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ON THE COVER

Recognizing top performing employees is an important aspect of Norwest's sales and service culture. Here and throughout this report, in the photographs as well as in the text, we have featured a representative selection of the top performers from all parts of the company. Their achievements are the true measure of our success.

BACK ROW:

S. DIANE
GERALD
Personal Banking
Representative
Norwest Bank South
Dakota, N.A.
Hot Springs, SD

KENNETH D.
GEIGER
Vice President
Norwest Bank
Northfield
Northfield, MN

THOMAS H.
POHLMAN
Vice President
Norwest Bank Sioux
City, N.A.
Sioux City, IA

JOY C.
SCALESE
Branch Manager
Norwest Financial
Pueblo, CO

THOMAS E.
DROEGEMUELLER
Vice President
Norwest Bank
Minnesota, N.A.
Minneapolis, MN

BEVERLY J.
KANZ
Vice President
Norwest
Mortgage, Inc.
Rochester, MN

MANNY E.
CARRERA
Senior Program
Analyst
Norwest Technical
Services, Inc.
Minneapolis, MN

FRONT ROW:

NEIL A.
PRICE
Branch Manager
Norwest Financial
Walpole, MA

BEVERLY J.
TURBIN
Assistant Vice
President
Norwest Bank
Minnesota, N.A.
Bloomington, MN

PAUL D.
CAMENZIND
Personal Banker
Norwest Bank
Nebraska, N.A.
Omaha, NE

SHEILA M.
McGUIRE
Senior Vice President
Norwest Investment
Services, Inc.
St. Paul, MN

LYNN A.
MILLS
Agency Manager
Norwest
Agencies, Inc.
Sioux City, IA

MICHAEL T.
GALLAGHER
Associate
Norwest Venture
Capital
Management, Inc.
Minneapolis, MN

Financial Highlights

Norwest Corporation and Subsidiaries

Year ended December 31,

In millions of dollars	1987	1986	Percentage Change
Net income (loss)	\$ (29.8)	121.7	NM
Common dividends declared	54.3	55.0	(1.3)%
Dividend payout ratio	NM	49.5%	

Per Common Share

Net Income (loss)			
Primary	\$ (1.31)	3.64	NM
Fully diluted	(1.31)	3.56	NM
Dividends declared	1.80	1.80	—
Stockholders' equity	34.77	38.42	(9.5)
Stock price			
High-Low	48-31 ³ / ₄	41 ³ / ₈ -28	
Close	37	36 ³ / ₈	1.7
Price/earnings ratio	NM	10.0X	

Performance and Capital Measures*

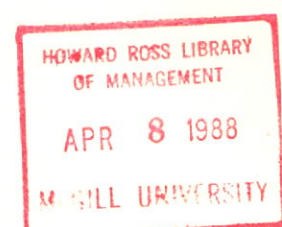
Return on assets	NM	.62%	
Return on common stockholders' equity	NM	9.8%	
Leverage of total stockholders' equity	16.0X	15.4	3.9
Total stockholders' equity to total assets	6.3%	6.5	(3.1)
Primary capital ratio	9.3%	8.2	13.4
Total capital ratio	14.9%	14.1	5.7

At December 31,

In millions of dollars			
Assets	\$20,747	21,539	(3.7)%
Investment securities	4,909	4,983	(1.5)
Total loans and leases	13,521	13,967	(3.2)
Deposits	13,644	14,100	(3.2)
Total stockholders' equity	1,178	1,304	(9.7)

*Based on average balances and net income for the periods.

NM - Not meaningful



For Norwest Corporation, 1987 was an important year of transition, during which our strategies to improve profitability and efficiency began to pay off.

There is ample reason for evaluating the year positively, despite a loss of \$29.8 million for the year, caused by a second quarter decision to provide \$204 million for international credit risks.

We reached a performance turning point at mid-year, achieving record second half earnings with excellent performances by both the Banking Group and Norwest Financial. These were quality earnings, as tax benefits resulting from the large special provision for international credit risks in the second quarter were largely offset by further provisions for these risks in the latter half of the year. For the last six months, our return on common equity was 17.6 percent and return on total assets was 0.97 percent. These ratios are well within the top quartile of performance historically for major bank holding companies and are levels which we believe are sustainable.

We expect these continuing good results to further create stockholder value, as has been the case over the past two years. The total return on Norwest common stock for 1987, including dividends and appreciation in stock price, was 6.7 percent. This was the second best performance among the nation's 30 largest bank holding companies, which suffered an average decline of more than 24 percent.

Our Specialized Financial Group continued to post excellent results, with Norwest Financial, our consumer finance subsidiary, achieving record earnings for the fifth consecutive year since joining Norwest. Norwest Financial's earnings have grown at a compound annual rate of more than 19 percent during that period.

This Group, which includes consumer and commercial finance, mortgage banking and venture capital companies, gives us a strong marketing presence in 45 states. Norwest Financial is particularly strong in the high growth areas of the South, Southwest and West, with 88 offices in California alone. Norwest Financial has also established itself as a major supplier of data processing services to the consumer finance industry.

We believe the geographic and business diversification that our Specialized Financial Group provides is essential to our ability to consistently deliver superior returns to our stockholders.

The strong performance of the Banking Group, whose 1987 second half earnings

topped second half results in 1986 by 178 percent, reflects several key programs instituted over the past two years:

- *The establishment of a highly effective credit assessment and monitoring system.* We see the results of this program in the 48.8 percent decline of domestic non-performing assets since the end of 1986.
- *An aggressive program to scale back foreign loan exposure.* As of December 31, our non-trade related LDC loans stood at \$316.8 million, a 44.2 percent reduction from year-end 1986, with a further reduction of \$149.6 million since year-end 1987 and an adequate allowance to cover the remainder.
- *An organizational restructuring* involving reductions in layers of management and the centralization of routine administrative functions.
- *The merger of unit banks*, which constitutes a major convenience for customers and enhances our ability to serve them.
- *A sharpened marketing, sales and service focus.*

We expect the earnings momentum developed as a result of these programs, each of which is explained in detail in the Banking Group section of this report, to be sustained into 1988 and the years ahead.

Norwest continues to enjoy a strong balance sheet. At year-end, Norwest's total allowance for credit losses was \$382.6 million, a very conservative level, representing 102.8 percent of total non-performing assets. In addition, Norwest's primary capital ratio remains among the best in our peer group of the 30 largest bank holding companies. Our \$1.2 billion of stockholders' equity at December 31 is 5.7 percent of total assets. Recognizing our strong financial condition, Keefe, Bruyette & Woods, Inc., a firm that specializes in evaluating banking company performances, raised Norwest's overall quality rating during the fourth quarter.

Norwest's core deposit base is large and very stable, reflecting the confidence of consumers, small businesses, and corporate customers with whom we do business in our traditional seven state banking region. This minimizes the degree to which we are dependent on purchased funds.

Norwest has a special competitive advantage in being able to offer its customers the



"...we have chosen to illustrate this report with pictures of some of Norwest's employees. Their individual success stories and those of the hundreds of other top performers are the building blocks for our ambitious growth objectives."

RICHARD M.
KOVACEVICH
Vice Chairman,
Chief Operating
Officer Banking
Group

LLOYD P.
JOHNSON
Chairman,
President and Chief
Executive Officer

RICHARD S.
LEVITT
Vice Chairman,
Chief Operating
Officer Specialized
Financial Group
(Retired)

strength and sophistication of the largest financial institutions and the personal service and responsiveness of a local bank.

Despite the recent stock market downturn and the more modest economic outlook, we feel that our credit monitoring systems, strong balance sheet and the diversity of our businesses will enable us to sustain a strong performance in 1988.

We anticipate further legislative change not only to extend authority to merge banks within the states where we now operate, but to permit more liberal expansion into other states. Norwest is currently at a disadvantage with bank holding companies headquartered elsewhere, as we cannot expand into a number of rapidly growing markets.

We are also hampered by archaic legislation which limits our ability to act in an investment banking capacity on behalf of our customers. We applaud recent efforts in the Congress to pass legislation to end the outdated exclusion of banks from offering services they are qualified to perform.

We are looking forward to the completion of the Norwest Center in downtown Minneapolis. The structural steelwork was topped out in October 1987. We expect to move into our new home in the fall of this year.

Turning to our employees, whose achievements are the theme of this report, Norwest's guiding principle is to deliver the best possible financial service to our customers, which requires the highest levels of performance by our employees. We encourage this through innovative recognition programs. Rewarding outstanding performers and motivating them to strive for even greater achievements are key elements of our future strategy.

Thus we have chosen to illustrate this report with pictures of some of Norwest's employees. Their individual success stories and those of the hundreds of other top performers are the building blocks for our ambitious growth objectives.

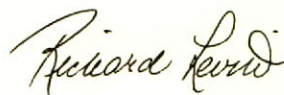
Richard S. Levitt, vice chairman and chief operating officer of the Specialized Financial Group, retired on December 31, 1987. He has been a great source of inspiration and leadership. His day-to-day presence will be missed, but we continue to benefit from his counsel as he remains a member of Norwest Corporation's Board of Directors.



LLOYD P.
JOHNSON
Chairman,
President and
Chief Executive Officer



RICHARD M.
KOVACEVICH
Vice Chairman,
Chief Operating Officer
Banking Group



RICHARD S.
LEVITT
Vice Chairman,
Chief Operating Officer
Specialized Financial Group
(Retired)

February 23, 1988

OVERVIEW

Norwest's Specialized Financial Group consists of three principal operating entities: Norwest Financial Services, Inc., a nationwide consumer and commercial finance company; Norwest Mortgage, one of the nation's largest originators of residential mortgages; and Norwest Venture Capital, whose several affiliated companies specialize in meeting the capital needs of emerging businesses and businesses undergoing a change of ownership.

At year-end 1987, these companies had total assets of \$3.0 billion and total net earnings for the year of \$89.2 million.

Strategically the Group provides Norwest two important advantages:

- *Geographic Distribution.* The companies give Norwest access to many important markets outside the states to which Norwest's banking franchise is currently restricted.
- *Balanced sources of income.* Strong earnings performances in recent years have provided income balance during an era of deregulation and difficult credit conditions on the banking side of the business.

The Group is growing, advancing technologically, and performing well. We continue to be optimistic about its future.

NORWEST FINANCIAL SERVICES

For over 90 years, Norwest Financial has been meeting the borrowing needs of consumers. From a single, small-loan office in Des Moines, Norwest Financial has grown to \$2.7 billion in assets and approximately 600 offices across the country.

In addition to making consumer loans ranging from less than \$1,000 to over \$100,000, Norwest Financial purchases sales finance contracts from retail merchants, and offers credit insurance both through its own consumer finance offices and through Norwest Banks. A growing number of Norwest Financial offices also offer credit cards to their existing customers. The company also supplies data services to a large segment of the consumer finance industry through a computer system originally developed for its own offices.

Consumer operations are just a part of Norwest Financial. At 26 percent of total finance receivables, commercial finance adds an important ingredient to the company's market presence. Four commercial finance

subsidiaries engage in commercial lending, leasing, and accounts receivable financing.

The business in which Norwest Financial engages is highly competitive. In addition to competition from companies engaged in consumer or commercial lending or lease financing, competition comes from many other sources including sales finance companies, commercial banks, savings and loan associations, credit card companies, credit unions, and retail establishments offering revolving credit plans.

The company's principal means of combating competition is by delivering higher quality service to customers.

Former Chairman of the Board of Norwest Financial Richard S. Levitt, who retired on December 31, 1987, following 33 years of service, defined the company's emphasis on performance excellence, ethical business practices, careful monitoring of expenses, and management development. During the past 15 years, a period which began with Dick Levitt's promotion to president and chief operating officer, Norwest Financial has faced increased competition, expanded regulation and significant changes in consumer expectations. During this time, the company has expanded services, entered new markets and, most importantly, recorded 14 consecutive years of increased earnings.

Essential to the company's on-going performance is a system of recognizing and rewarding employees whose performances meet or exceed planned objectives and goals. Formal and informal programs give special recognition to those employees who consistently excel.

Consumer Finance

For the first 80 years of its history, consumer finance was Norwest Financial's sole line of business. It continues as the largest segment at 74 percent of finance receivables. With the addition of offices in Delaware and New York during the year, Norwest Financial's 583 offices are now located in 45 states. Fifteen offices were opened during the year and six were closed. Of the closings, three were sold and three were consolidated into existing offices in the same area. At year-end, total consumer finance receivables outstanding were \$1.7 billion.

Offices range in size from under \$1 million in receivables to over \$8 million and are located in communities of varying sizes, from small towns to some of the largest metropolitan areas of the country. Office size



Consumer loans are still the major source of business for Norwest Financial. Customers use the loan proceeds for such personal needs as home improvement projects, recreational equipment, debt consolidation, vacations and college tuition.



Purchasing sales finance contracts from local retailers such as furniture stores provides both a source of income and a source of new loan customers.

and success are often a function of the ability of the manager and staff rather than of the size of the city where the office is located.

For example, Anderson, South Carolina, is a community of 27,000 people. It is served by two of our offices, one of which is the largest in the state in terms of receivables outstanding. Among all Norwest Financial offices, this one is ranked eighth in receivables outstanding and second in earnings produced.

The population of Joplin, Missouri, is less than 40,000. Our office there ranks 17th largest in receivables outstanding among all offices company-wide. In a state which contains both the St. Louis and Kansas City metropolitan areas, the Joplin office is number one in both earnings and return on assets.

Local economic downturns, while limited in impact on the company's overall performance, do have the potential to affect local offices negatively. Careful monitoring of credit policy in such situations, coupled with an eye to bulk purchase opportunities, can help offices weather economic disturbances without serious delinquency problems.

For example, Sioux City and Waterloo, Iowa, are two cities where the decline in farm-related industries has been severe. In both cases, purchases of competitors' receivables and prudent credit extensions to existing customers have led to a sizable receivables growth, solid earnings gains and a reduction in the percentage of seriously delinquent accounts within the portfolio.

Direct installment non-real estate loans, the company's original product, amounted to \$637.6 million in outstandings at year-end. Made for a variety of consumer needs, these

loans are either secured by personal property, such as autos and recreational vehicles, or are unsecured.

Norwest Financial's portfolio also consists of direct installment loans secured by real estate, typically second mortgages. Over the past decade, this has been a fast-growing segment and, at year-end, real estate secured receivables outstanding amounted to \$587.0 million.

The average size of all direct installment loans made and acquired during the year, whether secured by real estate, personal property or unsecured, was \$2,404. Of all loans made during 1987, 77 percent of the volume and 98 percent of the number were for terms not exceeding 60 months.

The final component of the consumer finance portfolio is sales finance contracts. These accounts, purchased from retail merchants, provide direct income and our most important source of new loan customers. Sales finance receivables outstanding were \$475.7 million at December 31, 1987. The average size of sales finance contracts purchased during 1987 was \$901. Sales finance contracts are purchased with fixed maturities, which averaged 22 months in 1987, or are purchased under a revolving sales finance agreement where the repayment amount varies with the outstanding balance in the customer's account. This latter type of account is the faster growing segment. Of the sales finance receivables purchased in 1987, 24 percent of receivables were booked under revolving sales finance arrangements.

Service to retail merchants, like service to direct-loan customers, is what distinguishes Norwest Financial from its competitors. During the year the Credit Approval Service Headquarters, or CASH, was established to provide immediate credit decisions to retail merchants for applications made outside normal office hours. This centralized office expands Norwest Financial's service hours to its clients with minimal increase in overhead. Over 10,000 accounts were approved by CASH in the first seven months of operation, adding nearly \$10 million in sales finance receivables to Norwest Financial's portfolio.

Indicative of the company's desire to provide financial services which meet the needs of today's consumers was the introduction of credit cards in 1987 through pilot operations in Massachusetts, South Carolina, and Utah. By year-end, 306 Norwest Financial offices in 18 states were offering credit cards to their qualified existing customers. This service will



Larger of the two offices in Anderson, South Carolina, a community of 27,000 people, this Norwest Financial office ranks eighth nationally in receivables outstanding and second in earnings produced.

PHYLLIS V.
DUNN
Customer Services
Representative
Norwest Financial
Anderson, SC
(seated)

CHRISTOPHER S.
ROBERTS
Credit Manager
Norwest Financial
Anderson, SC

WAYMON W.
PATTERSON
Administrative
Services
Representative
Norwest Financial
Anderson, SC

LARRY L.
THOMPSON, JR.
Credit Manager
Norwest Financial
Anderson, SC
(seated)

CONNIE N.
SHAW
Customer Services
Representative
Norwest Financial
Anderson, SC

JIMMY D.
JONES
Executive Branch
Manager
Norwest Financial
Anderson, SC
(seated)

SYLVIA H.
VALENTINE
Administrative
Services
Representative
Norwest Financial
Anderson, SC



Anchorage, Alaska, is one of Norwest Financial's newest markets. This office, one of three in the city, ranks among the top earnings producers for its size in the company.

LAUREL J.
HICKEL
Credit Manager
Norwest Financial
Anchorage, AK

LINDA M.
ROTH
Customer Services
Representative
Norwest Financial
Anchorage, AK
(seated)

BETH L.
MOGCK
Credit Manager
Norwest Financial
Anchorage, AK

CHRISTOPHER C.
SCHROEDER
Branch Manager
Norwest Financial
Anchorage, AK
(seated)

KATHLEEN A.
PLYLER
Credit Manager
Norwest Financial
Anchorage, AK

be expanded further in 1988 to additional states and offices.

Completing the profile of Norwest Financial's consumer finance operations is System 83, a state-of-the-art data processing system for the consumer finance industry. It provides immediate access to customer records and processing functions, thus enhancing customer service, reducing paper traffic and improving management efficiencies. This system was first installed in a Norwest Financial consumer finance office in 1984. By year-end 1987, nine consumer finance companies, including Norwest Financial, were committed to using System 83.

A total of 3,593 offices with 6.3 million accounts were using Norwest Financial's data services at year-end. Norwest Financial's Information Services Group is the leading supplier of data services to the consumer finance industry.

Commercial Finance

Norwest Leasing, Inc. is active in both tax-oriented equipment leasing and in commercial loans. Accounts range in size from just below \$100,000 to \$5 million and above. Although tax-oriented leases continue as a significant business line, commercial loans comprised 62 percent of the volume of new transactions during 1987. Customers are in manufacturing, agriculture, transportation and construction. Norwest Leasing ended 1987 with \$229.1 million in receivables, a 20 percent increase over 1986's receivables of \$190.4 million. Offices are located in Billings, Denver, Des Moines, Fargo, Minneapolis, Omaha and Tampa.

The primary service of Norwest Financial Leasing, Inc. is lease financing, usually provided through vendors of equipment rather than the end-user. Equipment costs are \$50,000 or less, with an average transaction of \$5,500. While automated office equipment, such as photocopiers, continues to be the principal line of equipment financed, the company also finances leases of other products, such as light industrial and business electronics. Providing lease financing through manufacturers of equipment which is sold nationwide is a new direction in marketing strategy for Norwest Financial Leasing. During the year, agreements with three such manufacturers were signed. Through its own data services system, Norwest Financial Leasing supplies automated billing and collection services to other leasing companies. Norwest Financial Leasing's offices are located



Norwest Financial now offers credit cards to qualified customers through its consumer finance branch office network.



Fleet Leasing, as arranged by Norwest Leasing, is a popular financing alternative for many small businesses.

in Arlington, Texas; Charlotte, North Carolina; Des Moines and Torrance, California. The company noted a significant milestone in 1987 when receivables passed the \$100 million mark. At year-end, receivables outstanding were \$105.6 million, a 22 percent gain over 1986's total of \$86.4 million.

Headquartered in Minneapolis, Norwest Business Credit, Inc. specializes in asset-based lending to fund business growth such as the purchase of inventory. Security for these transactions, which range from \$500,000 to \$10 million, includes inventory, accounts receivable, machinery and equipment, and real estate. During the year the company opened a branch in Des Moines. While Norwest Banks commonly participate in Norwest Business Credit's loans, the company provides all servicing for such loans. Norwest Business Credit's portion of such loans averages approximately \$1.25 million per customer. The company's receivables stood at \$123.0 million on December 31, 1987, compared with \$113.8 million at year-end 1986.

Norwest Financial Business Credit's specialty is accounts receivable financing, a service it provides to furniture retailers and consumer product manufacturers. Norwest Financial Business Credit provides customized financial services for over 400 high-quality furniture stores. In most instances, the accounts receivable are collected in the name of the retailer, and any other contacts with the retailer's customers are likewise done in the retailer's name. Thus, the service is "private label." During 1987, the company introduced a new management system and had installed it in 33 stores by year-end. Norwest Financial



In 1987 Norwest Mortgage introduced "Advantage," a new service to provide credit prequalification for home buyers with an acceptable appraisal.

Business Credit's other principal market consists of manufacturers of consumer products. In some arrangements, we provide the entire service under the manufacturer's identity. In others, Norwest Financial Business Credit handles application processing under the manufacturer's identity while the approved accounts are serviced by the Norwest Financial consumer finance office nearest the customer. Receivables were \$119.0 million on December 31, 1987, compared with \$117.0 million one year earlier.

NORWEST MORTGAGE

Norwest Mortgage, Inc. originates residential first mortgage loans and then sells them to various investors. Its funded volume in 1987 was \$1.5 billion. From its headquarters in Des Moines, the company offers borrowers a wide range of FHA, VA and conventional loan programs through a network which at year-end included 59 loan production offices in 28 states.

The company earns income from origination fees collected from borrowers, from interest on mortgages held for sale and from the sale of the rights to service the mortgages it originates.

A typical Norwest Mortgage customer borrows \$68,500 for an owner-occupied property. Most borrowers reach Norwest Mortgage through referrals from real estate agents, brokers and builders. The company depends on its loan originator "sales force" to seek client referrals by maintaining contact with the real estate trade.

The past year brought significant change to the mortgage banking industry, primarily as a result of the unprecedented volatility of interest rates. In April 1987, interest rates began to rise significantly and the heavy volume of mortgage refinance activity ended abruptly. Consumer preference shifted from fixed rate mortgages to adjustable rate mortgages and portfolio lenders began to price at levels below those obtainable on the secondary market in order to maintain volume levels. As a result, the volume of loans closed

by mortgage bankers dropped sharply for the remainder of 1987.

Norwest Mortgage managed extreme volatility in interest rates through prudent risk management policies. We continually monitor application and closing activity, and enter into mandatory or option fixed price forward sales to investors for both closed mortgage loans and those in process. The yield that investors require and that we require is adjusted accordingly. We dealt with the shrinkage in production levels by creating additional efficiencies and trimming expenses. Norwest Mortgage ended the year with earnings of \$1.1 million.

During 1987, Norwest Mortgage loan production offices closed more than 14,300 loans totaling \$1.0 billion (down from \$1.8 billion in 1986). The company's government loan purchasing operation, which buys FHA and VA insured mortgages from other lenders for resale to investors, purchased \$390 million of mortgages during 1987 (down from \$586 million in 1986). For the year, Norwest Mortgage either sold or swapped for mortgage-backed securities \$182 million in loans with FNMA, \$1.3 billion with GNMA, \$234 million with FHLMC and \$80 million with private investors.

In the 1986 Annual Report, we commented on the new management information system started in 1986 to automate certain functions, standardize operating procedures and strengthen internal controls. It proved to be an invaluable tool helping Norwest Mortgage manage the challenges of 1987. The new computer software design provides more timely reports and allows the company to respond rapidly to changing market conditions. In 1987, the company further developed the system (now called MIDAS) and is now exploring possibilities for selling the system to subscribers in the same manner the Norwest Financial systems are marketed.

During the year, Norwest Mortgage continued its presence as one of the country's leading originators of mortgage loans and expanded by a net gain of 15 new offices in 6 new states. In 1988, Norwest Mortgage intends to increase its market share by again opening or acquiring another 8 to 12 offices. The company's focus will remain on generating profits by producing quality mortgage loans and avoiding unnecessary risks.

Within the near future, Norwest Mortgage may develop or purchase a servicing system which will enable the company to re-enter the servicing market.



The East Providence, Rhode Island office has consistently produced top results by building real estate lending business and by closely controlling delinquency.

REGINALD E.
EVANS
Assistant Manager
Norwest Financial
East Providence, RI

A. LINDA
SULLO
Customer Services
Representative
Norwest Financial
East Providence, RI
(seated)

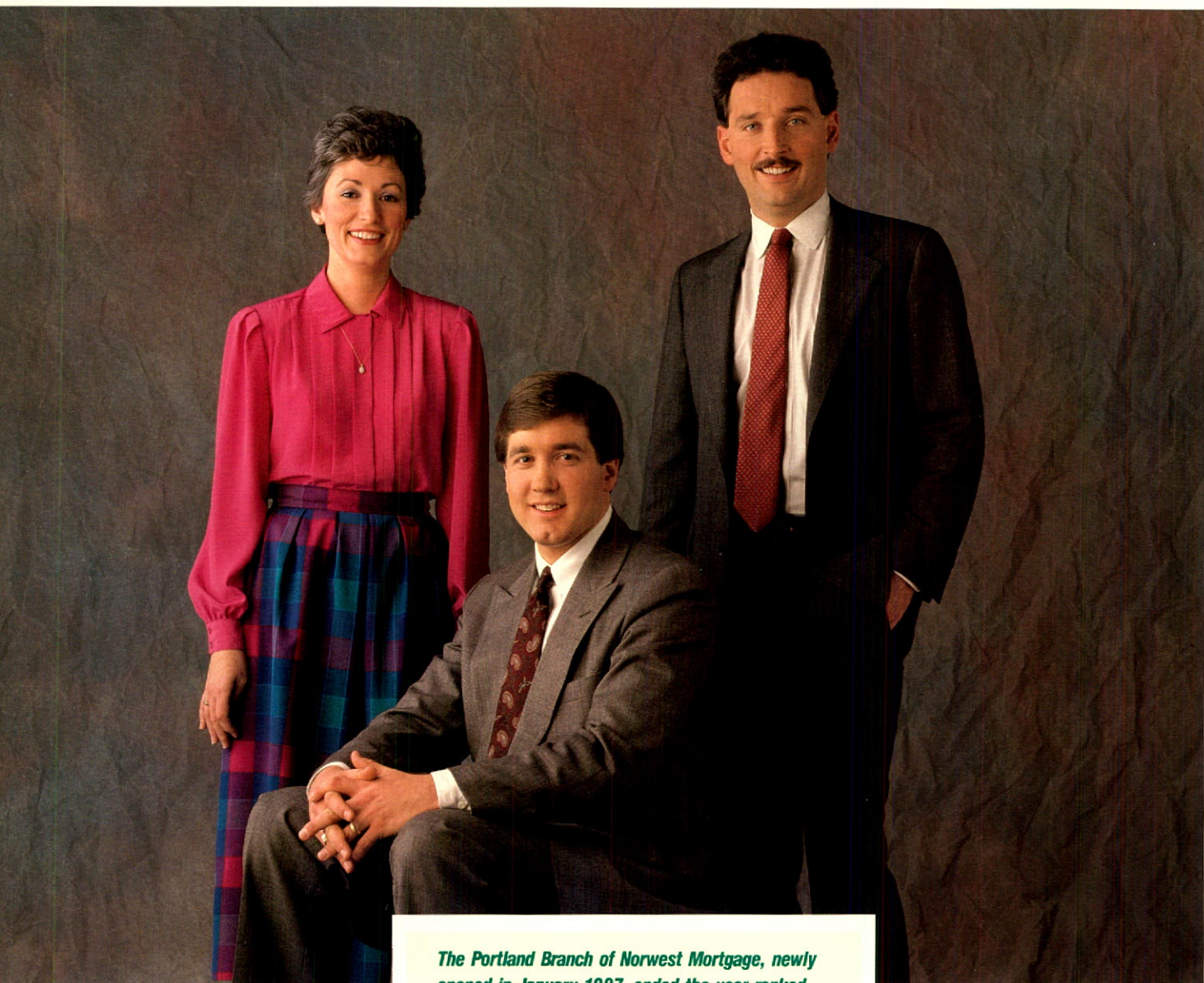
MARK E.
STEDMAN
Branch Manager
Norwest Financial
East Providence, RI

LINDA
NELSON
Customer Services
Representative
Norwest Financial
East Providence, RI

MARK
PAPPAS
Credit Manager
Norwest Financial
East Providence, RI
(seated)

ALAN
RINGUETTE
Credit Manager
Norwest Financial
East Providence, RI

PAULETTE J.
CARLSON
Administrative
Services
Representative
Norwest Financial
East Providence, RI
(seated)



The Portland Branch of Norwest Mortgage, newly opened in January 1987, ended the year ranked among the top performing branches in the nation.

DIANE E.
HILDEBRANDT
Assistant Manager
Norwest
Mortgage, Inc.
Portland, OR

KEN F.
ZENER
Assistant Vice
President
Norwest
Mortgage, Inc.
Portland, OR
(seated)

JEFF P.
CLARK
Assistant Vice
President
Norwest
Mortgage, Inc.
Portland, OR

NORWEST VENTURE CAPITAL

Norwest Venture Capital, through its affiliated investment companies, provides start-up funds for new businesses, additional funds to insure the growth of existing businesses and funds to finance the equity portion of leveraged buyouts.

Investments range from small seed amounts to over \$5.0 million. Larger investments are typically syndicated with other venture capitalists.

At year-end 1987, the portfolio consisted of 92 companies representing investments of \$66.1 million and a market value of \$93.7 million. For the year, 10 companies were added to the portfolio with investments of \$14.0 million plus additional refinancing of existing portfolio companies of \$8.1 million for a total investment value of \$22.1 million. Due to a strong equity market and acquisitions of several of the portfolio companies, the venture capital companies took net pretax gains of \$14.1 million in 1987, down from \$29.9 million in 1986 but well over the \$11 million planned for 1987.

Some of these gains were achieved as a result of acquisitions involving companies in which we had investments. Others came about through public market sales of stock and secondary offerings. Some of the more significant transactions resulting in gains were as follows:

- The Reebok International, Ltd. acquisition of Portland, Oregon-based Avia Group International, one of the nation's fastest growing athletic footwear companies.
- The secondary offering which included Norwest Venture Capital's stock in Shorewood Packaging Corporation, a New York-based printer servicing the pre-recorded music industry.

- The sales of Minneapolis-based Super Radiator Coils L.P., formerly a division of McQuay, Inc., and S.R. Smith, Inc., a Kanby, Oregon-based manufacturer of swimming pool accessories.
- The public sale of Morgan Products Ltd., an Oskosh, Wisconsin-based manufacturer of wooden doors and mouldings.
- The initial public offering of Los Angeles-based Teradata Corporation, a manufacturer of high performance data base computers.

The year 1987 provided many contrasts for Norwest Venture Capital. The strong equity markets and corporate acquisition programs provided the company with the opportunity to liquidate a number of its holdings and realize significant gains. However, the stock market events of October 1987 have cast a shadow of uncertainty in the financial markets. Until the markets' current volatility subsides, the opportunity to sell securities at attractive prices may be limited. However, this environment is very promising for new investment opportunities. Norwest Venture Capital has endured and prospered in many different stock market and economic cycles, and several of our most successful investments, including Cray Research, Network Systems and Detector Electronics, were made in 1973 to 1976 when the stock market was depressed. In 1988, we should have attractive investment opportunities and we will continue to be opportunistic in realizing gains on investments where possible.



Representing the top performers from the various units of the Specialized Financial Group, these employees understand their customers' needs and consistently provide efficient service.

HAROLD H.
RITCHIE
President
Norwest Leasing, Inc.
Minneapolis, MN
(seated)

PATRICK B.
McKEE
Associate
Norwest Venture
Capital
Management, Inc.
Minneapolis, MN

DANIEL J.
DUNN
Central Loan
Approval
Office Manager
Norwest Financial
Des Moines, IA

SHERRY J.
WEBBER
Unit Collection
Manager
Norwest Financial
Business Credit, Inc.
Carroll, IA

STEPHEN R.
SEFTON
Investment Manager
Norwest Venture
Capital
Management, Inc.
Minneapolis, MN
(seated)

OVERVIEW

The objective of the Norwest Banking Group is to become the premier financial institution in each of our markets, second to none. To attain this objective, we must be creative, customer-focused, opportunistic, determined and work effectively as a team. And, most of all, we must continue to live up to Norwest's guiding principle of providing our customers the best possible total financial service.

Toward this end, Norwest banking affiliates are focusing on credit quality, productivity, human resources development, revenue generation and strategic positioning. These have been our priorities for the past several years, and we are pleased with the earnings momentum that is being generated as a result. For the last half of 1987, the Banking Group achieved its highest six-month earnings in Norwest's history, reaching \$78.0 million, compared with \$27.7 million in the last six months of 1986.

Credit quality

An important contributor to profitability in 1987 was a significant improvement in credit quality, as non-performing domestic loans decreased 53.2 percent to 1.3 percent of our \$10.2 billion in outstanding domestic loans and leases, which is well below the industry average. We have implemented credit review processes and policies throughout the banking system which ensure that we accurately assess, manage and charge for risks.

We have continued to aggressively dispose of foreign loans, which declined by 42.3 percent in 1987. Our international allowance at year-end amounted to 55.3 percent of non-trade related LDC loans, which significantly decreases our foreign risk exposure.

We see a healthier agricultural industry as farmers are experiencing reduced debt, lower production costs, and improved prices.

Norwest remains committed to agriculture. Today's farmers represent an important customer group, and we are actively reaching out to producers with the plans and drive to succeed in the new agricultural environment.

Productivity

We have substantially standardized the Banking Group's operations. Now, all community banking regions operate in essentially the same way. Managing officers of each bank are responsible for their marketplaces. To enable them to concentrate

on their paramount task of selling and servicing customers, most operations and delivery support have been centralized and are now coordinated on a regional level. This, coupled with improved technological tools, has improved productivity and efficiency.

We have reduced management layers to allow more direct interaction among senior management, marketplace managers and customers, so that our entire team is focused on selling innovative solutions that meet our customers' financial needs.

Human resources

To enhance our employees' opportunities for personal growth and challenge, and to recognize their achievements, we implemented several new programs in 1987. Norwest University is a comprehensive program that ensures our community bankers receive consistent training in sales, service and lending; the 100% Club recognizes employees in all Banking Group sales units who meet predetermined sales thresholds; and the Service Excellence program recognizes superior service by individuals in customer support functions.

The characteristics that distinguish Norwest banking employees are our commitment to customers and our desire to have fun at our jobs. These attitudes translate into better customer service, superior results and a more productive and motivated employee team. The high-performing employees who are pictured and listed in this annual report and whose examples of productivity are included throughout the text are our role models for the future.

Revenue growth

To earn 100 percent of a customer's business, we have developed or repackaged more than 40 new products and services to give our bankers the necessary tools to serve the diverse financial needs of our customers. Whether a customer is looking for financial solutions to personal, professional or commercial needs, or for investment banking or insurance, Norwest is there with the right products and expertise.

Because of the enormous progress that has been made over the past few years to improve both international and domestic credit quality, and to increase productivity and efficiency, we can now devote even more resources to revenue generation in the years ahead.



Norwest's commitment to service excellence is an investment in people, including our customers as well as our employees. The Banking Group's Service Excellence program continues to motivate, inspire, and recognize our associates.

C. SUE
HINES
Meeting Preparation
Coordinator
Norwest Bank
Des Moines, N.A.
Des Moines, IA
(seated)

BEVERLY J.
JERGENSEN
Administrative
Assistant
Norwest Bank
Sauk Rapids, N.A.
Sauk Rapids, MN

BRIAN D.
JOHNSON
Systems Manager
Norwest Technical
Services, Inc.
Minneapolis, MN
(seated)

DENNIS J.
WALSH
Information
Specialist
Norwest Bank
Nebraska, N.A.
Omaha, NE

Strategic positioning

The strategic premise for Norwest's Banking Group is to "outlocal the nationals and outnational the locals."

By this we mean that we offer customers the services, products and technology of one of the nation's largest financial institutions combined with the local presence, responsiveness and commitment of a community bank. We have been a proud member of our communities for many years and, by managing each market locally, our people are better attuned to each market's specific needs. This community focus, backed by the financial strength of a large bank holding company, is our competitive edge.

We expect to sharpen this edge by strengthening our presence in important markets where Norwest Banks are not yet represented or where we now play a relatively minor role. During 1987, we acquired The Toy National Bank in Sioux City, Iowa, and reached definitive agreements to acquire Peoples Bank and Trust Company in Cedar Rapids, Iowa, and Ranch National Bank in Scottsdale, Arizona. Since year-end we have applied to open a new bank in Lincoln, Nebraska.

CORPORATE AND COMMUNITY BANKING

Having managed through a period of difficult change, Norwest's bankers are now well positioned to excel in a new era. We are leaner and more responsive today and this will translate into higher quality products and services for clients.

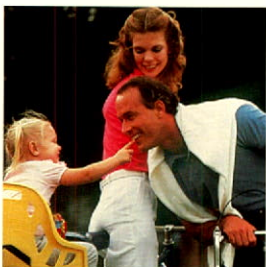
Narrower margins on loans to large national firms have spurred our corporate bankers to sell services beyond credit to enhance profitability and cement relationships with customers. We are committed to supplying all our customers' financial requirements. This involves delivering both credit and fee producing products and services, and finding opportunities to expand into certain investment banking activities.

On the Community Banking side we have developed products to capture and retain customers at all stages of their financial lives. These products offer discounts, rate reductions and additional services to customers as a reward for consolidating their business within Norwest.

The "building block" products for most of our retail activity are the Norwest Award Account, designed for a predominantly lending relationship, and the Norwest Classic Account, designed primarily for a deposit



The 55 and older market is well served through a variety of special products including the Norwest Classic 55 Account, which offers free checking, deposit box, travelers checks, discounted loans and other services with a minimum balance requirement.



Household Pricing lets every account balance in the same household count toward services such as Norwest Classic and Award Accounts. Norwest services are thus available to a wider range of customers.

relationship. These two products can be tailored to meet the needs of specific market sectors, such as the Norwest Classic 55 account, for individuals 55 years and older, or the business banking relationship account, introduced in January 1988, which packages selected financial services important to smaller businesses, such as credit lines and special checking arrangements. During 1988, a new package of services directed to agricultural producers will become available.

Other retail product innovations include check access to our money market savings product; Trade-A-Rate IRA and CD products which allow customers to "trade in" their current interest rate once during the life of the certificate, should interest rates rise during that period; and a new statement format combining both checking and savings account information.

Also, Norwest was one of the 16 bankholding companies whose insurance operations were grandfathered when the Bankholding Company Act of 1956 was passed. The ability to offer insurance is a special advantage that we expect to expand greatly in the years to come.

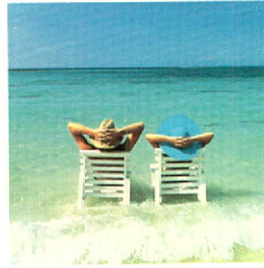
With total average assets of \$12.7 billion in 1987, the Community Banking segment of Norwest's Banking Group is organized and managed by geographic region, according to the varying economic and business conditions of each community.

Minnesota and Wisconsin

Minnesota, where 60 percent of Norwest's banking assets are concentrated, is Norwest's largest market. It also has the largest and most



Home Equity Access Loans provide a revolving line of credit secured by equity in a home. The interest is generally tax deductible. Customers enjoy the convenience of five methods to access their line including special drafts for direct access to their funds.



Meeting customers' credit needs, whether to make major purchases or enjoy the good life, is an important service that Norwest provides.

diverse economy of all the states in Norwest's Upper Midwest banking franchise.

Operating from 92 locations, Norwest Banks play an important role in virtually all facets of Minnesota's economy, serving nearly a million individuals and business banking customers throughout the state. Community Banking assets in Minnesota total \$6.0 billion.

State banking legislation passed in 1987 enables holding companies to merge their banks within certain distance limitations. Accordingly, we are combining 38 of our Minnesota banks into 9 new banks.

In January 1988, all 17 of the Norwest Twin Cities Banks were merged into one bank, Norwest Bank Minnesota, N.A., with 42 locations, more than any other financial services competitor in the area. At the same time, Norwest Banks in Fergus Falls, Moorhead and Thief River Falls, all in the northwestern part of the state, were also merged into one bank, Norwest Bank Minnesota West, N.A. By mid-year 1988 we expect to have completed all of the other mergers. These mergers are a great benefit to our customers, particularly in the Twin Cities, where they may use any of 42 locations for their banking needs.

Despite the continuing sluggishness of the taconite mining industry in the northeastern part of the state and the on-going problems in the farm sector, the overall economy of the state improved considerably in 1987. In the northern areas tourism and the production of paper and other wood products are on the rise. The new Lake Superior Paper Industries plant in Duluth, which Norwest helped to finance, will directly provide 300 jobs and

create an additional 1,800 jobs in indirect support positions.

The economy of the Twin Cities, where many of the nation's largest companies are headquartered, remains vigorous, with unemployment well below the national average. Minnesota farmers benefited from lower costs, higher prices, and stable land values during the year.

The improved economy, coupled with strong marketing efforts, resulted in record earnings for Norwest's Minnesota Community Banking Group. Domestic deposits, loans and net earnings increased substantially.

The common threads in all of the examples of successful marketing efforts in Minnesota in 1987 are dedicated service, customer satisfaction and aggressive selling. This was observable in all parts of the state, but the following examples illustrate the theme:

- In Duluth, a business banking officer's attention to customer needs resulted in a new relationship with a partnership that had recently acquired a local nursing home. The new relationship includes 18 separate business and personal accounts, more than \$1.2 million in deposits, more than \$200,000 in loans, and substantial fees.
- In East St. Paul, customer satisfaction and a Norwest banker's commitment led to a dramatic expansion of relationships with a small printing company. From a single term loan to finance a printing press in 1984, Norwest now provides an interim construction loan and a real estate loan on a new 15,000 square foot plant, a corporate savings account and a working line of credit with excess funds automatically invested in certificates of deposit.

Also, cooperation between community bankers and experts in other areas of Norwest is increasingly producing new business and resulting in better service for our customers. For example, a Twin Cities business owner, who had some personal accounts with a Norwest affiliate, but whose corporate accounts were with a competitor, recently brought 100 percent of his business to Norwest Bank Minnesota. The relationship now includes lines of credit, working capital and a profit sharing plan for his business, first and second mortgages on his home, a homeowners insurance policy and personal estate and tax planning services.

The streamlining of the work flow continues. All consumer telephone inquiries in



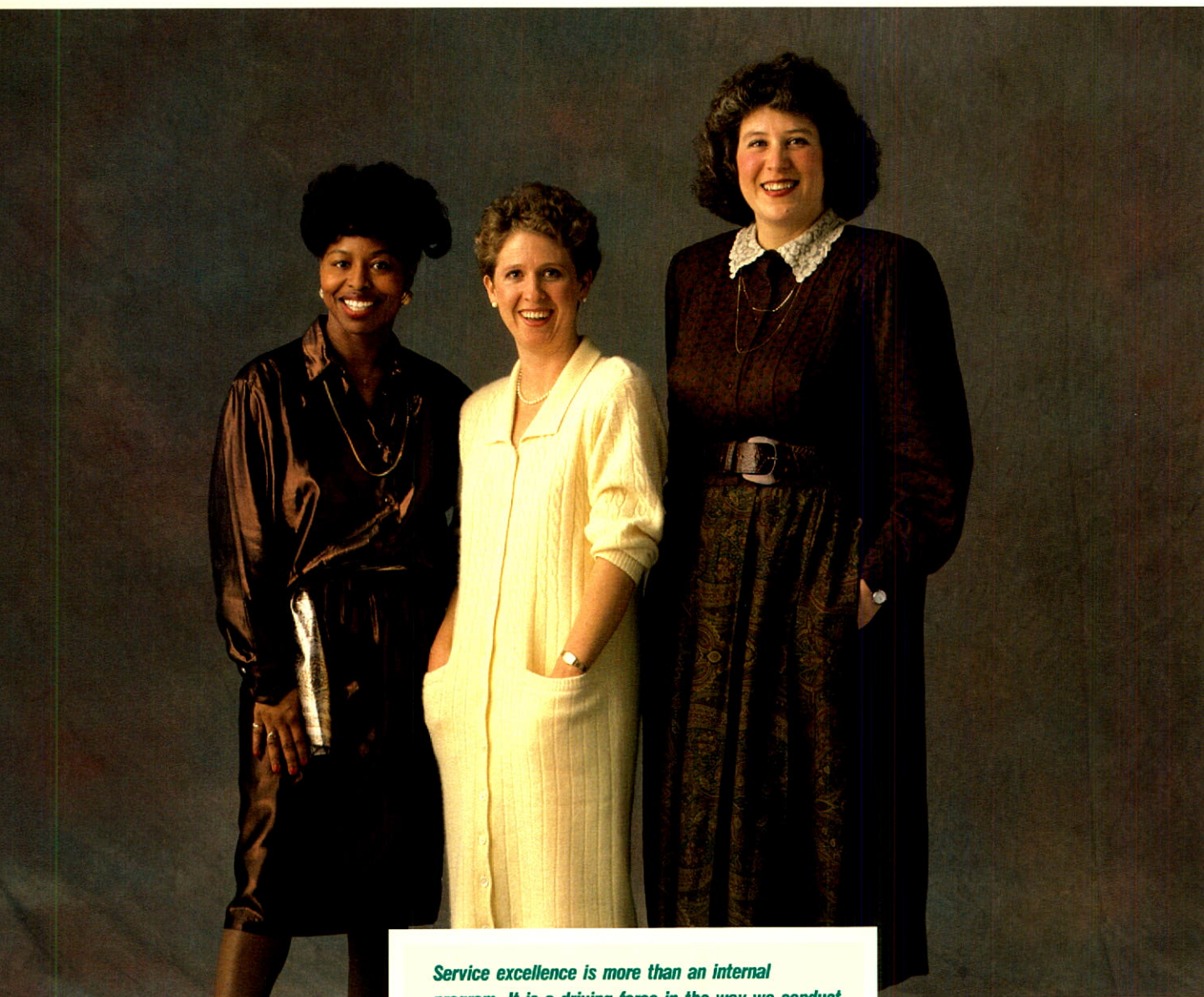
Knowing that service is the cornerstone of our banking business, the Service Excellence program will continue to grow throughout the Norwest system.

SUSAN D.
COSTELLO
File Clerk
Norwest Bank
Billings, N.A.
Billings, MT
(seated)

GAYLE M.
DAHMS
Administrative
Assistant
Norwest Bank
Mankato, N.A.
Mankato, MN

HELEN T.
LIU
Senior Systems
Programmer
Norwest Technical
Services, Inc.
Minneapolis, MN
(seated)

VELMA M.
KELLOGG
Switchboard
Operator
Norwest Bank
South Dakota, N.A.
Rapid City, SD



Service excellence is more than an internal program. It is a driving force in the way we conduct business every day. The ultimate beneficiary of service excellence is our banking customer.

MARLANA
PARRETT
Portfolio Analyst
Clerk
Norwest Bank
Minnesota, N.A.
Minneapolis, MN

MARGARET H.
ENDRES
Employee
Communications
Manager
Norwest Corporation
Minneapolis, MN

NANCY J.
KENNEDY
Product Manager
Norwest Corporation
Minneapolis, MN

the Twin Cities are now handled at a single center, which will respond to more than 1.1 million calls by year-end.

Finger Tip Banking, a new electronic inquiry and transfer capability, was introduced during the year and is currently processing 40,000 calls per month in the Twin Cities area.

Consumer credit underwriting, previously performed at 40 locations within the state, has been consolidated into three sites.

Check processing, statement generation and other backroom operations have been consolidated into four locations, down from 18 at year-end 1986.

The Instant Cash network within the state increased from 150 to 200 machines, up 33 percent, while transaction volume rose by 20 percent. Norwest Banks helped to successfully pilot the nation's first welfare payment distribution system through Instant Cash locations in Ramsey County.

During 1988, Minnesota community bankers in Minnesota and Wisconsin will increase their efforts to enlarge Norwest's share of several key markets, particularly in business and private banking, insurance, investment management services and in agriculture.

Iowa

Iowa's economy, heavily dependent on agriculture, improved in 1987. Increased farm income, stabilized farm land values, employment growth, and significant gains in the service sector, particularly the insurance-carrier industry, contributed to the state's improving economic health. Iowa's greatest challenge in the next several years will be to further diversify its industrial mix.

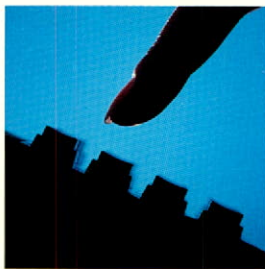
Norwest Banks continue to be the state's leading provider of financial services. We achieved a record performance in 1987. Collectively, Norwest's 11 banks in the state total \$2.4 billion in assets. There are 29 Norwest Bank locations within the state, most of them in urban or suburban areas.

Commercial mid-market growth in 1987 was aided by the state's economic stabilization and the strength of the region's larger metropolitan markets. With the support and assistance of Norwest Bank South Dakota's student loan center, student loan approvals dramatically increased in 1987 over 1986, due to the wholesaling of loans. The state's universities now provide Norwest's loan applications directly to students.

The Card Services Division of Norwest Bank Des Moines, N.A., one of the top 30



Small businesses are an important market. The Norwest Cash Flow Credit Line provides simplified, convenient credit for meeting cash-flow needs. Norwest Choice Business Checking is a business checking account tailored to small business needs.



"Fingertip Banking" is one of the latest service innovations. Customers can use the phone to transfer funds, check balances, find out the last check to clear, etc. We are now experiencing over 90,000 calls a month system-wide.

credit card operations in the United States, provides MasterCard and VISA accounts to nearly a million cardholders in all 50 states and services over 28,000 merchants. The division is committed to consistent growth. In 1987, the division grew by more than 200,000 new accounts, many of which resulted from the aggressive sales efforts of the Norwest affiliate network. This was an increase of 38 percent.

During 1987, Iowa's Norwest bankers demonstrated that helping customers is the key to obtaining 100 percent of their business. One example resulted in \$16 million in new funds for the Banking Group. A customer of another institution was shopping for investment opportunities for the proceeds received from the sale of a business. A personal banker at the Norwest Bank Des Moines Clive Office demonstrated that investment opportunities at Norwest Bank Des Moines and Norwest Investment Services, Inc. would provide him an excellent return.

Another example was provided by a customer service officer at Norwest Bank Fort Dodge, N.A. By following up on a friend's referral, the officer arranged to be introduced to a new resident to discuss Norwest's services. This discussion resulted in the sale of nine Norwest products for a total of \$200,000 in new deposit funds.

Consistent with the overall strategy of increasing Norwest's presence in key markets, we acquired the major assets of the \$130 million Toy National Bank in Sioux City and reached a definitive agreement to acquire the \$250 million Peoples Bank and Trust

Company in Cedar Rapids. These acquisitions will substantially enlarge Norwest's commitment to Iowa and its presence in two of the state's most important markets.

One of the important issues in Iowa in 1988 is legislation allowing merger of bank holding company affiliates. This important change will promote capital efficiencies and improve our ability to provide efficient financial resources to Iowa's smaller communities.

South Dakota

Traditionally an agricultural state, South Dakota is rapidly increasing its industrial base through aggressive recruitment of new businesses, a favorable tax structure and legislation designed to enhance the state's business climate. The South Dakota legislature has passed some of the nation's most progressive banking laws. Also important to the state's economy are tourism and a high level of government employment, including a U.S. Air Force B-1 Bomber Wing in Ellsworth.

Norwest Bank South Dakota, N.A. has \$1.7 billion in total assets and \$1.4 billion in deposits. It is the state's largest organization devoted to full service banking, with 34 locations in 21 South Dakota communities. Norwest Bank South Dakota is a strong supporter of efforts to encourage development. For example, Norwest executives have played a key role in a program called "Forward Sioux Falls," whose objective is to add 6,000 new jobs and \$90 million to the area's payroll over the next 20 years.

A special characteristic of Norwest Bank South Dakota is the Norwest Student Loan Program, which processes student loans for the entire Norwest system. Student loans exceeded \$200 million in alternative and government loan programs in 1987, a gain of 51 percent over the previous year.

Characteristic of the new sales and service culture throughout Norwest, South Dakota employees are doing an outstanding job of achieving 100 percent of each customer's business. For example, a Rapid City teller recently convinced one of her neighbors to compare her current institution with Norwest. Demonstrating service excellence, she referred her to a Norwest personal banker, who met the customer's needs with a total of 13 services, including a consolidation loan, a new Norwest Award Account, an Instant Cash card, a direct payroll deposit arrangement, two regular savings accounts, a Ready Reserve line of credit, two credit life contracts and a pre-approved MasterCard account.

A community bank officer at Sioux Falls, backed up by a corporate banker and a joint participation with a Norwest Leasing representative, established a new client relationship with a South Dakota trucking firm. During a chance encounter on an airplane flight, he met a friend who had recently become the trucking firm's chief financial officer. The Norwest officer asked for the business and convinced the company that Norwest could best meet its needs. The new relationship involved credit facilities of several million dollars, three new checking accounts, letters of credit, and cash management services. Later, a new lease in excess of \$700,000 was arranged for equipment needs in 1988.

Through these and similar efforts, Norwest Bank South Dakota has increased the average number of services which its customers use from 1.40 in January 1987 to 2.09 at the end of 1987. The bank achieved record earnings for 1987. In 1988, through a vigorous calling program and further emphasis on cross selling, Norwest Bank South Dakota plans to increase its market share significantly.

Norwest Agricultural Credit, Inc., headquartered in Sioux Falls (with locations in Minnesota, Iowa, and Nebraska), reports that its businesses grew in all of its markets in 1987. The subsidiary, whose special role is to generate agricultural loans in areas where Norwest does not have a banking presence, achieved a substantial improvement in the quality of its portfolio in 1987, and bettered its performance from a loss in 1986 to a breakeven level in 1987. Further improvement is expected in 1988.

Nebraska

Nebraska's economy is an interesting mix of agriculture and service industries. While agriculture dominates the overall economy, wholesale and retail trade provide employment for roughly 25 percent of the state's wage earners.

In addition, a substantial number of nationally known insurance, transportation, communications and business service firms make their headquarters in Lincoln and Omaha.

A major challenge in the state is to broaden the industrial base. Nebraska business leaders, including Norwest executives, are working together with the state government to achieve that.

In 1987, the Nebraska legislature enacted a measure offering companies a tax credit worth



Fulfilling our banking customers' needs and meeting their expectations is Norwest's highest priority.

ALTON
NIES
Assistant Vice
President
Norwest Bank
South Dakota, N.A.
Sioux Falls, SD

MONICA J.
MERCER
Management
Reporting Assistant
Norwest Bank
Minnesota, N.A.
Minneapolis, MN

ROSE MARY
VORTHERMS
Credit Analyst
Norwest Bank
South Dakota, N.A.
Sioux Falls, SD
(seated)

PATRICIA M.
HESTENESS
Lead Item Processor
Norwest Bank
North Dakota, N.A.
Fargo, ND



Through the 100% Club, Norwest challenges all banking employees to strive for excellence through the application of Value-Added Selling techniques to ensure that customers' needs are met.

JACK R.
HOLM
Vice President
Norwest Bank North
Dakota, N.A.
Fargo, ND

DAVID B.
HINSVERK
Vice President
Norwest Bank
LaCrosse, N.A.
LaCrosse, WI
(seated)

CINDY A.
OLMANSON
Assistant
Vice President
Norwest Bank
Minnesota, N.A.
Minneapolis, MN

DEBRA A.
McKENNEY
Personal Banker
Norwest Bank
LaCrosse, N.A.
LaCrosse, WI
(seated)

THOMAS D.
LINHARES
Vice President
Norwest Bank
Minnesota, N.A.
Minneapolis, MN

five percent of the additional payroll created if a company provides at least 30 new jobs and invests \$3 million within the state. Norwest Corporation director Charles M. Harper, CEO of Omaha-based ConAgra, Inc., provided leadership in this effort.

Two leading business executives in Hastings, Jack Crowley and Cal Johnson, both Norwest Bank Nebraska directors, are heading up efforts to re-develop and bring new industry to the city. Vacant storefronts have been reduced from 28 to three. New projects totalling \$8.5 million have been announced or are underway.

As the state's largest commercial bank, with 15 locations and assets of \$1.4 billion, Norwest Bank Nebraska, N.A. has a special stake in supporting these efforts.

The past year was an excellent one for the state's farmers and ranchers, as favorable costs, good growing conditions, and the federal farm program combined to boost farm income to record levels.

In 1987 Norwest Bank Nebraska completed its first full year operating as a consolidated statewide bank. A streamlined organizational structure has permitted greater efficiency and yielded a \$4.0 million reduction in annual expense without any compromise in service quality.

Since the beginning of 1987, the Nebraska Region has consistently led the Norwest Banking Group in providing multiple services to each customer. The Norwest Bank Nebraska facility at 96th and L Streets in Omaha achieved the Region's number one ranking in cross-selling eight out of 12 months in 1987.

Such success requires a genuine concern for customers and often much patience. For example, a banker at our Millard Office in Omaha, after years of trying, finally convinced a long-time customer to bring all of his business to Norwest Bank Nebraska. That additional business, which had been spread among a number of local banks, turned out to be almost \$1 million in new deposits, plus all of the customer's loan business.

Persistence also worked for a client executive with the corporate banking department, who services clients in the Lincoln, Nebraska area.

During 1985, he identified an emerging middle market research firm as a good prospect for several Norwest products and services. He began calling on the firm periodically, and his efforts paid off in 1987 when the company accepted the bank's proposal for 100 percent of its business. This included a credit accommodation, cash management services, credit cards for

approximately 100 employees, and private banking services for corporate officers.

During 1987, we announced our intention to charter or acquire a bank in Lincoln, one of the state's fastest growing markets for financial services. Therefore, we view as being very important the bill now pending before the Nebraska legislature to permit unlimited branch banking within the Omaha and Lincoln areas. This would permit Norwest Bank Nebraska to enter Lincoln with a branch bank rather than having to do business through a bank that is chartered separately from the existing Norwest Bank Nebraska.

North Dakota

While its population is the smallest of the states in which Norwest Banks operate, North Dakota is significant to Norwest and to the nation's overall economy. It is the number one producer of high quality durum wheat. It has extensive reserves of oil, gas and lignite coal, and a thriving sugar beet industry.

The state's farm income rose an estimated 7-10 percent over 1986. Unemployment declined from 6.9 percent to 4.0 percent during the year, with the brightest spot being the Fargo-Moorhead area at 2.9 percent, which is among the lowest unemployment levels in the nation.

This generally improving economy provided the Norwest Banks with a good operating environment during the year, particularly in the area of new relationship accounts. More than 3,200 new Norwest Classic and Award accounts were established in 1987, a gain of 109 percent in terms of new accounts over the previous year. Personal lines of credit throughout the Region, including Ready Reserve, Preferred Lines and Home Equity Access Lines, increased in excess of 55 percent over 1986.

Community bankers have succeeded in selling additional Norwest services to existing customers. During the year there were many examples where Norwest employees, while helping customers conduct one sort of transaction, were able to successfully encourage customers to use other services.

An example of coordination with other Norwest units was evident this year when Norwest Bank Bismarck, N.A. established a sizable loan and four deposit accounts averaging \$200,000 for a partnership that had recently purchased a local business. This business was referred to us as a result of a strong relationship with another Norwest Bank. Norwest's system really works for North Dakota.

In December, we received approval to merge our nine separate North Dakota banks and our trust company into one bank, Norwest Bank North Dakota, N.A., with total assets of \$917 million. This merger, which became effective January 1, 1988, constitutes a real convenience to our North Dakota customers.

Montana

Montana, where Norwest has 13 banking locations serving seven communities, has an economy based primarily on agriculture, lumbering and tourism, and the extraction of oil, gas and minerals. The largest component of the economy is agriculture, with annual gross receipts totalling about one-third of the state's primary industry receipts.

During 1987, the state's economic condition improved modestly, reflecting higher agricultural income, particularly in the livestock sector, and better mining and lumbering results.

Accordingly, Norwest Banks in Montana made excellent progress in improving credit quality and restructuring the organization for better efficiency. Total assets of Norwest Banks in Montana were \$760.7 million at year-end.

Highlights of the year included the significant expansion of Norwest services among key customers. For example, our Personal Banking Center in Billings, working closely with our business bankers, recently established 60 additional payroll deduction savings accounts, plus a substantial number of Instant Cash cards and pre-approved VISA/MasterCard accounts for the employees of a long-time customer.

In addition, the relationship manager for a large business in Kalispell has increased the number of Norwest services used by that institution to include two new money market savings and checking accounts with substantial deposits, a multi-million dollar industrial revenue bond underwritten by Norwest, and a commercial real estate loan.

Norwest Banks in Montana have worked extensively and effectively with the Cash Management Division of Norwest Bank Minnesota to establish a comprehensive cash management program for corporate customers in Montana. Total fees from this project have increased nearly 50 percent since 1986 to a total of \$750,000.

A key legislative priority for Norwest in Montana is to work for the passage of a bill that would enable us to merge our seven Montana banks and one trust company into

one bank and provide better service to our customers. Such a bill failed to pass in the Montana House of Representatives in 1987, but did pass in the Senate. We will work for passage of a similar bill in the 1989 session.

CORPORATE BANKING

For the Corporate Banking Group, 1987 was a very successful year, as domestic earnings were up 282 percent over 1986. However, 1987 was also significant in a number of other critical ways which enhance our ability to compete.

First, we have significantly improved the quality of our loan portfolio. In 1987, domestic non-performing corporate loans declined by 63 percent from the level at year-end 1986. Our international loan portfolio was reduced by 42.3 percent.

In 1987, fee income increased 14 percent over 1986. Also, we were able to manage the growth of non-interest expenses to 3.4 percent. Diversifying our revenue sources, lessening our dependence on net interest income and controlling the level of non-interest expenses remain key financial objectives for the future.

Two years ago, key senior managers took on new areas of responsibility and we reduced the layers between executive management and the customer. This team has remained in place and is well prepared for the challenges that lie ahead. We have established continuity in the account officer ranks, experiencing little turnover the last two years. Our people know their jobs and their clients.

New systems for credit control and asset monitoring enable us to price loans commensurate with risk and ensure that the portfolio grows according to plan. At the same time, we have adopted a disciplined approach to risk diversification by establishing concentration limits based on risk ratings and industry classifications.

Most importantly, we have developed a stronger sales culture. Rather than waiting for customers to initiate transactions, we are taking ideas to them. This proactive approach is critical in differentiating ourselves from competitors.

The principal effect of these accomplishments has been a shift from an inward looking posture to one that is very positive and outward looking. Momentum is building, as is evidenced by the enthusiasm of our bankers and our increased recognition in the marketplace.



Members of the Banking Group 100% Club are recognized for their unsurpassed achievements in sales and service excellence.

JULIE A.
BLAKE
Vice President
Norwest Bank
Minnesota, N.A.
Minneapolis, MN

HALSEY H.
HALLS
Vice President
Norwest Bank
Minnesota, N.A.
Minneapolis, MN
(seated)

MARY P.
DITLEVSON
Senior Registered
Representative
Norwest Brokerage
Services, Inc.
Minneapolis, MN

JOANNE M.
LUEDTKE
Personal Banker
Norwest Bank
Minnesota, N.A.
Hopkins, MN
(seated)

LENNIE M.
KAUFMAN
Assistant Vice
President
Norwest Bank
Minnesota, N.A.
Minneapolis, MN



These outstanding performers draw on their extensive training and expertise to provide customers with a broad range of products and services that can fulfill 100 percent of their financial needs.

MARA J.
HOLLEY
Assistant
Vice President
Norwest Bank
Great Falls, N.A.
Great Falls, MT

JERRY
ROEHRICH
Vice President
Norwest Bank
Minnesota, N.A.
Minneapolis, MN
(seated)

ELIZABETH H.
MEEHAN
Personal Banker
Norwest Bank
Minnesota, N.A.
St. Paul, MN

PATRICIA J.
STEED
Personal Banker
Norwest Bank South
Dakota, N.A.
Rapid City, SD
(seated)

MYRNA L.
DARNELL
Personal Banker
Norwest Bank South
Dakota, N.A.
Rapid City, SD

RICHARD H.
BOWLES
Vice President
Norwest Bank
Minnesota, N.A.
Minneapolis, MN

Domestic Corporate Banking

In 1987, Norwest found many innovative ways to satisfy our clients through a technique we refer to as financial engineering. No longer solely emphasizing credit, we concentrate on meeting customer needs through highly customized programs, often involving non-traditional approaches to structuring and pricing, such as accepting equity as part of the bank's total return. In 1987 through the use of syndications, leasing, corporate finance and venture capital, we found many off-balance-sheet solutions to customer problems. The key has been in quickly recognizing what is required and mobilizing the necessary expertise from within Norwest to satisfy the customer's needs.

Responsiveness and a positive attitude toward teamwork by the entire Norwest organization are fundamental to success.

For example, Norwest bankers worked throughout an entire weekend to produce a complex bridge financing for a truck leasing firm which needed a commitment by Monday. Their responsiveness and good service earned Norwest substantial fee income, the agent's position in the financing and a major credit involvement.

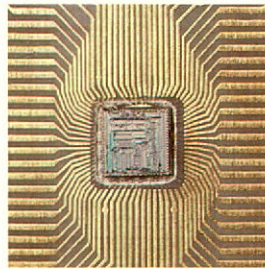
Working with a major money center bank, Norwest bankers helped an Illinois toy company structure and finance a leveraged Employee Stock Ownership Program. Norwest underwrote the entire debt and then syndicated the placement to other financial institutions.

Cash Management. Norwest's leadership as a provider of corporate cash management services stems from a consistent commitment to quality service, market-driven computer systems, strong product development and management discipline.

Norwest's role as the nation's second largest originator of automated clearing house transactions is a competitive advantage for our cash management department. Norwest provides ACH services for 700 corporate customers, originating more than two million transactions per month. Norwest has carved a significant niche among progressive utilities and insurance companies for collection of consumer payments and premiums. BankTIES, an electronic information system, provides more than 4,000 corporate customers terminal-access to their Norwest bank's data base of transactions and balances, and allows them to initiate wire transfers and automated clearing house transactions from their own terminals.



From Hong Kong to Hopkins, MN, International Banking Group products such as FASTR and WorldTIES offer businesses convenient, PC-based trade tools such as letters of credit and wire transfers for international transactions.



Future Systems is a computer based system for the 1990s that will link Norwest Bankers throughout the system. It is being designed by the bankers themselves to provide quick access to information needed to finalize transactions.

1987 was a year of continued outstanding growth in new and existing relationships. Two major cash management relationships expanded in 1987 include all of the credit card and retail store deposits for a leading department store operation in the Twin Cities area and 100 percent of the operating business for a nationwide bookseller.

International. In May 1987, Norwest became the nation's second bank holding company to announce a major provision for international credit risks. Since that time, through a planned effort to reduce our exposure, we have decreased international loans by more than \$390 million.

Norwest has successfully refocused its international business to support the international trade endeavors of corporate customers in the Upper Midwest. Fees from international activities increased by 18 percent over 1986.

The refocusing combines Norwest international geographic expertise, innovative trade finance and product ideas, quality responsive customer service and the foresight to help our customers get ahead and stay ahead in their trade efforts.

Norwest's International Banking Group keeps its clients informed of trade developments which can impact profits through "International Profit Strategy Roundtables" and special "Action Alerts." The popular Roundtable sessions attract senior international and treasury executives. The Alerts highlight key current issues and strategies companies ought to pursue.

Norwest has been an innovator in creating products to meet clients' needs for faster execution of trade transactions and more control of global cash. By expanding Norwest's micro-based product line, WorldTIES,TM customer and Norwest offices in the Midwest, New York and Hong Kong are electronically tied. This enables customers to initiate letters of credit, foreign drafts, collections, acceptance financing and international wire transfers at their offices. Customer headquarters can link in their other offices locally or abroad and have consolidated reports or disbursement control. The wire transfer service enables customers to track and receive payments quicker. Global cash management can also improve with the WorldTIES Multicurrency ReporterTM by collecting global bank balances. Electronic transaction increased 50 percent.

Also, a number of important transactions occurred that did not increase cross-border exposure. For example, Norwest financed the export of a large shipment of upper midwestern dairy cattle to Indonesia. The credit is guaranteed by the United States government.

Corporate Finance. Another important component in our ability to provide non-traditional financial services is the corporate finance department. The department is a reservoir of special skills which Norwest relationship managers often tap to address corporate customers' needs. The department generates fees by providing advisory services to buyers and sellers of companies, raising long-term non-bank capital for corporations, and performing business valuations, a significant source of revenue for the department in 1987.

Financial Institutions. With more than \$850 million of assets corporate-wide, Norwest's financial institutions department is an important player in the Upper Midwest's correspondent banking business. A 1987 survey indicates that a majority of the independent banks in Norwest's seven-state banking region have correspondent relationships with Norwest.

Beyond traditional correspondent banking, Norwest provides a wide array of services to other financial institutions, including finance, leasing and insurance companies, credit unions, investment managers and investment banking and brokerage firms.

The department had a number of marketplace successes in 1987. Outstanding loans increased by 54 percent and investable

deposits rose by 37 percent. In addition, the department:

- was named agent bank by two of the Upper Midwest's leading investment banking firms.
- was named the main agent bank of account by the Port Authority of St. Paul, which established a relationship that involves credit and depository accounts, management of a significant investment portfolio, cash management services and corporate trust.
- assisted a Minnesota holding company in financing the acquisition of 21 banks in South Dakota, Minnesota and North Dakota. As a result, Norwest will become a major provider of non-credit services to these banks.

The Norwest Advantage. Bankers trained to recognize what is needed in a given client situation, who are backed up by an organization that can mobilize talent quickly, have a competitive advantage.

Norwest has worked hard to ensure that we are such an organization. Our extensive calling programs and long-standing customer relationships give us an advantage over many of our competitors. We know our customers. We have the capital and the quality people necessary to differentiate ourselves by providing value-added products and services. We are focused on the marketplace. Our people are committed to being the best.

CAPITAL MARKETS

Norwest's Capital Markets companies enjoyed an excellent year in 1987. We:

- Increased fee income 14.5 percent to \$55 million, contributing 20 percent of the Banking Group's non-interest income.
- Added more than 300 institutional customers who chose Norwest to provide employee benefit administration, investment, corporate trust, transfer agent and securities custody services. At year-end, the Corporate Resources area managed more than \$17.7 billion in assets for more than 1,000 customers. Custody services alone grew dramatically from \$9.1 billion to \$13.5 billion due to new client relationships.
- Increased our brokerage account base by 39 percent, giving us the critical mass needed to expand geographically.

- Consistently ranked within the top 10 percent of all small stock managers for our Aggressive Stock Fund. Despite the market decline of October 1987, the fund landed three new national accounts in the fourth quarter. The fund's year-end return was 3.8 percent, well above negative returns posted by the national indexes.

- Introduced more than 20 new products and product enhancements.

These accomplishments underscore our determination to work cooperatively with other Norwest units to provide total financial solutions, to develop and expand the distribution of products and services, to develop and better use technology and, finally, to strengthen key areas of the staff.

Cooperative efforts. Our cooperative efforts paid off handsomely in 1987. By working with Corporate Banking, we added more than 70 stock transfer customers in the last quarter of the year.

Earlier, we had invested in a new stock transfer administration system which provides better control and faster turnaround of customer reports. With this upgrade, we capitalized on an unexpected marketing opportunity, more than doubling the size of our business.

Representatives from Norwest Investment Services, Inc. (NISI), our bond underwriting subsidiary, worked with Norwest Bank Kalispell, Montana, on a housing project for the elderly. Using experience gained from a successful bond issue in Minneapolis, NISI underwrote and sold more than \$6.5 million in bonds for the Kalispell project.

NISI also worked closely with representatives from our South Dakota banking affiliate during the year to win the position as co-manager of South Dakota Housing Finance Agency bond issues.

Products and services: A cut above. Norwest has pioneered in the area of mutual fund offerings, anticipating a relaxation of current restrictions on mutual fund activities at commercial banks. We participated in the development of the Prime Value Funds, sponsored and distributed by Keffer Capital Management, Inc. and made available to Norwest customers through our brokerage, bond and trust departments. This family of funds increases our ability to compete with non-bank competitors. The Prime Value Funds



Horizon Employee Benefit plans offer small and medium sized companies greater flexibility and a complete package for managing employee benefit plans.



"Investing In Your Future..." with Prime Value Funds. Norwest announces the availability of a family of mutual funds through Norwest Capital Markets.

use Norwest's investment management expertise and shareholder servicing support.

Norwest's bond sales and brokerage units expanded their offerings to include mutual funds managed by some of the nation's best-known fund managers. In 1987 the bond sales units introduced seven new families of funds in the fixed income category. The brokerage unit currently offers 45 equity and balanced funds, up from 30 since year-end 1986.

In addition, the Norwest Horizon Profit Sharing and Money Purchase Pension plans offer smaller companies a comprehensive package including administrative, government filing, communications, investment and record-keeping support. The first module, a 401(k) profit-sharing plan, was introduced early in 1987.

In the fourth quarter, we formed an asset-backed securities originations unit which restructures consumer and commercial loans, mortgages, auto loans and other Norwest assets into marketable securities. This service provides competitive rates to borrowers, new products to investors and balance sheet liquidity to the bank.

Norwest continued to develop creative investment alternatives for its customers. In 1987, we introduced Reserve Asset Management, an account to allow corporations to achieve higher returns on shorter term investments. This service offers an alternative between long-term commitments with accompanying higher return potential and the lower potential return of very short-term investments.

Investment results for 1987 were mixed, although the fixed income and equity styles



"Advantage Plus" is an innovative program which allows executives with stock options to use a Private Banker to exercise their options. A complete package of Norwest services makes the process simple and convenient.



Increasing the yield on a company's liquid assets is an important priority for Norwest investment specialists. Reserve Asset Management helps corporations achieve higher returns on shorter term investments.

performed better than the median performances of comparable pension managers. While large gains on the equity side were erased in the October market downturn, our equity funds remained in positive territory for the year. Bond results were below historic norms due to higher interest rates and lower bond prices. However, our defensive position enabled us to outperform a large segment of bond managers nationally and the popular bond indexes.

Brokerage services, stock transfer, cash management, tax services and the private banking arm of the Community Banking Group jointly developed a service for companies which use stock options for executive compensation. This service uses a special cash management account to simplify many time-consuming stock option transactions.

Norwest Brokerage Services, Inc. also introduced a group discount program which offers selected commercial customers a 15 percent discount off brokerage fees for any company employee using Norwest's brokerage service.

Technology: Investing in the future. To ensure that our technological systems provide strong support, we have significantly upgraded the data processing systems in each area of our business.

This new technology, frequently upgraded to remain state-of-the-art, is a key selling point. For example, we now process all stock transfer transactions internally, a move which allows greater control over critical and sensitive processing. Today's market trend toward mergers and acquisitions has opened up new opportunities for expanding this business.

A similar system allows Norwest to enter the mutual fund administration business.

Currently, we provide mutual fund servicing for the Prime Value Funds and we regard the area as having excellent growth potential.

During the year, we also dedicated substantial resources to develop an integrated record-keeping system for our employee benefits administrative areas. The new system will enable clients to respond quickly to the continuing legislative and financial market changes facing plan sponsors today. It will provide a competitive edge for Norwest in a business where customers depend on accurate, timely and complete information.

A new bond trading floor is being designed for installation in the new Norwest Center. It will have the latest technological advances and allow Norwest's bond traders to make trading decisions based on the most complete and up-to-date information.

Expanding the delivery system. Capital Management and Trust of Norwest Bank Minnesota opened a personal trust service office in Rochester, Minnesota, bringing Norwest's individual trust services directly to an important, affluent market.

Norwest Brokerage Services opened a satellite sales office in St. Paul in January 1988, and expansion is planned later this year into other Norwest regional centers.

Staffing: Our competitive edge. Maintaining a high quality staff is a top priority. This year, we made key additions to staff which have helped to strengthen our market position. This expertise enabled us to enter or expand into new strategic arenas, such as mutual funds, stock transfer and securities originations. We are committed to hiring the best and the brightest and to providing growth opportunities to our professional staff.

NORWEST FINANCIAL

Top performances by employees are the foundation of Norwest Financial's successes. These employees are recognized for consistently leading their offices and operating units in producing superior results.

LARRY HONEYCUTT Lake City, Florida
RICHARD L. PETTIGREW Jacksonville, Florida
MICHAEL D. AUBREY Tuscaloosa, Florida
CHARLES D. SCHLUETER St. Louis, Missouri
JEANNIE P. BLACKWELDER Asheville, North Carolina
SCOTT D. JUVELIER Winston-Salem, North Carolina
PAUL D. QUARVE Lubbock, Texas
MARK W. FRANKLIN McAlester, Oklahoma
REX J. ELLISON Fridley, Minnesota
BEN G. AEILTS Maplewood, Minnesota
TERRY L. HANCOCK Springfield, Massachusetts
ROBERT J. GUNGLE Warwick, Rhode Island
RONALD R. KIST Pittsburgh, Pennsylvania
JOEL J. SANTOLLA New Castle, Pennsylvania
ROGER D. SMITH Minneapolis, Minnesota
NANCY C. WYDICK Minneapolis, Minnesota
JOHN E. HANSON Grand Rapids, Minnesota

SHERRY K. LEWIS Edina, Minnesota
LAURIE L. McCONNELL Edina, Minnesota
SHANNON LEE Auburn, Washington
CHRISTOPHER C. SCHROEDER Anchorage, Alaska
ZARELL L. WILLIAMS Clovis, California
JAMES A. METCALFE Oxnard, California
JOY C. SCALESE Pueblo, Colorado
RYAN C. STAKER Albuquerque, New Mexico
GREG M. JANASKO Arlington, Texas
MARK S. MERKEL Des Moines, Iowa
PAT J. MASCHING Des Moines, Iowa
TAMARA M. WAKNITZ Carroll, Iowa
ANTHONY VILLALOBOS Lakewood, California
LANCE J. EBARR San Bernardino, California
PAMELA S. BANWART Sioux Falls, South Dakota
CYNTHIA K. PROCHASKA Sioux Falls, South Dakota
ANDREW JACKSON Aberdeen, South Dakota

NORWEST MORTGAGE, INC.

Production and good service to customers are the keys to profitability at Norwest Mortgage. The personal performances of these employees in 1987 set a powerful example for others to follow in the future.

CHARLES CROWE Montgomery County, Maryland
JEFF KOPP Cincinnati, Ohio
THOMAS DOTY Davenport, Iowa
LARRY POTTER Cedar Rapids, Iowa
GEORGE DOSE Albert Lea, Minnesota
JEROME RACHMAN Riverside, California
PENNY BOWERS Lombard, Illinois
DON HUSBAND St. Paul, Minnesota
CHARLES SMALLWOOD Rochester, Minnesota
KAREY PERKINS Las Vegas, Nevada
STEVE GATERMANN Cincinnati, Ohio
ALAN KESSLER Boston, Massachusetts
CHARLES WALRATH Sterling, Illinois

JILL HUMBERT Indianapolis, Indiana
RANDI LIVON Bloomington, Minnesota
JAMES MULLIN Des Moines, Iowa
WILLIAM KEHRWALD Bloomington, Minnesota
DAN CAOCE Duluth, Minnesota
RONALD HILK St. Louis Park, Minnesota
DENNIS MAGNUSON St. Paul, Minnesota
MICHAEL RIPPLE Des Moines, Iowa
SIDNEY NOVAK Orange County, California
PATRICK LEAHY St. Paul, Minnesota
MICHAEL MAZUR St. Paul, Minnesota
KENT BOISEN Cedar Rapids, Iowa

SERVICE EXCELLENCE

Service Excellence is a central element in Norwest's business philosophy. To emphasize its fundamental importance, the Norwest Service Excellence program was developed to recognize the achievements of outstanding sales support and service employees. From over 6,000 employees system-wide, 150 employees were nominated for recognition each quarter, for their achievements in service excellence and their contributions to the success of Norwest. Thirty of these winners were selected in an impartial drawing to participate in a Caribbean cruise.

Listed below are the names of those outstanding employees recognized and rewarded for their commitment to Norwest's goal of service excellence.

BEVERLY J. JERGENSEN Sauk Rapids, Minnesota
PAMELA E. GRUBER Stillwater, Minnesota
MARY E. KOCH Minneapolis, Minnesota
MARY ROSE ITEN Minneapolis, Minnesota
GAYLE M. DAHMS Mankato, Minnesota
DAWN E. MEADE Des Moines, Iowa
JULIE E. MORRIS Des Moines, Iowa
C. SUE HINES Des Moines, Iowa
DENNIS J. WALSH Omaha, Nebraska
CAROLE A. THOMPSON Hastings, Nebraska
THERESA M. LUCE Omaha, Nebraska
ROSE MARY VORTHERMS Sioux Falls, South Dakota
VELMA M. KELLOGG Rapid City, South Dakota
ALTON NIES Sioux Falls, South Dakota
PATRICIA M. HESTENESS Fargo, North Dakota

MICHELLE R. KRUSE Thief River Falls, Minnesota
SUSAN D. COSTELLO Billings, Montana
SUSAN K. BRIDGEFORD Great Falls, Montana
MARGARET ENDRES Minneapolis, Minnesota
MONICA J. MERCER Minneapolis, Minnesota
PHYLLIS A. BENISH LaCrosse, Wisconsin
BECKIE A. JOHNSON Minneapolis, Minnesota
MANUEL E. CARRERA Minneapolis, Minnesota
BRIAN D. JOHNSON Minneapolis, Minnesota
KATHLEEN A. JOHNSON Minneapolis, Minnesota
CHARLYN D. TAIT St. Paul, Minnesota
ANN G. HAEDTKE Minneapolis, Minnesota
HELEN T. LIU Minneapolis, Minnesota
MARLANA PARRETT Minneapolis, Minnesota
NANCY J. KENNEDY Minneapolis, Minnesota

100% CLUB

Launched in 1987, the 100% Club has become a hallmark of success for the Norwest salesforce. Based on the goal of obtaining 100 percent of each customer's business, Norwest salespeople seek to match client needs with Norwest products. Exemplary sales performers are recognized with membership in the 100% Club.

We salute these members of the 100% Club—NUMBER ONE!! SECOND TO NONE!!

All have earned a trip to the National Sales Conference in Phoenix, Arizona, March 5th through the 9th, 1988.

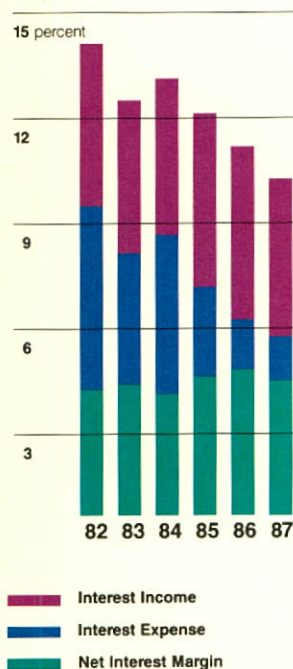
BRENDA L. CLAFLIN Two Harbors, Minnesota
MARY J. HAGEDORN Ely, Minnesota
JOANN H. HAROLDSON Grand Rapids, Minnesota
ELAINE A. HARTLEBEN Ely, Minnesota
VIRGIL J. HENGEL St. Cloud, Minnesota
JOYCE E. HICKMAN Duluth, Minnesota
DANIEL J. MOSCHET Duluth, Minnesota
KATHERINE C. PATTERSON Virginia, Minnesota
BRUCE W. POTTER Duluth, Minnesota
BRENDA D. PRICE Grand Rapids, Minnesota
MARY L. RAVNIKAR Ely, Minnesota
STEVE R. ADAMS St. Paul, Minnesota
TIMOTHY B. AHERN Minneapolis, Minnesota
KIRK F. ANDREA Hastings, Minnesota
DONALD A. BIERDERMAN Minneapolis, Minnesota
JULIE A. BLAKE Minneapolis, Minnesota
DAVID F. BODINE Minneapolis, Minnesota
RICHARD H. BOWLES Minneapolis, Minnesota
WILLIAM H. BREWER Minneapolis, Minnesota
CORINNE M. CRAWFORD Maple Grove, Minnesota
MARY P. DITLEVSON Minneapolis, Minnesota
THOMAS E. DROEGEMUELLER Minneapolis, Minnesota
HERB EHLERT Minneapolis, Minnesota
LINDA K. FIELDS Bloomington, Minnesota
CARLTON L. FISHER Minneapolis, Minnesota
BARBARA J. FITZPATRICK Minneapolis, Minnesota
JAMES A. GARNER Minneapolis, Minnesota
LAURA HUSTAD GIDEON Minneapolis, Minnesota
JILL GREENE Minneapolis, Minnesota
JOAN A. GRZYWINSKI St. Paul, Minnesota

HALSEY H. HALLS Minneapolis, Minnesota
JOHN D. HIBBARD Minneapolis, Minnesota
BETTY F. HOLSTEN Bloomington, Minnesota
KRISTIN E. JOHNSON Minneapolis, Minnesota
JACK W. KALSCHUEER Minneapolis, Minnesota
LENNIE M. KAUFMAN Minneapolis, Minnesota
GEORGE H. KELBY Minneapolis, Minnesota
KATHLEEN A. KELLIHER Minneapolis, Minnesota
SCOTT W. KEMPER Minneapolis, Minnesota
BARBARA M. KIEDROWSKI Minneapolis, Minnesota
PHYLLIS L. KORINKE Minneapolis, Minnesota
JILL C. LARSON Minneapolis, Minnesota
THOMAS D. LINHARES Minneapolis, Minnesota
GLORIA A. LINNEMAN Hastings, Minnesota
JOY E. LUE Minneapolis, Minnesota
JOANNE M. LUEDTKE Hopkins, Minnesota
SHEILA M. MCGUIRE Minneapolis, Minnesota
ELIZABETH H. MEENAN St. Paul, Minnesota
PATRICIA L. MEUWISSEN Bloomington, Minnesota
EDWARD J. MEYER Minneapolis, Minnesota
JEFFREY N. MILLER Minneapolis, Minnesota
THOMAS F. MITCHELL Minneapolis, Minnesota
PAMELA J. MURPHY Eagan, Minnesota
PAUL L. NELSON Minneapolis, Minnesota
SHIRLEY M. NEUVILLE Bloomington, Minnesota
TINA M. O'BRIEN Hastings, Minnesota
CINDY A. OLMANSON Minneapolis, Minnesota
BRIAN J. OPP Minneapolis, Minnesota
HOWARD R. PALMER Minneapolis, Minnesota
DONALD J. PRIHODA Bloomington, Minnesota

B. DOUGLAS PUDVAH Minneapolis, Minnesota
 JOHN P. REED Hopkins, Minnesota
 JOHN M. REYNOLDS Minneapolis, Minnesota
 JERRY A. ROEHRICH Minneapolis, Minnesota
 PEGGY O. ROUSH Minneapolis, Minnesota
 LISA K. SCHOONOVER St. Paul, Minnesota
 RUSSELL W. SCHULTZ Bloomington, Minnesota
 BETH S. SIEBENALLER Bloomington, Minnesota
 DONN E. SJOLANDER Minneapolis, Minnesota
 JOHN R. SLIFER Minneapolis, Minnesota
 ALAN R. THOMETZ Minneapolis, Minnesota
 DEBRA J. TIMM Bloomington, Minnesota
 MARY E. TRAYNOR Minneapolis, Minnesota
 BEVERLY J. TURBIN Bloomington, Minnesota
 JEFFREY C. WHIPPS Minneapolis, Minnesota
 NANCY A. BRANDT Albert Lea, Minnesota
 MAXINE J. COLSTRUP Albert Lea, Minnesota
 KENNETH D. GEIGER Northfield, Minnesota
 JERALD M. HELIN Austin, Minnesota
 DEBRA A. KENISON Albert Lea, Minnesota
 CORA J. LANGESLAG Faribault, Minnesota
 MARK R. LANGE Mankato, Minnesota
 MARVIN E. MANSKE LaCrosse, Wisconsin
 TIMOTHY M. McMANIMON Owatonna, Minnesota
 TIMOTHY R. MELIN Rochester, Minnesota
 MARK W. MURPHY Mankato, Minnesota
 DIANE T. NELSON Faribault, Minnesota
 JOHN A. NETT Winona, Minnesota
 ROGER D. PETERSON LaCrosse, Wisconsin
 NANCY A. ROBERTS Worthington, Minnesota
 THOMAS G. RUSSELL Owatonna, Minnesota
 CRAIG A. SINNING Mankato, Minnesota
 DAVID G. WITTENBERG Rochester, Minnesota
 TODD S. WYATT Mankato, Minnesota
 SCOTT ANDERSON Des Moines, Iowa
 TIMOTHY A. BADOW Des Moines, Iowa
 JODI R. BELLER Sioux City, Iowa
 RICK L. BOTHWELL Des Moines, Iowa
 DAVID W. DEEVER Cedar Falls, Iowa
 MARY LOU HAGGLUND Ottumwa, Iowa
 RANDALL C. JENSEN Des Moines, Iowa
 SUE KLEITSCHKE Sioux City, Iowa
 NANCY A. KRUEGER Sioux City, Iowa
 BEVERLY J. LAFFOON Keokuk, Iowa
 VERA LARSON Marion, Iowa
 STEPHEN J. NAVIN Sioux City, Iowa
 MARJORIE L. NEDDERMEYER Denison, Iowa
 ANTHONY R. PFEIFER Keokuk, Iowa
 THOMAS H. POHLMAN Sioux City, Iowa
 SHARON K. SELLERS Des Moines, Iowa
 STEVEN D. SIMON Sioux City, Iowa
 CHERI L. STRECK Denison, Iowa
 KATHLEEN A. ANDERSON Omaha, Nebraska
 PAUL D. CAMENZIND Omaha, Nebraska
 BARBARA L. CATTERTON Omaha, Nebraska
 MARGARET K. COHN Omaha, Nebraska
 LOIS J. DOLL Omaha, Nebraska
 ANITA L. GARDNER Omaha, Nebraska
 WILLIAM S. GRAVES Omaha, Nebraska
 CINDY L. HORN Norfolk, Nebraska
 TERRY J. JAROS Omaha, Nebraska
 NANCY JOHNSON Hastings, Nebraska
 LYLE D. KNUDSON Omaha, Nebraska
 BRIAN D. LIERMAN Omaha, Nebraska
 BERNADINE MARKEL Omaha, Nebraska
 CHARLES R. OLSON Grand Island, Nebraska
 GLENN A. RIED Omaha, Nebraska
 BONNIE B. SKARTVEDT Omaha, Nebraska
 JUDY A. SOUKUP Hastings, Nebraska
 JAMES K. STERLING Omaha, Nebraska
 DEBRA J. STUEHRENBURG Hastings, Nebraska
 CATHY M. THEIS Norfolk, Nebraska
 LOWELL M. THRASHER Omaha, Nebraska

CINDY J. ADAMS Chamberlain, South Dakota
 RICHARD L. BRADY Hot Springs, South Dakota
 DONNA M. BUTTKE Milbank, South Dakota
 PETER J. CAPP Rapid City, South Dakota
 DALE V. CHRISTENSEN Sioux Falls, South Dakota
 ERIK A. DAHL Brookings, South Dakota
 LEONARD S. DANKEY Sioux Falls, South Dakota
 SHELLY M. GARDNER Sioux Falls, South Dakota
 DIANE S. GERALD Hot Springs, South Dakota
 CAROL M. GROFT Redfield, South Dakota
 ROBERT S. HAMMERQUIST Robbinsdale, South Dakota
 NATALIE A. HANSON Milbank, South Dakota
 DENNIS G. HOFFMAN Sioux Falls, South Dakota
 DONALD S. HOOPER Sioux Falls, South Dakota
 LYNN J. HURLEY Sioux Falls, South Dakota
 RICHARD J. KORNDER Aberdeen, South Dakota
 CHARLENE G. LAGE Mobridge, South Dakota
 WILLIAM E. LINDQUIST Sioux Falls, South Dakota
 DOUGLAS J. MILLER Sioux Falls, South Dakota
 RICHARD G. MUNCE Sioux Falls, South Dakota
 ROBERT C. OLIVER Sioux Falls, South Dakota
 DOROTHY M. SCHROEDER Rapid City, South Dakota
 RACHEL A. STEARNS Watertown, South Dakota
 CURTIS W. ZASKE Sioux Falls, South Dakota
 PAMELA J. BICE Fergus Falls, Minnesota
 JOHN W. GIESE Fargo, North Dakota
 BARBARA A. GODEL Fergus Falls, Minnesota
 GAIL M. HOVE Grafton, North Dakota
 RICHARD P. LARSON Jamestown, North Dakota
 LISA J. MARTIN Moorhead, Minnesota
 JAMES T. MATSON Thief River Falls, Minnesota
 MARK R. NAUMAN Fargo, North Dakota
 TERRANCE W. NESS Bismarck, North Dakota
 TAMARA K. DYER Thief River Falls, Minnesota
 HARLEE N. OLAFSON Fargo, North Dakota
 ROBERT W. PEREZ Fargo, North Dakota
 SHIRLEY M. PRIBBERNOW Fergus Falls, Minnesota
 JAMES F. ROGALLA Thief River Falls, Minnesota
 JANNA L. ROHRER Minot, North Dakota
 DONALD W. BAKER Kalispell, Montana
 GEORGE CASTLETON Butte, Montana
 CORRINE FREDRICKSON Lewistown, Montana
 MARA J. HOLLEY Great Falls, Montana
 SARA J. HOWE Helena, Montana
 GREGORY A. HUGHES Helena, Montana
 GEORGE J. "JOE" LANE Dillon, Montana
 COLLEEN D. LOOMIS Great Falls, Montana
 JEANNETTE A. ORI Dillon, Montana
 ARDIS F. PRICHARD Dillon, Montana
 JANICE M. QUINN Butte, Montana
 JAMES R. SEEL Kalispell, Montana

Net Interest Income As A Percent Of Earning Assets



This financial review should be read with the financial statements and accompanying notes presented on pages 45 through 60 and other information presented on pages 62 through 70.

EARNINGS PERFORMANCE

Norwest reported a net loss of \$29.8 million in 1987 which included the impact of a \$204 million addition to the allowance for credit losses related to international credit exposures. This compares with net income of \$121.7 million in 1986. Net loss per common share was \$1.31 in 1987, compared with net income per share of \$3.64 in 1986.

ORGANIZATIONAL EARNINGS

Specialized Financial Group

Norwest Financial reported record earnings of \$78.1 million for 1987, a 10.3 percent increase from \$70.8 million earned a year ago. The increase was primarily attributable to a 4.2 percent increase in average earning assets, a lower provision for credit losses and lower federal income tax rates. These increases were partially offset by a 7.6 percent increase in non-interest expenses.

Norwest's mortgage banking companies reported combined earnings of \$1.1 million in 1987, compared with \$7.7 million in 1986. Mortgage banking revenues totaled \$41.2 million in 1987, down 38.6 percent from 1986. The mortgage banking results reflect lower mortgage demand as residential mortgage fundings were \$1.5 billion in 1987, compared with \$2.8 billion in 1986.

Norwest's venture capital companies had net earnings of \$10.0 million in 1987 with net realized gains of \$14.1 million pre-tax on securities sales, compared with \$16.6 million and \$29.9 million, respectively, in 1986. At December 31, 1987, Norwest Venture Capital's portfolio of investments consisted of 92 companies, representing investments of \$66.1 million with an estimated market value of \$93.7 million.

Banking Group

The Banking Group reported a net loss of \$82.2 million in 1987, compared with earnings of \$55.1 million in 1986. The Community Banking Group achieved significant increases in year to year results, especially outside the Twin Cities area, where 1987 earnings were \$51.0 million, compared with earnings of \$1.5 million in the same period a year ago. The Banking Group's 1987 loss reflected the additional provision taken for international credit exposure. The Group's provision for credit losses increased to \$342.6 million in 1987 from \$206.6 million in 1986. Net credit losses totaled \$268.4 million in 1987, compared with \$163.9 million last year. Domestic net credit losses were \$123.4 million in 1987, compared with \$145.3 million in 1986.

Net interest margin in the Banking Group decreased to 3.75 percent in 1987 from 3.95 percent in 1986. This decrease reflects a narrower yield spread due to changes in earning asset mix, partially offset by the reduced earnings impact of non-performing

Consolidated Income Summary

Norwest Corporation and Subsidiaries

In millions of dollars	1987	Percentage Change	1986	Percentage Change	1985	1984	1983	5 Year Growth Rate Percentage
Interest income-tax-equivalent basis	\$1,888.7	(3.9)%	\$1,964.4	(8.6)%	\$2,149.4	2,395.2	2,064.3	(.1)%
Interest expense	1,069.3	(5.4)	1,130.6	(14.5)	1,321.7	1,601.8	1,323.0	(3.8)
Net interest income	819.4	(1.7)	833.8	0.7	827.7	793.4	741.3	6.4
Provision for credit losses	375.7	51.6	247.8	(6.9)	266.3	198.3	136.8	33.6
Net interest income after provision for credit losses	443.7	(24.3)	586.0	4.4	561.4	595.1	604.5	(2.8)
Non-interest income	455.6	(13.8)	528.3	12.5	469.5	372.2	324.2	17.0
Non-interest expenses	870.3	(2.7)	894.5	4.9	852.6	845.9	707.2	9.5
Income before income taxes	29.0	(86.8)	219.8	23.3	178.3	121.4	221.5	(29.6)
Income tax expense (benefit)	12.2	(51.6)	25.2	NM	(3.1)	(33.0)	27.1	20.0
Tax-equivalent adjustment	46.6	(36.1)	72.9	(1.2)	73.8	84.9	69.2	(8.8)
Net income (loss)	\$ (29.8)	NM%	\$ 121.7	13.1 %	\$ 107.6	69.5	125.2	NM%

NM - Not meaningful

assets. Non-interest income decreased 7.9 percent in 1987, primarily due to lower gains on sales of investment securities, partially offset by increased service charges and other fee income. Non-interest expenses decreased 3.4 percent from 1986 as salaries and employee benefit costs decreased 4.8 percent through restructuring of operations and as levels of credit related expenses decreased significantly.

Parent and Service Companies

Parent and service companies' expenses, including consolidating adjustments, were \$36.8 million in 1987, compared with \$28.5 million in 1986. These expenses primarily consist of costs associated with centralized administrative functions, costs incurred to provide funding to subsidiaries and effects of the consolidated income tax provision.

CONSOLIDATED INCOME STATEMENT ANALYSIS

Net Interest Income

Net interest income on a tax-equivalent basis is the difference between interest earned on assets and interest paid on liabilities, with adjustments made to present yields on tax-exempt assets as if such assets were fully taxable. In 1987, tax-equivalent net interest income provided 64.3 percent of Norwest's net revenues, compared with 61.2 percent in 1986. Changes in the mix and volume of assets and liabilities and related yields and rates have a major impact on earnings.

Total tax-equivalent net interest income was \$819.4 million, down from the \$833.8 million

reported in 1986. The decrease resulted from a lower net interest margin. Net interest income from foreign activities was negligible in 1987, compared with \$12.2 million, or 1.5 percent of total net interest income, in 1986. Detailed analyses of net interest income appear on pages 62, 63 and 65.

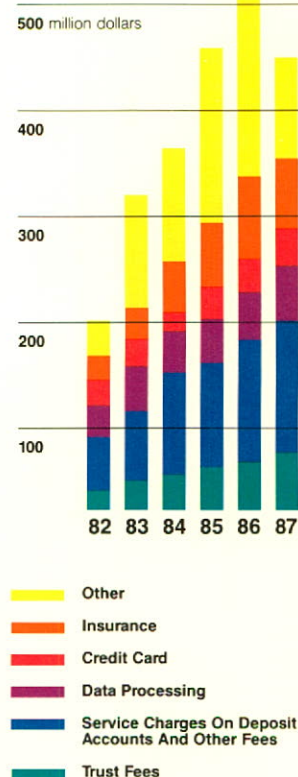
Net interest margin, the relationship between tax-equivalent net interest income and earning assets, decreased to 4.53 percent in 1987 from 4.74 percent in 1986. This decrease reflects a narrower yield spread resulting from changes in earning asset mix, partially offset by the reduced earnings impact of non-performing assets.

Provision for Credit Losses

The provision for credit losses reflects management's judgment of the cost associated with the risks inherent in the loan and lease portfolio. The provision for credit losses amounted to \$375.7 million in 1987, an increase of \$127.9 million from 1986. The increase over 1986 is attributable to the \$204 million additional provision related to international credit exposures, as further discussed beginning on page 39 under "Credit Risk Management."

All loans and leases or portions thereof evaluated as uncollectible are charged off. Net credit losses on a consolidated basis in 1987 were \$304.4 million, compared with \$201.6 million in 1986. Net credit losses as a percent of average loans and leases was 2.38 percent compared with 1.55 percent in 1986. Domestic net credit losses totaled \$159.4 million in 1987, compared with \$185.6 million in 1986. The table on page 66 presents credit losses by type of loan.

Non-interest Income



Organizational Earnings*

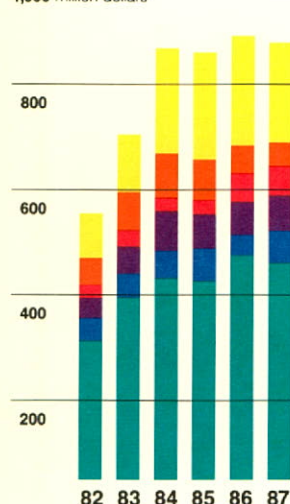
Norwest Corporation and Subsidiaries

Year ended December 31, In millions	1987	1986	1985	1984	1983
Norwest Financial Services, Inc. and subsidiaries	\$ 78.1	70.8	58.1	45.7	39.3
Mortgage banking companies	1.1	7.7	14.5	(26.1)	10.5
Venture capital companies	10.0	16.6	18.9	0.7	4.6
Total Specialized Financial Group	89.2	95.1	91.5	20.3	54.4
Banking Group	(82.2)	55.1	42.8	78.4	84.3
Other (consolidating adjustments, parent and service companies)	(36.8)	(28.5)	(26.7)	(29.2)	(13.5)
Consolidated net income (loss)	\$ (29.8)	121.7	107.6	69.5	125.2

* Earnings of the entities listed are impacted by intercompany revenues and expenses, such as interest on borrowings from the parent company, corporate service fees and allocations of federal income taxes.

Non-interest Expenses

1,000 million dollars



Other
Communications
Business Development
Equipment Rentals, Depreciation And Maintenance
Net Occupancy
Salaries And Benefits

Non-Interest Income

Non-interest income continues to be a significant source of revenue, representing 35.7 percent of net tax-equivalent income, compared with 38.8 percent in 1986 and 36.2 percent in 1985. Consolidated non-interest income decreased 13.8 percent from 1986 primarily due to lower mortgage banking revenue, venture capital gains and gains on sales of investment securities, partially offset by increases in service charges and other fee income. In addition, included in non-interest income in 1986 were \$20.8 million of gains on sales of bank premises and a fire loss settlement.

In December 1986 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 91 "Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases" (SFAS No. 91), which is to be applied beginning in 1988. Under SFAS No. 91, recognition of certain fee revenue and costs associated with extending credit is deferred and the amortization of such fees and costs over the credit terms is reported as an adjustment to the yield of the related loan balances or as service fee income for unused commitments. Currently, Norwest records certain loan-related fees and costs in income and expense in the period in which they occur. If Norwest would have applied SFAS No. 91 in 1987, the impact on consolidated net income would not have been material.

Non-Interest Expenses

Consolidated non-interest expenses decreased 2.7 percent over 1986 due primarily to reductions in credit-related expenses and a 1.7 percent decrease in salaries and benefits resulting from the restructuring of Banking Group operations, partially offset by increases in occupancy costs.

Income Taxes

Norwest's income tax planning is based upon the goal of maximizing long-term, after-tax profitability. Income tax expense is significantly impacted by the mix of taxable versus tax-exempt revenues from the investment securities and loan portfolios and additions and sales of major capital assets.

Norwest's 1987 income tax expense of \$12.2 million consisted primarily of federal income taxes paid by a life insurance subsidiary which, under Internal Revenue Service regulations, was required to file a

separate federal income tax return in 1987 and could not join in Norwest's consolidated federal tax return.

To achieve maximum benefit from 1987's net operating loss, Norwest expects to make an election to carryforward the loss and apply it against future taxable income. As a result of the 1987 pre-tax loss, the corporation has unrecognized tax benefits of approximately \$40 million, based on rates now in effect for tax years after 1987, that can be used to offset income tax expense in future years.

In late December 1987 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 96 (SFAS No. 96) "Accounting for Income Taxes" which may be applied as early as 1987 but no later than 1989. Under the SFAS No. 96, deferred tax accounts must be adjusted to reflect current tax rates. A decision as to the timing of adoption and selection of alternative methodologies in implementing SFAS No. 96 will be based on a comprehensive analysis of this complex area. However, management expects that, when adopted, the new standard will not have a material effect on Norwest's financial position or results of operations.

CONSOLIDATED BALANCE SHEET ANALYSIS

Earning Assets

Average earning assets were \$18.1 billion in 1987, up from \$17.6 billion in 1986. A \$1.5 billion increase in investment securities was partially offset by decreases in commercial, agriculture and foreign loans. The decrease in these loan categories was due largely to restrained loan demand in the commercial and agricultural sectors and a continued effort to reduce Norwest's foreign exposures. Average holdings of federal funds sold and resale agreements and mortgages held for sale also declined \$669 million in 1987.

Norwest Financial experienced a 4.2 percent increase in average earning assets during 1987, including a 2.7 percent increase in direct installment and sales finance receivables. At December 31, 1987, Norwest Financial had direct installment loans totaling \$1,230.9 million, sales finance receivables purchased from merchants of \$475.7 million and commercial finance receivables of \$457.1 million. Together with Norwest Financial's leasing receivables, total finance receivables at year-end were \$2,305.0 million.

Credit Risk Management

Norwest manages exposure to credit risk through loan portfolio diversification by customer, product and geography. With Norwest's diversified customer and product base, there is no undue concentration in any single sector. At December 31, 1987, the concentration of loans to any single industry did not exceed five percent of total loans. Credit risk management also includes pricing loans to cover anticipated future losses, funding costs, operating costs and a profit margin.

Allowance for Credit Losses. At December 31, 1987, the allowance for credit losses stood at \$382.6 million, or 2.97 percent of loans and leases outstanding, compared with \$316.7 million, or 2.37 percent, at December 31, 1986. The ratio of the allowance for credit losses to non-performing assets was 102.8 percent at December 31, 1987, compared with 75.6 percent at December 31, 1986.

Norwest has increased its allowance for credit losses relative to both outstanding loans and non-performing assets. By increasing the allowance through charges to current earnings, the corporation has recognized the financial difficulties and uncertainties of certain of its customers and in the international sector.

Although it is impossible for any lender to measure future credit losses with complete accuracy, management monitors the allowance for credit losses with the intent to cover all losses that can reasonably be anticipated based on current conditions.

Norwest maintains the allowance for credit losses as a general allowance available to cover future credit losses within the entire loan and lease portfolio and other credit-related risks. However, management has prepared an allocation of the allowance based on its views as to the risk characteristics of the portfolio. The credit loss allowance allocation does not

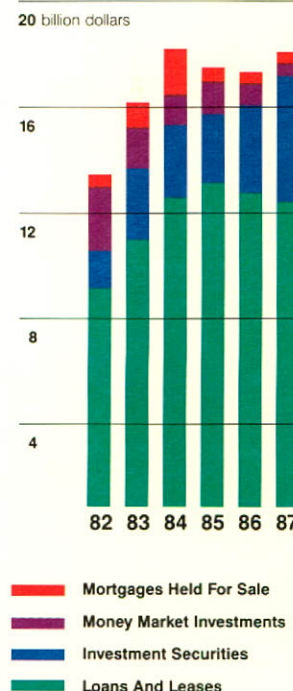
represent the total amount available for actual future credit losses in any single category nor does it prohibit future credit losses from being absorbed by portions of the allowance allocated to other categories or by the unallocated portion. The table at the bottom of the page presents the allocation of the allowance for credit losses to major categories of loans.

Non-Accrual, Restructured and Past Due Loans and Other Real Estate Owned. The table at the bottom of page 40 presents data on the corporation's non-accrual, restructured and past due loans and leases and other real estate owned. Generally, the accrual of interest on a loan or lease is suspended when the credit becomes 90 days past due unless fully secured and in the process of collection. A restructured loan is generally one that is accruing interest, but on which concessions in terms have been made as a result of deterioration in the borrower's financial condition.

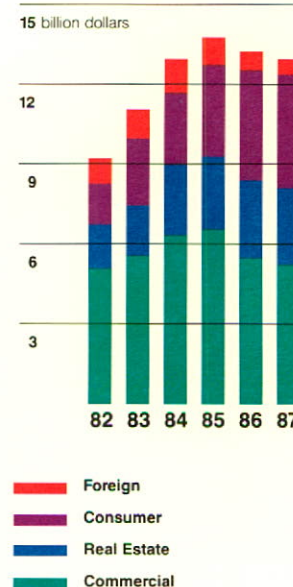
Non-performing assets (non-accrual and restructured loans and leases and other real estate owned) totaled \$372.2 million at December 31, 1987, an 11.1 percent decline from \$418.7 million a year ago. Non-performing assets were 1.8 percent of total assets at December 31, 1987, compared with 1.9 percent a year earlier. Domestic non-performing assets totaled \$183.5 million, or 0.9 percent of total assets, at year-end, compared with \$358.3 million, or 1.7 percent, a year ago, a decline of \$174.8 million or 48.8 percent.

Foreign Activities. Norwest's foreign activities consist of lending, deposit gathering and fee income generation. Average assets and liabilities attributable to foreign activities, which comprised 4.0 percent and 1.5 percent, respectively, of total assets and liabilities in

Average Earning Assets



Average Loans And Leases



Allocation of Allowance for Credit Losses

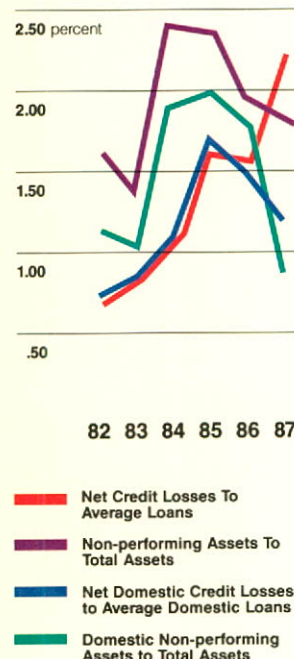
Norwest Corporation and Subsidiaries

At December 31, In millions	1987		1986	
	Loans and Leases Outstanding	Allowance for Credit Losses	Loans and Leases Outstanding	Allowance for Credit Losses
Domestic				
Commercial	\$ 5,147	\$ 85	\$ 5,826	\$ 110
Consumer	3,718	53	3,403	55
Real estate	3,657	30	3,475	28
Total domestic	12,522	168	12,704	193
Foreign	374	175	647	64
Unallocated	—	40	—	60
Total	\$12,896	\$ 383	\$13,351	\$ 317

Allowance for Credit Losses



Credit Quality



1987, and 4.6 percent and 1.9 percent, respectively, in 1986, are principally at the largest subsidiary, Norwest Bank Minnesota, N.A.

Norwest's foreign outstandings totaled \$713.8 million at year-end 1987 and consisted of \$350.4 million of loans and leases outstanding, \$7.0 million of accrued interest receivable, \$254.6 million of interest-bearing deposits, \$79.1 million of acceptances and \$22.7 million of other investments, all net of outstandings guaranteed in the United States. In addition to the foreign outstandings, Norwest had additional commitments, standby letters of credit and other indirect foreign exposures totaling \$217.0 million, net of guarantees in the United States, at December 31, 1987. Aggregate outstandings at December 31, 1987, to customers in any single foreign country were less than .75 percent of the corporation's total assets, except with respect to Brazil where outstandings totaled \$186.2 million.

Non-trade related LDC loans outstanding were reduced \$251.1 million during 1987, largely through loan sales, and were \$316.8 million at year-end. This was a 44.2 percent reduction. The portion of the allowance for credit losses allocated to non-trade related LDC loans equals 55.3 percent of such loans. Norwest's

outstandings in Brazil are summarized in the following table:

In millions	Brazil
Aggregate outstandings, December 31, 1986	\$212.6
Net change in short-term outstandings	(34.4)
Changes in other outstandings	
Additional outstandings	0.3
Exchanges of assets due from other countries	19.3
Interest income accrued	4.7
Collections of	
Principal	(0.7)
Interest	(6.3)
Other changes	(9.3)
Aggregate outstandings, December 31, 1987	\$186.2
Loans on non-accrual or restructured status	
December 31, 1986	\$ 6.4
December 31, 1987	\$160.0

Subsequent to year-end Norwest completed sales of \$149.6 million of medium term loans in Brazil.

Total outstandings in Mexico at December 31, 1987 were \$54.0 million compared with \$174.6 million at year-end 1986. Total loans on non-accrual or restructured status at year-end were \$74 million compared with \$10.8 million at December 31, 1986. The reduction in outstandings in Mexico during 1987 were primarily due to loan sales.

Non-accrual, Restructured and Past Due Loans and Other Real Estate Owned

Norwest Corporation and Subsidiaries

At December 31, In millions of dollars, except per share amounts	1987	1986	1985	1984	1983	1982
Non-accrual loans						
Domestic	\$138.2	298.5	322.7	304.5	147.4	140.0
Foreign	188.7	60.4	85.8	117.5	74.0	55.5
Total non-accrual loans	326.9	358.9	408.5	422.0	221.4	195.5
Restructured loans						
Domestic	14.2	17.5	21.2	25.2	9.1	47.5
Foreign	—	—	1.3	3.7	7.7	8.9
Total restructured loans	14.2	17.5	22.5	28.9	16.8	56.4
Total non-accrual and restructured loans	\$341.1	376.4	431.0	450.9	238.2	251.9
Reduction in primary earnings per share due to nonaccrual and restructured loans	\$.53	.65	.89	.76	.50	.51
Loans past due 90 days or more*						
Domestic	\$ 47.1	57.4	89.5	77.8	65.2	66.4
Foreign	—	7.2	8.1	—	34.7	14.1
Total loans past due 90 days or more	\$ 47.1	64.6	97.6	77.8	99.9	80.5
Other real estate owned	\$ 31.1	42.3	81.6	71.0	44.7	36.6

*Excludes non-accrual and restructured loans.

Other Problem Loans. Norwest's agricultural loan portfolio totaled \$439.7 million, or 3.4 percent of total loans and leases, at December 31, 1987, compared with \$526.4 million, or 3.9 percent, at year-end 1986. Non-performing agricultural loans at December 31, 1987 were \$23.1 million, or 6.8 percent of total non-performing loans, compared with \$74.3 million, or 19.7 percent, at year-end 1986. Charge-offs of loans to farmers and ranchers, net of recoveries, totaled \$10.9 million in 1987, or 3.6 percent of total net credit losses, compared with \$54.9 million, or 27.2 percent, in 1986. The \$44.0 million decrease in agricultural loan charge-offs from 1986 is due primarily to recent improvement in the agricultural economy. Loans outstanding to agricultural producers declined in 1987, continuing a trend begun in 1985 which reflects tighter lending standards and lack of expansion by the industry. However, thousands of well-capitalized and sophisticated agricultural producers will continue to comprise a strong customer base for Norwest Banks in rural communities in the Upper Midwest.

Funding Sources

Customer Deposits. Retail funds continue to provide Norwest Banks with a stable source of funding. Over one-half of Norwest's funding is provided by customer deposits gathered at the banks. This is a high level of core deposit funding by industry standards.

Noninterest-bearing demand deposits are a major source of funding for Norwest Banks, representing approximately 22 percent and 24 percent of total deposits at December 31, 1987 and 1986, respectively. Reliance on interest-bearing liabilities in 1987 was 83.9 percent, down from 84.1 percent in 1986.

Purchased Funds. Although Norwest depends on customer deposits as its primary source of funds, purchased funds represent an important additional source of funding for liquidity, diversification, and flexibility in managing the corporation's interest sensitivity position. Purchased funds within the banking group are raised primarily by the larger bank affiliates and are comprised of large certificates of deposits, other time deposits, federal funds purchased and securities sold under

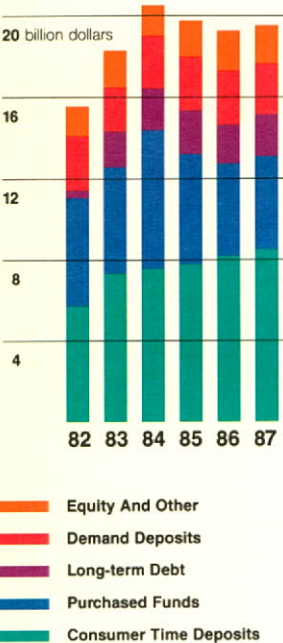
agreements to repurchase. Commercial paper is the primary source of short-term borrowings for the parent company and Norwest Financial. The commercial paper of Norwest Corporation and Norwest Financial is rated A1 by Standard & Poor's and P1 by Moody's, thereby allowing continued access to the public capital markets on favorable terms. At December 31, 1987, total purchased funds amounted to \$5.2 billion, up slightly from the 1986 level of \$5.1 billion.

Long-Term Debt. Long-term debt is another funding source for the parent company and Norwest Financial. It is particularly important at Norwest Financial, since it comprises 72.5 percent of this subsidiary's interest-bearing liabilities at December 31, 1987. Norwest Corporation's long-term debt is rated A+ by Standard & Poor's and A1 by Moody's. Norwest Financial's long-term debt is rated A+ by Standard & Poor's and Aa3 by Moody's.

During 1987, Norwest Corporation (parent company) issued a total of \$300 million in long-term debt, \$200 million of which qualified as primary capital for regulatory purposes. In January 1987, Norwest Corporation issued \$100 million of 7 $\frac{1}{8}$ percent senior notes due in January 1997. The notes are redeemable on or after January 20, 1994, at the principal amount plus accrued interest. In March 1987, \$100 million of floating-rate subordinated capital notes were issued with a maturity of March 1999. The interest rate on the notes is determined quarterly at the 3-month London Inter-Bank Offered Rate plus 0.25 percent. In May 1987, Norwest Corporation issued \$100 million of 9 $\frac{1}{4}$ percent subordinated capital notes due in May 1997. The proceeds of long-term debt issuances have been or are intended to be used primarily to make investments in or advances to subsidiaries. During 1987, the parent company also prepaid \$50 million of 11 $\frac{1}{4}$ percent notes due in 1989 at par.

During 1987, Norwest Financial issued \$100 million of 9 $\frac{1}{4}$ percent senior notes due in January 1992. In addition, Norwest Financial privately issued \$25 million of senior subordinated notes due in October 1992. In 1987, Norwest Financial prepaid \$142.9 million of its outstanding debt which ranged in maturity from 1988 to 1998, carrying interest rates of 8.80 percent to 12 $\frac{3}{4}$ percent. The net proceeds of long-term debt issuances and redemptions by Norwest Financial have been or are intended to be used primarily to fund

Average Liabilities And Stockholders' Equity



Capital Ratios



Asset and Liability Management

The goal of the asset/liability management process is to manage the structure of the balance sheet in such a way as to provide the maximum level of net interest income while maintaining acceptable levels of interest sensitivity risk and liquidity. The focus of this process is the corporate Asset/Liability Committee (ALCO). This committee, which meets weekly, formulates policies governing investments, funding sources, off-balance sheet commitments and overall interest sensitivity risk and liquidity. These policies form the framework for management of the asset/liability process at the corporate, regional and affiliate levels, and compliance with the policies is monitored at regular intervals by ALCO.

Interest Sensitivity Management. Interest sensitivity risk is the risk that changes in market interest rates will adversely affect net interest income. While a certain level of interest sensitivity risk is unavoidable, and may even be desirable, it is important to measure and manage this risk as closely as possible, to insure that it does not reach levels that are unacceptable. Norwest uses two primary methods of measuring interest sensitivity risk: gap reports and dynamic simulations.

Gap reports assign each asset and liability to a time interval based on its maturity or next repricing date, whichever comes first. The difference between assets and liabilities in each interval represents the interest sensitivity gap. A positive gap means that rising rates during the given time interval will positively affect net interest income. The opposite is true for a negative gap.

A dynamic simulation of the balance sheet, using a computer model, incorporates information that is not represented in a gap report, including expected changes in the make-up of the balance sheet over time, expected patterns of rate movements, and differing degrees of sensitivity of individual assets and liabilities to market rate movements.

The results of simulations of Norwest's balance sheet confirm the conclusion of the gap report, i.e., that the balance sheet is currently in a position to benefit from falling rates and is at risk from rising rates.

In addition, a negative gap will produce a higher level of net interest income during a stable rate environment, as long as the yield curve is positively sloped. It is generally the strategy of Norwest to take advantage of the positive slope in the yield curve by maintaining a negative short-term gap, subject to certain governing factors. These factors include the outlook for interest rate movements at a given time, the condition of the financial markets and the overall limit on the acceptable level of interest sensitivity risk.

1987 Changes in Interest Sensitivity. As shown in the table at the bottom of the page, the corporation's interest sensitivity gap within one year, as of December 1987, was a negative gap of \$1,893 million. This compares with a negative gap in December 1986 of \$453 million. The increase in the magnitude of the negative gap puts Norwest in a better position to benefit from stable or falling rates, while increasing the risk from rising rates. This change is consistent with ALCO's outlook for interest rates and is within established interest sensitivity risk limits that are considered acceptable.

Liquidity Management. Liquidity management involves planning to meet anticipated funding needs at a reasonable cost, as well as contingency plans to meet unanticipated funding needs or a loss of funding sources. Liquidity management for the corporation is governed by policies formulated and monitored by ALCO, which take into account the marketability of assets, the sources and stability of funding, and the level of unfunded commitments. Each region and affiliate is responsible for managing its liquidity position within these guidelines, subject to the nature of its individual market.

Interest Rate Sensitivity

Norwest Corporation and Subsidiaries			
December, 1987 In millions	Repricing or Maturing		
	Within 6 Months	6 Months-1 Year	After 1 Year*
Assets	\$ 7,675	1,131	11,117
Liabilities and equity	9,826	873	9,224
Gap [Assets-(liabilities + equity)]	\$(2,151)	258	1,893

* In addition to fixed rate consumer and commercial loans and liabilities, this category includes premises and equipment, demand deposits, non-accrual loans and the credit card portfolio.

Several factors provide a favorable liquidity position for Norwest compared to other large bank holding companies. The first is the large amount of funding that comes from retail deposits, which are a more stable source of funding than purchased funds, as well as the geographic diversification of the customer base. In addition, Norwest has a large securities portfolio which has a high degree of marketability due to its credit quality and short- to medium-term maturities.

Capital Management

One of Norwest's greatest strengths is its capital position. Norwest believes that a strong equity position is vital to its continued profitability by promoting depositor and investor confidence, enhancing flexibility and helping to maintain access to capital markets on favorable terms. It also enables the corporation to take advantage of expansion opportunities as they arise.

The corporation's primary capital ratio, based on period-end balances, increased from 7.8 percent at December 31, 1986 to 8.7 percent at December 31, 1987. Primary capital was increased in 1987 by the issuance of \$200 million qualifying subordinated capital notes. Norwest's total capital ratio, as defined by regulatory authorities, was 14.0 percent at December 31, 1987, up from 12.9 percent at year-end 1986. Norwest's primary and total capital ratios are within the top quartile of such ratios of the 30 largest U.S. bank holding companies and are well above the minimum thresholds of 5.5 percent and 6.0 percent, respectively, established by regulatory authorities.

Norwest's total stockholders' equity was \$1.2 billion at year-end 1987, a decrease of \$0.1 billion from \$1.3 billion at year-end 1986. This decrease resulted from the net loss for 1987 (\$29.8 million), common and preferred dividend payments (\$63.2 million), and stock repurchase programs (\$66.4 million), offset by common share issuance in connection with dividend reinvestment, employee savings and stock option plans (\$10.8 million), as well as conversions of subordinated debentures (\$4.0 million) and a net increase in preferred stock (\$25.0 million). The increase in preferred stock resulted from the redemption of \$125 million of adjustable rate preferred stock and the issuance of \$150 million of market auction-rate preferred stock. Dividends on the new preferred stock issues are cumulative and are payable every 49 days. The dividend rate for each 49-day period is based on bids, hold

orders and sell orders placed in an auction, not to exceed a defined maximum rate.

During 1987 the corporation completed two common stock repurchase programs, which resulted in the repurchase of 1,800,000 shares. The treasury stock will be utilized to meet stock issuance requirements under the employee savings plan, for employee stock options, the dividend reinvestment plan and for general corporate purposes. The repurchase plan was instituted in light of management's view that equity capital needs are being met without the issuance of new shares for these programs.

Total cash dividends paid on common shares during 1987 amounted to \$54.3 million compared with \$55.0 million in 1986. In January 1988, the corporation's Board of Directors declared a dividend of 45 cents per share payable on March 1, 1988.

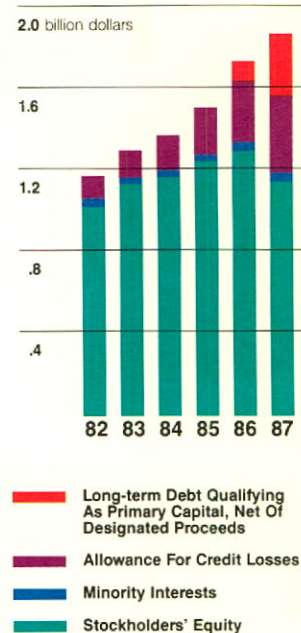
ANALYSIS OF 1986 COMPARED WITH 1985

The following analysis presents a review of 1986 consolidated financial results compared with 1985. Net income was \$121.7 million in 1986, or \$3.64 per share, compared with \$107.6 million, or \$3.20 per share in 1985. The increase in earnings over 1985 resulted from a \$12.7 million increase in earnings at Norwest Financial, a \$18.5 million decrease in the provision for credit losses, \$20.8 million of pre-tax gains on the settlement of a fire loss and sales of bank premises and \$9.2 million decrease in income tax expense on leverage lease income due to the Tax Reform Act of 1986. Offsetting these favorable factors was a 4.9 percent increase in non-interest expenses, primarily salaries and benefits costs incurred in supporting growth areas and various incentive programs. The 1985 results include \$38.5 million of pre-tax gains on sales of certain segments of the corporation's mortgage banking operations.

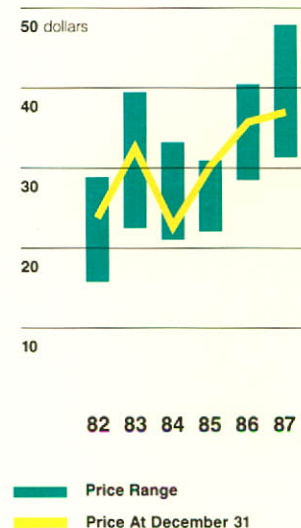
Net Interest Income

Consolidated tax-equivalent net interest income increased to \$833.8 million in 1986 from \$827.7 million in 1985. The 0.7 percent increase resulted from a higher net interest margin, partially offset by lower levels of earning assets during the year. Net interest margin increased to 4.74 percent in 1986 from 4.65 percent in 1985 as a result of wider interest spreads at Norwest Financial and a reduced earnings impact of non-performing assets. Average earning assets were \$17.6 billion in 1986, a decline of 1.1 percent from 1985, principally due to a \$1.1 billion decrease in

Primary Capital Components At December 31



Common Stock Price



commercial, agricultural and foreign loans, partially offset by increases in real estate and consumer loans. Norwest Financial experienced a 9.4 percent increase in average earning assets, primarily in direct installment and sales finance receivables.

Provision For Credit Losses

The corporation decreased its provision for credit losses to \$247.8 million in 1986 from \$266.3 million in 1985. The lower provision was due to the decrease in net credit losses and the general improvement in the overall quality of the loan and lease portfolio. Net credit losses were \$201.6 million in 1986, compared with \$218.8 million in 1985. Non-performing assets totaled \$418.7 million at December 31, 1986, compared with \$512.6 million at year-end 1985.

Non-interest Income

Non-interest income increased 12.5 percent in 1986 over 1985 due to growth in mortgage banking revenues, investment securities gains, insurance revenues and various fees and service charges. Also included in non-interest income in 1986 were \$20.8 million of pre-tax gains on the fire loss settlement and sales of banking premises. Included in 1985 non-interest income were \$38.5 million of gains on sales of certain segments of the mortgage banking operations.

Norwest's banking group increased non-interest income 16.6 percent over 1985. In addition to items previously mentioned, trust revenues increased \$8.1 million, due primarily to increases in the number of accounts and the value of trust assets under management. Service charges and other fees increased \$5.8 million in the group over 1985.

Non-interest Expenses

Consolidated non-interest expenses grew 4.9 percent over 1985 due primarily to a 21.6 percent increase at Norwest Financial and increased advertising expense and liability insurance premiums. The increase at Norwest Financial was due largely to higher salaries and benefits, increased insurance claims and an increase in telecommunication costs, which in part was reflected in the increase in data processing revenues.

Banking group non-interest expenses increased 4.4 percent over 1985 due primarily to salaries and employee benefit expenses increasing 3.7 percent over 1985 as a result of non-recurring charges related to restructuring operations. Other increases resulted from a new advertising campaign and higher liability insurance premiums.

Income Taxes

Norwest's 1986 federal income tax position permitted the recognition of \$5.1 million of tax benefits arising from long-term capital gains and the use of investment tax credit carryforwards of \$35.4 million. The corporation reported an income tax provision of \$25.2 million in 1986, compared to an income tax benefit of \$3.1 million in 1985. Compared with 1985, income tax expense increased due to an increase in taxable income and a reduction in income subject to capital gain rates.

Consolidated Balance Sheets

Norwest Corporation and Subsidiaries

At December 31,
 In millions of dollars

	1987	1986
Assets		
Cash and due from banks	\$ 1,274.4	1,508.7
Interest-bearing deposits with banks	271.6	400.9
Investment securities—market value \$4,814.1 in 1987 and \$5,049.4 in 1986	4,908.5	4,982.8
Trading account securities	32.3	90.7
Federal funds sold and resale agreements	651.5	127.4
Mortgages held for sale	160.3	420.9
Loans and leases		
Domestic	13,147.9	13,319.9
Foreign	373.5	647.0
Total loans and leases	13,521.4	13,966.9
Unearned discount	(625.5)	(616.3)
Allowance for credit losses	(382.6)	(316.7)
Net loans and leases	12,513.3	13,033.9
Premises and equipment, net	301.8	310.1
Customers' liability on acceptances	107.7	101.0
Interest receivable and other assets	525.6	563.0
Total assets	\$20,747.0	21,539.4
Liabilities and Stockholders' Equity		
Deposits		
Domestic		
Noninterest-bearing	\$ 3,022.8	3,424.6
Interest-bearing	10,274.0	10,290.3
Foreign interest-bearing	347.0	384.9
Total deposits	13,643.8	14,099.8
Short-term borrowings	3,110.4	2,892.8
Acceptances outstanding	107.6	101.0
Accrued expenses and other liabilities	571.5	1,208.0
Long-term debt	1,836.0	1,834.3
Long-term debt qualifying as primary capital	300.0	100.0
Preferred stock—authorized 5,000,000 shares without par value:		
Outstanding 1,500 shares, \$100,000 stated value, cumulative and adjustable dividends	150.0	—
Outstanding 2,500,000 shares, \$50 stated value, cumulative and adjustable dividends	—	125.0
Common stock, \$1 2/3 par value—authorized 50,000,000 shares. Issued 31,611,978 shares in 1987 and 31,478,420 shares in 1986	52.7	52.4
Surplus	169.8	163.8
Retained earnings	872.1	973.2
Treasury stock—2,055,785 common shares in 1987 and 806,282 common shares in 1986	(66.9)	(10.9)
Total common stockholders' equity	1,027.7	1,178.5
Total stockholders' equity	1,177.7	1,303.5
Total liabilities and stockholders' equity	\$20,747.0	21,539.4

See notes to consolidated financial statements.

Consolidated Statements of Income

Norwest Corporation and Subsidiaries

Year Ended December 31,

In millions of dollars, except per share amounts

	1987	1986	1985
Interest Income on			
Loans and leases, including fees	\$1,448.8	1,525.9	1,678.4
Investment securities			
U.S. Treasury and federal agencies	203.7	160.9	159.7
State, municipal and housing	43.8	59.9	49.6
Other investment securities	96.8	28.7	13.0
Total	344.3	249.5	222.3
Deposits with banks	9.3	13.6	47.4
Trading account securities	5.9	9.0	9.2
Federal funds sold and resale agreements	4.7	32.8	42.7
Mortgages held for sale	29.1	60.7	75.6
Total interest income	1,842.1	1,891.5	2,075.6
Interest Expense on			
Deposits	647.7	751.8	905.1
Short-term borrowings	203.2	168.9	202.3
Long-term debt	218.4	209.9	214.3
Total interest expense	1,069.3	1,130.6	1,321.7
Net interest income	772.8	760.9	753.9
Provision for credit losses	375.7	247.8	266.3
Net interest income after provision for credit losses	397.1	513.1	487.6
Non-interest Income			
Trading account	4.4	13.2	15.8
Trust	62.4	58.7	50.6
Service charges on deposit accounts	66.8	68.5	67.5
Mortgage banking	41.2	67.1	38.0
Data processing	49.8	44.3	37.9
Credit card	33.6	33.5	33.2
Insurance	70.8	69.9	58.1
Other fees and service charges	76.3	56.6	49.0
Net investment securities gains	1.6	31.6	9.2
Net venture capital gains	14.1	29.9	33.1
Gain on sales of mortgage servicing units	—	—	29.5
Other	34.6	55.0	47.6
Total non-interest income	455.6	528.3	469.5
Non-interest Expenses			
Salaries and benefits	454.5	462.4	433.3
Net occupancy	71.1	59.5	60.0
Equipment rentals, depreciation and maintenance	71.4	67.1	65.3
Business development	39.2	37.4	32.7
Communication	63.2	64.8	61.5
Other	170.9	203.3	199.8
Total non-interest expenses	870.3	894.5	852.6
Income (Loss) Before Income Taxes	(17.6)	146.9	104.5
Income Tax Expense (Benefit)	12.2	25.2	(3.1)
Net Income (Loss)	\$ (29.8)	121.7	107.6
Average common and common equivalent shares	30.2	30.6	29.4
Per Common Share			
Net Income (Loss)			
Primary	\$ (1.31)	3.64	3.20
Fully diluted	(1.31)	3.56	3.09
Dividends Declared	1.80	1.80	1.80

See notes to consolidated financial statements.

**Consolidated Statements of Changes
in Financial Position**

Norwest Corporation and Subsidiaries

Year Ended December 31,
In millions of dollars

1987 1986 1985

Financial Resources Provided By (Applied To)

Operations

Net income (loss)	\$ (29.8)	121.7	107.6
Non-cash charges (credits)			
Provision for credit losses, depreciation, amortization and deferred income taxes	420.7	256.6	324.4
Gain on sales of mortgage servicing units	—	—	(29.5)
Financial resources provided by operations	390.9	378.3	402.5
Dividends declared	(63.2)	(65.2)	(66.2)
Net financial resources provided by operations	327.7	313.1	336.3

Deposits and Other Financing Activities

Domestic deposits			
Noninterest-bearing	(401.8)	(42.9)	103.4
Interest-bearing	(16.3)	(217.6)	(19.4)
Foreign interest-bearing deposits	(37.9)	23.5	(362.1)
Short-term borrowings	217.6	(84.5)	(47.0)
Long-term debt, net of reductions of \$225.1 in 1987, \$246.4 in 1986 and \$160.4 in 1985	201.7	63.0	53.1
Issuances (repurchases) of common stock, net	(51.6)	27.7	17.8
Proceeds from issuance of preferred stock	147.5	—	—
Redemption of preferred stock	(128.7)	—	—
Total deposits and other financing activities	(69.5)	(230.8)	(254.2)

Other Activities

Proceeds from sales of mortgage servicing units	—	—	141.6
Other changes in net non-earning assets	(711.4)	841.0	(741.3)
Change in Financial Resources Invested in Earning Assets	\$ (453.2)	923.3	(517.6)

Change in Earning Assets

Increase (Decrease)

Interest-bearing deposits with banks	\$ (129.3)	(178.1)	(300.6)
Investment securities	(74.3)	2,070.9	502.0
Trading account securities	(58.4)	13.8	(4.4)
Federal funds sold and resale agreements	524.1	(695.8)	(226.5)
Mortgages held for sale	(260.6)	(223.9)	(367.2)
Loans and leases, net of unearned discount	(454.7)	(63.6)	(120.9)
Change in Earning Assets	\$ (453.2)	923.3	(517.6)

See notes to consolidated financial statements.

Consolidated Statements of Stockholders' Equity

Norwest Corporation and Subsidiaries

In millions of dollars	Preferred Stock	Common Stock	Surplus	Retained Earnings	Treasury Stock	Total
Balance, December 31, 1984	\$125.0	49.3	111.4	875.3	(0.9)	1,160.1
Net income	—	—	—	107.6	—	107.6
Dividends declared on						
Common stock	—	—	—	(52.7)	—	(52.7)
Preferred stock	—	—	—	(13.5)	—	(13.5)
Issuance of 732,455 common shares	—	1.2	16.6	—	—	17.8
Balance, December 31, 1985	125.0	50.5	128.0	916.7	(0.9)	1,219.3
Net income	—	—	—	121.7	—	121.7
Dividends declared on						
Common stock	—	—	—	(55.0)	—	(55.0)
Preferred stock	—	—	—	(10.2)	—	(10.2)
Issuance of 1,185,021 common shares	—	1.9	35.8	—	—	37.7
Repurchase of 269,900 common shares	—	—	—	—	(10.0)	(10.0)
Balance, December 31, 1986	125.0	52.4	163.8	973.2	(10.9)	1,303.5
Net loss	—	—	—	(29.8)	—	(29.8)
Dividends declared on						
Common stock	—	—	—	(54.3)	—	(54.3)
Preferred stock	—	—	—	(8.9)	—	(8.9)
Issuance of 1,500 preferred shares	150.0	—	(2.5)	—	—	147.5
Redemption of 2,500,000 preferred shares	(125.0)	—	3.5	(7.2)	—	(128.7)
Issuance of 418,049 common shares	—	0.3	5.0	(.9)	10.4	14.8
Repurchase of 1,534,294 common shares	—	—	—	—	(66.4)	(66.4)
Balance, December 31, 1987	\$150.0	52.7	169.8	872.1	(66.9)	1,177.7

See notes to consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Norwest Corporation (the "corporation") is a diversified financial services company organized in 1929. Subsidiary banks and trust companies provide a full range of commercial and retail banking services, bond trading and certain underwriting and capital management services. In addition, other subsidiaries provide consumer finance, mortgage banking, leasing, insurance, commercial finance, venture capital, agricultural lending and data processing services.

The accounting and reporting policies of the corporation and its subsidiaries conform to generally accepted accounting principles and general practices within the financial services industry. The more significant accounting policies are summarized below.

Consolidation

The consolidated financial statements include the accounts of the corporation and all subsidiaries. Significant intercompany accounts and transactions have been eliminated.

Reclassifications

Certain amounts in the 1986 and 1985 consolidated financial statements have been reclassified to conform with the 1987 presentation.

Securities

Investment securities are stated at cost adjusted for amortization of premiums and accretion of discounts. Gains and losses on the sales of investment securities are computed on a specifically identified cost basis.

Trading account securities are stated at market value. Adjustments to carrying value are reported in trading account income.

Securities held by the venture capital subsidiaries are stated at the lower of aggregate cost or market value. Realized gains and losses on the sales of such securities are measured by the difference between net sales proceeds and carrying amounts of the sold investments on a specific identification basis.

Loans and Leases

Loans are stated at their principal amount. Interest income is recognized on an accrual basis except when a loan has been past due for 90 days unless such loans are in

the process of collection and, in management's opinion, are fully secured. Prior to 1987, the corporation's consumer finance subsidiaries recognized interest income as payments were received. The change to the accrual basis for recognition of interest income by such subsidiaries is not material to the corporation's consolidated financial statements.

Non-accrual loans are those on which income recognition has been suspended, except in some cases when cash is received. When a loan is placed on a non-accrual basis, uncollected interest accrued in prior years is charged against the allowance for credit losses. A loan is returned to an accrual status when principal and interest are no longer due and unpaid and factors indicating doubtful collectibility no longer exist.

Restructured loans are those on which concessions in terms have been made as a result of deterioration in a borrower's financial condition. Interest on these loans is accrued at the new terms.

Lease financing assets include aggregate lease rentals, net of related unearned income, which includes deferred investment tax credits, and related nonrecourse debt. Leasing income is recognized as a constant percentage of outstanding lease financing balances over the lease terms.

Unearned discount on consumer loans is recognized as income by either the sum-of-the-digits method or as a constant percentage of outstanding loan balances over the terms of the related loans.

Loan origination fees, which represent reimbursement of direct origination costs, are recognized as income when the loan is recorded. Loan fees representing adjustments of interest rate yield are generally deferred and amortized into interest income over the term of the loan. Loan commitment fees are generally deferred and amortized on a straight-line basis over the commitment period.

Allowance for Credit Losses

The provision for credit losses is based upon management's evaluation of a number of factors, including credit loss experience, risk analyses of loan portfolios and current and expected economic conditions. The allowance for credit losses is comprised of such provisions, less net credit losses, and is available for future credit losses.

All loans evaluated as uncollectible are charged off. Loans made by the consumer finance subsidiaries, unless fully secured by real estate, are generally charged off when no payment has been received for 90 days. Other consumer loans are generally charged off when they become 120 days past due unless fully secured.

Mortgages Held for Sale

Mortgages held for sale are stated at the lower of aggregate cost or market value. The market calculation includes consideration of all open positions, outstanding commitments from investors, and related fees paid.

Gains and losses on sales of mortgages are recognized at settlement dates. Gains and losses are determined by the difference between sales proceeds and the carrying value of the mortgages or mortgage-backed securities adjusted for the estimated present value of related future net revenues, as applicable.

Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation and amortization. Owned properties are depreciated on a straight-line basis over estimated useful lives of 20 to 50 years for buildings and 3 to 10 years for furniture, fixtures and equipment. Capital lease assets are amortized over lease terms on a straight-line basis. Leasehold improvements are amortized over the terms of the respective leases.

The cost of improvements and interest incurred in connection with the construction of certain premises and equipment are capitalized. Maintenance and repairs and gains and losses on dispositions of furniture, fixtures and equipment are included in non-interest expenses. Gains on sales of owned properties are included in other non-interest income.

Other Real Estate Owned

Real estate parcels acquired in satisfaction of loans are included in other assets at the lower of cost or estimated fair value. When a property is acquired, the excess of the recorded investment in the property over its estimated fair value, if any, is charged to the allowance for credit losses. Subsequent declines in the estimated fair value, net operating results and gains or losses on disposition of the property are included in other non-interest expenses.

Financial Futures and Forward Contracts

The corporation uses financial futures and mandatory and standby forward contracts as part of its overall interest rate risk management strategy. Outstanding contracts represent future commitments and are not included in the consolidated balance sheets. Gains and losses on futures and forward contracts used in the management of specific asset and liability positions in banking operations are deferred and amortized over the terms of the items hedged as adjustments to interest income or interest expense. Gains and losses on futures and forward contracts used as hedges in mortgage banking operations are deferred and recognized when the related mortgages are sold. Financial futures and forward contracts which are not hedges of specific assets, liabilities or commitments are valued at market and the resulting gains or losses are recognized currently.

Interest Rate Swaps

The corporation and its subsidiaries have entered into interest rate swaps as a tool to manage net funding costs. The contracts represent an exchange of interest payments and the underlying principal balances of the assets or liabilities are not affected. Net settlement amounts are reported as adjustments to interest expense.

Income Taxes

The corporation and its U.S. subsidiaries, except a life insurance subsidiary, file a consolidated federal income tax return. The income tax effects of transactions are recognized in the year in which they enter into the determination of reported income, regardless of when they are recognized for tax return purposes. Accordingly, income tax expense (benefit) in the consolidated statements of income include charges or credits for deferred income taxes relating to timing differences.

Applicable investment tax credits on purchases of equipment for lease to others are deferred and amortized over the terms of the respective leases. Applicable investment tax credits on purchases of equipment were recognized when such equipment was placed in use as a reduction of income tax expense. Foreign withholding taxes are applied as credits to reduce federal income taxes payable.

Earnings Per Share

Income for primary and fully diluted earnings per share is adjusted for preferred stock dividends. Primary earnings per share data are computed based on the weighted average number of common shares outstanding and common stock equivalents arising from the assumed exercise of outstanding stock options. Fully diluted earnings per share data are computed by using such average common shares and equivalents increased by the assumed conversion of the 6¾ percent convertible subordinated debentures into common stock. Income for fully diluted earnings per share is also adjusted for interest expense on these debentures, net of the related income tax effect.

Weighted average numbers of common and common equivalent shares applied in calculating earnings per share are as follows:

	1987	1986	1985
Primary	30,170,359	30,587,629	29,395,738
Fully diluted	30,170,359	31,579,222	30,894,500

2. RESTRICTIONS ON CASH AND DUE FROM BANKS

The corporation's banking subsidiaries are required to maintain reserve balances in cash with Federal Reserve Banks. The total average amount of those reserve balances for the years ended December 31, 1987 and 1986 were approximately \$245 million and \$202 million, respectively.

3. INVESTMENT SECURITIES

The carrying and market values of investment securities at December 31 were:

In millions	1987		1986	
	Carrying Value	Market Value	Carrying Value	Market Value
U.S. Treasury and federal agencies	\$ 2,689.1	2,614.3	3,424.8	3,430.5
State, municipal and housing	606.9	595.3	707.8	734.3
Other investment securities	1,612.5	1,604.5	850.2	884.6
Total	\$ 4,908.5	4,814.1	4,982.8	5,049.4

Investment securities carried at \$1,377.5 million and \$1,054.7 million were pledged to secure public or trust deposits or for other purposes at December 31, 1987 and 1986, respectively.

4. LOANS AND LEASES

The carrying value of loans and leases at December 31 was:

In millions	1987	1986
Domestic		
Commercial	\$ 4,660.3	5,299.0
Construction and land development	296.8	339.7
Real estate	3,657.1	3,474.8
Consumer	4,343.8	4,018.6
Lease financing	189.9	187.8
Total domestic loans and leases	13,147.9	13,319.9
Foreign	373.5	647.0
Total loans and leases	13,521.4	13,966.9
Unearned discount	(625.5)	(616.3)
Loans and leases, net of unearned discount	\$ 12,895.9	13,350.6

Changes in the allowance for credit losses were:

In millions	1987	1986	1985
Balance at beginning of year	\$ 316.7	270.5	223.3
Allowances related to assets acquired/sold	(5.4)	—	(0.3)
Provision for credit losses	375.7	247.8	266.3
Credit losses	(351.2)	(240.9)	(256.7)
Recoveries	46.8	39.3	37.9
Net credit losses	(304.4)	(201.6)	(218.8)
Balance at end of year	\$ 382.6	316.7	270.5

Non-accrual and restructured loans at December 31 were:

In millions	1987	1986
Non-accrual loans	\$326.9	358.9
Restructured loans	14.2	17.5
Total	\$341.1	376.4

The effect of non-accrual and restructured loans on interest income for each of the three years ended December 31 was:

In millions	1987	1986	1985
Interest			
As originally contracted	\$ 35.4	45.6	63.1
As recognized	(6.9)	(6.0)	(10.8)
Reduction of interest income	\$ 28.5	39.6	52.3

There are no material commitments to lend additional funds to customers whose loans were classified as non-accrual or restructured at December 31, 1987.

Leveraged lease financing amounted to \$62.1 million and \$66.9 million at December 31, 1987 and 1986, respectively. Deferred income taxes related to leveraged leases amounted to \$61.3 million and \$64.8 million at the same dates, respectively.

The 1986 deferred income taxes related to leveraged leases include a reduction of \$9.2 million reflecting the decrease in federal income tax rates due to the enactment of the Tax Reform Act of 1986.

The corporation and its subsidiaries have made loans to the executive officers and directors (and their associates) of the corporation and its significant subsidiaries in the ordinary course of business. Aggregate amounts of these loans (but excluding loans to the immediate families of executive officers and directors of the subsidiaries) were \$93.9 million and \$66.2 million at December 31, 1987 and 1986, respectively. Activity with respect to these loans during 1987 included advances, repayments and net increases (due to changes in executive officers and directors) of \$127.4 million, \$147.8 million and \$48.1 million, respectively.

5. PREMISES AND EQUIPMENT

The carrying value of premises and equipment at December 31 was:

In millions	1987	1986
Owned		
Land	\$ 34.1	33.4
Premises and improvements	263.7	253.7
Furniture, fixtures and equipment	194.8	182.0
Total	492.6	469.1
Capitalized leases		
Premises	20.1	19.1
Equipment	22.4	18.6
Total	42.5	37.7
Total premises and equipment	535.1	506.8
Less: accumulated depreciation and amortization	(233.3)	(196.7)
Premises and equipment, net	\$301.8	310.1

In 1986, a subsidiary, Norwest Center, Inc., entered into a partnership agreement as limited partner with Hines Minneapolis 1986 Associates, the general partner, and others. This partnership is the general partner in NWC Limited Partnership, a partnership formed to construct and own a 57-story office building to be known as Norwest Center in Minneapolis, Minnesota. As a result of the partnership agreements, Norwest Corporation has a 28.33 percent equity interest in the Center. When completed, Norwest Center will house the main office of Norwest Bank Minnesota, N.A., Norwest Corporation's headquarters and several other affiliates of Norwest Corporation, in addition to other tenants.

Norwest Center is being constructed on the site of the former Northwestern Bank Building. In 1986, a subsidiary sold the site to NWC Limited Partnership, resulting in a pre-tax gain of \$10.2 million of which

\$6.0 million was included in other non-interest income in the accompanying 1986 consolidated statement of income.

Norwest Corporation, as tenant, and NWC Limited Partnership, as lessor, entered into a lease agreement for approximately 41 percent of the net rentable area of Norwest Center for a term of thirty years with renewal options for up to seventy years. Rental expense under the operating lease will begin accruing as each floor of the leased space is occupied, now expected to commence in August 1988, and will approximate \$8.5 million annually for the first five years thereafter, excluding executory costs payable by Norwest, with subsequent increases reflecting expected market trends.

6. SHORT-TERM BORROWINGS

Information related to short-term borrowings for the three years ended December 31 is provided in the table on page 53.

At December 31, 1987, the corporation had available lines of credit with banks totaling \$155 million. In addition, a subsidiary, Norwest Financial, Inc., had lines of credit with unaffiliated banks totaling \$344.5 million at year-end 1987. These financing arrangements require the maintenance of compensating balances or payment of fees, which are not material.

The corporation has a revolving credit agreement with a group of banking institutions for \$100 million (included in the \$155 million of lines reported in the preceding paragraph) expiring November 7, 1991. Under the terms of the agreement, the corporation may borrow, from time to time, \$10 million or any larger multiple of \$1 million in eurodollars, with repayment due in one to six months. The corporation may also borrow, from time to time, \$5 million or any larger multiple of \$0.5 million in U.S. dollars, with repayment due in one to five days. Eurodollar borrowings under the agreement will bear interest at a rate per annum equal to the sum of 0.125 percent plus the applicable one, three or six months London Interbank Offered Rate (LIBOR). Borrowings under the U.S. dollar facility will bear interest at the prime rate. The agreement requires a payment of fees of 0.10 percent per annum on the amount of the facility and 0.10 percent per annum on amounts drawn in excess of 50 percent of each bank's commitment under this facility. There have been no borrowings under this agreement.

7. LONG-TERM DEBT

Long-term debt at December 31 consisted of:

In millions	1987	1986
Norwest Corporation (parent company only)		
13 1/2% Notes due 1988	\$ 50.0	50.0
11% Notes due 1988	50.0	50.0
11 3/4% Notes due 1989	—	50.0
Floating Rate Notes due 1989	65.0	65.0
12 1/4% Notes due 1990	25.0	25.0
5 1/8% Debentures due 1990	24.0	24.0
7 7/8% Notes due 1997	100.0	—
7 3/4% Sinking Fund Debentures due 2003	59.6	63.6
6 3/4% Convertible Subordinated Debentures due 2003	25.7	29.7
Capital lease obligations	2.0	2.4
Total	401.3	359.7
Norwest Financial Services, Inc. and its subsidiaries		
Senior Notes, 6.40% to 14.30%, due 1987 to 2000	1,210.1	1,245.5
Senior Subordinated Notes, 8.25% to 12 1/4%, due 1987 to 1997	97.8	87.6
Junior Subordinated Notes, 9% to 10%, due 1987 to 1994	3.2	13.1
Mortgages payable	0.1	0.2
Total	1,311.2	1,346.4
Other consolidated subsidiaries		
10.585% to 15.075% Notes guaranteed by Small Business Administration due 1991 through 1995	18.5	21.5
Other notes and debentures due 1987 through 1996	53.1	53.3
Mortgages payable	31.4	32.0
Capital lease obligations	29.4	30.3
Total	132.4	137.1
Less 7 3/4% Sinking Fund Debentures due 2003 held by subsidiaries	(8.9)	(8.9)
Total	\$1,836.0	1,834.3

The notes and debentures are unsecured. The interest rate on the floating rate notes due 1989, determined semi-annually at 0.50 percent above the interest yield equivalent of the then current market discount rate for six-month U.S. Treasury bills, was 8.10 percent at December 31, 1987. The notes are redeemable at the option of the corporation at the principal amount plus accrued interest. The notes are convertible at the option of the note holders at any time prior to May 1, 1988, into an equivalent principal amount of 8 5/8 percent debentures due 2004. A mandatory sinking fund beginning May 1, 1990 will retire 91 percent of the aggregate principal amount of the debentures prior to maturity. The corporation may increase the sinking fund payment in any year by an amount not exceeding the mandatory payment.

The 5 1/8 percent debentures are redeemable at the option of the corporation at the principal amount.

The 7 7/8 percent notes are redeemable on or after January 20, 1994, at the option of the corporation at the principal amount plus accrued interest.

The 7 3/4 percent sinking fund debentures are redeemable at the principal amount plus a premium ranging from 3.10 percent in 1988 to 0.31 percent in 1997, and thereafter without premium. A sinking fund must retire 50 percent of the debentures prior to maturity. The corporation may increase the payment to the sinking fund in any year by an amount not exceeding the mandatory payment. The corporation has satisfied required sinking fund payments through March 15, 1990.

Short-Term Borrowings

At December 31, In millions of dollars	1987		1986		1985	
	Amount	Rate	Amount	Rate	Amount	Rate
Commercial paper	\$ 642.9	6.67%	\$ 818.1	7.24%	\$1,357.6	7.94%
Federal funds purchased and securities sold under agreements to repurchase	2,262.0	6.90	1,700.7	12.22	1,087.8	8.40
Other	205.5	6.90	374.0	10.35	531.9	9.14
Total	\$3,110.4	6.86%	\$2,892.8	10.57%	\$2,977.3	8.32%

Average daily balance

Commercial paper	\$ 760.1	6.85%	\$1,111.7	7.10%	\$1,246.1	8.40%
Federal funds purchased and securities sold under agreements to repurchase	2,090.5	6.43	1,070.5	6.29	890.6	7.91
Other	218.9	7.61	293.0	7.74	340.2	8.10
Total	\$3,069.5	6.62%	\$2,475.2	6.82%	\$2,476.9	8.18%

Maximum month-end balance

Commercial paper	\$ 957.7	\$1,205.4	\$1,357.6
Federal funds purchased and securities sold under agreements to repurchase	2,594.5	1,700.7	1,087.8
Other	296.5	450.0	531.9

The 6¾ percent convertible subordinated debentures due 2003 can be converted into common stock of the corporation at \$30 per share subject to adjustment for certain events. Repayment is subordinated to the prior payment in full of all of the corporation's obligations for borrowed money. The subordinated debentures are redeemable at the principal amount plus a premium ranging from 3.375 percent in 1988 to 0.338 percent in 1997, and thereafter without premium.

The other notes and debentures due 1987 through 1996 include \$50 million 12½ percent notes due February 15, 1991, which are redeemable at the option of the corporation at the principal amount plus a premium ranging from 1.0 percent in 1988 to 0.5 percent in 1989 and thereafter without premium. The corporation intends to prepay these notes in the first quarter of 1988.

Mortgages payable consist of notes secured by deeds of trust on premises and certain other real estate owned with a net book value of \$23.0 million at December 31, 1987. Interest rates on the mortgages payable range up to 12¾ percent with maturities to the year 2010.

Maturities of long-term debt at December 31, 1987 were:

In millions	Consolidated	Parent Company Only
1988	\$ 190.7	100.5
1989	142.1	65.5
1990	168.9	49.5
1991	287.1	0.4
1992	206.6	—
Thereafter	840.6	185.4
Total	\$1,836.0	401.3

Under the terms of indentures, an additional \$516.2 million of indebtedness could be incurred or guaranteed by the corporation and \$677.0 million of retained earnings was available for dividends or the purchase or redemption of the corporation's common or preferred stock at December 31, 1987.

8. LONG-TERM DEBT QUALIFYING AS PRIMARY CAPITAL

Long-term debt qualifying as primary capital at December 31 consisted of:

In millions	1987	1986
9¼% subordinated capital notes due 1997	\$100.0	—
Floating rate subordinated capital notes due 1998	100.0	100.0
Floating rate subordinated capital notes due 1999	100.0	—
Total	\$300.0	100.0

The corporation has entered into interest rate swap agreements to exchange the fixed interest rate on \$50 million of the 9¼ percent subordinated capital notes for a floating rate through 1997. The 9¼ percent subordinated capital notes coupled with the interest rate swap agreements provide the corporation with \$50 million of funds at an effective net interest rate at the six-month London Inter-Bank Offered Rate (LIBOR) plus 0.44 percent.

The interest on the floating rate subordinated capital notes due 1998 is determined semi-annually at the six-month LIBOR plus 0.1875 percent. The notes are redeemable at the option of the corporation at the principal amount after April 1989 in exchange for an equivalent market value of primary capital securities or cash if the corporation's primary capital is higher than the required regulatory minimum after giving effect to the redemption.

In connection with the issuance of the floating rate subordinated capital notes due 1998, the corporation has entered into interest rate swap agreements to exchange the floating rate on the notes for fixed interest rates. These agreements total \$100 million in notional principal amount and have maturities ranging from eight to ten years. The floating-rate subordinated capital notes due 1998, coupled with the interest rate swap agreements, provide the corporation with funds at an effective net interest rate of 8.39 percent to 8.89 percent.

The interest on the floating rate subordinated capital notes due 1999 is determined quarterly at the three-month LIBOR plus 0.25 percent. The notes are redeemable at the option of the corporation at the principal amount after March 1991 in exchange for an equivalent market value of primary capital securities or cash if the corporation's primary capital is higher than the required regulatory minimum after giving effect to the redemption.

The corporation is required to sell or issue and dedicate common stock, preferred stock or any other form of primary capital securities, as determined by the regulatory authorities, in satisfaction of the principal amount of these subordinated capital notes.

9. STOCKHOLDERS' EQUITY

During 1987, Norwest Corporation issued 750 shares of Dutch Auction Rate Transferable Securities Preferred Stock (DARTS) at \$100,000 per share and 750 shares of Auction Market Preferred Stock (AMPS) at \$100,000

per share. Dividends are cumulative and are payable every forty-nine days. The dividend rate for each forty-nine day period is based on bids, hold orders and sell orders placed in auction, not to exceed a defined maximum rate. Dividend rates for the DARTS and AMPS at December 31, 1987 were 7.75 percent and 7.00 percent, respectively.

The DARTS and AMPS are redeemable, at the option of the corporation, at \$101,500 per share if redeemed on or before July 15, 1988 and August 24, 1988, respectively; \$101,000 if redeemed thereafter and on or before July 15, 1989 and August 24, 1989, respectively; \$100,500 if redeemed thereafter and on or before July 15, 1990 and August 24, 1990, respectively; and \$100,000 per share if redeemed thereafter; plus accumulated and unpaid dividends to the date of redemption.

During 1987, the corporation redeemed 2,500,000 shares of preferred stock at \$51.50 per share (\$50 per share stated value). Quarterly dividends on such shares of the corporation's preferred stock were paid at rates of 0.35 percent and 0.625 percent below the highest of three U.S. Treasury rates on 2,000,000 shares and 500,000 shares, respectively, but no lower than 7½ percent or higher than 15¾ percent per annum.

In 1987 and 1986, holders of \$4.0 million and \$14.3 million, respectively, of convertible subordinated debentures exchanged such debentures for 133,558 shares and 476,019 shares, respectively, of the corporation's common stock. No convertible subordinated debentures were exchanged in 1985.

Common stockholders may purchase shares of common stock at market prices with no sales charges through a dividend reinvestment plan. Stockholders may purchase additional shares amounting to no more than \$3,000 per quarter with no sales charges under the terms of the plan.

The corporation had reserved shares of authorized, but unissued common stock at December 31, as follows:

	1987	1986
Stock incentive plans	1,314,795	1,480,640
Convertible subordinated debentures	856,843	990,567
Dividend reinvestment	466,265	533,153
Savings-investment plan	236,409	13,309
Total	2,874,312	3,017,669

10. EMPLOYEE BENEFIT AND STOCK INCENTIVE PLANS

Savings-Investment Plan

Under the plan, the corporation's matching contributions, up to six percent of each eligible employee's salary, are invested equally in shares of its common stock and a stock, bond, or money market fund or combination thereof at the employee's direction.

Contribution expense for the plan amounted to \$10.5 million, \$10.7 million and \$11.1 million in 1987, 1986 and 1985, respectively.

Retirement Plans

The corporation's two noncontributory defined benefit retirement plans cover substantially all full-time employees. Pension benefits provided are based on the employee's highest compensation in five consecutive years during the last ten years of employment. The corporation's funding policy is to maximize the federal income tax benefits of the contributions while maintaining adequate assets to provide for both benefits earned to-date and those expected to be earned in the future.

The combined plans' funded status at December 31 is presented below.

In millions	1987	1986
Plan assets at fair value*	\$273.6	273.4
Actuarial present value of benefit obligations		
Accumulated benefit obligation, including vested benefits of \$180.7 and \$163.0, respectively	197.4	192.4
Projected benefit obligation for service rendered-to-date	266.1	247.3
Plan assets in excess of projected benefit obligation	7.5	26.1
Less unrecognized net gain from past experience different from that assumed and effects of changes in assumptions	13.0	16.7
Less unrecognized net asset being amortized over 17.2 years	4.2	12.5
Accrued pension liability included in other liabilities	\$ 9.7	3.1

*Consists primarily of listed stocks and bonds and obligations of the U.S. government and its agencies.

The components of net pension cost for the years ended December 31 are presented below.

In millions	1987	1986
Service cost-benefits earned during the year	\$ 10.6	10.2
Interest cost on projected benefit obligation	21.8	20.0
Actual return on plan assets	(11.5)	(38.4)
Net amortization and deferral*	(12.3)	15.8
Net pension cost	\$ 8.6	7.6

*Consists of the net effects of delayed recognition of lower than expected investment return and amortization of the unrecognized net gain in the investment portfolio at a rate based on employees' average remaining service life.

The weighted-average discount rate and the rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation were 9 percent and 6 percent, respectively. The expected long-term rate of return on assets was 9 percent.

Effective January 1, 1986, the corporation changed its actuarial method to determine periodic pension cost to the projected unit credit method to conform to Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions". The effect of this change was to reduce the corporation's pension cost in 1986 by approximately \$5.9 million.

For 1985, pension cost for the retirement plans was determined using the entry age normal method. The earnings rate assumed on plan assets was 9 percent. Total pension cost, which approximated the amounts funded, was \$14.4 million in 1985.

Other Post-retirement Benefits

The corporation provides hospital/medical and life insurance benefits for retired employees. Substantially all employees become eligible for these benefits if they reach normal retirement age while working for the corporation. These and similar benefits for active employees are provided through insurance companies or through self-funded programs. The corporation recognizes the cost of providing these benefits by expensing the insurance company assessments or, in the case of the self-funded programs, as claims are paid or contributions are made to trust accounts. The cost of providing these benefits for retirees is not separable from the cost of benefits for active employees. The total cost of hospital/medical and life

insurance benefits for the years ended December 31 is presented below.

In millions of dollars	1987	1986	1985
Hospital/medical and group life insurance expense	\$ 15.1	14.9	11.3
Total active employees	12,800	14,800	13,700
Total retired employees	1,800	1,700	1,500

Stock Incentive Plans

The corporation grants stock incentives to key employees. In April 1985, the corporation's stockholders approved the adoption of the 1985 Long-Term Incentive Compensation Plan (1985 Plan). The total number of shares available for distribution under the 1985 Plan may not exceed 1,200,000 shares. At the discretion of a committee comprised of non-management directors, participants may be granted stock options, stock appreciation rights, restricted stock, performance awards, and stock awards without restrictions.

Stock options may be granted as incentive stock options or non-qualified options, but may not be granted at prices less than market value at the dates of grant. Options may be exercised during a period fixed by the committee of not more than ten years. Stock appreciation rights may be granted in conjunction with or may be unrelated to a stock option. A stock appreciation right entitles a participant to receive the excess of the market value of a specified number of shares over a price, which shall not be less than 100 percent of the market value of the shares at the time of grant, in cash, common stock, or a combination of both. However, the aggregate value of such cash and shares received shall not exceed an amount equal to 100 percent of the aggregate market value of the specified number of shares at the time of grant.

The committee may award shares subject to certain specified restrictions, including the participant's continuous employment by the corporation for a period of time. A performance award entitles a participant to receive cash, common stock, or a combination of both based upon the achievement of performance goals over periods of not more than five years or less than two years as determined by the committee.

With the adoption of the 1985 Plan, no new grants may be made under the 1981 Long-Term Incentive Plan and the 1983 Stock Option and Restricted Stock Plan. At December 31, 1987, an aggregate of

152,805 shares remained reserved under the 1981 and 1983 Plans for unexercised options having expiration dates ranging from June 28, 1988 to September 25, 1994.

Proceeds from stock options exercised are credited to common stock and surplus. There are no charges or credits to expense with respect to the granting or exercise of options. Changes in the amounts of potential payments under stock appreciation rights, performance awards and issuances of restricted stock are included in expense on a current basis.

The table at the bottom of this page presents a summary of stock option transactions under the plans. At December 31, 1987, 1986 and 1985 options for 651,795 shares, 447,640 shares and 631,540 shares, respectively, were exercisable under the plans.

11. INCOME TAXES

Components of income tax expense (benefit) were:

In millions	1987	1986	1985
Current			
Federal	\$10.9	35.8	(20.1)
State	4.0	17.3	10.4
Foreign	1.2	5.5	5.6
	16.1	58.6	(4.1)
Deferred			
Federal	.3	(29.0)	2.6
State	(4.2)	(4.4)	(1.6)
	(3.9)	(33.4)	1.0
Total	\$12.2	25.2	(3.1)

Income tax expense applicable to gains on investment securities for the years ended December 31, 1987, 1986 and 1985 was \$0.7 million, \$14.0 million and \$4.3 million, respectively.

Income before income taxes from operations outside the United States was not material.

Timing differences resulting in deferred income taxes and the tax effect of each were:

In millions	1987	1986	1985
Provision for credit losses	\$(37.6)	(21.1)	(6.7)
Expenses deducted when paid	7.0	14.7	(22.7)
Net revenues on sales of mortgages	4.8	(6.2)	(8.3)
Lease financing	(7.2)	(12.9)	5.4
Tax benefit limitation	48.2	—	—
Deferred capital gains	0.4	(43.4)	40.0
Depreciation of fixed assets	0.7	3.6	(1.4)
Excess investment and foreign tax credits	—	35.4	(26.9)
Tax return loss carryover	(24.3)	—	—
Difference between accrual and cash basis	4.4	(0.3)	24.3
Other, net	(0.3)	(3.2)	(2.7)
Total	\$ (3.9)	(33.4)	1.0

Stock Option Transactions

	Options		Option Price	
	Available for Grant	Outstandings*	Per Share	Total In millions
December 31, 1984	924,430	840,115	\$21.63-35.38	\$23.7
1985 Plan	1,200,000	—	—	—
Granted	(50,800)	50,800	25.50-30.63	1.3
Exercised	—	(117,175)	22.63-28.81	(2.8)
Cancelled	22,000	(91,400)	22.63-35.38	(2.6)
Restricted stock award	(4,000)	—	—	—
Reduction due to adoption of the 1985 Plan	(942,430)	—	—	—
December 31, 1985	1,149,200	682,340	21.63-35.38	19.6
Granted	(428,200)	428,200	35.81-38.19	16.2
Exercised	—	(325,700)	21.63-35.38	(8.8)
Cancelled	13,900	(39,100)	22.63-38.19	(1.3)
December 31, 1986	734,900	745,740	22.63-38.19	25.7
Granted	(361,000)	361,000	36.31-45.63	15.4
Exercised	—	(162,995)	22.63-38.19	(5.2)
Cancelled	1,900	(17,600)	22.63-42.75	(0.6)
December 31, 1987	375,800	926,145	\$22.63-45.63	\$35.3

*Includes 180,700 shares, 155,400 shares and 109,100 shares at December 31, 1987, 1986 and 1985, respectively, subject to stock appreciation rights.

A reconciliation of the federal income tax rate to effective income tax rates follows:

	1987	1986	1985
Federal income tax rate	(40.0)%	46.0	46.0
Adjusted for			
State income taxes	(.7)	4.7	4.6
Tax-exempt income	(147.2)	(22.0)	(37.5)
Capital gains	—	(3.5)	(14.1)
Tax benefit limitation	256.3	—	—
Purchase method accounting	8.3	2.5	3.3
Investment tax credits	(6.6)	—	(2.4)
Life insurance income	—	(4.9)	(3.0)
Leveraged lease adjustment	—	(6.3)	—
Other, net	(0.8)	0.7	0.1
Effective income tax rate	69.3 %	17.2	(3.0)

At December 31, 1987 the corporation had a net operating loss carryforward of \$53.9 million for income tax reporting purposes, of which \$48.8 million expires in 1992 and \$5.1 million expires in 2002. For financial reporting purposes, the corporation has a net operating loss carryforward of \$113.3 million.

12. COMMITMENTS AND CONTINGENT LIABILITIES

At December 31, 1987, the corporation and its subsidiaries were obligated under noncancellable leases for premises and equipment with terms, including renewal options, ranging from one to 45 years, which provide for increased rentals based upon increases in real estate taxes, operating costs or selected price indices.

Rental expense (including taxes, insurance and maintenance when included in rent, and contingent rentals) net of sublease rentals, amounted to \$55.8 million in 1987, \$43.9 million in 1986 and \$43.0 million in 1985.

Future minimum rental payments under capital leases and noncancellable operating leases, net of sublease rentals and excluding rentals under the Norwest Center lease discussed in note 5 titled "PREMISES AND

EQUIPMENT," with terms of one year or more at December 31, 1987 were:

In millions	Capital Leases	Operating Leases
1988	\$ 6.3	25.7
1989	6.1	19.9
1990	5.9	14.7
1991	4.5	11.8
1992	2.2	8.1
Thereafter	44.8	63.3
Total minimum rental payments	\$ 69.8	143.5
Less interest	38.4	
Present value of net minimum rental payments	\$ 31.4	

In the normal course of business, there are various commitments and contingent liabilities, such as guarantees, commitments to extend credit, and interest rate swap agreements, which are not reflected in the consolidated financial statements. A summary of these commitments and contingent liabilities at December 31, is presented in the table below.

In millions	1987	1986
Commitments to extend credit	\$3,343.2	2,629.5
Standby letters of credit*	1,028.0	991.7
Other letters of credit	211.4	135.1
Notional principal amount of interest rate swap agreements	593.9	729.1
Forward and futures contracts		
Commitments to purchase	1.0	102.0
Commitments to sell	177.4	531.2

*Total standby letters of credit are net of participations in standby letters of credit sold to other institutions of \$133.6 million and \$120.1 million in 1987 and 1986, respectively.

Outstanding standby letters of credit at December 31, 1987 supported \$284.8 million of industrial revenue bonds, \$181.0 million of supplier payment guarantees, \$154.3 million of performance bonds and \$407.9 million of other obligations of unaffiliated parties with maturities up to 11 years, 5 years, 12 years and 12 years, respectively. Risks associated with such standby letters of credit are included in the evaluation of overall credit risk in determining the allowance for credit losses.

The corporation and certain subsidiaries are defendants in various matters of litigation generally incidental to their business. Although it is difficult to predict the ultimate outcome of any of these cases, management believes, based on discussions with counsel, that the corporation and its subsidiaries have meritorious defenses, are covered by insurance, or if not so covered, any ultimate

liability will not materially affect the consolidated financial position of the corporation and its subsidiaries.

13. SALES OF MORTGAGE BANKING OPERATIONS

In June 1985, Norwest Mortgage, Inc. (NMI) completed sales of its mortgage servicing units, including servicing rights, to approximately \$11 billion of mortgages. Sales proceeds of \$141.6 million resulted in a pre-tax gain of \$29.5 million. Subject to certain exceptions, qualified servicing rights to residential mortgages originated by NMI through 1989 are being sold to the buyer of the residential mortgage servicing unit.

In February 1985, NMI sold the net assets of Residential Funding Corporation (RFC), realizing a gain of approximately \$9.0 million that is included in other non-interest income in the accompanying 1985 consolidated statement of income. RFC purchased mortgages from other lenders for sale in the secondary market.

14. PARENT COMPANY FINANCIAL INFORMATION

Condensed financial information for Norwest Corporation (Parent Company only) follows:

BALANCE SHEETS

December 31, In millions	1987	1986
Assets		
Interest-bearing deposits with subsidiary banks	\$ 49.8	121.5
Advances to non-bank subsidiaries	206.1	419.6
Capital notes and term loans of subsidiaries		
Bank subsidiaries	92.9	93.2
Non-bank subsidiaries	183.5	214.6
Total capital notes and term loans of subsidiaries	276.4	307.8
Investments in subsidiaries		
Bank subsidiaries	999.6	970.8
Non-bank subsidiaries	504.1	527.3
Total investments in subsidiaries	1,503.7	1,498.1
Other assets	153.8	131.6
Total assets	\$2,189.8	2,478.6
Liabilities and Stockholders' Equity		
Short-term borrowings	\$ 217.5	607.1
Accrued expenses and other liabilities	43.8	58.9
Long-term debt with subsidiary	49.5	49.4
Long-term debt with non-affiliates	401.3	359.7
Long-term debt qualifying as primary capital	300.0	100.0
Stockholders' equity	1,177.7	1,303.5
Total liabilities and stockholders' equity	\$2,189.8	2,478.6

STATEMENTS OF INCOME

Year Ended December 31, In millions	1987	1986	1985
Income			
Dividends from subsidiaries			
Bank subsidiaries	\$ 65.5	48.8	56.7
Non-bank subsidiaries	86.8	20.6	13.2
Total dividends from subsidiaries	152.3	69.4	69.9
Interest from subsidiaries	60.8	85.6	102.4
Other interest	0.9	3.6	17.9
Service fees from subsidiaries	34.8	41.6	34.3
Other income	3.4	1.1	—
Total income	252.2	201.3	224.5
Expenses			
Interest to subsidiary	6.7	6.7	6.7
Other interest	90.2	101.6	137.0
Other expenses	45.7	59.4	46.7
Total expenses	142.6	167.7	190.4
Income before income taxes and equity in undistributed income (loss) of subsidiaries	109.6	33.6	34.1
Income tax benefit	16.8	11.2	13.8
Income before equity in undistributed income (loss) of subsidiaries	126.4	44.8	47.9
Equity in undistributed income (loss) of subsidiaries	(156.2)	76.9	59.7
Net income (loss)	\$ (29.8)	121.7	107.6

STATEMENTS OF CHANGES IN FINANCIAL POSITION

Year Ended December 31, In millions	1987	1986	1985
Financial Resources Provided By (Applied to)			
Operations			
Net income (loss)	\$ (29.8)	121.7	107.6
Less: Equity in undistributed income (loss) of subsidiaries	(156.2)	76.9	59.7
Financial resources provided by operations	126.4	44.8	47.9
Dividends declared	(63.2)	(65.2)	(66.2)
Net financial resources provided by (applied to) operations	63.2	(20.4)	(18.3)
Financing Activities			
Short-term borrowings	(389.6)	(379.9)	(154.9)
Long-term debt, net of reductions of \$58.4 in 1987, \$89.8 in 1986 and \$101.1 in 1985	241.7	10.4	(100.9)
Issuances (repurchases) of common stock, net	(51.6)	27.7	17.8
Proceeds from issuance of preferred stock	147.5	—	—
Redemption of preferred stock	(128.7)	—	—
Total financing activities	(180.7)	(341.8)	(238.0)
Other Activities			
Changes in net non-earning assets	(37.3)	99.1	(144.8)
Change in Financial Resources Invested in Earning Assets	\$ (154.8)	(263.1)	(401.1)
Change in Earning Assets			
Increase (Decrease)			
Interest-bearing deposits with banks	\$ (71.7)	49.3	(363.8)
Advances to non-bank subsidiaries	(213.5)	(333.8)	35.5
Capital notes and term loans of subsidiaries			
Bank subsidiaries	(0.3)	(55.3)	7.3
Non-bank subsidiaries	(31.1)	45.3	(101.4)
Investments in subsidiaries			
Bank subsidiaries	178.4	23.7	11.5
Non-bank subsidiaries	(16.6)	7.7	9.8
Change in Earning Assets	\$ (154.8)	(263.1)	(401.1)

Long-term debt with a subsidiary consists of \$49.5 million due on February 14, 1991. The interest rate is 13.125 percent and the debt is redeemable upon notice at par. The parent intends to prepay this long-term debt with the subsidiary in the first quarter of 1988.

A wholly owned insurance subsidiary insures certain liability risks of the corporation and its subsidiaries. In connection with the underwriting of these risks, standby letters of credit totaling \$14.2 million were issued by other institutions. The corporation is obligated to reimburse the issuers of the letters of credit in the event an insured loss occurs.

Federal law prevents the corporation from borrowing from its subsidiary banks unless the loans are secured by specified obligations and, with respect to the corporation and any affiliate other than a bank, such secured loans by any subsidiary bank are generally limited to 10 percent of the subsidiary bank's capital and surplus and, with respect to the corporation and all of its affiliates other than banks, to an aggregate of 20 percent of the subsidiary bank's capital and surplus.

The payment of dividends to the corporation by subsidiary banks is subject to various state and federal regulatory limitations. In general, state banks must obtain regulatory approval before payment of dividends. A national bank must obtain the approval of the Comptroller of the Currency if the total of all dividends declared in any calendar year exceeds that bank's net profits for that year combined with its retained net profits for the preceding two calendar years. Under this formula, the corporation's national banks can declare \$25.0 million of aggregate dividends in 1988 without the approval of the Comptroller of the Currency, plus an additional amount equal to their net profits for 1988, as defined, up to the date of any such dividend declaration.

In 1985, Norwest Corporation sold 100 percent of the common stock of a mortgage banking subsidiary to effect the sale of the residential mortgage servicing unit discussed in note 13 titled "SALES OF MORTGAGE BANKING OPERATIONS". The after-tax gain on this sale has been included in equity in undistributed income of subsidiaries in the accompanying parent company only 1985 statement of income.

MANAGEMENT'S REPORT

The management of Norwest Corporation has prepared and is responsible for the content of the financial statements included in this annual report and the information contained in other sections of this annual report, which information is consistent with the content of the financial statements. Management believes that the financial statements have been prepared in conformity with generally accepted accounting principles appropriate in the circumstances to reflect, in all material respects, the substance of events and transactions that should be included. In preparing the financial statements, management makes judgments and estimates of the expected effects of events and transactions that are accounted for or disclosed.

Management has long recognized the importance of the corporation maintaining and reinforcing the highest possible standards of conduct in all of its actions, including the preparation and dissemination of statements fairly presenting the financial condition of the corporation. In this regard, it has developed a system of internal accounting control which plays an important role in assisting management in fulfilling its responsibilities in preparing the corporation's financial statements. The corporation's system of internal accounting control is designed to provide reasonable assurance that assets are safeguarded and that transactions are executed in accordance with management's authorizations. This system is augmented by written policies, operating procedures and accounting manuals, plus a strong program of internal audit carried out with carefully selected and qualified personnel. Management

recognizes that estimates and judgments are required to assess and balance the relative costs and expected benefits of the controls and errors or irregularities may nevertheless occur. However, management believes that the corporation's internal accounting control system provides reasonable assurance that errors or irregularities that could be material to the financial statements are prevented or would be detected on a timely basis and corrected in the normal course of business.

The board of directors oversees these financial statements through an audit and examination committee comprised of outside directors. The committee meets periodically with management and the internal auditors to monitor the discharge by each of its responsibilities. The independent auditors, who are engaged to express an opinion on the financial statements, meet periodically with and have free access to the committee or the board, without management present, to discuss internal accounting control, auditing and financial reporting matters.



Lloyd P. Johnson

Chairman, President and
Chief Executive Officer



John T. Thornton

Executive Vice President and
Chief Financial Officer

January 20, 1988

AUDITORS' REPORT

The Board of Directors and Stockholders of Norwest Corporation:

We have examined the consolidated balance sheets of Norwest Corporation and subsidiaries as of December 31, 1987 and 1986 and the related consolidated statements of income, stockholders' equity and changes in financial position for each of the years in the three-year period ended December 31, 1987. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned consolidated financial statements present fairly

the financial position of Norwest Corporation and subsidiaries at December 31, 1987 and 1986 and the results of their operations and the changes in their financial position for each of the years in the three-year period ended December 31, 1987, in conformity with generally accepted accounting principles applied on a consistent basis.



Peat Marwick Main & Co.

Minneapolis, Minnesota
January 20, 1988

Consolidated Average Balance Sheets and Related Yields and Rates

In millions of dollars	1987			1986			1985	
	Average Balance	Interest Income/Expense	Average Yields/Rates	Average Balance	Interest Income/Expense	Average Yields/Rates	Average Balance	Interest Income/Expense
Assets								
Interest-bearing deposits with banks	\$ 136	\$ 9.3	6.89%	\$ 189	\$ 13.6	7.18%	\$ 540	\$ 47.4
Investment securities								
U.S. Treasury and federal agencies	2,728	203.7	7.47	1,949	160.9	8.26	1,602	159.7
State, municipal and housing	658	70.6	10.73	890	105.5	11.86	756	90.5
Other investment securities	1,387	96.9	6.98	412	28.7	6.96	196	13.1
Total investment securities	4,773	371.2	7.78	3,251	295.1	9.08	2,554	263.3
Trading account securities	76	6.2	8.10	104	9.4	9.01	105	10.0
Federal funds sold and resale agreements	79	4.7	5.96	457	32.8	7.17	553	42.7
Mortgages held for sale	272	29.1	10.69	563	60.7	10.78	623	75.6
Loans and leases (net of unearned discount)								
Commercial*								
Domestic	5,237	506.0	9.66	5,656	550.4	9.73	6,569	735.6
Foreign	569	32.4	5.69	650	55.3	8.51	846	87.0
Total commercial	5,806	538.4	9.27	6,306	605.7	9.61	7,415	822.6
Real estate	3,172	368.3	11.61	3,113	379.0	12.18	2,726	340.3
Consumer	3,790	561.5	14.82	3,611	568.1	15.73	3,300	547.5
Total loans and leases	12,768	1,468.2	11.50	13,030	1,552.8	11.92	13,441	1,710.4
Allowance for credit losses	(399)			(284)			(257)	
Net loans and leases	12,369			12,746			13,184	
Total earning assets (before the allowance for credit losses)	18,104	1,888.7	10.43	17,594	1,964.4	11.16	17,816	2,149.4
Cash and due from banks	1,185			1,265			1,307	
Other assets	955			948			1,059	
Total assets	\$19,845			\$19,523			\$19,925	
Liabilities and Stockholders' Equity								
Noninterest-bearing deposits	\$ 2,754			\$ 2,797			\$ 2,826	
Interest-bearing deposits								
Savings and NOW accounts	1,454	67.2	4.62	1,454	74.4	5.12	1,331	68.7
Money market accounts	2,943	160.2	5.44	2,495	137.1	5.49	2,312	149.7
Savings certificates	3,839	282.4	7.36	4,209	354.3	8.42	4,352	413.3
Certificates of deposit and other time	1,544	120.6	7.81	2,068	172.8	8.36	2,446	230.0
Foreign time	265	17.3	6.50	199	13.2	6.61	492	43.4
Total interest-bearing deposits	10,045	647.7	6.45	10,425	751.8	7.21	10,933	905.1
Short-term borrowings	3,070	203.2	6.62	2,475	168.9	6.82	2,477	202.7
Long-term debt	2,069	218.5	10.56	1,891	209.9	11.10	1,846	214.3
Interest-bearing liabilities	15,184	1,069.4	7.04	14,791	1,130.6	7.64	15,256	1,322.1
Capitalized interest expense	—	(0.1)		—	—		—	(0.4)
Net interest expense	—	1,069.3		—	1,130.6		—	1,321.7
Other liabilities	663			666			653	
Stockholders' equity	1,244			1,269			1,190	
Total liabilities and stockholders' equity	\$19,845			\$19,523			\$19,925	
Net interest income-tax equivalent basis		\$ 819.4			\$ 833.8			\$ 827.7
Yield spread			3.39			3.52		
Net interest income to earning assets			4.53			4.74		
Interest-bearing liabilities to earning assets			83.9			84.1		

*Data on domestic and foreign components is not available for 1982.

	1984			1983			1982			Average Balance	
Average Yields/Rates	Average Balance	Interest Income/Expense	Average Yields/Rates	Average Balance	Interest Income/Expense	Average Yields/Rates	Average Balance	Interest Income/Expense	Average Yields/Rates	5 Year Growth Rate Percentage	Percentage Change 1987 Over 1986
8.78%	\$ 761	\$ 81.9	10.76%	\$ 917	\$ 90.0	9.81%	\$ 734	\$ 100.8	13.73%	(28.6)%	(28.0)%
9.97	1,653	182.4	11.03	1,917	215.7	11.25	1,374	183.1	13.33	14.7	40.0
11.97	906	110.6	12.21	836	98.5	11.78	1,025	112.5	10.98	(8.9)	(26.1)
6.68	117	5.7	4.92	120	6.6	5.49	69	4.3	6.19	82.2	236.7
10.31	2,676	298.7	11.16	2,873	320.8	11.16	2,468	299.9	12.15	14.1	46.8
9.46	85	9.4	11.10	100	10.7	10.62	79	10.2	12.91	(0.8)	(27.0)
7.71	358	36.0	10.04	378	34.6	9.15	750	91.6	12.20	(36.2)	(82.8)
12.13	1,629	208.3	12.79	1,010	134.5	13.33	230	35.2	15.33	3.4	(51.7)
11.20	6,485	849.3	13.10	5,692	706.7	12.42					(7.4)
10.30	1,070	129.5	12.10	956	105.7	11.05					(12.5)
11.09	7,555	978.8	12.96	6,648	812.4	12.22	5,790	894.1	15.44	0.1	(7.9)
12.49	2,525	315.7	12.51	2,161	266.7	12.35	1,876	206.6	11.01	11.1	1.9
16.59	2,793	466.4	16.70	2,252	394.6	17.53	1,619	260.3	16.07	18.5	5.0
12.73	12,873	1760.9	13.68	11,061	1,473.7	13.32	9,285	1,361.0	14.66	6.6	(2.0)
	(195)			(147)			(103)			31.1	40.5
	12,678			10,914			9,182			6.1	(3.0)
12.06	18,382	2,395.2	13.03	16,339	2,064.3	12.63	13,546	1,898.7	14.02	6.0	2.9
	1,278			1,210			1,186			—	(6.3)
	1,171			1,191			1,080			(2.4)	0.8
	\$20,636			\$18,593			\$15,709			4.8	1.7
	\$ 2,701			\$ 2,558			\$ 2,468			2.2	(1.5)
5.16	1,393	72.4	5.20	1,525	78.4	5.14	1,898	100.0	5.27	(5.2)	—
6.47	2,135	172.6	8.08	1,818	144.9	7.97				—	18.0
9.49	4,213	441.3	10.47	3,983	420.9	10.57	4,052	496.2	12.25	(1.1)	(8.8)
9.40	2,384	258.9	10.86	1,981	200.1	10.10	2,920	379.5	13.00	(12.0)	(25.3)
8.83	793	85.3	10.76	673	64.7	9.62				—	33.2
8.28	10,918	1,030.5	9.44	9,980	909.0	9.11	8,870	975.7	11.00	2.5	(3.6)
8.18	3,544	385.6	10.88	2,961	273.1	9.22	2,144	253.1	11.81	7.4	24.0
11.61	1,622	186.3	11.49	1,245	141.2	11.35	657	70.8	10.78	25.8	9.4
8.66	16,084	1,602.4	9.96	14,186	1,323.3	9.33	11,671	1,299.6	11.14	5.4	2.7
		(0.6)			(0.3)			(1.2)			
		1,601.8			1,323.0			1,298.4			
	698			763			618			1.4	(.4)
	1,153			1,086			952			5.5	(2.0)
	\$20,636			\$18,593			\$15,709			4.8	1.7
	\$ 793.4			\$ 741.3			\$ 600.3				
3.40			3.07			3.30			2.88		
4.65			4.32			4.54			4.43		
85.6			87.5			86.8			86.2		

Six-Year Financial Summary
Consolidated Statements of Income

Norwest Corporation and Subsidiaries

Year ended December 31, In millions of dollars	1987	1986	1985	1984	1983	1982
Interest income	\$ 1,842.1	1,891.5	2,075.6	2,310.3	1,995.1	1,824.9
Interest expense	1,069.3	1,130.6	1,321.7	1,601.8	1,323.0	1,298.4
Net interest income	772.8	760.9	753.9	708.5	672.1	526.5
Provision for credit losses	375.7	247.8	266.3	198.3	136.8	88.4
Net interest income after provision for credit losses	397.1	513.1	487.6	510.2	535.3	438.1
Non-interest income	455.6	528.3	469.5	372.2	324.2	207.8
Non-interest expenses	870.3	894.5	852.6	845.9	707.2	551.9
Income (loss) before income taxes	(17.6)	146.9	104.5	36.5	152.3	94.0
Income tax expense (benefit)	12.2	25.2	(3.1)	(33.0)	27.1	4.9
Net income (loss)	\$ (29.8)	121.7	107.6	69.5	125.2	89.1

Per Common Share

Net income (loss)						
Primary	\$ (1.31)	3.64	3.20	1.90	4.05	3.08
Fully diluted	(1.31)	3.56	3.09	1.85	3.89	2.92
Dividends declared	1.80	1.80	1.80	1.80	1.80	1.68
Stockholders' equity at year-end	34.77	38.42	36.77	35.66	35.93	33.84
Stock price range	48-31 ³ / ₄	41 ³ / ₈ -28	31 ¹ / ₂ -22 ³ / ₈	33 ⁷ / ₈ -21 ¹ / ₂	39 ¹ / ₂ -22 ³ / ₄	28 ⁷ / ₈ -17

**Selected Consolidated Balance
Sheet Data at December 31,**

In millions of dollars						
Assets	\$ 20,747	21,539	21,419	21,346	19,854	17,585
Investment securities	4,909	4,983	2,912	2,410	2,859	2,554
Total loans and leases	13,521	13,967	14,022	14,101	12,735	10,723
Deposits	13,644	14,100	14,337	14,615	13,552	11,971
Long-term debt	2,136	1,934	1,871	1,818	1,435	1,130
Stockholders' equity	1,178	1,304	1,219	1,160	1,130	1,038

Ratios*

Per \$100 of average assets						
Net interest income-tax equivalent basis	\$ 4.13	4.27	4.15	3.85	3.99	3.82
Provision for credit losses	1.89	1.27	1.34	.96	.74	.56
Net interest income after the provision for credit losses	2.24	3.00	2.81	2.89	3.25	3.26
Non-interest income	2.30	2.70	2.36	1.80	1.74	1.32
Non-interest expenses	4.39	4.58	4.28	4.10	3.80	3.51
Income before income taxes	.15	1.12	.89	.59	1.19	1.07
Income tax expense (benefit)	.06	.13	(.02)	(.16)	.15	.03
Tax equivalent adjustment	.24	.37	.37	.41	.37	.47
Net income (loss)	\$ (.15)	.62	.54	.34	.67	.57
Leverage	16.0X	15.4	16.7	17.9	17.1	16.5
Return on common equity	NM%	9.8	8.8	5.3	11.6	9.2
Return on total equity	NM%	9.6	9.0	6.0	11.5	9.4
Dividend payout	NM%	49.5	56.3	94.7	44.4	54.5
Stockholders' equity to average assets	6.3%	6.5	6.0	5.6	5.8	6.1
Primary capital ratio at December 31**	8.7%	7.8	6.9	6.5		
Total capital ratio at December 31**	14.0%	12.9	12.5	11.9		

*Based on average balances and net income for the periods.

** Primary capital includes stockholders' equity, minority interest in equity of consolidated subsidiaries, long-term debt qualifying as primary capital net of designated proceeds and the allowance for credit losses. Total capital equals primary capital plus subordinated and other unsecured term debt having original maturities of at least seven years and designated proceeds on long-term debt qualifying as primary capital.

NM - Not Meaningful

Income Statement Data

Norwest Corporation and Subsidiaries

In millions of dollars

Changes in Tax-Equivalent Net Interest Income

Increase (Decrease) in	1987 Over 1986			1986 Over 1985		
	Volume	Yield/Rate	Total	Volume	Yield/Rate	Total
Tax-equivalent interest income						
Loans and leases	\$(31.1)	(53.5)	(84.6)	(52.2)	(105.4)	(157.6)
Investment securities	138.2	(62.1)	76.1	71.9	(40.0)	31.9
Money market and trading account securities	(34.2)	(1.4)	(35.6)	(37.4)	(7.0)	(44.4)
Mortgages held for sale	(31.4)	(.2)	(31.6)	(7.3)	(7.6)	(14.9)
Total	41.5	(117.2)	(75.7)	(25.0)	(160.0)	(185.0)
Interest expense						
Interest bearing deposits	(27.5)	(76.6)	(104.1)	(42.0)	(111.3)	(153.3)
Short-term borrowings	40.5	(6.2)	34.3	(0.2)	(33.2)	(33.4)
Long-term debt	19.7	(11.2)	8.5	5.2	(9.6)	(4.4)
Total	32.7	(94.0)	(61.3)	(37.0)	(154.1)	(191.1)
Net interest income	\$ 8.8	(23.2)	(14.4)	12.0	(5.9)	6.1

Analysis of Selected Non-interest Expenses	1987	Percentage Change	1986	Percentage Change	1985	1984	1983
Salaries and benefits							
Salaries and bonuses	\$381.6	(2.4)%	\$391.0	8.0 %	\$361.9	369.7	333.3
Benefits	72.9	2.1	71.4	—	71.4	63.9	62.8
Total salaries and benefits	\$454.5	(1.7)%	\$462.4	6.7 %	\$433.3	433.6	396.1
Business development							
Advertising	\$ 15.5	(9.4)%	\$ 17.1	24.8 %	\$ 13.7	15.8	19.1
Other business development	23.7	16.7	20.3	6.8	19.0	22.2	19.6
Total business development	\$ 39.2	4.8 %	\$ 37.4	14.4 %	\$ 32.7	38.0	38.7
Other non-interest expenses							
Professional fees	\$ 20.7	3.5 %	\$ 20.0	(30.3)%	\$ 28.7	32.3	12.9
Computer processing	15.1	—	15.1	(2.6)	15.5	14.5	14.3
Other employment	10.7	(6.1)	11.4	(1.7)	11.6	11.9	10.4
Insurance claims	21.2	8.2	19.6	45.2	13.5	11.6	7.6
Other processing	23.3	27.3	18.3	(3.7)	19.0	9.3	7.0
FDIC premiums	10.6	(2.8)	10.9	4.8	10.4	8.9	8.3
Miscellaneous charge-offs and recoveries	11.2	(32.5)	16.6	(15.3)	19.6	20.2	7.0
Charitable contributions	1.8	(10.0)	2.0	(68.8)	6.4	5.0	3.7
Other real estate owned, net	1.0	(95.9)	24.2	(2.4)	24.8	16.4	0.7
Other	55.3	(15.2)	65.2	29.6	50.3	57.7	41.1
Total other non-interest expenses	\$170.9	(15.9)%	\$203.3	1.8 %	\$199.8	187.8	113.0

Loan Information

Norwest Corporation and Subsidiaries

In millions of dollars	1987	1986	1985	1984	1983	1982
Loans and Leases at December 31,						
Domestic loans and leases						
Commercial, financial and industrial	\$ 4,220	4,773	4,898	5,103	4,343	3,817
Agricultural	440	526	821	1,027	1,005	927
Construction and land development	297	340	269	332	297	229
Real estate						
Secured by 1-4 family residential properties	2,310	2,224	2,194	2,140	2,098	1,717
Secured by other properties	1,347	1,251	996	894	776	652
Consumer	3,743	3,540	3,479	2,977	2,545	2,208
Credit card and check credit	600	478	478	406	316	236
Lease financing	190	188	212	204	234	186
Total domestic loans and leases	13,147	13,320	13,347	13,083	11,614	9,972
Foreign loans						
Governments and official institutions	173	287	299	255	237	151
Banks and other financial institutions	73	144	160	440	530	226
Commercial and industrial	120	196	213	291	305	345
Other	8	20	3	32	49	29
Total foreign loans	374	647	675	1,018	1,121	751
Total loans and leases	\$13,521	13,967	14,022	14,101	12,735	10,723
Allowance for Credit Losses						
Balance at beginning of year	\$ 316.7	270.5	223.3	167.0	125.4	86.1
Allowance for lease losses at January 1, 1983	—	—	—	—	1.4	—
Allowances related to assets acquired/sold	(5.4)	—	(0.3)	1.1	6.0	22.5
Provision for credit losses	375.7	247.8	266.3	198.3	136.8	88.4
Credit losses						
Commercial, financial and industrial	82.1	69.6	88.9	63.1	82.8	57.4
Agricultural**	17.8	62.4	95.3	51.3		
Construction and land development	2.8	1.2	2.8	2.9	0.2	0.5
Real estate	31.4	20.6	8.6	4.9	3.2	4.0
Consumer	53.4	52.7	39.7	28.7	23.9	12.2
Credit card and check credit	12.0	12.9	6.8	4.0	3.6	3.8
Lease financing*	1.5	2.4	2.7	2.0	0.9	
Foreign	150.2	19.1	11.9	10.2	7.1	4.0
Total credit losses	351.2	240.9	256.7	167.1	121.7	81.9
Recoveries						
Commercial, financial and industrial	18.5	15.3	13.9	9.4	10.0	5.8
Agricultural**	6.9	7.5	9.0	4.4		
Construction and land development	0.4	0.2	0.2	0.1	—	—
Real estate	2.8	2.2	1.1	1.2	1.2	0.5
Consumer	10.7	9.7	8.1	6.7	6.3	3.1
Credit card and check credit	1.9	1.2	1.0	0.9	0.9	0.9
Lease financing*	0.4	0.1	0.3	0.1	0.1	
Foreign	5.2	3.1	4.3	1.2	0.6	—
Total recoveries	46.8	39.3	37.9	24.0	19.1	10.3
Net credit losses	304.4	201.6	218.8	143.1	102.6	71.6
Balance at end of year	\$ 382.6	316.7	270.5	223.3	167.0	125.4
Net credit losses as a percent of average loans and leases	2.38%	1.55	1.63	1.11	.93	.77
Allowance for credit losses to						
Total loans and leases at year-end	2.97%	2.37	2.02	1.65	1.36	1.22
Net credit losses	1.26X	1.57	1.24	1.56	1.63	1.75
Provision for credit losses to average loans and leases	2.94%	1.90	1.98	1.54	1.24	.95
Earnings coverage of net credit losses	1.18X	1.96	1.69	1.64	2.82	2.55

*Leasing losses and recoveries are not included in credit losses in 1982.

**Data not available prior to 1984.

Other Balance Sheet Data

Norwest Corporation and Subsidiaries

At December 31, 1987

In millions of dollars

Maturity of Securities

	Carrying Value					Total Market Value
	Within 1 Year Amount/Yield	1-5 Years Amount/Yield	5-10 Years Amount/Yield	After 10 Years Amount/Yield	Total Amount/Yield	
U.S. Treasury and federal agencies	\$166/6.35%	\$1,031/6.74%	\$166/7.63%	\$1,326/ 9.58%	\$2,689/8.17%	\$2,614
State, municipal and housing*	26/8.04	266/9.09	228/8.70	87/10.67	607/9.13	595
Other investment securities	52/5.34	127/8.29	63/8.32	1,371/ 8.07	1,613/8.01	1,605
Total investment securities	\$244/6.31%	\$1,424/7.32%	\$457/8.26%	\$2,784/ 8.87%	\$4,909/8.24%	\$4,814

Maturity of Loans**	Within 1 Year	1-5 Years	After 5 Years	Total
Commercial	\$3,074	1,213	373	\$4,660
Construction and land development	188	56	53	297
Real estate	289	661	397	1,347
Foreign	281	46	47	374
Total	\$3,832	1,976	870	\$6,678
Predetermined interest rates	\$ 784	863	339	\$1,986
Floating interest rates	3,048	1,113	531	4,692
Total	\$3,832	1,976	870	\$6,678

Maturity of Time Deposits of \$100,000 or more	Within 3 Months	3-6 Months	6-12 Months	Over 12 Months	Total
Certificates of deposit and other time	\$ 910	268	204	358	\$1,740
Foreign time	316	31	—	—	347
Total	\$1,226	299	204	358	\$2,087

Deposits At December 31,	1987	1986	1985	1984	1983
Noninterest-bearing deposits	\$ 3,023	3,425	3,468	3,364	3,048
Interest-bearing deposits					
Savings and NOW accounts	1,308	1,618	1,390	1,368	1,430
Money market accounts	3,108	2,846	2,359	2,172	2,112
Savings certificates	4,103	4,030	4,318	4,288	4,088
Certificates of deposit and other time***	1,755	1,796	2,441	2,699	2,218
Foreign time	347	385	361	724	656
Total deposits	\$13,644	14,100	14,337	14,615	13,552

*The yield on state, municipal and housing securities is increased by the benefit of tax exemption, assuming a 40% federal income tax rate. The amount of the increases in the yields for these securities and for total investment securities are 3.66% and .45%, respectively.

**Excludes leases of \$190 million and consumer and residential mortgage loans of \$6,653 million.

***Includes \$15 million of time deposits of less than \$100,000 in 1987.

For the fourth quarter of 1987, Norwest reported net income of \$48.7 million, a 47.0 percent increase from \$33.2 million reported in the comparable period a year ago. Net income per common share in the fourth quarter of 1987 was \$1.57 compared with \$1.00 in the fourth quarter a year ago. On a fully diluted basis, earnings per share was \$1.53, compared with 97 cents in the fourth quarter of 1986.

Net interest income on a tax-equivalent basis in the fourth quarter increased 5.4 percent from the comparable period last year. Net interest margin was 4.74 percent in the fourth quarter of 1987 compared with 4.57 percent in the fourth quarter of 1986. The increase in net interest margin over 1986 was due primarily to a wider yield spread and the reduced earnings impact of non-performing assets. Average earning assets were \$18.2 billion in the quarter, up \$0.3 billion from the same 1986 quarter. Increases in investment securities were partially offset by decreases in average loans and leases, federal funds sold and other short-term investments.

The provision for credit losses in the fourth quarter of 1987 was \$35.5 million compared with \$82.0 million in the fourth quarter of 1986, while net credit losses increased to

\$108.4 million from \$48.7 million in the fourth quarter of 1986. Domestic net credit losses totaled \$37.5 million in the fourth quarter, compared with \$47.9 million in the same period a year ago.

Non-interest income in the fourth quarter of 1987 decreased \$66.0 million from 1986 due primarily to reduced venture capital and investment securities gains and lower mortgage banking revenue, partially offset by increased other fees and service charges. Non-interest expenses decreased 8.2 percent in the fourth quarter of 1987 over the same period a year ago. This decrease in non-interest expenses was due primarily to decreased salaries and benefits costs related to lower mortgage banking activity.

In the fourth quarter of 1987, the Banking Group reported earnings of \$38.7 million compared to earnings of \$13.1 million reported in the fourth quarter of 1986. The increase was due primarily to higher net interest income resulting from a wider yield spread and the reduced earnings impact of non-performing assets and increases in other fees and service charges.

Norwest Financial reported earnings of \$20.9 million in the fourth quarter of 1987, compared with \$22.1 million in the comparable period a year ago. Decreased earnings at Norwest Financial were due primarily to increases in non-interest expenses and income taxes, partially offset by a lower provision for credit losses.

Mortgage banking companies reported a net loss of \$0.5 million in the fourth quarter of 1987, compared with net income of \$5.3 million in the year ago period. The mortgage banking results reflect lower mortgage demand in 1987.

Venture capital companies reported a net loss of \$0.5 million in the fourth quarter of 1987, compared with net income of \$9.6 million in the fourth quarter of 1986. Parent and service companies' expenses were \$9.9 million in the fourth quarter of 1987, compared with \$16.9 million in the same 1986 period. The decrease was due primarily to the effects of consolidated income tax adjustments in 1986.

Quarterly Financial Information
Consolidated Statements of Income

Norwest Corporation and Subsidiaries

In millions of dollars	1987 Quarters				1986 Quarters			
	Fourth	Third	Second	First	Fourth	Third	Second	First
Interest income	\$481.5	463.4	452.6	444.6	458.3	464.9	475.1	493.2
Interest expense	276.1	270.0	264.7	258.5	268.5	274.2	285.7	302.2
Net interest income	205.4	193.4	187.9	186.1	189.8	190.7	189.4	191.0
Provision for credit losses	35.5	39.4	248.0	52.8	82.0	54.0	51.9	59.9
Non-interest income	107.4	113.9	117.3	117.0	173.4	126.5	119.8	108.6
Non-interest expenses	226.3	216.3	216.1	211.6	246.4	219.1	219.3	209.7
Income (loss) before income taxes	51.0	51.6	(158.9)	38.7	34.8	44.1	38.0	30.0
Income tax expense (benefit)	2.3	3.0	(1.1)	8.0	1.6	11.8	8.9	2.9
Net income (loss)	\$ 48.7	48.6	(157.8)	30.7	\$ 33.2	32.3	29.1	27.1

Per Common Share

Net income (loss)								
Primary	\$ 1.57	1.51	(5.30)	.93	\$1.00	.97	.87	.80
Fully diluted	1.53	1.48	(5.30)	.91	.97	.95	.85	.78
Dividends declared	.45	.45	.45	.45	.45	.45	.45	.45
Stockholders' equity at quarter-end	34.77	33.70	33.09	38.86	38.42	37.87	37.38	37.01
Stock price range	47 1/2-31 3/4	48-40 1/4	45-33 1/2	42 3/4-36 5/8	40 3/8-34	41 3/8-34 1/8	39-34 1/8	38-28

Tax-equivalent Yields and Rates

Interest-bearing deposits with banks	8.47%	11.75	6.06	6.06	4.45	7.44	7.35	7.72
Investment securities	8.23	7.94	7.43	7.46	8.34	8.85	9.58	10.01
Trading account securities, net	7.43	7.45	9.74	7.53	9.06	8.20	9.92	8.86
Federal funds sold and resale agreements	5.45	6.39	6.21	5.82	6.34	6.38	6.98	7.82
Mortgages held for sale	11.81	11.43	10.40	9.87	10.87	10.80	10.59	10.90
Total loans and leases	11.83	11.46	11.33	11.37	11.32	11.73	12.05	12.58
Total earning assets	10.78	10.44	10.25	10.26	10.53	11.00	11.37	11.80
Total interest-bearing deposits	6.50	6.42	6.37	6.50	6.70	7.04	7.38	7.73
Short-term borrowings	7.03	6.81	6.60	5.98	5.96	6.63	7.01	7.75
Long-term debt	10.37	10.45	10.68	10.77	11.03	11.04	11.09	11.26
Interest-bearing liabilities	7.14	7.06	7.01	6.96	7.12	7.50	7.80	8.17
Yield spread	3.64	3.38	3.24	3.30	3.41	3.50	3.57	3.63
Net interest income to earning assets	4.74	4.51	4.41	4.44	4.57	4.76	4.78	4.85

Ratios*

Return on assets	.95%	.98	NM	.62	.67	.67	.60	.56
Leverage	16.9X	16.2	15.6	15.2	15.2	15.0	15.5	15.9
Return on common equity	17.6%	17.5	NM	9.7	10.5	10.3	9.4	8.8

*Based on average balances and net income for the periods.
 NM—Not meaningful

Quarterly Financial Information
Condensed Consolidated Average Balance Sheets

Norwest Corporation and Subsidiaries

In millions of dollars	1987 Quarters				1986 Quarters			
	Fourth	Third	Second	First	Fourth	Third	Second	First
Assets								
Investment securities	\$ 5,022	5,103	4,694	4,260	4,128	3,330	2,711	2,819
Federal funds sold and other short-term investments	259	129	258	522	349	503	941	1,222
Mortgages held for sale	172	229	329	361	511	655	579	506
Loans and leases, (net of unearned discount)	12,741	12,643	12,882	12,810	12,934	12,956	13,168	13,063
Allowance for credit losses	(420)	(474)	(389)	(313)	(288)	(283)	(282)	(281)
Net loans and leases	12,321	12,169	12,493	12,497	12,646	12,673	12,886	12,782
Total earning assets	18,194	18,104	18,163	17,953	17,922	17,444	17,399	17,610
Cash and due from banks	1,186	1,140	1,121	1,295	1,192	1,186	1,383	1,300
Other assets	1,036	952	934	897	955	896	973	966
Total assets	\$19,996	19,722	19,829	19,832	19,781	19,243	19,473	19,595
Liabilities and Stockholders' Equity								
Noninterest-bearing deposits	\$ 2,758	2,651	2,784	2,825	2,788	2,764	2,877	2,757
Interest-bearing deposits	10,154	9,894	9,975	10,160	10,475	10,241	10,364	10,625
Short-term borrowings	3,111	3,207	3,071	2,885	2,620	2,361	2,437	2,483
Long-term debt	2,109	2,105	2,094	1,966	1,891	1,923	1,888	1,860
Other liabilities	683	651	631	688	705	673	651	637
Total liabilities	18,815	18,508	18,555	18,524	18,479	17,962	18,217	18,362
Stockholders' equity	1,181	1,214	1,274	1,308	1,302	1,281	1,256	1,233
Total liabilities and stockholders' equity	\$19,996	19,722	19,829	19,832	19,781	19,243	19,473	19,595

The financial information on page 69 and in the table above is unaudited. In the opinion of management, all adjustments necessary for a fair presentation of the results of operations have been included.

Securities and Exchange Commission
Washington, D.C. 20549

Annual Report Pursuant to Section 13
or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 1987
Commission file number 1-2979

Norwest Corporation

Incorporated in the State of Delaware
IRS Employer Identification No. 41-0449260
Address: 1200 Peavey Building
Minneapolis, Minnesota 55479
Telephone: (612) 372-8268

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock (\$1 ² / ₃ par value)	New York Stock Exchange Midwest Stock Exchange
6 ³ / ₄ % Convertible Subordinated Debentures Due 2003	New York Stock Exchange
Floating Rate Notes Due 1989	New York Stock Exchange

No securities are registered pursuant to Section 12(g) of the Act.

Norwest Corporation (1) has filed all reports required by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

On January 29, 1988, 29,570,363 shares of common stock were outstanding, of which 27,885,146 shares were held by non-affiliates. At that date, the aggregate market values of these shares, based upon a closing price of \$41 ³/₄ per share, were \$1,234.6 million and \$1,164.2 million, respectively.

Documents Incorporated by Reference

Portions of the corporation's 1987 Annual Report to Stockholders are incorporated by reference into Parts I, II and IV and portions of the corporation's Notice of Annual Meeting and Proxy Statement for the annual meeting of stockholders to be held April 26, 1988, are incorporated by reference into Parts III and IV.

This Annual Report and Form 10-K incorporate into a single document all material required by the Securities and Exchange Commission to give our stockholders and other interested parties a timely and comprehensive explanation of the 1987 results. Only those sections of the Annual Report referenced in the following cross reference index are incorporated in the Form 10-K.

Form 10-K Cross Reference Index

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Item 3.	Legal Proceedings	58
Item 4.	Submission of Matters to a Vote of Security Holders	Not Applicable
Part II		
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Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	Not Applicable
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Item 10.	Directors and Executive Officers of the Registrant	*
Item 11.	Executive Compensation	*
Item 12.	Security Ownership of Certain Beneficial Owners and Management	*
Item 13.	Certain Relationships and Related Transactions	*
Part IV		
Item 14.	Exhibits, Financial Statement Schedules and Reports on Form 8-K	
	(a)(1) Financial Statements—See Item 8.	
	(2) Financial Statement Schedules	
	All schedules to the consolidated financial statements normally required by Form 10-K are omitted since they are either not applicable or the required information is shown in the financial statements or the notes thereto.	
	(3) Exhibits	
	3(a). Certificate of Incorporation, as amended.	
	3(b). By-Laws, as amended.	
	4. Instruments Defining the Rights of Security Holders, Including Indentures. See Item 14.(a)(3)3(a) above. Copies of instruments with respect to long-term debt will be furnished to the Commission upon request.	
	10(a). 1981 Long-Term Incentive Plan. Filed as Exhibit 15 to Form S-8 Registration Statement No. 2-77119.**	
	10(b). 1983 Stock Option and Restricted Stock Plan. Filed as Exhibit 28(b) to Form S-8 Registration Statement No. 2-95331.**	
	10(c). 1985 Long-Term Incentive Compensation Plan. Filed as Exhibit 28(b) to Form S-8 Registration Statement No. 33-11438.**	
	10(d). Executive Incentive Compensation Plan.	
	10(e). Compensation Deferral Plan.	
	10(f). Executive Financial Counseling Plan.	
	10(g). Deferred Compensation Plan for Non-Employee Directors.	
	10(h). Retirement Plan for Non-Employee Directors.	
	10(i). Agreement between the corporation and Lloyd P. Johnson dated August 1, 1985. Filed as Exhibit II to September 30, 1985 Quarterly Report on Form 10-Q.**	
	10(j). Agreement between the corporation and Richard M. Kovacevich dated March 18, 1987. Filed as Exhibit I to March 31, 1987 Quarterly Report on Form 10-Q.**	
	10(k). Agreement between the corporation and Richard S. Levitt dated March 6, 1987. Filed as Exhibit II to March 31, 1987 Quarterly Report on Form 10-Q.**	
	10(l). Agreement between a subsidiary and Richard S. Levitt dated December 30, 1987.	
	10(m). Form of agreement dated June 24, 1986 between the corporation and four executive officers including two directors. Filed as Exhibit III to June 30, 1986 Quarterly Report on Form 10-Q.**	

Item 14. (cont.)	11.	Computation of Earnings Per Share.
	12(a).	Computation of Ratio of Earnings to Fixed Charges.
	12(b).	Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends.
	22.	Subsidiaries of the Corporation.
	24.	Consent of Experts.
	25.	Powers of Attorney.

(b) Reports on Form 8-K

There were no reports on Form 8-K during the quarter ended December 31, 1987.

Stockholders may obtain a copy of any Exhibit, Item 14(a)(3), none of which are contained herein, upon payment of a reasonable fee, by writing Norwest Corporation, Office of the Secretary, 1200 Peavey Building, Minneapolis, Minnesota 55479.

*The information required by Items 10 through 13 is incorporated by reference to the corporation's Notice of Annual Meeting and Proxy Statement for the 1988 annual meeting of stockholders which the corporation intends to file with the Securities and Exchange Commission pursuant to Regulation 14A.

**Exhibit has heretofore been filed with the Securities and Exchange Commission and is incorporated herein as an exhibit by reference.

DESCRIPTION OF BUSINESS

Norwest Corporation is a bank holding company headquartered in Minneapolis, Minnesota. Through subsidiaries, Norwest Corporation provides diversified financial services in 45 states and internationally. Norwest Corporation was organized in 1929 and owns approximately 99 percent of the capital stock of 44 commercial banks in seven Upper Midwest states. Norwest Corporation also owns a group of financial services companies specializing in consumer finance, mortgage banking, venture capital investments, leasing, trust services, agricultural finance, secured commercial finance, insurance services and data processing services.

Norwest Corporation and its subsidiaries employ 15,200 persons, including 13,300 full-time employees. At December 31, 1987, its assets totaled \$20.7 billion, and it was ranked as the nation's 29th largest bank holding company. On the basis of deposits within respective states, Norwest Banks rank as one of the top two banking groups in South Dakota, Iowa, Minnesota, Montana, Nebraska and North Dakota.

As a holding company, Norwest Corporation's role is to coordinate the establishment of goals, objectives, policies and strategies, to monitor adherence to policies, and to provide capital funds to its subsidiaries. In addition, Norwest Corporation provides its subsidiaries with strategic planning support, asset and liability management services, investment administration and portfolio planning, tax planning, new product and business development, advertising, administrative services, and human resources management.

Norwest Corporation derives substantially all its income from investments in and advances to its subsidiaries in addition to service fees received from its subsidiaries.

Banking Group

Norwest's largest bank is Norwest Bank Minnesota, N.A., formed on January 1, 1988 through consolidation of the previous 17 banks in the Minneapolis and St. Paul, Minnesota area. Norwest's Community Banking activities are organized into six regions, each headed by a regional president. The subsidiary banks and trust companies provide a full range of commercial and retail banking services, bond trading, and certain underwriting and capital management services to individuals, businesses, governmental units and other financial institutions.

These banking services are provided through 201 banking locations in Minnesota, Iowa, Nebraska, North and South Dakota, Montana and Wisconsin. All 42 national and two state chartered banks are members of the Federal Deposit Insurance Corporation.

Norwest Bank Minnesota, N.A. (the Bank) had total assets of approximately \$8.6 billion at January 4, 1988 and had 49 percent of the Banking Group's total gross loans and leases, and 45 percent of total deposits. Three other Norwest Banks exceeded \$1.0 billion each in total assets at December 31, 1987: Norwest Bank South Dakota, N.A. (\$1.7 billion), Norwest Bank Nebraska, N.A. (\$1.4 billion), and Norwest Bank Des Moines, N.A. (\$1.3 billion).

The Bank plays a key role in promoting the success of other affiliates. On behalf of their customers, client executives throughout the Banking Group can access services including cash management, investment banking services, international services and employee benefit programs.

All eight trust companies and departments benefit from centralized accounting and investment functions. Consolidation of bookkeeping, check processing and other operational functions over the previous three years has enabled bank affiliates to decrease costs.

Specialized Financial Group

Norwest's specialized financial group consists of three principal operating groups: Norwest Financial, Inc., which owns consumer and commercial finance subsidiaries; Norwest Mortgage, Inc. and related affiliates, involved in mortgage banking; and Norwest Venture Capital.

Norwest Financial operates nationwide businesses in consumer finance, equipment leasing, commercial lending and accounts receivable financing.

Consumer finance is Norwest Financial's primary business and consists of direct installment loans, retail sales finance contracts purchased from merchants and credit insurance sold to customers of Norwest Financial and Norwest Banks. Norwest Financial's consumer finance business operates through 583 branch offices in 45 states. Norwest Financial also provides data processing services to its offices and to 27 other finance companies, for a combined total of 3,593 branch offices.

The mortgage banking subsidiaries (collectively referred to as Norwest Mortgage) originate mortgages on residential properties through a network of 59 loan production offices. Norwest Mortgage combines the mortgages it originates into "pools" that, once formed, are sold in various forms to permanent investors.

In June 1985, Norwest Mortgage completed sales of its mortgage servicing units, including servicing rights, to approximately \$11 billion of mortgages. Subject to certain exceptions, qualified servicing rights to residential mortgages originated by Norwest Mortgage through 1989 are being sold to the buyer of the residential mortgage servicing unit.

The venture capital affiliates (referred to as Norwest Venture Capital) specialize in meeting the capital needs of small and emerging businesses. Norwest Venture Capital provides start-up funds for new businesses, additional funds to assist the continued growth and success of existing businesses, and funds to finance leveraged buyouts.

Norwest Venture Capital's investments typically range from \$750,000 to \$2 million; however, larger sums may be invested in a single company, sometimes through syndication with other venture capitalists. Most Norwest Venture Capital clients are engaged in electronics and other technology-related businesses, such as information processing, microelectronics, biotechnology, computer software, medical products, health

care delivery, telecommunications, and industrial automation.

Competition

Legislative and regulatory changes, coupled with technological advances, have significantly increased competition in the financial services industry over the past 10 years. Norwest banks and financial services subsidiaries compete with other commercial banks and other financial institutions including savings and loan associations, finance companies, mortgage banking companies, brokerage houses and credit unions and other new entrants in the field of financial services.

Government Policies, Supervision and Regulation

Earnings of Norwest's various operating units are affected by domestic monetary policies of the Board of Governors of the Federal Reserve System, U.S. fiscal policy, and international currency regulations and monetary policies. The effect of these policies upon the business and earnings of the corporation cannot be predicted.

Norwest Corporation is a registered bank holding company subject to the supervision of the Board of Governors of the Federal Reserve System (the Board) under the Bank Holding Company Act of 1956, as amended (the Act). The Act limits the types of activities in which Norwest Corporation and its subsidiaries may engage. Generally, permissible activities are limited to owning banks and companies engaged in activities which the Board has determined to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. Bank acquisitions by Norwest Corporation require prior Board approval and the Board may not approve acquisitions of banks located outside states where Norwest now owns banks unless such acquisitions are authorized by the laws of the state where the bank to be acquired is located or involve failing banks.

The corporation's banking subsidiaries are subject to regulation by various federal and state regulatory authorities. These include the U.S. Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Board and, in the case of the two state banks, the State of Minnesota.

The National Bank Act limits the amount of dividends that a national bank may pay during any year without the approval of the

U.S. Comptroller of the Currency. The Federal Reserve Act restricts the ability of Norwest's bank subsidiaries to extend credit to and engage in certain other transactions with other Norwest subsidiaries. For additional information regarding these restrictions, see page 60. Certain securities activities engaged in by Norwest subsidiaries are subject to regulation by the Securities and Exchange Commission.

PROPERTIES

The corporation operates 204 commercial banking locations, of which 155 are owned directly by subsidiary banks, 7 are owned by a building company subsidiary of Norwest and 42 are leased from outside parties. Norwest Mortgage leases its headquarters facilities in Des Moines, Iowa, and all mortgage production offices nationwide. Norwest Financial Services, Inc. owns its headquarters in Des Moines, Iowa, and leases all consumer finance branch locations. Norwest Corporation leases its corporate offices in Minneapolis, Minnesota.

The accompanying notes to consolidated financial statements contain additional information on pages 52 and 58 with respect to premises and equipment and commitments under noncancellable leases for premises and equipment.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 23rd day of February, 1988.

Norwest Corporation
(Registrant)

LLOYD P. JOHNSON

Lloyd P. Johnson
Chairman, President and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed on the 23rd day of February, 1988, by the following persons on behalf of the registrant and in the capacities indicated.

JOHN T. THORNTON

John T. Thornton
Executive Vice President and
Chief Financial Officer
(Principal Financial and Accounting Officer)

The Directors of Norwest Corporation listed below have duly executed powers of attorney empowering William A. Hodder to sign this document on their behalf.

David A. Christensen
Pierson M. Grieve
N. Bud Grossman
Charles M. Harper
George C. Howe, Jr.
Lloyd P. Johnson
Reatha Clark King
Richard M. Kovacevich
Richard S. Levitt
Donald W. McCarthy
Richard D. McCormick
Gerald Rauenhorst
James R. Spicola

WILLIAM A. HODDER

William A. Hodder
Director and Attorney-in-Fact
February 23, 1988

NORWEST CORPORATION BOARD OF DIRECTORS

DAVID A. CHRISTENSEN
President/CEO
Raven Industries, Inc.
Sioux Falls, South Dakota
(Diversified Manufacturer of Plastics,
Electronics, and Ski and Western
Wear)

PIERSON M. GRIEVE
Chairman/President/CEO
Ecolab Inc.
St. Paul, Minnesota
(Specialty Chemicals, Products,
Systems for Scientific, Commercial
and Consumer Cleaning and
Sanitation)

N. BUD GROSSMAN
CEO
Cogel Management Co.
Minneapolis, Minnesota
(Investments and Business
Development)

CHARLES M. HARPER
Chairman/CEO
ConAgra, Inc.
Omaha, Nebraska
(Diversified Food Company)

WILLIAM A. HODDER
Chairman/President/CEO
Donaldson Company, Inc.
Minneapolis, Minnesota
(Manufacturer of Engine Filters and
Noise Abatement Equipment)

GEORGE C. HOWE, JR.
President/Managing Partner
Howe Seed Farms
Casselton, North Dakota
(Farming)

LLOYD P. JOHNSON
Chairman/President/CEO
Norwest Corporation
Minneapolis, Minnesota

DR. REATHA CLARK KING
President
Metropolitan State University
St. Paul, Minnesota
(Education)

RICHARD M. KOVACEVICH
Vice Chairman and
Chief Operating Officer
Banking Group
Norwest Corporation
Minneapolis, Minnesota

RICHARD S. LEVITT
Chairman/CEO
Nellis Corporation
Rockville, Maryland
(Investments and Real Estate)

DONALD W. MCCARTHY
Chairman of the Board
Northern States Power Company
Minneapolis, Minnesota
(Public Utility)

RICHARD D. McCORMICK
President/Chief Operating Officer
U S WEST, Inc.
Englewood, Colorado
(Communications)

JOHN E. PEARSON
Chairman/CEO
Northwestern National Life
Insurance Company
Minneapolis, Minnesota
(Life and Health Insurance)

GERALD RAUENHORST
Chairman/CEO
Opus Corporation
Minneapolis, Minnesota
(Designer/Builder/Developer)

JAMES R. SPICOLA
President/Chief Operating Officer
Cargill, Incorporated
Minneapolis, Minnesota
(International Merchandiser, Processor
and Transporter of Commodities and
Industrial Products)

DAVID M. WINTON
Manager
Winton Partners
Minneapolis, Minnesota
(Investments)

CORPORATE EXECUTIVES

LLOYD P. JOHNSON
Chairman,
President and Chief
Executive Officer

JOHN T. THORNTON
Executive Vice President
Chief Financial Officer

STEPHEN W. HANSEN
Senior Vice President
Director of Human Resources

PATRICK T. MCGUIRE
Senior Vice President
Chief Auditor

STANLEY S. STROUP
Senior Vice President,
General Counsel
and Secretary

SPECIALIZED FINANCIAL GROUP EXECUTIVES

Norwest Financial

RICHARD J. BRINKMAN
Chairman
Chief Executive Officer

DAVID C. WOOD
President
Chief Operating Officer

RICHARD F. BECKHAM
Senior Vice President
Division Manager

DONALD C. CARANO
Senior Vice President
Division Manager

ROBERT H. COX
Senior Vice President
Division Manager

ALFRED Z. WINICK
Senior Vice President

DENNIS E. YOUNG
Senior Vice President
Treasurer

JAMES R. BERENS
Vice President, General Counsel
and Secretary

ROBERT W. BETTLE
Vice President
Controller

DENNIS J. JOHNSON
Vice President

Norwest Venture Capital

ROBERT F. ZICARELLI
Chairman
Chief Executive Officer

DANIEL J. HAGGERTY
President
Chief Operating Officer

Norwest Mortgage

ROBERT V. GORSCHÉ
President
Chief Executive Officer

MICHAEL J. KELLER
Executive Vice President

MARK C. OMAN
Senior Vice President

JAY B. BENDER
Senior Vice President

STEPHEN D. MORRISON
Vice President, General Counsel
and Secretary

DANIEL T. SEGERSIN
Vice President
Chief Financial Officer

MANUEL J. SIPRUT
Vice President

BANKING GROUP EXECUTIVES AND SENIOR OFFICERS

RICHARD M. KOVACEVICH
Vice Chairman
Chief Operating Officer

ROBERT C. BROWN
Executive Vice President
Head of Capital Markets & Trust

JAMES R. CAMPBELL
President, Chief Executive Officer
Norwest Bank Minnesota, N.A.
Head of Corporate Banking

KENNETH R. MURRAY
Executive Vice President
Head of Community Banking

LESLIE S. BILLER
Executive Vice President
Strategic Planning and Acquisitions

BRIAN R. PHILLIPS
Executive Vice President
Technical Services

WILLIAM H. QUEENAN
Executive Vice President
Chief Credit Officer

GERALD M. KANNE
Chief Administrative Officer
Community Banking

CHARLES D. WHITE
Senior Vice President
Banking Group Treasurer

JOHN R. COCHRAN
Regional President
Nebraska

JOHN C. NELSON
Regional President
Iowa

H. LYNN HORAK
President
Norwest Bank Des Moines, N.A.

CHARLES P. (BUCK) MOORE
Regional Chairman
South Dakota

GARY G. OLSON
Regional President
South Dakota

DANIEL A. SAKLAD
Regional President
Minnesota and Wisconsin

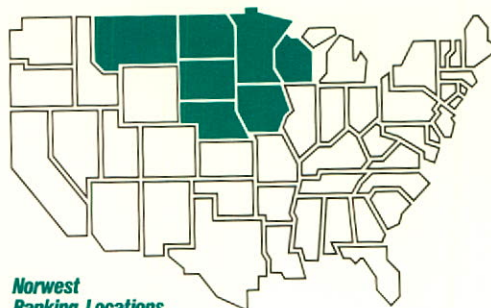
JON R. CAMPBELL
Regional Manager
St. Paul and Twin Cities Suburbs

JAMES A. GOSSEN
Regional Manager
Minneapolis

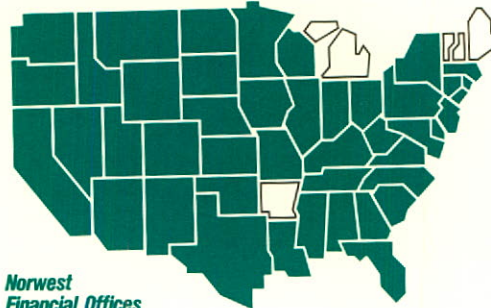
WESLEY J. HEIN
Regional Manager
Northeastern, Central and
Southern Minnesota/Wisconsin

ALLAN M. SEVERSON
Regional President
North Dakota and
Northwestern Minnesota

VANCE O. WILLIAMS
Regional President
Montana



**Norwest
Banking Locations**



**Norwest
Financial Offices**
Also Alaska and Hawaii

NORWEST BANKING LOCATIONS

Minnesota 92 Locations

TWIN CITIES AREA

Arden Hills (1)
Bloomington (2)
Brooklyn Park (1)
Burnsville (1)
Coon Rapids (1)
Eagan (1)
Eden Prairie (1)
Edina (1)
Golden Valley (1)
Hastings (3)
Hopkins (1)
Jordan (1)
Maple Grove (2)
Maplewood (1)
Minneapolis (14)
Osseo (1)
Plymouth (1)
South St. Paul (1)
St. Louis Park (1)
St. Paul (3)
Stillwater (2)
Woodbury (1)

OTHER COMMUNITIES

Albert Lea (1)
Austin (1)
Dodge Center (1)
Duluth (4)
Ely (2)
Eveleth (2)
Faribault (2)
Fergus Falls (3)
Grand Rapids (1)
Hoyt Lakes (1)
Litchfield (1)
Mankato (2)
Marshall (2)
Moorhead (3)
Northfield (1)
Owatonna (3)
Red Wing (2)

Rochester (4)
Sartell (1)
Sauk Rapids (1)
Silver Bay (1)
St. Cloud (2)
Thief River Falls (2)
Two Harbors (1)
Virginia (1)
Winona (3)
Worthington (2)

South Dakota 34 Locations

Aberdeen (2)
Belle Fourche (1)
Brookings (2)
Chamberlain (1)
Deadwood (1)
Dell Rapids (1)
Gregory (1)
Groton (1)
Hot Springs (1)
Huron (1)
Lead (1)
Madison (1)
Milbank (1)
Mitchell (2)
Mobridge (1)
Rapid City (5)
Redfield (1)
Sioux Falls (6)
Spearfish (1)
Sturgis (1)
Watertown (2)

Iowa 29 Locations

Atlantic (1)
Bettendorf (2)
Cedar Falls (2)
Cedar Rapids (1)
Davenport (1)
Denison (1)

Des Moines (7)
Fort Dodge (3)
Keokuk (1)
Marion (1)
Mason City (3)
Ottumwa (2)
Sioux City (4)

North Dakota 17 Locations

Bismarck (3)
Crystal (1)
Fargo (2)
Grafton (1)
Grandin (1)
Hillsboro (1)
Jamestown (1)
Mandan (1)
Minot (3)
Tower City (1)
Valley City (1)
Wahpeton (1)

Nebraska 15 Locations

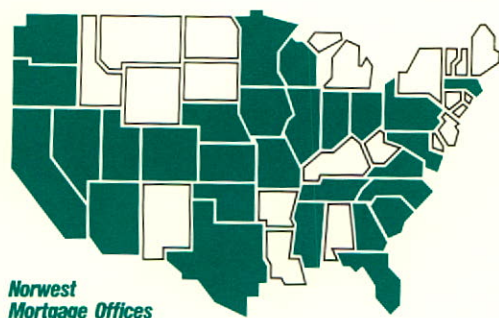
Grand Island (3)
Hastings (3)
Norfolk (2)
Omaha (7)

Montana 13 Locations

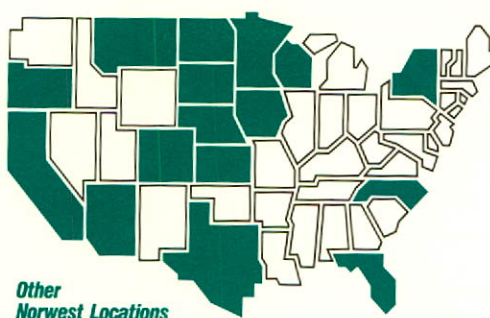
Anaconda (1)
Billings (2)
Butte (2)
Dillon (1)
Great Falls (2)
Helena (2)
Kalispell (2)
Lewistown (1)

Wisconsin 1 Location

LaCrosse (1)



**Norwest
Mortgage Offices**



**Other
Norwest Locations**

NORWEST FINANCIAL OFFICES

583 consumer locations

Alabama (21)	Kentucky (8)	Ohio (24)
Alaska (4)	Louisiana (12)	Oklahoma (10)
Arizona (11)	Maryland (23)	Oregon (9)
California (88)	Massachusetts (14)	Pennsylvania (25)
Colorado (12)	Minnesota (6)	Rhode Island (4)
Connecticut (1)	Mississippi (4)	South Carolina (12)
Delaware (1)	Missouri (18)	South Dakota (2)
Florida (35)	Montana (3)	Tennessee (9)
Georgia (14)	Nebraska (7)	Texas (45)
Hawaii (16)	Nevada (10)	Utah (9)
Idaho (7)	New Jersey (9)	Virginia (4)
Illinois (14)	New Mexico (12)	Washington (19)
Indiana (12)	New York (1)	West Virginia (7)
Iowa (12)	North Carolina (15)	Wisconsin (2)
Kansas (6)	North Dakota (4)	Wyoming (2)

NORWEST MORTGAGE OFFICES

59 locations

Alabama (1)	Kansas (1)	Oklahoma (2)
Arizona (2)	Maryland (2)	Oregon (1)
California (10)	Massachusetts (1)	Pennsylvania (1)
Colorado (3)	Minnesota (5)	South Carolina (1)
Florida (3)	Missouri (1)	Tennessee (1)
Georgia (1)	Nebraska (1)	Texas (4)
Illinois (3)	Nevada (2)	Utah (1)
Indiana (1)	North Carolina (2)	Virginia (2)
Iowa (4)	Ohio (1)	Washington (1)
		Wisconsin (1)

OTHER NORWEST LOCATIONS

Commercial Finance, Leasing, Insurance Agencies, Venture Capital, Trust, Brokerage, and Energy Finance

80 locations

Arizona (3)	Kansas (1)	North Carolina (1)
California (2)	Minnesota (25)	North Dakota (7)
Colorado (3)	Montana (2)	Oregon (1)
Florida (1)	Nebraska (5)	South Dakota (17)
Iowa (8)	New York (2)	Texas (1)
		Wisconsin (1)

Corporate Office

1200 Peavey Building
Minneapolis, Minnesota 55479

Common Stock Transfer Agent and Registrar

Norwest Bank Minnesota, N.A.

Stock Exchange Listings

New York Stock Exchange
Midwest Stock Exchange
Symbol/NOB

Debenture and Note Trustees

Morgan Guaranty Trust Company
of New York
Manufacturers Hanover Trust Company
Bankers Trust Company
The Bank of New York

Annual Meeting

The annual stockholders' meeting will be held on Tuesday, April 26, 1988, at 1:00 p.m., in the Lutheran Brotherhood Auditorium, 625 Fourth Avenue South, Minneapolis, Minnesota.

A proxy statement and form of proxy will be mailed on or about March 23, 1988.

At January 29, 1988, Norwest Corporation had 9,698 stockholders of record. Additionally, there are 30 holders of record of the 6¾ percent Convertible Subordinated Debentures due 2003.

Additional copies of this annual report and Form 10-K may be obtained by writing to:

Norwest Corporation
1200 Peavey Building
Minneapolis, Minnesota 55479-1006

Investor Relations Director

Kathleen L. Lock
Assistant Vice President
612/372-8275

Corporate Communications Division

Harold S. Webster
Vice President
612/372-7043

Dividend Reinvestment Plan

Norwest's dividend reinvestment plan offers stockholders an opportunity to purchase additional shares of common stock at market without payment of brokerage commissions, fees or service charges by reinvesting cash dividends and making optional cash payments. Optional cash payments of up to \$3,000 per quarter with a minimum payment of \$25 may be made without charge.

Equal Employment Opportunity

It is Norwest Corporation's policy to provide equal employment opportunity.

Norwest Corporation
1200 Peavey Building
Minneapolis, Minnesota 55479
612/372-8268

