MARSHALL & ILSLEY CORP/WI/
Form PRE 14A
February 14, 2003

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act

of 1934 (Amendment No.)

Filed by the Registrant [x]

Filed by a Party other than the Registrant [ ]

Check the appropriate box:

[X] 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 Pursuant to §240.14a-12

Marshall & Ilsley Corporation

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

[x] No fee required.

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

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule

0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

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[ ] Fee paid previously with preliminary materials.

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

PRELIMINARY COPIES

MARSHALL & ILSLEY CORPORATION

770 North Water Street

Milwaukee, Wisconsin 53202

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

April 22, 2003

To the Shareholders of Marshall & Ilsley Corporation:

The 2003 Annual Meeting of Shareholders of Marshall & Ilsley Corporation will be held at the Pabst Theater, 144 East Wells Street, Milwaukee, Wisconsin, on Tuesday, April 22, 2003 at 10:00 a.m., local time, for the following purposes:

(1) To elect six Directors to serve until the 2006 Annual Meeting of Shareholders and until their respective successors are elected and qualified;

(2) To approve the Marshall & Ilsley Corporation 2003 Executive Stock Option and Restricted Stock Plan;

(3) To approve the Marshall & Ilsley Corporation Amended and Restated 1994 Long-Term Incentive Plan for Executives;

(4) To amend the Restated Articles of Incorporation of Marshall & Ilsley Corporation to increase the authorized common stock from 320,000,000 shares to 700,000,000 shares; 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 February 27, 2003 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 written notice of revocation to the Secretary of the Company or by submitting a later-dated proxy.

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, 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 10, 2003

PRELIMINARY COPIES

MARSHALL & ILSLEY CORPORATION

770 North Water Street

Milwaukee, Wisconsin 53202

March 10, 2003

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 to be held on Tuesday, April 22, 2003 (the Annual Meeting). At the Annual Meeting, the shareholders of the Company will elect six Class I Directors, each of whom will hold office until April 2006 and, with respect to each Director, until his or her successor is elected and qualified. The Company s shareholders will also be asked to approve the Company s 2003 Executive Stock Option and Restricted Stock Plan (the 2003 Stock Option Plan), the Company s Amended and Restated 1994 Long-Term Incentive Plan for Executives (the 1994 Long-Term Incentive Plan or LTIP), and an amendment to the Company s Restated Articles of Incorporation to increase the authorized common stock of the Company from 320,000,000 shares to 700,000,000 shares.

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 and any reasonable out-of-pocket disbursements. The Proxy Statement and the Proxy are being sent to the Company s shareholders commencing on or about March 10, 2003. Shareholders who have consented to electronic delivery of the Proxy Statement and the Company s Annual Report on Form 10-K will receive those documents via posting on M&I s web site: www.micorp.com/ereports.html.

Each shareholder of record at the close of business on February 27, 2003 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 February 27, 2003, 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 prior to the voting thereof 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.

The Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2002 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 Class I Director, FOR approval of the 2003 Stock Option Plan, FOR approval of the 1994 Long-Term Incentive Plan, and FOR approval of the proposed amendment to the Company s Restated Articles of Incorporation. 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. Directors are elected by a plurality of the votes cast by holders of the Company s 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 effect in the election of directors except to the extent that the failure to vote for an individual results in another individual receiving a larger number of votes. 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. Approval of the 2003 Stock Option Plan and the 1994 Long-Term Incentive Plan requires the affirmative vote of a majority of the votes cast on each proposal, provided that the total vote cast on such proposal represents over 50% of the Company s outstanding shares. With respect to the proposals to approve the 2003 Stock Option Plan and the 1994 Long-Term Incentive Plan, abstentions will have the effect of votes against such proposals and broker non-votes will not be counted as votes cast on either proposal. The affirmative vote of the holders of two-thirds of the Company s outstanding shares is required to approve the proposed amendment to the Company s Restated Articles of Incorporation. With respect to the proposal to approve the amendment to the Company s Restated Articles of Incorporation, abstentions and broker non-votes will have the effect of votes against such proposal.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table lists as of January 31, 2003 information regarding the beneficial ownership of shares of Common Stock by each current 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 770 North Water Street Milwaukee, WI 53202	17,934,812 (2)	7.9%
The Northwestern Mutual Life Insurance Company 720 East Wisconsin Avenue Milwaukee, WI 53202	15,513,346 (3)	6.9%
Richard A. Abdoo	16,200(4)	*
David L. Andreas	3,727,416(5)	1.7%
Andrew N. Baur	834,715(6)	*
Thomas M. Bolger	323,453(7)	*
Wendell F. Bueche	66,915(8)	*
Jon F. Chait	93,450(9)	*
Mark F. Furlong	86,666(10)	*
Timothy E. Hoeksema	31,000(11)	*
Bruce E. Jacobs	50,145(12)	*
Donald R. Johnson	17,793(13)	*
Ted D. Kellner	699,795(14)	*
Dennis J. Kuester	1,569,178(15)	*
Katharine C. Lyall	27,000(16)	*
John A. Mellowes	18,786(17)	*
Edward L. Meyer, Jr.	72,811(18)	*
San W. Orr, Jr.	925,330(19)	*
Robert J. O Toole	15,665(20)	*
Peter M. Platten, III	522,141(21)	*
Robert A. Schaefer	168,986(22)	*
John S. Shiely	34,000(11)	*
James A. Urdan	110,679(23)	*
George E. Wardeberg	40,377(24)	*
James B. Wigdale	2,070,098(25)	*
Jeffrey V. Williams	424,635(26)	*

All current directors and executive officers of the Company as a group (34 persons) own 12,935,397 shares of Common Stock or 5.7% of the total Common Stock outstanding. (27)

*less than 1%

(1) Except as indicated below, all shares shown in the table are owned with sole voting and investment power. Includes options transferred to the employee s immediate family or trust or partnership for the benefit thereof.
(2) This information is based on Amendment No. 22 to Schedule 13-G filed on February 13, 2003. 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 N.A. (the Trust Company) and M&I Investment Management Corp. Of these shares, one or more of the subsidiaries has sole voting power as to 2,181,332 shares, shared voting power as to 12,133,758 shares, sole investment power as to 4,736,221 shares and shared investment power as to 13,198,591 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 11,227,423 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. 14 to Schedule 13-G filed on February 13, 2003. Of these shares, 7,688,456 are owned directly by The Northwestern Mutual Life Insurance Company (NML), 63,400 are owned by investment company affiliates of NML and 7,761,490 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. In 1999, the Board of Governors of the Federal Revenue Board (FRB) released NML from the limitations set forth in the December 27, 1985 letter to NML from the FRB. In connection with such action, NML agreed to notify the 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 15,000 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2003.
(5) Includes 3,150,506 shares held in a partnership for the benefit of family members. Mr. Andreas has sole voting power and shared investment power but no pecuniary interest in these shares.
(6) Includes 30,379 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2003.
(7) Includes 588 shares held by Mr. Bolger s family as to which he disclaims beneficial ownership, 245,333 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2003, and 6,000 shares of restricted stock as to which Mr. Bolger exercises sole voting power.
(8) Includes 40,000 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2003 and 6,915 shares credited under the Company s deferred compensation plan for directors.
(9) Includes 45,000 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2003 and 31,200 shares credited under the Company s deferred compensation plan for directors.
(10) Includes 66,666 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2003 and 20,000 shares of restricted stock as to which Mr. Furlong exercises sole voting power.
(11) Includes 30,000 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2003.
(12) Includes 2,400 shares held by Mr. Jacobs family as to which he disclaims beneficial ownership, 15,000 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2003, and 11,920 shares credited under the Company s deferred compensation plan for directors.
(13) Includes 15,000 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2003 and 2,793 shares credited under the Company s deferred compensation plan for directors.
(14) Includes 50,000 shares held by a trust for which Mr. Kellner exercises shared voting and investment power, 501,800 shares held in the Kellner Family Limited Partnership as to which he disclaims beneficial ownership in excess of his pecuniary interest, 127,200 shares held by a private foundation as to which he has no pecuniary interest, 15,000 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2003, and 2,795 shares credited under the Company s deferred compensation plan for directors.
(15) Includes 25,590 shares as to which Mr. Kuester exercises sole voting power and 1,166,000 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2003.
(16) Includes 25,000 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2003.

(17) Includes 1,200 shares held by a trust as to which Mr. Mellowes disclaims beneficial ownership, 15,000 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2003, and 586 shares credited under the Company s deferred compensation plan for directors.
(18) Includes 2,881 shares held by Mr. Meyer s family as to which he disclaims beneficial ownership, 55,320 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2003, and 7,916 shares credited under the Company s deferred compensation plan for directors.
(19) Includes 807,426 shares held by trusts for which Mr. Orr exercises shared voting and investment power and as to which Mr. Orr disclaims beneficial ownership, 45,000 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2003, and 32,206 shares credited under the Company s deferred compensation plan for directors.
(20) Includes 15,000 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2003 and 665 shares credited under the Company s deferred compensation plan for directors.
(21) Includes 17,496 shares held by Mr. Platten s family as to which he disclaims beneficial ownership, 126,450 shares as to which Mr. Platten exercises sole voting power, and 25,000 shares of which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2003.
(22) Includes 35,000 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2003 and 4,264 shares credited under the Company s deferred compensation plan for directors.
(23) Includes 14,400 held by Mr. Urdan s family as to which he disclaims beneficial ownership, 10,000 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2003, and 36,679 shares credited under the Company s deferred compensation plan for directors.
(24) Includes 25,000 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2003 and 15,377 shares credited under the Company s deferred compensation plan for directors.
(25) Includes 23,356 shares held by Mr. Wigdale s family as to which he disclaims beneficial ownership and 1,427,000 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2003.
(26) Includes 293,200 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2003.
(27) Includes 26,000 shares of restricted stock as to which the holders exercise sole voting power and 4,557,959 shares which could be acquired pursuant to the exercise of stock options within 60 days of January 31, 2003.

In addition to the ownership of Company Common Stock described above, each of Messrs. Bolger, Bueche, Kuester, Orr, Shiely, Urdan, Wigdale and Williams beneficially owns a total of 28 shares of Series A Adjustable Rate Preferred Stock (the Preferred Stock) of the Company s subsidiaries formed as real estate investment trusts (the REIT Subsidiaries). Mr. Kuester s wife also owns a total of 28 shares of Preferred Stock of the REIT Subsidiaries. Mr. Kuester disclaims beneficial ownership of these shares. Mr. Kellner exercises sole voting and investment power with respect to a total of 28 shares of Preferred Stock of the REIT Subsidiaries held by a family member s estate for which Mr. Kellner serves as the executor. Each such person owns less than 1% of the outstanding Preferred Stock of each subsidiary. All current directors and executive officers as a group beneficially own a total of 392 shares of Preferred Stock of the REIT Subsidiaries, representing 1.3% of the Preferred Stock of each subsidiary.

ELECTION OF DIRECTORS

The Company s Restated Articles of Incorporation 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 Class I Directors to serve until the Company s 2006 Annual Meeting of Shareholders and, with respect to each Director, until his or her successor is elected and qualified. Each Class I Director s term expires at the 2003 Annual Meeting. The following table sets forth certain information with regard to each of the nominees for election as a Director as well as each of the Company s continuing Class II and Class III Directors.

Mr. Bueche, who has been a Director for 20 years, will be retiring from the Board at the Annual Meeting. The Company expresses its thanks to Mr. Bueche for his many years of loyal service.

NOMINEES STANDING FOR ELECTION

Name	Principal Occupation and Directorships
	Class I Directors (terms expiring April 2003)
Richard A. Abdoo Age 59	Chairman of the Board, President and Chief Executive Officer, Wisconsin Energy Corporation, a holding company with subsidiaries in utility and nonutility businesses, since May 1991. Chairman of the Board and Chief Executive Officer of We Energies since June 1990. Also a director of Cobalt Corporation, AK Steel Corporation and Sensient Technologies Corporation. A Director since July 1994.
Ted D. Kellner Age 56	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.
Katharine C. Lyall Age 62	President of the University of Wisconsin System since 1992. Also a director of Alliant Energy Corporation, Kemper Insurance Companies, Carnegie Foundation for the Advancement of Teaching and United Way of Dane County (Wisconsin). A Director since December 1997.
Peter M. Platten, III Age 63	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. Also a director of Green Bay Packers, Inc. A Director since May 1994.
James A. Urdan Age 71	Retired Partner, Quarles & Brady, L.L.P., a law firm. A Director since April 2001.
James B. Wigdale Age 66	Chairman of the Board of the Company from December 1992 to present, 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; Director, Metavante Corporation. Also a director of Green Bay Packaging Inc. and Sentry Insurance. A Director since 1988.

CONTINUING DIRECTORS

	Class II Directors (terms expiring April 2004)
Jon F. Chait Age 52	Chief Executive Officer of eResourcing and Executive Search, a division of TMP Woldwide, Inc., a provider of workforce staffing and search services, since October 2002; Chairman and Chief Executive Officer of Spring Group, plc, a provider of workforce management solutions, May 2000 to June 2002; Chairman and Chief Executive Officer of Magenta.com, a developer of web-enabled human resource solutions, July 1999 to May 2000; Independent Financial Consultant, July 1998 to July 1999; 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 1995, 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 Director since 1990.

Bruce E. Jacobs Age 55	President and Chief Executive Officer of Grede Foundries, Inc., a manufacturer of gray and ductile iron, steel and alloyed castings, since 1994. Also a director of Walker Forge, Inc. and YMCA of Metropolitan Milwaukee. A Director since April 2001.
Donald R. Johnson Age 61	Chairman of the Board since April 2002, Chief Executive Officer from 1998 to January 2003, President from 1996 to 2002 and Chief Operating Officer from 1996 to 1998, Modine Manufacturing Company, a provider of heat-transfer and heat-storage technology. A Director since April 2001.
Dennis J. Kuester Age 61	Chief Executive Officer since January 2002 and President since 1987 of the Company; Chairman of the Board and Chief Executive Officer since October 2001, President from 1989 to October 2001 and Director since 1989, M&I Marshall & Ilsley Bank; Director, Metavante Corporation. Also a director of Modine Manufacturing Company and Wausau-Mosinee Paper Corporation. A Director since February 1994.
Edward L. Meyer, Jr. Age 65	Chairman of the Board, Anamax Corporation, a processor of hides and skins and manufacturer of various rendered products, since 1997. A Director since May 1994.
San W. Orr, Jr. Age 61	Chairman of the Board and Director, Wausau-Mosinee Paper Corporation; Attorney, Estate of A.P. Woodson & Family. Also a director of The Aytchmonde Woodson Foundation, Inc. and Nancy Woodson Spire Foundation, Inc. and Vice Chairman of the Board of the University of Wisconsin Foundation. A Director since July 1994.
George E. Wardeberg Age 67	Retired; Vice Chairman of the Board, Wisconsin Energy Corporation, a holding company with subsidiaries in utility and nonutility 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 Twin Disc, Inc., Wisconsin Energy Corporation and Benz Oil, Inc. A Director since April 1999.
	Class III Directors (terms expiring April 2005)
David L. Andreas Age 54	Former President and Chief Executive Officer from 1994 to July 2001 and Chairman of the Board and Chief Executive Officer from 1987 to 1994 of National City Bancorporation, a bank holding company. A Director since August 2001.
Andrew N. Baur Age 58	Chairman of the Board of Southwest Bank of St. Louis, a wholly-owned subsidiary of the Company, since October 2002; Former 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 Rawlings Sporting Goods Company, Inc. A Director since October 2002.
Timothy E. Hoeksema Age 56	Chairman of the Board, President and Chief Executive Officer of Midwest Express Holdings, Inc., a holding company with a principal subsidiary in the passenger jet airline business, since 1983. Also a director of The Marcus Corporation. A Director since April 1999.
John A. Mellowes Age 64	Chairman and Chief Executive Officer since 1980 of Charter Manufacturing Company, Inc., a producer of bar, rod, wire and wire parts for the auto industry and other industries. Also a director of Twin Disc, Inc. A Director since April 2002.

Robert J. O Toole Age 62	Chairman of the Board since 1992 and President and Chief Executive Officer since 1989 of A. O. Smith Corporation, a manufacturer of electric motors and water systems technologies. Also a director of Briggs & Stratton Corporation, Sensient Technologies Corporation and Factory Mutual Insurance Company. A Director since April 2002.
Robert A. Schaefer Age 65	Retired; Former Director, Executive Vice President and Chief Operating Officer of Security Capital Corporation, a bank holding company, and Former Director, President and Chief Operating Officer of Security Bank S.S.B. A Director since December 1997.
John S. Shiely Age 50	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., Chairman of the Board of Children s Hospital of Wisconsin, Inc. and a member of the Board of Regents of the Milwaukee School of Engineering. A Director since April 1999.

CORPORATE GOVERNANCE MATTERS

The Board of Directors has determined that 16 of 21 (over 75%) of the current directors of M&I are independent under the New York Stock Exchange rules proposed in August 2002 and categorical standards adopted by the Board. The independent directors are: Ms. Lyall and Messrs. Abdoo, Bueche, Chait, Hoeksema, Jacobs, Kellner, Mellowes, Meyer, Orr, O Toole, Platten, Schaefer, Shiely, Urdan and Wardeberg. The categorical standards relate to banking and other business relationships with M&I and are available on M&I s web site described below.

The non-management directors of M&I have regularly scheduled executive sessions. The Board of Directors, based upon the review and recommendation of the Nominating and Corporate Governance Committee, has appointed Mr. Urdan to preside at the executive sessions of the non-management directors. Shareholders who have questions or concerns about the Company may direct them to Mr. Urdan at:

1jurdan@msn.com

or

Mr. James A. Urdan

c/o Secretary

Marshall & Ilsley Corporation

770 North Water Street

Milwaukee, Wisconsin 53202

The Board of Directors of the Company has Compensation and Human Resources, Audit, Nominating and Corporate Governance, Retirement Investment, and Executive Committees. The Board of Directors has adopted written charters for all of its committees. The charters for the Compensation and Human Resources, Audit, and Nominating and Corporate Governance Committees are available on the Company s web site described below. The Board of Directors held six meetings and took action by written consent once in 2002. Each incumbent Director attended at least 75% of the meetings of the Board and Board Committees on which the Director served, with the exception of Mr. Johnson who attended four of the six Board meetings.

Certain documents relating to corporate governance matters are available [as of February 25, 2003] on the Company s general web site at www.micorp.com. These documents include, among others, the following:

- Corporate Governance Guidelines;
- Code of Business Conduct and Ethics;
- charter for the Nominating and Corporate Governance Committee, including the Board s categorical independence standards;

charter for the Audit Committee; and

charter for the Compensation and Human Resources Committee.

Shareholders also may obtain a copy of any of these documents by calling the M&I Shareholder Information Line at 1-800-318-0208. Information contained on any of M&I s web sites is not deemed to be a part of this Proxy Statement.

The Compensation and Human Resources Committee (the Compensation Committee) is responsible for (a) evaluating and approving the executive officer benefit, bonus, incentive compensation, severance, equity-based or other compensation plans, policies and programs of the Company, (b) administering the Company s nonqualified compensation plans, including the Executive Stock Option and Restricted Stock Plans, the 1994 Long-Term Incentive Plan and the Annual Executive Incentive Compensation Plan, and (c) producing an annual report on executive compensation for inclusion in the Company s Proxy Statement. The current members of the Compensation Committee are Messrs. Wardeberg (Chairman), Bueche and Shiely, all of whom are independent. The Compensation Committee held five meetings and took action by written consent once in 2002.

The Audit Committee has responsibility for (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), Hoeksema, Jacobs and Ms. Lyall, all of whom are independent. 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 six meetings in 2002.

The Retirement Investment Committee is responsible, in relation to funding policy, 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), Abdoo and Chait, all of whom are independent. The Retirement Investment Committee held three meetings in 2002.

The Nominating and Corporate Governance 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 and Corporate Governance Committee are Messrs. Platten (Chairman), Chait and Kellner, all of whom are independent. The Nominating and Corporate Governance Committee will consider candidates nominated by shareholders in accordance with the procedures set forth in the Company s By-laws. The Nominating and Corporate Governance Committee held two meetings and took action by written consent once in 2002.

The Executive Committee has the authority to act on behalf of the full Board of Directors in managing the business and affairs of the Company when the Board of Directors is not in session. The current members of the Executive Committee are Messrs. Kuester (Chairman), Abdoo, Bueche, Jacobs, Urdan, Wardeberg and Wigdale. The Executive Committee held ten meetings in 2002.

LOANS AND OTHER TRANSACTIONS WITH THE COMPANY

Customers of the bank subsidiaries of the Company include nominees, directors and officers of the Company and their associates. Since January 1, 2002, 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 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 January 30, 2003, the Company and Mississippi Valley Capital Company, a wholly-owned subsidiary of the Company, sold certain of their assets to Eagle Capital, LLC (Eagle Capital). Andrew N. Baur, a Director of the Company, owns a controlling interest in Eagle Capital. The assets sold to Eagle Capital generally consisted of equity investments in a number of investment partnerships and the name Mississippi Valley Capital Company. The cash consideration paid by Eagle Capital was $3,382,275. In addition, Eagle Capital assumed certain liabilities related to the purchased assets. Under the terms of the purchase agreement, the Company will provide a minority member of Eagle Capital with office space rent-free for a year. The Company obtained an independent third-party appraisal of the fair market value of the assets sold to Eagle Capital (other than for one note which was sold at face value), and the transaction was approved by the Audit Committee.

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 under which Mr. Baur will be employed until December 31, 2004. Under this agreement, Mr. Baur receives a base salary of $311,000 per year and an annual incentive bonus of $200,000, 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 (which will be transferred to him at no cost on December 31, 2004), and the payment of club dues until he reaches the age of 65. 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 will be entitled to receive payments of $2,000 per month after termination of employment until he reaches the age of 65.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The current members of the Compensation Committee are Messrs. Bueche, Shiely and Wardeberg, none of whom is, or has been, an officer or employee of the Company. Mr. Johnson, President and Chief Executive Officer of Modine Manufacturing Company, served as a member of the Compensation Committee from April 2001 until July 2002. Mr. Kuester, President and Chief Executive Officer of the Company, served as a member of the compensation committee of the board of directors of Modine Manufacturing Company from July 1998 until October 2002.

SUMMARY COMPENSATION TABLE(1)

				Long Term Compensation			
				Awards		Payouts	
Name and Principal Position	Year	Salary($)(2)	Bonus($)	Restricted Stock Awards($)(3)	Securities Underlying Options/SARs(#)(4)	LTIP Payouts ($)(5)	All Other Compensation($)(6)
Dennis J. Kuester	2002	$ 750,000	$ 1,107,706	0	270,000 245,000	$ 245,778	$ 250,405
Chief Executive Officer and	2001			0	160,000	1,196,194	179,240
President	2000	680,000	837,925	0		786,422	136,448

		630,000	339,730					
James B. Wigdale	2002	750,000	999,150	0	200,000	245,000	283,590	402,597
Chairman of the Board(7)	2001			0		245,000	1,380,224	142,126
	2000	800,000	1,000,000	0				154,694
							907,410	
		725,000	440,873					
Thomas M. Bolger	2002	450,000	519,480	0	115,000	100,000	113,436	92,646
Executive Vice President and	2001			148,290			552,090	54,360
President, M&I	2000	375,288	479,340	0		78,000	241,976	46,087
Marshall and Ilsley Bank								
		300,000	136,950					
Mark F. Furlong(8)	2002	425,000	490,620	0		92,500	0	71,253
Executive Vice President	2001			503,000			0	264,025
and Chief Financial Officer		284,615	369,080			200,000		

Name and Principal Position	Year	Salary($)(2)	Bonus($)	Long Term Compensation: Awards: Restricted Stock Awards($)(3)	Long Term Compensation: Awards: Securities Underlying Options/SARs(#)(4)	Long Term Compensation: Payouts: LTIP Payouts ($)(5)	All Other Compensation($)(6)
Jeffrey V. Williams	2002	300,000	350,089	0	70,000	75,624	76,038
Senior Vice President,	2001	275,000	296,699	98,860		276,045	58,648
and President and Chief	2000	250,000	178,715	0	60,000	181,482	43,890
Executive Officer, Marshall & Ilsley Trust Company					64,000		

(1) The executive officers who appear in the table (other than the Chief Executive Officer) may vary from year to year based primarily on the fact that some executive officers have annual incentive plan awards (bonuses) based on different criteria than other executive officers. This is the case in 2002 for Mr. Joseph L. Delgadillo, Chairman of the Board, President and Chief Executive Officer of Metavante Corporation, whose base salary is among the top five in the Company and who has appeared in the table for the last eight years.

(2) Salary adjustments for the Company s executive officers generally are effective on January 1 of each year. Accordingly, the 2002 base salaries reflected above were effective January 1, 2002 and earned during the calendar year. Due to uncertain economic conditions, approximately 70 senior managers of the Company, including the named executive officers, have agreed to no increase in base salaries for 2003.

(3) As of December 31, 2002, the following executives had unreleased Key Restricted Stock: Mr. Bolger 6,000 shares valued at $161,280 and Mr. Furlong 20,000 shares valued at $537,600. The values were arrived at using a year end 2002 closing market price of $27.38 per share less consideration which is paid by the executive upon issuance of award. Dividends are paid on restricted stock.

(4) Amounts shown reflect the two-for-one M&I stock split that became effective on June 17, 2002.

(5) LTIP payouts in any given year are based on the number of LTIP units awarded with respect to the prior three-year period and the Company s performance during such period. Accordingly, the amount of LTIP payouts may vary from year to year and in some years there may be no payouts under the LTIP. For 2002 the named executive officers received payouts for awards made with respect to the three-year period from January 2000 through December 2002. The performance criteria for this three-year cycle were based upon both the Company s total shareholder return in relation to companies in the Keefe, Bruyette & Woods 50 Bank Index (the KBW 50 Index) and the Company s cumulative three-year earnings per share relative to predetermined goals. During this period, the Company s total shareholder return was below the threshold level and earnings per share performance exceeded the target level, which when combined resulted in payouts below the total targeted level of the plan.

(6) Includes the following amounts paid by M&I under the Retirement Program for 2002: Mr. Kuester $16,470; Mr. Wigdale $21,500; Mr. Bolger $21,500; Mr. Furlong $21,500; and Mr. Williams $22,000. Includes the following amounts paid by M&I under a Split Dollar Life Insurance Plan for the benefit of the executives for 2002: Mr. Kuester $6,384; Mr. Wigdale $13,842; and Mr. Williams $114. Includes the following employer contributions under the Executive Deferred Compensation Plan based on compensation paid or deferred during 2002: Mr. Kuester $116,192; Mr. Wigdale $124,515; Mr. Bolger $58,847; Mr. Furlong $47,504; and Mr. Williams $31,428. Includes the following difference between the amount accrued by M&I on account balances under the Supplementary Retirement Benefits Plan and the Executive Deferred Compensation Plan for 2002 (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 amount determined pursuant to SEC rules: Mr. Kuester $111,359; Mr. Wigdale $42,740; Mr. Bolger $12,299; Mr. Furlong $2,249; and Mr. Williams $22,496. Includes the following management transition incentive based on duties performed over a multi-year period: Mr. Wigdale $200,000.

(7) Mr. Wigdale served as Chief Executive Officer through December 31, 2001. Amounts shown for 2000 and 2001 were paid to Mr. Wigdale as compensation for his services as Chairman of the Board and Chief Executive Officer.

(8) Mr. Furlong joined the Company in April 2001. Upon hire, Mr. Furlong received an option to purchase 120,000 shares of the Company s Common Stock and an award of 20,000 shares of Key Restricted Stock, which awards are reflected in the table.

The following table provides information on options granted to the named executive officers during 2002.

OPTION/SAR GRANTS IN LAST FISCAL YEAR

Individual Grants

Name	Number of Securities Underlying Options/SARs Granted (#)(1)(4)	% of Total Options/SARs Granted to Employees in Fiscal Year	Exercise or Base Price ($/Sh)(2)	Expiration Date	Grant Date Present Value ($)(3)
Dennis J. Kuester	270,000	6.8%	$28.55	10/25/2012	$ 2,174,769
James B. Wigdale	200,000	5.1	28.55	10/25/2012	1,610,940
Thomas M. Bolger	115,000	2.9	28.55	10/25/2012	926,291
Mark F. Furlong	92,500	2.3	28.55	10/25/2012	745,060
Jeffrey V. Williams	70,000	1.8	28.55	10/25/2012	563,829

(1) Options generally become exercisable based on the following schedule: one-third on the first anniversary of the date of grant, an additional one-third on the second anniversary of the date of grant and the remaining one-third on the third anniversary of the date of grant. All options will become immediately exercisable upon a triggering event (which relates to a change of control of the Company). Employees who have attained age 55 and have at least ten years of service with the Company or a subsidiary receive options which are fully vested on the date of grant.

(2) All options have an exercise price equal to 100% of the fair market value of the Company s Common Stock on the date of grant. The exercise price may be paid in cash or by delivery of shares of the Company s Common Stock.

(3) The grant date present values were determined using the Black-Scholes model with the following common assumptions: a six-year expected period of time to exercise; a risk-free rate of return of 3.48%; an expected dividend yield of 2.24%; and a volatility factor of 31.09%.

(4) Amounts shown reflect the two-for-one M&I stock split that became effective on June 17, 2002.

The following table provides information on options exercised during 2002, and options held at year end, by the named executive officers.

AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR AND

FY-END OPTION/SAR VALUES

	Number of Securities Underlying Unexercised Options/SARs at FY- End(#)(1)(3)	Value of Unexercised In-the-Money Options/SARs at FY-End($)(2)

Name	Shares Acquired on Exercise(#)(3)	Value Realized($)	Exercisable	Unexercisable	Exercisable	Unexercisable
Dennis J. Kuester	0		1,166,000	0	3,884,050	0
James B. Wigdale	0		1,427,000	0	4,903,635	0
Thomas M. Bolger	0		245,333	207,667	1,110,284	172,177
Mark F. Furlong	0		66,666	225,834	69,200	138,400
Jeffrey V. Williams	0		293,200	0	867,632	0

(1) Includes shares which were transferred to the employees immediate family or trusts or partnerships for the benefit thereof.
(2) For valuation purposes, a year end 2002 market price of $27.38 was used.
(3) Amounts shown reflect the two-for-one M&I stock split that became effective on June 17, 2002.

The following table provides information on long-term incentive plan awards to the named executive officers.

LONG-TERM INCENTIVE PLAN AWARDS IN LAST FISCAL YEAR

	Awards Granted December 2002 for the Performance Period Beginning January 2003	
Name	Number of Shares, Units or Other Rights(1)(2)	Performance or Other Period Until Maturation or Payout
Dennis J. Kuester	15,000	3 Years
James B. Wigdale	12,500	3 Years
Thomas M. Bolger	8,000	3 Years
Mark F. Furlong	6,000	3 Years
Jeffrey V. Williams	6,000	3 Years

(1) Units awarded represent share equivalents of the Company s Common Stock. The performance period is the three years commencing on January 1, 2003 and ending on December 31, 2005 for awards granted in December 2002. Additional units will be credited to each participant s account when dividends are paid on shares of the Company s Common Stock. Vesting of units occurs at the end of the three-year period except in the case of the death or disability of the participant, termination of a participant s employment due to retirement, or the occurrence of a triggering event (which relates to a change in control of the Company). Upon the occurrence of a triggering event, units vest notwithstanding continued employment by the acquiring company. A payout multiple is applied to the units awarded to a participant based on the Company s performance in relation to two equally weighted performance criteria, which represent (a) the total return of the Company s Common Stock for the three-year period when compared with the total return for those stocks composing the KBW 50 Index and (b) the Company s cumulative earnings per share for the three-year period. The Company s performance in relation to the performance criteria is calculated independently, thereby allowing a participant to receive a payout under one of the criterion but not under the other. The minimum payout multiple is zero for each criterion and the maximum is 137.50%, resulting in a combined maximum of 275%. The resulting payout multiple is applied to the units awarded and units awarded to the participant in lieu of the payment of dividends. Before awards are paid, the Compensation Committee must certify the extent to which the performance criteria have been met.

(2) Amounts shown reflect the two-for-one M&I stock split that became effective on June 17, 2002.

The following table sets forth certain information about shares of M&I Common Stock that are authorized for issuance under the Company s equity compensation plans as of December 31, 2002, not including the number of shares under the 2003 Stock Option Plan.

EQUITY COMPENSATION PLAN INFORMATION(1)

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights(2)(3)	Weighted-average exercise price of outstanding options, warrants and rights(2)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in first column)(3)(4)
Equity compensation plans approved by security holders	20,946,401	$25.69	4,656,451
Equity compensation plans not approved by security holders(5)	0	0	0
Total	20,946,401	$25.69	4,656,451

(1) The table does not include information regarding the following plans: the Company s Dividend Reinvestment and Cash Investment Plan; the M&I Retirement Program (an employee benefit plan intended to meet the qualification requirements of Section 401(a) of the Internal Revenue Code of 1986, as amended); and the Directors Deferred Compensation Plan. Under the Directors Deferred Compensation Plan, directors may elect to defer all or a portion of their directors fees into one of two accounts: (i) a cash account, earning interest at a

rate payable to that earned on U.S. Treasury Bills with maturities of 13 weeks or (ii) a Common Stock account in which shares are purchased on the open market and held in trust until the director s retirement.

(2) Includes 736,604 shares to be issued upon exercise of outstanding options under plans assumed by the Company in mergers. The weighted-average exercise price of outstanding options granted under plans assumed in mergers as of December 31, 2002 was $18.03. There will be no further grants under these assumed plans.

(3) Does not include 322,900 outstanding units awarded and 882,600 units available for issuance under the 1994 Long-Term Incentive Plan (not including additional units credited to the accounts of participants in lieu of the payment of cash dividends or the proposed increase in the number of units under the plan). See Note (1) in the long-term incentive plan awards table for a description of the 1994 Long-Term Incentive Plan. Although the Compensation Committee has the discretion to pay LTIP awards in cash, Common Stock or a combination of both, all awards have been paid in cash and the Company is currently not aware of any circumstances which would cause the Compensation Committee to pay these awards in Common Stock.

(4) Includes 40,834 shares available for issuance under the 1993 Executive Stock Option Plan; 225,000 shares available for issuance under the 1995 Directors Stock Option Plan; 61,083 shares available for issuance under the 1997 Executive Stock Option and Restricted Stock Plan; 2,788,419 shares available for issuance under the 2000 Executive Stock Option and Restricted Stock Plan; and 1,541,115 shares available for issuance under the 2000 Employee Stock Purchase Plan. Under the 2000 Employee Stock Purchase Plan, eligible employees may purchase shares annually by payroll deductions, subject to certain aggregation limitations, at a purchase price equal to 85% of the lesser of the fair market value of the Company s Common Stock on the first day or last day of the offering period. The number of shares available for sale under this plan may be increased on January 1 of each year by an amount equal to the lesser of (i) 200,000 shares, (ii) the number of shares purchased by employees under the plan in the previous year or (iii) a lesser amount determined by the Board of Directors.

(5) All of the Company s existing equity compensation plans have been approved by shareholders.

RETIREMENT PLANS

The Marshall & Ilsley Corporation Nonqualified Retirement Benefit Plan (the Nonqualified Plan) provides Messrs. Kuester and Wigdale with a supplemental retirement benefit. The purpose of the Nonqualified Plan is to provide an annual retirement benefit such that the sum of the benefits from the Retirement Growth Plan, the Corporation s Amended and Restated Supplementary Retirement Benefits Plan (the SERP), the SERP Account of the Corporation s Amended and Restated Deferred Compensation Plan, Social Security and the Nonqualified Plan equals 60% of the sum of the participant s average salary and annual short-term incentive compensation for his last five years of employment. The total benefit under the Nonqualified Plan is adjusted in the event of death or early retirement before age 62, and can be paid for life with a 120-month certain pay-out or on a joint and survivor basis at the option of the participant. The pay-out option elected may also affect the amount of the annual benefit. For Mr. Wigdale, the monthly retirement benefit under the Nonqualified Plan is $41,313. For Mr. Kuester, the estimated monthly retirement benefit beginning at age 65 is $37,753 (assuming he retires on or after attaining age 62), determined based on the five year average compensation earned through December 31, 2002 and various actuarial and interest rate assumptions. In the event of a Change in Control (as defined in the Nonqualified Plan), each participant who is actively employed will be deemed to retire on the date of the Change of Control but will have no reduction in benefits under the Nonqualified Plan for retiring prior to age 62. A participant has the option, in certain circumstances, to elect to receive the present value of the benefits to which he is entitled under the Nonqualified Plan upon a Change of Control regardless of his age at that point. Under the terms of the Nonqualified Plan, Mr. Wigdale was eligible to begin receiving benefits in January 2002. However, in connection with his continued full-time active employment, Mr. Wigdale has elected to forego the payments otherwise due to him for 2002 and 2003.

The Marshall & Ilsley Corporation Executive Deferred Compensation Plan (the Deferred Compensation Plan) provides selected key employees of M&I, including the named executive officers, with the ability to defer up to 80% of base salary and 100% of bonus. Those employees electing to participate have two investment options for amounts deferred: a fixed rate option equal to the Moody s A Long-Term Corporate Bond Rate for the month of September of the previous year and an equity option equal to the total return of the S&P 500 Index. The percentage allocated to any investment option may not be less than 10% and elections may be changed semi-annually. Amounts deferred are distributable upon termination of employment at the election of the participant. Choices range from a lump sum distribution upon termination of employment to a pay-out over 15 years if a participant s employment terminates on or after age 55, other than because of death or disability, with at least 10 years of service. Amounts deferred and investment returns thereon are held in the Marshall & Ilsley Corporation Deferred Compensation Trust II of which Marshall & Ilsley Trust Company N.A. is the trustee (the Trust).

M&I s Supplementary Retirement Benefits Plan (the SERP) is a nonqualified benefit plan which through August 1999 covered employees whose compensation exceeded the statutory limits on compensation which were taken into account for purposes of crediting contributions to M&I s Retirement Growth Plan. Participants included all of the executive officers named in the Summary Compensation Table, except Mr. Furlong who joined the Company in April 2001. The SERP was suspended in August 1999 and M&I has made no further contributions to the SERP. Existing account balances under M&I s Retirement Growth Plan in the SERP will continue to vest as long as the participant remains employed by M&I and will be credited with the applicable investment return until pay-out pursuant to the terms of the SERP. The Deferred Compensation Plan was amended such that persons eligible to participate therein will receive an allocation equal to the amount that would have formerly been allocated under the SERP. This amount, which would have been allocated to such participant s account under M&I s Retirement Growth Plan absent the statutory limitations, is credited to an account which vests after an employee has five years of vesting service (as defined in M&I s Retirement Growth Plan). Participants have the same investment and pay-out elections as other accounts in the Deferred Compensation Plan, described above, and amounts credited under the SERP are held in the Trust.

In lieu of certain benefits under the Deferred Compensation Plan and/or the SERP, Messrs. Wigdale and Kuester and three other senior executives agreed in 2000 to receive certain life insurance benefits. Under this arrangement, M&I will pay premiums on the life insurance policies purchased for the benefit of the participants and will retain a collateral interest in those policies equal to the amount of the premiums paid by M&I under a split-dollar arrangement. The present value cost of any life insurance purchased under these split-dollar life insurance arrangements, after the return on premiums, was off-set by the present value of the reduction in projected benefits payable under the plans.

CHANGE OF CONTROL AGREEMENTS AND RELATED MATTERS

In order to assure management continuity and stability, as of February 1, 2003, M&I had substantially similar Change of Control Agreements (the Change of Control Agreements) outstanding with all of the named executive officers, ten additional executive officers and 13 other officers and employees of the Company and its subsidiaries (collectively, the Executives). The Change of Control Agreements with four of the five named executive officers each have a term of three years. The Change of Control Agreements with the other Executives each have a term of two years.

The Change of Control Agreements guarantee the Executives specific payments and benefits upon a termination of employment as a result of a change of control of M&I. If a change of control occurs, the contract becomes effective and continues for the relevant term. The employment term renews on a daily basis until M&I gives notice to terminate the daily renewal.

The Change of Control Agreements provide for specified benefits after a change of control if the Executive voluntarily terminates for good reason or is involuntarily terminated other than for cause (as such terms are defined in the Change of Control Agreements). In addition, in the case of some Change of Control Agreements, at the end of six months after a change of control, the Executive may terminate employment for any reason and is entitled to receive full benefits. Upon a termination, the Executive is entitled to (a) a lump sum payment equal to two or three times (depending on whether the contract is a two- or three-year contract) the sum of the Executive s current base salary plus the higher of the Executive s bonus for the last year or the Executive s average bonus for the past three years, (b) a proportionate amount of any unpaid bonus deemed earned for the year of termination, (c) a lump sum payment equal to the retirement benefits lost as a result of not having been employed for the remaining contract term, (d) health and other benefits for the remaining contract term, and (e) payments for certain other fringe benefits. In the event of a termination of employment as a result of his death, the Executive s beneficiary is entitled to six months of base salary. No additional benefits are guaranteed under the contract upon an Executive s disability or termination of employment by M&I for cause.

The Change of Control Agreements provide that upon a change of control most restrictions limiting the exercise, transferability or other incidents of ownership of any outstanding award, restricted stock, options, stock appreciation rights, or other property rights of M&I granted to the Executive shall lapse, and such awards shall become fully vested, except in certain circumstances. In addition, upon certain events following a change of control, some option agreements provide that options will remain exercisable for the lesser of (a) the remainder of their respective terms or (b) one year after the Executive s death. The Change of Control Agreements also provide for gross-up payments in the event payments to an Executive under the Change of Control Agreement are subject to the excise tax (the Excise Tax) provided for under Section 4999 of the Internal Revenue Code of 1986, as amended (the Code), or any similar federal, state or local tax which may be imposed, in an amount such that the net amount retained by the Executive, after deduction of any Excise Tax on the payments and any federal, state and local income tax and Excise Tax on the gross-up payment, shall be equal to the payments then due.

NON-EMPLOYEE DIRECTOR COMPENSATION

Directors of M&I who are not employees are paid a retainer fee of $18,000 per year. In addition, non-employee directors receive a fee of $1,500 for each Board meeting which they attend and $1,000 for each committee meeting which they attend. The chairs of the Audit, Compensation, Nominating and Corporate Governance, and Retirement Investment Committees are paid a retainer fee of $5,000 per year. Mr. Urdan is also paid $5,000 per year to act as presiding director at the non-management executive sessions of the Board. M&I has established a deferred compensation plan for its Directors. Under such plan, all or part of the fees received by a Director may be deferred at the election of the Director. Amounts deferred may be allocated to one of two accounts as selected by the participating Director: (i) the Common Stock account or (ii) a cash account, earning interest at a rate equal to that earned on U.S. Treasury Bills with maturities of 13 weeks. Deferred amounts are payable in a lump sum or in not less than two nor more than 10 annual installments, as elected by the participating Director, or, if no such election is made, in five annual installments. Messrs. Oscar C. Boldt (who retired from the Board in April 2002), Bueche, Chait, Jacobs, Johnson, Kellner, Mellowes, Meyer, O Toole, Schaefer, Urdan and Wardeberg elected to defer compensation under the plan during 2002. Directors of M&I who are also Directors of subsidiaries of M&I receive compensation from such subsidiaries in varying amounts based on the Director compensation schedule of such subsidiaries. Directors of subsidiaries of M&I may also elect to defer compensation under the plan.

Directors of M&I who are not employees of M&I or its subsidiaries also participate in the 1995 Directors Stock Option Plan. On the date of each Annual Meeting of Shareholders, each participant in the plan elected or re-elected as a director at such Annual Meeting receives an option for that number of shares of Common Stock equal to the multiple of 5,000 and the number of years in the term to which such participant has been elected. In addition, a participant who is appointed to fill a vacancy on the Board of Directors, or a director who becomes a participant because such director ceases to be employed by the Company or its subsidiaries, will receive, on the date of the next Annual Meeting, an option for that number of shares of Common Stock equal to a multiple of 5,000 and the number of years remaining in such participant s term as a director of the Company. Under the terms of this plan, the option price per share will not be less than 100% of the fair market value of the shares on the date the option is granted, the options will not be exercisable more than 10 years after the date of grant, and the options will terminate no later than three years after the participant ceases to be a director of the Company for any reason. Such options may be exercised at any time after they are granted. The exercise price of an option may, at the participant s election, be paid in cash or previously owned shares of Common Stock or a combination thereof.

In connection with the merger with National City Bancorporation on August 1, 2001, M&I entered into a consulting and noncompetition agreement with Mr. Andreas. M&I agreed to pay Mr. Andreas a monthly consulting fee of $25,000 and provide health and dental benefits to Mr. Andreas and his family for a term of one year beginning on January 1, 2002. Mr. Andreas agreed to provide consulting services to the Company and abide by certain confidentiality, nonsolicitation and noncompetition provisions for the term of the agreement.

COMPENSATION AND HUMAN RESOURCES COMMITTEE REPORT

General Policy

The Compensation and Human Resources Committee (the Compensation Committee) determines the compensation policy for executive officers, makes awards and sets performance criteria under the Company s incentive plans, and determines the salary levels for executive officers. The Company s compensation program is designed to offer a competitive total compensation value that will attract and retain high quality talent and ensure alignment of a significant portion of the executive s total compensation to the annual and long-term performance of the Company as well as the creation of stockholder value. The Compensation Committee bases its compensation decisions primarily on its overall assessment of the executive s contribution to the profitability of the Company on both a long-term and short-term basis and the relevant market relationship of the executive officer s compensation. The Compensation Committee reviews the executive s performance in light of both the historical financial performance of the Company and the Compensation Committee s assessment of the executive s role in ensuring the future financial success of the Company. In this respect, the Compensation Committee seeks to reward leadership, innovation and entrepreneurship. The compensation package for senior executives has both objective (performance based) and subjective elements. Awards under the Annual Executive Incentive Plan are based on the achievement of specified performance criteria determined by the Compensation Committee. For certain executive officers, the financial performance of the business unit or division for which that executive has responsibility may receive a proportionately larger consideration by the Compensation Committee in determining that executive s compensation. The Compensation Committee reviews the compensation plans for executives in order to determine whether such plans are consistent with the Company s objectives and financial performance.

The Compensation Committee is aware of the limitations imposed by Section 162(m) of the Internal Revenue Code of 1986, as amended, on the deductibility of compensation paid to certain senior executives to the extent it exceeds $1 million per executive. The Compensation Committee currently intends to recommend compensation amounts and plans which will meet the requirements for deductibility.

2002 Compensation

Overview

With regard to 2002 compensation decisions, the Compensation Committee reviewed the Company s financial performance on both a long-term and short-term basis, the overall performance of each executive officer, the market relationship of compensation paid to the Company s executive officers and other information which the Compensation Committee deemed relevant in the case of any particular individual. A market study was prepared by the Compensation Committee s compensation consultants, Hewitt Associates LLC. The study provided the Compensation Committee with information on the Company s compensation practices relative to the market. The Compensation Committee also reviewed other analyses of the Company s compensation levels and financial performance which included comparisons to the companies in the KBW 50 Index, which is the same peer group used in the performance graph, and a more defined group of similarly sized bank holding companies. The Compensation Committee utilized the peer group data and other information in order to reflect competitive factors and performance. In the case of any particular individual, circumstances unique to such individual such as increased responsibilities or extraordinary effort may also be reflected. In assessing the Company s performance, the Compensation Committee considered, among other things, the profitability of the Company as a whole on both a long-term and short-term basis (including net income, earnings per share, return on average shareholders equity and return on average assets). The Compensation Committee also considered total shareholder return in comparison to the Company s peers. The Compensation Committee s decisions with respect to compensation generally reflect all of the factors considered, including objective factors and the Compensation Committee s subjective assessment of the executive s performance.

Annual Executive Incentive Plan

The Annual Executive Incentive Plan provides for annual cash incentives (bonuses) to the participants, which include all but one of the executive officers, based upon one or more objective financial performance criteria selected by the Compensation Committee. Metavante Corporation s Chairman, President and Chief Executive Officer participates in a separate plan related to the performance of Metavante Corporation. The Annual Executive Incentive Plan rewards 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. In evaluating the participants bonus opportunity under the Annual Executive Incentive Plan, the Compensation Committee compared each participant s base salary and bonus opportunity relative to those provided by peer companies. The performance criterion for 2002 was based upon earnings per share adjusted for certain items. Results under the plan exceeded the target performance levels established by the Compensation Committee for 2002, and resulted in eligible senior executives receiving payouts ranging from 46% to 147% of their respective 2002 base salaries as compared to payouts ranging from 42% to 125% of base salaries in 2001. In future years, the Compensation Committee may use performance criteria different than earnings per share.

Base Salary and Long-Term Incentive Compensation

In determining the base salaries for the Company s executive officers, the Compensation Committee takes a long-term view of the executive s job performance, the Company s financial performance and the salaries paid in the marketplace to executives with similar responsibilities. The Compensation Committee also reviewed the total compensation opportunities of each senior executive officer. The Compensation Committee deemed it appropriate to increase the 2002 base salaries for certain senior executive officers. The Compensation Committee believes the base salaries, when viewed in conjunction with the annual incentive opportunities of the executive officers, are commensurate with the Compensation Committee s evaluation of the information reviewed.

The Compensation Committee made long-term incentive awards in 2002 under the Company s Executive Stock Option and long-term incentive plans. It is the intention of the Compensation Committee to continue to emphasize long-term incentives in the compensation provided to the Company s executive officers. In arriving at the 2002 long-term incentive award levels, the Compensation Committee compared the total compensation opportunities of each senior executive officer, and the values of each compensation component, in relation to those provided by peer companies for similar positions.

In determining the total number of options to be granted in 2002 to all employee recipients, including the executive officers, the Compensation Committee reviewed the annual option awards and cumulative options outstanding of the peer group companies in relation to outstanding shares. In 2002, grants to employees totaled 3,948,650 options, or approximately 1.8% of shares outstanding as of December 31, 2002. The Compensation Committee believes annual awards at this level are comparable to the award levels of the peer group companies.

Participants in the Company s 1994 Long-Term Incentive Plan, including the executive officers, received payouts for awards made with respect to the three-year period from January 2000 through December 2002. The performance criteria for this three-year cycle were based upon both the Company s total shareholder return in relation to companies in the KBW 50 Index and the Company s cumulative three-year earnings per share relative to predetermined goals. During this period, the Company s total shareholder return was below the threshold level and the earnings per share performance exceeded the target level under the plan. On a combined basis, this resulted in a payout level below the targeted level under the plan.

Chief Executive Officer Compensation

In determining Mr. Kuester s salary and long-term incentive awards, the Compensation Committee s review concentrated on the prevailing market rates of compensation for his position and the Company s current and prior year s financial performance. The Compensation Committee considered the compensation of the chief executive officers of the peer group companies, taking into account the Company s size and performance relative to the companies in the peer groups, in order to determine whether Mr. Kuester is compensated on a basis which is reasonably consistent. Mr. Kuester received an Annual Executive Incentive Plan Award of approximately 147% of his base salary, resulting from the Company s 2002 financial performance in relation to the goals established under the plan. It is the Compensation Committee s conclusion that Mr. Kuester s compensation is fair and appropriate.

The Compensation and Human Resources Committee:

Mr. Wardeberg, Chairman	Mr. Bueche	Mr. Shiely

PERFORMANCE GRAPH

The following graph shows the cumulative total stockholder return on the Company s Common Stock over the last five fiscal years compared to the returns of the Standard & Poor s 500 Stock Index and the KBW 50 Index.

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AUDIT COMMITTEE REPORT

The Audit Committee of Marshall & Ilsley Corporation has:

(1) Reviewed and discussed the audited financial statements with management;

(2) Discussed with Deloitte & Touche LLP the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees;

(3) Received the written disclosures and the letter from Deloitte & Touche LLP required by Independent Standards Board Standard No. 1, Independence Discussions with Audit Committees; and

(4) Discussed with Deloitte & Touche LLP the auditors independence.

Based on these reviews and discussions, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2002.

Audit Fees. The aggregate fees billed for professional services rendered by the independent auditors for (1) the audit of the Company s financial statements as of and for the year ended December 31, 2002 and (2) the review of the financial statements included in the Company s Quarterly Reports on Form 10-Q for the year were approximately $707,000.

Financial Information Systems Design and Implementation Fees. The aggregate fees billed for professional services rendered by the independent auditors during 2002 for (1) operating, or supervising the operations of, the Company s information systems or managing its local area networks and (2) designing or implementing a hardware or software system that aggregates source data underlying the Company s financial statements or generates information that is significant to its financial statements taken as a whole were $0 (zero).

All Other Fees. The aggregate fees billed for non-audit and non-information systems related services rendered by the independent auditors during 2002 were approximately $1,717,000. These fees were comprised of two basic categories: *Tax Fees* of $907,000 for tax return preparation for federal and state purposes and tax consulting concerning entities included in the audited financial statements and *Audit Related Fees* of $810,000, including $435,000 for examination and reports on the internal control structure, policies and procedures that were in operation at the Company s service organizations (SAS 70 Reports), $139,000 related to the registration and issuance of securities and assistance with due diligence on acquisitions, $110,000 for consultation regarding the application of accounting principles, and $126,000 for the audit of benefit plans sponsored by the Company, common collective funds, and agreed upon procedures. The fees shown in this report were billed for services rendered by Deloitte & Touche LLP.

The Audit Committee has considered whether the provision of non-audit services is compatible with the independent auditors independence and satisfied itself as to the auditors independence.

The Audit Committee:

Mr. Orr, Chairman	Mr. Hoeksema	Mr. Jacobs	Ms. Lyall

2003 EXECUTIVE STOCK OPTION AND RESTRICTED STOCK PLAN

The Board of Directors recommends a vote FOR approval of the 2003 Stock Option Plan.

The 2003 Stock Option Plan was adopted by the Board of Directors in order to attract and retain individuals who are key contributors to the success of the Company. The market remains competitive for highly talented individuals in the financial services industry, and stock options continue to be an effective recruitment and retention vehicle. The Company has utilized, and will continue to utilize, this resource in a prudent and cost-effective manner, as it does with all elements of compensation and benefits provided to its workforce.

Key features of the 2003 Stock Option Plan include the following:

- the plan is administered by the Compensation Committee, which is comprised solely of independent directors;
- the aggregate number of shares of Common Stock authorized under the plan is 12,000,000;
- no one person may receive options of 2,000,000 shares or more in aggregate;
- there is a cap of 1,200,000 on awards of restricted stock;
- the exercise price of options may not be less than the fair market value of the Common Stock on the date of grant; and
- options may not be repriced after the date of grant without shareholder approval, except as provided under the plan for stock splits, recapitalizations and similar events.

The complete text of the 2003 Stock Option Plan is set forth in Appendix A. The following summary of the material features of the 2003 Stock Option Plan is qualified in its entirety by reference to Appendix A.

The 2003 Stock Option Plan permits the Company to grant non-qualified stock options, incentive stock options, as defined in Section 422 of the Internal Revenue Code of 1986, as amended (which we refer to as ISOs), and restricted shares of Common Stock.

The aggregate number of shares of Common Stock subject to the 2003 Stock Option Plan is 12,000,000 shares, all of which may be granted as ISOs. No one person may receive options over more than 2,000,000 shares during the term of the plan, and the Company will not issue more than 1,200,000 restricted shares of Common Stock during the term of the plan. No award may be granted under the 2003 Stock Option Plan after April 21, 2013.

Under the 2003 Stock Option Plan, awards may be grant