

MARSHALL & ILSLEY CORP/WI/  
Form PRE 14A  
February 23, 2007

**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**

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(Name of Registrant as Specified In Its Charter)

**Not applicable.**

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(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:

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

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(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):

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(4) Proposed maximum aggregate value of the transaction:

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(5) Total fee paid:

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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:

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

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(3) Filing Party:

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(4) Date Filed:

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**PRELIMINARY COPIES**

**MARSHALL & ILSLEY CORPORATION**

**770 North Water Street**

**Milwaukee, Wisconsin 53202**

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***NOTICE OF ANNUAL MEETING OF SHAREHOLDERS***

**April 24, 2007**

TO THE SHAREHOLDERS OF MARSHALL & ILSLEY CORPORATION:

The 2007 Annual Meeting of Shareholders of Marshall & Ilsley Corporation (the Company) will be held at Discovery World at Pier Wisconsin, 500 North Harbor Drive, Milwaukee, Wisconsin, on Tuesday, April 24, 2007 at 10:00 a.m., local time, for the following purposes:

- (1) To elect six individuals to serve as directors;
- (2) To approve an amendment to the Company's Restated Articles of Incorporation to declassify the Board of Directors;
- (3) To approve the Marshall & Ilsley Corporation Annual Executive 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, 2007; and
- (5) 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 1, 2007 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 completing and returning the accompanying proxy in the enclosed envelope, by a telephone vote or by voting electronically via the Internet. Instructions for telephonic voting and electronic voting via the Internet are contained on the accompanying proxy. 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 voting thereof. In addition, you may revoke your proxy at any time before it is voted by advising the Secretary of the Company in writing (including executing a later-dated proxy or voting via the Internet) or by telephone of such revocation.**

**If your shares are held in street name (through a broker, bank or other nominee), you may receive a separate voting instruction with this Proxy Statement, or you may need to contact your broker, bank or other nominee to determine whether you will be able to vote electronically using the Internet or telephonically, or what is required to vote your shares in person at the Annual Meeting.**

RANDALL J. ERICKSON, *Senior Vice President,*

*General Counsel and Secretary*

March 16, 2007

**PRELIMINARY COPIES**

**MARSHALL & ILSLEY CORPORATION**

**770 North Water Street**

**Milwaukee, Wisconsin 53202**

**March 16, 2007**

***Proxy Statement***

The proxy you received is solicited by the Board of Directors of Marshall & Ilsley Corporation (the Company or M&I) for use at the Annual Meeting of Shareholders (the Annual Meeting) to be held at 10:00 a.m., local time, on Tuesday, April 24, 2007 at Discovery World at Pier Wisconsin, 500 North Harbor Drive, Milwaukee, Wisconsin. At the Annual Meeting, the shareholders of the Company will vote on proposals (1) to elect six directors, (2) to approve an amendment to the Company's Restated Articles of Incorporation to declassify the Board of Directors, (3) to approve the Marshall & Ilsley Corporation Annual Executive Incentive Plan and (4) to ratify the appointment of Deloitte & Touche LLP as the Company's independent auditors for the fiscal year ending December 31, 2007.

The expense of printing and mailing proxy materials, including expenses involved in forwarding materials to beneficial owners of common stock held in the name of another person, will be borne by the Company. No solicitation other than by mail 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., Inc. 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 Proxy Statement and the proxy card are being sent to the Company's shareholders commencing on or about March 16, 2007. Shareholders who have consented to electronic delivery of the Proxy Statement and the Company's Annual Report to Shareholders will receive those documents via posting on M&I's web site: [www.micorp.com/ereports.html](http://www.micorp.com/ereports.html).

Each shareholder of record at the close of business on March 1, 2007 will be entitled to one vote for each share of common stock registered in such shareholder's name. The Company has one class of capital stock outstanding: its \$1.00 par value common stock (the Common Stock). As of March 1, 2007, the Company had \_\_\_\_\_ shares of Common Stock outstanding. 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.

Any shareholder executing and delivering his or her proxy may revoke the same at any time before it is voted by advising the Secretary of the Company in writing (including executing a later-dated proxy or voting via the Internet) or by telephone of such revocation.

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 card pertaining to each participant 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 either by proxy or in person.

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 the proxy card and will be voted at the Annual Meeting in the same manner in which you vote those shares registered in your name either by proxy or in person. Plan shares not voted by participants will be voted by the plan administrator or trustee in accordance with the terms of the respective plan.

The Company's Annual Report to Shareholders for the fiscal year ended December 31, 2006 is being provided to shareholders with this Proxy Statement.

**Unless otherwise directed, all proxies will be voted FOR the election of each of the individuals nominated to serve as a director, FOR approval of the amendment to the Company's Restated Articles of**

**Incorporation to declassify the Board of Directors, FOR approval of the Marshall & Ilsley Corporation Annual Executive Incentive Plan and FOR ratification of the appointment of Deloitte & Touche LLP as the Company's independent auditors. 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.**

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**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS**

The following table lists as of January 31, 2007 (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:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percent of Class
Marshall & Ilsley Corporation	16,131,087(2)	6.3%
770 North Water Street		
Milwaukee, WI 53202		
The Northwestern Mutual Life	12,938,126(3)	5.1%
Insurance Company		
720 East Wisconsin Avenue		
Milwaukee, WI 53202		
Malcolm M. Aslin	143,760(4)	*
Andrew N. Baur	61,616(5)	*
Jon F. Chait	86,718(6)	*
John W. Daniels, Jr.	17,724(7)	*
Mark F. Furlong	541,827(8)	*
Michael D. Hayford	212,437(9)	*
Bruce E. Jacobs	69,497(10)	*
Ted D. Kellner	403,718(11)	*
Dennis J. Kuester	2,143,195(12)	*
David J. Lubar	8,125	*
Katharine C. Lyall	57,000(13)	*
Frank R. Martire	210,494(14)	*
John A. Mellowes	37,578(15)	*
Edward L. Meyer, Jr.	90,511(16)	*
San W. Orr, Jr.	992,009(17)	*
Robert J. O Toole	35,911(18)	*
Peter M. Platten, III	297,604(19)	*
John M. Presley	509(20)	*
John S. Shiely	49,000(21)	*
Gregory A. Smith	21,074(22)	*
Debra S. Waller	15,000(23)	*
George E. Wardeberg	56,771(24)	*
James B. Wigdale	1,694,685(25)	*

All current directors and executive officers of the Company as a group (35 persons) own 10,130,953 shares of Common Stock or 4.0% of the total Common Stock outstanding. (26)

\*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.

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- (2) This information is based on Amendment No. 26 to Schedule 13G filed on February 14, 2007. 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 (the Trust Company ) and M&I Investment Management Corp. Of these shares, one or more of the subsidiaries has sole voting power as to 2,804,720 shares, shared voting power as to 10,847,648 shares, sole dispositive power as to 4,260,124

shares and shared dispositive power as to 11,870,963 shares. The amount and percentage of shares beneficially owned, and the amount of shares to which the Trust Company has shared voting or investment power, include 10,091,367 shares held by the Trust Company as to which the Company and the Trust Company disclaim beneficial ownership.

- (3) This information is based on Amendment No. 18 to Schedule 13G filed on February 6, 2007. Of these shares, 7,710,756 are owned directly by The Northwestern Mutual Life Insurance Company ( NML ), 73,000 are owned by investment company affiliates of NML and 5,154,370 are owned by Lydell, Inc., an indirect, wholly-owned subsidiary of NML. NML has shared voting and investment power as to all of these shares. NML has agreed to notify the Federal Reserve Board ( FRB ) prior to acquiring additional shares such that NML 's total investment in the Company would exceed 9.9% of the Company 's total outstanding Common Stock or prior to taking any other action that would trigger any rebuttable presumption of control under FRB regulations.
- (4) Includes 10,000 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2007, 225 shares held by Mr. Aslin 's family as to which he disclaims beneficial ownership and 442 shares held in the Company 's deferred compensation plan for directors.
- (5) Includes 15,000 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2007 and 857 shares in the Company 's deferred compensation plan for directors. Does not include 700,000 shares which are held in a family limited liability company of which Mr. Baur is a member but over which Mr. Baur has no voting or investment power.
- (6) Includes 45,000 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2007 and 35,118 shares held in the Company 's deferred compensation plan for directors.
- (7) Includes 15,000 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2007 and 2,205 shares held under the Company 's deferred compensation plan for directors.
- (8) Includes 463,150 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2007, 465 shares held in the M&I Retirement Program and 78,212 shares held under the Company 's deferred compensation plan for executives.
- (9) Includes 189,750 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2007, 7,950 shares of key restricted stock, 3,228 shares held in the M&I Retirement Program, and 3,858 shares held under the Company 's deferred compensation plan for executives.
- (10) Includes 30,000 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2007, 2,400 shares held by Mr. Jacobs ' family as to which he disclaims beneficial ownership, and 20,363 shares held under the Company 's deferred compensation plan for directors. Of the shares of Common Stock beneficially owned by Mr. Jacobs, 8,000 shares are pledged as security.
- (11) Includes 45,000 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2007. Includes 50,000 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 8,075 shares held under the Company 's deferred compensation plan for directors. Of the shares of Common Stock beneficially owned by Mr. Kellner, 50,000 shares are pledged as security.
- (12) Includes 1,703,750 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2007, 18,735 shares held in a donor-advised charitable foundation, 658 shares held in the M&I Retirement Program, and 92,575 shares held under the Company 's deferred compensation plan for executives.

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- (13) Includes 55,000 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2007.
  
- (14) Includes 177,500 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2007, 305 shares held in the M&I Retirement Program and 29,490 shares held under the Company's deferred compensation plan for executives.

- (15) Includes 30,000 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2007, 1,200 shares held in trust as to which he disclaims beneficial ownership, and 4,378 shares held under the Company's deferred compensation plan for directors.
- (16) Includes 45,000 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2007, 3,071 shares held by Mr. Meyer's family as to which he disclaims beneficial ownership and 12,495 shares held under the Company's deferred compensation plan for directors.
- (17) Includes 45,000 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2007, 856,187 shares held by trusts for which Mr. Orr exercises shared voting and investment power and as to which Mr. Orr disclaims beneficial ownership, and 35,124 shares held under the Company's deferred compensation plan for directors.
- (18) Represents 30,000 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2007 and 5,911 shares held under the Company's deferred compensation plan for directors.
- (19) Includes 48,334 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2007 and 69,959 shares held by Mr. Platten's family as to which he disclaims beneficial ownership. Of the shares of Common Stock beneficially owned by Mr. Platten, 50,000 shares are pledged as security.
- (20) Represents 332 shares held under the Company's deferred compensation plan for executives and 177 shares held in the M&I Retirement Program. Mr. Presley resigned his position as Senior Vice President and Chief Financial Officer of the Company as of March 24, 2006.
- (21) Includes 45,000 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2007.
- (22) Represents 21,074 shares held under the Company's deferred compensation plan for executives.
- (23) Represents 15,000 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2007.
- (24) Represents 40,000 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2007 and 16,771 shares held under the Company's deferred compensation plan for directors.
- (25) Includes 1,283,000 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2007 and 23,756 shares held by Mr. Wigdale's family as to which he disclaims beneficial ownership.
- (26) Includes 6,007,356 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2007, 141,739 shares held in the Company's deferred compensation plan for directors, 412,756 shares held in the Company's deferred compensation plan for executives, 103,532 shares held in the M&I Retirement Program and 45,325 shares of restricted stock as to which the holders exercise sole voting power. Does not include shares held by Mr. Lubar or Mr. Presley.

In addition to the ownership of Company Common Stock described above, as of February 1, 2007, each of Messrs. Baur, Kuester, Orr, Presley, Shiely, 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 420 shares of Preferred Stock of the M&I REIT Subsidiaries, representing 1.4% of the Preferred Stock of each subsidiary. In addition, each of Messrs. Baur

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and Furlong beneficially owns 3 shares of preferred stock of SWB Investment II Corporation, which is also a subsidiary of the Company formed as a real estate investment trust. All current directors and executive officers as a group beneficially own a total of 13 shares of preferred stock of SWB Investment II Corporation, representing 1.4% of the preferred stock of such company.

## 1. ELECTION OF DIRECTORS

The Company's Restated Articles of Incorporation currently provide that the Company's directors are divided into three classes, designated Class I, Class II and Class III, with staggered terms of three years each. At the Annual Meeting, shareholders will elect six individuals to serve as directors. If the proposal to amend the Company's Restated Articles of Incorporation to declassify the Board of Directors as described on page 42 is approved by the Company's shareholders, the individuals elected will serve for one year terms expiring at the 2008 Annual Meeting and, with respect to each director, until his or her successor is elected and qualified. If the proposed amendment to the Company's Articles of Incorporation is not approved, the individuals elected will serve as Class II directors until the Company's 2010 Annual Meeting and, with respect to each director, until his or her successor is elected and qualified.

Each incumbent Class II director's term expires at the 2007 Annual Meeting. Messrs. Chait, Kuester, Orr and Wardeberg and Ms. Waller are standing for re-election. Bruce E. Jacobs and Edward L. Meyer, Jr. are not standing for re-election. The Company is grateful to Messrs. Jacobs and Meyer for their years of loyal service. Mr. Kuester recommended David J. Lubar to the Nominating and Corporate Governance Committee (the Nominating Committee) as a candidate for director. After consideration, the Nominating Committee recommended Mr. Lubar to the full Board. The descriptions in this section provide certain information about each of the nominees for election as a director as well as each of the Company's continuing Class III and Class I directors.

### *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 six 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](http://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, 2007)	Principal Occupation and Directorships
	<i>Class II Directors</i>
<p>Jon F. Chait</p> <p>Age 56</p>	<p>Chairman of the Board and Chief Executive Officer of Hudson Highland Group, Inc., formerly a division of Monster Worldwide 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. Also a director of Krueger International, Inc., a manufacturer of office furniture. A Director since 1990.</p>
<p>Dennis J. Kuester</p> <p>Age 64</p>	<p>Chairman of the Board since January 2005, Chief Executive Officer since January 2002, and President of the Company from 1987 to 2005; Chairman of the Board and Chief Executive Officer since October 2001, President from 1989 to October 2001 and Director since 1989, M&amp;I Marshall &amp; Ilsley Bank; Chairman of the Board and Director, Metavante Corporation; Director of Marshall &amp; Ilsley Trust Company National Association and Milease, LLC. Also a director of the Federal Reserve Bank of Chicago, Modine Manufacturing Company, Wausau Paper Corp., Krueger International, Inc., Super Steel Products Corp., YMCA of Metropolitan Milwaukee, Froedtert Hospital, Medical College of Wisconsin and the Lynde and Harry Bradley Foundation and Chairman of the Board of Christian Stewardship Foundation. A Director since February 1994.</p>
<p>David J. Lubar</p> <p>Age 52</p>	<p>President of Lubar &amp; Co. Incorporated, a private equity investment firm, since 1992. Also a director of 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 &amp; Community Health.</p>

Name and Age	Principal Occupation and Directorships
(as of March 1, 2007)	
San W. Orr, Jr. Age 65	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.
Debra S. Waller Age 50	Chairman of the Board and Chief Executive Officer of Jockey International, Inc., an undergarment manufacturer, since January 2001, formerly Vice Chairman of the Board from February 2000 to January 2001, Assistant to the President from 1995 to January 2001 and Executive Vice President from 1995 to 2000. Also a director of Church Mutual Insurance Company and Dave Thomas Foundation for Adoption, a trustee of Carthage College, and a member of the Yale Center for Faith and Culture Advisory Board. A director since April 2004.
George E. Wardeberg Age 71	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.

**Name and Age**  
(as of March 1, 2007)

**Principal Occupation and Directorships**

**CONTINUING DIRECTORS**

*Class III Directors (terms expiring April 2008)*

<p>Malcolm M. Aslin</p> <p>Age 59</p>	<p>Director from February 1999 to April 2006, Chief Executive Officer from March 2003 to April 2006 and President and Chief Operating Officer from February 1999 to April 2006 of Gold Banc Corporation, Inc.; President and Principal Executive Officer from December 2001 to February 2006 and Trustee from December 2001 to December 2005, Gold Banc Funds; Chairman of the Board from October 1995 until February 1999 of Western National Bank and Unison Bancorporation, Inc. in Lenexa, Kansas; Chairman and Managing Director from October 1995 until February 1999 of CompuNet Engineering, L.L.C., a Lenexa, Kansas computer services business; President from May 1994 until May 1995 of Langley Optical Company, Inc., a wholesale optical laboratory located in Lenexa, Kansas. Also a director of ACT Teleconferencing, Inc. and Labconco Corporation. A director since April 2006.</p>
<p>Andrew N. Baur</p> <p>Age 62</p>	<p>Chairman of the Board of Southwest Bank of St. Louis, 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. and St. Louis Cardinals, L.P. A Director since October 2002.</p>
<p>John W. Daniels, Jr.</p> <p>Age 58</p>	<p>Partner and Executive Committee member, Quarles &amp; Brady, L.L.P., a law firm, from 1981 to present. 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&amp;J Foods, Inc. (and affiliates controlled by V&amp;J Foods, Inc.), Metropolitan Milwaukee Association of Commerce, Greater Milwaukee Foundation, NISH Institute for Leadership, Performance and Development, Wisconsin United for Health Foundation, Inc., Greater Milwaukee Committee and Ralph Evinrude Foundation. A Director since April 2005.</p>
<p>John A. Mellowes</p> <p>Age 68</p>	<p>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 Grede Foundries, Inc., 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.</p>

Name and Age (as of March 1, 2007)	Principal Occupation and Directorships
Robert J. O Toole  Age 66	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 and Factory Mutual Insurance Company. A Director since April 2002.
John S. Shiely  Age 54	Chairman of the Board since January 2003, President and Chief Executive Officer since 2001, President 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. and the Board of Trustees of the Medical College of Wisconsin. A Director since April 1999. <i>Class I Directors (terms expiring April 2009)</i>
Mark F. Furlong  Age 49	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 2001 to October 2004; Director and President of M&I Marshall & Ilesley Bank since July 2004; Director, Vice President and Treasurer of M&I Capital Markets Group, L.L.C. and M&I Ventures L.L.C.; Director of Metavante Corporation, Marshall & Ilesley Trust Company National Association, M&I Bank Mayville, M&I Equipment Finance Company, and Milease, LLC; Senior Vice President of Southwest Bank of St. Louis; Executive Vice President and Chief Financial Officer of Old Kent Financial Corporation from 1998 to 2001; First Vice President/Director of Corporate Development/Commercial Banking of H.F. Ahmanson & Co. from 1992 to 1998. Also a director of Kforce Inc. and Wisconsin Manufacturers & Commerce. A director since April 2006.
Ted D. Kellner  Age 60	Chairman and Chief Executive Officer of Fiduciary Management, Inc., an investment management firm, since 1980. Also a director of American Family Mutual Insurance Company and Kelben Foundation, Inc. A Director since April 2000.

**Name and Age  
(as of March 1, 2007)**

**Principal Occupation and Directorships**

Katharine C. Lyall

Age 65

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.

Peter M. Platten, III

Age 67

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.

James B. Wigdale

Age 70

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 Green Bay Packaging Inc. and Sentry Insurance. A Director since 1988.

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**CORPORATE GOVERNANCE MATTERS**

***Board of Directors***

The Board of Directors has determined that as of February 15, 2007, 12 of 18 (67%) 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. Assuming Mr. Lubar is elected at the Annual Meeting, 11 of 17 (65%) of the directors of M&I will be independent under the NYSE Standards immediately following the Annual Meeting. The independent directors and nominees for director as of the date of this Proxy Statement are: Ms. Lyall, Ms. Waller and Messrs. Chait, Daniels, Jacobs, Lubar, Mellows, Meyer, Orr, O Toole, Platten, Shiely and Wardeberg. The categorical independence standards adopted by the Board relate to banking and other business relationships with M&I and are attached to this Proxy Statement as Appendix A and available on M&I s web site described below.

The non-management directors of M&I have two regularly scheduled executive sessions per year and hold additional executive sessions as requested. 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 seven meetings and took action by unanimous written consent once in 2006. Each incumbent director attended at least 75% of the meetings of the Board and Board committees on which such director served, except for Ms. Waller, who was unable to attend several meetings due to medical reasons. 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](http://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 M&I'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 other 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.

Individuals who are not members of the Compensation Committee may attend Compensation Committee meetings only at the invitation of the Compensation Committee Chair. The Company's Chief Executive Officer, President, and Senior Vice President of Human Resources are typically invited to attend Compensation Committee meetings, although they are 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 six

meetings and took action by written consent three times in 2006. 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), Jacobs 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 12 meetings in 2006, including two 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 in 2006.

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 proposal to amend the Company's Restated Articles of Incorporation to declassify the Board of Directors as described on page 42, the Board adopted, subject to the approval of the proposed amendment by the shareholders, 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 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 two meetings in 2006.

#### ***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) and Wigdale and Ms. Waller. The Risk Management Committee held four meetings in 2006.

### **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 associates. Since January 1, 2006, 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 collectibility 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 associates.

From time to time, directors and executive officers of the Company and their associates may sell shares of their Common Stock to the Company pursuant to the Company's stock repurchase program. The purchase price for any such sales is the prevailing market price at the time of such sale.

On December 15, 2004, the Company entered into a consulting agreement with Mr. Wigdale. Under the consulting agreement, Mr. Wigdale agreed to consult with the executive officers and Board of Directors of the Company and its affiliates with respect to such matters as may be reasonably requested by the Company, and to continue to foster and maintain relationships with area businesses and community-based organizations on the Company's behalf. The consulting agreement will remain in effect for as long as Mr. Wigdale continues to serve on the Board of Directors, unless it is sooner terminated by the mutual written consent of the parties or by Mr. Wigdale's disability such that he is unable to perform his duties. Mr. Wigdale will not receive any cash remuneration under the consulting agreement. As compensation for the services described above, Mr. Wigdale will receive reimbursement for all reasonable travel and other expenses incurred in the performance of his duties under the consulting agreement; continued access to the Company's facilities and services, with secretarial services and office space sufficient for Mr. Wigdale to perform his duties; a company car; access to the company aircraft for company business use or personal use subject, in the case of personal use, to an annual maximum of \$30,000 of incremental cost to the Company, net of any reimbursement by Mr. Wigdale; club dues; and financial planning services. The maximum annual benefit provided by the Company on behalf of Mr. Wigdale is limited to \$50,000, after which Mr. Wigdale must reimburse the Company for the excess amount.

In connection with the Company's merger with Mississippi Valley Bancshares, Inc. on October 1, 2002, Mr. Baur entered into an employment agreement with M&I Marshall & Ilsley Bank (M&I Bank) under which Mr. Baur was employed until December 31, 2004. Under this agreement, Mr. Baur received a base salary of \$311,000 per year and an annual incentive bonus of \$200,000 (both of which were discontinued as of December 31, 2004, when he ceased to be an employee of M&I Bank), and is entitled to certain other benefits, including the right to participate in M&I's benefit and qualified retirement plans, the use of a car, and the payment of club dues until he reaches the age of 65 in 2009. Mr. Baur also will be provided with office space until December 31, 2009 and health insurance coverage until he reaches the age of 65 and, thereafter, he will be entitled to participate in M&I's Medicare supplemental insurance plan. Mr. Baur is also entitled under the agreement to receive payments of \$2,000 per month until he reaches the age of 65.

On December 15, 2004, Southwest Bank of St. Louis, a subsidiary of the Company, entered into a consulting agreement with Mr. Baur under which, beginning on January 1, 2005, Mr. Baur agreed to consult with the executive officers and Board of Directors of Southwest and its affiliates with respect to such matters as may reasonably be requested by Southwest or its affiliates. Mr. Baur will continue to serve as the Chairman of the Board of Southwest, and will maintain continued involvement with area businesses and community-based organizations on Southwest's behalf and continue to cultivate business development and expansion opportunities for the Company and its subsidiaries within Missouri and the surrounding markets. The consulting agreement will remain in effect until it is terminated by written notice, at least 90 days in advance, by either of the parties, or by Mr. Baur's death or disability such that he is unable to perform his duties. As compensation for such services, Southwest will pay Mr. Baur a consulting fee equal to \$10,000 per month, in addition to the \$2,000 monthly payment payable to Mr. Baur during the term of the consulting agreement in accordance with the post-employment obligations of the employment agreement described above. Southwest will also pay or reimburse Mr. Baur for all reasonable travel and other expenses incurred by Mr. Baur in performance of his duties under the consulting agreement, and will continue to provide Mr. Baur with a company car.

Effective April 1, 2006, Gold Banc Corporation, Inc. (Gold Banc) merged with the Company. In connection with this merger, in March 2006, Mr. Aslin, who had been Chief Executive Officer of Gold Banc, entered into a letter agreement with the Company and a consulting agreement with M&I Marshall & Ilsley Bank (M&I Bank). Under the letter agreement, Mr. Aslin received \$1,325,549 pursuant to a change of control agreement and related payments upon completion of the merger.

The term of Mr. Aslin's consulting agreement began on the date of the merger and will continue until the earlier of (1) termination of the agreement by Mr. Aslin or M&I Bank with 90 days' notice or (2) Mr. Aslin's death or disability. M&I Bank agreed that it will not terminate the agreement prior to the first anniversary of the

merger. Mr. Aslin's duties under the consulting agreement include continuing to cultivate both business development and expansion opportunities for the Company and its subsidiaries in certain designated markets. As compensation for such services, Mr. Aslin is paid a consulting fee of \$10,000 per month, he and his spouse receive subsidized health insurance coverage to the same extent as full-time Company employees, and his membership dues for country clubs in Kansas and Florida and two luncheon clubs in Kansas City are paid by M&I Bank during the term of the consulting agreement. Mr. Aslin also agreed to covenants regarding confidentiality, non-competition and non-solicitation of customers and employees for the term of the consulting agreement.

On December 21, 2006, the Company entered into a transition and consulting agreement with Mr. Kuester relating to Mr. Kuester's announced planned retirement as Chief Executive Officer on the date of the 2007 Annual Meeting of Shareholders. Under the transition and consulting agreement, Mr. Kuester will continue to serve as Chairman of the Board and will receive salary at his current rate and continue participation in other compensation and benefit programs until his retirement as an employee on January 1, 2008. Upon his retirement, Mr. Kuester will also be fully vested in any outstanding restricted shares or restricted share units, which are not otherwise vested in accordance with their normal terms on such date. The transition and consulting agreement further provides that, beginning on January 2, 2008, Mr. Kuester will consult with the executive officers and the Board of Directors of the Company and its affiliates with respect to such matters as may be reasonably requested by the Company. In addition to his duties as Chairman of the Board, Mr. Kuester will maintain continued involvement with area businesses on the Company's behalf, assist the Company with business development and retention, and participate in selected charitable organizations. The transition and consulting agreement will remain in effect for as long as Mr. Kuester continues to serve on the Board of Directors, unless it is sooner terminated by mutual written consent of the parties or by Mr. Kuester's death or disability such that he is unable to perform his duties.

Under the transition and consulting agreement, after January 1, 2008, Mr. Kuester will receive \$20,833.33 per month for each full or partial month during which he serves as non-executive Chairman of the Board. Also during this period, Mr. Kuester will receive reimbursement for all reasonable travel and other expenses incurred in the performance of his duties under the transition and consulting agreement; continued access to the Company's facilities and services, with secretarial services and office space sufficient for Mr. Kuester to perform his duties; a company car; access to Company aircraft, at Company expense, limited to direct business use or an annual maximum of 40 hours of personal use, after which Mr. Kuester must reimburse the Company for the excess amount; club dues; and financial planning services. As compensation for the consulting services to be provided by Mr. Kuester while he remains on the Company's Board but is no longer Chairman of the Board, Mr. Kuester will receive the same benefits as described above, except that his personal use of Company aircraft will be subject to an annual maximum of \$50,000 in value, and the maximum annual benefit provided by the Company on behalf of Mr. Kuester for his personal expenses will be limited to \$100,000. Mr. Kuester will be required to reimburse the Company for amounts in excess of these limits.

A son of each of Messrs. Baur and Wigdale was employed by the Company or its subsidiaries and each received compensation and benefits that exceeded \$120,000 in 2006. Neither of these employees was an executive officer of the Company. The compensation and benefits received by each were established by the Company in accordance with its employment and compensation practices applicable to employees holding comparable positions. Messrs. Baur and Wigdale are not among the directors who have been determined by the Board of Directors to be independent under the NYSE Standards and the categorical independence standards adopted by the Board. In addition, during 2006, the Company retained Quarles & Brady, L.L.P., a law firm in which Mr. Daniels is a Partner, to provide certain legal services to the Company and its subsidiaries.

## EXECUTIVE COMPENSATION

### COMPENSATION DISCUSSION AND ANALYSIS

#### *Compensation Philosophy, Policies and Objectives*

The Company believes that a strong management team comprised of the most talented individuals in key positions is critical to the profitability of the Company, and the Company's executive compensation program is an important tool for attracting and retaining such individuals. Therefore, it is vital that the Company's named executive officers receive an aggregate compensation package that is both competitive with the compensation received by similarly-situated executive officers at peer group companies, and also reflective of each individual named executive officer's contributions to the success of the Company on both a long-term and short-term basis. The objectives of the Company's compensation program, as discussed below, are designed to execute this philosophy.

The Company's executive compensation program is designed with two main objectives:

to offer a competitive total compensation value that will allow the Company to continue to attract, retain and motivate highly talented individuals to fill key positions; and

to align a significant portion of each executive's total compensation with the annual and long-term performance of the Company and the interests of the Company's shareholders.

With these objectives serving as a foundation, the Company seeks to reward leadership, innovation and entrepreneurship among its executive officers' qualities that are assessed in each executive in light of both the historical financial performance of the Company and the executive's role in ensuring the future financial success of the Company. These objectives are reflected in the charter of the Compensation Committee, which, among other things, directs the Compensation Committee to consider such factors as the Corporation's performance and relative shareholder return, and the value of similar incentive grants or awards to chief executive officers at similar companies in determining the Chief Executive Officer's compensation.

#### *Administration and Process*

The Company's executive compensation program is administered by the Compensation Committee. The Compensation Committee does not use formulaic or mechanical procedures in determining compensation amounts or allocation of specific elements of compensation, or in determining types of awards to be granted. Rather, the Compensation Committee, with input from the Company's compensation consultant, Hewitt Associates, establishes base salary and target performance levels based on a number of factors that are designed to further the Company's executive compensation objectives, including the Company's performance, the compensation received by similarly-situated executive officers at peer group companies, the conditions of the markets in which the Company operates and, as applicable, the conditions of the markets in which Metavante Corporation (Metavante) operates, and the relative earnings performance of peer group companies. For certain executive officers, the financial performance of the business unit or division for which the executive has responsibility may receive a proportionately larger consideration by the Compensation Committee.

The Compensation Committee regularly reviews the overall compensation of the Company's named executive officers. In 2006, Hewitt Associates presented a report to the Compensation Committee comparing the Company's performance, size and executive compensation levels to those of peer group companies. Hewitt Associates also reviewed with the Compensation Committee the base salaries, annual bonuses, total cash compensation, long-term compensation and total compensation of the Company's senior executive officers relative to those companies. The performance comparison presented to the Compensation Committee each year includes a comparison of the Company's total shareholder return, earnings per share growth, return on tangible equity and return on assets to the peer group companies on one-, three- and five-year bases. The Compensation Committee reviews this information along with tally sheets setting forth the components of each named executive officer's compensation.

Additional information concerning the Compensation Committee may be found in the Corporate Governance Matters section of this Proxy Statement.

***Peer Group***

As more fully described herein, one of the factors considered by the Compensation Committee is the relative performance of and the compensation of executives in peer group companies. The peer group is comprised of a subset of the companies included in the Keefe, Bruyette & Woods 50 Bank Index (the KBW 50 Index ) that provide relevant comparative information because the nature and scope of their businesses and the size of their asset holdings are similar to those of the Company. The composition of the peer group is reviewed annually and companies are added or removed from the group as circumstances warrant. For the last fiscal year, the peer group companies were:

AmSouth Bancorporation;

Associated Banc-Corp.;

BB&T Corporation;

Colonial Bancgroup Inc.;

Comerica Incorporated;

Commerce Bancorp, Inc.;

Compass Bancshares Inc.;

Fifth Third Bancorp;

First Horizon National Corporation;

Huntington Bancshares Inc.;

KeyCorp;

Northern Trust Corporation;

PNC Financial Services Group, Inc.;

Regions Financial Corporation;

Synovus Financial Corp.;

TD Banknorth Inc. (f/k/a Banknorth Group, Inc.); and

Zions Bancorporation.

***Elements of Executive Compensation***

The compensation package for the Company's senior executives has both objective (performance-based) and subjective elements. Based on its review of each named executive officer's total compensation opportunities and performance, and the performance of the Company, the Compensation Committee allocates compensation among the elements in the manner that it considers to be most likely to achieve the objectives of the Company's executive compensation program. The specific elements, which include base salary, annual incentive compensation and long-term compensation, are described below.

The Compensation Committee has negative and, in select instances, positive discretion to adjust performance results used to determine annual incentive and long-term incentive payouts to the named executive officers. Negative discretion may be used to adjust such performance results, as determined by the Compensation Committee. The Compensation Committee has positive discretion to adjust reported earnings per share amounts in order to reverse the impact of certain items to the extent they arise during an incentive performance cycle and

were not contemplated in establishing the Company's performance budget and related incentive performance targets. Items that may be adjusted pursuant to this positive discretion include, but are not limited to, the dilutive impact of acquisitions, in order to prevent creating a disincentive for named executive officers to enter into transactions that they believe to be in the best long-term interests of the Company and its shareholders; the effect of changes in accounting methods or tax rates or laws; gain or loss recognized from the sale of a division or subsidiary; and income or loss associated with a significant business or balance sheet restructuring. In 2006, the Compensation Committee used discretion, pursuant to pre-established criteria, with respect to the performance results under the annual incentive and long-term incentive plans for each named executive officer to increase reported earnings per share to reverse the dilutive impact of two acquisitions, to increase reported earnings per share to reflect changes associated with stock option expense and derivative accounting, and to decrease reported earnings to adjust for the carryover effect of an adjustment made by the Company in a previous year in connection with a debt refinancing.

#### *Base Salary*

Each of the Company's named executive officers receives a base salary, which is determined by the Compensation Committee based on a combination of two factors. The first factor is the Compensation Committee's evaluation of the salaries paid in the marketplace to executives with similar responsibilities. The second factor is the Compensation Committee's evaluation of the executive's unique role, job performance and other circumstances. Evaluating both of these factors allows the Company to offer a competitive total compensation value to each individual named executive officer, taking into account the unique attributes of, and circumstances relating to, each individual, as well as marketplace factors. This approach has allowed the Company to continue to meet its objective of offering a competitive total compensation value and attracting and retaining key personnel. Based on its review of these factors, the Compensation Committee determined to increase each of the named executive officers' base salaries in 2006 in order to maintain the Company's competitive total compensation position in the marketplace. More specific information regarding each named executive officer's base salary is provided under Executive Compensation Summary Compensation Table in this Proxy Statement.

#### *Annual Incentive Compensation*

The Company's Annual Executive Incentive Plan is intended to establish a direct correlation between the annual incentives awarded to the participants and the financial performance of the Company or its divisions or subsidiaries. This purpose is in keeping with the Company's compensation program objective of aligning a significant portion of each executive's total compensation with the annual performance of the Company and the interests of the Company's shareholders.

The Annual Executive Incentive Plan provides for annual cash incentives to the participants, which include all but two of the Company's named executive officers, based upon one or more objective financial performance criteria selected by the Compensation Committee. Frank R. Martire, President and Chief Executive Officer of Metavante, and Michael D. Hayford, Senior Executive Vice President of Metavante, are eligible to receive annual cash incentives under the Metavante Corporation Management Incentive Plan, a separate plan related to the performance of Metavante.

Under the Annual Executive Incentive Plan and, as applicable, the Metavante Corporation Management Incentive Plan, the Compensation Committee may select criteria from among earnings per share, earnings, return on average equity, return on average assets or revenue. Performance criteria may be used singularly or in combination, as determined by the Compensation Committee, to measure the performance of the Company or the applicable subsidiary or division or, as applicable, Metavante, for the purpose of determining whether, and to what extent, an award will be payable under the respective annual incentive plan for the performance year. The Compensation Committee bases its selection of performance goals on the Company's or, as applicable, Metavante's overall goals and performance budget for the year in order to align the goals of the named executive officers and other plan participants with the goals of the Company or Metavante. As such, the Compensation

Committee may select performance criteria that differ from year to year. For 2006, the performance criterion under the Annual Executive Incentive Plan was the Company's earnings per share. Under the Metavante Corporation Management Incentive Plan, the criteria were net income and revenue growth, weighted 75% and 25%, respectively.

The Annual Executive Incentive Plan and the Metavante Corporation Management Incentive Plan reward eligible senior executives with an incentive award based on a percentage of each participant's base salary if the performance goals set by the Compensation Committee are met for that year. Each January, the Compensation Committee evaluates the participants' cash incentive opportunities under the plans and establishes target performance levels based on a number of factors, including the Company's performance, the conditions of the markets in which the Company operates and, as applicable, the conditions of the markets in which Metavante operates, the earnings performance of peer group companies, and annual cash incentive amounts provided by the peer group companies described above. The target performance levels are based on the Company's performance budget in order to reflect the Company's outlook, and are also intended to reward superior performance relative to peer group companies, taking into consideration the market conditions and industry trends that affect the Company. The targets are intended to be realistic enough to be reasonably attainable given a maximum effort on the part of the Company's named executive officers in consideration of conditions and trends. Award levels are determined by the Compensation Committee based on its review of peer group company award levels. Performance by the Company and by Metavante exceeded targeted performance levels in 2006, and, based on management's current expectations relative to the accomplishment of performance objectives, the Company believes it is likely that the target performance levels will be attained in 2007. No payouts are made for performance below threshold levels.

Additional information regarding the Company's annual incentive compensation, including 2006 performance criterion and results, may be found in the "Grants of Plan-Based Awards" table and the narrative that follows in the "Executive Compensation" section of this Proxy Statement.

#### *Long-Term Compensation*

Long-term compensation is an area of particular emphasis in the Company's executive compensation program, because the Company believes that these incentives foster the long-term perspective necessary for the continued success of the Company. Again, this emphasis is in keeping with the Company's compensation program objective of aligning a significant portion of each executive's total compensation with the long-term performance of the Company and the interests of the Company's shareholders. The Company intends to continue this emphasis on long-term awards.

In arriving at long-term award levels, the Compensation Committee uses information provided by Hewitt Associates to compare the total value of each executive's long-term award package to those provided by peer group companies for similar positions. The Compensation Committee also determines the allocation of long-term awards to each long-term compensation component, including awards under the Company's Equity Incentive Plan and Long-Term Incentive Plans. The types of awards available under these plans are described below. The Compensation Committee determines which types of awards to grant and the amounts to be allocated to long-term compensation with respect to each named executive officer based on its review of the composition and amount of such individual's overall compensation package and its consultation with Hewitt Associates.

The Compensation Committee has chosen to use three forms of long-term awards: stock options, restricted stock and long-term incentive units. In determining the allocation of the long-term awards to the named executive officers from among these forms of awards, the Compensation Committee has determined to place the greatest emphasis on stock options. There are several reasons for this determination. First, stock options directly align the value of the benefit to the named executive officers with shareholder interests, since executives recognize a value only if and to the extent that the value of the Company's Common Stock increases. In addition, stock options are the most prevalent form of award among the Company's peers. Finally, the term of stock options is the longest among the various long-term awards, providing an incentive for the named executive officers to create long-term shareholder value.

With regard to allocation of other forms of awards, the Compensation Committee has generally determined to place comparable emphasis on each of the restricted stock and long-term incentive units. Each of these forms of award has characteristics that further the objectives of the Company's executive compensation program. Restricted stock represents an award of full-value shares and vests over a period of five years. While the value of shares of restricted stock varies based upon the performance of the Company's Common Stock, the primary objectives of this form are to attract and retain the highly-talented individuals to whom the award is given. Long-term incentive units represent share equivalents of the Company's Common Stock. Because long-term incentive units are earned only to the extent certain performance criteria are achieved, they provide a direct correlation of the resulting payments, if any, to the long-term performance of the Company.

*Stock Options.* Stock options represent a right to purchase a specified number of shares of Common Stock at a purchase price of not less than 100% of the fair market value of the Common Stock on the date the option is granted. Except in the case of specified corporate events such as stock splits or reclassifications of shares, the purchase price for Common Stock subject to options may not be reduced without the consent of the Company's shareholders. The Compensation Committee determines the number of options to grant based on its analysis of awards by peer group companies, in keeping with the Company's objective of offering a competitive total compensation value.

Prior to 2002, stock options were granted on the date of the Compensation Committee meeting at which they were approved. Since 2002, the Company's practice has been to grant stock options in October of each year, two weeks after the Company releases its earnings information for the third quarter of such year. The Compensation Committee may also grant stock options and, as described below, restricted shares, throughout the year in connection with new hires or special executive retention situations, such as promotions. Mr. Smith was granted stock options and restricted shares in June 2006 in connection with the commencement of his employment as the Company's Senior Vice President and Chief Financial Officer. Mr. Furlong was granted restricted shares in December 2006 in connection with the Company's announcement that he will succeed Mr. Kuester as Chief Executive Officer of the Company. The Compensation Committee has not made any retroactive grants of stock options.

*Restricted Stock or Restricted Stock Unit Awards.* A restricted stock or restricted stock unit award is an award of stock, or in the case of a restricted stock unit, a bookkeeping entry granting a participant the right to a share of Common Stock in the future, for some or no monetary consideration, as the Compensation Committee may specify.

*Long-Term Incentive Units.* Under the Company's 1994 Long-Term Incentive Plan, the Company may award units representing share equivalents of the Company's Common Stock to participants in the plan, including the Company's named executive officers. Similarly, under the Metavante Corporation Long-Term Incentive Plan, the Company may award targeted cash payments (rather than units) to executive officers of Metavante, including Mr. Martire and Mr. Hayford. In January of each year, the Compensation Committee approves the performance criteria and payout multiples under the plans with respect to the performance period determined by the Compensation Committee typically the three-year performance period commencing in January of each year. The measures among which the Compensation Committee may choose in establishing performance criteria are one or more of earnings per share, earnings, net income, revenues, return on average assets, return on average equity, total shareholder return or cost control of the Company and/or one or more of its subsidiaries or divisions. For executive officers of Metavante, the performance measures are based one-half on these Company performance criteria and one-half on criteria specifically related to the performance of Metavante. No payments of awards under the plans are made until the Compensation Committee determines that the performance to which the awards are subject has been met, and the Compensation Committee has the discretion to reduce or eliminate entirely any award if it determines that it is in the best interests of the Company to do so. The specific performance criteria with respect to each performance period and the weight given to each of such criteria are based on a pre-determined compound annual growth rate of earnings per share or earnings and a target performance ranking for total shareholder return relative to the peer group.

Target long-term performance levels for growth in earnings per share or earnings are intended to reflect strong earnings performance relative to the peer group companies, and target performance levels for total shareholder return are established at median performance relative to the companies in the KBW 50 Index. Target performance levels were exceeded in 2006 and, based on the Company's performance to date for the current three-year performance period and management's current expectations relative to the accomplishment of performance objectives, the Company believes it is likely that the long-term performance targets will be attained in 2007.

Additional information regarding the Company's long-term incentive compensation, including 2006 performance criterion and results, may be found in the Grants of Plan-Based Awards table and the narrative that follows under the Executive Compensation section of this Proxy Statement.

#### *Other Benefits and Perquisites*

The Company's executive officers participate in the health and dental coverage, life insurance, paid vacation and holiday and other programs that are generally available to all of the Company's employees.

The perquisites provided to each of the named executive officers are regularly reviewed by the Compensation Committee. These perquisites include payment of club dues, personal financial planning and tax preparation services, personal use of Company cars and, with respect to the Chairman and the President, personal use of Company aircraft limited to 40 flight hours per year. The Company values perquisites at their incremental cost to the Company in accordance with SEC regulations, and the named executive officers are allowed to reimburse the Company for such perquisites at their incremental cost to the Company to the extent that limitations on personal use are exceeded. Executive officers spouses and immediate family members may accompany them on Company aircraft using unoccupied space on flights that were already scheduled, and the Company recognizes no incremental cost in connection with such use.

The Company believes that the benefits and perquisites it provides to its named executive officers are within competitive practice and customary for executives in key positions at comparable companies. Such benefits and perquisites serve the Company's objective of offering competitive compensation that allows the Company to continue to attract, retain and motivate highly talented people to these critical positions, ultimately providing a substantial benefit to the Company's shareholders. Certain perquisites are also provided in part to reduce the amount of time and energy the named executive officers are required to devote to non-Company related matters, providing them additional time to focus on Company-related endeavors.

#### *Change of Control Agreements*

The Company recognizes that, as with any public company, it is possible that a change of control of the Company may take place in the future. The Company also recognizes that the threat or occurrence of a change of control can result in significant distractions of key management personnel because of the uncertainties inherent in such a situation. The Company also believes that it is essential and in the best interests of the Company (including Metavante) and its shareholders to retain the services of its key management personnel in the event of the threat or occurrence of a change of control and to ensure their continued dedication and efforts in such event without undue concern for their personal financial and employment security. In keeping with this belief and its objective of retaining and motivating highly talented individuals to fill key positions, the Company has substantially similar change of control agreements with all of the named executive officers and other executive officers of Marshall & Ilsley Corporation, and with certain officers of Metavante, including Mr. Martire and Mr. Hayford.

The change of control agreements with respect to Marshall & Ilsley Corporation guarantee the named executive officers specific payments and benefits upon a termination of employment as a result of a change of control of the Company. If a change of control occurs, the contract becomes effective and continues for a term of three years (in the case of Mr. Hayford, two years). The employment term renews on a daily basis until the Company gives notice to terminate the daily renewal.

The Metavante change of control agreements are triggered upon a change of control of Metavante rather than Marshall & Ilsley Corporation. In no event will payments be made or benefits be paid to Metavante.

employees under both agreements. The Metavante change of control agreements provide for specified benefits upon a change of control of Metavante if an employee voluntarily terminates employment for good reason, or is involuntarily terminated other than for cause, as defined in the agreements, within a three-year period following the change of control.

Additional details of the terms of the change of control agreements described above are provided in the Executive Compensation Potential Payments upon Termination or Change of Control section of this Proxy Statement.

### ***Retirement Plans***

The Company has agreed to provide Mr. Kuester and Mr. Furlong with supplemental retirement benefits. The purpose of the Company's arrangement with Mr. Kuester is to provide him with an annual retirement benefit such that the sum of the benefits from the Company's Retirement Growth Plan, the Company's Amended and Restated Supplementary Retirement Benefits Plan, the SERP account of the Company's Amended and Restated Deferred Compensation Plan, Social Security and the Marshall & Ilsley Corporation Nonqualified Retirement Benefit Plan equals 60% of the sum of his average salary and annual short-term incentive compensation for his last five years of employment. The Company's arrangement with Mr. Furlong is intended to provide him with an annual retirement benefit such that the sum of the benefits from the Company's contributions into its qualified and nonqualified retirement programs, Social Security and his supplemental retirement plan equals 55% of the sum of Mr. Furlong's highest average salary and annual short term incentive compensation for any five of his last ten years of employment.

The 2005 Marshall & Ilsley Corporation Executive Deferred Compensation Plan provides selected key employees of the Company, including the named executive officers, with the ability to defer up to 80% of base salary and 100% of annual incentive payments. The plan also allows for deferral of gains upon vesting of shares of key restricted stock.

In addition, because of changes in the federal income tax law governing the taxation of split-dollar life insurance benefits, in 2003 the Company entered into death benefit award agreements with Mr. Kuester and certain other senior executives under which a nonqualified death benefit plan was substituted for their previous life insurance arrangements. Originally, the life insurance benefits were provided in lieu of certain benefits to which Mr. Kuester was entitled under the Deferred Compensation Plan. Pursuant to these agreements, the beneficiaries of Mr. Kuester are provided with a death benefit that is a formula amount based primarily on certain life insurance proceeds.

Each of the retirement plans described above, which are described in more detail in the Executive Compensation Potential Payments upon Termination or Change of Control section of this Proxy Statement, are intended to reward the executives for their contributions to the success of the Company based on a variety of measures. By rewarding valuable contributions by the named executive officers, the Company believes it is better able to achieve its objectives of attracting and retaining highly-talented individuals to fill key positions.

### ***Impact of Accounting and Tax Treatments***

Section 162(m) of the Internal Revenue Code (the Code) prohibits publicly held companies, such as the Company, from deducting certain compensation to any one named executive officer in excess of \$1,000,000 during the tax year. However, Section 162(m) provides that, to the extent that compensation is based on the attainment of performance goals set by the Compensation Committee pursuant to plans approved by the Company's shareholders, the compensation is not included for purposes of arriving at the \$1,000,000.

The Company, through the Compensation Committee, intends to attempt to qualify executive compensation as tax deductible to the extent feasible and where it believes it is in the best interests of the Company and its

shareholders. It does not intend to permit this arbitrary tax provision to distort the effective development and execution of the Company's compensation program. Thus, the Compensation Committee is permitted to and will continue to exercise discretion in those instances in which mechanistic approaches necessary to satisfy tax law considerations could compromise the interests of the Company's shareholders. In addition, because of the uncertainties associated with the application and interpretation of Section 162(m) and the regulations issued thereunder, there can be no assurance that compensation intended to satisfy the requirements for deductibility under Section 162(m) will in fact be deductible.

Section 409A of the Code, which was signed into law in October 2004, amended the tax rules to impose restrictions on funding, distributions and elections to participate in nonqualified deferred compensation arrangements. While the Company believes that it is operating in compliance with the statutory provisions relating to Section 409A that are currently effective, the final regulations under the section have yet to be issued, and it is possible that the Company will have to make adjustments to its nonqualified deferred compensation arrangements to comply with the rules once they become effective.

#### **COMPENSATION AND HUMAN RESOURCES COMMITTEE REPORT**

The Compensation Committee of Marshall & Ilsley Corporation has reviewed with management the Compensation Discussion and Analysis included in this Proxy Statement. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

#### **The Compensation and Human Resources Committee:**

Mr. Wardeberg, Chairman

Mr. O Toole

Mr. Shiely

## SUMMARY COMPENSATION TABLE

Name	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation	All Other Compensation	Total (\$)
							Compensation Earnings		
		(\$)(1)	(\$)	(\$)(2)	(\$)(3)	(\$)(4)	(\$)(5)	(\$)(6)	
Dennis J. Kuester Chairman and Chief Executive Officer	2006	\$ 925,000		\$ 2,163,344	\$ 1,760,171	\$ 1,452,250	\$ 1,479,013	\$ 305,929	\$ 8,085,707
Mark F. Furlong President and President, M&I Marshall & Ilsley Bank	2006	600,000		1,206,654	794,189	784,800	701,853	127,600	4,215,096
Frank R. Martire Senior Vice President and President and Chief Executive Officer, Metavante Corp.	2006	500,000		290,789	543,690	1,387,783		113,986	2,836,248
Gregory A. Smith (7) Senior Vice President and Chief Financial Officer	2006	242,045	\$ 48,325(9)	114,931	108,278	351,675	2,946	39,118	907,318
John M. Presley (8) Senior Vice President and Chief Financial Officer (Resigned)	2006	86,833		(252,787)	(195,707)			45,927	(315,734)
Michael D. Hayford Senior Vice President and Senior Executive Vice President and Chief Operating Officer, Metavante	2006	395,000		147,121	274,791	1,008,992		92,313	1,918,217

(1) Salary adjustments for the Company's executive officers generally are effective on January 1 of each year.

(2) Represents the expense for both restricted shares and long-term incentive units recognized by the Company in accordance with Financial Accounting Standard No. 123(R) ( FAS 123(R) ), which requires that compensation cost relating to share-based payment transactions be recognized in financial statements. The values set forth in this column represent the dollar amounts recognized in accordance with FAS

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123(R) with respect to fiscal 2006, disregarding the estimate of forfeitures for service-based vesting conditions. The expense recognized by the Company in accordance with FAS 123(R) may differ from the value that will eventually be realized by the named executive officers, which will be based on the market value of the Common Stock at the time of vesting (and, for the long-term incentive units, will also be dependent upon the performance of the Company relative to the targets established by the Compensation Committee). The assumptions used to determine the FAS 123(R) values are described in Note 18 to the consolidated financial statements in M&I's Annual Report on Form 10-K for the year ended December 31, 2006. The expense attributable to stock awards granted in October 2006 (for Mr. Smith, this also includes the June 2006 awards) and the expense attributable to unvested stock awards granted in prior years, respectively, for each named executive officer are as follows: Mr. Kuester \$42,360 and \$2,120,894; Mr. Furlong \$21,180 and \$1,185,474; Mr. Martire \$14,120 and \$276,669; Mr. Smith \$114,931 and \$0; Mr. Presley \$0 and \$(252,787); and Mr. Hayford \$8,796 and \$138,335.

- (3) Represents the expense for stock options recognized by the Company in accordance with FAS 123(R). The values set forth in this column represent the dollar amounts recognized in accordance with FAS 123(R) with

respect to fiscal 2006, disregarding the estimate of forfeitures for service-based vesting conditions. The expense recognized by the Company in accordance with FAS 123(R) may differ from the value that will eventually be realized by the named executive officers. The named executive officers will realize value in connection with the stock options only if and to the extent the price of the Common Stock exceeds the exercise price of the stock options at such time as the officers exercise the stock options. The assumptions used to determine the FAS 123(R) values are described in Note 18 to the consolidated financial statements in M&I's Annual Report on Form 10-K for the year ended December 31, 2006. The expense attributable to option awards granted in October 2006 (for Mr. Smith, this also includes the June 2006 award) and the expense attributable to unvested option awards granted in prior years, respectively, for each named executive officer are as follows: Mr. Kuester \$1,760,171 and \$0; Mr. Furlong \$47,694 and \$746,495; Mr. Martire \$31,799 and \$511,891; Mr. Smith \$108,278 and \$0; Mr. Presley \$0 and \$(195,707); and Mr. Hayford \$19,632 and \$255,159. Because he is over 55 years of age and has more than ten years of service with the Company, Mr. Kuester's options were fully vested on the date of grant.

- (4) Includes the following payments made under the Annual Executive Incentive Compensation Plan: Mr. Kuester \$1,452,250; Mr. Furlong \$784,800; Mr. Smith \$351,675. Includes the following payments made under the Metavante Corporation Management Incentive Plan: Mr. Martire \$624,151 and Mr. Hayford \$513,906. Includes the following payments made under the Metavante Corporation Long-Term Incentive Plan: Mr. Martire \$365,225 and Mr. Hayford \$219,135. Includes the following payments made under the Metavante Corporation Acquisition Incentive Plan: Mr. Martire \$398,407 and Mr. Hayford \$275,951.
- (5) Represents the following changes in present value of account balances under the Nonqualified Retirement Benefit Plan and the Supplemental Retirement Benefit Agreement, respectively, for 2006: Mr. Kuester \$1,479,013; and Mr. Furlong \$701,853. Includes the following above-market amounts accrued by M&I on account balances under the Supplementary Retirement Benefit Plan and the Executive Deferred Compensation Plan for 2006 (utilizing crediting rates under the plans which are indexed to either the Moody's A Long-Term Corporate Bond Rate or the S&P 500 Index, based upon the participant's election) over the amounts determined pursuant to SEC rules: Mr. Smith \$2,946.
- (6) Includes the following contributions by M&I under the Retirement Program for 2006: Mr. Kuester \$24,200; Mr. Furlong \$24,200; Mr. Martire \$24,200; and Mr. Hayford \$24,200. Includes the following employer contributions into the Executive Deferred Compensation Plan based on compensation paid or deferred during 2006: Mr. Kuester \$169,872; Mr. Furlong \$89,998; Mr. Martire \$68,832; Mr. Smith \$25,964; and Mr. Hayford \$50,000. The Company provides perquisites to each of the named executives officers. These perquisites include payment of club dues, personal financial planning and tax preparation services, personal use of Company cars and, with respect to Mr. Kuester and Mr. Furlong, personal use of Company aircraft limited to 40 flight hours per year. The named executive officers are allowed to reimburse the Company for such perquisites at the incremental cost of such perquisites to the Company to the extent that limitations on personal use are exceeded. The aggregate unreimbursed value of the perquisites provided to the Company's named executive officers are as follows: Mr. Kuester \$111,857; Mr. Furlong \$13,402; Mr. Martire \$20,954; Mr. Smith \$13,154; Mr. Presley \$45,927; and Mr. Hayford \$18,113. The perquisites that exceed \$25,000 in value include Mr. Kuester's personal use of company aircraft in the amount of \$70,059 and the value of the company-owned automobile provided to Mr. Presley upon his termination of employment in the amount of \$39,761. Executive officers' spouses and immediate family members may accompany them on Company aircraft using unoccupied space on flights that were already scheduled, and the Company recognizes no incremental cost in connection with such use. All perquisites are valued for disclosure purposes at their incremental cost to the Company in accordance with SEC regulations.
- (7) Mr. Smith's employment with the Company commenced on June 19, 2006.
- (8) Mr. Presley resigned his employment with the Company effective March 24, 2006. As a result, Mr. Presley forfeited options to purchase 85,000 shares of Common Stock, 15,000 restricted stock units and 10,000 units awarded under the Company's 1994 Long-Term Incentive Plan.
- (9) Represents a discretionary cash payment to Mr. Smith in recognition of his contributions to the Company.

## GRANTS OF PLAN-BASED AWARDS IN FISCAL 2006

Name	Grant Date	Approval Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise Price of Option Awards (\$/Sh)(9)	Grant Date Fair Value of Stock and Option Awards (\$)(10)
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
Dennis J. Kuester			\$	\$	\$					\$	\$	
	(1)	(3)	370,000	1,110,000	1,887,000				20,250	182,250	48.07	973,418
	10/30/06	(3)										1,760,535
	10/30/06	10/19/06										
	12/21/06 (4)	10/19/06				4,500	18,000	49,500				
Mark F. Furlong												
	(1)	10/19/06	210,000	600,000	1,020,000				10,125	91,125	48.07	486,709
	10/30/06	(3)										830,149
	10/30/06											718,050
	12/21/06											
	12/21/06 (4)					3,750	15,000	41,250	15,000			
Frank R. Martire												
	(2)	10/19/06	360,000	450,000	750,000				6,750	60,750	48.07	324,473
	10/30/06	(3)										553,433
	10/30/06	(5)										
			75,000	300,000	825,000							
Gregory A. Smith												
	(1)		84,375	270,000	455,625				17,500			782,425
	06/19/06									60,000	44.71	518,400
	06/19/06	04/25/06 (3)										161,035
	10/30/06	04/25/06 (3)										273,300
	10/30/06	10/19/06 (3)							3,350			
	12/21/06 (4)	10/19/06 (3)				1,250	5,000	13,750		30,000	48.07	
John M. Presley	(1)(6)		100,000	320,000	540,000							

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Michael D.  
Hayford

	10/19/06							
	10/19/06	(3)	296,000	370,000	616,700			
	10/30/06	(3)						
	10/30/06	(5)						
						4,200		
			50,000	550,000			37,500	48.07
								201,894
								341,625
				200,000				

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- (1) Includes incentive awards made under the Annual Executive Incentive Compensation Plan. Actual amounts paid under the Annual Executive Incentive Compensation Plan in 2006 are included in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table in this Proxy Statement.
- (2) Includes incentive awards made under the Metavante Corporation Management Incentive Plan. Actual amounts paid under the Metavante Corporation Management Incentive Plan in 2006 are included in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table in this Proxy Statement.
- (3) The Compensation Committee approves the annual stock option and restricted stock awards at i