

MARSHALL & ILSLEY CORP/WI/
Form S-4
January 04, 2007
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As filed with the Securities and Exchange Commission on January 4, 2007

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form S-4

REGISTRATION STATEMENT

Under

THE SECURITIES ACT OF 1933

MARSHALL & ILSLEY CORPORATION

(Exact name of Registrant as specified in its charter)

Wisconsin (State or other jurisdiction of incorporation or organization)	6021 (Primary Standard Industrial Classification Code Number) 770 North Water Street	39-0968604 (I.R.S. Employer Identification No.)
--	---	---

Milwaukee, Wisconsin 53202

(414) 765-7801

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Dennis J. Kuester

Chief Executive Officer

Marshall & Ilsley Corporation

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770 North Water Street

Milwaukee, Wisconsin 53202

(414) 765-7801

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies of communications to:

Christopher B. Noyes	Randall J. Erickson	John P. Greeley
Dennis F. Connolly	Senior Vice President and General	Smith Mackinnon, PA
Godfrey & Kahn, S.C.	Counsel	255 South Orange Avenue
780 North Water Street	Marshall & Ilsley Corporation	Suite 800
Milwaukee, Wisconsin 53202	770 North Water Street	Orlando, FL 32801
	Milwaukee, Wisconsin 53202	

Approximate Date of Commencement of Proposed Sale to the Public: As soon as practicable after this Registration Statement becomes effective and all conditions to the consummation of the merger described in this document have been met.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, please check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered(1)	Proposed maximum offering price per unit	Proposed maximum aggregate offering price	Amount of registration fee(2)
Common Stock, par value \$1.00 per share	4,889,085	N/A	\$ 73,504,082.52	\$ 7,864.94

(1) The number of shares of Common Stock, par value \$1.00 per share, of Marshall & Ilsley Corporation to be registered pursuant to this registration statement is based upon the number of shares of Common Stock, par value \$0.01 per share, of United Heritage Bankshares of Florida, Inc. presently outstanding or which may be issued before the proposed merger transaction to which this

registration statement relates, multiplied by the maximum exchange ratio of 0.8740 of a share of Marshall & Ilsley Corporation Common Stock per share of United Heritage Bankshares of Florida, Inc. Common Stock.

- (2) Pursuant to Rule 457(f)(2) under the Securities Act of 1933, as amended, the registration fee is based on the book value of United Heritage Bankshares of Florida, Inc. Common Stock as of September 30, 2006, computed based on the estimated maximum number of shares that may be exchanged for the Marshall & Ilsley Corporation Common Stock being registered.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this proxy statement/prospectus is not complete and may be changed. Marshall & Ilsley may not issue the common stock to be issued in connection with the transaction described in this proxy statement/prospectus until the Registration Statement filed with the Securities and Exchange Commission is effective. This proxy statement/prospectus is neither an offer to sell these securities, nor a solicitation of offers to buy these securities, in any state where the offer or sale is not permitted. Any representation to the contrary is a criminal offense.

Subject to Completion, Dated January 4, 2007

Proxy Statement/Prospectus

Proxy Statement for United Heritage Bankshares of Florida, Inc.

Special Meeting

Prospectus of Marshall & Ilsley Corporation

Dear United Heritage Shareholder:

You are cordially invited to attend a special meeting of the shareholders of United Heritage Bankshares of Florida, Inc. (United Heritage) to be held on [], 2007 at [], local time, at [].

At the special meeting, you will be asked to consider and vote upon a proposal to approve and adopt the Agreement and Plan of Merger that United Heritage entered into with Marshall & Ilsley Corporation on December 1, 2006, which we refer to as the merger agreement. Under the merger agreement, United Heritage will merge into Marshall & Ilsley and each issued and outstanding share of United Heritage common stock, other than dissenting shares, will be converted into 0.8740 of a share of Marshall & Ilsley common stock, which have a value of approximately \$[] as of [], 2007. For examples of how the value of the consideration may change, see Summary Illustrative Calculation of Per Share Consideration on page [].

The total number of shares of its stock that Marshall & Ilsley will issue in the merger depends on the number of shares of United Heritage common stock outstanding. If the merger had been effective on [], 2007, Marshall & Ilsley would have issued a total of approximately [] shares of its common stock.

The affirmative vote of the holders of a majority of shares of United Heritage common stock entitled to vote is required to approve and adopt the merger agreement. The merger is also subject to certain other conditions, including regulatory approval.

The board of directors of United Heritage unanimously recommends that the holders of United Heritage common stock vote FOR approval of the merger agreement.

We urge you to read this proxy statement/prospectus carefully because it contains a detailed description of the merger and related matters. **In particular, for a description of certain significant considerations in connection with the merger and related matters described in this document, see Risk Factors beginning on page 13.**

Marshall & Ilsley common stock is traded on the New York Stock Exchange under the symbol MI. United Heritage common stock is not registered on a national securities exchange or quoted on the Nasdaq Stock Market.

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Whether or not you plan to attend the special meeting personally, please complete, sign and date the enclosed proxy card and mail it as soon as possible in the enclosed postage-paid envelope. If you attend the special meeting, you may vote in person if you wish, even if you have previously mailed in your proxy card. You should not send in the certificates for your shares of common stock until you receive specific instructions at a later date.

We thank you for your prompt attention to this matter and appreciate your support.

Sincerely,

David G. Powers

President and Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offense.

The shares of Marshall & Ilsley common stock are not savings accounts, deposits or other obligations of any bank or savings association and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency. Stock is subject to investment risks, including loss of value.

The date of this proxy statement/prospectus is [], 2007 and is being first mailed to United Heritage shareholders on or about [], 2007.

This document incorporates by reference important business and financial information about Marshall & Ilsley and United Heritage that is not included in or delivered with this document. See "Where You Can Find More Information" beginning on page [] of the document for a list of documents that Marshall & Ilsley and United Heritage have incorporated by reference into this document. These documents are available to you without charge upon written or oral request made to:

Investor Relations
Marshall & Ilsley Corporation
770 North Water Street
Milwaukee, Wisconsin 53202
(414) 765-7797

David G. Powers
President and Chief Executive Officer
United Heritage Bankshares of Florida, Inc.
640 E SR 434
Longwood, Florida 32750

(407) 712-6151

To obtain documents in time for the special meeting, your request should be received by [], 2007.

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United Heritage Bankshares of Florida, Inc.

640 E SR 434

Longwood, Florida 32750

Notice of Special Meeting of Shareholders

To be held on [], 2007

To the Shareholders of United Heritage Bankshares of Florida, Inc.:

Please take notice that the board of directors of United Heritage Bankshares of Florida, Inc. has called a special meeting of shareholders. The special meeting will be held at [] on [], 2007, at [] [a.m/p.m.], local time.

The purposes of the meeting are the following:

1. To vote on a proposal to approve and adopt the Agreement and Plan of Merger dated as of December 1, 2006 by and between Marshall & Ilsley Corporation and United Heritage Bankshares of Florida, Inc., including the plan of merger constituting a part thereof, and the merger of United Heritage Bankshares of Florida, Inc. with and into Marshall & Ilsley Corporation contemplated by that agreement; and
2. To transact any other business that may properly come before the meeting and any adjournment or postponement thereof.

The Board of Directors has fixed the close of business on December 29, 2006 as the record date for the determination of shareholders entitled to receive notice of and to vote at the special meeting and any postponements and adjournments thereof. A list of shareholders entitled to vote at the special meeting will be available for examination by United Heritage's shareholders (i) at the special meeting or any adjournment of such meeting or (ii) for a period of ten days prior to the special meeting upon a written request of a United Heritage shareholder during regular business hours at United Heritage's principal executive offices at 640 E SR 434, Longwood, Florida 32750.

Holders of United Heritage's common stock entitled to vote on the proposal to approve and adopt the merger agreement who do not vote in favor thereof and provide United Heritage a written demand for appraisal at or prior to the special meeting have the right to receive payment of the fair value of such holders' shares upon compliance with the provisions of Sections 607.1301-1333 of the Florida Business Corporation Act, which we refer to as the FBCA, the full text of which is included as Appendix D to the proxy statement/prospectus attached to this Notice of Special Meeting of Shareholders. For a summary of the dissenters' rights of United Heritage's shareholders, see "The Merger Dissenters' Rights" in the proxy statement/prospectus. Failure to comply strictly with the procedures set forth in Sections 607.1301-1333 of the FBCA will cause a shareholder to lose dissenters' rights.

A proxy card for the special meeting is enclosed. Whether or not you plan to attend the special meeting, please promptly complete and mail the enclosed proxy card. If you sign, date and mail your proxy card without indicating how you want to vote, your proxy will be voted in favor of the agreement and plan of merger and the plan of merger and the merger contemplated thereby. If you fail to return your proxy card, the effect will be the same as a vote against the agreement and plan of merger, the plan of merger and the merger contemplated thereby. You may still vote in person at the meeting even if you have previously returned your proxy card so long as you properly revoke your proxy.

By order of the board of directors:
United Heritage Bankshares of Florida, Inc.

By:
David G. Powers
President and Chief Executive Officer

[], 2007

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QUESTIONS AND ANSWERS ABOUT THIS DOCUMENT AND THE MERGER

Q. What is the purpose of this document?

A. This document serves as both a proxy statement of United Heritage and a prospectus of Marshall & Ilsley. As a proxy statement, this document is being provided to you by United Heritage because the board of directors of United Heritage is soliciting your proxy for use at the special meeting of shareholders called to vote on the proposed merger of United Heritage with and into Marshall & Ilsley. When we use the term merger agreement in this document, we are referring, collectively, to the agreement and plan of merger, a copy of which is included in this document as Appendix A, and the plan of merger constituting a part thereof, a copy of which is included in this document as Appendix B.

As a prospectus, this document is being provided to you by Marshall & Ilsley because the consideration Marshall & Ilsley is offering in exchange for your shares of United Heritage common stock in connection with the merger is shares of its common stock.

Q. What do I need to do now?

A. After reviewing this document, submit your proxy by promptly executing and returning the enclosed proxy card. By submitting your proxy, you authorize the individuals named in the proxy to represent you and to vote your shares at the special meeting of shareholders in accordance with your instructions. These persons also may vote your shares to adjourn the special meeting and will be authorized to vote your shares at any adjournments or postponements of the special meeting.

Your vote is important. Whether or not you plan to attend the special meeting, please promptly submit your proxy in the enclosed envelope.

Q. If my shares are held in street name by my broker, will my broker vote my shares for me?

A. Your broker will vote your shares only if you instruct your broker on how to vote. Your broker will send you directions on how you can instruct your broker to vote.

Your broker cannot vote your shares without instructions from you.

Q. How will my shares be voted if I return a blank proxy card?

A. If you sign, date and return your proxy card and do not indicate how you want to vote, your proxy will be counted as a vote in favor of the merger and the merger agreement and will be voted in the discretion of the persons named as proxies in any other matters properly presented for a vote at the special meeting.

Q. What will be the effect if I do not vote?

A. If you abstain or do not return your proxy card or otherwise do not vote at the special meeting, your failure to vote will have the same effect as if you voted against the merger and the merger agreement. Therefore, the board of directors of United Heritage encourages you to vote in favor of the proposed merger and merger agreement as soon as possible.

Q. Can I vote my shares in person?

- A. Yes, if you own your shares registered in your own name, you may attend the special meeting and vote your shares in person rather than signing and mailing your proxy card. However, in order to ensure that your vote is counted at the special meeting, we recommend that you sign, date and promptly mail the enclosed proxy card.

Q. Can I change my mind and revoke my proxy?

- A. Yes, you may revoke your proxy and change your vote at any time prior to its exercise at the special meeting by:

signing another proxy with a later date and filing it with an officer of United Heritage;

filing written notice of the revocation of your proxy with an officer of United Heritage; or

attending the special meeting and voting in person.

Q. Should I send in my stock certificates now?

- A. No please do not send in your certificates at this time. We will send you written instructions for exchanging your United Heritage common stock certificates.

Q. Who can answer my questions about the merger?

- A. If you have more questions about the merger, please contact David G. Powers of United Heritage, at (407) 712-6151, extension 1.

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SUMMARY

This summary highlights selected information from this document and may not contain all of the information that is important to you. To understand the merger fully and for a more complete description of the legal terms of the merger, you should read carefully this entire document, including the appendices, and the other documents to which we refer. For more information about Marshall & Ilsley and United Heritage, see "Where You Can Find More Information" on page [].

The Companies

Marshall & Ilsley Corporation

770 North Water Street

Milwaukee, Wisconsin 53202

(414) 765-7797

Marshall & Ilsley, incorporated under the laws of Wisconsin in 1959, is a registered bank holding company under the Bank Holding Company Act and a financial holding company under the Gramm-Leach-Bliley Act. Marshall & Ilsley's principal assets are the stock of its bank and non-bank subsidiaries. As of September 30, 2006, Marshall & Ilsley had consolidated total assets of approximately \$55.5 billion and consolidated total deposits of approximately \$33.5 billion, making it the largest bank holding company headquartered in Wisconsin.

M&I Marshall & Ilsley Bank, one of Marshall & Ilsley's primary bank subsidiaries, is the largest Wisconsin-based bank with 195 offices throughout the state. In addition, M&I Marshall & Ilsley Bank has 46 locations throughout Arizona; 17 offices in Kansas City and nearby communities; 17 offices on Florida's west coast; 17 offices in metropolitan Minneapolis/St. Paul and one in Duluth, Minnesota; three offices in Tulsa, Oklahoma; and one office in Las Vegas, Nevada. Marshall & Ilsley's Southwest Bank affiliate has 15 offices in the greater St. Louis, Missouri area. Metavante Corporation, Marshall & Ilsley's wholly-owned subsidiary, provides a full array of technology products and services for the financial services industry. Marshall & Ilsley also provides trust and investment management, equipment leasing, mortgage banking, asset-based lending, financial planning, investments and insurance services from offices throughout the country and on the Internet. Marshall & Ilsley's customer-based approach, internal growth, and strategic acquisition have made Marshall & Ilsley a nationally recognized leader in the financial services industry.

Marshall & Ilsley common stock is traded on the New York Stock Exchange under the symbol MI.

United Heritage Bankshares of Florida, Inc.

640 E SR 434

Longwood, Florida 32750

(407) 712-6151

United Heritage, incorporated under the laws of the State of Florida in 2002, is a registered bank holding company under the Bank Holding Company Act of 1956. United Heritage's assets primarily consist of the stock of its subsidiary, United Heritage Bank, which provides services in Florida through 13 bank locations. At September 30, 2006, United Heritage had consolidated total assets of \$736 million and consolidated total deposits of \$630 million.

The Merger

At the effective time of the merger, United Heritage will merge with and into Marshall & Ilsley. Marshall & Ilsley will issue shares of its common stock to the shareholders of United Heritage in exchange for their shares of United Heritage common stock. United Heritage will cease

to exist as a separate corporation. Marshall & Ilsley will be the surviving corporation.

Merger Consideration

If the merger is completed, each share of United Heritage common stock that you own as of the effective time of the merger will be converted into the right to receive the per share consideration of 0.8740 of a share of Marshall & Ilsley common stock.

The dollar value of the per share stock consideration will depend on the market value of the Marshall & Ilsley common stock at the time of the exchange of United Heritage shares for the per share consideration.

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Based on the \$[] closing price of Marshall & Ilsley common stock on [], 2007 assuming that was the date of the exchange, the total dollar value of the per share consideration would have been \$[].

United Heritage may terminate the merger agreement if on the day immediately preceding the anticipated effective time of the merger there has been a greater than 15 percent decline in the volume weighted average price of Marshall & Ilsley common stock since December 1, 2006 (that is, such price being less than \$39.14) and that decline is greater than 15 percentage points lower than the change in the average price of the group of companies in the banking industry specified in the merger agreement. However, United Heritage may not terminate the merger agreement if Marshall & Ilsley chooses to increase the per share consideration (that is, the fraction of a share of Marshall & Ilsley common stock issued for each share of United Heritage common stock) to an amount equal to the quotient obtained by dividing \$39.14 by the volume weighted average trading price of Marshall & Ilsley common stock during the ten trading day period ending at the end of the third trading day prior to the effective time of the merger (what we refer to herein and in the merger agreement as the Final VWAP). See The Merger Merger Consideration beginning on page [].

Each share of Marshall & Ilsley common stock issued and outstanding prior to the merger will remain issued and outstanding and will not be converted or exchanged in the merger.

No Fractional Shares Will be Issued

Marshall & Ilsley will not issue any fractional shares in the merger. Instead, you will receive cash in lieu of any fractional share of Marshall & Ilsley common stock owed to you, after taking into account all shares of United Heritage common stock delivered by you.

Material Federal Income Tax Consequences of the Merger

The exchange of shares of United Heritage common stock for shares of Marshall & Ilsley common stock is expected to be tax-free to you for federal income tax purposes, but taxes will be payable on all or a portion of the cash you receive in lieu of fractional shares or if you dissent from the merger and receive cash for the fair value of your shares under the FBCA. Also, if you were to dissent and receive a cash payment in exchange for your United Heritage common stock, you would be taxed on any realized gains. The expected material federal income tax consequences are set forth in greater detail beginning on page [].

Tax matters are very complicated and the tax consequences of the merger to you will depend on the facts of your own situation. You are urged to consult your own tax advisor for a full understanding of the tax consequences of the merger to you.

Reasons for the Merger

The United Heritage board believes that in the rapidly changing environment of the banking industry, merging with Marshall & Ilsley is consistent with United Heritage's long-term goal of enhancing shareholder value.

Marshall & Ilsley believes that the merger with United Heritage presents Marshall & Ilsley with an attractive opportunity to expand its Florida franchise into the Orlando metropolitan market. In addition, Marshall & Ilsley expects that the merger will provide growth opportunities, and will be less than 1 percent dilutive to Marshall & Ilsley's earnings per share in the first year after the effective time, approximately neutral to earnings per share in the second year, and accretive to Marshall & Ilsley earnings per share thereafter.

You can find a more detailed discussion of the background to the merger agreement and United Heritage's and Marshall & Ilsley's reasons for the merger in this document under The Merger Background of the Merger beginning on page [], Reasons for the Merger and United Heritage Board Recommendation beginning on page [], and Marshall & Ilsley's Reasons for the Merger on page [].

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Opinion of United Heritage's Financial Advisor

Among other factors considered in deciding to approve the merger and the merger agreement, the United Heritage board of directors received the written opinion of its financial advisor, Keefe, Bruyette & Woods, Inc., that as of December 1, 2006, which was the date on which the United Heritage board of directors approved the merger and the merger agreement, and based on and subject to the considerations in its opinion, the per share consideration to be received by holders of shares of United Heritage common stock pursuant to the merger agreement was fair, from a financial point of view, to such holders. The Keefe opinion is included as Appendix C to this document and is incorporated herein by reference. You should read this opinion completely to understand the assumptions made, matters considered and limitations of the review undertaken by Keefe in providing its opinion.

Recommendation to United Heritage Shareholders

The United Heritage board of directors believes that the merger agreement and the transactions contemplated thereby, including the merger, are advisable to, fair to and in the best interests of United Heritage and its shareholders and unanimously recommends that you vote FOR approval and adoption of the merger agreement and the transactions contemplated thereby, including the merger.

Interests of Certain Persons in the Merger

The executive officers and members of the board of directors of United Heritage have interests in the merger that are in addition to their interests as shareholders of United Heritage. Among other things, all outstanding options to acquire United Heritage common stock issued pursuant to the United Heritage's stock option plans will vest and be converted into options to acquire shares of Marshall & Ilsley common stock as provided for in the merger agreement and certain of United Heritage executive officers will be entitled to payments under their existing employment agreements, including payments pursuant to change in control provisions. See The Merger Interests of Certain Persons beginning on page [].

The Special Meeting

A special meeting of the United Heritage shareholders will be held at [], on [], 2007 at [] [a.m/p.m.], local time. Holders of United Heritage common stock as of the close of business on December 29, 2006 are entitled to vote at the United Heritage special meeting and will be asked to consider and vote upon the approval and adoption of the merger agreement and the merger.

As of the date of this document, the United Heritage board of directors did not know of any other matters that would be presented at the United Heritage special meeting.

Vote Required

At the special meeting of United Heritage shareholders, the merger agreement and the merger must be approved by the affirmative vote of a majority of the shares of United Heritage common stock entitled to vote at the close of business on December 29, 2006. As of that date, there were 5,033,741 shares of United Heritage common stock outstanding. Each share of United Heritage common stock is entitled to one vote.

As of [], 2007, United Heritage's directors, executive officers and their affiliates held in the aggregate approximately [] shares of the outstanding United Heritage common stock, representing approximately [] percent of the total number of outstanding shares of United Heritage common stock.

Marshall & Ilsley has entered into an agreement with the directors and executive officers of United Heritage, who in the aggregate hold approximately 14.6 percent of the outstanding United Heritage common stock, pursuant to which they have agreed, among other things, to vote all shares beneficially owned by them (to the extent such individuals have the right to direct the voting of such shares) to be voted in favor of the merger agreement and the merger.

The merger agreement also authorizes the United Heritage board of directors to exercise its discretion as to whether to proceed with the merger

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in the event United Heritage has the right to terminate the merger agreement. This determination may be made without notice to, or the resolicitation of proxies from, the United Heritage shareholders.

Action by Marshall & Ilsley Shareholders Not Required

Approval of the merger and the merger agreement by Marshall & Ilsley's shareholders is not required. Accordingly, Marshall & Ilsley has not called a special meeting of its shareholders.

Regulatory Approvals

We cannot complete the merger unless we obtain the approval of the Board of Governors of the Federal Reserve System. Marshall & Ilsley has filed an application with the Federal Reserve Board. In addition, the merger is or may be subject to the approval of, or notice to, other regulatory authorities, including, but not limited to, the Florida Office of Financial Regulation. We have filed all of the required applications and notices with these regulatory authorities.

As of the date of this document, we do not have all the necessary regulatory approvals. We cannot be certain of when or if we will obtain them. However, we do not know of any reason why we should not obtain the required approvals in a timely manner.

Dissenters' Rights Available

United Heritage shareholders who properly dissent from the merger are entitled to receive the fair value of their shares of United Heritage common stock in cash. To exercise your dissenters' rights, you must follow the procedures outlined in Appendix D, including, without limitation:

before the vote is taken, delivering to United Heritage a written notice of your intention to demand the fair value of your United Heritage shares; and

not voting in favor of the merger and the merger agreement.

If you sign and return your proxy without voting instructions, and do not revoke the proxy, your proxy will be voted in favor of the merger agreement and the merger and you will lose your dissenters' rights. Also, you may lose your dissenters' rights if you fail to comply with other required procedures contained in Appendix D.

Termination of the Merger Agreement

Marshall & Ilsley and United Heritage may terminate the merger agreement by mutual consent. The merger agreement may also be terminated unilaterally by either Marshall & Ilsley or United Heritage if any one of several conditions exist.

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Share Information and Market Prices for Marshall & Ilsley and United Heritage Common Stock

Marshall & Ilsley common stock is traded on the New York Stock Exchange under the symbol MI. United Heritage common stock trades from time to time in privately negotiated transactions between interested buyers and sellers. Management of United Heritage may not be aware of all transactions that occur.

The following table lists the closing price of Marshall & Ilsley common stock, the trading price of United Heritage common stock known by management, and the equivalent value of a share of United Heritage common stock giving effect to the merger on:

December 1, 2006, the last trading day before we announced the merger; and

[], 2007, the last practical day to obtain share price information before the date of this proxy statement/prospectus.

	Closing Price of Marshall & Ilsley Common Stock	Closing Price of United Heritage Common Stock	Equivalent Per Share Value of United Heritage Common Stock
December 1, 2006	\$ 46.05	\$ 20.00 ⁽¹⁾	\$ 40.25
[], 2007	\$ []	\$ []	\$ []

⁽¹⁾ Based on the last trade of United Heritage stock known to management, which occurred on November 9, 2006. The equivalent per share value of United Heritage common stock on each of these two days represents the total dollar value of the per share consideration to be issued in connection with the merger, assuming the exchange occurred on those dates. For each of these two days, we calculated the total dollar value of the per share consideration by taking an amount equal to the closing price of Marshall & Ilsley common stock on each date multiplied by an exchange ratio of 0.8740.

The market price of Marshall & Ilsley common stock may change at any time. Consequently, the total dollar value of the per share consideration you will be entitled to receive as a result of the merger may be significantly higher or lower than its current value or its value at the date of the special meeting.

Table of Contents**Price Range of Common Stock and Dividends***Marshall & Ilsley Share Prices and Dividends*

Marshall & Ilsley common stock is listed on the New York Stock Exchange and traded under the symbol MI. The following table sets forth, for the periods indicated, the high and low reported closing sale prices per share of Marshall & Ilsley common stock on the NYSE composite transactions reporting system and cash dividends declared per share of Marshall & Ilsley common stock.

	Price Range of Common Stock		Dividends Declared
	High	Low	
2005			
First Quarter	\$ 43.65	\$ 40.21	\$ 0.21
Second Quarter	45.06	41.23	0.24
Third Quarter	47.28	42.83	0.24
Fourth Quarter	44.40	40.18	0.24
2006			
First Quarter	\$ 45.35	\$ 40.91	\$ 0.24
Second Quarter	46.44	43.36	0.27
Third Quarter	48.54	44.76	0.27
Fourth Quarter	49.07	45.53	0.27
2007			
First Quarter (through January , 2007)	[]	[]	[]

United Heritage Share Prices and Dividends

There is no established trading market for United Heritage common stock. United Heritage common stock trades from time to time in privately negotiated transactions between interested buyers and sellers. Management of United Heritage may not be aware of all transactions that occur. The following table sets forth the high and low trading prices for United Heritage common stock for the periods indicated of which management of United Heritage is aware.

	Price Range of Common Stock		Dividends Declared
	High	Low	
2005			
First Quarter	(1)	(1)	
Second Quarter	\$ 10.00 ⁽²⁾	\$ 10.00 ⁽²⁾	
Third Quarter	15.00	15.00	
Fourth Quarter	(1)	(1)	
2006			
First Quarter	\$ 16.00	\$ 14.00	
Second Quarter	(1)	(1)	
Third Quarter	(1)	(1)	
Fourth Quarter	\$ 20.00	\$ 16.50	
2007			
First Quarter (through January , 2007)	[]	[]	[]

(1) There were no trades of United Heritage common stock reported during the relevant quarter.

(2) This trade was not an arms-length transaction.

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Given the limited trading activity of United Heritage common stock, the prices reflected in the table above may not be indicative of the actual value of United Heritage common stock, which value may be more or less than that indicated. The most recent transaction reported to management of United Heritage involving shares of United Heritage common stock occurring prior to the public announcement of the merger took place on November 9, 2006, at a price per share of \$20.00. On [], 2007, there were approximately [] holders of record of United Heritage common stock.

The timing and amount of future dividends, if any, paid by Marshall & Ilsley and United Heritage are subject to determination by the applicable board of directors in their discretion and will depend upon earnings, cash requirements and the financial condition of the respective companies and their subsidiaries, applicable government regulations and other factors deemed relevant by the applicable company's board of directors. Various state and federal laws limit the ability of subsidiary banks to pay dividends to Marshall & Ilsley and United Heritage. The merger agreement prohibits the payment of cash dividends on United Heritage common stock. United Heritage has agreed not to declare or pay any dividends with respect to outstanding shares of its common stock. See Terms of the Merger Agreement Conduct of Business Pending the Merger.

Comparison of Unaudited Per Share Data

The following table shows information about Marshall & Ilsley's and United Heritage's net income per share, cash dividends per share and book value per share and similar information after giving effect to the merger. This information is referred to below as pro forma information. In presenting the pro forma information, Marshall & Ilsley and United Heritage assumed that they had been merged as of the beginning of the earliest period presented. The pro forma information gives effect to the merger under the purchase method of accounting in accordance with currently existing accounting principles generally accepted in the United States.

Marshall & Ilsley assumed that the per share consideration would be equal to 0.8740 of a Marshall & Ilsley share to calculate the pro forma shares outstanding used in computing the pro forma combined and equivalent pro forma combined per share data.

Marshall & Ilsley expects that it will incur merger and integration charges as a result of combining our companies. The pro forma information is helpful in illustrating the financial characteristics of the combined company under one set of assumptions. However, it does not reflect these merger and integration costs and, accordingly, does not attempt to predict or suggest future results. Also, it does not necessarily reflect what the historical results of the combined company would have been had the companies been combined for the periods presented.

You should read the information in the following table together with the historical financial information that Marshall & Ilsley and United Heritage have included in their prior filings with the United States Securities and Exchange Commission. This material has been incorporated into this document by reference to those filings. See Where You Can Find More Information on page [].

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	Nine Months	
	Ended	Year Ended
	September 30,	December 31,
	2006	2005
Marshall & Ilsley Common Stock		
Earnings per basic common share		
Historical	\$ 2.44	\$ 3.06
Pro forma combined ⁽¹⁾	2.42	3.02
Earnings per diluted common share		
Historical	\$ 2.38	\$ 2.99
Pro forma combined ⁽¹⁾	2.36	2.95
Dividends per basic common share		
Historical	\$ 0.78	\$ 0.93
Pro forma combined ⁽²⁾	0.78	0.93
Book value per basic common share		
Historical	\$ 23.51	\$ 20.27
Pro forma combined	24.00	20.75

	Nine Months	
	Ended	Year Ended
	September 30,	December 31,
	2006	2005
United Heritage Common Stock		
Earnings per basic common share		
Historical	\$ 1.16	\$ 0.74
Equivalent Pro forma combined ⁽³⁾	2.12	2.64
Earnings per diluted common share		
Historical	\$ 1.13	\$ 0.72
Equivalent Pro forma combined ⁽³⁾	2.06	2.58
Dividends per basic common share		
Historical	\$ 0.68	\$ 0.81
Equivalent Pro forma combined ⁽³⁾	0.68	0.81
Book value per basic common share		
Historical	\$ 13.14	\$ 11.86
Equivalent Pro forma combined ⁽³⁾	20.98	18.14

(1) The effect of estimated non-recurring merger and integration costs resulting from the merger has not been included in the pro forma amounts.

(2) Pro forma dividends per share represent historical dividends paid by Marshall & Ilsley.

(3) Represents Marshall & Ilsley's pro forma results multiplied by the per share consideration of 0.8740.

Table of Contents**Selected Historical Financial Data of Marshall & Ilsley**

The table below presents selected Marshall & Ilsley historical financial data for the five years ended December 31, 2005, which are derived from its previously filed audited consolidated financial statements for those years, and historical financial data for the nine months ended September 30, 2006 and September 30, 2005, which are derived from its previously filed unaudited consolidated financial statements for those nine months.

You should read the following table together with the historical financial information that Marshall & Ilsley has presented in its prior SEC filings. Marshall & Ilsley has incorporated this material into this document by reference. See [Where You Can Find More Information](#) on page [].

	For the Nine Months Ended September 30,		For the Twelve Months Ended December 31,					
	2006	2005	2005	2004	2003	2002	2001	
	(in thousands, except per share data)							
Income Statement Data:								
Interest and Fee Income	\$ 2,336,754	\$ 1,617,890	\$ 2,246,631	\$ 1,694,355	\$ 1,562,148	\$ 1,588,345	\$ 1,724,467	
Interest Expense	1,241,660	684,233	981,397	533,798	472,634	561,038	866,328	
Net Interest Income	1,095,094	933,657	1,265,234	1,160,557	1,089,514	1,027,307	858,139	
Provision for Loan and Lease Losses	32,298	31,800	44,795	37,963	62,993	74,416	54,115	
Net Interest Income after Provision For Loan and Lease Losses	1,062,796	901,857	1,220,439	1,122,594	1,026,521	952,891	804,024	
Other Income	1,432,964	1,266,921	1,716,259	1,417,930	1,183,573	1,061,679	985,890	
Other Expense	1,596,007	1,373,394	1,879,044	1,628,684	1,485,587	1,331,206	1,314,786	
Provision for Income Taxes	297,272	266,649	351,464	305,987	202,060	225,455	153,900	
Cumulative Effect of Changes in Accounting Principle, Net of Income Taxes							(436)	
Net Income	\$ 602,481	\$ 528,735	\$ 706,190	\$ 605,853	\$ 522,447	\$ 457,909	\$ 320,792	
Net Income Per Common Share:								
Basic:								
Income before Cumulative Effect of Changes in Accounting Principle	\$ 2.44	\$ 2.30	\$ 3.06	\$ 2.72	\$ 2.31	\$ 2.15	\$ 1.52	
Cumulative Effect of Changes in Accounting Principle, Net of Income Taxes								
Net Income	\$ 2.44	\$ 2.30	\$ 3.06	\$ 2.72	\$ 2.31	\$ 2.15	\$ 1.52	
Diluted:								
Income before Cumulative Effect of Changes in Accounting Principle	\$ 2.38	\$ 2.25	\$ 2.99	\$ 2.66	\$ 2.28	\$ 2.06	\$ 1.47	
Cumulative Effect of Changes in Accounting Principle, Net of Income Taxes								
Net Income	\$ 2.38	\$ 2.25	\$ 2.99	\$ 2.66	\$ 2.28	\$ 2.06	\$ 1.47	
Average Balance Sheet Data:								
Cash and Due from Banks	\$ 1,016,658	\$ 950,509	\$ 966,078	\$ 835,391	\$ 752,215	\$ 708,256	\$ 651,367	
Total Investment Securities	7,253,696	6,427,019	6,446,615	6,065,234	5,499,316	5,282,681	5,721,053	
Net Loans and Leases	37,948,229	30,866,382	31,413,497	26,661,090	24,044,753	20,725,780	17,948,053	
Total Assets	51,690,300	42,621,323	43,283,541	37,162,594	33,268,021	29,202,650	26,370,309	
Total Deposits	31,066,954	25,689,362	26,101,473	23,987,935	21,985,878	18,642,987	17,190,591	
Long-term Borrowings	9,943,731	7,942,493	8,193,001	5,329,571	3,798,851	2,693,447	1,962,801	
Shareholders' Equity	5,449,658	4,250,203	4,357,314	3,564,243	3,291,827	2,806,655	2,459,297	

Table of Contents**Selected Historical Financial Data of United Heritage**

The table below presents selected United Heritage historical financial data as of and for the five years ended December 31, 2005, which are derived from its audited consolidated financial statements for those years, and historical financial data as of and for the nine months ended September 30, 2006 and September 30, 2005, which are derived from its unaudited consolidated financial statements for those nine months.

You should read the following table together with the historical financial information that United Heritage has presented in its prior SEC filings. United Heritage has incorporated this material into this document by reference. See [Where You Can Find More Information](#) on page [].

	As of and for the Nine		As of and for the Twelve Months Ended December 31,				
	Months Ended September 30, 2006	2005	2005	2004	2003	2002	2001
(in thousands, except share and per share data)							
Income Statement Data:							
Interest income	\$ 33,547	\$ 19,871	\$ 29,282	\$ 16,655	\$ 13,553	\$ 5,762	\$ 2,556
Interest expense	15,030	8,270	12,206	5,913	5,589	2,321	817
Net interest income before provisions for loan losses	18,517	11,601	17,076	10,742	7,964	3,441	1,739
Provision for loan losses	618	1,162	1,540	617	784	542	492
Net interest income after provision	17,899	10,439	15,536	10,125	7,180	2,899	1,247
Noninterest income	755	580	801	547	526	270	97
Noninterest expenses	9,749	8,004	11,073	7,346	6,257	3,301	2,407
Income (loss) before income taxes	8,905	3,015	5,264	3,326	1,449	(131)	(1,063)
Income tax (benefit)	3,177	1,135	1,929	1,285	568	2	(460)
Net income (loss)	5,728	1,880	3,335	2,041	881	(133)	(603)
Share and Per Share Data:							
Basic earnings per share	1.16	.43	.74	.63	.28	(0.07)	(.30)
Diluted earnings per share	1.13						