

MARSHALL & ILSLEY CORP  
Form DEF 14A  
March 13, 2009  
Table of Contents

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

**SCHEDULE 14A**  
**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**  
**(Amendment No. \_\_)**

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

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

**MARSHALL & ILSLEY CORPORATION**

(Name of Registrant as Specified In Its Charter)

**Not applicable.**

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

Payment of Filing Fee (Check the appropriate box):

- x 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:

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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**Table of Contents**

**MARSHALL & ILSLEY CORPORATION**

**770 North Water Street**

**Milwaukee, Wisconsin 53202**

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

**April 28, 2009**

TO THE SHAREHOLDERS OF MARSHALL & ILSLEY CORPORATION:

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

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

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

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

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

GINA M. McBRIDE, *Vice President and Secretary*

March 13, 2009

**Table of Contents****TABLE OF CONTENTS**

	<b>Page</b>
<u>PROXY STATEMENT</u>	1
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS</u>	3
<u>PROPOSAL 1. ELECTION OF DIRECTORS</u>	7
<u>NOMINEES STANDING FOR ELECTION</u>	7
<u>CORPORATE GOVERNANCE MATTERS</u>	12
<u>LOANS AND OTHER TRANSACTIONS WITH THE COMPANY</u>	15
<u>EXECUTIVE COMPENSATION</u>	18
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	18
<u>COMPENSATION AND HUMAN RESOURCES COMMITTEE REPORT</u>	31
<u>SUMMARY COMPENSATION TABLE</u>	32
<u>GRANTS OF PLAN-BASED AWARDS IN 2008</u>	34
<u>OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END</u>	35
<u>OPTION EXERCISES AND STOCK VESTED</u>	36
<u>PENSION BENEFITS</u>	37
<u>NONQUALIFIED DEFERRED COMPENSATION</u>	37
<u>POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE OF CONTROL</u>	39
<u>DIRECTOR COMPENSATION FOR 2008</u>	42
<u>EQUITY COMPENSATION PLAN INFORMATION</u>	44
<u>AUDIT COMMITTEE REPORT</u>	45
<u>PROPOSAL 2. 2009 EMPLOYEE STOCK PURCHASE PLAN</u>	47
<u>PROPOSAL 3. 2009 EQUITY INCENTIVE PLAN</u>	48
<u>PROPOSAL 4. RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS</u>	54
<u>PROPOSAL 5. ADVISORY VOTE ON EXECUTIVE COMPENSATION</u>	55
<u>PROPOSAL 6. SHAREHOLDER PROPOSAL: MAJORITY ELECTION OF DIRECTORS</u>	56
<u>SUBMISSION OF SHAREHOLDER PROPOSALS</u>	58
<u>PENDING LEGAL PROCEEDINGS</u>	59
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	59
<u>OTHER VOTING INFORMATION</u>	59
<u>OTHER MATTERS</u>	59
Appendix A: <u>Categorical Standards for Lending, Banking and Other Business Relationships Involving Marshall &amp; Ilsley Corporation Directors</u>	A-1
Appendix B: <u>Marshall &amp; Ilsley Corporation 2009 Employee Stock Purchase Plan</u>	B-1
Appendix C: <u>Marshall &amp; Ilsley Corporation 2009 Equity Incentive Plan</u>	C-1

**Table of Contents**

**MARSHALL & ILSLEY CORPORATION**

**770 North Water Street**

**Milwaukee, Wisconsin 53202**

**March 13, 2009**

***Proxy Statement***

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

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

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

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

The Company has two classes of capital stock outstanding: its \$1.00 par value common stock (the "Common Stock") and its non-voting Senior Preferred Stock, Series B (the "Senior Preferred Stock"). As of March 2, 2009, the Company had 265,325,477 shares of Common Stock and 1,715,000 shares of Senior Preferred Stock outstanding. Each holder of record of Common Stock at the close of business on March 2, 2009 will be entitled to one vote for each share of Common Stock registered in such shareholder's name. The presence, in person or by proxy, of the holders of a majority of the shares of the Common Stock outstanding on the record date is required for a quorum with respect to the matters on which action is to be taken at the Annual Meeting.

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

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

**Table of Contents**

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

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

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

FOR the election of each of the individuals nominated to serve as a director;

FOR approval of the Marshall & Ilsley Corporation 2009 Employee Stock Purchase Plan;

FOR approval of the Marshall & Ilsley Corporation 2009 Equity Incentive Plan;

FOR ratification of the appointment of Deloitte & Touche LLP as the Company's independent auditors;

FOR approval of the non-binding advisory proposal on the compensation of the Company's executive officers; and

AGAINST the shareholder proposal to request that the Company's Board of Directors initiate a process to amend the Company's articles of incorporation to provide for majority election of directors in non-contested elections.

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

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

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

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS**

The table set forth below lists as of February 27, 2009 (unless otherwise indicated) information regarding the beneficial ownership of shares of Common Stock by each current director, each nominee for director, each named executive officer of the Company, each person believed by the Company to be a beneficial owner of more than 5% of the Common Stock, and all current directors and executive officers of the Company as a group.

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

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percent of Class
Marshall & Ilsley Corporation	16,439,852(2)	6.2%
770 North Water Street		
Milwaukee, WI 53202		
Barclays Global Investors, N.A.	13,428,799(3)	5.1%
400 Howard Street		
San Francisco, CA 94105		
Andrew N. Baur	181,157(4)	*
Jon F. Chait	76,086(5)	*
John W. Daniels, Jr.	34,822(6)	*
Randall J. Erickson	369,541(7)	*
Mark F. Furlong	1,119,812(8)	*
Ted D. Kellner	486,937(9)	*
Kenneth C. Krei	275,683(10)	*
Dennis J. Kuester	2,230,793(11)	*
David J. Lubar	625,851(12)	*
Katharine C. Lyall	66,419(13)	*
John A. Mellowes	57,316(14)	*
San W. Orr, Jr.	965,780(15)	*
Thomas J. O'Neill	559,584(16)	*
Robert J. O'Toole	60,003(17)	*
Peter M. Platten, III	304,745(18)	*
John S. Shiely	78,682(19)	*
Gregory A. Smith	146,911(20)	*
Debra S. Waller	30,705(21)	*
George E. Wardeberg	83,103(22)	*
James B. Wigdale	1,867,661(23)	*

All current directors and executive officers of the Company as a group (34 persons) own 12,461,251 shares of Common Stock or 4.7% of the total Common Stock outstanding as of March 2, 2009. (24)

\*less than 1%

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

**Table of Contents**

- (2) This information is based on Amendment No. 28 to Schedule 13G filed on February 17, 2009. All such shares are owned by wholly-owned subsidiaries of the Company as trustee or in other fiduciary capacities. The subsidiaries are Marshall & Ilsley Trust Company National Association ( M&I Trust Company ), M&I Investment Management Corp. and North Star Trust Company. Of these shares, one or more of the subsidiaries has sole voting power as to 2,125,250 shares, shared voting power as to 10,213,624 shares, sole dispositive power as to 5,127,333 shares and shared dispositive power as to 11,312,519 shares. The amount and percentage of shares beneficially owned, and the amount of shares to which M&I Trust Company and North Star Trust Company have shared voting or investment power, include 9,931,423 shares held by M&I Trust Company as to which the Company, M&I Trust Company and North Star Trust Company disclaim beneficial ownership.
- (3) This information is based on a Schedule 13G filed on February 6, 2009 by Barclays Global Investors, N.A. on its behalf and on behalf of its following affiliates: Barclays Global Fund Advisors, Barclays Global Investors, Ltd, Barclays Global Investors Japan Limited, Barclays Global Investors Canada Limited, Barclays Global Investors Australia Limited and Barclays Global Investors (Deutschland) AG. According to the Schedule 13G, Barclays Global Investors, N.A. and the named affiliates have, in aggregate, sole voting power with respect to 12,042,022 shares of Common Stock and sole dispositive power with respect to 13,482,799 shares of Common Stock.
- (4) Includes 22,043 shares that could be acquired pursuant to the exercise of stock options within 60 days of February 27, 2009, 106,259 shares held by Mr. Baur's family trust and 3,525 shares held in the Company's deferred compensation plan for directors.
- (5) Includes 28,723 shares that could be acquired pursuant to the exercise of stock options within 60 days of February 27, 2009 and 46,363 shares held in the Company's deferred compensation plan for directors.
- (6) Includes 22,043 shares that could be acquired pursuant to the exercise of stock options within 60 days of February 27, 2009 and 11,260 shares held in the Company's deferred compensation plan for directors.
- (7) Includes 317,348 shares that could be acquired pursuant to the exercise of stock options within 60 days of February 27, 2009, 1,688 shares held in the M&I Retirement Program and 32,150 shares held in the Company's deferred compensation plan for executives.
- (8) Includes 910,489 shares that could be acquired pursuant to the exercise of stock options within 60 days of February 27, 2009, 17,193 shares held in the M&I Retirement Program and 156,130 shares held in the Company's deferred compensation plan for executives.
- (9) Includes 45,096 shares that could be acquired pursuant to the exercise of stock options within 60 days of February 27, 2009. Includes 49,998 shares held in trust for which Mr. Kellner exercises shared voting power, 127,200 shares as to which Mr. Kellner exercises sole voting power and 14,643 shares held in the Company's deferred compensation plan for directors.
- (10) Includes 242,074 shares that could be acquired pursuant to the exercise of stock options within 60 days of February 27, 2009 and 712 shares held in the M&I Retirement Program.
- (11) Includes 1,759,525 shares that could be acquired pursuant to the exercise of stock options within 60 days of February 27, 2009, 8,735 shares held in a donor-advised charitable foundation and 1,435 shares held in the Company's deferred compensation plan for directors.
- (12) Includes 8,681 shares that could be acquired pursuant to the exercise of stock options within 60 days of February 27, 2009, 5,961 shares held in the Company's deferred compensation plan for directors, 10,000 shares held by Mr. Lubar's family trust and 593,084 held in a general partnership in which Mr. Lubar exercises shared voting power.

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- (13) Includes 60,129 shares that could be acquired pursuant to the exercise of stock options within 60 days of February 27, 2009 and 1,290 shares held in the Company's deferred compensation plan for directors.

**Table of Contents**

- (14) Includes 42,086 shares that could be acquired pursuant to the exercise of stock options within 60 days of February 27, 2009, 1,200 shares held in trust as to which he disclaims beneficial ownership, and 11,840 shares held in the Company's deferred compensation plan for directors.
- (15) Includes 48,767 shares that could be acquired pursuant to the exercise of stock options within 60 days of February 27, 2009, 774,997 shares held by trusts for which Mr. Orr exercises shared voting and investment power and as to which Mr. Orr disclaims beneficial ownership, and 41,318 shares held in the Company's deferred compensation plan for directors.
- (16) Includes 486,378 shares that could be acquired pursuant to the exercise of stock options within 60 days of February 27, 2009, 6,549 shares held in the M&I Retirement Program, and 61,608 shares held in the Company's deferred compensation plan for executives.
- (17) Represents 42,086 shares that could be acquired pursuant to the exercise of stock options within 60 days of February 27, 2009 and 17,917 shares held in the Company's deferred compensation plan for directors.
- (18) Includes 55,677 shares that could be acquired pursuant to the exercise of stock options within 60 days of February 27, 2009, 64,893 shares held by Mr. Platten's family as to which he disclaims beneficial ownership, 68,267 shares held in the M&I Retirement Program and 1,236 held in the Company's deferred compensation plan for directors. Of the shares of Common Stock beneficially owned by Mr. Platten, 70,000 shares are pledged as security.
- (19) Includes 62,129 shares that could be acquired pursuant to the exercise of stock options within 60 days of February 27, 2009 and 2,554 shares held in the Company's deferred compensation plan for directors.
- (20) Includes 100,215 shares that could be acquired pursuant to the exercise of stock options within 60 days of February 27, 2009 and 31,708 shares held in the Company's deferred compensation plan for executives.
- (21) Represents 28,724 shares that could be acquired pursuant to the exercise of stock options within 60 days of February 27, 2009 and 1,981 shares held in the Company's deferred compensation plan for directors.
- (22) Represents 62,129 shares that could be acquired pursuant to the exercise of stock options within 60 days of February 27, 2009 and 20,974 shares held in the Company's deferred compensation plan for directors.
- (23) Includes 1,456,463 shares that could be acquired pursuant to the exercise of stock options within 60 days of February 27, 2009, 927 shares held in the Company's deferred compensation plan for directors and 171,921 shares held by Mr. Wigdale's family as to which he disclaims beneficial ownership.
- (24) Includes 8,028,560 shares that could be acquired pursuant to the exercise of stock options within 60 days of February 27, 2009, 183,225 shares held in the Company's deferred compensation plan for directors, 513,995 shares held in the Company's deferred compensation plan for executives, 153,904 shares held in the M&I Retirement Program and 104,958 shares of restricted stock as to which the holders exercise sole voting power.

In addition to the ownership of Common Stock described above, as of February 1, 2009, each of Messrs. Baur, Erickson, Krei, Kuester, Orr, Shiely, Smith and Wigdale beneficially owns a total of 28 shares of Series A Adjustable Rate Preferred Stock (the "REIT 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 REIT 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 REIT

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Preferred Stock of each of the M&I REIT Subsidiaries. All current directors and executive officers as a group beneficially own a total of 448 shares of Preferred Stock of the M&I REIT Subsidiaries, representing 1.5% of the REIT Preferred Stock of each subsidiary. In addition, each of Messrs. Baur, Erickson and Furlong beneficially owns four shares of preferred stock of SWB Investment II Corporation, which is also a subsidiary of the Company formed as a real estate investment trust. Mr. Furlong's wife also owns one share of SWB Investment II Corporation. All current directors and executive officers as a group beneficially own a total of 12 shares of preferred stock of SWB Investment II Corporation, representing 1.3% of the preferred stock of such company.

**Table of Contents**

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

**Table of Contents**

**PROPOSAL 1. ELECTION OF DIRECTORS**

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

***Vote Required***

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

**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).**

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

**NOMINEES STANDING FOR ELECTION**

Name and Age  (as of March 1, 2009)	Principal Occupation and Directorships
Andrew N. Baur  Age 64	Chairman of the Board of Southwest Bank, an M&I Bank, a wholly-owned subsidiary of the Company, since October 2002; Chairman of the Board and Chief Executive Officer of Mississippi Valley Bancshares, Inc., a bank holding company, and its subsidiary, Southwest Bank of St. Louis, from 1984 to September 2002. Also a director of Bakers Footwear Group, Inc., Wausau Paper Corp., Orgill, Inc., a provider of wholesale distribution and retail services to the home improvement industry, and St. Louis Cardinals, L.P. A Director since October 2002.

**Table of Contents**

<b>Name and Age</b>	<b>Principal Occupation and Directorships</b>
<p>(as of March 1, 2009)</p> <p>Jon F. Chait</p> <p>Age 58</p>	<p>Chairman of the Board and Chief Executive Officer of Hudson Highland Group, Inc., a global provider of professional staffing, retained executive search and human capital solutions, since October 2002; Chairman of Spring Group, plc, a provider of workforce management solutions, May 2000 through June 2002 and Chief Executive Officer from May 2000 to March 2002; Chairman and Chief Executive Officer of Magenta.com, a developer of web-enabled human resource solutions, 1998 to 2000; Executive Vice President, Secretary and Director, August 1991 to July 1998, Managing Director-International Operations, 1995 to July 1998, Chief Financial Officer, August 1993 to July 1998, Manpower Inc. and Executive Vice President, September 1989 to July 1998, Manpower International Inc., a provider of temporary employment services. A Director since 1990.</p>
<p>John W. Daniels, Jr.</p> <p>Age 60</p>	<p>Chairman since September 2007 and Partner since 1981, Quarles &amp; Brady, L.L.P., a law firm. Chairman of the Board of North Milwaukee State Bank, 1997 to April 2005. National President, American College of Real Estate Lawyers. Also a director of V&amp;J Foods, Inc. (and affiliates controlled by V&amp;J Foods, Inc.), Metropolitan Milwaukee Association of Commerce, Greater Milwaukee Foundation, Zilber Foundation, Wisconsin United for Health Foundation, Inc., Greater Milwaukee Committee, Aurora Health Care and Ralph Evinrude Foundation. A Director since April 2005.</p>
<p>Mark F. Furlong</p> <p>Age 51</p>	<p>Chief Executive Officer since April 2007, President since April 2005, Executive Vice President from January 2002 to April 2005, Senior Vice President from April 2001 to January 2002, and Chief Financial Officer from April 2006 to June 2006 and April 2001 to October 2004; Director and President since July 2004, and Chief Executive Officer since April 2007 of M&amp;I Marshall &amp; Ilsley Bank; Director, Vice President and Treasurer of M&amp;I Private Equity Group LLC and M&amp;I Ventures L.L.C.; Director of Marshall &amp; Ilsley Trust Company National Association, M&amp;I Bank Mayville, M&amp;I Equipment Finance Company and Milease, LLC; Senior Vice President of Southwest Bank, an M&amp;I Bank. Also a director of Kforce Inc., a professional staffing firm, Wisconsin Manufacturers &amp; Commerce, Greater Milwaukee Committee, Metropolitan Milwaukee Association of Commerce, United Performing Arts Fund and Junior Achievement of Wisconsin. A Director since April 2006.</p>
<p>Ted D. Kellner</p> <p>Age 62</p>	<p>Chairman and Chief Executive Officer of Fiduciary Management, Inc., an investment management firm, since 1980. Also a director of Metavante Technologies, Inc., American Family Mutual Insurance Company and Kelben Foundation, Inc. A Director since April 2000.</p>

**Table of Contents**

Name and Age  (as of March 1, 2009)	Principal Occupation and Directorships
<p>Dennis J. Kuester</p> <p style="padding-left: 40px;">Age 66</p>	<p>Chairman of the Board since January 2005, Chief Executive Officer from January 2002 to April 2007, and President of the Company from 1987 to 2005; Chairman of the Board and Chief Executive Officer from October 2001 to April 2007, President from 1989 to October 2001 and Director since 1989, M&amp;I Marshall &amp; Ilsley Bank. Also a director of Metavante Technologies, Inc., Modine Manufacturing Company, Wausau Paper Corp., Benz Oil, Inc., YMCA of Metropolitan Milwaukee, Froedtert Hospital, Medical College of Wisconsin, the Lynde and Harry Bradley Foundation and the Christian Stewardship Foundation. A Director since February 1994.</p>
<p>David J. Lubar</p> <p style="padding-left: 40px;">Age 54</p>	<p>President of Lubar &amp; Co. Incorporated, a private equity investment firm, since 1992. Also a director of The Northwestern Mutual Life Insurance Company, Codgell Spencer, Inc., Greater Milwaukee Foundation, Milwaukee Jewish Federation, Jewish Community Foundation, UWM Foundation, UWM Real Estate Foundation, University School of Milwaukee, Wisconsin Policy Research Institute, Metropolitan Milwaukee Association of Commerce, and Froedtert &amp; Community Health and various private companies. A Director since April 2007.</p>
<p>Katharine C. Lyall</p> <p style="padding-left: 40px;">Age 67</p>	<p>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.</p>
<p>John A. Mellowes</p> <p style="padding-left: 40px;">Age 70</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 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>

**Table of Contents**

Name and Age  (as of March 1, 2009)	Principal Occupation and Directorships
<p>San W. Orr, Jr.  Age 67</p>	<p>Chairman of the Board and director of Wausau Paper Corp.; Attorney, Estates of A.P. Woodson &amp; 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.</p>
<p>Robert J. O Toole  Age 68</p>	<p>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 &amp; Stratton Corporation, a manufacturer of gasoline engines for outdoor power equipment, and Factory Mutual Insurance Company. A Director since April 2002.</p>
<p>Peter M. Platten, III  Age 69</p>	<p>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.</p>
<p>John S. Shiely  Age 56</p>	<p>Chairman of the Board since January 2003, Chief Executive Officer since 2001, President from 1994 to 2008 and Chief Operating Officer from 1994 to 2001, Executive Vice President-Administration from 1991 to 1994, Briggs &amp; Stratton Corporation, a manufacturer of gasoline engines for outdoor power equipment. Also a director of Quad/Graphics Inc., Cleveland Rock and Roll, Inc. (corporate board of the Rock and Roll Hall of Fame and Museum) and The Scotts Miracle-Gro Company; Chairman of the Board of Children's Hospital and Health System, Inc., the Board of Trustees of the Medical College of Wisconsin; director and Vice Chairman of OPEI Education and Research Foundation and the Boys &amp; Girls Clubs of Greater Milwaukee. A Director since April 1999.</p>

**Table of Contents**

Name and Age  (as of March 1, 2009)	Principal Occupation and Directorships
<p>George E. Wardeberg  Age 73</p>	<p>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.</p>
<p>James B. Wigdale  Age 72</p>	<p>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&amp;I Marshall &amp; Ilsley Bank. Also a director of Mason Wells, Inc., a private equity firm, Columbia St. Mary's, a hospital organization, Green Bay Packaging Inc., a manufacturer of paperboard packaging, and Sentry Insurance. A Director since 1988.</p>

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**Table of Contents**

**CORPORATE GOVERNANCE MATTERS**

***Board of Directors***

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

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

Mr. Peter M. Platten, III

c/o Secretary

Marshall & Ilsley Corporation

770 North Water Street

Milwaukee, Wisconsin 53202

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

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

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

***Corporate Governance Documents***

Certain documents relating to corporate governance matters are available on the Company's web site at [www.micorp.com](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;

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Categorical Standards for Lending, Banking and Other Business Relationships Involving the Company's Directors;

Corporate Governance Guidelines; and

Code of Business Conduct and Ethics.

## **Table of Contents**

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

### ***Compensation and Human Resources Committee***

The Compensation and Human Resources Committee (the "Compensation Committee") is appointed to discharge the Board's responsibilities relating to the compensation of the Company's executive officers. The Compensation Committee is responsible for, among 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. In connection with the Company's participation in the Capital Purchase Program, the Compensation Committee's charter was amended to also require that the Compensation Committee meet, at least annually, with senior risk officers of the Company to discuss and review the relationship between the Company's risk management policies and practices and the incentive compensation arrangements for the Company's senior executive officers, identifying and making reasonable efforts to limit any features in such compensation arrangements that could lead the senior executive officers to take unnecessary or excessive risks that could threaten the value of the Company, and provide a certification with respect to this review.

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

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

## **Table of Contents**

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

### ***Audit Committee***

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

### ***Nominating Committee***

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

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

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

## **Table of Contents**

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

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

be an individual of the highest character and integrity and have an inquiring mind, vision and the ability to work well with others;

be free of any conflict of interest which would violate any applicable law or regulation or interfere with the proper performance of the responsibilities of a director;

possess substantial and significant experience which would be of value of the Company in the performance of the duties of a director; and

have sufficient time available to devote to the affairs of the Company in order to carry out the responsibilities of a director.

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

### ***Retirement Investment Committee***

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

### ***Risk Management Committee***

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

## **LOANS AND OTHER TRANSACTIONS WITH THE COMPANY**

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

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

**Table of Contents**

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 is not receiving 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 Company aircraft for Company business; 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 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 remains entitled to certain compensation and benefits, including a \$2,000 monthly payment, the right to participate in the Company's benefit and qualified retirement plans, health insurance coverage, the use of a car, and the payment of club dues until he reaches the age of 65 in 2009. In addition, Mr. Baur will be provided with office space until December 31, 2009. After he reaches age 65, Mr. Baur will be entitled to participate in the Company's Medicare supplemental insurance plan. Mr. Baur is also entitled to reimbursement for all reasonable travel and other expenses, including a Company-owned vehicle, incurred by him in connection with his continuing roles as a director of the Company and Chairman of the Board of Southwest Bank, an M&I Bank.

On December 21, 2006, the Company entered into a transition and consulting agreement with Mr. Kuester relating to Mr. Kuester's retirement as Chief Executive Officer on April 24, 2007. Under the transition and consulting agreement, Mr. Kuester continued to serve as Chairman of the Board and received salary at his then-current rate, and continued participation in other compensation and benefit programs until his retirement as an employee of the Company on January 1, 2008. Upon his retirement, Mr. Kuester became fully vested in any outstanding restricted shares or restricted share units that were not otherwise vested in accordance with their normal terms. The transition and consulting agreement further provides that 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, Mr. Kuester received \$20,833.33 per month during 2008 for serving as non-executive Chairman of the Board. Pursuant to its authority under the agreement, in December 2008, the Compensation Committee reduced this amount by 25% to \$15,625 per month as part of the Company's expense reduction initiatives designed to improve the Company's balance sheet during the continuing economic downturn. This reduction was made in conjunction with the Board's decision to reduce by 25% the annual retainer fee paid to non-employee directors of the Company. Mr. Kuester receives 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, for Company business; 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

**Table of Contents**

the Board, Mr. Kuester will receive the same benefits as described above, except that 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.

The Company allows all directors, including Messrs. Baur, Wigdale and Kuester, and their spouses incidental use of Company aircraft. This incidental use arrangement is described in additional detail under Director Compensation in 2008, below.

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 2008. 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 2008, the Company retained Quarles & Brady, L.L.P., a law firm of which Mr. Daniels is Chairman and a Partner, to provide certain legal services to the Company and its subsidiaries.

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**Table of Contents**

**EXECUTIVE COMPENSATION**

**COMPENSATION DISCUSSION AND ANALYSIS**

***Overview***

Like most companies in the financial services sector, the recent and ongoing financial downturn had a significant negative impact on the Company's 2008 results of operations and on the price of the Company's Common Stock. Consistent with the objective of aligning the compensation of the Company's executive officers with the annual and long-term performance of the Company and the interests of the Company's shareholders, these factors have also been reflected in the compensation of the Company's named executive officers for 2008, and in a number of executive compensation-related actions that have been taken by the Company and the Compensation Committee with respect to 2009.

As discussed above and in further detail below, one of the main objectives of the Company's executive compensation program is to align a significant portion of each executive officer's total compensation with the annual and long-term performance of the Company and the interests of the Company's shareholders. The Company's Annual Executive Incentive Plan, which plays a key role in fulfilling this objective, is designed specifically to establish a direct correlation between the annual incentives awarded to the participants and the financial performance of the Company. As a result, because the Company's performance was below the threshold level under the plan, none of the named executive officers received annual incentive payments or bonuses with respect to 2008. In addition, the Compensation Committee used its negative discretion in determining not to make any cash incentive payments under the Company's Wealth Management incentive plan, even though performance under that plan exceeded the threshold level. The total 2008 annual cash compensation for the named executive officers as a group decreased approximately 26% from 2007, and a total of approximately 56% since 2006.

Due to the decline in the price of the Common Stock, 2008 option and restricted stock grants to the named executive officers resulted in lower estimated grant date values than the 2007 awards, and the Compensation Committee determined not to increase the number of options or shares of restricted stock granted to the extent that would have been necessary to replace this value.

With respect to 2009, the Compensation Committee has taken a number of additional actions in response to the adverse economic conditions. These actions, which are discussed in more detail in this section, include:

A freeze on all named executive officers' base salaries for 2009;

Revisiting the Company's annual incentive strategy for 2009;

In conjunction with the Company's determination in February 2009 to sell its Company-owned aircraft, the Compensation Committee determined to eliminate any personal use of Company aircraft other than use of otherwise unoccupied space on Company aircraft for a flight that was otherwise scheduled for business purposes; and

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

Furthermore, the Company and the Compensation Committee have taken and will continue to take all steps necessary to comply with the requirements imposed in connection with the Company's participation in the Capital Purchase Program. These steps have included the Compensation Committee undertaking an analysis to review the relationship between the Company's risk management policies and practices and its incentive compensation arrangements for the named executive officers in order to identify any features in the executive compensation program that might lead to unnecessary or excessive risk taking that could threaten the value of the Company.

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## **Table of Contents**

As described in more detail below, the recently enacted American Recovery and Reinvestment Act of 2009 (the ARRA ) contains a number of significant new limitations on executive compensation for Capital Purchase Program participants. Because the regulations under the ARRA have not yet been issued, the ultimate impact of these limitations on the Company's executive compensation program is uncertain. As a result, the Compensation Committee intends to assess what actions may be necessary in response to these limitations, including a potential reversal of the freeze on base salary increases, in order to ensure that the executive compensation program will continue to fulfill its philosophy and objectives.

The Company and the Compensation Committee remain committed to the compensation philosophy, policies and objectives outlined below. Named executive officer compensation for 2008 reflects the effectiveness of the Company's executive compensation program in fulfilling its objectives during times of economic difficulty and weak financial performance. As always, the Compensation Committee will continue to review all elements of the executive compensation program and take any steps it deems necessary to continue to fulfill these objectives.

### ***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. This remains true in difficult economic times. The Company's executive compensation program is an important tool for attracting, retaining and motivating 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 officer'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, through the Compensation Committee, 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 establishes base salary and target performance levels based on a number of factors designed to further the Company's executive compensation objectives, to be competitive with the compensation received by similarly-situated executive officers at peer group companies and to reflect the conditions of the markets in which the Company operates and the relative financial performance of peer group companies (as discussed below). 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.

## **Table of Contents**

In establishing base salary and target performance levels, the Compensation Committee receives input from its compensation consultant, Hewitt Associates. The Compensation Committee instructs Hewitt Associates to provide a compilation of raw data with respect to selected executive positions at peer group companies, including base salary and annual and long-term incentive award data. Hewitt Associates is also instructed to assist the Compensation Committee in ensuring that the Compensation Committee's actions are consistent with the Company's business needs, compensation philosophy and prevailing market practices, and in making compensation decisions that represent the long-term interests of the Company's shareholders. The role of Hewitt Associates as it relates to each element of named executive officer compensation is described in further detail below.

In addition to Hewitt Associates' service as compensation consultant to the Compensation Committee, in July 2008, the Company engaged Hewitt Associates to complete a benefit index comparing the Company's benefit programs to 15 financial organizations identified by the Company. This project also included a review of the M&I Health Plan for market competitiveness and for regulatory compliance. Neither the Compensation Committee nor the Company believes that the Company's engagement of Hewitt Associates for this project affected the ability of Hewitt Associates to perform its duties pursuant to its engagement by the Compensation Committee.

The Compensation Committee regularly reviews the overall compensation of the Company's named executive officers. In 2008, 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 and met with the Compensation Committee to review the base salaries, annual incentive compensation, total cash compensation, long-term compensation and total compensation of the Company's senior executive officers relative to the peer group 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. For the purpose of this performance comparison, total shareholder return is a measure of the total return percentage change over the relevant period on a one dollar investment in the relevant company's common stock at the beginning of the period, assuming all dividends are reinvested on the applicable ex-dividend date. Return on tangible equity is defined as net income, adjusted for tax-affected amortization of intangibles, as a percentage of average tangible equity. Return on assets is defined as net income as a percentage of average assets.

The Compensation Committee does not benchmark overall compensation against the peer group companies. The purpose of the comparison to the peer group companies is to provide a context for the Compensation Committee of the performance of the Company relative to the performance of its peers as it reviews and makes determinations regarding named executive officer compensation levels. The Compensation Committee reviews this information along with tally sheets that provide information about all of the components of each named executive officer's compensation. The Compensation Committee uses the information provided by the tally sheets in combination with the performance comparison to ensure that levels of each component of each named executive officer's compensation are in keeping with the Company's compensation philosophy and objectives.

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

### ***Participation in Capital Purchase Program***

As described above under Security Ownership of Certain Beneficial Owners, on November 14, 2008, the Company became a participant in the Capital Purchase Program. In connection with its participation in the Capital Purchase Program, the Company is required under current regulations, for the duration of the period that the U.S. Treasury holds any equity or debt position in the Company acquired under the Capital Purchase Program, to take the following actions with respect to its executive compensation arrangements relating to its Senior Executive Officers (the SEOs):

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

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**Table of Contents**

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

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

The Company's SEOs currently consist of the same executive officers as are designated named executive officers for purposes of this Proxy Statement.

In order to comply with these requirements, the Company entered into an Omnibus Amendment Agreement with each of the named executive officers. The Omnibus Amendment Agreements have the effect of amending each named executive officer's compensation, bonus, incentive and other benefit plans, arrangements and agreements, as described in this section, as necessary to comply with the Capital Purchase Program requirements described above for any year in which the U.S. Treasury holds an equity or debt position in the Company. As a result, all named executive officer compensation arrangements are potentially subject to limitation in accordance with these requirements. The Omnibus Amendment Agreements also permit the Company to take any actions necessary to amend the SEOs' incentive compensation arrangements in the event that the Compensation Committee determines, pursuant to the analysis described below, that any such arrangements encourage the SEOs to take unnecessary and excessive risks that threaten the value of the Company.

In addition, in connection with its participation in the Capital Purchase Program, the Compensation Committee is required to meet at least annually with the Company's Chief Risk Officer or other senior risk officers to discuss and review the relationship between the Company's risk management policies and practices and its SEO incentive compensation arrangements, identifying and making reasonable efforts to limit any features in such compensation arrangements that might lead to the SEOs taking unnecessary or excessive risks that could threaten the value of the Company. The Compensation Committee, on behalf of the Company, must certify that it has completed the review and taken any necessary actions.

In response to this requirement, in January 2009 the Compensation Committee met with the Company's Chief Risk Officer. The Chief Risk Officer presented the Compensation Committee with an overview of the Company's overall risk structure and the top risks identified within the Company, and discussed the process by which she had analyzed the risks associated with the executive compensation program. This process included, among other things, a comprehensive review of the program and discussions with senior Human Resources personnel of the Company. In addition, with the assistance of Hewitt Associates, the Compensation Committee reviewed with the Chief Risk Officer the structure of the Company's overall executive compensation program. This review included, without limitation, the upside and downside compensation potential under the Company's annual incentive plans; the long-term view encouraged by the design and vesting features of the Company's long-term incentive arrangements; and the extent to which the Compensation Committee and the Company's management monitor the program. Based on its analysis of these and other factors, the Compensation Committee determined that the Company's executive compensation program does not encourage the SEOs to take unnecessary and excessive risks that threaten the value of the Company, and that no changes to the program were required for this purpose. The required certification of the Compensation Committee is provided in the Compensation and Human Resources Committee Report set forth following this Compensation Discussion and Analysis.

## **Table of Contents**

On February 17, 2009, President Barack Obama signed the ARRA into law. The ARRA includes provisions directing the Secretary of the U.S. Treasury and the SEC to impose additional limits on compensation of executives of companies that participate in the Capital Purchase Program as long as the U.S. Treasury owns preferred stock and/or stock purchase warrants of such companies under the Capital Purchase Program. These provisions include, among others:

a prohibition on golden parachute payments to any CEO or any of the next five most highly compensated employees of the participating company;

a prohibition on paying or accruing any bonus, retention award, or incentive compensation to the CEOs and the twenty next most highly compensated employees that fully vests during the period in which any obligation under the Capital Purchase Program remains outstanding or that has a value greater than one-third of the total amount of the annual compensation of the employee receiving the award; and

an annual, non-binding shareholder vote on the company's executive compensation program.

In accordance with the ARRA and based on recent guidance issued by the SEC, the Board of Directors authorized a non-binding advisory shareholder vote on the Company's executive compensation plans, programs and arrangements. See Proposal 5: Advisory Vote on Executive Compensation in this Proxy Statement.

Other provisions of the ARRA require the participating companies to establish a board compensation committee that must meet at least semi-annually to discuss and evaluate employee compensation plans in light of an assessment of any risk posed to the company from the plans; to adopt a company-wide policy regarding excessive or luxury expenditures; and to annually file a written certification of the company's CEO and CFO as to the company's compliance with the requirements.

Because the regulations required under the ARRA have not yet been issued, the ultimate impact of these limitations on the Company's executive compensation program is uncertain. The Company and the Compensation Committee will take any actions necessary to comply with the regulations once they are issued and, as described above, the Omnibus Amendment Agreements will have the effect of amending each named executive officer's compensation arrangements and agreements accordingly. As described in more detail below, the Company's executive compensation program has historically been heavily focused on performance-based elements, including annual and long-term incentive compensation. It appears that the Compensation Committee's ability to use these performance-based elements will be severely limited under the ARRA regulations. As a result, the Compensation Committee intends to assess what actions may be necessary in response to these limitations, including a potential reversal of the freeze on base salary increases, in order to ensure that the executive compensation program will continue to fulfill its philosophy and objectives.

### ***Peer Group***

As more fully described in this section, one of the factors considered by the Compensation Committee in determining named executive officer compensation 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 based on the similarity of the nature and scope of their businesses and the size of their asset holdings 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 so that the group continues to provide a relevant comparison. For 2008, the peer group companies were as follows:

Associated Banc-Corp;

BB&T Corporation;

Colonial Bancgroup Inc.;

Comerica Incorporated;

**Table of Contents**

Fifth Third Bancorp;

First Horizon National Corporation;

Huntington Bancshares Inc.;

KeyCorp;

M&T Bank Corporation;

National City Corporation;

Northern Trust Corporation;

The PNC Financial Services Group, Inc.;

Regions Financial Corporation;

Synovus Financial Corp.; and

Zions Bancorporation.

***Elements of Executive Compensation***

The Company's executive compensation program 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.

***Base Salary***

Each of the Company's named executive officers receives a base salary. In January of each year, the Compensation Committee determines named executive officer base salaries for that year. For 2008, the named executive officers' base salaries were determined by the Compensation Committee based on a combination of two factors. The first factor was the Compensation Committee's evaluation of the salaries paid to executives with similar responsibilities at peer group bank holding companies. The second factor was the Compensation Committee's evaluation of the executive's unique role, job performance and other circumstances. The Compensation Committee evaluates the marketplace salary data to help ensure that the base salaries of the Company's named executive officers are within competitive practice relative to the base salaries of named executive officers in the peer group bank holding companies. Likewise, based on its evaluation of a named executive officer's unique role, job performance and other circumstances, the Compensation Committee may determine that the named executive officer's base salary should be adjusted to reflect that information. For example, if, in the view of the Compensation Committee, a named executive officer of the Company has greater or lesser responsibilities than his or her counterparts at the peer group companies, the Compensation Committee would consider that information in deciding the level at which to establish that named executive officer's base salary relative to the peer group companies.

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Based on its review of these factors, in January 2008, the Compensation Committee determined to increase each of the named executive officers' base salaries in 2008 in order to maintain the Company's competitive total compensation position in the marketplace. The increase in Mr. Furlong's salary for 2008 also reflected his promotion to the role of Chief Executive Officer, which occurred during 2007.

As part of the Company's expense reduction initiatives, in January 2009, the Compensation Committee determined to freeze the named executive officers' base salaries for 2009. This determination is subject to review pending the U.S. Treasury's issuance of regulations under the ARRA. More specific information regarding each named executive officer's 2008 base salary is provided under "Executive Compensation Summary Compensation Table" in this Proxy Statement.

**Table of Contents***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 incentive opportunities for the participants, including all of the Company's named executive officers, based upon one or more objective financial performance criteria selected by the Compensation Committee. 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 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 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. As such, the Compensation Committee may select different performance criteria from year to year. For 2008, the performance criterion under the Annual Executive Incentive Plan was the Company's earnings per share.

Incentive opportunities under the Annual Executive Incentive Plan are based on a percentage of each participant's base salary and are paid out at specified levels 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, the earnings performance of peer group companies, and annual cash incentive amounts provided by the peer group companies. For 2008, the target performance levels were also based on the Company's performance budget in order to reflect the Company's outlook and align the goals of the named executive officers with the goals of the Company. The target levels are intended to reward superior performance relative to peer group companies, taking into consideration the market conditions and industry trends that affect the Company. The Company's performance results have exceeded the target levels under the Annual Executive Incentive Plan in three of the last five years. Because the targets are based on the Company's performance budget, the targets are intended to be reasonably attainable given a maximum effort on the part of the Company's named executive officers in consideration of conditions and trends.

Based on the considerations described above, for the 2008 Annual Executive Incentive Plan performance criterion, the Compensation Committee approved a matrix of threshold, plan and maximum performance levels and a potential opportunity amount for each named executive officer at each level, expressed as a percentage of each named executive officer's base salary.

The performance criterion under the Annual Executive Incentive Plan for 2008 was earnings per share. The 2008 target performance range and actual performance achievement (taking into account the noncash goodwill impairment charge recognized by the Company in the fourth quarter of 2008) were as follows:

Performance Criterion	Target Performance Range			Achievement
	Threshold	Target	Maximum	
Earnings Per Share	\$ 2.08	\$ 2.29	\$ 2.50	\$ (7.92)

On August 21, 2008, the Compensation Committee adopted a separate short-term incentive arrangement (the Wealth Management Plan) under the Annual Executive Incentive Plan, and approved an award opportunity for Mr. Krei under the Wealth Management Plan. This incentive arrangement was administered in accordance with the terms of the Annual Executive Incentive Plan. The Compensation Committee adopted the

**Table of Contents**

Wealth Management Plan in an effort to provide Mr. Krei with an incentive compensation opportunity based on the performance of the Company's business for which he is directly responsible. Accordingly, the potential payout under the Wealth Management Plan was tied to the 2008 calendar year performance of the Company's Wealth Management business. As with the Annual Executive Incentive Plan, the Wealth Management Plan provided for a potential cash incentive payment based on Mr. Krei's base salary to be payable if the performance goals approved by the Compensation Committee were met for 2008. Based on what it believed were the most relevant indicators of the success of the Wealth Management business, the Compensation Committee determined that the performance criteria for 2008 were net income (weighted 60%) and revenue growth (weighted 40%), based on the combined results of the Company's Wealth Management segment and Investment Division. As with the Annual Executive Incentive Plan, the Compensation Committee established performance targets for each of these criteria at levels intended to be reasonably attainable given maximum effort on the part of the participant in consideration of conditions and trends affecting the business line. The Wealth Management Plan target performance range and actual performance achievement were as follows:

Performance Criterion	Weight	Threshold	Target Performance Range (\$ in millions)			Achievement
			Target	Maximum		
Net Income	60%	\$ 75.4	\$ 83.8	\$ 92.2	\$ 39.0	
Revenue Growth	40%	\$ 368.1	\$ 409.0	\$ 449.0	\$ 385.4	

In keeping with the objectives they are designed to meet, no payouts are made for performance below threshold levels under either the Annual Executive Incentive Plan, including under the Wealth Management Plan. As a result, none of the named executive officers received cash incentive payouts under the Annual Executive Incentive Plan with respect to 2008. Mr. Krei would have been entitled to a payout under the Wealth Management Plan because the threshold performance level of revenue growth was achieved. However, based on the Company's overall performance during 2008, and taking into consideration the recent and continuing economic downturn, the Compensation Committee exercised its negative discretion in determining not to make a cash incentive payment to Mr. Krei under the Wealth Management Plan with respect to 2008.

Additional information regarding the Company's annual incentive compensation may be found in the "Grants of Plan-Based Awards" table in the Executive Compensation section of this Proxy Statement.

The recent and continuing economic downturn and the unprecedented volatility of the markets in which the Company operates have made it extremely difficult for the Compensation Committee to establish what it believes to be appropriate earnings-driven performance criteria under the Annual Executive Incentive Plan. Instead, the Compensation Committee has determined that any bonus payments to the named executive officers with respect to 2009, if permitted by law or regulation, will be based on such other factors as the Compensation Committee deems relevant and in keeping with the objectives of the annual incentive element of the Company's executive compensation program. Such other factors may include a combination of other business-related performance metrics and subjective factors.

*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. This emphasis is consistent 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 named executive officer's long-term award package to those

## **Table of Contents**

provided by peer group companies for similar positions. This comparison is intended to provide a context of prevailing market practices, rather than a benchmark against which the Company's long-term award packages are to be measured. 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 and the Compensation Committee's approach to allocating among them are described below.

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. Second, 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 forms of 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 long-term awards, the Compensation Committee has generally determined to place comparable emphasis on each of 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 objective of this form of award is to attract and retain the highly-talented individuals to whom the awards are granted. 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.

As stated above, the Compensation Committee does not use formulaic or mechanical procedures to determine compensation amounts or allocation of specific elements of compensation, including long-term incentive awards. The process of determining award amounts generally begins with the Compensation Committee's review of prior-year award levels. In the discretion of the Compensation Committee, award levels are adjusted from time to time to reflect changes in the circumstances of the named executive officers, the Company or the market as a whole. For example, if the market value of the Company's Common Stock has changed over time such that, in the view of the Compensation Committee, the total value of a named executive officer's long-term awards relative to his or her total compensation no longer fulfills the Company's compensation philosophy and objectives, the Compensation Committee makes appropriate adjustments to that named executive officer's long-term award levels. Similarly, if a named executive officer's responsibilities change such that a particular type of award becomes disproportionately large or small relative to similarly situated individuals at the Company, the Compensation Committee may adjust the amount of that type of award paid to that named executive officer.

*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 (defined as the closing price) of the Common Stock on the date the option is granted. 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. 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.

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 approve stock option awards in October of each year to be granted on a date certain that is after the date of approval and after the Company releases its third quarter earnings information.

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**Table of Contents**

In 2008, the Compensation Committee approved the number of options to be granted at its October 2008 meeting consistent with past practice. However, because of the unusually high level of volatility in the market price of the Company's Common Stock in 2008, the Compensation Committee departed from past practice by meeting again following the release of the Company's third quarter earnings information to approve the effective date of the grant, rather than approving the grants as of a future date certain as had been the Company's practice since 2002. The purpose of this additional meeting was to attempt to ensure that the exercise price of the stock options would not be based on an anomalous market value that would not adequately align the interests of the named executive officers with the interests of the Company's shareholders. While the additional meeting of the Compensation Committee was a departure from past practice, the timing of the 2008 option award grants, which were made on a date following the release of the Company's third quarter earnings information, was consistent with past practice.

In determining the number of stock options and restricted stock units (as described below) to grant to the named executive officers, the Compensation Committee considered the effect of the recent decline in the market price of the Common Stock on the estimated grant date value of the awards and on the overall compensation value being delivered to the named executive officers, and how best to provide values that would allow the Compensation Committee to continue to meet the objectives of the long-term compensation elements of the Company's executive compensation program. Based on this evaluation, the Compensation Committee determined to increase the number of stock options and restricted stock units granted to the named executive officers by 15% over the numbers granted in 2007. Due to the lower share price, however, the 2008 grants resulted in lower estimated grant date values than the 2007 awards. The Compensation Committee determined this reduction in compensation value to be appropriate in light of the Company's recent performance and current market conditions.

The Compensation Committee may also grant stock options and restricted shares throughout the year in connection with new hires or special executive retention situations, such as promotions. 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 Awards.* Under the Company's Amended and Restated 1994 Long-Term Incentive Plan (the "LTIP"), the Compensation Committee may award units representing share equivalents of the Company's Common Stock to participants in the plan, including the Company's named executive officers. The Compensation Committee approves the performance criteria and payout multiples under the LTIP with respect to the performance period determined by the Compensation Committee. Historically, this approval has taken place in January of each year, and the performance period has typically been the three-year performance period commencing in January of each year. However, due to unprecedented market volatility and because of the uncertainty regarding the details of the executive compensation limitations under the ARRA, the Compensation Committee has chosen to temporarily postpone approval of performance criteria and payout multiples for a new three-year performance period in order to allow time for additional analysis of the appropriate criteria and potential payout levels.

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. No payments of awards are made under the LTIP until the Compensation Committee determines that the performance targets to which the awards are subject have been met. The Compensation Committee has the discretion to reduce or to 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

**Table of Contents**

given to each of such criteria have been based on a pre-determined compound annual growth rate of earnings per share and a target performance ranking for total shareholder return relative to the peer group.

For the three-year performance period ended December 31, 2008, as in past years, a payout multiple was applied to the units awarded to each participant based on the Company's performance in relation to two performance criteria: total shareholder return, representing the total return of the Company's Common Stock for the three-year period when compared with the total return for the stocks of the companies that compose the KBW 50 Index, and the Company's cumulative earnings per share for the three-year period. To address the impact of the November 2007 separation of the Company and Metavante Corporation on the anticipated future earnings growth rates of the Company, which were a factor in determining the cumulative earnings per share performance goals under the LTIP, the Compensation Committee determined in December 2007 to change the weighting of the total shareholder return and cumulative earnings per share criteria for the performance periods ending December 31, 2008 and December 31, 2009 by placing a greater emphasis on the total shareholder return criterion. The weighting for these periods was changed from being equally weighted between the two criteria to being 75% weighted on total shareholder return and 25% weighted on cumulative earnings per share.

The Company's performance in relation to each of the two performance criteria is calculated independently. As a result, a participant may receive a payout under one of the criteria but not under the other. For each criterion, the threshold payout multiple is 12.5% and the maximum is 137.5%, resulting in a combined maximum of 275%. No payout is made under a criterion for performance below threshold, as was the case with the cumulative earnings per share criterion in 2008. The resulting payout multiple is applied to the units awarded and units awarded to the participant in lieu of the payment of dividends. Under the terms of the LTIP, any payout obligations under the LTIP are satisfied in an amount of cash equal to the fair market value of the number of shares represented by the units.

Long-term performance levels for growth in earnings per share 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. As shown below, actual total shareholder return performance levels exceeded the threshold level for the three-year performance period ended December 31, 2008, while actual cumulative earnings per share performance was below the threshold level for the period.

The following table presents information relating to the performance criteria, performance and target incentives for the three-year performance period ended December 31, 2008:

Performance Criterion	Weight	Target Performance Range				Achievement	Payout %
		Threshold	Target	Exceed	Maximum		
Total Shareholder Return (percentile rank)	75%	25th	50th	75th	95th	38th	48.4%
Cumulative Earnings Per Share (\$)	25%	\$ 7.97	\$ 8.68	\$ 9.27	\$ 9.70	\$ (3.21)	0%

Additional information regarding the Company's long-term incentive compensation is provided under Executive Compensation Grants of Plan-Based Awards in Fiscal 2008 in 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. In 2008, these perquisites included payment of club dues, personal financial planning and tax preparation services and personal use of Company cars and, with respect to the Chief Executive Officer, personal use of Company aircraft limited to 40 flight hours per year.

## **Table of Contents**

In February 2009, the Company determined to sell its Company-owned aircraft. In connection with its annual review of perquisites, the Compensation Committee determined to eliminate any personal use of Company aircraft. Executive officers and their immediate family members are permitted incidental personal use of Company aircraft. Under this incidental use arrangement, these individuals are, on occasion, allowed to use otherwise unoccupied space on Company aircraft for a flight that was otherwise scheduled for business purposes.

In 2008, the Company also paid the expenses related to the relocations of each of Mr. Furlong and Mr. Smith to the Milwaukee area. Mr. Furlong's relocation was pursuant to the Company's requirement that he move to Milwaukee in connection with his promotion to Chief Executive Officer of the Company. With respect to Mr. Smith, the payment of relocation expenses was made in accordance with his arrangement with the Company upon commencement of his employment.

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 perquisites at their incremental cost to the Company to the extent that limitations on personal use are exceeded. Incremental cost does not necessarily reflect the total cost of a perquisite.

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. These 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, and to increase their presence and ability to participate in the community in which the Company is headquartered.

## ***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 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 entered into identical change of control agreements with all of the named executive officers. In anticipation of Mr. Erickson and Mr. Krei being named executive officers in 2009, consistent with the Company's past practice, in December 2008 the Company entered into change of control agreements with each of these individuals providing for three-year terms, rather than the two-year terms provided under their previous agreements.

The Compensation Committee periodically reviews the terms of the form of change of control agreement to ensure that the terms are consistent with this objective and that the Committee remains aware and approves of the Company's potential obligations under the agreements. The change of control agreements 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. The Compensation Committee has determined to provide the named executive officers with three-year change of control agreement terms in keeping with what it believes to be competitive practice and in keeping with the objective of attracting, retaining and motivating these highly talented individuals in their key positions. The employment term under the change of control agreements renews on a daily basis until the Company gives notice to terminate the daily renewal.

## **Table of Contents**

In accordance with the Omnibus Amendment Agreements entered into between the Company and each of the named executive officers, the potential benefits under the named executive officer change of control agreements are subject to reductions as necessary to be in compliance with the provisions of the Capital Purchase Program. 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***

In December 2006, the Company agreed to provide Mr. Furlong with a supplemental retirement benefit intended, when fully vested, 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. As more fully discussed below under the Pension Plan Benefits table, the benefits under this arrangement will begin vesting when Mr. Furlong reaches age 55, and will be fully vested when he reaches age 62.

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.

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 eligible 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 Compensation Committee believes it is better able to achieve the objective of attracting and retaining highly-talented individuals to fill key positions.

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

Section 162(m) of 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 limitation. As described above, in connection with its participation in the Capital Purchase Program, the Company has agreed to be subject to Section 162(m)(5) of the Code. This section reduces the annual Section 162(m) tax deduction limit for remuneration paid to the CEOs during any taxable year from \$1,000,000 to \$500,000 and eliminates the availability of the exception to the deduction limit for performance-based compensation.

Tax deductibility under the Code is only one of the many factors the Compensation Committee considers in making executive compensation decisions. However, the Compensation Committee does not believe that it is in the best interests of the Company or its shareholders for the Compensation Committee to permit these arbitrary tax provisions to distort the effective development and execution of the Company's compensation program, potentially preventing the Compensation Committee from achieving the objectives of the 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 and the objectives of the executive compensation program. In addition, because of the uncertainties associated with the application and interpretation of these provisions and the guidance issued thereunder, there can be no assurance that compensation intended to satisfy the requirements for deductibility will in fact be deductible.

**Table of Contents**

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 associated with nonqualified deferred compensation arrangements. Section 409A imposes substantial penalties and results in the loss of any tax deferral for nonqualified deferred compensation that does not meet its requirements. The Compensation Committee has structured the elements of the Company's compensation program to comply with the distribution, timing and other requirements of Section 409A. These actions are intended to prevent certain elements of executive compensation to result in substantial tax liability for the named executive officers pursuant to Section 409A. However, because of the uncertainties associated with the application and interpretation of Section 409A and the guidance issued thereunder, there can be no assurance that every element of the Company's compensation program does, in fact, comply with such requirements.

**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.

In addition, the Compensation Committee certifies that it has reviewed with senior risk officers of the Company the Company's SEO incentive compensation arrangements and has made reasonable efforts to ensure that such arrangements do not encourage SEOs to take unnecessary and excessive risks that threaten the value of the Company.

**The Compensation and Human Resources Committee:**

Mr. Wardeberg, Chairman

Mr. O Toole

Mr. Shiely

Table of Contents

## SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (\$)(1)	Bonus (\$)	Stock Awards (\$)(2)	Option Awards (\$)(3)	Non-Equity Incentive Plan Compensation (\$)(4)	Change in Pension Value and Nonqualified Deferred Compensation	All Other Earnings (\$)(5)	Total (\$)(6)	Total (\$)
Mark F. Furlong President and Chief Executive Officer	2008	875,000	0	268,541	950,916	0		77,442	174,766	2,346,665
	2007	750,000	316,876	1,386,957	668,317	0		119,763	159,343	3,401,256
	2006	600,000	0	1,206,654	794,189	784,800		701,853	127,600	4,215,096