law or documents. . . . The requirements instead relate to the assignment of responsibility to oversee the auditor's work as between the audit committee and management. . . .

Viewed in this context, the company's argument that the delegation of authority to the Audit Committee to select and retain the independent audit firm justifies exclusion of the Proposal must fail. As the references above confirm, Congress and the Commission intended to enhance auditor independence by granting direct responsibility over the independent auditors to the Audit Committee and to severely restrict management influence. Further, it explicitly referenced its desire not to interfere with shareholders' rights.

We believe a review of the first central consideration behind the ordinary business exclusion supports our argument that U.S. Bancorp has failed to meet its burden of persuasion. U.S. Bancorp's argument relies entirely on the precedent and the grant of selection and retention authority over the independent auditors to the Audit Committee. In order to justify its request for no-action relief under Rule 14a-8(i)(7)'s first central consideration, U.S. Bancorp must prove that the subject matter of the Proposal relates to certain tasks that are so "fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight." First, note the nature of shareholder proposals that the Staff stated could properly be excluded under Rule 14a-8(i)(7). Examples cited in the 1998 Release include "the management of the workforce, such as the hiring, promotion, and termination of employees, decisions on production quality and quantity, and the retention of suppliers." These types of proposals involve routine, mundane business matters, fundamentally different from the subject matter of the Proposal.

As defined by U.S. Bancorp, the subject matter of the Proposal is the selection of the independent auditor. For U.S. Bancorp, the inquiry would end here. To prevail, U.S. Bancorp must demonstrate that the Proposal relates to certain tasks that are fundamental to management's ability to run a company on a day-to-day basis. The only task that the Proposal invokes is limiting the independent auditor's tenure to seven years, hardly a daily task and certainly not one fundamental to management's ability to run the Company

The next element U.S. Bancorp must satisfy is proving that the subject matter of the Proposal could not, as a practical matter, be subject to direct shareholder oversight. U.S. Bancorp makes no argument that it would be impractical for shareholders to provide oversight on the issue of whether to adopt an auditor rotation policy. As noted above, U.S. Bancorp does argue that the Proposal intrudes on the responsibilities of the Audit Committee, but that does not relate to its practicality. In addition, the Proposal does not

seek direct shareholder oversight. It requests a policy to be implemented by the Board and its Audit Committee.

In conclusion, none of the concerns behind the first central consideration of the ordinary business exclusion are raised by the Proposal. The subject matter consideration was designed to exclude shareholder proposals that raise issues that are fundamental to management's ability to run a company on a day-to-day basis; e.g., routine operational issues relating to product quality or retention of suppliers. U.S. Bancorp does not attempt to argue that the Proposal's requested policy that the auditor be rotated off the engagement after seven years is such a routine operational issue. Nor could it successfully make such an argument. Rule 14a-8(i)(7) was intended to keep shareholders from meddling in day-to-day business decisions fundamental to management's ability to run the company, not voicing their opinions on important policy issues.

Rule 14a-8(i)(7) Second Central Consideration: Micro-management of a Company

The second consideration under the Rule 14a-8(i)(7) exclusion relates to the degree to which a proposal seeks to "micro-manage" a company "by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment."⁵ The Proposal, if implemented, would neither involve the management of the audit firm engagement nor the direct selection of the audit firm, two tasks clearly within the capabilities and responsibilities of the Audit Committee. Rather, the Proposal advances a straightforward audit firm rotation policy designed to promote auditor independence. In practical terms, an auditor rotation policy prospectively implemented would simply entail a periodic limitation on the continued retention of an incumbent audit firm. Such a policy and practice would not interfere with either the management of the regular audit firm selection process or the management of the ongoing audit firm engagement.

Shareholders who rely on the accuracy of audited financial statements would certainly be capable of formulating an informed voting position on the merits of the Proposal. Further, it should be noted that it is the practice of the U.S. Bancorp Board of Directors and Audit Committee to bring the issue of auditor ratification to shareholders for an annual vote. The vote presented by the Board and Audit Committee is to ratify the annual selection of the registered public accounting firm that will audit U.S. Bancorp's financial statements and internal controls of financial reporting. The vote ratifying the annual selection of the registered public accounting firm given the multitude of factors involved in that decision is arguably far more complex than the Proposal's auditor rotation policy. Presented with an opportunity to vote on the Proposal, shareholders would certainly be able to formulate "an informed judgment" after consideration of Company and proponent arguments on the issue.

We believe that we have demonstrated that the Company has failed to satisfy its burden of persuasion under the central considerations of the Rule 14a-8(i)(7) analysis.

⁵ Exchange Act Release No. 12999 (Nov. 22, 1976).

Significant Policy Issue Exception to Rule 14a-8(i)(7)

We believe that the Proposal directly relates to a significant policy issue, auditor independence, that is the subject of widespread public debate and therefore should not be excludable under the ordinary business rule. While longstanding, the public and professional debate on the means of enhancing auditor independence is clearly intensifying. In the wake of a severe credit market collapse that saw the unrestrained use of complex, high risk, and poor quality financial products, enhancing auditor independence and investor confidence in the quality of financial reporting is of paramount importance. In this context, auditor rotation continues to be an important topic of widespread public debate centered on auditor independence and the protection of the capital markets.⁶

In determining whether to allow the exclusion of a shareholder proposal as a matter of "ordinary business," the Staff considers whether the proposal "has emerged as a consistent topic of widespread public debate such that it would be a significant policy issue." *AT&T Inc.* (Feb. 2, 2011). In *The Walt Disney Company* (Dec. 18, 2001) the Staff was faced with a proposal relating to the same subject matter as that presented by the Proposal; that is, auditor independence. In *Disney*, the proposal sought to enhance auditor independence by requesting that the board of directors adopt a policy that the company's independent auditors only be allowed to provide audit services to the company and not any other type. The company sought to omit the proposal pursuant to Rule 14a-8(i)(7) on the ground that it related to its ordinary business operations; specifically, that it encroached upon the Board and Audit Committee's discretion to engage its independent auditors. Disney argued:

[W]e believe the Commission has recognized the appropriateness of leaving basic responsibility for the maintenance of auditor independence, within the limits adopted in the Commission's rules, to each registrant's board of directors and audit committee.

This conclusion is consistent with the conclusions reached by the Staff in numerous no-action requests over an extended period of time, concurring in the view that stockholder proposals relating to the selection of a company's independent accountants, including criteria used in their engagement, may be omitted from proxy statements because they are matters relating to the conduct of a company's ordinary business operations. For example, a stockholder proposal submitted to Pacific Gas and Electric Company, which would have required that the company select a new accounting firm every three years, was permitted to be excluded because the proposal dealt with a

⁶ Auditor independence and audit firm rotation were important aspects of the Congressional debate that produced The Sarbanes-Oxley Act in response to dramatic examples of corporate accounting fraud. Title II of the Act (Auditor Independence) included various disclosure and practice requirements designed to protect investor interests through the protection of auditor independence, with Section 207 ("Study of Mandatory Rotation of Registered Public Accounting Firms") of Title II requiring a GAO study of the auditor rotation issue.⁶

matter related to "the method and criteria used to determine the independent auditors selected." See *Pacific Gas and Electric Company* (available January 26, 1993). The Staff reached the same conclusion in *Southern New England Telecommunications Company* (available February 11, 1991), relating to a proposal to limit the service of an independent auditing firm to four consecutive years and not more than six years in any ten consecutive years, and *Transamerica Corporation* (available March 8, 1996) (allowing exclusion from proxy statement of proposal requiring the company to select a new auditing firm every four years). . . ; *Consumers Power Company* (available January 3, 1986) (proposal to require rotation of independent auditors at least every five years and implementation of a competitive process to select auditors). . . All of these no-action letters appropriately recognize that the selection of auditors is appropriately a function of the conduct of a company's ordinary business operations.

The proponent in *Disney* rebutted the company's argument in words that we believe apply equally to the instant case. The proponent argued:

The Company seeks to omit the proposal pursuant to Rule 14a-8(j)(7) (*sic*) on the ground that it relates to the ordinary business operations of the Company.

The Fund respectfully submits that the Company has confused the ordinary business of "selecting" auditors (see the numerous rulings cited by the Company on pages 3-4 of its letter) with the broad policy sought in the proposal to ensure that whoever the Company selects to be its independent accountant is truly "independent" by removing the potential for conflicts of interest that is created if the accountant renders "other" services to the Company in addition to its audit service.

To put it plainly, the Fund's proposal does not seek, nor does it care, who the Company selects to be its Independent accountant. All that the Fund's proposal seeks is protection that the independent accountant's objectivity is not compromised by receiving payment for other services to the Company.

In *Disney* the Staff recognized the validity of the proponent's argument, holding:

We are unable to concur in your view that Disney may exclude the proposal under rule 14a-8(i)(7). That provision permits the omission of a proposal that deals with a matter relating to the ordinary business operations of a registrant. In view of the widespread public debate concerning the impact of non-audit services on auditor independence and the increasing recognition that this issue raises significant policy issues, we do not believe that Disney may omit the proposal from its proxy materials in reliance on rule 14a-8(i)(7).

This same logic supports inclusion of the Proposal. The proposal in *Disney* sought to enhance auditor independence by limiting the provision of non-audit services; the Proposal in the instant case seeks to enhance auditor independence by limiting the independent auditors to seven-year terms. Note that in its request for no-action relief Disney equated the proposal to allow auditors to only provide audit services with numerous auditor rotation proposals.

In the proxy season following the *Disney* decision, the Staff was faced with another shareholder proposal that was claimed to be a matter of ordinary business but in fact represented an issue of substantial importance. In *National Semiconductor Corporation* (avail. Dec. 6, 2002), the Staff held that stock option expensing could no longer be excluded on ordinary business grounds. Option expensing had been a topic of debate by the Financial Accounting Standards Board and in Congress a decade earlier, yet the Staff reconsidered its position in light of the renewed widespread public debate on the matter and executive compensation generally. The Staff determined that rather than being a matter of choice of an accounting standard, the stock option expensing proposal related to the significant policy issue of executive compensation. Similarly, the auditor rotation issue that has been vigorously debated for nearly a decade including in the Sarbanes-Oxley Act deliberations, and which has been repeatedly omitted as a shareholder proposal on ordinary business grounds, should now be viewed as a matter related to the significant policy issue of auditor independence.

The subject of auditor independence and auditor rotation is a paramount concern of shareholders and the investor community generally. In both the U.S. and internationally, the issue is being considered with increasing urgency. In its recent Concept Release, the Public Company Accounting Oversight Board (PCAOB) solicited public comment on ways that auditor independence, objectivity and professional skepticism can be enhanced, including through mandatory rotation of audit firms. On the occasion of the publication of the Concept Release, PCAOB Chairman James R. Doty stated:

'One cannot talk about audit quality without discussing independence, skepticism and objectivity. Any serious discussion of these qualities must take into account the fundamental conflict of the audit client paying the auditor...'

'The reason to consider auditor term limits is that they may reduce the pressure auditors face to develop and protect long-term client relationships to the detriment of investors and our capital markets.'

The PCAOB Standing Advisory Group held meetings on Nov. 9 and 10, 2011. On the November 9th meeting agenda was the topic "Auditor Independence and Audit Firm

⁷ PCAOB New Release, PCAOB Issues Concept Release on Auditor Independence and Audit Firm Rotation, http://pcaobus.org/News/Releases/Pages/08162011_OpenBoardMeeting.aspx, Washington, D.C., Aug. 16, 2011

Rotation.” The session provided an opportunity for PCAOB members and staff, and Advisory Group members, representing investors, large and small audit firms, and the preparer community, to discuss and debate the merits of audit firm rotation. The comments of Advisory Group members representing different perspectives on the issue highlight that the enhancement of auditor independence by means of audit firm rotation is a significant public policy issue that is the subject of widespread debate.⁸

Further, it should be noted that as of this date, the PCAOB’s Concept Release on “Auditor Independence and Audit Firm Rotation” has stimulated a strong response from a diverse group of commentators representing corporate audit committees, investors, public accounting firms of all sizes, and academicians. The high level of responsive comments to the Concept Release (the comment period does not end until December 14, 2011) reflects the intensifying debate over audit firm rotation as a means of enhancing auditor independence.⁹

Just days ago the European Commission announced proposed legislation for the European Union countries that included a proposed mandatory audit firm rotation every six years. An article entitled “EU Proposes Overhaul to Audit Rules,” *Wall Street Journal online* (Dec. 1, 2011) describing the European Union’s proposed major reforms of audit firms, including mandatory auditor rotation, noted:

The European Union wants to ban audit firms from offering most non-auditing services to their clients and to require that large companies rotate their auditors.

The changes, proposed Wednesday, are intended to end cozy relationships between auditors and their clients and boost competition in a market now dominated by four major firms. If adopted, they would be among the toughest in the world.

The European Commission, the EU’s executive arm, said it is responding to criticisms of the industry, including concerns that the other business the firms do for audit clients gives them incentives to go easy on audits so they don’t lose revenue by harming the overall relationship. That business model led them to ignore mounting risks at banks and other firms before the global financial crisis exploded in 2008, critics say.

Also, the dominance of the so-called Big Four—KPMG, Ernst & Young, PricewaterhouseCoopers and Deloitte LLP—allows them to become

⁸ See PCAOB website at http://pcaobus.org/News/Events/Pages/11092011_SAGMeeting.aspx to access the discussion of auditor rotation.

⁹ See PCAOB website at <http://pcaobus.org/Rules/Rulemaking/Pages/Docket037Comments.aspx> for comment letters received by the PCAOB.

entrenched with clients after years of work, threatening their 'professional skepticism,' the commission said.

....

'Investor confidence in audit has been shaken by the crisis and I believe changes in this sector are necessary: We need to restore confidence in the financial statements of companies,' Michel Barnier, the EU's commissioner for financial regulation, said in a statement.

The U.S. is also considering audit-industry reform, though its proposals are neither as sweeping nor as far along as the EU proposals. The Public Company Accounting Oversight Board, the U.S. auditing regulator, is exploring the idea of mandatory audit-firm rotation. The board plans to hold a public roundtable on the issue in March and then decide what to do next.

....

The EU's proposed rules would apply mainly to audits of large, publicly traded firms— "public interest entities" in EU jargon. Auditors would be forbidden from offering a range of financial services to the firms they audit, including bookkeeping, accounting, tax advice and legal services.

The rules also would require those companies to change their auditors every six years, or after nine years if two audit firms are used. . . .

PCAOB Chairman James Doty applauded the European Union developments and Mr. Barnier's work saying the new proposals constitute "an essential reexamination in Europe of the audit and its role in investor protection."

In a recent article entitled "Accounting Board Criticizes Deloitte's Auditing System," *New York Times* (Oct. 17, 2011) Floyd Norris wrote:

In an unprecedented rebuke to a major accounting firm, the group that oversees the industry released a report criticizing Deloitte & Touche, saying that it lacked an adequate system of quality control in its audits.

In a report released Monday, the Public Company Accounting Oversight Board chastised a Deloitte culture that it said placed too much faith in officials of the companies being audited.

....

Until now, the accounting oversight board, which was created by the Sarbanes-Oxley law in 2002 in the wake of failures at Enron and WorldCom, had never released such a report on a major firm.

....

Board officials have been increasingly critical recently of the failure of the major firms to improve. 'Our inspectors have conducted annual inspections of the largest U.S. audit firms for eight years,' James R. Doty, the board's chairman, said in a speech this month. 'They have reviewed more than 2,800

engagements of such firms and discovered and analyzed hundreds of cases involving what they determined to be audit failures.' He said the firms had made efforts to improve, but that each year more failures were found.

'I am left,' he said, 'with the inescapable question whether the root of the problem is auditor skepticism, coming to ground in the bedrock of independence. The loss of independence destroys skepticism.'

That in the U.S. the entity created by Sarbanes-Oxley to oversee public company auditing is soliciting views on auditor rotation and that the European Union has proposed mandatory auditor rotation evidences the fact that the Proposal raises a significant policy issue. It certainly is not "ordinary business." In addition to the PCAOB Concept Release and the European Union action evidencing the widespread public debate over the topic, there are numerous recent articles concerning auditor independence and auditor rotation. One article, "Analysis: Decades-Old Auditor Ties Under Scrutiny in U.S.," *Reuters* (Aug. 3, 2011) noted:

Goldman Sachs has stuck with the same auditing firm since 1926, Coca Cola since 1921, General Electric since 1909 and Procter & Gamble since 1890. That's going back 95, 90, 102 and 121 years.

Each has relied on a different one of what are known today as the Big Four accounting firms. And now some U.S. accounting reformers are thinking that perhaps enough is enough: the time has come to rotate auditing firms.

Quashed a decade ago during congressional audit reform debates, the hot-button topic of auditor rotation is back, setting up a potential clash between reformers and the firms themselves.

An article in the *Wall Street Journal* on Oct. 19, 2011 entitled "Keeping Auditors on Their Toes: Ex-SEC Chief Levitt Urges Term Limits for Firms Scrutinizing Corporate Finances" stated:

To the chagrin of many corporate-finance chiefs, regulators on both sides of the Atlantic are considering a rule requiring public companies to switch their auditing firms every several years, in an attempt to keep the often decades-long relationships from growing too chummy.

Arthur Levitt, who headed the Securities and Exchange Commission from 1993 to 2001, is a vocal advocate of the idea.

Numerous articles in the U.S. and international press have covered the PCAOB initiatives and the European Commission's Green Paper on audit policy¹⁰ actions as investors, legislators, and regulators search for ways to enhance auditor independence. In an article

¹⁰ European Commission, Green Paper "Audit Policy: Lessons from the Crisis," (October 13, 2010).

entitled "Auditor term limits back in spotlight," in the Canadian accounting journal *The Bottom Line* (October 2011), Lynn Turner, a member of the PCAOB's standing advisory group and a former chief accountant of the Securities and Exchange Commission, stated that "given the regulation around the globe and the role the auditing profession played in the sub-prime economic crisis, and given the disturbing instances of auditor behaviour that members of the PCAOB has publicly cited, this is a wonderful time to re-examine the issue of auditor independence and rotation. It would seem that the PCAOB would be ignoring its mandate if it didn't."

The longstanding and widespread public debate on the issue of auditor rotation as a means of enhancing auditor independence continues to intensify. Very powerful participants, including accounting firms and regulatory bodies are engaged. The Fund's Auditor Rotation Proposal seeks to afford shareholders at U.S. Bancorp an opportunity to express their views on this important issue.

Conclusion

We respectfully submit that U.S. Bancorp has failed to meet its burden of persuasion with respect to its Rule 14a-8(i)(7) argument in support of its request for Staff concurrence with its view that it may omit the Fund's Auditor Rotation Proposal from its 2012 proxy materials.

Please direct correspondence related to this matter to the undersigned at edurkin@carpenters.org.

Sincerely,



Edward J. Durkin

Cc: Laura F. Bednarski
Lee R. Mitau

U.S. Bancorp
800 Nicollet Mall
BC-MN-H210
Minneapolis, MN 55402

Laura F. Bednarski
Direct: (612) 303-7815
Fax: (612) 303-7881

November 29, 2011

Office of Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

VIA EMAIL
shareholderproposals@sec.gov

Re: U.S. Bancorp
Shareholder Proposal of United Brotherhood of Carpenters Pension Fund
Securities Exchange Act of 1934 - Rule 14a-8

Ladies and Gentlemen:

This letter is to inform you that U.S. Bancorp, a Delaware corporation (the "Company"), intends to omit from its proxy statement and form of proxy for its 2012 Annual Meeting of Shareholders (collectively, the "2012 Proxy Materials") a shareholder proposal (the "Proposal") and statements in support thereof received from the United Brotherhood of Carpenters Pension Fund (the "Proponent").

Pursuant to Rule 14a-8(j), we have:

- filed this letter with the Securities and Exchange Commission (the "Commission") no later than eighty (80) calendar days before the Company intends to file its definitive 2012 Proxy Materials with the Commission; and
- concurrently sent copies of this correspondence to the Proponent.

Rule 14a-8(k) and Staff Legal Bulletin No. 14D (Nov. 7, 2008) ("SLB 14D") provide that shareholder proponents are required to send companies a copy of any correspondence that the proponents elect to submit to the Commission or the staff of the Division of Corporation Finance (the "Staff"). Accordingly, we are taking this opportunity to inform the Proponent that if the Proponent elects to submit additional correspondence to the Commission or the Staff with respect to this Proposal, a copy of that correspondence should be furnished concurrently to the undersigned on behalf of the Company pursuant to Rule 14a-8(k) and SLB 14D.

THE PROPOSAL

The Proposal states:

“Be it Resolved: That the shareholders of U.S. Bancorp (“Company”) hereby request that the Company’s Board Audit Review Committee establish an Auditor Firm Rotation Policy that requires that at least every seven years the Company’s audit firm rotate off the engagement for a minimum of three years.”

A copy of the Proposal, as well as related correspondence from the Proponent, is attached to this letter as Exhibit A.

BASIS FOR EXCLUSION

We hereby respectfully request that the Staff concur in our view that the Proposal may be excluded from the 2012 Proxy Materials pursuant to Rule 14a-8(i)(7) because the Proposal deals with matters related to the Company’s ordinary business operations.

ANALYSIS

The Proposal May Be Excluded Under Rule 14a-8(i)(7) Because It Pertains To Matters Relating To The Company's Ordinary Business Operations.

Rule 14a-8(i)(7) permits a company to omit from its proxy materials a shareholder proposal that relates to the company’s “ordinary business” operations. According to the Commission’s release accompanying the 1998 amendments to Rule 14a-8, the term “ordinary business” refers to matters that are not necessarily “ordinary” in the common meaning of the word, but instead the term “is rooted in the corporate law concept providing management with flexibility in directing certain core matters involving the company’s business and operations.” Exchange Act Release No. 40018 (May 21, 1998) (the “1998 Release”). In the 1998 Release, the Commission stated that the underlying policy of the ordinary business exclusion is “to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting,” and identified two central considerations that underlie this policy. The first was that “[c]ertain tasks are so fundamental to management’s ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight.” The second consideration related to “the degree to which the proposal seeks to ‘micro-manage’ the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.” *Id.* (citing Exchange Act Release No. 12999 (Nov. 22, 1976)).

The Staff consistently has viewed shareholder proposals concerning the selection and engagement of the independent auditor as relating to a company's ordinary business matters and excludable under Rule 14a-8(i)(7). For example, in *Rite-Aid Corp.* (avail. Mar. 31, 2006), the Staff concurred that the company could exclude a proposal requesting that the board initiate processes to amend the company's corporate governance documents to require that the board present the appointment of the independent auditor for shareholder ratification or rejection at annual meetings. The Staff noted that the proposal implicated the company's ordinary business operations ("i.e., the method of selecting independent auditors"). See also *The Charles Schwab Corp.* (avail. Feb. 23, 2005) (proposal requesting that the board adopt a policy that the company's independent auditor be submitted for shareholder ratification was excludable as relating to ordinary business operations ("i.e., the method of selecting independent auditors")); *Xcel Energy Inc.* (avail. Feb. 23, 2005) (same); *Xcel Energy Inc.* (avail. Jan. 28, 2004) (same).

Moreover, in a long series of precedent, the Staff has concurred in the exclusion of shareholder proposals that seek to require the rotation of or to limit the term of engagement of a company's independent auditor because such proposals relate to the companies' ordinary business operations. Most recently, in *Hewlett-Packard Co.* (avail. Nov. 18, 2011) and *Deere & Co.* (avail. Nov. 18, 2011), the Staff concurred that the company could exclude a shareholder proposal requesting that the company's board of directors and audit committee establish a policy requiring that at least every seven years the company's audit firm rotate off the engagement for a minimum of three years, because "[p]roposals concerning the selection of independent auditors or, more generally, management of the independent auditor's engagement, are generally excludable under rule 14a-8(i)(7)." See also *JPMorgan Chase & Co.* (avail. March 5, 2010) (proposal requesting that the company's board of directors limit the engagement of the company's independent auditors to five years); *Masco Corp.* (avail. Jan. 13, 2010) (same); *Masco Corp.* (avail. Nov. 14, 2008) (same); *Masco Corp.* (avail. Feb. 26, 2008) (same); *El Paso Corp.* (avail. Feb. 23, 2005) (proposal requesting that the company adopt a policy of hiring a new independent auditor at least every ten years could be excluded as relating to the company's ordinary business operations); *Kimberly-Clark Corp.* (avail. Dec. 21, 2004) (proposal requesting that the board take the necessary steps to ensure that the company will rotate its auditing firm every five years could be excluded as relating to the company's ordinary business operations); *Kohl's Corp.* (avail. Jan. 27, 2004) (proposal requesting that the board adopt a policy that the company select a new independent auditor at least every ten years could be excluded as relating to the company's ordinary business operations); *The Allstate Corp.* (avail. Feb. 5, 2003) (proposal requesting that the board initiate processes to amend the company's governance documents to provide for the engagement of a new independent auditor every four years could be excluded as relating to the company's ordinary business operations); *Bank of America Corp.* (avail. Jan. 2, 2003) (same); *WGL Holdings, Inc.* (avail. Dec. 6, 2002) (proposal requesting that the board adopt a policy to select a new independent auditor at least every five years could be excluded as relating to the company's ordinary business operations); *Transamerica Corp.* (avail.

Mar. 8, 1996) (proposal requesting the rotation of the independent auditor every four years could be excluded as relating to the company's ordinary business operations); *Mobil Corp.* (avail. Jan. 3, 1986) (proposal requiring the rotation of the independent auditor at least every five years could be excluded as relating to the company's ordinary business operations).

The selection, retention and termination of the Company's independent auditor are the responsibilities of the Company's Audit Committee and are not appropriate matters for shareholder oversight. Under Exchange Act Rule 10A-3(b)(2), the audit committee "must be directly responsible for the appointment, compensation, retention and oversight" of the independent auditor. Section 303A.06 of the New York Stock Exchange (the "NYSE") Listed Company Manual requires that the audit committees of its listed companies satisfy the requirements of Rule 10A-3. Consistent with these requirements, the Company's Audit Committee's charter states that the Audit Committee "has the sole responsibility for the appointment, compensation, retention and oversight of the work of the Company's independent auditors." The Proposal seeks to impermissibly constrain the Audit Committee's discretion with respect to the Committee's mandated responsibilities under Rule 10A-3 and Section 303A.06 of the NYSE Listed Company Manual by requiring the termination of its current independent auditor and the engagement of a new independent auditor after a maximum period of seven years.

In addition, the decision to retain a particular auditing firm as the Company's independent auditor requires the consideration of many factors that shareholders would not be able to adequately assess on behalf of the Company. For example, some of the factors influencing the suitability and availability of independent auditing firms include: the reputation and integrity of the firms; the capabilities of such firms to competently audit the Company (considering its geographic and operational scope); the quality of the engagement teams proposed to staff the Company's audit; the firms' expertise in the various jurisdictions' accounting, auditing and regulatory standards applicable to the Company; the firms' knowledge of the Company's industry; the firms' relationships with the Company's competitors; the firms' relationships with the Company that could impair independence; and the performance of the current independent auditor in past audits of the Company. In addition, the Audit Committee is best positioned to evaluate other potential costs and benefits of selecting a new independent auditor, such as the costs associated with familiarizing a new firm with the Company and its financial reporting and internal control systems. Without regard to such considerations, the policy requested by the Proposal would require the Company to engage a new independent auditor at least every seven years, even if the Audit Committee determines that a change in the independent auditor would not be in the Company's best interests.

By requesting that the Audit Committee establish a policy requiring that "at least every seven years the Company's audit firm rotate off the engagement for a minimum of three years,"

regardless of any reasons the Audit Committee may have to retain a particular auditor for longer than seven years or to re-engage an auditor after a period of less than three years, the Proposal implicates the type of fundamental and complex matters that are inappropriate for shareholder proposals. Furthermore, as discussed above, the Staff consistently has concurred that shareholder proposals addressing the mandatory rotation of the independent auditor may be excluded from a company's proxy materials as ordinary business.

In addition, we are aware that the Public Company Accounting Oversight Board (the "PCAOB") recently released a concept release seeking comment on whether the PCAOB should impose mandatory audit firm rotation¹ and that the European Commission recently adopted a green paper on audit policy which noted that mandatory rotation of audit firms should be considered.² However, these actions do not demonstrate that audit firm rotation has "emerged as a consistent topic of widespread public debate such that it would be a significant policy issue for purposes of rule 14a-8(i)(7)," *AT&T Inc.* (avail. Feb. 2, 2011, *recon. denied* Mar. 4, 2011) (concurring with the exclusion of a shareholder proposal regarding net neutrality as relating to the company's ordinary business operations even while noting that the topic appeared to be an important business matter for the company and had recently attracted increasing levels of public attention). Rather, the topic of mandatory audit firm rotation has long been a subject of consideration by the Commission, legislators and others, including throughout such times during which the Staff has concurred in the exclusion of the mandatory audit firm rotation shareholder proposals cited above.³ Thus, the issuance of the PCAOB concept release and the European Commission green paper are not sufficient to elevate the topic of mandatory audit firm rotation to the level of "a consistent topic of widespread public debate" such that it should be considered a significant policy issue. Accordingly, the Company believes that, like the proposals describe above, the Proposal may be excluded from the 2012 Proxy Materials under Rule 14a-8(i)(7).

¹ See Concept Release on Auditor Independence and Audit Firm Rotation; Notice of Roundtable, PCAOB Release No. 2011-006 (Aug. 16, 2011).

² See Green Paper, Audit Policy: Lessons from the Crisis, European Commission COM (2010) 561 (Oct. 13, 2010).

³ See, e.g., U.S. SECURITIES AND EXCHANGE COMMISSION, OFFICE OF THE CHIEF ACCOUNTANT, STAFF REPORT ON AUDITOR INDEPENDENCE (1994); STAFF OF SUBCOMM. ON REPORTS, ACCOUNTING AND MANAGEMENT OF THE S. COMM. ON GOVERNMENT OPERATIONS, 95th CONG., THE ACCOUNTING ESTABLISHMENT 21 (Comm. Print 1997); *Accounting Reform and Investor Protection Issues Raised by Enron and Other Companies: Hearings Before the S. Comm. on Banking, Housing and Urban Affairs*, 107th Cong. 15, 17, 24, 51, 52, 65, 76, 84, 220, 249, 347-48, 821, 990, 1079, 1122 (2002); U.S. GENERAL ACCOUNTING OFFICE, PUBLIC ACCOUNTING FIRMS: REQUIRED STUDY ON THE POTENTIAL EFFECTS OF MANDATORY AUDIT FIRM ROTATION 5-9 (2003).

Office of Chief Counsel
Division of Corporation Finance
November 29, 2011
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CONCLUSION

Based upon the foregoing analysis, we respectfully request that the Staff concur that it will take no action if the Company excludes the Proposal from its 2012 Proxy Materials. Should the Staff disagree with this conclusion, we would appreciate the opportunity to confer with the Staff prior to the issuance of the Staff's response.

By copy of this letter, the Company is notifying the Proponent of the Company's intention to omit the Proposal from its 2012 Proxy Materials.

If we can be of any further assistance in this matter or provide you with any additional information, please do not hesitate to call me at (612) 303-7815.

Thank you for your consideration.

Sincerely,



Laura F. Bednarski
Senior Vice President
Associate General Counsel
Assistant Corporate Secretary

LFB/rb
Enclosures

cc: Lee R. Mitau, U.S. Bancorp
Edward J. Durkin, United Brotherhood of Carpenters Pension Fund (VIA FACSIMILE
AND OVERNIGHT DELIVERY)

EXHIBIT A



UNITED BROTHERHOOD OF CARPENTERS AND JOINERS OF AMERICA

Douglas J. McCarron

General President

[SENT VIA MAIL AND FACSIMILE 612-303-0782]

November 9, 2011

Lee R. Mitau
Secretary
U.S. Bancorp
BC-MN-H23I
800 Nicollet Mall
Minneapolis, Minnesota 55402

Dear Mr. Mitau:

On behalf of the United Brotherhood of Carpenters Pension Fund ("Fund"), I hereby submit the enclosed shareholder proposal ("Proposal") for inclusion in the U.S. Bancorp ("Company") proxy statement to be circulated to Company shareholders in conjunction with the next annual meeting of shareholders. The Proposal relates to audit firm rotation, and is submitted under Rule 14(a)-8 (Proposals of Security Holders) of the U.S. Securities and Exchange Commission proxy regulations.

The Fund is the beneficial owner of 24,725 shares of the Company's common stock that have been held continuously for more than a year prior to this date of submission. The Fund intends to hold the shares through the date of the Company's next annual meeting of shareholders. The record holder of the stock will provide the appropriate verification of the Fund's beneficial ownership by separate letter. Either the undersigned or a designated representative will present the Proposal for consideration at the annual meeting of shareholders.

If you would like to discuss the Proposal, please contact Ed Durkin at edurkin@carpenters.org or at (202)546-6206 x221 to set a convenient time to talk. Please forward any correspondence related to the proposal to Mr. Durkin at United Brotherhood of Carpenters, Corporate Affairs Department, 101 Constitution Avenue, NW, Washington D.C. 20001 or via fax to (202) 543-4871.

Sincerely,

Handwritten signature of Douglas J. McCarron in cursive.

Douglas J. McCarron
Fund Chairman

cc. Edward J. Durkin
Enclosure

Audit Firm Rotation Policy Proposal

Be it Resolved: That the shareholders of U.S. Bancorp ("Company") hereby request that the Company's Board Audit Review Committee establish an Audit Firm Rotation Policy that requires that at least every seven years the Company's audit firm rotate off the engagement for a minimum of three years.

Supporting Statement: Audit firm independence is fundamentally important to the integrity of the public company financial reporting system that underpins our nation's capital markets. In a system in which audit clients pay for-profit accounting firms to perform financial statement audits, every effort must be made to ensure accounting firm independence. One important reform to advance the independence, skepticism, and objectivity accounting firms have toward their audit clients is a mandatory auditor rotation requirement.

Information gathered on the current terms of engagement between audit firms and client corporations indicates that at the largest 500 companies based on market capitalization long-term auditor-client relationships are prevalent: for the largest 100 companies auditor tenure averages 28 years, while the average tenure at the 500 largest companies is 21 years. These long-term financial relationships result in the payment to the audit firm of hundreds of millions of dollars over the average period of engagement. According to its recent proxy statements, U.S. Bancorp has paid its audit firm, Ernst & Young LLP, a total of \$116,700,000 in total fees over the last 7 years alone.

Auditor independence is described by the Public Company Accounting Oversight Board (PCAOB), an organization established to set and monitor accounting standards and practices, as "both a description of the relationship between auditor and client and the mindset with which the auditor must approach his or her duty to serve the public." (PCAOB Release No. 2011-055, August 16, 2011). One measure of an independent mindset is the auditor's ability to exercise "professional skepticism," which is "an attitude that includes a questioning mind and a critical assessment of audit evidence." PCAOB standards require an auditor to conduct an audit engagement "with a mindset that recognizes the possibility that a material misstatement due to fraud could be present, regardless of any past experience with the entity and regardless of the auditor's belief about management's honesty and integrity."

Instances of systemic accounting fraud in the market have prompted various legislative and regulatory reforms to the audit process, including audit partner rotation requirements, limits on the non-audit services that can be provided by accounting firms to audit clients, and enhanced responsibilities for board audit committees. Despite these important reforms, recent PCAOB investigations often reveal "audit deficiencies that may be attributable to a failure to exercise the required professional skepticism and objectivity."

We believe that an important next step in improving the integrity of the public company audit system is to establish a mandatory audit firm rotation requirement of seven years. The periodic audit firm rotation by public company clients would limit long-term client-audit firm relationships that may compromise the independence of the audit firm's work.

One West Monroe
Chicago, Illinois 60603-5301
Fax 312/267-8775



*Corporate Investor &
Public Relations*

NOV 16 2011

D. Maslock

[SENT VIA FACSIMILE 612-303-0782]

November 15, 2011

Lee R. Mitau
Secretary
U.S. Bancorp
BC-MN-H23I
800 Nicollet Mall
Minneapolis, Minnesota 55402

Re: Shareholder Proposal Record Letter

Dear Mr. Mitau:

AmalgTrust serves as corporate co-trustee and custodian for the United Brotherhood of Carpenters Pension Fund ("Fund") and is the record holder for 24,725 shares of U.S. Bancorp common stock held for the benefit of the Fund. The Fund has been a beneficial owner of at least 1% or \$2,000 in market value of the Company's common stock continuously for at least one year prior to the date of submission of the shareholder proposal submitted by the Fund pursuant to Rule 14a-8 of the Securities and Exchange Commission rules and regulations. The Fund continues to hold the shares of Company stock.

If there are any questions concerning this matter, please do not hesitate to contact me directly at 312-822-3220.

Sincerely,

Lawrence M. Kaplan
Vice President

cc. Douglas J. McCarron, Fund Chairman
Edward J. Durkin