M&I

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March 6, 2009

Neil M. Barofsky
Special Inspector General-TARP
1500 Pennsylvania Avenue, NW Suite 1064
Washington, D.C. 20220

Re: Request for Information

Dear Mr. Barofsky:

This is in response to your letter to me, dated February 6, 2009, requesting information regarding Marshall & Ilsley Corporation's (M&I) use of funds that it received as part of the Troubled Asset Relief Program's (TARP) Capital Purchase Program (CPP) established under the Emergency Economic Stabilization Act of 2008 ("EESA") and a description of how M&I intends to implement the compensation requirements associated with the CPP funding. Specifically, you requested the following:

> *(1) A narrative response specifically outlining (a) your anticipated use of TARP funds; (b) whether the TARP funds were segregated from other institutional funds; (c) your actual use of TARP funds to date; and (d) your expected use of unspent TARP funds.*

As detailed below, M&I's anticipated use of the CPP funds was and continues to be to strengthen its subsidiary financial institutions in order to support additional lending. While the CPP funds have not been segregated from other M&I funds, their usage is being monitored by M&I as the funds are being deployed by its subsidiary financial institutions and used for lending purposes.

A. Background

M&I is a diversified financial services corporation headquartered in Milwaukee, Wisconsin, with $62.3 billion in assets. Its subsidiary, M&I Marshall & Ilsley Bank (M&I Bank) is the largest Wisconsin-based bank, with 193 offices throughout the state. In addition, M&I has 53 locations throughout Arizona; 32 offices in Indianapolis and nearby communities; 35 offices along Florida's west coast and in central Florida; 15 offices in Kansas City and nearby communities; 26 offices in metropolitan Minneapolis/St. Paul, and one in Duluth, Minnesota; and one office in Las Vegas, Nevada. M&I's Southwest Bank subsidiary has 17 offices in the greater St. Louis area. M&I also provides trust and investment management, equipment leasing, mortgage banking, asset-based lending, financial planning, investments, and insurance services from offices throughout the country and on the Internet.

On November 14, 2008, M&I entered into a Letter Agreement ("Letter Agreement") with the U.S. Department of Treasury ("Treasury"), pursuant to which M&I agreed to sell 1.715 million shares of its non-voting Senior Preferred Stock, Series B ("Preferred

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Stock") to the Treasury, along with a warrant to purchase 13,815,789 shares of its $1.00 par value common stock ("Common Stock") at an initial exercise price of $18.62 per share in return for $1.715 billion in cash pursuant to the CPP. The Treasury currently owns all issued and outstanding Preferred Stock of M&I. Pursuant to the terms of the Preferred Stock, on February 17, 2009, M&I made its first dividend payment of $21,675,694.44, to Treasury on its 1.715 million shares of Preferred Stock. On February 19, 2009, M&I announced a second regular quarterly cash dividend of $21,437,500.00 in the aggregate on its Preferred Stock, which is scheduled to be paid to Treasury on May 15, 2009.

B. Use of CPP funds

Prior to the receipt of CPP funds, M&I was, and it continues to be, well capitalized with some of the highest tangible capital levels within the industry. The CPP funds supplement M&I's already strong capital base, to allow M&I's subsidiary financial institutions to continue to make prudent safe and sound loans through this economic cycle and meet the needs of new and existing customers and its communities.

M&I has not segregated the CPP funds from other institutional funds. We note that neither the segregation of the funds nor tracking the use of the funds were requirements of the Letter Agreement, nor of any Treasury-issued regulation or guidance that we have received to date. Nevertheless, we can advise you that the CPP funds were deployed in two ways. First, an amount of $780 million was contributed as equity into M&I Bank ($750 million), Marshall & Ilsley Trust Company, N.A. ($20 million), and M&I Bank FSB ($10 million). This amount enhanced the balance sheet strength of these institutions by increasing their respective regulatory and tangible capital ratios. Second, the balance of the CPP funds was deposited into M&I Bank. These capital contributions and deposits in turn have enabled M&I's subsidiary financial institutions to continue to prudently lend at significant levels during these recessionary times, as detailed below.

C. M&I's lending activity since the receipt of CPP funds

Since the receipt of the CPP funds through January 31, 2009, M&I has in fact continued to lend, extending approximately $1.8 billion in new credit to new and existing customers through the communities it serves. "New credit" includes new and expanded extensions of credit, or commitments to extend credit, as well as renewals of existing credit where a new promissory note was executed. Information about M&I's lending has been reported to Treasury pursuant to Treasury's monthly CPP Snapshot ("M&I Snapshot Reports"), a report on the Top 20 banks receiving CPP funds. The M&I Snapshot Reports submitted to the Treasury to date, covering lending from October 2008 through January 2009, are attached as Exhibit A for your reference. The M&I Snapshot Reports identify new bank

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loans in the areas of commercial and industrial loans, commercial real estate, mortgage lending (including loans originated for sale in the secondary market) and consumer loans.

In addition to the foregoing, consistent with the recitals in the CPP letter agreement, M&I announced a homeowner assistance program on December 18, 2008, which includes a 90-day foreclosure moratorium on all owner-occupied residential loans for customers who agree to work in good faith to reach a successful repayment agreement. The moratorium is in place through March 31, 2009. The M&I homeowner assistance program also includes an expansion of M&I's mortgage modification efforts, which includes a systematic approach, similar to the FDIC's announced loan modification model, to review past due borrowers to determine whether a borrower qualifies for a reduced rate and/or term extension, which can be used, as necessary and applicable, to reduce monthly payments. This allows M&I and the customer to find mutually agreeable terms to provide homeowners with a way to lower homeownership costs to a level that allows them to stay in their home. M&I also is proactively identifying current borrowers that may be experiencing stress in order to work with the borrower prior to the customer becoming delinquent. Since mid-November 2008, M&I has restructured $195 million in loans, avoided 101 foreclosures and worked with over 1,200 borrowers.

In the future, the capital created by the CPP will enable M&I to continue to lend through an ever increasingly difficult economic downturn. Given this environment, loan demand is decreasing in all segments of M&I's businesses. [redacted]

D. Acquisition activity

With regard to acquisitions, on October 13, 2008 (which was prior to the announcement of the CPP), M&I announced that it had entered into a definitive agreement to acquire a majority interest in Taplin, Canida & Habacht, Inc., a highly regarded institutional fixed income money manager. The completed acquisition was announced on December 3, 2008. The acquisition was structured specifically as an all-stock transaction in order to avoid the appearance of use of any CPP-related funds. In addition, M&I has reached an agreement to make an immaterial acquisition of a single mutual fund, which will also be structured as an all-stock transaction. We note that, in structuring these acquisitions as all-stock transactions, M&I has conformed with the January 12, 2009, letter sent to Congress by Lawrence Summers on behalf of then President-Elect Obama, which indicated that CPP funds should not be used to acquire "already financially strong

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companies." [redacted]

> *(2) Your specific plans, and the status of implementation of those plans, for addressing executive compensation requirements associated with the funding. Information provided regarding executive compensation should also include any assessments made of loan risks and their relationship to executive compensation; how limitations on executive compensation will be implemented in line with Department of Treasury guidelines; and whether any such limitations may be offset by other changes to other longer-term or deferred forms of executive compensation.*

A. Executive compensation requirements under the CPP

In connection with its CPP participation, M&I is required under current regulations, for the duration of the period that the Treasury holds any equity or debt position in M&I acquired under the CPP, to take the following actions with respect to its executive compensation arrangements relating to its "Senior Executive Officers" (the "SEOs"):

- require that SEO bonus and incentive compensation are subject to recovery or "clawback" by M&I if the payments were based on materially inaccurate financial statements or any other materially inaccurate performance metric criteria;

- prohibit any "golden parachute" payment to the SEOs, generally meaning any payment in the nature of compensation to (or for the benefit of) an SEO made in connection with an applicable severance from employment to the extent the aggregate present value of such payments equals or exceeds an amount equal to three times the SEOs "base amount" (generally defined as the five-year average of the SEO's compensation); and

- agree that it will be subject to Section 162(m)(5) of the Internal Revenue Code (the "Code"), which reduces the annual tax deduction limit for remuneration paid to the SEOs during any taxable year from $1,000,000 to $500,000 and eliminates the availability of the exception to the deduction limit for performance-based compensation, as defined in the Code.

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B. Changes implemented that were directly related to the CPP funding

In furtherance of the above requirements, on November 14, 2008, M&I entered into an Omnibus Amendment Agreement with each of its SEOs. The Omnibus Amendment Agreements have the effect of amending each SEO's compensation, bonus, incentive and other benefit plans, arrangements and agreements in order to prohibit any "golden parachute" payment to the SEOs (as defined under EESA) and require that SEO bonus and incentive compensation are subject to recovery or "clawback" by M&I if the payments were based on materially inaccurate financial statements or any other materially inaccurate performance metric criteria.

On November 7, 2008, the Compensation Committee of the Board of Directors ("Compensation Committee") approved a resolution in which M&I agrees that it will be subject to Section 162(m)(5) of the Code, which reduces the annual tax deduction limit for remuneration paid to the SEOs during any taxable year from $1,000,000 to $500,000 and eliminates the availability of the exception to the deduction limit for performance-based compensation, as defined in the Code.

In connection with M&I's participation in the CPP, the Compensation Committee's charter was amended to also require that the Compensation Committee meet, at least annually, with senior risk officers of M&I to discuss and review the relationship between M&I's risk management policies and practices and the incentive compensation arrangements for M&I's SEOs, identifying and making reasonable efforts to limit any features in such compensation arrangements that could lead the SEOs to take unnecessary or excessive risks that could threaten the value of M&I, and provide a certification with respect to this review. We note that the Letter Agreement did not specifically require an assessment of loan risks and their relationship to executive compensation.

On January 26, 2009, the Compensation Committee met with M&I's Chief Risk Officer in connection with its certification requirement related to the risk assessment of M&I's executive compensation programs. The Chief Risk Officer presented the Compensation Committee with an overview of M&I's overall risk structure and the top risks identified within M&I, and discussed the process by which she had analyzed the risks associated with the executive compensation program. This process included, among other things, a review of the program and discussions with senior Human Resources personnel of M&I. In addition, with the assistance of Hewitt Associates, the Compensation Committee reviewed with the Chief Risk Officer the structure of M&I's overall executive compensation program. This review included, without limitation, the upside and

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downside compensation potential under M&I's annual incentive plans; the long-term view encouraged by the design and vesting features of M&I's long-term incentive arrangements; and the extent to which the Compensation Committee and M&I's management monitor the program. Based on its analysis of these and other factors, the Compensation Committee determined that M&I's executive compensation program does not encourage the SEOs to take unnecessary and excessive risks that threaten the value of M&I, and that no changes to the program were required for this purpose. The required certification of the Compensation Committee is provided in the Compensation and Human Resources Committee Report of M&I's 2009 preliminary proxy statement filed with the Securities & Exchange Commission ("SEC") on February 26, 2009, ("Preliminary Proxy Statement") and attached as Exhibit B. M&I has also filed the required 120 Day Certification of the Principal Executive Officer and the First Fiscal Year Certification of the Principal Executive Officer pursuant to 31 CFR Part 30, Section 30.12 of the Treasury Regulations promulgated under EESA.

In accordance with the American Recovery and Reinvestment Act ("ARRA") and based on recent guidance issued by the SEC, the Board of Directors is authorizing a non-binding advisory shareholder vote on M&I's executive compensation plans, programs and arrangements which is included in our 2009 proxy statement.

C. In addition to the above required actions, M&I has also taken the following steps related to executive compensation in December 2008 and January 2009:

- Proxy officers and all other executive officers received no annual bonuses or incentives for 2008. As a result of M&I's performance being below the threshold level established under the Annual Executive Incentive Plan ("Plan"), none of the named executive officers received incentive payments under this Plan with respect to 2008, nor were they awarded any discretionary bonus amounts.

- A freeze was instituted on all executive officers' base salaries for 2009.

- Reductions of 25% were instituted in the monthly payments to the Chairman of M&I's Board of Directors and in the annual retainer fees paid to M&I's non-employee directors.

- A determination was made to sell our M&I-owned aircraft. Additionally, we have determined to eliminate any personal use of M&I aircraft except for use of otherwise unoccupied space on a flight that is otherwise scheduled for business purposes.

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- We have also instituted a variety of other initiatives to include limitations on travel, conferences, and customer and employee-related events, including the annual senior officer holiday event, a senior management training event and an annual employee recognition trip.

For additional information regarding M&I's executive compensation structure, including specific changes related to the CPP, please review the attached Preliminary Proxy Statement (Exhibit B).

Because the Treasury regulations under the ARRA have not yet been issued, the ultimate impact of these limitations on M&I's executive compensation program is uncertain. The Compensation Committee is monitoring issues related to the ARRA carefully and will comply with all requirements once those requirements are issued by Treasury. The Compensation Committee intends to assess what actions may be necessary in response to these limitations in order to ensure that the executive compensation program will continue to fulfill its philosophy and objectives.

* * * *

I, Randall J. Erickson, certify that: I have reviewed this response and supporting documents, and, based on my knowledge, this response and the supporting documents do not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading.

If you have any questions regarding this response, please contact me at [redacted] (b) (6)

Sincerely yours,

Randall J. Erickson
Senior Vice President, Chief Administrative Officer and General Counsel
Marshall & Ilsley Corporation

Attachments

EXHIBIT A

TREASURY MONTHLY INTERMEDIATION SNAPSHOT

Name of institution: Marshall & Ilsley Corporation | **Submission date: 2/28/09** | **Person to be contacted about this report: Gregory A. Smith**

PART I. QUANTITATIVE OVERVIEW

SCHEDULE A: CONSUMER LENDING (Millions $)	2008 NOV	2008 DEC	2009 JAN	Key	Comments
1. First Mortgage					
a. Average Loan Balance (Daily Average Total Outstanding)	$8,089	$8,092	$8,133	Includes all closed end residential RE; First Mortgages and Home Equity Loans (Approximately 80% of Home Equity Loans are held in first position). This excludes construction and vacant land loans which are included in the Commercial Real Estate section as average loan balances.	**1-4 family residential real estate applications have experienced a 52% increase from December to January, driven primarily by refinance activity.**
b. Total Originations	$88	$183	$263	1-4 Family Residential Mortgage Originations - includes loans held by M&I Portfolio and loans originated to be sold into the secondary market. This excludes construction and vacant land loans which are included in the Commercial Real Estate section as new commitments.	
(1) Refinancings	$39	$124	$231		
(2) New Home Purchases	$48	$59	$32		
2. Home Equity					
a. Average Total Loan Balance	$2,648	$2,682	$2,714	Includes Home Equity Lines only	**Retail Home Equity Lines continued to see marginal growth.**
b. Originations (New Lines+Line Increases)	$38	$36	$42		
c. Total Used and Unused Commitments	$5,166	$5,172	$5,145		
3. US Card - Managed					
a. Average Total Loan Balance - Managed	$266	$275	$273	Includes Consumer Card only	
b. New Account Originations (Initial Line Amt)	$5	$5	$5		
c. Total Used and Unused Commitments	$1,367	$1,377	$1,376		
4. Other Consumer					
a. Average Total Loan Balance	$1,819	$1,847	$1,879	Includes consumer PRA & LOCs. Subcategories include Auto Leases, Dealer Finance, Personal, Securities Loans, and Student Loans	**Personal loan demand is modest and consistent with historical trends.** **Application shifts have shown consumers changed their buying habits away from the new vehicle segment, toward less expensive used vehicles.**
b. Originations	$45	$68	$77	Includes Additional Notes and Refinances to existing customers and notes to new customers	

SCHEDULE B: COMMERCIAL LENDING (Millions $)	NOV	DEC	JAN	Key	Comments
1. C & I					
a. Average Total Loan and Lease Balance	$15,358	$15,251	$15,330	Includes A/R and Inventory, Dealer Commercial, Agricultural, IRB's and Muni, and Commercial Leases.	**Adjusting for December 2008 charge-offs, loans grew approximately $170MM. The aggregate growth in total loans outstanding is the result of customer seasonal borrowing patterns. Customers in construction (non-housing related) and ag related businesses, for instance, are beginning to borrow for seasonal working capital purposes, but not at historical levels.**
b. Renewal of Existing Accounts	$525	$431	$337		
c. New Commitments	$215	$199	$72	Includes New Loans to New Customers and Unused Commitments to C&I (Also includes Unused Commitments to: Finance Agricultural Production and Other)	
2. Commercial Real Estate					
a. Average Total Loan and Lease Balance	$22,009	$22,020	$21,594	Includes Business Purpose 1-4 and Construction, Development, & Vacant Land (Commercial and Residential)	**The average balance decrease was primarily due to loan sales and charge-offs, which took place near the end of December. In these trends, Construction and Land Development loans are contracting due to market conditions which we are currently offsetting, to some degree, with increases in Business Real Estate loans.** **Construction and Land Development average balances went from $9.7 billion in Dec to $8.9 billion in Jan while Non-Construction Commercial Real Estate loans went from $12.3 billion in Dec to $12.7 billion in Jan.**
b. Renewal of Existing Accounts	$130	$127	$60		
c. New Commitments	$135	$157	$104	Includes New Loans to New Customers and Unused Commitments for CRE (Also includes Unused Commitments to: New Construction, Land Development and Other Land; Farmland; 1-4 Family Residential Properties; Multi-Family (5 or more) Residential Properties)	
SCHEDULE C: OTHER INTERMEDIATION ACTIVITIES (Millions $)					
1. MBS/ABS Net Purchased Volume					
a. Mortgage Backed Securities	$0	$384	$180		**$145 of $180 million (January) was AAA Private Labeled CMO's.**
b. Asset Backed Securities	$0	$0	$0		
2. Secured Lending (Repo, PB, Margin Lending)					
a. Average Total Matched Book (Repo/Reverse Repo)[1]					**N/A**
b. Average Total Debit Balances[2]					
3. Underwriting					
a. Total Equity Underwriting					**N/A**
b. Total Debt Underwriting					

Notes:
1. Not applicable if matched book activity does not exceed $50 billion.
2. Applicable only for institutions offering prime brokerage or other margin lending services to clients.

TREASURY MONTHLY INTERMEDIATION SNAPSHOT

Name of institution: **Marshall & Ilsley Corporation**
Reporting month(s): January 2009
Submission date: 2/28/2009
Person to be contacted regarding this report: **Gregory A. Smith**

PART II. QUALITATIVE OVERVIEW

Please provide a brief overview of the intermediation activity during the month. This discussion should include a general commentary on the lending environment, loan demand, any changes in lending standards and terms, and any other intermediation activity.

Marshall & Ilsley Corporation is a diversified financial services corporation headquartered in Milwaukee, Wisconsin. M&I Marshall & Ilsley Bank is the largest Wisconsin-based bank, with 193 offices throughout the state. In addition, M&I has 53 locations throughout Arizona; 32 offices in Indianapolis and nearby communities; 35 offices along Florida's west coast and in central Florida; 15 offices in Kansas City and nearby communities; 25 offices in metropolitan Minneapolis/St. Paul, and one in Duluth, Minn.; and one office in Las Vegas, Nev. M&I's Southwest Bank subsidiary has 17 offices in the greater St. Louis area.

The communities and customers M&I serves continue to face impacts from current recessionary conditions of the economy. Nonetheless, M&I extended approximately $500 million of new credit to new and existing customers in January for a total of $1.8 billion since the infusion of CPP capital in mid-November (The "new credit" amount includes new and expanded extensions of credit, or commitments to extend credit, as well as renewals of existing credit where a new promissory note was executed). Additionally, M&I has continued with a franchise-wide foreclosure abatement program designed to keep families in their homes, including a 90-day foreclosure moratorium on certain owner-occupied residential loans.

In C&I, we continue to see softness in overall borrowing demands. Declining economic conditions have resulted in borrowers reducing expenses and paying down debt, delaying capital expenditure programs, experiencing declines in working capital assets, and not engaging in acquisition activity, all of which reduces customer borrowing activity.

In Commercial Real Estate, we continue to see less investor activity in new construction projects. Developers, recognizing the state of the economy, have cancelled or postponed a large number of planned new projects. We are also seeing increased extensions due to the lack of liquidity in the CMBS/Conduit market and anticipate an increase in renewals as conditions remain.

Residential mortgage applications have increased primarily as a result of refinance activity. However, consumers' household budgets are tightening as a result of economic conditions, which has reduced loan demand.

TREASURY MONTHLY INTERMEDIATION SNAPSHOT

Name of institution: Marshall & Ilsley Corporation | **Submission date: 1/30/09** | **Person to be contacted regarding this report: Gregory A. Smith**

PART I. QUANTITATIVE OVERVIEW

SCHEDULE A: CONSUMER LENDING (Millions $)	OCT 2008	NOV 2008	DEC 2008	Key	Comments
1. First Mortgage					
a. Average Loan Balance (Daily Average Total Outstanding)	$8,111	$8,089	$8,092	Includes all closed end residential RE; First Mortgages and Home Equity Loans (Approximately 80% of Home Equity Loans are held in first position). This excludes construction and vacant land loans which are included in the Commercial Real Estate section as average loan balances.	• November unemployment rates for all M&I Bank regions increased or remained the same month over month. While most M&I regions remain below the U.S. national average, three M&I regions, St. Louis, Orlando and Tampa have unemployment rates exceeding the U.S. national average • 1-4 family residential real estate applications have experienced a significant increase in refinance activity at the end of the 4Q'08 which is expected to impact closings in 1Q'09.
b. Total Originations	$141	$88	$183	1-4 Family Residential Mortgage Originations - includes loans held by M&I Portfolio and loans originated to be sold into the secondary market. This excludes construction and vacant land loans which are included in the Commercial Real Estate section as new commitments.	
(1) Refinancings	$76	$39	$124		
(2) New Home Purchases	$65	$48	$59		
2. Home Equity					
a. Average Total Loan Balance	$2,616	$2,648	$2,682	Includes Home Equity Lines only	• Macroeconomic factors continue to create headwinds in Home Equity lending as depreciating home prices negatively impact loan levels and decreased consumer sentiment has impacted demand.
b. Originations (New Lines+Line Increases)	$56	$38	$36		
c. Total Used and Unused Commitments	$5,153	$5,166	$5,172		
3. US Card - Managed					
a. Average Total Loan Balance - Managed	$266	$266	$275	Includes Consumer Card only	
b. New Account Originations (Initial Line Amt)	$6	$5	$5		
c. Total Used and Unused Commitments	$1,359	$1,367	$1,377		
4. Other Consumer					
a. Average Total Loan Balance	$1,794	$1,819	$1,847	Includes consumer PRA & LOCs. Subcategories include Auto Leases, Dealer Finance, Personal, Securities Loans, and Student Loans	• Auto Lending has experienced growth despite macroeconomic conditions and decrease in overall automobile sales due to decreased lending by the captives.
b. Originations	$41	$45	$68	Includes Additional Notes and Refinances to existing customers and notes to new customers	

SCHEDULE B: COMMERCIAL LENDING (Millions $)	OCT	NOV	DEC	Key	Comments
1. C & I					
a. Average Total Loan and Lease Balance	$15,656	$15,358	$15,251	Includes A/R and Inventory, Dealer Commercial, Agricultural, IRB's and Muni, and Commercial Leases.	• The aggregate decline in commercial loans during the 4th Quarter was largely a result of customer seasonal borrowing patterns. Large pay downs from customers in the retail and agriculture sectors offset the increases from new borrowers and growth in existing customers. • Declining economic conditions have resulted in borrowers reducing expenses and paying down debt, delaying capital expenditure programs, experiencing declines in working capital assets, and not engaging in acquisition activity, all of which reduces customer borrowing activity. Competition for credit business from other financial institutions still exists, particularly for traditional commercial & industrial companies.
b. Renewal of Existing Accounts	$362	$525	$431		
c. New Commitments	$364	$215	$199	Includes New Loans to New Customers and Unused Commitments to C&I (Also includes Unused Commitments to: Finance Agricultural Production and Other)	
2. Commercial Real Estate					
a. Average Total Loan and Lease Balance	$21,938	$22,009	$22,020	Includes Business Purpose 1-4 and Construction, Development, & Vacant Land (Commercial and Residential)	• Commercial Real Estate average loan balances have remained flat during the past three months. Retail space has softened as many retailers have cut back expansion plans or gone into bankruptcy. Office space is in "relative" balance in most of our markets, although dramatic job losses could impact this segment in '09. • Multi-family, medical office building, and warehousing segments continue to offer opportunities, but we do see softness in construction and development activity. This has translated into significant declines in new construction in all of our markets, with our Arizona and Florida markets impacted the most.
b. Renewal of Existing Accounts	$110	$130	$127		
c. New Commitments	$252	$135	$157	Includes New Loans to New Customers and Unused Commitments for CRE (Also includes Unused Commitments to: New Construction, Land Development and Other Land; Farmland; 1-4 Family Residential Properties; Multi-Family (5 or more) Residential Properties)	
SCHEDULE C: OTHER INTERMEDIATION ACTIVITIES (Millions $)					
1. MBS/ABS Net Purchased Volume					
a. Mortgage Backed Securities	$3	$0	$384		• Acquisition activity for investment portfolio. December volumes were mostly comprised of agency mortgage backed securities.
b. Asset Backed Securities	$0	$0	$0		
2. Secured Lending (Repo, PB, Margin Lending)					
a. Average Total Matched Book (Repo/Reverse Repo)[1]					N/A
b. Average Total Debit Balances[2]					
3. Underwriting					
a. Total Equity Underwriting					N/A
b. Total Debt Underwriting					

Notes:
1. Not applicable if matched book activity does not exceed $50 billion.
2. Applicable only for institutions offering prime brokerage or other margin lending services to clients.

TREASURY MONTHLY INTERMEDIATION SNAPSHOT

Name of institution: **Marshall & Ilsley Corporation**
Reporting month(s): Oct-Nov-Dec 2008
Submission date: 1/30/09
Person to be contacted regarding this report: Gregory A. Smith

PART II. QUALITATIVE OVERVIEW

Please provide a brief overview of the intermediation activity during the month. This discussion should include a general commentary on the lending environment, loan demand, any changes in lending standards and terms, and any other intermediation activity.

Marshall & Ilsley Corporation is a diversified financial services corporation headquartered in Milwaukee, Wis., with $63.8 billion in assets, $50.2 billion in loans and leases, and $7.7 B in shareholder equity. M&I Marshall & Ilsley Bank is the largest Wisconsin-based bank, with 193 offices throughout the state. In addition, M&I has 53 locations throughout Arizona; 32 offices in Indianapolis and nearby communities; 34 offices along Florida's west coast and in central Florida; 15 offices in Kansas City and nearby communities; 25 offices in metropolitan Minneapolis/St. Paul, and one in Duluth, Minn.; and one office in Las Vegas, Nev. M&I's Southwest Bank subsidiary has 17 offices in the greater St. Louis area.

The communities and customers M&I serves continue to face impacts from current recessionary conditions of the economy. Nonetheless, M&I has increased lending in the markets we serve and has effectively grown the balance sheet gross of 4th quarter chargeoffs and loan sales for a net gain of $437 million in the 4th quarter of 2008.

We are aggressively addressing our housing-related construction issues in Florida and Arizona; and during 2008 we sold approximately $780 million in problem loans. We expect that the bulk of our Florida challenges are now behind us, and we continue to devote extraordinary resources to address our Arizona construction challenges.

In Commercial Real Estate, we continue to see less investor activity in new construction projects, with multi-family and medical office being least impacted. Long term fixed rate non recourse loans reflect the lack of liquidity in the CMBS/Conduit market. As a result, some maturing Bank CRE financing which would have paid off upon completion of construction and lease-up will have to be extended to provide an interim solution.

We expect softness to continue throughout 2009 in C&I lending. Declining economic conditions have resulted in borrowers reducing expenses and paying down debt, delaying capital expenditure programs, experiencing declines in working capital assets, and not engaging in acquisition activities. All of these factors reduce customer borrowing activity. Additionally, existing customers that have historically been large seasonal borrowers, such as contractors, agriculture based companies, and retailers have reduced borrowing levels as a result of softness in their own markets. Competition for credit business from other financial institution still exists, particularly for traditional commercial & industrial companies.

TREASURY MONTHLY INTERMEDIATION SNAPSHOT

Name of institution: **Marshall & Ilsley Corporation**
Reporting month(s): Oct-Nov-Dec 2008
Submission date: 1/30/09
Person to be contacted regarding this report: Gregory A. Smith

Consumer businesses have also been impacted by the economic downturn. Consumers are experiencing reduced capacity to borrow as a result of lower household income due to lower wages and/or the loss of two income earners, resulting in lower credit scores as income has been tighter (higher credit line usage and payment issues). Loss of home equity and tighter industry underwriting has also reduced the consumer's ability to borrow. M&I has focused on transitioning the residential mortgage originations from balance sheet to secondary market lending.

Our Wealth Management business, with assets under management of $30.4 billion and assets under administration $104.4 billion, has faced headwinds in the fourth quarter. The primary issues were overall equity market declines and the shifting of higher fee assets into cash equivalents. Looking at the components, our Trust businesses are reflective of general market conditions. Sales activities slowed; however, pipelines remained at levels comparable to the prior quarter. Outsourcing revenues continued to grow with the addition of new clients, and pipeline opportunities remain strong for 2009.

M&I has also worked to provide intermediary activities for our clients and the financial markets as a whole.

- M&I has provided liquidity for investment customers who were holding securities, but because of recent market disruptions, were unable to sell these securities.

- M&I has proactively supported the issuers of variable-rate-demand notes (VRDN) backed by the bank's LC. This includes providing liquidity to the market by purchasing notes that were "put" or tendered. Additionally, borrowings tied to the disruption in the VRDN market were paid off in October, 2008, as the VRDN market stabilized and trading normalized.

- M&I has implemented a franchise-wide foreclosure abatement program designed to keep families in their homes, including a 90-day foreclosure moratorium on certain owner-occupied residential loans.

EXHIBIT B

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934
(Amendment No. __)

Filed by the Registrant ☒ Filed by a Party other than the Registrant ☐

Check the appropriate box:

☒ Preliminary Proxy Statement

☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

☐ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material Under Rule 14a-12

MARSHALL & ILSLEY CORPORATION

(Name of Registrant as Specified In Its Charter)

Not applicable.

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which the transaction applies:

(2) Aggregate number of securities to which the transaction applies:

(3) Per unit price or other underlying value of the transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of the transaction:

(5) Total fee paid:

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

PRELIMINARY COPIES

MARSHALL & ILSLEY CORPORATION
770 North Water Street
Milwaukee, Wisconsin 53202

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

April 28, 2009

TO THE SHAREHOLDERS OF MARSHALL & ILSLEY CORPORATION:

The 2009 Annual Meeting of Shareholders of Marshall & Ilsley Corporation (the "Company") will be held at the Tony & Lucille Weasler Auditorium, 1506 West Wisconsin Avenue, Milwaukee, Wisconsin, on Tuesday, April 28, 2009 at 10:00 a.m., local time, for the following purposes:

1. To elect 15 individuals to serve as directors;
2. To approve the Marshall & Ilsley Corporation 2009 Employee Stock Purchase Plan;
3. To approve the Marshall & Ilsley Corporation 2009 Equity Incentive Plan;
4. To ratify the appointment of Deloitte & Touche LLP to audit the financial statements of the Company for the fiscal year ending December 31, 2009;
5. To approve a non-binding, advisory proposal on the compensation of the Company's executive officers;
6. To vote on a shareholder proposal to request that the Company's Board of Directors initiate a process to amend the Company's articles of incorporation to provide for majority election of directors in non-contested elections; and
7. To transact such other business as may properly come before the Annual Meeting, all in accordance with the accompanying Proxy Statement.

Shareholders of record at the close of business on March 2, 2009 are entitled to notice of and to vote at the Annual Meeting.

Holders of a majority of the outstanding shares must be present in person or by proxy in order for the meeting to be held. Therefore, whether or not you expect to attend the Annual Meeting in person, you are urged to vote by submitting a proxy as instructed in the Notice of Internet Availability or, as applicable, in the enclosed envelope. If you attend the meeting and wish to vote your shares personally, you may do so by revoking your proxy at any time prior to the final vote at the Annual Meeting. In addition, you may revoke your proxy at any time before it is voted by advising the Secretary of the Company in writing or by telephone of such revocation, or by voting again at a later date on the Internet or over the telephone. Only the latest ballot or Internet or telephone proxy submitted by a shareholder prior to the Annual Meeting will be voted.

If your shares are held in "street name" (through a broker, bank or other nominee), you may need to contact your broker, bank or other nominee to determine how to vote electronically using the Internet or telephonically, or what is required to vote your shares in person at the Annual Meeting.

GINA M. MCBRIDE, *Vice President and Secretary*

March 13, 2009

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PRELIMINARY COPIES

MARSHALL & ILSLEY CORPORATION
770 North Water Street
Milwaukee, Wisconsin 53202
March 13, 2009

Proxy Statement

This document relates to the solicitation of proxies by the Board of Directors of Marshall & Ilsley Corporation (the "Company") for use at the Annual Meeting of Shareholders (the "Annual Meeting") to be held at 10:00 a.m., local time, on Tuesday, April 28, 2009 at the Tony & Lucille Weasler Auditorium, 1506 West Wisconsin Avenue, Milwaukee, Wisconsin. At the Annual Meeting, the shareholders of the Company will vote on proposals (1) to elect 15 individuals to serve as directors, (2) to approve the Marshall & Ilsley Corporation 2009 Employee Stock Purchase Plan, (3) to approve the Marshall & Ilsley Corporation 2009 Equity Incentive Plan, (4) to ratify the appointment of Deloitte & Touche LLP as the Company's independent auditors for the fiscal year ending December 31, 2009, (5) to approve a non-binding advisory proposal on the compensation of the Company's executive officers; and (6) to vote on a shareholder proposal to request that the Company's Board of Directors initiate a process to amend the Company's articles of incorporation to provide for majority election of directors in non-contested elections.

Under rules adopted by the Securities and Exchange Commission, the Company is making this Proxy Statement and the Company's Annual Report to Shareholders available on the Internet instead of mailing a printed copy of these materials to each shareholder. Shareholders who received a Notice of Internet Availability of Proxy Materials (the "Notice") by mail will not receive a printed copy of these materials other than as described below. Instead, the Notice contains instructions as to how shareholders may access and review all of the important information contained in the materials on the Internet, including how shareholders may submit proxies by telephone or over the Internet.

If you received the Notice by mail and would prefer to receive a printed copy of the Company's proxy materials, please follow the instructions for requesting printed copies included in the Notice.

The expense of this solicitation will be borne by the Company. No solicitation other than by mail and via the Internet is contemplated, except that officers or employees of the Company or its subsidiaries may solicit the return of proxies from certain shareholders by telephone. In addition, the Company has retained Morrow & Co., LLC, 470 West Ave., Stamford, CT 06902, to assist in the solicitation of proxies for a fee of approximately $6,500, plus administrative costs and any reasonable out-of-pocket disbursements. The Notice was sent to the Company's shareholders commencing on or about March 13, 2009.

The Company has two classes of capital stock outstanding: its $1.00 par value common stock (the "Common Stock") and its non-voting Senior Preferred Stock, Series B (the "Preferred Stock"). As of March 2, 2009, the Company had shares of Common Stock and 1,715,000 shares of Preferred Stock outstanding. Each shareholder of record at the close of business on March 2, 2009 will be entitled to one vote for each share of Common Stock registered in such shareholder's name. The presence, in person or by proxy, of the holders of a majority of the shares of the Common Stock outstanding on the record date is required for a quorum with respect to the matters on which action is to be taken at the Annual Meeting.

Shareholders may revoke or change their proxies at any time before the final vote at the Annual Meeting by advising the Secretary of the Company in writing or by telephone of such revocation, or by voting again at a later date on the Internet or over the telephone. Only the latest ballot or Internet or telephone proxy submitted by a shareholder prior to the Annual Meeting will be counted.

The Company has instituted the Dividend Reinvestment and Cash Investment Plan (the "Reinvestment Plan") administered by Continental Stock Transfer & Trust Company, as Trustee. Under the provisions of the

Reinvestment Plan, shares of Common Stock are acquired and held in nominee name by Continental Stock Transfer & Trust Company for participating shareholders. Shares so held have been separately designated on the proxy voting materials and will be voted at the Annual Meeting in the same manner in which the participant votes those shares registered in his or her own name.

If you are a participant in the 2000 Employee Stock Purchase Plan or the M&I Retirement Program, shares held in your account have been separately designated on your proxy voting materials and will be voted at the Annual Meeting in the same manner in which you vote those shares registered in your name. Plan shares not voted by participants will be voted by the plan administrator or trustee in accordance with the terms of the respective plan.

Unless otherwise directed, all proxies will be voted as follows:

- FOR the election of each of the individuals nominated to serve as a director;
- FOR approval of the Marshall & Ilsley Corporation 2009 Employee Stock Purchase Plan;
- FOR approval of the Marshall & Ilsley Corporation 2009 Equity Incentive Plan;
- FOR ratification of the appointment of Deloitte & Touche LLP as the Company's independent auditors;
- FOR approval of the non-binding advisory proposal on the compensation of the Company's executive officers; and
- AGAINST the shareholder proposal to request that the Company's Board of Directors initiate a process to amend the Company's articles of incorporation to provide for majority election of directors in non-contested elections.

Abstentions and broker non-votes (i.e., proxies from brokers or nominees indicating that such persons have not received instructions from the beneficial owners to vote shares as to a particular matter with respect to which the brokers or nominees do not have discretionary power to vote) will be treated as present for purposes of determining a quorum.

Important Notice Regarding Internet Availability of Proxy Materials for the Annual Meeting

This Proxy Statement and the Company's Annual Report to Shareholders are available for review on the Internet. Instructions on how to access and review the materials on the Internet can be found on the Notice, or as applicable, on the accompanying proxy card.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The table set forth below lists as of January 31, 2009 (unless otherwise indicated) information regarding the beneficial ownership of shares of Common Stock by each current director, each nominee for director, each named executive officer of the Company, each person believed by the Company to be a beneficial owner of more than 5% of the Common Stock, and all current directors and executive officers of the Company as a group.

As used in this Proxy Statement, the term "named executive officers" refers to those individuals included in the Summary Compensation Table set forth in the "Executive Compensation" section below. For 2009, the named executive officers are: Mark F. Furlong, President and Chief Executive Officer of the Company; Gregory A. Smith, Senior Vice President and Chief Financial Officer of the Company; Thomas J. O'Neill, Senior Vice President of the Company; Kenneth C. Krei, Senior Vice President of the Company and Chairman, President and Chief Executive Officer of Marshall & Ilsley Trust Company National Association; and Randall J. Erickson, Senior Vice President, Chief Administrative Officer and General Counsel of the Company.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percent of Class
Marshall & Ilsley Corporation 770 North Water Street Milwaukee, WI 53202	16,439,852(2)	[6.2]%
Barclay's Global Investors, N.A. 400 Howard Street San Francisco, CA 94105	13,428,799(3)	[5.2]%
Andrew N. Baur	181,157(4)	*
Jon F. Chait	75,086(5)	*
John W. Daniels, Jr.	33,822(6)	*
Randall J. Erickson	372,700(7)	*
Mark F. Furlong	1,067,570(8)	*
Ted D. Kellner	424,937(9)	*
Kenneth C. Krei	275,664(10)	*
Dennis J. Kuester	2,230,793(11)	*
David J. Lubar	625,851(12)	*
Katharine C. Lyall	66,419(13)	*
John A. Mellowes	57,316(14)	*
San W. Orr, Jr.	965,780(15)	*
Thomas J. O'Neill	559,415(16)	*
Robert J. O'Toole	60,003(17)	*
Peter M. Platten, III	302,984(18)	*
John S. Shiely	78,682(19)	*
Gregory A. Smith	142,911(20)	*
Debra S. Waller	30,705(21)	*
George E. Wardeberg	83,103(22)	*
James B. Wigdale	1,867,661(23)	*

All current directors and executive officers of the Company as a group (34 persons) own 12,282,377 shares of Common Stock or % of the total Common Stock outstanding. (24)

*less than 1%

(1) Except as indicated below, all shares shown in the table are owned with sole voting and investment power. Includes options transferred to the employee's immediate family or trust or partnership for the benefit thereof.

(2) This information is based on Amendment No. 28 to Schedule 13G filed on February 17, 2009. All such shares are owned by wholly-owned subsidiaries of the Company as trustee or in other fiduciary capacities. The subsidiaries are Marshall & Ilsley Trust Company National Association ("M&I Trust Company"), M&I Investment Management Corp. and North Star Trust Company. Of these shares, one or more of the subsidiaries has sole voting power as to 2,125,250 shares, shared voting power as to 10,213,624 shares, sole dispositive power as to 5,127,333 shares and shared dispositive power as to 11,312,519 shares. The amount and percentage of shares beneficially owned, and the amount of shares to which M&I Trust Company and North Star Trust Company have shared voting or investment power, include 9,931,423 shares held by M&I Trust Company as to which the Company, M&I Trust Company and North Star Trust Company disclaim beneficial ownership.

(3) This information is based on a Schedule 13G filed on February 6, 2009 by Barclays Global Investors, N.A. on its behalf and on behalf of its following affiliates: Barclays Global Fund Advisors, Barclays Global Investors, Ltd, Barclays Global Investors Japan Limited, Barclays Global Investors Canada Limited, Barclays Global Investors Australia Limited and Barclays Global Investors (Deutschland) AG. According to the Schedule 13G, Barclays Global Investors, N.A. and the named affiliates have, in aggregate, sole voting power with respect to 12,042,022 shares of Common Stock and sole dispositive power with respect to 13,482,799 shares of Common Stock.

(4) Includes 22,043 shares that could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2009, 106,259 shares held by Mr. Baur's family trust, 49,330 shares held in the M&I Retirement Program and 3,525 shares held in the Company's deferred compensation plan for directors.

(5) Includes 28,723 shares that could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2009 and 46,363 shares held in the Company's deferred compensation plan for directors.

(6) Includes 22,043 shares that could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2009 and 11,260 shares held in the Company's deferred compensation plan for directors.

(7) Includes 317,348 shares that could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2009, 1,644 shares held in the M&I Retirement Program and 32,150 shares held in the Company's deferred compensation plan for executives.

(8) Includes 910,489 shares that could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2009, 950 shares held in the M&I Retirement Program and 156,130 shares held in the Company's deferred compensation plan for executives.

(9) Includes 45,096 shares that could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2009. Includes 49,998 shares held in trust for which Mr. Kellner exercises shared voting power, 127,200 shares as to which Mr. Kellner exercises sole voting power and 14,643 shares held in the Company's deferred compensation plan for directors.

(10) Includes 242,074 shares that could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2009 and 693 shares held in the M&I Retirement Program.

(11) Includes 1,759,525 shares that could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2009, 8,735 shares held in a donor-advised charitable foundation and 1,435 shares held in the Company's deferred compensation plan for directors.

(12) Includes 8,681 shares that could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2009, 5,961 shares held in the Company's deferred compensation plan for directors, 10,000 shares held by Mr. Lubar's family trust and 593,084 held in a general partnership in which Mr. Lubar exercises shared voting power.

(13) Includes 60,129 shares that could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2009 and 1,290 shares held in the Company's deferred compensation plan for directors.

(14) Includes 42,086 shares that could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2009, 1,200 shares held in trust as to which he disclaims beneficial ownership, and 11,840 shares held in the Company's deferred compensation plan for directors.

(15) Includes 48,767 shares that could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2009, 774,997 shares held by trusts for which Mr. Orr exercises shared voting and investment power and as to which Mr. Orr disclaims beneficial ownership, and 41,318 shares held in the Company's deferred compensation plan for directors.

(16) Includes 486,378 shares that could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2009, 6,380 shares held in the M&I Retirement Program, and 61,608 shares held in the Company's deferred compensation plan for executives.

(17) Represents 42,086 shares that could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2009 and 17,917 shares held in the Company's deferred compensation plan for directors.

(18) Includes 55,677 shares that could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2009, 64,893 shares held by Mr. Platten's family as to which he disclaims beneficial ownership, 66,507 shares held in the M&I Retirement Program and 1,236 held in the Company's deferred compensation plan for directors. Of the shares of Common Stock beneficially owned by Mr. Platten, 70,000 shares are pledged as security.

(19) Includes 62,129 shares that could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2009 and 2,554 shares held in the Company's deferred compensation plan for directors.

(20) Includes 100,215 shares that could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2009 and 31,708 shares held in the Company's deferred compensation plan for executives.

(21) Represents 28,724 shares that could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2009 and 1,981 shares held in the Company's deferred compensation plan for directors.

(22) Represents 62,129 shares that could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2009 and 20,974 shares held in the Company's deferred compensation plan for directors.

(23) Includes 1,456,463 shares that could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2009, 927 shares held in the Company's deferred compensation plan for directors and 171,921 shares held by Mr. Wigdale's family as to which he disclaims beneficial ownership.

(24) Includes 8,028,560 shares that could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2009, 183,225 shares held in the Company's deferred compensation plan for directors, 513,995 shares held in the Company's deferred compensation plan for executives, 173,585 shares held in the M&I Retirement Program and 100,388 shares of restricted stock as to which the holders exercise sole voting power.

In addition to the ownership of Common Stock described above, as of February 1, 2009, each of Messrs. Baur, Erickson, Krei, Kuester, Orr, Shiely, Smith and Wigdale beneficially owns a total of 28 shares of Series A Adjustable Rate Preferred Stock (the "Preferred Stock") of M&I Zion Investment II Corporation and M&I Marshall & Ilsley Investment II Corporation, two of the Company's subsidiaries formed as real estate investment trusts (the "M&I REIT Subsidiaries"). Mr. Kuester's wife also owns a total of 28 shares of Preferred Stock of the M&I REIT Subsidiaries. Mr. Kuester disclaims beneficial ownership of these shares. Each such person owns less than 1% of the outstanding Preferred Stock of each of the M&I REIT Subsidiaries. All current directors and executive officers as a group beneficially own a total of 448 shares of Preferred Stock of the M&I REIT Subsidiaries, representing 1.5% of the Preferred Stock of each subsidiary. In addition, each of Messrs. Baur, Erickson and Furlong beneficially owns four shares of preferred stock of SWB Investment II Corporation, which is also a subsidiary of the Company formed as a real estate investment trust. Mr. Furlong's wife also owns one share of SWB Investment II Corporation. All current directors and executive officers as a group beneficially own a total of 12 shares of preferred stock of SWB Investment II Corporation, representing 1.3% of the preferred stock of such company.

On November 14, 2008, as part of the United States Department of the Treasury's (the "U.S. Treasury") Capital Purchase Program (the "Capital Purchase Program"), the Company entered into a Letter Agreement with the U.S. Treasury pursuant to which the Company agreed to sell 1,715,000 shares of Preferred Stock to the U.S. Treasury, along with a warrant to purchase 13,815,789 shares of Common Stock (the "Warrant Shares") at an initial exercise price of $18.62 per share. The U.S. Treasury currently owns all issued and outstanding Preferred Stock of the Company. The table above does not reflect the U.S. Treasury's ownership of the Preferred Stock because, subject to the terms of the Certificate of Designations of the Preferred Stock, the Preferred Stock is non-voting except for class voting rights on matters that would adversely affect the rights of the holders of the Preferred Stock. The table does not reflect beneficial ownership by the U.S. Treasury of the Warrant Shares because, pursuant to the Letter Agreement, the U.S. Treasury does not have any voting rights with respect to the Warrant Shares.

PROPOSAL 1. ELECTION OF DIRECTORS

In accordance with the Company's Restated Articles of Incorporation, the individuals elected at the Annual Meeting will serve for one year terms expiring at the 2010 Annual Meeting and, with respect to each director, until his or her successor is elected and qualified. The term of each incumbent director listed below under "Nominees Standing for Election" expires at the 2009 Annual Meeting. Debra S. Waller, whose term expires at the Annual Meeting, is not standing for re-election. The Company is grateful to Ms. Waller for her service to the Board and to the Company. The descriptions in this section provide certain information about each of the nominees for election as a director.

Vote Required

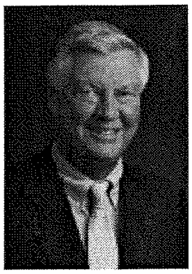
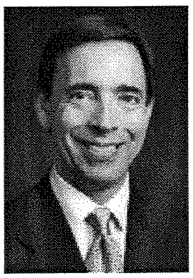
Directors are elected by a plurality of the votes cast by holders of the Common Stock entitled to vote at a meeting at which a quorum is present. In other words, the 15 nominees who receive the largest number of votes will be elected as directors. Any shares not voted, whether by withheld authority, broker non-vote or otherwise, will have no legal effect in the election of directors.

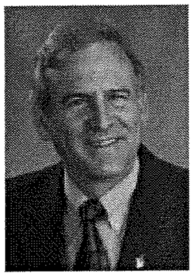
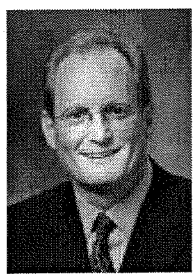
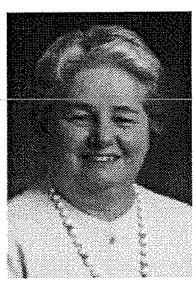
In accordance with the Company's Corporate Governance Guidelines, any nominee for director in an uncontested election who receives a greater number of votes "withheld" from his or her election than votes "for" such election is required to promptly tender his or her resignation offer to the Chairman of the Board. The Nominating Committee will promptly consider the tendered resignation offer and recommend to the Board whether to accept or reject it. The Board will act on the Nominating Committee's recommendation no later than 90 days following the tender of the director's resignation offer, and will disclose its decision (providing a full explanation of the process by which the decision was reached and, if applicable, the reasons for rejecting the tendered resignation offer) within four business days following such decision. This description of the Corporate Governance Guidelines provision regarding director elections is qualified in its entirety by the full text of the Corporate Governance Guidelines, which are available on the Company's web site at www.micorp.com.

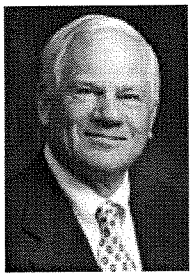
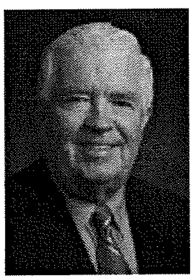
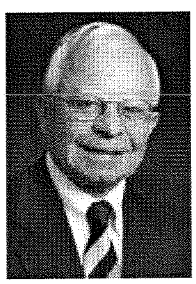
Any votes attempted to be cast "against" a candidate are not given legal effect and are not counted as votes cast in an election of directors.

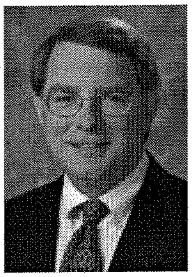
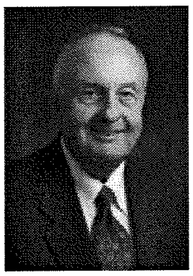
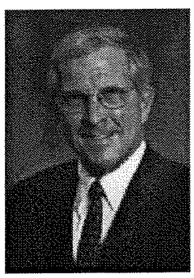
The Board of Directors recommends a vote FOR the election of each of the individuals nominated to serve as a director.

NOMINEES STANDING FOR ELECTION

Name and Age (as of March 1, 2009)	Principal Occupation and Directorships
 Andrew N. Baur Age 64	Chairman of the Board of Southwest Bank, an M&I Bank, a wholly-owned subsidiary of the Company, since October 2002; Chairman of the Board and Chief Executive Officer of Mississippi Valley Bancshares, Inc., a bank holding company, and its subsidiary, Southwest Bank of St. Louis, from 1984 to September 2002. Also a director of Bakers Footwear Group, Inc., Wausau Paper Corp., Orgill, Inc., a provider of wholesale distribution and retail services to the home improvement industry, and St. Louis Cardinals, L.P. A Director since October 2002.
 Jon F. Chait Age 58	Chairman of the Board and Chief Executive Officer of Hudson Highland Group, Inc., a global provider of professional staffing, retained executive search and human capital solutions, since October 2002; Chairman of Spring Group, plc, a provider of workforce management solutions, May 2000 through June 2002 and Chief Executive Officer from May 2000 to March 2002; Chairman and Chief Executive Officer of Magenta.com, a developer of web-enabled human resource solutions, 1998 to 2000; Executive Vice President, Secretary and Director, August 1991 to July 1998, Managing Director-International Operations, 1995 to July 1998, Chief Financial Officer, August 1993 to July 1998, Manpower Inc. and Executive Vice President, September 1989 to July 1998, Manpower International Inc., a provider of temporary employment services. A Director since 1990.
 John W. Daniels, Jr. Age 60	Chairman since September 2007 and Partner since 1981, Quarles & Brady, L.L.P., a law firm. Chairman of the Board of North Milwaukee State Bank, 1997 to April 2005. National President, American College of Real Estate Lawyers. Also a director of V&J Foods, Inc. (and affiliates controlled by V&J Foods, Inc.), Metropolitan Milwaukee Association of Commerce, Greater Milwaukee Foundation, Zilber Foundation, Wisconsin United for Health Foundation, Inc., Greater Milwaukee Committee, Aurora Health Care and Ralph Evinrude Foundation. A Director since April 2005.
 Mark F. Furlong Age 51	Chief Executive Officer since April 2007, President since April 2005, Executive Vice President from January 2002 to April 2005, Senior Vice President from April 2001 to January 2002, and Chief Financial Officer from April 2006 to June 2006 and April 2001 to October 2004; Director and President since July 2004, and Chief Executive Officer since April 2007 of M&I Marshall & Ilsley Bank; Director, Vice President and Treasurer of M&I Private Equity Group LLC and M&I Ventures L.L.C.; Director of Marshall & Ilsley Trust Company National Association, M&I Bank Mayville, M&I Equipment Finance Company and Milease, LLC; Senior Vice President of Southwest Bank, an M&I Bank. Also a director of Kforce Inc., a professional staffing firm, Wisconsin Manufacturers & Commerce, Greater Milwaukee Committee, Metropolitan Milwaukee Association of Commerce, United Performing Arts Fund and Junior Achievement of Wisconsin. A Director since April 2006.

Name and Age (as of March 1, 2009)	Principal Occupation and Directorships
 Ted D. Kellner Age 62	Chairman and Chief Executive Officer of Fiduciary Management, Inc., an investment management firm, since 1980. Also a director of Metavante Technologies, Inc., American Family Mutual Insurance Company and Kelben Foundation, Inc. A Director since April 2000.
 Dennis J. Kuester Age 66	Chairman of the Board since January 2005, Chief Executive Officer from January 2002 to April 2007, and President of the Company from 1987 to 2005; Chairman of the Board and Chief Executive Officer from October 2001 to April 2007, President from 1989 to October 2001 and Director since 1989, M&I Marshall & Ilsley Bank. Also a director of Metavante Technologies, Inc., Modine Manufacturing Company, Wausau Paper Corp., Benz Oil, Inc., YMCA of Metropolitan Milwaukee, Froedtert Hospital, Medical College of Wisconsin, the Lynde and Harry Bradley Foundation and the Christian Stewardship Foundation. A Director since February 1994.
 David J. Lubar Age 54	President of Lubar & Co. Incorporated, a private equity investment firm, since 1992. Also a director of The Northwestern Mutual Life Insurance Company, Codgell Spencer, Inc., Greater Milwaukee Foundation, Milwaukee Jewish Federation, Jewish Community Foundation, UWM Foundation, UWM Real Estate Foundation, University School of Milwaukee, Wisconsin Policy Research Institute, Metropolitan Milwaukee Association of Commerce, and Froedtert & Community Health and various private companies. A Director since April 2007.
 Katharine C. Lyall Age 67	Retired; President of the University of Wisconsin System from 1992 to September 2004. Also a director of Carnegie Foundation for the Advancement of Teaching, United Way of Dane County (Wisconsin), Council for Aid to Education and Wisconsin Public Television. A Director since December 1997.

Name and Age (as of March 1, 2009)	Principal Occupation and Directorships
 John A. Mellowes Age 70	Chairman and Chief Executive Officer since 1980 of Charter Manufacturing Company, Inc., a producer of bar, rod, wire and wire parts for the auto industry and other industries. Also a director of Twin Disc, Inc., YMCA of Metropolitan Milwaukee and Junior Achievement of Wisconsin, Inc., and a member of the Board of Regents of the Milwaukee School of Engineering. A Director since April 2002.
 San W. Orr, Jr. Age 67	Chairman of the Board and director of Wausau Paper Corp.; Attorney, Estates of A.P. Woodson & Family. Also a director and President of the Woodson YMCA Foundation and Nancy Woodson Spire Foundation, Inc., director of the Lynde and Harry Bradley Foundation and Chairman Emeritus of the University of Wisconsin Foundation. A Director since July 1994.
 Robert J. O'Toole Age 68	Retired; Chairman of the Board and Chief Executive Officer from April 1992 to December 2005 and President and Chief Executive Officer from 1989 to 1992, and President and Chief Operating Officer from 1986 to 1989, A.O. Smith Corporation, a manufacturer of electric motors and water systems technologies. Also a director of A.O. Smith Corporation, Briggs & Stratton Corporation, a manufacturer of gasoline engines for outdoor power equipment, and Factory Mutual Insurance Company. A Director since April 2002.
 Peter M. Platten, III Age 69	Retired; Vice Chairman of the Board of the Company from May 1994 to May 1997; Former President and Chief Executive Officer, January 1989 to May 1994, Valley Bancorporation, a bank holding company; Director since 1980 and Corporate Secretary since May 1985 of Green Bay Packers, Inc. A Director since May 1994.

Name and Age (as of March 1, 2009)	Principal Occupation and Directorships
 John S. Shiely Age 56	Chairman of the Board since January 2003, Chief Executive Officer since 2001, President from 1994 to 2008 and Chief Operating Officer from 1994 to 2001, Executive Vice President-Administration from 1991 to 1994, Briggs & Stratton Corporation, a manufacturer of gasoline engines for outdoor power equipment. Also a director of Quad/Graphics Inc., Cleveland Rock and Roll, Inc. (corporate board of the Rock and Roll Hall of Fame and Museum) and The Scotts Miracle-Gro Company; Chairman of the Board of Children's Hospital and Health System, Inc., the Board of Trustees of the Medical College of Wisconsin; director and Vice Chairman of OPEI Education and Research Foundation and the Boys & Girls Clubs of Greater Milwaukee. A Director since April 1999.
 George E. Wardeberg Age 73	Retired; Vice Chairman of the Board, Wisconsin Energy Corporation, a holding company with subsidiaries in utility and non-utility businesses, from April 2000 to May 2002; Chairman of the Board and Chief Executive Officer from 1997 to 2000, President and Chief Executive Officer from 1994 to 1997, WICOR, Inc., a holding company with subsidiaries in energy services and pump manufacturing. Also a director of Benz Oil, Inc. A Director since April 1999.
 James B. Wigdale Age 72	Retired; Chairman of the Board of the Company from December 1992 to December 2004, Chief Executive Officer of the Company from October 1992 to December 2001, Vice Chairman of the Board of the Company from December 1988 to December 1992; Chairman of the Board, January 1989 to October 2001, Chief Executive Officer, September 1987 to October 2001, and Director since 1981 of M&I Marshall & Ilsley Bank. Also a director of Mason Wells, Inc., a private equity firm, Columbia St. Mary's, a hospital organization, Green Bay Packaging Inc., a manufacturer of paperboard packaging, and Sentry Insurance. A Director since 1988.

CORPORATE GOVERNANCE MATTERS

Board of Directors

The Board of Directors has determined that as of February 19, 2009, 10 of 16 (63%) of the directors of M&I were independent under the listing standards of the New York Stock Exchange (the "NYSE Standards") and the categorical independence standards adopted by the Board. The independent directors as of the date of this Proxy Statement are: Ms. Lyall, Ms. Waller and Messrs. Chait, Daniels, Mellowes, Orr, O'Toole, Platten, Shiely and Wardeberg. The categorical independence standards adopted by the Board relate to banking and other business relationships with the Company and are attached to this Proxy Statement as Appendix A and available on the Company's web site described below.

The non-management directors of the Company have two regularly scheduled executive sessions per year and hold additional executive sessions as necessary. The Board of Directors, based upon the review and recommendation of the Nominating Committee, has appointed Mr. Platten to preside at the executive sessions of the non-management directors. Parties who wish to communicate directly with Mr. Platten or with the non-management directors as a group may direct written communications to the presiding director at:

Mr. Peter M. Platten, III
c/o Secretary
Marshall & Ilsley Corporation
770 North Water Street
Milwaukee, Wisconsin 53202

The Secretary of the Company will forward all communications to Mr. Platten unless otherwise instructed by the non-management directors.

The Board of Directors of the Company has the following standing committees: Compensation and Human Resources, Audit, Nominating, Retirement Investment and Risk Management. The Board of Directors has adopted written charters for all of its standing committees. The charters for the Compensation and Human Resources, Audit, and Nominating Committees are available on the Company's web site described below.

Directors are expected to attend each regular and special meeting of the Board and of each Board committee on which the director serves. Directors are also expected to attend the Annual Meeting of Shareholders. Although the Company's By-laws authorize members of the Board and Board committees to participate in and act at a meeting through the use of telephonic or other communication equipment, the personal attendance of directors at such meetings is preferred. The Board of Directors held eight meetings in 2008. Each director attended at least 75% of the meetings of the Board and Board committees on which such director served. All of the Company's current directors attended last year's Annual Meeting.

Corporate Governance Documents

Certain documents relating to corporate governance matters are available on the Company's web site at www.micorp.com. These documents include, among others, the following:

- Charter for the Audit Committee of the Board of Directors;
- Charter for the Compensation and Human Resources Committee of the Board of Directors;
- Charter for the Nominating Committee of the Board of Directors;
- Categorical Standards for Lending, Banking and Other Business Relationships Involving the Company's Directors;
- Corporate Governance Guidelines; and
- Code of Business Conduct and Ethics.

Shareholders also may obtain a copy of any of these documents free of charge by calling the M&I Shareholder Information Line at 1-800-642-2657. Information contained on any of the Company's web sites is not deemed to be a part of this Proxy Statement.

Compensation and Human Resources Committee

The Compensation and Human Resources Committee (the "Compensation Committee") is appointed to discharge the Board's responsibilities relating to the compensation of the Company's executive officers. The Compensation Committee is responsible for, among others things, reviewing performance criteria used in establishing appropriate compensation, retention, incentive compensation, severance and benefit policies and programs applicable to the executive officers of the Corporation. The Compensation Committee charter also requires that the Compensation Committee annually review and approve corporate goals and objectives for purposes of determining the Chief Executive Officer's compensation, evaluate the Chief Executive Officer's performance in light of such goals and objectives, and set the Chief Executive Officer's compensation level based on this evaluation.

The Compensation Committee is also charged with periodically reviewing and approving or making recommendations to the Board with respect to the adoption of or material changes in employee benefit and compensation plans. In addition, the Compensation Committee must periodically review and approve, for the Chief Executive Officer and the other named executive officers: annual base salary levels; annual incentive opportunity levels; long-term incentive opportunity levels; employment, severance and change-in-control agreements; material perquisites or other in-kind benefits; and any other special or supplemental benefits, in each case, when and if appropriate.

Other duties of the Compensation Committee pursuant to its charter include reviewing and recommending to the Board all persons to be elected as Chairman, Chief Executive Officer, President, and Chief Financial Officer of the Company; periodically reviewing the succession plan for the Chief Executive Officer; and reviewing director fees and retainers on a periodic basis and recommending any changes to the Board. In connection with the Company's participation in the Capital Purchase Program, the Compensation Committee's charter was amended to also require that the Compensation Committee meet, at least annually, with senior risk officers of the Company to discuss and review the relationship between the Company's risk management policies and practices and the incentive compensation arrangements for the Company's senior executive officers, identifying and making reasonable efforts to limit any features in such compensation arrangements that could lead the senior executive officers to take unnecessary or excessive risks that could threaten the value of the Company, and provide a certification with respect to this review.

Individuals who are not members of the Compensation Committee may attend Compensation Committee meetings only at the invitation of the Compensation Committee Chair. During 2008, the Company's Chief Executive Officer, Chief Administrative Officer and Director of Human Resources were invited to attend Compensation Committee meetings, although they were excused from the meetings as appropriate. The named executive officers provide recommendations to the Compensation Committee with respect to the compensation of executive officers who report to them. These recommendations are considered, adjusted as necessary and approved by the Compensation Committee.

The Compensation Committee may delegate to its Chairperson such power and authority as it deems appropriate, except as prohibited by law. The Compensation Committee has the sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of executive compensation and to approve the consultant's fees and other retention terms. The Compensation Committee also has the authority to obtain advice and assistance from internal or external legal, accounting or other advisors. In accordance with the authority provided under its charter, the Compensation Committee retains the services of Hewitt Associates LLC ("Hewitt Associates"), a compensation consultant, to provide analyses and advice on various matters relating to the compensation of the Company's executive officers and directors.

The current members of the Compensation Committee are Messrs. Wardeberg (Chairman), O'Toole and Shiely, all of whom are independent under the NYSE Standards. The Compensation Committee held 13 meetings and took action by unanimous written consent once in 2008. Additional information relating to the Compensation Committee may be found under the heading "Executive Compensation—Compensation Discussion and Analysis" in this Proxy Statement.

Audit Committee

The Audit Committee is a separately-designated standing committee of the Board of Directors as defined by Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended. The Audit Committee has responsibility for, among other things, (a) appointing or replacing the Company's independent auditors, (b) overseeing the work of the independent auditors (including resolution of any disagreements between management and the auditors regarding financial reporting), (c) reviewing the independent auditors' performance, qualifications and independence, (d) approving all auditing and permitted non-auditing services to be performed by the independent auditors with limited exceptions, (e) reviewing the Company's financial statements, internal audit function and system of internal controls, (f) overseeing compliance by the Company with legal and regulatory requirements and with the Company's Code of Business Conduct and Ethics, and (g) producing the report required by federal securities regulations for inclusion in the Company's Proxy Statement. The current members of the Audit Committee are Messrs. Orr (Chairman), O'Toole and Ms. Lyall, all of whom are independent under the NYSE Standards. The Board has determined that Mr. Orr is an "audit committee financial expert" and "independent" as defined under applicable Securities and Exchange Commission rules. The Audit Committee held 14 meetings in 2008, including four meetings at which Mr. Orr accepted communications from the Company's independent auditors on behalf of the Audit Committee.

Nominating Committee

The Nominating Committee is responsible for (a) identifying new candidates who are qualified to serve as directors of the Company, (b) recommending to the Board of Directors the candidates for election to the Board and for appointment to the Board's committees, (c) considering any nominations for director submitted by shareholders, (d) developing, and recommending to the Board, and thereafter periodically reviewing, the Corporate Governance Guidelines and principles applicable to the Company, and (e) monitoring and advising the Board on corporate governance matters and practices. The members of the Nominating Committee are Messrs. Platten (Chairman), Chait and Daniels, all of whom are independent under the NYSE Standards. The Nominating Committee held three meetings and took action by unanimous written consent once in 2008.

The Nominating Committee will consider candidates nominated by shareholders in accordance with the procedures set forth in the Company's By-laws. Under the Company's By-laws, nominations other than those made by the Board of Directors or the Nominating Committee, must be made pursuant to timely notice in proper written form to the Secretary of the Company. To be timely, a shareholder's request to nominate a person for election to the Board, together with the written consent of such person to serve as a director, must be received by the Secretary of the Company not less than 90 days prior to the anniversary date of the annual meeting of shareholders in the immediately preceding year. To be in proper written form, the notice must contain certain information concerning the nominee and the shareholder submitting the nomination.

Under the Company's By-laws, no person is eligible to be elected a director at a meeting of shareholders held on or after the date he or she attains the age of 72, although the Board, at its discretion, may waive the age limitation or establish a greater age from time to time. In connection with the declassification of the Board of Directors in 2007, the Board adopted a waiver of the age limitation on directors such that directors in office on the date of the 2007 Annual Meeting will continue to be eligible to be elected a director for any year in which such directors would have been eligible to serve had the Board remained classified. In February 2009, the Board of Directors, upon the recommendation of the Nominating Committee, waived the age limit to allow Mr. Wigdale to stand for election as a director at the 2009 Annual Meeting of Shareholders. The Nominating

Committee felt that Mr. Wigdale's many years of banking experience would be a valuable asset to the Board during the economic crisis the nation is currently facing. The Nominating Committee intends to grant waivers for the age limitation only in exceptional circumstances such as those involving Mr. Wigdale this year.

In addition, the Nominating Committee has adopted guidelines for evaluating and selecting candidates for election to the Board of Directors. Under these guidelines, each director should:

- be an individual of the highest character and integrity and have an inquiring mind, vision and the ability to work well with others;
- be free of any conflict of interest which would violate any applicable law or regulation or interfere with the proper performance of the responsibilities of a director;
- possess substantial and significant experience which would be of value of the Company in the performance of the duties of a director; and
- have sufficient time available to devote to the affairs of the Company in order to carry out the responsibilities of a director.

The Nominating Committee will evaluate eligible shareholder-nominated candidates for election to the Board of Directors in accordance with the selection guidelines. The full text of the guidelines can be found in the Nominating Committee's charter, which is available on the Company's web site described above.

Retirement Investment Committee

The Retirement Investment Committee is responsible for reviewing the activities of and decisions made by the trustees of, and the investment managers for, the Company's Retirement Program. The members of the Retirement Investment Committee are Messrs. Kellner (Chairman), Baur, Chait and Mellowes. The Retirement Investment Committee held four meetings in 2008.

Risk Management Committee

The Risk Management Committee is responsible for assisting the Board in fulfilling its oversight responsibilities with respect to the risks inherent in the businesses of the Company and its subsidiaries and the control processes relating to such risks. The current members of the Risk Management Committee are Messrs. Daniels (Chairman), Lubar and Wigdale. The Risk Management Committee held five meetings in 2008.

LOANS AND OTHER TRANSACTIONS WITH THE COMPANY

Under its written charter, the Audit Committee is responsible for reviewing and approving all related party transactions that are material to the financial statements or that otherwise require disclosure to the Company's shareholders, other than related party transactions that are approved by the full Board or by another committee of the Board. The Audit Committee is not responsible for approving transactions within the scope of Regulation O under the Federal Reserve Act.

Customers of the bank subsidiaries of the Company include nominees, directors and officers of the Company and their firms, immediate families and associates. Since January 1, 2008, some of such persons and firms have been indebted to the Company's bank subsidiaries for loans made in the ordinary course of business. All such loans were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with others and did not involve more than the normal risk of collectability or present other unfavorable features. In addition to loans, bank subsidiaries of the Company provide other banking services in the ordinary course of business to directors and executive officers and their firms, immediate families and associates.