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MARSHALL & ILSLEY CORP/WI/  
Form 10-Q  
May 15, 2002

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2002

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-15403

MARSHALL & ILSLEY CORPORATION

(Exact name of registrant as specified in its charter)

Wisconsin  
(State or other jurisdiction of  
Incorporation or organization)

39-0968604  
(I.R.S. Employer  
Identification No.)

770 North Water Street  
Milwaukee, Wisconsin  
(Address of principal executive offices)

53202  
(Zip Code)

Registrant's telephone number, including area code: (414) 765-7801

None

(Former name, former address and former fiscal year,  
if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at April 30, 2002
-----	-----
Common Stock, \$1.00 Par Value	106,104,412

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PART I - FINANCIAL INFORMATION

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ITEM 1. FINANCIAL STATEMENTS

MARSHALL & ILSLEY CORPORATION  
CONSOLIDATED BALANCE SHEETS (Unaudited)  
(\$000's except share data)

	March 31, 2002	December 31, 2001	March 31, 2001
	-----	-----	-----
<b>Assets</b>			
-----			
Cash and cash equivalents:			
Cash and due from banks	\$ 714,372	\$ 617,183	\$ 639,557
Federal funds sold and security resale agreements	64,368	119,561	13,577
Money market funds	1,116,767	827,021	288,161
	-----	-----	-----
Total cash and cash equivalents	1,895,507	1,563,765	941,295
Investment securities:			
Trading securities, at market value	7,350	6,119	45,300
Short-term investments, at cost			
which approximates market value	47,775	41,668	30,668
Available for sale at market value	3,229,268	3,383,632	4,575,569
Held to maturity at amortized cost, market value \$1,035,696 (\$1,049,952 December 31, and \$1,131,004 March 31, 2001)	1,010,677	1,032,093	1,100,398
	-----	-----	-----
Total investment securities	4,295,070	4,463,512	5,751,935
Loans and leases	20,284,912	19,295,372	17,804,471
Less: Allowance for loan and lease losses	284,179	268,198	240,348
	-----	-----	-----
Net loans and leases	20,000,733	19,027,174	17,564,123
Premises and equipment	416,547	393,030	384,174
Goodwill	645,752	524,748	290,925
Other intangibles	85,200	63,337	47,655
Accrued interest and other assets	1,221,668	1,218,168	1,174,438
	-----	-----	-----
Total Assets	\$ 28,560,477	\$ 27,253,734	\$ 26,154,545
	=====	=====	=====
<b>Liabilities and Shareholders' Equity</b>			
-----			
Deposits:			
Noninterest bearing	\$ 3,381,636	\$ 3,558,571	\$ 2,737,891
Interest bearing	14,447,074	12,934,476	15,035,449
	-----	-----	-----
Total deposits	17,828,710	16,493,047	17,773,340
Funds purchased and security repurchase agreements	3,404,461	1,111,412	2,028,462
Other short-term borrowings	2,205,009	4,745,830	2,189,732
Accrued expenses and other liabilities	876,332	850,300	806,981
Long-term borrowings	1,523,175	1,560,177	1,042,712
	-----	-----	-----
Total liabilities	25,837,687	24,760,766	23,841,227
Shareholders' equity:			
-----			

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Series A convertible preferred stock, \$1.00 par value; 336,370 shares issued	336	336	336
Common stock, \$1.00 par value; 120,416,261 shares issued (117,301,755 December 31, and 112,757,546 March 31, 2001)	120,416	117,302	112,757
Additional paid-in capital	877,577	698,289	443,213
Retained earnings	2,416,242	2,331,776	2,174,964
Accumulated other comprehensive income, net of related taxes	41,793	40,600	59,548
Less: Treasury common stock, at cost: 13,946,539 shares (13,352,817 December 31, and 9,839,811 March 31, 2001)	712,590	673,494	457,375
Deferred compensation	20,984	21,841	20,125
Total shareholders' equity	2,722,790	2,492,968	2,313,318
Total Liabilities and Shareholders' Equity	\$ 28,560,477	\$ 27,253,734	\$ 26,154,545

See notes to financial statements.

MARSHALL & ILSLEY CORPORATION  
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)  
(\$000's except share data)

	Three Months Ended March 31,	
	2002	2001
Interest income		
Loans and leases	\$ 309,982	\$ 353,990
Investment securities:		
Taxable	50,767	77,951
Exempt from federal income taxes	15,156	15,900
Trading securities	59	328
Short-term investments	4,443	4,265
Total interest income	380,407	452,434
Interest expense		
Deposits	70,915	187,183
Short-term borrowings	38,853	54,101
Long-term borrowings	30,362	25,371
Total interest expense	140,130	266,655
Net interest income	240,277	185,779
Provision for loan and lease losses	15,196	11,063
Net interest income after provision for loan and lease losses	225,081	174,716
Other income		
Data processing services:		
e-Finance solutions	33,807	26,248
Financial technology solutions	111,210	104,090

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Other	2	2,654
	-----	-----
Total data processing services	145,019	132,992
Item processing	10,336	12,457
Trust services	30,979	30,029
Service charges on deposits	25,574	20,827
Mortgage banking	9,376	7,795
Net investment securities (losses) gains	(745)	6,105
Life insurance revenue	7,250	6,530
Other	31,212	29,836
	-----	-----
Total other income	259,001	246,571
Other expense		
-----		
Salaries and employee benefits	179,486	167,922
Net occupancy	17,090	15,897
Equipment	28,487	28,632
Software expenses	12,591	8,070
Processing charges	9,586	8,950
Supplies and printing	4,713	4,950
Professional services	9,795	7,160
Shipping and handling	12,054	11,317
Amortization of intangibles	4,299	7,615
Other	35,505	29,873
	-----	-----
Total other expense	313,606	290,386
Income before income taxes and cumulative effect of changes in accounting principle	170,476	130,901
Provision for income taxes	54,847	44,299
	-----	-----
Income before cumulative effect of changes in accounting principle	115,629	86,602
Cumulative effect of changes in accounting principle, net of income taxes	--	(436)
	-----	-----
Net income	\$ 115,629	\$ 86,166
	=====	=====
Net income per common share		
Basic:		
Income before cumulative effect of changes in accounting principle	\$ 1.09	\$ 0.83
Cumulative effect of changes in accounting principle, net of income taxes	--	--
	-----	-----
Net income	\$ 1.09	\$ 0.83
	=====	=====
Diluted:		
Income before cumulative effect of changes in accounting principle	\$ 1.05	\$ 0.80
Cumulative effect of changes in accounting principle, net of income taxes	--	--
	-----	-----
Net income	\$ 1.05	\$ 0.80
	=====	=====
Dividends paid per common share	\$ 0.290	\$ 0.265
	=====	=====
Weighted average common shares outstanding:		
Basic	104,813	102,839
Diluted	109,771	107,819

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See notes to financial statements.

MARSHALL & ILSLEY CORPORATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)  
(\$000's)

	Three Months Ended March 31,	
	2002	2001
Net Cash Provided (Used) by Operating Activities	\$ 427,929	\$ (8,828)
Cash Flows From Investing Activities:		
Proceeds from sales of securities available for sale	1,167	10,875
Proceeds from maturities of securities available for sale	492,575	252,132
Proceeds from maturities of securities held to maturity	19,529	11,978
Purchases of securities available for sale	(166,103)	(23,040)
Net increase in loans	(606,725)	(202,724)
Purchases of assets to be leased	(38,563)	(124,366)
Principal payments on lease receivables	103,239	174,957
Fixed asset purchases, net	(6,400)	(7,147)
Purchase acquisitions, net of cash equivalents acquired	(7,853)	--
Other	2,632	5,534
Net cash provided/(used) in investing activities	(206,502)	98,199
Cash Flows From Financing Activities:		
Net increase/(decrease) in deposits	526,930	(1,476,456)
Proceeds from issuance of commercial paper	928,180	604,163
Payments for maturity of commercial paper	(928,845)	(564,729)
Net increase/(decrease) in other short-term borrowings	(283,418)	867,938
Proceeds from issuance of long-term debt	200,300	625,651
Payments of long-term debt	(259,561)	(32,066)
Dividends paid	(31,164)	(28,279)
Purchases of treasury stock	(48,492)	(15,520)
Other	6,385	6,529
Net cash provided/(used) by financing activities	110,315	(12,769)
Net increase in cash and cash equivalents	331,742	76,602
Cash and cash equivalents, beginning of year	1,563,765	864,693
Cash and cash equivalents, end of period	\$ 1,895,507	\$ 941,295
Supplemental cash flow information:		
Cash paid during the period for:		
Interest	\$ 151,744	\$ 293,851
Income taxes	10,340	6,221

See notes to financial statements.

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MARSHALL & ILSLEY CORPORATION  
Notes to Financial Statements  
March 31, 2002 & 2001 (Unaudited)

1. The accompanying unaudited consolidated financial statements should be read in conjunction with Marshall & Ilsley Corporation's ("M&I" or "Corporation") 2001 Annual Report on Form 10-K. The unaudited financial information included in this report reflects all adjustments (consisting only of normal recurring accruals) which are necessary for a fair statement of the financial position and results of operations as of and for the three months ended March 31, 2002 and 2001. The results of operations for the three months ended March 31, 2002 and 2001 are not necessarily indicative of results to be expected for the entire year. Certain amounts in the 2001 consolidated financial statements and analyses have been reclassified to conform with the 2002 presentation.

2. Change in Method of Accounting

On January 1, 2002, the Corporation adopted SFAS No. 142, GOODWILL AND OTHER INTANGIBLE ASSETS. This statement addresses financial accounting and reporting for acquired goodwill and other intangible assets and supercedes APB Opinion No. 17, INTANGIBLE ASSETS. SFAS 142 prescribes the accounting and reporting for intangible assets that are acquired individually or with a group of other assets (but not those acquired in a business combination) upon their acquisition. SFAS 142 also prescribes how goodwill and other intangible assets should be accounted for after they have been initially recognized in the financial statements.

SFAS 142 adopts an aggregate view of goodwill and bases the accounting for goodwill on the units of the combined entity into which an acquired entity is integrated (those units are referred to as Reporting Units). A Reporting Unit is an operating segment as defined in SFAS 131 or one level below an operating segment.

Goodwill and intangible assets that have indefinite useful lives will not be amortized under the new standard but rather will be tested annually for impairment. Intangible assets with finite lives will continue to be amortized over their useful lives, but without the constraint of the prescribed ceilings required under APB Opinion 17.

SFAS 142 provides specific guidance for testing goodwill and intangible assets that will not be amortized for impairment. Goodwill will be tested for impairment at least annually using a two-step process that begins with an estimation of the fair value of a Reporting Unit. The first step is a screen for potential impairment and the second step measures the amount of impairment, if any. Intangible assets that will not be amortized, will be tested annually by comparing the fair values of the assets with their recorded amounts.

The provisions of SFAS 142 are now being applied by the Corporation. Goodwill and intangible assets acquired after June 30, 2001, are subject immediately to the nonamortization and amortization provisions of the statement. In addition, the Corporation has six months from the date it initially applies this standard to complete the first step of the transitional goodwill impairment test. The amounts used in the transitional goodwill impairment test shall be measured as of January 1, 2002. Impairment losses for goodwill and indefinite-lived intangible assets that arise due to initial application of this standard (resulting from a transitional impairment test) would be reported as a change in accounting principle.

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Notes to Financial Statements  
March 31, 2002 & 2001 (Unaudited)

Income before cumulative effect of changes in accounting principles and related earnings per share after giving effect to the nonamortization provision of SFAS 142 are as follows (dollars and shares in thousands, except per share data):

	Three Months Ended March 31,	
	2002	2001
Income before cumulative effect of changes in accounting principle	\$ 115,629	\$ 86,602
Adjustments:		
Goodwill amortization, net of taxes	--	3,972
Negative goodwill amortization	--	(390)
Total adjustments	--	3,582
Income before cumulative effect of changes in accounting principle	\$ 115,629	\$ 90,184
Income before cumulative effect of changes in accounting principle:		
Basic:		
Reported income before cumulative effect of changes in accounting principle	\$ 1.09	\$ 0.83
Goodwill/negative goodwill amortization	--	0.03
	\$ 1.09	\$ 0.86
Diluted:		
Reported income before cumulative effect of changes in accounting principle	\$ 1.05	\$ 0.80
Goodwill/negative goodwill amortization	--	0.03
	\$ 1.05	\$ 0.83

The changes in the carrying amount of goodwill for the three months ended March 31, 2002 are as follows (dollars in thousands):

	Banking	Metavante	Others	Total
Goodwill balance as of January 1, 2002	\$ 367,612	\$ 125,587	\$ 31,549	\$ 524,748
Goodwill acquired during the period	128,691	--	--	128,691
Purchase accounting adjustments	--	(7,290)	--	(7,290)
Goodwill amortization	(397)	--	--	(397)
Goodwill balance as of March 31, 2002	\$ 495,906	\$ 118,297	\$ 31,549	\$ 645,752

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At March 31, 2002, the Corporation's intangible assets consisted of the following (dollars in thousands):

Amortized intangible assets:	
Core deposit intangible	\$ 53,764
Data processing contract rights/customer lists	19,312
Loan servicing rights	11,380
Trust customers	744
	-----
Total amortized intangible assets	\$ 85,200
	=====
Goodwill:	
Amortized (SFAS 72)	\$ 2,989
Unamortized	642,763
	-----
Total goodwill	\$ 645,752
	=====

MARSHALL & ILSLEY CORPORATION  
Notes to Financial Statements  
March 31, 2002 & 2001 (Unaudited)

Estimated aggregate amortization expense for the twelve months ended December 31, is as follows:

2002	\$ 18,723
2003	16,081
2004	13,754
2005	11,726
2006	10,278

The Corporation has not yet completed its determination of how the impairment provisions of the standard applied to the five identified Reporting Units with recorded goodwill will affect its financial statements.

3. Business Combinations

The following acquisitions, which were not considered material business combinations, were completed during the first quarter of 2002.

On March 1, 2002 the Corporation acquired all of the common stock of Richfield State Agency, Inc. ("Richfield"), a Minnesota bank holding company. Richfield had consolidated total assets of approximately \$0.8 billion at completion of the merger. The Corporation issued 2.5 million common shares and paid cash of approximately \$10.0 million in a tax-free exchange for the outstanding common stock of Richfield using the purchase method of accounting. The core deposit intangible and other identifiable intangible assets recorded in this transaction amounted to \$19.3 million and \$0.8 million, respectively. Initial goodwill subject to the completion of appraisals and valuations of the assets acquired and liabilities assumed, amounted to \$94.6 million.



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Also, on March 1, 2002 the Corporation acquired all of the common stock of Century Bancshares, Inc. ("Century"), a Minnesota bank holding company. Century had consolidated total assets of approximately \$0.3 billion at completion of the merger. The Corporation issued 0.6 million common shares and paid cash of approximately \$19.9 million in a tax-free exchange for the outstanding common stock of Century using the purchase method of accounting. The core deposit intangible recorded in this transaction amounted to \$6.1 million. Initial goodwill subject to the completion of appraisals and valuations of the assets acquired and liabilities assumed, amounted to \$34.1 million.

The results of operations of the acquired entities have been included in the consolidated results since the dates the transactions were closed.

MARSHALL & ILSLEY CORPORATION  
Notes to Financial Statements  
March 31, 2002 & 2001 (Unaudited)

The summary of the intangible assets acquired during the first quarter of 2002 are as follows (dollars in thousands):

	March 31, 2002	
	Gross Carrying Amount	Accum- ulated Amort
	-----	-----
Amortized intangible assets:		
Core deposit intangible	\$ 25,400	\$ (361)
Other intangible assets	750	(6)
	-----	-----
Total amortized intangible assets	\$ 26,150	\$ (367)
	=====	=====
Unamortized intangible assets:		
Goodwill	\$ 128,691	
	-----	
Total unamortized intangible assets	\$ 128,691	
	=====	

4. A reconciliation of the numerators and denominators of the basic and diluted per share computations are as follows (dollars and shares in thousands, except per share data):

	Three Months Ended March 31, 2002		
	Income (Numerator)	Average Share (Denominator)	Per Share Amount
	-----	-----	-----
Net Income	\$ 115,629		
Convertible Preferred Dividends	(1,115)		
	-----		
Basic Earnings Per Share			
Income Available to Common Shareholders	\$ 114,514	104,813	\$ 1.09

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Effect of Dilutive Securities			=====
Convertible Preferred Stock	1,115	3,844	
Stock Options and Restricted Stock Plans	--	1,114	
	-----	-----	
Diluted Earnings Per Share			
Income Available to Common Shareholders			
Plus Assumed Conversions	\$ 115,629	109,771	\$ 1.05
			=====

	Three Months Ended March 31, 2001		
	Income	Average Share	Per Share
	(Numerator)	(Denominator)	Amount
	-----	-----	-----
Net Income	\$ 86,166		
Convertible Preferred Dividends	(1,019)		
	-----		
Basic Earnings Per Share			
Income Available to Common Shareholders	\$ 85,147	102,839	\$ 0.83
			=====
Effect of Dilutive Securities			
Convertible Preferred Stock	1,019	3,844	
Stock Options and Restricted Stock Plans	--	1,136	
	-----	-----	
Diluted Earnings Per Share			
Income Available to Common Shareholders			
Plus Assumed Conversions	\$ 86,166	107,819	\$ 0.80
			=====

MARSHALL & ILSLEY CORPORATION  
Notes to Financial Statements  
March 31, 2002 & 2001 (Unaudited)

5. Selected investment securities, by type, held by the Corporation are as follows (\$000's):

	March 31,	December 31,	March 31,
	2002	2001	2001
	-----	-----	-----
Investment securities available for sale:			
U.S. treasury and government agencies	\$ 2,125,690	\$ 2,346,566	\$ 3,201,179
State and political subdivisions	230,099	176,167	153,356
Mortgage backed securities	229,687	175,471	329,044
Other	643,792	685,428	891,990
	-----	-----	-----
Total	\$ 3,229,268	\$ 3,383,632	\$ 4,575,569
	=====	=====	=====
Investment securities held to maturity:			
State and political subdivisions	\$ 1,007,140	\$ 1,028,555	\$ 1,095,239
Other	3,537	3,538	5,159
	-----	-----	-----
Total	\$ 1,010,677	\$ 1,032,093	\$ 1,100,398
	=====	=====	=====

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6. The Corporation's loan and lease portfolio consists of the following (\$000's):

	March 31, 2002	December 31, 2001	March 31, 2001
Commercial, financial & agricultural	\$ 6,106,708	\$ 5,716,061	\$ 5,329,597
Real estate:			
Construction	784,532	730,864	636,429
Residential mortgage	5,879,668	5,563,975	5,083,629
Commercial mortgage	5,426,945	5,099,093	4,497,606
Total real estate	12,091,145	11,393,932	10,217,664
Personal	1,165,470	1,210,808	1,180,833
Lease financing	912,384	962,356	1,064,813
Cash flow hedging instruments at fair value	9,205	12,215	11,564
Total	\$ 20,284,912	\$ 19,295,372	\$ 17,804,471

MARSHALL & ILSLEY CORPORATION  
Notes to Financial Statements  
March 31, 2002 & 2001 (Unaudited)

7. Sale of Receivables

During the first quarter of 2002, \$97.8 million of automobile loans were sold in securitization transactions and gains of \$1.5 million were recognized. Other income associated with auto securitizations in the current quarter amounted to \$0.6 million.

Key economic assumptions used in measuring the retained interests at the date of securitization resulting from securitizations completed during the first quarter were as follows (rate per annum):

Prepayment speed	25.0 %
Weighted average life (in months)	20.8
Expected credit losses	0.12 %
Residual cash flow discount rate	12.0 %
Variable returns to transferees	Forward one month LIBOR yield

At March 31, 2002, securitized automobile loans and other automobile loans managed together with them along with delinquency and credit loss information consisted of the following:

	Securitized	Portfolio	Total Managed
Loan balances	\$ 474,844	\$ 209,845	\$ 684,689
Principal amounts of loans			
60 days or more past	642	511	1,153
Net credit losses year to date	325	205	530

8. The Corporation's deposit liabilities consists of the following

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(\$000's):

	March 31, 2002	December 31, 2001	March 31, 2001
Noninterest bearing demand	\$ 3,381,636	\$ 3,558,571	\$ 2,737,891
Savings and NOW	8,171,884	7,867,106	7,758,708
CD's \$100,000 and over	1,891,344	1,321,746	2,455,636
Other time deposits	2,914,585	2,962,724	3,307,283
Foreign deposits	1,469,261	782,900	1,513,822
Total	\$ 17,828,710	\$ 16,493,047	\$ 17,773,340

MARSHALL & ILSLEY CORPORATION  
Notes to Financial Statements  
March 31, 2002 & 2001 (Unaudited)

9. Comprehensive Income

The following tables present the Corporation's comprehensive income (\$000's):

	Three Months Ended March 31, 2002		
	Before-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount
Net income			\$ 115,62
Other comprehensive income:			
Unrealized gains (losses) on securities:			
Arising during the period	\$ (14,371)	\$ 4,846	(9,525)
Reclassification for securities transactions included in net income	--	--	--
Unrealized gains (losses)	(14,371)	4,846	(9,525)
Net gains (losses) on derivatives hedging variability of cash flows:			
Arising during the period	6,566	(2,298)	4,268
Reclassification adjustments for hedging activities included in net income	9,924	(3,474)	6,450
Net gains (losses)	\$ 16,490	\$ (5,772)	10,718
Other comprehensive income			1,193
Total comprehensive income			\$ 116,822

Three Months Ended March 31, 2001

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	Before-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount
	-----	-----	-----
Net income			\$ 86,166
Other comprehensive income:			
Unrealized gains (losses) on securities:			
Arising during the period	\$ 54,370	\$ (20,006)	34,364
Reclassification for securities transactions included in net income	--	--	--
	-----	-----	-----
Unrealized gains (losses)	54,370	(20,006)	34,364
Net gains (losses) on derivatives hedging variability of cash flows:			
Adoption of SFAS 133	(15,665)	5,483	(10,182)
Arising during the period	(5,294)	1,853	(3,441)
Reclassification adjustments for hedging activities included in net income	1,047	(367)	680
	-----	-----	-----
Net gains (losses)	\$ (19,912)	\$ 6,969	(12,943)
	-----	-----	-----
Other comprehensive income			21,421
			-----
Total comprehensive income			\$ 107,587
			=====

MARSHALL & ILSLEY CORPORATION  
Notes to Financial Statements  
March 31, 2002 & 2001 (Unaudited)

10. Derivative Financial Instruments and Hedging Activities

TRADING INSTRUMENTS

The Corporation enters into interest rate swaps as part of its trading activities which enable its customers to manage their exposures to interest rate risk. The Corporation's market risk from unfavorable movements in interest rates is generally minimized by concurrently entering into offsetting positions with nearly identical notional values, terms and indices.

At March 31, 2002, interest rate swaps designated as trading consisted of \$451.1 million in notional amount of receive fixed/pay floating with an aggregate positive fair value of \$1.0 million and \$436.9 million in notional amount of pay fixed/receive floating with an aggregate negative fair value of \$1.0 million.

Interest rate swaps designated as trading are recorded at fair value. Gains and losses arising from changes in fair value are recorded in other income.

FAIR VALUE HEDGES

The following table presents information with respect to the Corporation's fair value hedges.

Fair Value Hedges

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March 31, 2002

Hedged Item	Hedging Instrument	Notional Amount (\$ in mil)	Fair Value (\$ in mil)	Weighted Average Remaining Term (Yrs)
Callable CDs	Receive Fixed Swap	\$ 82.5	\$ (0.9)	7.1
Medium Term Notes	Receive Fixed Swap	190.0	0.2	4.4
Long-term Borrowing	Receive Fixed Swap	200.0	15.4	24.7

The impact from fair value hedges to total net interest income for the three months ended March 31, 2002 was a positive \$5.3 million.

MARSHALL & ILSLEY CORPORATION  
Notes to Financial Statements  
March 31, 2002 & 2001 (Unaudited)

### CASH FLOW HEDGES

The following table presents information with respect to the Corporation's cash flow hedges.

Cash Flow Hedges  
March 31, 2002

Hedged Item	Hedging Instrument	Notional Amount (\$ in mil)	Fair Value (\$ in mil)	Weighted Average Remaining Term (Yrs)
Variable Rate Loans	Receive Fixed Swap	\$ 534.6	\$ 9.2	1.3
Commercial Paper	Pay Fixed Swap	200.0	(17.0)	4.7
Fed Funds Purchased	Pay Fixed Swap	860.0	(13.3)	3.1
FHLB Advances	Pay Fixed Swap	510.0	4.8	4.8

The impact from cash flow hedges to total net interest income for the three months ended March 31, 2002 was a negative \$9.9 million.

### 11. Segments

Generally, the Corporation organizes its segments based on legal entities. Each entity offers a variety of products and services to meet the needs of its customers and the particular market served. Each entity has its own president and is separately managed subject to adherence to Corporate policies. Discrete financial information is reviewed by senior management to assess performance on a monthly basis. Certain segments are combined and consolidated for purposes of assessing financial performance.

The Corporation evaluates the profit or loss performance of its segments based on operating income. Operating income is after-tax income excluding nonrecurring charges and charges for services from the holding

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company. The accounting policies of the Corporation's segments are the same as those described in Note 1 to the Corporation's Annual Report on Form 10K, Item 8. Intersegment revenues may be based on cost, current market prices or negotiated prices between the providers and receivers of services.

Based on the way the Corporation organizes its segments and the requirements of Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information", the Corporation has determined that it has two reportable segments. Information with respect to M&I's segments is as follows:

MARSHALL & ILSLEY CORPORATION  
Notes to Financial Statements  
March 31, 2002 & 2001 (Unaudited)

Banking  
-----

Banking consists of two banks headquartered in Wisconsin, with branches in Wisconsin, Arizona, Nevada and Florida, two banks headquartered in Minnesota, one federally chartered thrift headquartered in Nevada, an asset-based lending subsidiary and an operational support subsidiary which includes item processing. Banking consists of accepting deposits, making loans and providing other services such as cash management, foreign exchange and correspondent banking to a variety of commercial and retail customers. Products and services are provided through a variety of delivery channels including traditional branches, supermarket branches, telephone centers, ATMs and the Internet.

Data Services  
-----

Data Services consists of Metavante and its nonbank subsidiaries. Metavante provides data processing services, develops and sells software and provides consulting services to M&I affiliates as well as banks, thrifts, credit unions, trust companies and other financial services companies throughout the world although its activities are primarily domestic. In addition, Metavante derives revenue from the Corporation's credit card merchant operations. The majority of Metavante revenue is derived from internal and external processing. Intrasegment revenues, expenses and assets have been eliminated.

All Others  
-----

M&I's primary other operating segments includes Trust Services, Mortgage Banking (residential and commercial), Capital Markets Group, Brokerage and Insurance Services and Commercial Leasing. Trust Services provides investment management and advisory services as well as personal, commercial and corporate trust services in Wisconsin, Florida, Arizona, North Carolina, Minnesota, Nevada and Illinois. Capital Markets Group provide venture capital and advisory services. Intrasegment revenues, expenses and assets for the entities that comprise Trust Services and Capital Markets Group have been eliminated in the following information. (\$ in millions):

Total Revenues by type in All Others consist of the following:

Three Months Ended March 31,	
-----	
2002	2001

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Trust Services	\$	30.9	\$	30.3
Residential Mortgage Banking		9.2		7.7
Capital Markets		(0.5)		7.1
Brokerage and Insurance		6.5		5.5
Commercial Leasing		3.9		2.9
Commercial Mortgage Banking		0.9		0.6
Others		1.0		2.2
Total revenue	\$	51.9	\$	56.3

MARSHALL & ILSLEY CORPORATION  
Notes to Financial Statements  
March 31, 2002 & 2001 (Unaudited)

The following represents the Corporation's operating segments as of and for the three months ended March 31, 2002 and 2001. Intersegment expenses and assets have been eliminated. (\$ in millions):

	Three Months Ended March 31, 2002					
	Banking	Metavante	Others	Corporate Overhead	Reclassifications & Eliminations	Consolidated Operating Income
<b>Revenue:</b>						
Net interest income	\$ 239.7	\$ (1.1)	\$ 6.8	\$ (5.1)	--	\$ 240.3
Fees - Unaffiliated customers	73.3	145.1	39.6	1.3	(0.3)	259.0
Fees - Affiliated customers	10.2	15.9	5.5	--	(31.6)	--
<b>Total revenues</b>	<b>323.2</b>	<b>159.9</b>	<b>51.9</b>	<b>(3.8)</b>	<b>(31.9)</b>	<b>499.3</b>
<b>Expenses:</b>						
Expenses - Unaffiliated customers	124.7	137.7	27.1	24.5	(0.4)	313.6
Expenses - Affiliated customers	17.6	5.4	8.6	(0.1)	(31.5)	--
<b>Total expenses</b>	<b>142.3</b>	<b>143.1</b>	<b>35.7</b>	<b>24.4</b>	<b>(31.9)</b>	<b>313.6</b>
Provision for loan and lease losses	14.9	--	0.3	--	--	15.2
<b>Operating income before taxes</b>	<b>166.0</b>	<b>16.8</b>	<b>15.9</b>	<b>(28.2)</b>	<b>--</b>	<b>170.5</b>
Income tax expense	52.0	7.0	6.5	(10.6)	--	54.9
<b>Operating income</b>	<b>\$ 114.0</b>	<b>\$ 9.8</b>	<b>\$ 9.4</b>	<b>\$ (17.6)</b>	<b>--</b>	<b>\$ 115.6</b>
<b>Identifiable assets</b>	<b>\$ 27,572.9</b>	<b>\$ 667.9</b>	<b>\$ 635.4</b>	<b>\$ 410.5</b>	<b>\$ (726.2)</b>	<b>\$ 28,560.5</b>
<b>Return on average</b>						



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tangible equity	24.3%	23.8%	17.3%	23.6%
Return on average equity	19.4 %	13.7 %	17.1 %	18.0%

Three Months Ended March 31, 2001

	Banking	Metavante	Others	Corporate Overhead	Reclass- ifications & Elim- inations	Consol- idated Operating Income
Revenue:						
Net interest income	\$ 187.5	\$ (0.6)	\$ 5.5	\$ (6.6)	--	\$ 185.8
Fees - Unaffiliated customers	68.2	131.6	47.2	(0.4)	--	246.6
Fees - Affiliated customers	8.0	16.0	3.6	--	(27.6)	--
Total revenues	263.7	147.0	56.3	(7.0)	(27.6)	432.4
Expenses:						
Expenses - Unaffiliated customers	110.9	128.2	28.9	14.1	(1.6)	280.5
Expenses - Affiliated customers	15.7	3.2	7.4	(0.3)	(26.0)	--
Total expenses	126.6	131.4	36.3	13.8	(27.6)	280.5
Provision for loan and lease losses	10.9	--	0.2	--	--	11.1
Operating income before taxes	126.2	15.6	19.8	(20.8)	--	140.8
Income tax expense	39.9	6.5	7.9	(8.2)	--	46.1
Operating income	\$ 86.3	\$ 9.1	\$ 11.9	\$ (12.6)	--	\$ 94.7
Identifiable assets	\$ 25,230.2	\$ 610.5	\$ 759.0	\$ 364.3	\$ (809.5)	\$ 26,154.5
Return on average tangible equity	18.8%	15.3%	20.5%			19.6%
Return on average equity	16.4%	12.8%	20.4%			16.8%

MARSHALL & ILSLEY CORPORATION  
CONSOLIDATED AVERAGE BALANCE SHEETS (Unaudited)  
(\$000's)

Three Months Ended March 31,

2002                      2001

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Assets

-----		
Cash and due from banks	\$ 649,555	\$ 612,645
Investment securities:		
Trading securities	9,606	29,919
Short-term investments	1,085,962	318,075
Other investment securities:		
Taxable	2,932,812	4,488,625
Tax-exempt	1,229,325	1,293,755
	-----	-----
Total investment securities	5,257,705	6,130,374
Total loans and leases	19,450,822	17,617,439
Less: Allowance for loan and lease losses	279,936	237,791
	-----	-----
Net loans and leases	19,170,886	17,379,648
Premises and equipment, net	399,653	386,423
Accrued interest and other assets	1,865,135	1,524,781
	-----	-----
Total Assets	\$ 27,342,934	\$ 26,033,871
	=====	=====
Liabilities and Shareholders' Equity		
-----		
Deposits:		
Noninterest bearing	\$ 3,184,224	\$ 2,657,789
Interest bearing	13,848,258	15,020,398
	-----	-----
Total deposits	17,032,482	17,678,187
Funds purchased and security repurchase agreements	2,362,303	1,916,858
Other short-term borrowings	2,111,971	1,759,942
Long-term borrowings	2,427,736	1,611,647
Accrued expenses and other liabilities	809,505	785,255
	-----	-----
Total liabilities	24,743,997	23,751,889
Shareholders' equity	2,598,937	2,281,982
	-----	-----
Total Liabilities and Shareholders' Equity	\$ 27,342,934	\$ 26,033,871
	=====	=====

ITEM 2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 2002 and 2001

Net income for the first quarter of 2002 amounted to \$115.6 million compared to \$86.2 million for the same period in the prior year. Basic and diluted earnings per share were \$1.09 and \$1.05 respectively for the three months ended March 31, 2002, compared with \$.83 and \$.80 respectively for the three months ended March 31, 2001. The return on average assets and average equity was 1.72% and 18.04% for the quarter ended March 31, 2002 and 1.34% and 15.31% for the quarter ended March 31, 2001.

The results of operations and financial position as of and for the three months ended March 31, 2002, include the effects of Metavante's four acquisitions in the second, third and fourth quarters of 2001, the Corporation's acquisitions of National City Bancorporation ("National City")

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and certain Arizona branches in the third quarter of 2001 and the acquisitions of Richfield State Agency, Inc. ("Richfield") and Century Bancshares, Inc. ("Century") which both closed on March 1, 2002. All acquisitions were accounted for using the purchase method of accounting and accordingly the results of operations and financial position are included from the dates the transactions were closed.

Net income for the prior year quarter includes expenses associated with the charter consolidation, the cumulative effect of adopting the accounting standard on accounting for derivative financial instruments and hedging activities and certain goodwill amortization and negative goodwill accretion which ceased on January 1, 2002 as a result of adopting Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets. The impact of these items is shown in the following table (\$000's):

	Pre-tax Effect	Three Months ended March 31,	
		2002	2001
Income as Reported		\$ 115,629	\$ 86,166
Charter Consolidation	\$ 5,980	--	4,525
Change in Accounting for Derivatives and Hedging Activities	671	--	436
Goodwill Amortization and Negative Goodwill Accretion	3,954	--	3,582
		--	8,543
Total Adjustments		--	8,543
		\$ 115,629	\$ 94,709
Operating Income		\$ 115,629	\$ 94,709

The following tables present a summary of each of the major elements of the consolidated operating income statement, certain financial statistics and a summary of the major operating income statement elements stated as a percent of average consolidated assets converted to a fully taxable equivalent basis (FTE) where appropriate for the current quarter and previous four quarters. Operating income for the third and fourth quarters of 2001 excludes certain expenses incurred in connection with acquisitions at the Corporation's Metavante subsidiary. Operating income for the second quarter of 2001 excludes certain losses and expenses incurred in connection with structural changes and acquisitions at the Corporation's Metavante subsidiary, auto lease residual value write-downs and the final charge for the charter consolidation initiative. Operating income for the first quarter of 2001 excludes those items previously discussed. In addition, operating income for the second, third and fourth quarters of 2001 exclude certain goodwill amortization and negative goodwill accretion which ceased on January 1, 2002 as a result of adopting the new accounting standard on goodwill and other intangible assets. Return on tangible equity is based on operating income before amortization of intangibles. Amortization includes amortization of goodwill and core deposit premiums and is net of negative goodwill accretion and the income tax expense or benefit, if any, related to each component. This calculation was specifically formulated by the Corporation and may not be comparable to similarly titled measures reported by other companies.

### Summary Consolidated Operating Income Statements and Financial Statistics

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(\$000's except per share data)

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	2002		2001		
	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Interest income	\$ 380,407	\$ 401,974	\$ 423,248	\$ 431,447	\$ 452,248
Interest expense	(140,130)	(164,686)	(204,746)	(230,213)	(266,213)
Net interest income	240,277	237,288	218,502	201,234	185,995
Provision for loan and lease losses	(15,196)	(20,109)	(12,206)	(10,737)	(11,206)
Net investment securities gains (losses)	(745)	(572)	774	2,991	6,206
Other income	259,666	262,492	254,497	250,554	240,248
Other expense	(313,526)	(308,611)	(297,057)	(292,239)	(280,248)
Income before taxes	170,476	170,488	164,510	151,803	140,248
Income tax provision	(54,847)	(56,274)	(54,223)	(50,037)	(46,248)
Operating income	\$ 115,629	\$ 114,214	\$ 110,287	\$ 101,766	\$ 94,000
Per Common Share					
Operating income					
Basic	\$ 1.09	\$ 1.08	\$ 1.03	\$ 0.98	\$ 0.94
Diluted	1.05	1.04	0.99	0.94	0.90
Dividends	0.290	0.290	0.290	0.290	0.290
Return on Average Equity					
Operating income	18.04 %	17.84 %	17.16 %	17.43 %	16.84 %
Return on Average Tangible Equity	23.64	22.83	20.93	20.15	19.44

Summary Consolidated Operating Income Statement Components

as a Percent of Average Total Assets

	2002		2001		
	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Interest income (FTE)	5.76 %	6.02 %	6.48 %	6.78 %	7.04 %
Interest expense	(2.08)	(2.42)	(3.08)	(3.55)	(4.04)
Net interest income	3.68	3.60	3.40	3.23	3.00
Provision for loan and lease losses	(0.23)	(0.30)	(0.18)	(0.17)	(0.16)
Net investment securities gains (losses)	(0.01)	(0.01)	0.01	0.05	0.02
Other income	3.85	3.85	3.82	3.87	3.80
Other expense	(4.64)	(4.52)	(4.46)	(4.51)	(4.44)

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Income before taxes	2.65	2.62	2.59	2.47	2.47
Income tax provision	(0.93)	(0.94)	(0.93)	(0.90)	(0.90)
Return on average assets based on operating income	1.72 %	1.68 %	1.66 %	1.57 %	1.57 %
Return on tangible average assets based on tangible operating income	1.78 %	1.73 %	1.71 %	1.61 %	1.61 %

NET INTEREST INCOME

Net interest income for the first quarter of 2002 amounted to \$240.3 million compared to \$185.8 million reported for the first quarter of 2001. Loan growth and increased spreads on loan products, the impact of the banking purchase acquisitions and the downward repricing of funding sources all contributed to the \$54.5 million increase in net interest income. Factors negatively affecting net interest income included the ongoing process of lengthening liabilities in order to reduce future volatility in net interest income due to interest rate movements, the cost of treasury share repurchases and the cost of acquisitions.

Average earning assets in the first quarter of 2002 increased \$1.0 billion or 4.0% compared to the same period a year ago. Average loans accounted for \$1.8 billion of the growth in earning assets compared to the first quarter of last year, while average investment securities and other short-term investments declined \$0.8 billion. The Corporation estimates that approximately \$1.7 billion of average earning asset growth was attributable to the banking related purchase acquisitions.

Average interest bearing liabilities increased \$0.4 billion or 2.2% in the first quarter of 2002 compared to the same period in 2001. Since the first quarter of 2001, average interest bearing deposits decreased \$1.2 billion while average total short-term borrowings increased \$0.8 billion and average long-term borrowings increased \$0.8 billion. The Corporation estimates that approximately \$1.3 billion of the growth in average interest bearing liabilities in the three months ended March 31, 2002, was attributable to the banking related purchase acquisitions.

Average noninterest bearing deposits increased \$0.5 billion or 19.8% compared to the same period last year. Approximately \$0.3 billion of average noninterest bearing deposits in the three months ended March 31, 2002 are attributable to the banking related purchase acquisitions.

The growth and composition of the Corporation's quarterly average loan portfolio for the current quarter and previous four quarters are reflected in the following table. (\$ in millions):

Consolidated Average Loans and Leases

2002		2001			Growth Pct.	
First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Annual	Pri Quar

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Commercial								
Commercial	\$ 5,848	\$ 5,680	\$ 5,640	\$ 5,328	\$ 5,258	11.2 %	2	
Commercial real estate								
Commercial mortgages	5,228	5,071	4,831	4,625	4,429	18.1	3	
Construction	625	534	520	538	495	26.2	16	
Total commercial real estate	5,853	5,605	5,351	5,163	4,924	18.9	4	
Commercial lease financing	410	399	394	382	385	6.4	2	
Total Commercial	12,111	11,684	11,385	10,873	10,567	14.6	3	
Personal								
Residential real estate								
Residential mortgages	2,346	2,444	2,303	2,384	2,409	(2.6)	(4)	
Construction	131	142	120	122	126	4.3	(7)	
Total residential real estate	2,477	2,586	2,423	2,506	2,535	(2.3)	(4)	
Personal loans								
Student	117	105	94	133	134	(12.5)	11	
Credit card	164	161	174	184	190	(14.0)	1	
Home equity loans and lines	3,176	2,944	2,723	2,641	2,647	20.0	7	
Other	876	912	927	864	850	3.1	(3)	
Total personal loans	4,333	4,122	3,918	3,822	3,821	13.4	5	
Personal lease financing	530	572	612	668	695	(23.7)	(7)	
Total personal	7,340	7,280	6,953	6,996	7,051	4.1	0	
Total Consolidated Average								
Loans and Leases	\$ 19,451	\$ 18,964	\$ 18,338	\$ 17,869	\$ 17,618	10.4 %	2	

Compared with the first quarter of 2001, total consolidated average loans and leases increased \$1.8 billion or 10.4%. Approximately \$1.5 billion of average total consolidated loan and lease growth in the first quarter of 2002 is attributable to acquisitions of which, approximately \$0.2 billion is the estimated impact on average loans resulting from the Richfield and Century acquisitions which closed March 1, 2002. Excluding the impact of acquisitions, average commercial loans declined \$0.2 billion while average commercial real estate loans grew approximately \$0.7 billion. Portfolio decreases in indirect auto loans and leases and student loans, tighter spread products, were offset by growth in consumer and home equity portfolios, both wider spread products. Approximately \$0.1 billion of indirect auto loan production was securitized and sold in the current quarter. Excluding the impact of acquisitions, average consumer loans grew approximately \$0.2 billion. The decline in average residential real estate loans, excluding acquisitions, reflects the continued strategy of selling residential real estate loan production in the secondary market. Residential real estate loans sold to investors amounted to \$0.6 billion in the first three months of 2002 and reflects in part the carryover of remaining inventory from year-end 2001. Approximately \$0.3 billion of residential loans were sold in the first quarter of the prior year.

Commercial loan growth in the quarter came from new business relationship activities, customers continuing to acquire and some modest expansion. Home equity loan and line sales were strong in the first quarter and continue to be the focus of direct mail and retail branch efforts.

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The growth and composition of the Corporation's quarterly average deposits for the current and prior year's quarters are as follows (\$ in millions):

Consolidated Average Deposits

	2002		2001			Growth Pct.	
	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Annual	Pri Quar
Bank issued deposits							
Noninterest bearing deposits							
Commercial	\$ 2,160	\$ 2,225	\$ 1,968	\$ 1,779	\$ 1,639	31.8 %	(2
Personal	678	634	608	601	583	16.2	6
Other	346	388	365	347	436	20.5	(10
Total noninterest bearing deposits	3,184	3,247	2,941	2,727	2,658	19.8	(1
Interest bearing deposits							
Savings & NOW	1,994	1,877	1,784	1,719	1,720	16.0	6
Money market	5,844	5,825	5,563	5,368	5,110	14.3	0
Foreign activity	694	704	640	532	476	45.8	(1
Total interest bearing deposits	8,532	8,406	7,987	7,619	7,306	16.8	1
Time deposits							
Other CDs & time deposits	2,881	3,097	3,167	3,203	3,399	(15.2)	(7
CDs greater than \$100,000	651	721	751	749	819	(20.4)	(9
Total time deposits	3,532	3,818	3,918	3,952	4,218	(16.2)	(7
Total bank issued deposits	15,248	15,471	14,846	14,298	14,182	7.5	(1
Wholesale deposits							
Money market	83	78	--	222	762	(89.2)	5
Brokered CDs	1,043	872	1,517	1,740	1,795	(41.9)	19
Foreign time	658	487	624	939	939	(29.9)	35
Total wholesale deposits	1,784	1,437	2,141	2,901	3,496	(49.0)	24
Total consolidated average deposits	\$ 17,032	\$ 16,908	\$ 16,987	\$ 17,199	\$ 17,678	(3.7)%	0

Average bank issued deposits increased \$1.1 billion or 7.5% in the first quarter of 2002 compared to the first quarter of 2001. Average bank issued deposits associated with the acquisitions were approximately \$1.3 billion of which approximately \$0.3 billion is the estimated impact on average bank issued deposits resulting from the Richfield and Century acquisitions. Excluding the effect of the acquisitions, noninterest bearing deposits increased \$0.3 billion and interest bearing activity accounts increased \$0.8 billion of which average money market index accounts accounted for approximately \$0.5 billion of the growth. Excluding acquisitions, average CDs and time deposits declined \$1.2 billion. M&I's markets have experienced

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some irrational pricing on single service time deposit relationships to the extent of pricing time deposits above comparable wholesale levels which the Corporation has elected not to pursue. Recently the Corporation introduced two longer-term step-up CD products that provide consumers with an increasing rate over the term of the CD.

The growth in bank issued deposits includes both commercial and retail banking. In commercial banking, the focus remains on developing deeper relationships through the sale of treasury management products and services along with revised incentive plans focused on growing deposits. The retail banking strategy continues to focus on aggressively selling the right products to meet the needs of customers and enhance the Corporation's profitability. Specific retail deposit initiatives include bank-at-work, single service calling, and retention calling programs as well as an aggressive checking promotion in the Arizona market.

Compared with the first quarter of 2001, average wholesale deposits declined \$1.7 billion and were replaced, in part, with borrowings. The Corporation has made greater use of wholesale funding alternatives especially institutional CDs. Average wholesale deposits were \$0.3 billion greater in the current quarter compared with the fourth quarter of 2001.

The Corporation's consolidated average interest earning assets and interest bearing liabilities, interest earned and interest paid for the current quarter and prior year first quarter are presented in the following table (\$ in millions):

	Three Months Ended March 31, 2002			Three Months Ended March 31, 2001		
	Average Balance	Interest	Average Yield or Cost (b)	Average Balance	Interest	Average Yield or Cost (b)
Loans and leases: (a)						
Commercial	\$ 6,257.8	\$ 83.4	5.40%	\$ 5,643.8	\$ 111.7	
Commercial real estate	5,852.9	98.8	6.85	4,923.8	99.8	
Residential real estate	2,476.7	44.0	7.21	2,534.7	48.0	
Personal	4,863.4	84.3	7.03	4,515.1	95.0	
Total loans and leases	19,450.8	310.5	6.47	17,617.4	354.5	
Investment securities: (a)						
Taxable	2,932.8	50.8	7.24	4,488.6	77.9	
Tax Exempt (a)	1,229.3	22.6	7.52	1,293.8	22.6	
Total investment securities	4,162.1	73.4	7.32	5,782.4	100.5	
Other short-term investments (a)	1,095.6	4.5	1.67	348.0	4.6	
Total interest earning assets	\$ 24,708.5	\$ 388.4	6.40%	\$ 23,747.8	\$ 459.6	
Interest bearing deposits:						
Bank issued deposits:						
Interest bearing activity	\$ 8,531.5	\$ 27.3	1.30%	\$ 7,306.4	\$ 74.6	
Time deposits	3,532.6	32.6	3.74	4,217.4	61.5	
Total bank issued deposits	12,064.1	59.9	2.01	11,523.8	136.1	
Wholesale deposits	1,784.2	11.0	2.50	3,496.6	51.1	



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Total interest bearing deposits	13,848.3	70.9	2.08	15,020.4	187.2
Short-term borrowings	4,474.3	38.8	3.52	3,676.8	54.1
Long-term borrowings	2,427.7	30.4	5.07	1,611.6	25.3
Total interest bearing liabilities	\$ 20,750.3	\$ 140.1	2.74%	\$ 20,308.8	\$ 266.6
Net interest margin (FTE) as a percent of average earning assets		\$ 248.3	4.09%		\$ 193.0
Net interest spread (FTE)			3.66%		

- (a) Fully taxable equivalent basis (FTE), assuming a Federal income tax rate of 35%, and excluding disallowed interest expense.
- (b) Based on average balances excluding fair value adjustments for available for sale securities.

The yield on average earning assets decreased 148 basis points since the first quarter of 2001, which had a negative impact on interest income (FTE) of approximately \$89.8 million. The increase in the volume of earning assets, primarily loans and short term investments, increased interest income by approximately \$17.8 million compared with the first quarter of 2001. The cost of interest bearing deposits decreased 297 basis points from the same quarter of the previous year which reflects rate declines. Less reliance on wholesale deposits together with the favorable shift in the bank issued deposit mix as previously discussed also provided a benefit to the interest margin. Short-term borrowing costs decreased 245 basis points and long-term borrowing costs decreased 131 basis points compared with the first quarter of 2001. The overall decrease in the cost of interest bearing liabilities of 258 basis points decreased interest expense by approximately \$128.6 million while the increase in the volume of interest bearing liabilities increased interest expense by approximately \$2.1 million.

The Corporation anticipates the net interest margin will be relatively flat in the second quarter, with net interest income growing with internal growth and the acquisitions. The Corporation intends to continue to manage its interest rate risk sensitivity by extending liabilities. The net interest margin can vary depending on loan and deposit growth, lending spreads and future interest rate changes.

PROVISION FOR LOAN AND LEASE LOSSES AND CREDIT QUALITY

The following tables present comparative consolidated credit quality information as of March 31, 2002 and the prior four quarters.

NONPERFORMING ASSETS

(\$000's)

	2002		2001		
	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Nonaccrual	\$ 164,444	\$ 166,434	\$ 163,946	\$ 137,355	\$ 130,000

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Renegotiated	366	378	389	249	
Past due 90 days or more	5,520	6,982	7,185	7,166	7,
Total nonperforming loans and leases	170,330	173,794	171,520	144,770	138,
Other real estate owned	6,736	6,796	5,842	3,671	3,
Total nonperforming assets	\$ 177,066	\$ 180,590	\$ 177,362	\$ 148,441	\$ 142,
Allowance for loan and lease losses	\$ 284,179	\$ 268,198	\$ 264,736	\$ 244,486	\$ 240,

CONSOLIDATED STATISTICS

	2002		2001		
	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Net Charge-offs to average loans and leases annualized	0.23 %	0.35 %	0.24 %	0.15 %	0.15 %
Total nonperforming loans and leases to total loans and leases	0.84	0.90	0.90	0.81	0.81
Total nonperforming assets to total loans and leases and other real estate owned	0.87	0.94	0.93	0.83	0.83
Allowance for loan and lease losses to total loans and leases	1.40	1.39	1.39	1.37	1.37
Allowance for loan and lease losses to nonperforming loans and leases	167	154	154	169	169

NONACCRUAL LOANS AND LEASES BY TYPE

(\$000's)

	2002		2001		
	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Commercial					
Commercial, financial & agricultural Lease financing receivables	\$ 65,513 4,876	\$ 70,256 12,041	\$ 78,623 2,022	\$ 54,576 1,892	\$ 50,000 2,000
Total commercial	70,389	82,297	80,645	56,468	53,000
Real estate					
Construction & land development	533	720	1,063	2,590	2,590
Commercial mortgage	39,436	34,546	38,117	38,440	38,440
Residential mortgage	52,504	47,783	42,147	38,389	34,389
Total real estate	92,473	83,049	81,327	79,419	75,419

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Personal	1,582	1,088	1,974	1,468	1,
Total nonaccrual loans and leases	\$ 164,444	\$ 166,434	\$ 163,946	\$ 137,355	\$ 130,

RECONCILIATION OF ALLOWANCE FOR LOAN AND LEASE LOSSES

(\$000's)

	2002		2001		
	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	Firs Quart
Beginning balance	\$ 268,198	\$ 264,736	\$ 244,486	\$ 240,348	\$ 235,
Provision for loan and lease losses	15,196	20,109	12,206	10,737	11,
Allowance of banks and loans acquired	11,965	--	19,151	--	
Loans and leases charged-off					
Commercial	4,505	11,323	5,266	3,607	2,
Real estate	3,008	4,404	3,768	1,734	2,
Personal	2,939	3,253	2,768	2,561	2,
Leases	2,930	1,174	450	770	
Total charge-offs	13,382	20,154	12,252	8,672	7,
Recoveries on loans and leases					
Commercial	682	2,216	362	1,042	
Real estate	474	292	357	403	
Personal	733	954	354	531	
Leases	313	45	72	97	
Total recoveries	2,202	3,507	1,145	2,073	1,
Net loans and leases charge-offs	11,180	16,647	11,107	6,599	5,
Ending balance	\$ 284,179	\$ 268,198	\$ 264,736	\$ 244,486	\$ 240,

Nonperforming assets consist of nonperforming loans and leases and other real estate owned (OREO).

OREO is comprised of commercial and residential properties acquired in partial or total satisfaction of problem loans and branch premises held for sale. At March 31, 2002, OREO acquired in satisfaction of debts amounted to \$6.5 million and branch premises held for sale amounted to \$0.2 million.

Nonperforming loans and leases consist of nonaccrual, renegotiated or restructured loans, and loans and leases that are delinquent 90 days or more and still accruing interest. The balance of nonperforming loans and leases can fluctuate widely based on the timing of cash collections, renegotiations and renewals.

Maintaining nonperforming assets at an acceptable level is important to the ongoing success of a financial services institution. The Corporation's

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comprehensive credit review and approval process is critical to ensuring that the amount of nonperforming assets on a long-term basis is minimized within the overall framework of acceptable levels of credit risk. In addition to the negative impact on net interest income and credit losses, nonperforming assets also increase operating costs due to the expense associated with collection efforts.

At March 31, 2002, nonperforming loans and leases amounted to \$170.3 million or 0.84% of consolidated loans and leases of \$20.3 billion, a decrease of \$3.5 million or 2.0% since December 31, 2001. Nonaccrual loans and leases accounted for \$2.0 million of the decline. Since year end, nonaccrual commercial loans and leases declined \$11.9 million while nonaccrual commercial real estate and nonaccrual residential real estate increased \$4.9 million and \$4.7 million, respectively. At March 31, 2002, approximately \$33.8 million of nonperforming loans are related to recent acquisitions of which, approximately \$9.4 million were attributable to the Richfield and Century acquisitions which were completed March 1, 2002.

Net charge-offs amounted to \$11.2 million or 0.23% of average loans in the first quarter of 2002 compared with net charge-offs of \$16.6 million or 0.35% of average loans in the fourth quarter of 2001 and \$5.8 million or 0.13% of average loans in the first quarter of the prior year.

The allowance for loan and lease losses is determined using a methodology which reserves currently for those loans and leases in which it is determined that a loss is probable based on characteristics of the individual loan, historical loss patterns of similar "homogeneous" loans and environmental factors unique to each measurement date. This reserving methodology has the following components:

### Specific Reserve.

-----  
The amount of specific reserves is determined through a loan-by-loan analysis of problem loans over a minimum size that considers expected future cash flows, the value of collateral and other factors that may impact the borrower's ability to make payments when due. Included in this group are those nonaccrual or renegotiated loans, which meet the criteria as being "impaired" under the definition in SFAS 114. A loan is impaired when, based on current information and events, it is probable that a creditor will be unable to collect all amounts due according to the contractual terms of the loan agreement. Problem loans also include those credits that have been internally classified as credits requiring management's attention due to underlying problems in the borrower's business or collateral concerns. Ranges of loss are determined based on best-and worst-case scenarios for each loan.

### Reserves for homogeneous loan pools.

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The Corporation makes a significant number of loans and leases, which due to their underlying similar characteristics, are assessed for loss as "homogeneous" pools. Included in the homogeneous pools are loans and leases from the retail sector and commercial loans under a certain size, which have been excluded from the specific reserve allocation previously discussed. The Corporation segments the pools by type of loan or lease and using historical loss information estimates a loss reserve for each pool.

### Special Reserve.

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The Corporation's senior lending management also allocates reserves for special situations which are unique to the measurement period. These

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include environmental factors, such as economic conditions in certain geographical or industry segments of the portfolio, economic trends in the retail lending sector and peer-group loss history. Reserves allocated are based on estimates of loss that senior lending management has isolated based on these economic trends or conditions. At March 31, 2002, special reserves continue to be carried for exposures to the airline and travel industries, manufacturing, paper and allied products and dairy sectors. While most loans in these categories are still performing, the Corporation continues to believe that these sectors were more adversely affected by the economic slowdown and deteriorating operating results and the potential for reduced collateral values, especially in a liquidation, have not exhibited a significant improvement since year end.

Based on the above loss estimates, senior lending and financial management determine their best estimate of the required reserve. Management's evaluation of the factors described above resulted in an allowance for loan and lease losses of \$284.2 million at March 31, 2002 compared to \$268.2 million at December 31, 2001 and \$240.3 million at March 31, 2001. The resulting provisions for loan and lease losses are the amounts required to establish the allowance for loan and lease losses to the required level after considering charge-offs and recoveries. Management recognizes there are significant estimates in the process and the ultimate losses could be significantly different from those currently estimated.

### OTHER INCOME

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Total other income in the first quarter of 2002 amounted to \$259.0 million compared to \$246.6 million in the same period last year, an increase of \$12.4 million or 5.0%.

Total data processing services revenue amounted to \$145.0 million in the first quarter of 2002 compared to \$133.0 million in the first quarter of 2001. e-Finance solutions revenue increased \$7.6 million or 28.8% compared the first quarter of 2001, but was relatively unchanged when compared with the fourth quarter of 2001. Despite the purging activity of one large customer in the fourth quarter of last year and first quarter of this year, Internet banking accounts continued to show growth. Active customers and transactions processed in bill presentment and payment showed strong linked quarter and year over year growth. Financial technology solutions revenue, the traditional outsourcing business, increased \$7.1 million or 6.8%. Buyout fees, which can vary from period to period, accounted for \$2.4 million of the revenue increase. Growth in this source of data processing services revenue has slowed due to continued bank consolidation and a weaker economy. However, the Corporation is beginning to experience some strengthening in the sales pipeline. Other revenue declined primarily due to lower professional services revenue. Revenue associated with acquisitions amounted to \$6.3 million in the first quarter of 2002.

Item processing revenue amounted to \$10.3 million in the first quarter of 2002 compared to \$12.5 million in the first quarter of 2001. During the latter part of 2001, the Corporation sold certain item processing relationships and also sold four Midwest item processing centers.

Trust services revenue amounted to \$31.0 million in the first quarter of 2002, an increase of \$1.0 million or 3.2% compared to \$30.0 million in the first quarter of 2001. Acquisitions contributed approximately \$0.6 million to the revenue growth. Assets under management were approximately \$13.0 billion at March 31, 2002 compared to \$11.8 billion at March 31, 2001 an increase of \$1.2 billion or 10.2%. For the first time in several quarters, managed assets experienced some slight shifting from fixed income and money

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market funds into equities which generally results in higher fee income.

Service charges on deposits increased \$4.7 million or 22.8% and amounted to \$25.6 million in the first quarter of 2002. Acquisitions accounted for approximately \$0.6 million of the revenue in the first quarter of 2002. The remainder of the increase was primarily attributable to service charges on commercial demand accounts.

Mortgage banking revenue increased \$1.6 million in the first quarter of 2002 compared to the first quarter of 2001. Gains on the sale of mortgage loans accounted for the majority of the increase which reflects the increased sale activity as previously discussed. Loan applications and closings were lower in the first quarter 2002 than the fourth quarter of 2001 and have shifted from predominantly refinance activity to purchase and construction.

Net investment securities activities are primarily the result of the activities of the Corporation's Capital Markets Group and vary from period to period.

Other income in the first quarter of 2002 amounted to \$31.2 million compared to \$29.8 million in the first quarter of 2001, an increase of \$1.4 million or 4.6%. Approximately \$0.9 million of increase was attributable to the banking acquisitions.

### OTHER EXPENSE

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Total other expense for the three months ended March 31, 2002, amounted to \$313.6 million compared to \$290.4 million for the three ended March 31, 2001.

Nonrecurring expenses in the first quarter of 2001 consisted of the following:

Single charter related expenses which are included in other expenses in the Consolidated Statement of Income amounted to \$6.0 million in the first quarter of 2001.

Included in amortization of intangibles for the three months ended March 31, 2001, is \$4.0 million of goodwill amortization which ceased to be amortized under the new accounting standard for goodwill and intangibles which was adopted on January 1, 2002.

Excluding these nonrecurring expenses, total other operating expense amounted to \$313.6 million in the first quarter of 2002 compared to \$280.5 million in the first quarter of 2001, an increase of \$33.1 million or 11.8%.

Approximately \$5.9 million of operating expenses, excluding salaries and benefits, in the first quarter of 2002 were attributable to purchase acquisitions which were included in M&I's operating expenses since the merger dates.

The Corporation's nonbanking businesses, especially its Data Services segment ("Metavante"), continue to be the primary contributors to operating expense growth. Excluding salaries and benefits expense, Metavante operating expense growth represents over half of all of the consolidated operating expense growth and reflects the cost of its acquisitions as well as ongoing investments in software, technology research and development and infrastructure in potentially high-growth areas.

Expense control is sometimes measured in the financial services industry by

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the efficiency ratio statistic. The efficiency ratio is calculated by taking total other expense (excluding nonrecurring charges) divided by the sum of total other income (including Capital Markets revenue but excluding investment securities gains or losses) and net interest income on a fully taxable equivalent basis. The Corporation's efficiency ratios for the three months ended March 31, 2002 and 2001 and December 31, 2001 are:

	Three Months Ended March 31, 2002 -----	Three Months Ended December 31, 2001 -----	Three Months Ended March 31, 2001 -----
Consolidated Corporation	61.8 %	60.7 %	63.8 %
Consolidated Corporation Excluding Metavante			
Including Intangible Amortization	50.7 %	51.6 %	52.8 %
Excluding Intangible Amortization	49.9 %	50.3 %	51.7 %

Salaries and employee benefits expense amounted to \$179.5 million in the first quarter of 2002 compared to \$167.9 million in the first quarter of 2001, an increase of \$11.6 million or 6.9%. Operating salaries and employee benefits expense associated with banking acquisitions accounted for \$2.9 million of the increase. Increased costs in employee health plans added \$1.9 million to expense and variable incentive compensation charges increased \$4.1 million in the current quarter compared to the same period in the prior year. The increase in salaries and benefits expense associated with Metavante's acquisitions were offset by the savings arising from the structural changes implemented in the second quarter of 2001.

Occupancy and equipment expense in the first quarter of 2002 amounted to \$45.6 million. Approximately \$2.2 million of the expense in the current quarter was attributable to the banking and Metavante's acquisitions. Excluding the impact of acquisitions, occupancy and equipment expense decreased approximately \$1.1 million compared to the first quarter of 2001.

Metavante's operating expense growth accounted for approximately \$2.3 million of the increase in software expenses in the first quarter of 2002 compared to the first quarter of 2001. During the first quarter of 2002, the Corporation's banking segment incurred nonrecurring software charges of approximately \$1.7 million.

Acquisitions accounted for approximately \$0.6 million of the quarter over quarter increase in processing charges, supplies and printing and shipping and handling. The increase in professional services expense was primarily attributable to consulting services performed for the Corporation.

Excluding the effect of the new accounting standard on accounting for goodwill and intangibles, amortization expense increased \$0.6 million and was primarily attributable to increased core deposit intangible amortization and other intangible amortization associated with the banking and Metavante's acquisitions.

Other expense amounted to \$35.5 million in the first quarter of 2002 compared to \$29.9 million in the first quarter of 2001. Included in this category in the prior year quarter were the single charter nonrecurring charges aggregating \$6.0 million as previously discussed. Excluding these charges,

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other expense amounted to \$35.5 million in the current quarter compared to \$23.9 million in the first quarter of last year, an increase of \$11.6 million. Losses arising from asset write-downs increased \$3.9 million in the current quarter. Other operating expenses associated with acquisitions accounted for approximately \$1.5 million of the increase.

Other expense is affected by the capitalization of costs, net of amortization and write-downs associated with software development and customer data processing conversions. Net software and conversion capitalization was \$6.4 million in the first quarter of 2001 and in the current quarter amounted to \$0.9 million excluding acquisitions resulting in an increase of \$5.5 million in other expense in the first quarter of 2002 compared to the first quarter of 2001.

### INCOME TAXES

The provision for income taxes for the three months ended March 31, 2002 amounted to \$54.8 million or 32.2% of pre-tax income compared to \$44.3 million or 33.8% of pre-tax income for the three months ended March 31, 2001. The decline in the effective tax rate was due to the effect of discontinuing goodwill amortization and the recognition of income tax benefits associated with the sale of preferred stock.

### CAPITAL RESOURCES

Shareholders' equity was \$2.72 billion at March 31, 2002 compared to \$2.49 billion at December 31, 2001 and \$2.31 billion at March 31, 2001.

During the first quarter of 2002, the Corporation issued 3.1 million shares of its common stock (\$186.6 million) in the purchase acquisitions of Richfield and Century.

The Corporation acquired 0.8 million shares of its common stock during the first quarter of 2002 at an aggregate cost of \$48.5 million.

The Corporation continues to have a strong capital base and its regulatory capital ratios are significantly above the minimum requirements as shown in the following tables.

### RISK-BASED CAPITAL RATIOS

(\$ in millions)

	March 31, 2002		December 31, 2001	
	Amount	Ratio	Amount	Ratio
Tier 1 Capital	\$ 2,165	9.42 %	\$ 2,091	9.70 %
Tier 1 Capital Minimum Requirement	920	4.00	862	4.00
Excess	\$ 1,245	5.42 %	\$ 1,229	5.70 %
=====				
Total Capital	\$ 2,865	12.46 %	\$ 2,775	12.88 %
Total Capital Minimum Requirement	1,839	8.00	1,724	8.00



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Excess	\$	1,026	4.46 %	\$	1,051	4.88 %
Risk-Adjusted Assets	\$	22,985		\$	21,555	

LEVERAGE RATIOS

(\$ in millions)

	March 31, 2002		December 31, 2001	
	Amount	Ratio	Amount	Ratio
Tier 1 Capital	\$ 2,165	8.16 %	\$ 2,091	7.93 %
Minimum Leverage Requirement	796 - 1,327	3.00 - 5.00	791 - 1,318	3.00 - 5.00
Excess	\$ 1,369 - 838	5.16 - 3.16 %	\$ 1,300 - 773	4.93 - 2.93 %
Adjusted Average Total Assets	\$ 26,537		\$ 26,371	

FORWARD-LOOKING STATEMENTS

Items 2 and 3 of this Form 10-Q, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Quantitative and Qualitative Disclosures about Market Risk," respectively, contain forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include, without limitation, statements regarding operating activities and results. Such statements are subject to important factors that could cause the Corporation's actual results to differ materially than those anticipated by the forward-looking statements. These factors include those referenced in the Corporation's Annual Report on Form 10-K for the period ending December 31, 2001 or as may be described from time to time in the Corporation's subsequent SEC filings, and such factors are incorporated herein by reference.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The following updated information should be read in conjunction with the Corporation's 2001 Annual Report on Form 10-K. Updated information regarding the Corporation's use of derivative financial instruments is contained in Note 10, Notes to Financial Statements contained in Item 1 herein.

Market risk arises from exposure to changes in interest rates, exchange rates, commodity prices, and other relevant market rate or price risk. The Corporation faces market risk through trading and other than trading activities. While market risk that arises from trading activities in the form of foreign exchange and interest rate risk is immaterial to the Corporation, market risk from other than trading activities in the form of interest rate risk is measured and managed through a number of methods.

INTEREST RATE RISK

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 The Corporation uses financial modeling techniques to identify potential changes in income under a variety of possible interest rate scenarios. Financial institutions, by their nature, bear interest rate and liquidity risk as a necessary part of the business of managing financial assets and liabilities. The Corporation has designed strategies to limit these risks within prudent parameters and identify appropriate risk/reward tradeoffs in the financial structure of the balance sheet.

The financial models identify the specific cash flows, repricing timing and embedded option characteristics of the assets and liabilities held by the Corporation. Policies are in place to assure that neither earnings nor fair value at risk exceed appropriate limits. The use of a limited array of derivative financial instruments has allowed the Corporation to achieve the desired balance sheet repricing structure while simultaneously meeting the desired objectives of both its borrowing and depositing customers.

The models used include measures of the expected repricing characteristics of administered rate (NOW, savings and money market accounts) and non-rate related products (demand deposit accounts, other assets and other liabilities). These measures recognize the relative insensitivity of these accounts to changes in market interest rates, as demonstrated through current and historical experiences. In addition to contractual payment information for most other assets and liabilities, the models also include estimates of expected prepayment characteristics for those items that are likely to materially change their payment structures in different rate environments, including residential mortgage products, certain commercial and commercial real estate loans and certain mortgage-related securities. Estimates for these sensitivities are based on industry assessments and are substantially driven by the differential between the contractual coupon of the item and current market rates for similar products.

This information is incorporated into a model that allows the projection of future income levels in several different interest rate environments. Earnings at risk is calculated by modeling income in an environment where rates remain constant, and comparing this result to income in a different rate environment, and then dividing this difference by the Corporation's budgeted operating income before taxes for the calendar year. Since future interest rate moves are difficult to predict, the following table presents two potential scenarios - a gradual increase of 100bp across the entire yield curve over the course of a year (+25bp per quarter), and a gradual decrease of 100bp across the entire yield curve over the course of a year (-25bp per quarter) for the balance sheet as of the indicated dates:

	Impact to Annual Pretax Income as of	
	March 31, 2002	December 31, 2001
Hypothetical Change in Interest Rate		
-----		
100 basis point gradual:		
Rise in rates	(0.9) %	(3.9) %
Decline in rates	0.2 %	3.1 %

These results are based solely on the modeled parallel changes in market rates,

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and do not reflect the earnings sensitivity that may arise from other factors such as changes in the shape of the yield curve, the changes in spread between key market rates, or accounting recognition for impairment of certain intangibles. These results are also considered to be conservative estimates due to the fact that they do not include any management action to mitigate potential income variances within the simulation process. Such action could potentially include, but would not be limited to, adjustments to the repricing characteristics of any on- or off-balance sheet item with regard to short-term rate projections and current market value assessments.

Actual results will differ from simulated results due to timing, magnitude, and frequency of interest rate changes as well as changes in market conditions and management strategies.

Another component of interest rate risk is measuring the fair value at risk for a given change in market interest rates. The Corporation also uses computer modeling techniques to determine the present value of all asset and liability cash flows (both on- and off-balance sheet), adjusted for prepayment expectations, using a market discount rate. The net change in the present value of the assets and liability cash flows in different market rate environments is the amount of fair value at risk from those rate movements. As of March 31, 2002 the fair value of equity at risk for a gradual 100bp shift in rates was less than 2.0% of the market value of the Corporation.

### EQUITY RISK

In addition to interest rate risk, the Corporation incurs market risk in the form of equity risk. M&I's Capital Markets Group invests in private, medium-sized companies to help establish new businesses or recapitalize existing ones. Exposure to the change in equity values for the companies that are held in their portfolio exist, but due to the nature of the investments, cannot be quantified within acceptable levels of precision.

As of March 31, 2002, M&I Trust Services administered \$57.2 billion in assets and directly managed a portfolio of \$13.0 billion. Exposure exists to changes in equity values due to the fact that fee income is partially based on equity balances. While this exposure is present, quantification remains difficult due to the number of other variables affecting fee income. Interest rate changes can also have an effect on fee income for the above stated reasons.

## PART II - OTHER INFORMATION

### Item 6 - Exhibits and Reports on Form 8-K

#### A. Exhibits:

Exhibit (3) (ii) (a) - Certificate of Assistant Secretary

Exhibit (3) (ii) (b) - By-laws, as amended

Exhibit 11 - Statements - Computation of Earnings Per Share, Incorporated by Reference to NOTE 4 of Notes to Financial Statements contained in Item 1 - Financial Statements (unaudited) of Part 1 - Financial Information herein.

Exhibit 12 - Computation of Ratio of Earnings to Fixed Charges

Exhibit 99 - Letter of Marshall & Ilsley Corporation regarding representations from Arthur Andersen LLP

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B. Reports on Form 8-K:

None

SIGNATURES  
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Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MARSHALL & ILSLEY CORPORATION  
(Registrant)

/s/ Patricia R. Justiliano  
\_\_\_\_\_

Patricia R. Justiliano  
Senior Vice President and  
Corporate Controller  
(Chief Accounting Officer)

/s/ James E. Sandy  
\_\_\_\_\_

James E. Sandy  
Vice President

May 14, 2002

EXHIBIT INDEX  
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Exhibit Number -----	Description of Exhibit -----
(3) (ii) (a)	Certificate of Assistant Secretary
(3) (ii) (b)	By-laws, as amended
(11)	Statements - Computation of Earnings Per Share, Incorporated by Reference to NOTE 4 of Notes to Financial Statements contained in Item 1 - Financial Statements (unaudited) of Part 1 - Financial Information herein
(12)	Computation of Ratio of Earnings to Fixed Charges
(99)	Letter of Marshall & Ilsley Corporation regarding

representations from Arthur Andersen LLP