MARSHALL & ILSLEY CORP
Form 10-K
March 01, 2011

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

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2010

OR

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

Commission File No. 1-33488

MARSHALL & ILSLEY CORPORATION
(Exact name of registrant as specified in its charter)

Wisconsin (State or other jurisdiction of incorporation or organization)	20-8995389 (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) 765-7700

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class:	Name of Each Exchange on Which Registered:
Common Stock - $1.00 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes X No __

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes __ No X

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 X No __

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes X No __

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

(Check one): Large accelerated filer X Accelerated filer ___ Non-accelerated filer ____ Smaller reporting company ____

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes __ No X

The aggregate market value of the voting stock held by nonaffiliates of the registrant as of June 30, 2010 was approximately $3,741,704,000. As of January 31, 2011, the number of shares of Common Stock outstanding was 530,119,395, and the number of shares of Senior Preferred Stock, Series B outstanding was 1,715,000.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates by reference information that will be provided in the Proxy Statement for the registrant's 2011 Annual Meeting of Shareholders or by amendment to this Annual Report on Form 10-K not later than 120 days after the end of the registrant's fiscal year ended December 31, 2010.

MARSHALL & ILSLEY CORPORATION
ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

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PART I

ITEM 1. BUSINESS

General

Marshall & Ilsley Corporation ("M&I" or the "Corporation"), a Wisconsin corporation, is a registered bank holding company under the Bank Holding Company Act of 1956 (the "BHCA") and is certified as a financial holding company under the Gramm-Leach-Bliley Act. As of December 31, 2010, M&I had consolidated total assets of approximately $50.8 billion and consolidated total deposits of approximately $38.3 billion, making M&I the largest bank holding company headquartered in Wisconsin. The executive offices of M&I are located at 770 North Water Street, Milwaukee, Wisconsin 53202 (telephone number (414) 765-7700). M&I's principal assets are the stock of its bank and nonbank subsidiaries, which, as of February 15, 2011, consisted of four bank and trust subsidiaries and a number of companies engaged in businesses that the Board of Governors of the Federal Reserve System (the "Federal Reserve Board") has determined to be closely-related or incidental to the business of banking. M&I provides its subsidiaries with financial and managerial assistance in such areas as budgeting, tax planning, auditing, compliance, asset and liability management, investment administration and portfolio planning, business development, advertising and human resources management.

M&I provides diversified financial services to a wide variety of corporate, institutional, government and individual customers. M&I's largest affiliates and principal operations are in Wisconsin; however, it has activities in other markets, particularly in certain neighboring Midwestern states, and in Arizona, Nevada and Florida. The Corporation's principal activities consist of banking and wealth management services.

M&I provides banking services, which include lending to and accepting deposits from commercial and community banking customers, through its lead bank, M&I Marshall & Ilsley Bank ("M&I Bank"), and M&I Bank FSB, a federal savings bank subsidiary of M&I located in Las Vegas, Nevada. M&I provides these services through branch offices of M&I's subsidiary banks located throughout Wisconsin and Arizona, in western and central Florida, central Indiana, the metropolitan areas of Minneapolis, Minnesota, Kansas City, Missouri and St. Louis, Missouri, and Duluth, Minnesota, Belleville, Illinois, and Las Vegas, Nevada, and through the Internet.

Wealth Management includes Marshall & Ilsley Trust Company National Association ("M&I Trust Company"), M&I Financial Advisors, Inc. ("M&I Financial Advisors"), the private banking divisions of M&I's bank subsidiaries and other subsidiaries related to the wealth management business. Wealth Management services include trust services, brokerage and insurance services, and investment management and advisory services, which are provided to residents of Wisconsin, Arizona, Minnesota, Missouri, Kansas, Florida, Nevada and Indiana.

Other financial services provided by M&I include personal property lease financing, wholesale lending, investment services to institutional clients and venture capital.

Based on the way M&I organizes its business, M&I has four reportable segments: Commercial Banking, Community Banking, Wealth Management and Treasury. Each of these segments is described in detail below. More information on M&I's business segments is contained in Note 23 of the Notes to Consolidated Financial Statements contained in Item 8, Consolidated Financial Statements and Supplementary Data.

Commercial Banking

The Commercial Banking segment provides products and services to middle market businesses, large corporate businesses and public sector entities primarily within M&I's footprint states. These products and services include: secured and unsecured loans and lines of credit, letters of credit, asset-based lending, equipment financing, mezzanine financing, global trade services, treasury management, demand deposit accounts, interest bearing accounts and time deposits. Commercial Banking also supports the commercial real estate market with products and services including secured and unsecured lines of credit, letters of credit, construction loans for commercial and residential development and land acquisition and development loans.

Community Banking

M&I's Community Banking segment provides consumer and business banking products and services to customers primarily within the states in which M&I offers banking services. Community Banking services are provided through branches located throughout Wisconsin and Arizona, in western and central Florida, central Indiana, the metropolitan areas of Minneapolis, Minnesota, Kansas City, Missouri and St. Louis, Missouri, and Duluth,

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Minnesota, Belleville, Illinois, and Las Vegas, Nevada, and through the Internet. Consumer products include loan and deposit products such as mortgages, home equity loans and lines, credit cards, student loans, personal lines of credit and term loans, demand deposit accounts, interest bearing transaction accounts and time deposits. Business banking products include secured and unsecured lines and term loans for working capital, inventory and general corporate use, commercial real estate construction loans, agricultural loans, demand deposit accounts, interest bearing transaction accounts and time deposits.

Wealth Management

The Wealth Management segment, which includes M&I's trust, brokerage and private banking business, provides integrated asset management, trust and banking services through three business lines: Investment Management, Personal Services and Institutional Services. Investment Management is a multi-dimensional asset management service with a broad range of strategies, styles and product delivery options such as separately managed equity and fixed income strategies, managed asset allocation strategies, alternative investments and The Marshall Funds, M&I's family of mutual funds. Personal Services includes Cedar Street Advisors, Personal Wealth Management and M&I Financial Advisors. Cedar Street Advisors manages the complex financial affairs of ultra-high net worth individuals and their families. Personal Wealth Management services assemble and implement an all-inclusive financial roadmap for high net worth individuals and families, providing for their private banking (credit and deposits), investment, estate and tax planning needs. M&I Financial Advisors uses a formulized financial planning process based on an individual's resources, goals, and risk tolerance to develop a personalized financial plan, and then offers a full array of brokerage and insurance solutions to meet that plan. The Institutional Services business includes Retirement Plan Services, Taft-Hartley Services, Not-for-Profit Services, North Star Deferred Exchange and Trust Operations Outsourcing.

Treasury

Treasury provides management of interest rate risk, capital, liquidity, funding and investments to the Corporation and to all of its subsidiary banks.

Others

The Others segment includes a Capital Markets Division and a National Consumer Banking Division. The Capital Markets Division provides a variety of products and services designed to address its customers' risk management and investment needs. These services include derivative solutions and investment services, currency conversion and foreign exchange services and risk management. These services are provided primarily to corporate, business banking and financial institution clients. The National Consumer Banking Division provides mortgage and home equity consumer lending, indirect automobile financing, and affinity banking services.

Risk Management

Managing risk is an essential component of successfully operating a financial services company. M&I has an enterprise-wide approach to risk governance, measurement, management and reporting risks inherent in its businesses. Risk management practices include key elements such as independent checks and balances, formal authority limits, policies and procedures and portfolio management. M&I's internal audit department also evaluates risk management activities. These evaluations include performing internal audits and reporting the results to management and the Audit and Risk Management Committees, as appropriate.

M&I has established a number of management committees responsible for assessing and evaluating risks associated with the Corporation's businesses including the Credit Policy Committee, Asset Liability Committee and the

Enterprise Risk Committee. M&I has in place a Risk Management Committee of the Board of Directors for oversight and governance of its risk management function. The Risk Management Committee consists of four non-management directors and has the responsibility of overseeing management's actions with respect to credit, market, liquidity, fiduciary, operational, compliance, legal and reputational risks as well as M&I's overall risk profile. M&I's Chief Risk Officer is responsible for reporting to the Risk Management Committee of the Board of Directors.

Operational Risk Management

Operational risk is the risk of loss from human errors, failed or inadequate processes or systems and external events. This risk is inherent in all businesses. Resulting losses could take the form of explicit charges, increased operational costs, harm to M&I's reputation or lost opportunities.

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M&I seeks to mitigate operational risk through a system of internal controls to manage this risk at appropriate levels. Primary responsibility for managing internal controls lies with the managers of M&I's various business lines. M&I monitors and assesses the overall effectiveness of its system of internal controls on an ongoing basis. The Enterprise Risk Committee oversees M&I's monitoring, management and measurement of operational risk. In addition, M&I has established several other executive management committees to monitor, measure and report on specific operational risks to the Corporation, including business continuity planning, customer information security and compliance. These committees report to the Risk Management Committee of the Board of Directors on a regular basis.

Corporate Governance Matters

M&I has adopted a Code of Business Conduct and Ethics that applies to all of M&I's employees, officers and directors, including M&I's Chief Executive Officer, Chief Financial Officer and Controller. The Code of Business Conduct and Ethics is incorporated as an exhibit to this report and is also available on M&I's website at www.micorp.com. M&I intends to disclose any amendment to or waiver of the Code of Business Conduct and Ethics that applies to M&I's Chief Executive Officer, Chief Financial Officer or Controller on its website within five business days following the date of the amendment or waiver.

M&I makes available free of charge through its website its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and its insiders' Section 16 reports, and any amendments to these reports, as soon as reasonably practicable after these materials are filed with or furnished to the Securities and Exchange Commission (the "SEC"). In addition, certain documents relating to corporate governance matters are available on M&I's website described above. These documents include, among others, the following:

- Charter for the Audit Committee of the Board of Directors;
- Charter for the Compensation and Human Resources Committee of the Board of Directors;
- Charter for the Nominating and Corporate Governance Committee of the Board of Directors;
- Categorical Standards for Lending, Banking and Other Business Relationships Involving M&I's Directors;
- Corporate Governance Guidelines; and
- Code of Business Conduct and Ethics.

Shareholders also may obtain a copy of any of these documents free of charge by calling the M&I Shareholder Information Line at 1 (800) 642-2657. Information contained on any of M&I's websites is not deemed to be a part of this Annual Report.

Pending Merger with BMO Financial Group

On December 17, 2010, the Corporation entered into a definitive merger agreement under which BMO Financial Group ("BMO" or "Bank of Montreal") will acquire all outstanding shares of common stock of the Corporation in a stock-for-stock transaction. Under the terms of the agreement, each outstanding share of the Corporation's common stock will be exchanged for 0.1257 shares of BMO common stock upon closing. The transaction is expected to close prior to July 31, 2011. The transaction is subject to customary closing conditions, including regulatory approvals and approval of the shareholders of M&I.

Acquisitions by M&I

M&I did not complete any acquisitions in 2010. Information on M&I's acquisitions in previous years can be found in Note 6 of the Notes to Consolidated Financial Statements contained in Item 8, Consolidated Financial Statements and Supplementary Data.

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Principal Sources of Revenue

The table below shows the amount and percentages of M&I's total consolidated revenues resulting from interest and fees on loans and leases, interest on investment securities, and Wealth Management revenues, for each of the last three years ($ in thousands):

Years Ended December 31,	Interest and Fees on Loans and Leases: Amount	Interest and Fees on Loans and Leases: Percent of Total Revenues	Interest on Investment Securities: Amount	Interest on Investment Securities: Percent of Total Revenues	Wealth Management Revenues: Amount	Wealth Management Revenues: Percent of Total Revenues	Total Revenues
2010	$ 1,959,087	64.4 %	$ 203,728	6.7 %	$ 280,368	9.2 %	$ 3,043,150
2009	2,208,427	65.5	251,882	7.5	265,146	7.9	3,370,896
2008	2,926,334	72.8	339,804	8.5	282,182	7.0	4,018,140

M&I business segment information is contained in Note 23 of the Notes to Consolidated Financial Statements contained in Item 8, Consolidated Financial Statements and Supplementary Data.

Competition

M&I and its subsidiaries face substantial competition from hundreds of competitors in the markets they serve, some of which are larger and have greater resources than M&I. M&I's bank subsidiaries compete for deposits and other sources of funds and for credit relationships with other banks, savings associations, credit unions, finance companies, mutual funds, life insurance companies (and other long-term lenders) and other financial and non-financial companies located both within and outside M&I's primary market areas, many of which offer products functionally equivalent to bank products. M&I's nonbank operations compete with numerous banks, finance companies, leasing companies, mortgage bankers, brokerage firms, financial advisors, trust companies, mutual funds and investment bankers in Wisconsin and throughout the United States.

Employees

As of December 31, 2010, M&I and its subsidiaries employed, in the aggregate, 9,137 employees. M&I considers employee relations to be excellent. None of the employees of M&I or its subsidiaries are represented by a collective bargaining group.

Supervision and Regulation

As a registered bank holding company, M&I is subject to regulation and examination by the Federal Reserve Board under the BHCA. As of February 15, 2011, M&I owned a total of four bank and trust subsidiaries, including two Wisconsin state banks, a federal savings bank and a national banking association. M&I's two Wisconsin state bank subsidiaries are subject to regulation and examination by the Wisconsin Department of Financial Institutions (the "DFI"), as well as by the Federal Reserve Board. M&I's federal savings bank subsidiary is subject to regulation and examination by the Office of Thrift Supervision ("OTS"). M&I's national bank, through which trust operations are conducted, is subject to regulation and examination by the Office of the Comptroller of the Currency. In addition, three of M&I's four bank subsidiaries are subject to examination by the Federal Deposit Insurance Corporation ("FDIC").

Under Federal Reserve Board policy, M&I is expected to act as a source of financial strength to each of its bank subsidiaries and to commit resources to support each bank subsidiary in circumstances when it might not do so absent such requirements. In addition, there are numerous federal and state laws and regulations which regulate the activities of M&I and its bank subsidiaries, including requirements and limitations relating to capital and reserve requirements, permissible investments and lines of business, transactions with officers, directors and affiliates, loan limits, consumer protection laws, privacy of financial information, predatory lending, mergers and acquisitions, issuances of securities, dividend payments, inter-affiliate liabilities, extensions of credit and branch banking. Information regarding capital requirements for bank holding companies and tables reflecting M&I's regulatory capital position at December 31, 2010 can be found in Note 17 of the Notes to Consolidated Financial Statements contained in Item 8, Consolidated Financial Statements and Supplementary Data.

The federal regulatory agencies have broad power to take prompt corrective action if a depository institution fails to maintain certain capital levels. In addition, a bank holding company's controlled insured depository institutions

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are liable for any loss incurred by the FDIC in connection with the default of, or any FDIC-assisted transaction involving, an affiliated insured bank or savings association. Current federal law provides that adequately capitalized and managed bank holding companies from any state may acquire banks and bank holding companies located in any other state, subject to certain conditions. Banks are permitted to create interstate branching networks in all states. M&I Bank currently maintains interstate branches in Arizona, Florida, Indiana, Kansas, Minnesota and Missouri and an interstate branch in Illinois.

The laws and regulations to which M&I is subject are constantly under review by Congress, regulatory agencies and state legislatures.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") was signed into law on July 21, 2010. Since the Dodd-Frank Act calls for federal regulatory agencies to adopt almost 250 new rules and conduct more than 60 studies over the next several years in order to implement its provisions, the ultimate impact of the legislation on M&I will not be known for many months or years. However, since many of the provisions apply to "systemically important" companies, including M&I, M&I will be subject to substantial new requirements and enhanced regulatory oversight. Management expects the impact of the new requirements on M&I to be significant.

While the Dodd-Frank Act contains numerous provisions that will in some way affect M&I, key provisions of the Dodd-Frank Act that M&I believes will have the most significant potential impact on M&I, M&I Bank and its other subsidiaries in the near- and long-term include:

Changes in FDIC insurance. The Dodd-Frank Act increases the FDIC's minimum ratio of reserves to insured deposits and changes how deposit insurance premium assessments from the FDIC are calculated through provisions specifically designed to capture more deposit insurance premium income from the larger U.S. banks. These provisions will likely lead to higher FDIC insurance premiums for M&I Bank for the foreseeable future. The legislation also permanently increases federal deposit insurance coverage to $250,000.

Debit card transaction interchange fees. The Dodd-Frank Act directs the Federal Reserve Board to issue rules to ensure that small businesses and other merchants are charged only an amount "reasonable and proportional" to the cost incurred by payment processors and issuers of debit cards. These rules are likely to have a negative impact on M&I Bank's debit card interchange fee income, though the extent of any such impact will not be known until the final rules are issued.

Restrictions on proprietary trading investments in private equity and hedge funds. With certain exceptions, the Dodd-Frank Act prohibits insured depositary institutions and their parent holding companies (including M&I and its banking subsidiaries) from engaging in proprietary trading, except for limited purposes, and from sponsoring or owning equity interests in private equity and hedge funds, subject to several exemptions, including a de minimis exemption that permits a banking entity to make investments in funds that are sponsored by the banking entity in an aggregate amount not exceeding 3% of the bank's Tier 1 capital. M&I, M&I Bank and its other subsidiaries engage in only a de minimis amount of proprietary trading. M&I is currently evaluating the effect that these new restrictions will have on its investments in private equity and hedge funds, but this portfolio is relatively small. Furthermore, final regulations adopted by the Federal Reserve Board include a two-year conformance period following the effective date of the final regulations to wind down, sell or otherwise comply with these restrictions. Banking entities may also apply for three one-year extensions and, subject to certain requirements, may petition the Federal Reserve Board for an additional extended period with respect to any "illiquid fund."

Regulation of derivatives. The Dodd-Frank Act imposes significant restrictions on the trading of derivatives, and provides for increased regulation by the SEC and the Commodities Futures Trading Commission of the over-the-counter derivative market. The Dodd-Frank Act will require bank holding companies to spin off certain riskier derivative trading activities to separately capitalized affiliates, while continuing to authorize perceived lower-risk derivative activities by banks to the extent these activities qualify as risk mitigating activities directly related to the bank's activities. M&I does not currently expect these provisions to have a significant impact on its operations, though they may limit potential areas of expansion by M&I's banking subsidiaries of their derivative activities, products and services.

Bank capital. The Collins Amendment in the Dodd-Frank Act affects the capital requirements for commercial banks, and includes a phased-in exclusion of trust preferred securities as an element of Tier 1 capital for certain bank holding companies. Bank holding companies, such as M&I, with total assets of $15 billion or more have three years to phase-out trust preferred securities from their Tier 1 capital, beginning January 1, 2013. At December 31, 2010, M&I

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had $99.0 million in trust preferred securities outstanding. Preferred stock issued to the United States Department of the Treasury (the “UST”) under the Capital Purchase Program is exempt from the Collins Amendment and is includible in Tier 1 capital for all bank holding companies during its entire term.

Minimum Leverage and Risk-Based Capital Requirements. The Dodd-Frank Act mandates federal banking agencies to establish new minimum leverage and risk-based capital requirements for banks, bank holding companies, and “systemically important” non-banking companies. These new requirements must be established within 18 months of the Dodd-Frank Act’s effective date. While the Dodd-Frank Act does not provide any specific guidance on what the new capital levels should be, the law does provide that the capital levels currently in place should serve as a floor for any new capital requirements. Further, “systemically important companies,” including M&I, will be stress-tested at least annually by the Federal Reserve Board. Accordingly, M&I expects that these new “prudential standards” and stress-testing exercises will lead to higher capital requirements in the future. The new law further mandates regulators to adapt capital requirements as banks grow in size or engage in riskier activities, and codifies for the first time the requirement imposed by bank regulators that a bank holding company must serve as a “source of strength” or provider of funds to its subsidiary depository institutions, if deemed necessary by such regulators.

Consumer Financial Protection Bureau. The Dodd-Frank Act establishes the Consumer Financial Protection Bureau (“CFPB”) as a new independent executive agency within the Federal Reserve Board, empowered with broad authority to regulate the offering and provision of consumer financial products and services. The CFPB will have primary examination and enforcement authority over all insured banks with more than $10 billion in assets, including their affiliates, and will become the one central federal regulator with consolidated consumer protection authority for such banks. The CFPB will have authority to require reports and conduct examinations of the largest depository institutions to assess compliance with federal consumer financial laws, to obtain information about activities and compliance systems, and to detect and assess risks to consumers and markets for consumer financial products and services.

The Dodd-Frank Act also directs the CFPB to prevent persons from engaging in or committing an unfair, deceptive or abusive act or practice in connection with a transaction with a consumer for a consumer financial product or service, or the offering thereof, to ensure that “fair disclosures” are provided to consumers, and that information relevant to the purchase of consumer products or services is disclosed to the consumer in plain language in a manner that permits consumers to understand the costs, benefits, and risks associated with the product or service.

Generally, M&I believes that its compliance costs and burdens will increase substantially as a result of the creation of the CFPB and the new rules it is expected to implement for consumer financial products and services.

Insurance for noninterest-bearing transaction accounts. Under the Dodd-Frank Act, beginning December 31, 2010 (the termination date for the Transaction Account Guarantee Program (the “TAGP”), a component of the FDIC’s Temporary Liquidity Guarantee Program in which M&I was formerly a participant) and continuing through December 31, 2012, all funds held in noninterest-bearing transaction accounts will be fully guaranteed by the FDIC for the full amount of the account. This unlimited insurance coverage was eliminated for Interest on Lawyer Trust Accounts and minimal interest-bearing NOW accounts, which were originally covered under TAGP. However, subsequent to the enactment of the Dodd-Frank Act, Congress amended the Federal Deposit Insurance Act to include Interest on Lawyer Trust Accounts within the definition of “noninterest-bearing transaction accounts,” thereby granting such accounts unlimited insurance coverage by the FDIC from December 31, 2010 through December 31, 2012.

Corporate governance and executive compensation. The Dodd-Frank Act contains a number of provisions relating to corporate governance and executive compensation practices and disclosure. These include, among others, “say on pay,” which is a nonbinding shareholder vote on executive compensation; disclosure of so-called golden parachute arrangements; clawback provisions to recover erroneously awarded executive compensation; provisions relating to the independence and composition of compensation committees; and provisions requiring disclosure of the relationship between executive compensation and company performance, and the ratio of mean employee compensation to CEO compensation. Pursuant to authority granted it under the Dodd-Frank Act, the SEC recently issued rules relating primarily to executive compensation matters. A number of additional rules are to be adopted later in 2011. M&I will take any necessary actions to comply with the applicable requirements as they take effect.

In 1999, Congress enacted the Gramm-Leach-Bliley Act (the “GLB Act”). Among other things, the GLB Act repealed certain restrictions on affiliations between banks and securities firms. The GLB Act also amended the BHCA to permit bank holding companies that qualify as “financial holding companies” to engage in a broad list of “financial

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activities," and any non-financial activity that the Federal Reserve Board, in consultation with the Secretary of the Treasury, determines is "complementary" to a financial activity and poses no substantial risk to the safety and soundness of depository institutions or the financial system. The GLB Act treats various lending, insurance underwriting, insurance company, portfolio investment, financial advisory, securities underwriting, dealing and market-making, and merchant banking activities as financial in nature for this purpose.

Under the GLB Act, a bank holding company may become certified as a financial holding company by filing a notice with the Federal Reserve Board, together with a certification that the bank holding company meets certain criteria, including capital, management, and Community Reinvestment Act requirements. M&I has registered as a financial holding company.

The Federal Reserve Board has authority to prohibit bank holding companies from paying dividends if it deems such payment to be an unsafe or unsound practice. The Federal Reserve Board has indicated generally that it may be an unsafe or unsound practice for a bank holding company to pay dividends unless the company's net income is sufficient to fund the dividends and the company's expected rate of earnings retention is consistent with its capital needs, asset quality and overall financial condition. M&I depends, in part, upon dividends received from its subsidiary banks to fund its activities, including the payment of dividends. These subsidiary banks are subject to regulatory limitations on the amount of dividends they may pay.

In October 2008, Congress enacted the Emergency Economic Stabilization Act of 2008 (the "EESA"). Among other things, the EESA enabled the federal government to insure troubled assets, including mortgage-backed securities, and collect premiums from participating financial institutions. Under the EESA, the UST authorized a voluntary capital purchase program ("CPP") to purchase up to $250 billion of senior preferred shares of qualifying financial institutions that elected to participate.

On November 14, 2008, as part of the Corporation's participation in the CPP, the Corporation entered into a Letter Agreement with the UST. Pursuant to the Securities Purchase Agreement – Standard Terms (the "Securities Purchase Agreement") attached to the Letter Agreement, the Corporation sold 1,715,000 shares of the Corporation's Senior Preferred Stock, Series B (the "Senior Preferred Stock"), having a liquidation preference of $1,000 per share, for a total purchase price of $1,715 million. The Senior Preferred Stock qualifies as Tier 1 capital and pays cumulative compounding dividends at a rate of 5% per year for the first five years and 9% per year thereafter.

Under the terms of the Securities Purchase Agreement, as long as any Senior Preferred Stock is outstanding, the Corporation may pay quarterly common stock cash dividends of up to $0.32 per share, and may redeem or repurchase its common stock, provided that all accrued and unpaid dividends for all past dividend periods on the Senior Preferred Stock are fully paid. Prior to the third anniversary of the UST's purchase of the Senior Preferred Stock, unless Senior Preferred Stock has been redeemed or the UST has transferred all of the Senior Preferred Stock to third parties, the consent of the UST will be required for the Corporation to increase its common stock dividend to more than $0.32 per share per quarter or repurchase its common stock or other equity or capital securities, other than in connection with benefit plans consistent with past practice and certain other circumstances specified in the Securities Purchase Agreement. The Senior Preferred Stock is non-voting except for class voting rights on matters that would adversely affect the rights of the holders of the Senior Preferred Stock.

As a condition to participating in the CPP, the Corporation issued and sold to the UST a warrant (the "Warrant") to purchase 13,815,789 shares (the "Warrant Shares") of the Corporation's common stock, at an initial per share exercise price of $18.62, for an aggregate purchase price of approximately $257.25 million. The term of the Warrant is ten years. The Warrant is no longer subject to any contractual restrictions on transfer. The Warrant provides for the adjustment of the exercise price and the number of Warrant Shares issuable upon exercise pursuant to customary anti-dilution provisions, such as upon stock splits or distributions of securities or other assets to holders of the

Corporation's common stock, and upon certain issuances of the Corporation's common stock at or below a specified price range relative to the initial exercise price. Pursuant to the Securities Purchase Agreement, the UST has agreed not to exercise voting power with respect to any shares of common stock issued upon exercise of the Warrant.

Pursuant to the Securities Purchase Agreement, until the UST no longer owns any shares of the Senior Preferred Stock, the Warrant or Warrant Shares, the Corporation's employee benefit plans and other executive compensation arrangements for its Senior Executive Officers must continue to comply in all respects with Section 111(b) of the Emergency Economic Stabilization Act and the rules and regulations of the UST promulgated thereunder.

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The Securities Purchase Agreement permits the UST to unilaterally amend any provision of the Letter Agreement and the Securities Purchase Agreement to the extent required to comply with any changes in the applicable Federal statutes.

In addition to federal and state banking laws and regulations, M&I and certain of its subsidiaries and affiliates, including those that engage in securities brokerage, dealing and investment advisory activities, are subject to other federal and state laws and regulations, and to supervision and examination by other regulatory authorities, including the SEC, the Financial Institution Regulatory Authority (FINRA), the New York Stock Exchange and others.

In 2001, Congress enacted the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the “USA PATRIOT Act”). The USA PATRIOT Act was designed to deny terrorists and criminals the ability to obtain access to the United States financial system, and has significant implications for depository institutions, brokers, dealers and other businesses involved in the transfer of money. The USA PATRIOT Act mandates financial services companies to implement additional policies and procedures with respect to, or additional measures designed to address, any or all of the following matters, among others: money laundering, terrorist financing, identifying and reporting suspicious activities and currency transactions, and currency crimes.

M&I’s banking subsidiaries are also subject to a variety of other regulations with respect to the operation of their businesses, including, but not limited to, the Truth in Lending Act, the Truth in Savings Act, the Equal Credit Opportunity Act, the Electronic Funds Transfer Act, the Fair Housing Act, the Home Mortgage Disclosure Act, the Fair Debt Collections Practices Act and the Fair Credit Reporting Act. Changes in these or similar regulations could affect the operations of the banking subsidiaries.

The earnings and business of M&I and its banking subsidiaries also are affected by the general economic and political conditions in the United States and abroad and by the monetary and fiscal policies of various federal agencies. The Federal Reserve Board impacts the competitive conditions under which M&I operates by determining the cost of funds obtained from money market sources for lending and investing and by exerting influence on interest rates and credit conditions. In addition, legislative and economic factors can be expected to have an ongoing impact on the competitive environment within the financial services industry. The impact of fluctuating economic conditions and federal regulatory policies on the future profitability of M&I and its subsidiaries cannot be predicted with certainty.

Selected Statistical Information

Statistical information relating to M&I and its subsidiaries on a consolidated basis is set forth as follows:

(1) Average Balance Sheets and Analysis of Net Interest Income for each of the last three years is included in Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations.

(2) Analysis of Changes in Interest Income and Interest Expense for each of the last two years is included in Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations.

(3) The amortized cost of the consolidated investment securities for each of the last three years is included in Item 6, Selected Financial Data.

(4) The maturities of consolidated investment securities, at amortized cost, and the weighted average yields for each range of maturities as of the end of the latest reporting period are included in Item 6, Selected Financial Data.

(5)

The end of period loans and leases by type for each of the last five years is included in Item 6, Selected Financial Data.

(6) The maturities of selected categories of the loan portfolio, including those loans due after one year which have predetermined interest rates or have floating or adjustable rates are included in Item 6, Selected Financial Data.

(7) Information regarding the Corporation's short-term borrowings, including amounts outstanding and weighted average interest rate for certain categories, can be found in Liquidity and Capital Resources which is included in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

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(8) Nonaccrual, Past Due and Restructured Loans and Leases for each of the last five years is included in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

(9) Potential Problem Loans and Leases for the last two years can be found in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

(10) Summary of Loan and Lease Loss Experience for each of the last five years (including the allocation of the allowance for loans and leases) is included in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

(11) Average Deposits for selected categories and the average rate paid for each category for each of the last three years is included in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

(12) Return on Average Shareholders' Equity, Return on Average Assets and other statistical ratios for each of the last five years can be found in Item 6, Selected Financial Data.

ITEM 1A. RISK FACTORS

The Corporation is subject to a number of risks that may adversely affect its financial condition and results of operations. Many of these risks are outside of the Corporation's direct control. In addition to the other information included or incorporated by reference into this report, readers should carefully consider the following important factors which, among others, could materially impact the Corporation's business, financial condition and results of operations.

Risks Related to the Corporation's Pending Merger with BMO

On December 17, 2010, the Corporation entered into a definitive merger agreement under which BMO will acquire all outstanding shares of the Corporation's common stock in a stock-for-stock transaction. There can be no assurance that the merger with BMO will be completed. In connection with the pending merger, certain additional risks and uncertainties should also be considered, including, without limitation:

- attrition of deposits and customers, operating costs and business disruption before and following the completion of the pending merger, including potential difficulties in maintaining relationships with employees, may be greater than expected;

- the inability to obtain governmental approvals of the pending merger on the proposed terms and schedule; and

- the failure of the Corporation's shareholders to approve the pending merger and/or the failure of the parties to complete the merger on the proposed terms and schedule.

Federal and state agency regulation and enforcement actions could limit the Corporation's activities, increase the Corporation's cost structures or have other negative effects on the Corporation.

The Corporation, its subsidiary banks and many of its non-bank subsidiaries are heavily regulated at the federal and state levels. This regulation is designed primarily to protect consumers, depositors and the banking system as a whole, not shareholders. Congress and state legislatures and federal and state regulatory agencies continually review banking laws, regulations and policies for possible changes. Changes to statutes, regulations or regulatory policies, including changes in their interpretation or implementation, could affect the Corporation in substantial and unpredictable ways, including limiting the types of financial services and products the Corporation may offer, increasing the ability of non-banks to offer competing financial services and products and/or increasing the Corporation's cost structures.

The Federal Reserve Board and the Office of the Comptroller of the Currency have issued policy statements generally requiring insured banks and bank holding companies only to pay dividends out of current operating earnings. On February 24, 2009, the Federal Reserve Board released supervisory letter SR 09-4 (the "SR 09-4") to provide direction to bank holding companies on, among other things, the declaration and payment of dividends. SR 09-4 states that, as a general matter, a bank holding company should inform the Federal Reserve and should eliminate, defer or significantly reduce its dividends if (i) the bank holding company's net income available to shareholders for the past four quarters, net of dividends previously paid during that period, is not sufficient to fully fund the dividends, (ii) the bank holding company's prospective rate of earnings is not consistent with the bank holding company's capital needs

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and overall current and prospective financial condition, or (iii) the bank holding company will not meet, or is in danger of not meeting, its minimum regulatory capital adequacy ratios. It is possible that the Corporation will determine or will be required under SR 09-4 to eliminate, defer or significantly reduce the dividends on its common stock, the Senior Preferred Stock, or both. In addition, the Corporation is currently required to obtain the prior approvals of the Federal Reserve and the DFI to pay a cash dividend on its common stock. There can be no assurance that the Corporation will be able to obtain such approvals in future quarters. The inability of the Corporation to continue to pay dividends on its common stock or on the Senior Preferred Stock could have a material adverse effect on the trading price of the Corporation’s common stock and could have consequences under the Letter Agreement relating to the Corporation’s participation in the UST’s Capital Purchase Program.

Federal and state regulators also have the ability to impose substantial restrictions and requirements on the Corporation’s bank and non-bank subsidiaries to the extent they determine that the Corporation or its subsidiaries have violated laws to which they are subject or have weaknesses or failures with respect to general standards of safety or soundness. Enforcement of these restrictions may be formal or informal, and can include directors’ resolutions, memoranda of understanding, written agreements, cease and desist orders, civil money penalties or termination of deposit insurance and bank closures. Certain enforcement actions are not publicly disclosed by federal and state regulators. While enforcement actions may be taken without regard to the capital level of an institution, institutions that are not sufficiently capitalized in accordance with regulatory standards may also face capital directives or prompt corrective action. Enforcement actions may require corrective steps, impose limits on activities such as acquisitions, branching, lending or deposit taking, prescribe lending parameters or require additional capital to be raised, any of which could adversely affect the Corporation’s financial condition and results of operations, damage the Corporation’s reputation, cause it to incur significant expenses or restrict it from engaging in potentially profitable activities.

The Corporation’s earnings are significantly affected by general business and economic conditions, including credit risk and interest rate risk.

The Corporation’s business and earnings are sensitive to general business and economic conditions in the United States and, in particular, the states where it has significant operations, including Wisconsin, Arizona, Indiana, Minnesota, Missouri, Kansas and Florida. M&I Bank FSB, a subsidiary of the Corporation, is headquartered in Nevada, but its activities are primarily outside of Nevada and it has no significant exposure to economic conditions in that state. The general business and economic conditions described above include short-term and long-term interest rates, inflation, monetary supply, fluctuations in both debt and equity capital markets, the strength of the U.S. and local economies, real estate values, consumer spending, borrowing and saving habits, all of which are beyond the Corporation’s control. For example, an economic downturn, increase in unemployment or higher interest rates could decrease the demand for loans and other products and services and/or result in a deterioration in credit quality and/or loan performance and collectability. Nonpayment of loans could have an adverse effect on the Corporation’s financial condition and results of operations and cash flows. Higher interest rates also could increase the Corporation’s cost to borrow funds and increase the rate the Corporation pays on deposits.

The Corporation’s real estate loans expose the Corporation to increased credit risks.

A substantial portion of the Corporation’s loan and lease portfolio consists of real estate-related loans, including construction and development, commercial and residential mortgage loans, as well as home equity loans and lines of credit. As a result, the deterioration in the U.S. real estate markets, along with the deterioration in the U.S. economy as a whole, has led to an increase in nonperforming loans and charge-offs, and the Corporation has had to increase its allowance for loan and lease losses. In addition, lower property values have resulted in lower values for collateral securing some of these loans. Further deterioration in the commercial or residential real estate markets and in the U.S. economy would increase the Corporation’s exposure to real estate-related credit risk and cause the Corporation to further increase its allowance for loan and lease losses, all of which would have a material adverse effect on the

Corporation's financial condition and results of operations.

Various factors may cause the Corporation's allowance for loan and lease losses to increase.

The Corporation's allowance for loan and lease losses represents management's estimate of probable losses inherent in the Corporation's loan and lease portfolio. Management evaluates the allowance each quarter to determine that it is adequate to absorb these inherent losses. This evaluation is supported by a methodology that identifies estimated losses based on assessments of individual problem loans and historical loss patterns of homogeneous loan pools. In addition, environmental factors unique to each measurement date are also considered, including economic conditions in certain geographic or industry segments of the loan portfolio, economic trends, risk profile and portfolio

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composition. The determination of the appropriate level of the allowance for loan and lease losses is highly subjective and requires management to make significant estimates of current credit risks and future trends, all of which may undergo material changes. If actual losses exceed the estimate, the excess losses could adversely affect the Corporation's net income and capital. Such excess losses may require an increase in the allowance for loan and lease losses. Changes in economic conditions affecting borrowers, new information regarding existing loans, identification of additional problem loans and other factors, many of which are outside of the Corporation's control, may also require an increase in the allowance for loan and lease losses. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the adequacy of the Corporation's allowance for loan and lease losses. These agencies may require the Corporation to establish additional allowances for loan and lease losses based on their judgment of the information available at the time of their examinations. Any increase in the allowance for loan and lease losses will result in a decrease in net income and capital, and would have a material adverse effect on the Corporation's financial condition and results of operations. The Corporation cannot provide any assurance that it will not sustain losses in excess of its allowance for loan and lease losses or that the Corporation will not be required to increase such allowance.

A failure by the Corporation to maintain required levels of capital could have a material adverse effect on the Corporation.

Banking regulations require the Corporation to maintain adequate levels of capital, in order to support its operations and fund outstanding liabilities. Furthermore, given current economic conditions, bank regulators expect banks to maintain capital levels well above statutory requirements. Each of the Corporation's subsidiary banks is required, or expected, to maintain specific capital levels. If any of the subsidiary banks fails to maintain the required, or expected, capital levels, the subsidiary banks could be subject to various sanctions by federal regulators that could adversely impact the Corporation. Such sanctions could potentially include, without limitation, the termination of deposit insurance by the FDIC, limitations on the subsidiary banks' ability to pay dividends to the Corporation and the issuance of a capital directive by a federal regulatory authority requiring an increase in capital.

The Corporation's ability and the ability of its subsidiary banks to raise additional capital, if needed, may be impaired by changes and trends in the capital markets that are outside the Corporation's control. Accordingly, there can be no assurance that the Corporation or its subsidiary banks will be able to raise additional capital, if needed, on terms acceptable to the Corporation or its subsidiary banks.

The Dodd-Frank Act will have a significant impact on the business and operations of the Corporation and its banking subsidiaries and will substantially increase their cost of doing business, which could, in turn, have a material adverse effect on the Corporation's results of operations and financial condition.

It is anticipated that the Corporation, including some or all of its banking subsidiaries, will become subject to the following provisions of the Dodd-Frank Act, any or all of which may directly or indirectly increase their costs of doing business, in some cases materially:

- increased federal deposit insurance premiums to fund shortfalls in the FDIC's deposit insurance fund;

- provisions designed to address perceived industry-wide deficiencies in the residential mortgage loan underwriting process, in part by creating new documentation requirements and underwriting criteria, and increasing the Corporation's and its banking subsidiaries' potential liability to their customers if they fail to take steps to ensure and document that each borrower has the capacity and ability to repay their loans;

- increased regulatory oversight of our consumer lending functions through the establishment of the Consumer Financial Protection Bureau; and

- increasingly strict rules for capital, leverage, liquidity, risk management and other requirements applicable to large bank holding companies.

In addition, certain provisions of the Dodd-Frank Act will restrict and/or prohibit the Corporation and/or M&I Bank from engaging in certain business activities, such as proprietary trading, private equity investments and certain hedging activities. There can be no assurance that such restrictions and prohibitions will not have a material adverse effect on the Corporation's business, financial condition and results of operations.

A significant proportion of the Dodd-Frank Act's provisions will not become effective until the various federal bank and other regulatory agencies propose and issue regulations to give effect to those provisions. The

Corporation will continue to conduct its banking and other operations and make strategic decisions about its business during this period of legal and regulatory uncertainty consistent with existing federal and state law and the Dodd-Frank Act. There can be no assurance that the Corporation's or its banking subsidiaries business decisions and strategic initiatives made in response to the applicable provisions of the Dodd-Frank Act, or in anticipation of the scope, content and application of the regulations under the Dodd-Frank Act, will be the correct decisions that will enable them to conduct business in a competitive manner, or that their competitors will not implement strategic initiatives to address or minimize the cost of complying with the Dodd-Frank Act or the regulations that will be more successful than those employed by the Corporation or its banking subsidiaries.

The Corporation expects that compliance with the Dodd-Frank Act and the rules and regulations that will be adopted thereunder may create significant additional costs to its operations and those of M&I Bank and may negatively impact their competitive position, which could have a material adverse effect on the Corporation's business, financial condition and results of operations.

There can be no assurance that legislation enacted to help stabilize the U.S. financial system will be effective in doing so.

The Emergency Economic Stabilization Act of 2008 (the "EESA") was signed into law in 2008 in response to the financial crises affecting the banking system and financial markets and going concern threats to investment banks and other financial institutions. Pursuant to the EESA, the UST was granted the authority to, among other things, purchase up to $700 billion of mortgages, mortgage-backed securities and certain other financial instruments from financial institutions for the purpose of stabilizing and providing liquidity to the U.S. financial markets. The UST announced a Capital Purchase Program (the "CPP") under the EESA pursuant to which has purchased and will continue to purchase senior preferred stock in participating financial institutions. On November 14, 2008, the Corporation entered into a Letter Agreement, and the related Securities Purchase Agreement – Standard Terms attached thereto, with the UST providing for the issuance to the UST of the Corporation's Senior Preferred Stock, Series B and a warrant to purchase shares of the Corporation's common stock at a specified price.

On February 17, 2009, the American Recovery and Reinvestment Act (the "ARRA") was signed into law. The purpose of the ARRA is to make supplemental appropriations for job preservation and creation, infrastructure investment, energy efficiency and science, assistance to the unemployed, and state and local fiscal stabilization.

On July 21, 2010, the Dodd-Frank Act was signed into law. The purpose of the Dodd-Frank Act is to promote the financial stability of the United States by improving accountability and transparency in the financial system, to protect consumers from abusive financial services practices, and for other purposes. The provisions of the Dodd-Frank Act that are most likely to affect the Corporation are described elsewhere in this report.

There can be no assurance as to the actual impact that these legislative initiatives will have on the financial markets or on the Corporation. The failure of these programs to help stabilize the financial markets and a continuation or worsening of current financial market conditions could materially and adversely affect the Corporation's business, financial condition, results of operations, access to credit or the trading price of the Corporation's common stock.

The failure of other financial institutions could adversely affect the Corporation.

The Corporation's ability to engage in funding transactions could be adversely affected by the actions and failure of other financial institutions. Financial institutions are interrelated as a result of trading, clearing, counterparty or other relationships. The Corporation has exposure to many different industries and counterparties, and routinely executes transactions with counterparties in the financial industry, including brokers and dealers, commercial banks, investment banks, insurers, mutual and hedge funds, and other institutional clients. As a result, defaults by, or even questions or rumors about, one or more financial services institutions, or the financial services industry generally, have led to market-wide liquidity problems and could lead to losses or defaults by the Corporation or other institutions. Many of these transactions expose the Corporation to credit risk in the event of default of its counterparty or client. In addition, the Corporation's credit risk may be exacerbated when collateral it holds cannot be relied upon or is liquidated at prices not sufficient to recover the full amount of exposure of the Corporation. Any such losses could materially and adversely affect the Corporation's results of operations.

Current levels of market volatility are unprecedented.

The capital and credit markets have been experiencing volatility and disruption since 2008. Recently, this volatility and disruption has reached unprecedented levels, and in many cases has produced downward pressure on stock prices and credit availability for certain issuers without regard to the underlying financial strength of those

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issuers. If current levels of market disruption and volatility continue or worsen, there can be no assurance that such conditions will not have a material adverse effect on the Corporation's business, financial condition and results of operations.

The Corporation's stock price can be volatile.

The Corporation's stock price can fluctuate widely in response to a variety of factors, including the factors described elsewhere in these Risk Factors and the following additional factors:

- actual or anticipated variations in the Corporation's quarterly results;
- changes or contemplated changes in government regulations;
- unanticipated losses or gains due to unexpected events, including losses or gains on securities held for investment purposes;
- credit quality ratings;
- new technology or services offered by the Corporation's competitors;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Corporation or its competitors;
- changes in accounting policies or practices;
- failure to successfully integrate the Corporation's acquisitions or realize anticipated benefits from the Corporation's acquisitions; or
- announcements or events that affect the price of shares of BMO common stock.

Changes in the Corporation's credit ratings could adversely affect the Corporation's liquidity and financial condition.

The credit ratings of the Corporation and its subsidiaries are important factors in the Corporation's ability to access certain types of liquidity. A downgrade in the credit ratings of the Corporation or any of its subsidiaries could potentially increase the cost of debt, limit the Corporation's access to capital markets, require the Corporation to post collateral, or negatively impact the Corporation's profitability. Furthermore, a downgrade of the credit rating of securities issued by the Corporation or its subsidiaries could adversely affect the ability of the holders to sell those securities.

Sales or other dilution of the Corporation's equity may adversely affect the market price of the Corporation's common stock.

During 2009, the Corporation issued a significant number of shares of its common stock. The issuance of these additional shares of common stock resulted in a material increase of outstanding shares of common stock at December 31, 2009, compared with December 31, 2008, and those additional shares were significantly dilutive to existing common shareholders. The Corporation continually evaluates opportunities to access capital markets, taking into account its regulatory capital ratios, financial condition, and other relevant conditions. Subject to market conditions, it is possible that the Corporation may take further capital actions.

Terrorism, acts of war, international conflicts and natural disasters could negatively affect the Corporation's business and financial condition.

Acts or threats of war or terrorism, international conflicts (including conflict in the Middle East), natural disasters, and the actions taken by the U.S. and other governments in response to such events, could disrupt business operations and negatively impact general business and economic conditions in the U.S. If terrorist activity, acts of war, other international hostilities or natural disasters disrupt business operations, trigger technology delays or failures, or damage physical facilities of the Corporation, its customers or service providers, or cause an overall economic decline, the financial condition and operating results of the Corporation could be materially adversely affected. The potential for future occurrences of these events has created many economic and political uncertainties that could seriously harm the Corporation's business and results of operations in ways that cannot presently be predicted.

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The Corporation's earnings also are significantly affected by the fiscal and monetary policies of the federal government and its agencies, which could affect repayment of loans and thereby materially adversely affect the Corporation.

The policies of the Federal Reserve Board impact the Corporation significantly. The Federal Reserve Board regulates the supply of money and credit in the United States. Its policies directly and indirectly influence the rate of interest earned on loans and paid on borrowings and interest-bearing deposits and can also affect the value of financial instruments the Corporation holds. Those policies determine to a significant extent the Corporation's cost of funds for lending and investing. Changes in those policies are beyond the Corporation's control and are difficult to predict. Federal Reserve Board policies can affect the Corporation's borrowers, potentially increasing the risk that they may fail to repay their loans. For example, a tightening of the money supply by the Federal Reserve Board could reduce the demand for a borrower's products and services. This could adversely affect the borrower's earnings and ability to repay its loan, which could materially adversely affect the Corporation.

The banking and financial services industry is highly competitive, which could adversely affect the Corporation's financial condition and results of operations.

The Corporation operates in a highly competitive environment in the products and services the Corporation offers and the markets in which the Corporation serves. The competition among financial services providers to attract and retain customers is intense. Customer loyalty can be easily influenced by a competitor's new products, especially offerings that provide cost savings to the customer. Some of the Corporation's competitors may be better able to provide a wider range of products and services over a greater geographic area.

The Corporation believes the banking and financial services industry will become even more competitive as a result of legislative, regulatory and technological changes and the continued consolidation of the industry. Technology has lowered barriers to entry and made it possible for non-banks to offer products and services traditionally provided by banks, such as automatic funds transfer and automatic payment systems. Also, investment banks and insurance companies are competing in more banking businesses such as syndicated lending and consumer banking. Many of the Corporation's competitors are subject to fewer regulatory constraints and have lower cost structures. The Corporation expects the consolidation of the banking and financial services industry to result in larger, better-capitalized companies offering a wide array of financial services and products.

The Corporation is subject to examinations and challenges by tax authorities, which, if not resolved in the Corporation's favor, could adversely affect the Corporation's financial condition and results of operations and cash flows.

In the normal course of business, the Corporation and its affiliates are routinely subject to examinations and challenges from federal and state tax authorities regarding the amount of taxes due in connection with investments it has made and the businesses in which it is engaged. Recently, federal and state taxing authorities have become increasingly aggressive in challenging tax positions taken by financial institutions. These tax positions may relate to tax compliance, sales and use, franchise, gross receipts, payroll, property and income tax issues, including tax base, apportionment and tax credit planning. The challenges made by tax authorities may result in adjustments to the timing or amount of taxable income or deductions or the allocation of income among tax jurisdictions. If any such challenges are made and are not resolved in the Corporation's favor, they could have an adverse effect on the Corporation's financial condition and results of operations and cash flows.

Consumers may decide not to use banks to complete their financial transactions, which could result in a loss of income to the Corporation.

Technology and other changes are allowing parties to complete financial transactions that historically have involved banks at one or both ends of the transaction. For example, consumers can now pay bills and transfer funds directly without banks. The process of eliminating banks as intermediaries, known as disintermediation, could result in the loss of fee income, as well as the loss of customer deposits and income generated from those deposits.

Maintaining or increasing the Corporation's market share depends on market acceptance and regulatory approval of new products and services and other factors, and the Corporation's failure to achieve such acceptance and approval could harm its market share.

The Corporation's success depends, in part, on its ability to adapt its products and services to evolving industry standards and to control expenses. There is increasing pressure on financial services companies to provide products and services at lower prices. This can reduce the Corporation's net interest margin and revenues from its fee-

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based products and services. In addition, the Corporation's success depends in part on its ability to generate significant levels of new business in its existing markets and in identifying and penetrating new markets. Growth rates for card-based payment transactions and other product markets may not continue at recent levels. Further, the widespread adoption of new technologies, including Internet-based services, could require the Corporation to make substantial expenditures to modify or adapt its existing products and services or render the Corporation's existing products obsolete. The Corporation may not successfully introduce new products and services, achieve market acceptance of its products and services, develop and maintain loyal customers and/or break into targeted markets.

The Corporation relies on dividends from its subsidiaries for most of its revenue, and the Corporation's banking subsidiaries hold a significant portion of their assets indirectly.

The Corporation is a separate and distinct legal entity from its subsidiaries, and receives substantially all of its revenue from dividends from its subsidiaries. These dividends are the principal source of funds to pay dividends on the Corporation's common stock and interest on its debt. The payment of dividends by a banking subsidiary is subject to federal law restrictions and to the laws of the subsidiary's state of incorporation, and payment of dividends by M&I Bank is subject to prior approval of the Federal Reserve and the DFI, and with respect to M&I Bank FSB, the OTS. In addition, a parent company's right to participate in a distribution of assets upon a subsidiary's liquidation or reorganization is subject to the prior claims of the subsidiary's creditors. Furthermore, the Company's banking and federal savings bank subsidiaries hold a significant portion of their mortgage loan and investment portfolios indirectly through their ownership interests in direct and indirect subsidiaries.

The inability of the Corporation's banking subsidiaries to pay dividends to the Corporation for any of the reasons described above could have a material adverse effect on the Corporation's financial condition and results of operations.

The Corporation depends on the accuracy and completeness of information about customers and counterparties, and inaccurate or incomplete information could negatively impact the Corporation's financial condition and results of operations.

In deciding whether to extend credit or enter into other transactions with customers and counterparties, the Corporation may rely on information provided to it by customers and counterparties, including financial statements and other financial information. The Corporation may also rely on representations of customers and counterparties as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. For example, in deciding whether to extend credit to a business, the Corporation may assume that the customer's audited financial statements conform to generally accepted accounting principles ("GAAP") and present fairly, in all material respects, the financial condition, results of operations and cash flows of the customer. The Corporation may also rely on the audit report covering those financial statements. The Corporation's financial condition and results of operations could be negatively impacted to the extent it relies on financial statements that do not comply with GAAP or that are materially misleading.

An interruption or breach in security of the Corporation's or the Corporation's third party service providers' communications and information technologies could have a material adverse effect on the Corporation's business.

The Corporation relies heavily on communications and information technology to conduct its business. Any failure, interruption or breach in security of these systems could result in failures or disruptions in the Corporation's customer relationship management, general ledger, deposit, loan and other systems. Despite the Corporation's policies and procedures designed to prevent or limit the effect of such a failure, interruption or security breach of its information systems, there can be no assurance that any such events will not occur or, if they do occur, that they will be adequately addressed. The occurrence of any failures, interruptions or security breaches of the Corporation's information systems could damage the Corporation's reputation, result in a loss of customers or customer business, subject the Corporation to additional regulatory scrutiny, or expose the Corporation to civil litigation and possible financial liability, any of which could have a material adverse effect on the Corporation's financial condition and results of operations.

In addition, the Corporation relies on third-party service providers for a substantial portion of its communications, information, operating and financial control systems technology. If any of these third-party service providers experiences financial, operational or technological difficulties or if there is any other disruption in the Corporation's relationships with them, the Corporation may be required to locate alternative sources for these services. There can be no assurance that the Corporation could negotiate terms as favorable to the Corporation or obtain services with similar functionality as it currently has without the expenditure of substantial resources, if at all. Any of these circumstances could have a material adverse effect the Corporation's business.

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The Corporation’s accounting policies and methods are the basis of how the Corporation reports its financial condition and results of operations, and they may require management to make estimates about matters that are inherently uncertain.

The Corporation’s accounting policies and methods are fundamental to how the Corporation records and reports its financial condition and results of operations. The Corporation’s management must exercise judgment in selecting and applying many of these accounting policies and methods in order to ensure that they comply with GAAP and reflect management’s judgment as to the most appropriate manner in which to record and report the Corporation’s financial condition and results of operations. In some cases, management must select the accounting policy or method to apply from two or more alternatives, any of which might be reasonable under the circumstances yet might result in the Corporation’s reporting materially different amounts than would have been reported under a different alternative.

The Corporation has identified three accounting policies as being “critical” to the presentation of its financial condition and results of operations because they require management to make particularly subjective and/or complex judgments about matters that are inherently uncertain and because of the likelihood that materially different amounts would be reported under different conditions or using different assumptions. These critical accounting policies relate to: (1) the allowance for loan and lease losses, (2) income taxes, and (3) fair value measurements. Because of the inherent uncertainty of estimates about these matters, no assurance can be given that the application of alternative policies or methods might not result in the Corporation’s reporting materially different amounts.

Changes in accounting standards could adversely affect the Corporation’s reported financial results.

The bodies that set accounting standards for public companies, including the Financial Accounting Standards Board (“FASB”), the SEC and others, periodically change or revise existing interpretations of the accounting and reporting standards that govern the way that the Corporation reports its financial condition and results of operations. These changes can be difficult to predict and can materially impact the Corporation’s reported financial results. In some cases, the Corporation could be required to apply a new or revised accounting standard, or a new or revised interpretation of an accounting standard, retroactively, which could have a negative impact on reported results or result in the restatement of the Corporation’s financial statements for prior periods.

The Corporation is dependent on senior management, and the loss of the services of any of the Corporation’s senior executive officers could cause the Corporation’s business to suffer.

The Corporation’s continued success depends to a significant extent upon the continued services of its senior management. The loss of services of any of the Corporation’s senior executive officers could cause the Corporation’s business to suffer. In addition, the Corporation’s success depends in part upon senior management’s ability to implement the Corporation’s business strategy.

The Corporation may be a defendant in a variety of litigation and other actions, which may have a material adverse effect on its business, operating results and financial condition.

The Corporation and its subsidiaries may be involved from time to time in a variety of litigation arising out of the Corporation’s business. The Corporation’s insurance may not cover all claims that may be asserted against it, and any claims asserted against the Corporation, regardless of merit or eventual outcome, may harm the Corporation’s reputation. Should the ultimate judgments or settlements in any litigation exceed the Corporation’s insurance coverage, they could have a material adverse effect on the Corporation’s business, operating results and financial condition and cash flows. In addition, the Corporation may not be able to obtain appropriate types or levels of insurance in the future, nor may the Corporation be able to obtain adequate replacement policies with acceptable terms, if at all.

If the Corporation’s share distribution and transactions related to the separation of the Corporation and its data processing subsidiary formerly known as Metavante Corporation in November 2007 do not qualify as tax-free distributions or reorganizations under the Internal Revenue Code, then the Corporation and the Corporation’s shareholders may be responsible for payment of significant U.S. federal income taxes.

In transactions related to the separation of the Corporation and its data processing subsidiary formerly known as Metavante Corporation in November 2007, old M&I distributed shares of its common stock to effect the separation. If the share distribution does not qualify as a tax-free distribution under Section 355 of the Internal Revenue Code, Metavante Corporation’s successor entity would recognize a taxable gain that would result in significant U.S. federal income tax liabilities to Metavante Corporation’s successor entity. Metavante Corporation’s successor entity would be primarily liable for these taxes and the Corporation would be secondarily liable. Under the terms of a tax allocation agreement related to the separation, the Corporation will generally be required to indemnify against any such taxes unless such taxes would not have been imposed but for an act of Metavante Corporation's successor entity, subject to specified exceptions.

Even if the Corporation's share distribution otherwise qualifies as a tax-free distribution under Section 355 of the Internal Revenue Code, the distribution would result in significant U.S. federal income tax liabilities to Metavante Corporation's successor entity if there is an acquisition of the Corporation's common stock or the stock of Metavante Corporation's successor entity as part of a plan or series of related transactions that includes the Corporation's share distribution and that results in an acquisition of 50% or more of such stock. In this situation, the Corporation may be required to indemnify Metavante Corporation's successor entity under the terms of a tax allocation agreement related to the separation unless such taxes would not have been imposed but for specified acts of Metavante Corporation's successor entity. In addition, mutual indemnity obligations in the tax allocation agreement could discourage or prevent a third party from making a proposal to acquire the Corporation.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

M&I and M&I Bank occupy offices on all or portions of 15 floors of a 21-story building located at 770 North Water Street, Milwaukee, Wisconsin. M&I Bank owns the building and its adjacent 10-story parking lot and leases the remaining floors to a professional tenant. In addition, various subsidiaries of M&I lease commercial office space in downtown Milwaukee office buildings near the 770 North Water Street facility. M&I Bank also owns or leases various branch offices throughout Wisconsin, as well as 182 branch offices among the Phoenix and Tucson, Arizona metropolitan areas, the St. Louis metropolitan area, Kansas City and nearby communities, Florida's west coast and Orlando, Florida, Minneapolis/St. Paul and Duluth, Minnesota, and central Indiana. M&I Bank of Mayville, a special limited purpose subsidiary of M&I located in Mayville, Wisconsin, and M&I Bank FSB, a federal savings bank subsidiary of M&I located in Las Vegas, Nevada with one office in Milwaukee, Wisconsin, occupy modern facilities which are leased.

ITEM 3. LEGAL PROCEEDINGS

On December 17, 2010, the Corporation and BMO announced that they had entered into a definitive merger agreement under which BMO will acquire all outstanding shares of common stock of the Corporation in a stock-for-stock transaction which is referred to as the "pending merger".

Eight putative class action complaints have been filed in the Circuit Court of Milwaukee County, Wisconsin against the Corporation, its directors, and BMO relating to the Corporation's pending merger with BMO: Berens v. Marshall & Ilsley Corp., et al., Case No. 10CV021273; Ohlgart v. Marshall & Ilsley Corp., et al., Case No. 10CV021485; Sayeg v. Marshall & Ilsley Corp., et al., Case No. 10CV021622; Schindler v. Marshall & Ilsley Corp., et al., Case No. 10CV021528; Stadler v. Marshall & Ilsley Corp., et al., Case No. 10CV021676; Onwudebe v. Marshall & Ilsley Corp., et al., Case No. 10CV021742; Anthony v. Marshall & Ilsley Corp., et al., Case No. 11CV000338; and Drummond v. Marshall & Ilsley Corp., et al., Case No. 11CV000380. Each of these complaints names the Corporation and the members of the Corporation's board of directors as defendants and alleges that the Corporation's directors breached their fiduciary duties to its shareholders. Each of the complaints except the Onwudebe action also names BMO as a defendant and alleges that BMO aided and abetted the alleged breach of fiduciary duty. In addition, the Anthony action names Gregory A. Smith, the Corporation's Senior Vice President and Chief Financial Officer, as a defendant and alleges that Mr. Smith breached fiduciary duties to the Corporation's shareholders.

Two putative class actions have been filed in the United States Court for the Eastern District of Wisconsin relating to the merger: Fruchter v. Marshall & Ilsley Corp., et al., No. 10-cv-01157, and Folisi v. Marshall & Ilsley Corp., et al., No. 11-cv-00025. These complaints allege that the Corporation and its directors breached fiduciary duties to the Corporation's shareholders and that BMO aided and abetted such breaches.

All ten lawsuits seek, among other things, to enjoin completion of the merger and an award of costs and attorneys' fees. Certain of the actions also seek the imposition of a constructive trust for benefits allegedly improperly received by the defendants and/or an accounting of damages sustained as a result of the alleged breaches of fiduciary duty. The state court actions were consolidated on February 11, 2011 by stipulation of the parties to these actions. The stipulation and proposed order of consolidation is pending approval by the Wisconsin state court.

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At this early stage of the state court lawsuits, it is not possible for management of the Corporation to assess the probability of a material adverse outcome or reasonably estimate the amount of any potential loss at this time. The Corporation intends to vigorously defend the state court lawsuits.

In April 2010, two substantially identical putative class action lawsuits were filed in the United States District Court for the Eastern District of Wisconsin against the Corporation, the M&I Retirement Plan Investment Committee, and certain of the Corporation's officers and directors. The lawsuits were purportedly filed on behalf of M&I Retirement Program, three other retirement savings plans and a class of former and current participants in those plans, relating to the holdings of Corporation common stock during the period from November 10, 2006 to December 17, 2009. The complaints, which were consolidated into a single complaint in July 2010, allege breaches of fiduciary duties in violation of the Employee Retirement Income Security Act (ERISA) relating to Corporation common stock being offered as an investment alternative for participants in the retirement plans and seek monetary damages. At this early stage of the lawsuit, it is not possible for management of the Corporation to assess the probability of a material adverse outcome or reasonably estimate the amount of any potential loss at this time. The Corporation intends to vigorously defend this lawsuit.

In June 2010, M&I Bank was named as a defendant in a putative class action alleging that M&I Bank's posting of debit card transactions is a breach of the implied obligation of good faith and fair dealing, is a breach of the Wisconsin Consumer Act, is unconscionable, constitutes conversion, and unjustly enriches the Corporation. The plaintiffs allege that the daily high to low postings of debit card entries, rather than chronological postings, results in excessive overdraft fees. The plaintiffs seek to represent a nationwide class for all of the claims except that involving the Wisconsin Consumer Act, for which it seeks to represent a class of Wisconsin customers of M&I Bank. The lawsuit, while initially filed in the United States District Court for the Middle District of Florida, has been transferred for pretrial purposes in a multi-district litigation ("MDL") proceeding in the Southern District of Florida, in which numerous other putative class actions against financial institutions asserting similar claims are pending. The consolidation in the MDL is for pre-trial discovery and motion proceedings. The Corporation has filed a motion to compel the plaintiffs to arbitrate the dispute. This motion is pending. At this early stage of the lawsuit, it is not possible for management of the Corporation to assess the probability of a material adverse outcome or reasonably estimate the amount of any potential loss at this time. M&I Bank intends to vigorously defend this lawsuit.

ITEM 4. RESERVED

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Executive Officers of the Marshall & Ilsley Corporation
(Ages as of March 1, 2011)

Name of Officer	Office
Richard C. Becker Age 59	Senior Vice President since October 2010 of Marshall & Ilsley Corporation; Executive Vice President since October 2010, and Senior Vice President from January 2008 to October 2010 of M&I Marshall & Ilsley Bank.
Ann M. Benschoter Age 53	Senior Vice President since December 2008 of Marshall & Ilsley Corporation; Executive Vice President since December 2008, Senior Vice President since December 2001, and Vice President since August 1998 of M&I Marshall & Ilsley Bank; Director and Vice President of SWB Holdings, Inc.; Director, Marshall & Ilsley Trust Company National Association, M&I Bank of Mayville, M&I Equipment Finance Company, M&I Business Credit, LLC, M&I Private Equity Group II, LLC, and Water Street Land, LLC.
Walt A. Buckhanan Age 49	Vice President and Director of Corporate Diversity since December 2007 of Marshall & Ilsley Corporation; Senior Vice President from April 2008, Vice President of Diversity and Inclusion Management from 2004 to 2007, Vice President and Strategic Sales Manager from February 2003 to 2004 of M&I Marshall & Ilsley Bank.
Patricia M. Cadorin Age 57	Vice President since June 2001 and Director of Corporate Communications since July 2002 of Marshall & Ilsley Corporation; Senior Vice President of M&I Marshall & Ilsley Bank since June 2005; and Vice President of M&I Foundation.
Bradley D. Chapin Age 50	Senior Vice President since October 2010 of Marshall & Ilsley Corporation; Executive Vice President since October 2010, Senior Vice President from April 2010 to October 2010 and Vice President/Regional President from January 2005 to April 2010 of M&I Marshall & Ilsley Bank.
Ryan R. Deneen Age 46	Senior Vice President, Director of Corporate Tax of Marshall & Ilsley Corporation since December 2003; Director and President of M&I Business Credit Holdings, Inc., Manager of M&I MEDC Fund, LLC, Director, Vice President and Treasurer of Milease, LLC, President and Secretary of M&I Marshall & Ilsley Holdings II, Inc.
Thomas R. Ellis Age 53	Executive Vice President since October 2010, Senior Vice President from February 2005 to October 2010 of Marshall & Ilsley Corporation; President since October 2010, Executive Vice President from February 2005 to October 2010, Senior Vice President from 1998 to February 2005 of M&I Marshall & Ilsley Bank; Director of Marshall & Ilsley Trust Company National Association, M&I Equipment Finance Company, M&I Financial Advisors, Inc. and M&I Insurance Services,

	Inc.
Randall J. Erickson Age 51	Senior Vice President, General Counsel since June 2002, Chief Administrative Officer since April 2007, and Corporate Secretary from June 2002 to April 2007 of Marshall & Ilsley Corporation; General Counsel since June 2002, and Corporate Secretary from June 2002 to April 2007 of M&I Marshall & Ilsley Bank; Director, Vice President and Treasurer of M&I Private Equity Group LLC; Director, Vice President and Secretary of M&I Ventures, L.L.C. and TCH MI Holding Company, Inc.; Director of M&I Bank FSB, M&I Community Development Corporation, M&I Investment Partners Management, LLC; Director and Secretary of M&I Private Equity Group II, LLC; Director and Vice President of SWB Holdings, Inc.; Successor Administrator of Gold Banc Trust III, Gold Banc Trust IV, Gold Banc Trust V, Trustcorp Statutory Trust I, EBC Statutory Trust I, EBC Statutory Trust II and First Indiana Capital Statutory Trust II. Also a director of Renaissance Learning Inc. (Nasdaq: RLRN), a provider of computer-based assessment technology for K-12 schools.

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Name of Officer	Office
Mark F. Furlong Age 53	Chairman of the Board since October 2010; Chief Executive Officer since April 2007, President since April 2005, Executive Vice President from January 2002 to April 2005, Senior Vice President from April 2001 to January 2002, and Chief Financial Officer from February 2007 to June 2007 and April 2001 to October 2004 of the Company; Chairman of the Board since December 2009, Director since July 2004, Chief Executive Officer since April 2007, and President from July 2004 to October 2010 of M&I Marshall & Ilsley Bank; Director and Vice President of M&I Private Equity Group LLC; Director, Vice President and Treasurer of M&I Ventures L.L.C.; Director of Marshall & Ilsley Trust Company National Association and Milease, LLC. Also a director of Kforce Inc., a professional staffing firm, Wisconsin Manufacturers & Commerce, Greater Milwaukee Committee, Metropolitan Milwaukee Association of Commerce, United Performing Arts Fund and Junior Achievement of Wisconsin. A Director since April 2006.
Patricia R. Justiliano Age 60	Senior Vice President since 1994 and Corporate Controller since April 1989, Vice President from 1986 to 1994 of Marshall & Ilsley Corporation; Senior Vice President since April 2006, Vice President from January 1999 to April 2006, Controller since September 1998 of M&I Marshall & Ilsley Bank; Director, President and Treasurer of M&I Marshall & Ilsley Holdings, Inc., M&I Marshall & Ilsley Investment II Corporation, M&I Zion Investment II Corporation, M&I Zion Holdings. Inc. and SWB of St. Louis Holdings, Inc.; Director and President of M&I Marshall & Ilsley Regional Holdings, Inc.; Director and Treasurer of M&I Mortgage Reinsurance Corporation; Director of M&I Bank FSB, M&I Bank of Mayville, M&I Marshall & Ilsley Investment Corporation, M&I Servicing Corp., M&I Zion Investment Corporation, M&I Custody of Nevada, Inc. and Louisville Realty Corporation; Vice President and Treasurer of TCH MI Holding Company, Inc.; Manager of SWB of St. Louis Holdings I, LLC and SWB of St. Louis Holdings II, LLC; and Trustee of SWB Investment II Corporation.
Beth D. Knickerbocker Age 44	Senior Vice President, Chief Risk Officer since January 2005, Vice President, Senior Compliance Counsel from May 2004 to January 2005 of Marshall & Ilsley Corporation.
Kenneth C. Krei Age 61	Senior Vice President of Marshall & Ilsley Corporation since July 2003; Chairman of the Board since January 2005, President and Chief Executive Officer of Marshall & Ilsley Trust Company National Association since July 2003; Chairman of the Board since January 2005, and Chief Executive Officer of M&I Investment Management Corp. since July 2003; Director and President of M&I Investment Partners Management, LLC and M&I Investment Partners TALF Fund, L.P.; Chairman and Director of M&I Financial Advisors, Inc., M&I

	Insurance Services, Inc., M&I Distributors LLC, and Marshall Funds; Director and Vice President of M&I Realty Advisors, Inc., and Management Committee Member of Taplin, Canida & Habacht, LLC.
Thomas J. O’Neill Age 50	Senior Vice President since April 1997 of Marshall & Ilsley Corporation; Executive Vice President since 2000, Senior Vice President from 1997 to 2000, Vice President from 1991 to 1997 of M&I Marshall & Ilsley Bank; Chairman, Director and Chief Executive Officer of M&I Bank FSB; Director and President of M&I Mortgage Reinsurance Corporation; Director and Vice President of M&I Community Development Corporation and M&I Realty Advisors, Inc.; Director of M&I Bank of Mayville, M&I Dealer Finance, Inc., Regional Holding Company, Inc. and Louisville Realty Corporation; and Manager of M&I MEDC Fund, LLC.
Paul J. Renard Age 50	Senior Vice President, Director of Human Resources since 2000, Vice President and Manager since 1994 of Marshall & Ilsley Corporation; Senior Vice President of M&I Marshall & Ilsley Bank; and Vice President and Assistant Secretary of TCH MI Holding Company, Inc.

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Name of Officer	Office
John L. Roberts Age 58	Senior Vice President of Marshall & Ilsley Corporation since 1994; Executive Vice President since 2009; Senior Vice President since 1994, Vice President and Controller from 1986 to 1995 of M&I Marshall & Ilsley Bank; Director of M&I Bank FSB; Director and President of M&I Bank of Mayville, Chairman, Director and President of Northern-NVSL, LLC, Speedway-HVSL, LLC and Water Street Land, LLC.
Thomas A. Root Age 54	Senior Vice President since 1998, Audit Director since May 1996, Vice President from 1991 to 1998 of Marshall & Ilsley Corporation; Senior Vice President since April 2006, Vice President since 1993 and Audit Director since 1999 of M&I Marshall & Ilsley Bank.
Gregory A. Smith Age 47	Senior Vice President and Chief Financial Officer of Marshall & Ilsley Corporation since June 2006; Chief Financial Officer of M&I Marshall & Ilsley Bank since June 2006; Director and President of TCH MI Holding Company, Inc.; Director of M&I Insurance Services, Inc., Marshall & Ilsley Trust Company National Association, M&I Financial Advisors, Inc., and Milease, LLC; Chief Financial Officer of M&I Bank of Mayville and M&I Bank FSB; Managing Director, Investment Banking, Credit Suisse from October 2004 to June 2006.
Michael C. Smith Age 52	Senior Vice President and Corporate Treasurer of Marshall & Ilsley Corporation, since March 2006; Senior Vice President since April 2006 of M&I Marshall & Ilsley Bank; Director of M&I Community Development Corporation, M&I Bank FSB, M&I Custody of Nevada, Inc., M&I Servicing Corp, M&I Marshall & Ilsley Investment Corporation, M&I Marshall & Ilsley Investment II Corporation, M&I Marshall & Ilsley Holdings, Inc., M&I Zion Holdings, Inc., M&I Zion Investment Corporation, M&I Zion Investment II Corporation, SWB of St. Louis Holdings, Inc., and M&I Marshall & Ilsley Regional Holdings, Inc.; Manager of SWB of St. Louis Holdings I, LLC and SWB of St. Louis Holdings II, LLC; Trustee of SWB Investment II Corporation; Successor Administrator of Gold Banc Trust III, Gold Bank IV, Gold Banc V, Trustcorp Statutory Trust I, EBC Statutory Trust I, EBC Statutory Trust II, and First Indiana Capital Statutory Trust II; Treasurer, AIG Consumer Finance Group from May 2001 to February 2006.
Ronald E. Smith Age 64	Senior Vice President since March 2005 of Marshall & Ilsley Corporation; Executive Vice President since March 2005, Senior Vice President from 2001 to March 2005 of M&I Marshall & Ilsley Bank; Director Northern-NVSL, LLC and Speedway-HVSL, LLC.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Stock Listing

The Corporation's common stock is traded under the symbol "MI" on the New York Stock Exchange. Common dividends declared and the price range for the Corporation's common stock for each of the last five years can be found in Item 8, Consolidated Financial Statements and Supplementary Data, Quarterly Financial Information.

A discussion of the regulatory restrictions on the payment of dividends can be found under Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, and in Note 17 in Item 8, Consolidated Financial Statements and Supplementary Data.

Holders of Common Equity

There were approximately 13,564 record holders of the Corporation's common stock as of December 31, 2010.

Shares Purchased

The following table reflects M&I's purchases of its common stock for the specified period:

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs
October 1 to October 31, 2010	10,249	$ 6.94	N/A	N/A
November 1 to November 30, 2010	6,783	$ 7.15	N/A	N/A
December 1 to December 31, 2010	17,642	$ 6.00	N/A	N/A

(1) Includes shares purchased by rabbi trusts pursuant to nonqualified deferred compensation plans. In connection with the Corporation's participation in the CPP, the consent of the UST will be required for the Corporation to repurchase its common stock other than in connection with benefit plans consistent with past practice and certain other specified circumstances. See Item 7, Management's Discussion and Analysis of Financial Condition and

Results of Operations—Liquidity and Capital Resources for additional information regarding the CPP.

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Equity Compensation Plan Information

Plan Category (1)	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (2)(3)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (2)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in First Column) (3) (4)
Equity compensation plans approved by security holders	31,465,142	$ 25.07	19,800,247
Equity compensation plans not approved by security holders (5)	—	—	—
Total	31,465,142	$ 25.07	19,800,247

(1) The table does not include information regarding the following plans: the Company's Dividend Reinvestment and Cash Investment Plan; and the M&I Retirement Program (an employee benefit plan intended to meet the qualification requirements of Section 401(a) of the Internal Revenue Code of 1986, as amended).

(2) Includes 30,365,007 shares to be issued upon exercise of outstanding options under all of the Company's stock option plans. This includes 94,102 shares to be issued upon exercise of outstanding options under plans assumed by the Company in mergers. The weighted-average exercise price of outstanding options granted under plans assumed in mergers as of December 31, 2010 was $18.94. There will be no further grants under these assumed plans. Also includes 1,100,135 shares held in the Directors Deferred Compensation Plan. These shares were not included in computing the weighted average exercise price. Under the Directors Deferred Compensation Plan, directors may elect to defer all or a portion of their directors' fees into one of two accounts: (i) a cash account, earning interest at a rate equal to that earned on U.S. Treasury Bills with maturities of 13 weeks, or (ii) a Common Stock account in which shares are purchased on the open market and held in trust until the director's retirement.

(3) Does not include 1,638,903 units available for issuance under the LTIP (not including additional units credited to the accounts of participants in lieu of the payment of cash dividends). See the description of the LTIP in the narrative under "Executive Compensation—Compensation Discussion and Analysis—Elements of Executive Compensation" in this Proxy Statement. Any payout obligations under the LTIP must be satisfied in cash, in an amount equal to the fair market value of the number of shares represented by the units. Also does not include

740,725 shares held in the Executive Deferred Compensation Plan. Under the Executive Deferred Compensation Plan, participants had the ability to elect to defer the receipt of restricted shares.

(4) Includes 407,845 shares available for issuance under the 2003 Executive Stock Option and Restricted Stock Plan; 5,925,157 shares available for issuance under the 2006 Equity Incentive Plan; 12,273 shares available under the 2009 Equity Incentive Plan; and 13,454,972 shares available under the 2010 Equity Compensation Plan.

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

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ITEM 6. SELECTED FINANCIAL DATA

Consolidated Summary of Earnings

($000's except share data)

	Years Ended December 31,				
	2010	2009	2008	2007	2006
Interest and Fee Income					
Loans and leases	$ 1,959,087	$ 2,208,427	$ 2,926,334	$ 3,243,109	$ 2,856,043
Investment securities:					
Taxable	168,104	207,235	286,054	311,837	277,938
Exempt from federal income taxes	35,624	44,647	53,750	59,237	61,769
Trading securities	686	3,696	2,530	1,012	614
Short-term investments	4,677	3,888	9,026	18,001	14,707
Loan to Metavante	—	—	—	35,969	43,163
Total interest and fee income	2,168,178	2,467,893	3,277,694	3,669,165	3,254,234
Interest Expense					
Deposits	405,772	535,426	902,944	1,231,252	1,083,392
Short-term borrowings	6,310	9,550	139,627	236,671	186,746
Long-term borrowings	198,825	340,308	454,413	585,025	476,540
Total interest expense	610,907	885,284	1,496,984	2,052,948	1,746,678
Net interest income	1,557,271	1,582,609	1,780,710	1,616,217	1,507,556
Provision for loan and lease losses	1,758,888	2,314,649	2,037,707	319,760	50,551
Net interest income (loss) after provision for loan and lease losses	(201,617)	(732,040)	(256,997)	1,296,457	1,457,005
Other Income					
Wealth management	280,368	265,146	282,182	262,835	221,554
Net investment securities gains	99,816	121,789	17,229	34,814	9,701
Other	494,788	516,068	441,035	429,949	348,878
Total other income	874,972	903,003	740,446	727,598	580,133
Other Expense					
	713,658	690,818	723,245	659,871	613,394

Salaries and employee benefits					
Goodwill impairment	—	—	1,535,144	—	—
Other	859,191	874,417	727,178	650,709	463,328
Total other expense	1,572,849	1,565,235	2,985,567	1,310,580	1,076,722
Income (loss) before income taxes	(899,494)	(1,394,272)	(2,502,118)	713,475	960,416
Provision (benefit) for income taxes	(385,059)	(637,233)	(459,525)	213,641	307,435
Income (loss) from continuing operations including noncontrolling interests	(514,435)	(757,039)	(2,042,593)	499,834	652,981
Less: Net income attributable to noncontrolling interests	(1,436)	(1,578)	(869)	(2,895)	(5,267)
Income (loss) from continuing operations	(515,871)	(758,617)	(2,043,462)	496,939	647,714
Income from discontinued operations, net of tax	—	—	—	653,997	160,124
Net Income (Loss) Attributable to Marshall & Ilsley Corporation	$ (515,871)	$ (758,617)	$ (2,043,462)	$ 1,150,936	$ 807,838
Preferred dividends	(101,068)	(100,164)	(12,737)	—	—
Net Income (Loss) Attributable to Marshall & Ilsley Corporation Common Shareholders	$ (616,939)	$ (858,781)	$ (2,056,199)	$ 1,150,936	$ 807,838
Per Share Attributable to Marshall & Ilsley Corporation Common Shareholders					
Basic:					
Continuing Operations	$ (1.18)	$ (2.46)	$ (7.92)	$ 1.91	$ 2.60
Discontinued operations	—	—	—	2.51	0.64

Net Income (Loss)	$ (1.18)	$ (2.46)	$ (7.92)	$ 4.42	$ 3.24
Diluted:					
Continuing Operations	$ (1.18)	$ (2.46)	$ (7.92)	$ 1.87	$ 2.54
Discontinued operations	—	—	—	2.47	0.63
Net Income (Loss)	$ (1.18)	$ (2.46)	$ (7.92)	$ 4.34	$ 3.17
Other Significant Data:					
Return on Average Marshall & Ilsley Corporation Shareholders' Equity	n.m.%	n.m. %	n.m. %	17.23 %	14.42 %
Return on Average Assets	n.m.	n.m.	n.m.	1.98	1.53
Common Dividend Declared	$ 0.04	$ 0.04	$ 1.27	$ 1.20	$ 1.05
Dividend Payout Ratio	n.m.%	n.m. %	n.m. %	27.65 %	33.12 %
Average Equity* to Average Assets Ratio	12.51	10.96	11.03	11.55	10.76
Ratio of Earnings to Fixed Charges**					
Excluding Interest on Deposits	n.m.x	n.m. x	n.m. x	1.85 x	2.42 x
Including Interest on Deposits	n.m.x	n.m. x	n.m. x	1.34 x	1.54 x

* Includes preferred equity and noncontrolling interest in subsidiaries.

** See Exhibit 12 for detailed computation of these ratios.

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Consolidated Average Balance Sheets
($000's except share data)

	Years Ended December 31, 2010	2009	2008	2007	2006
Assets:					
Cash and due from banks	$ 670,108	$ 761,199	$ 897,709	$ 1,005,362	$ 974,120
Trading assets	285,518	418,056	197,237	56,580	45,559
Short-term investments	1,805,266	1,330,360	427,147	352,235	297,859
Investment securities:					
Taxable	5,964,953	5,916,658	6,454,016	6,208,495	5,664,199
Tax Exempt	873,710	1,022,499	1,158,185	1,287,066	1,303,872
Total investment securities	6,838,663	6,939,157	7,612,201	7,495,561	6,968,071
Loan to Metavante	—	—	—	817,885	982,000
Loans and Leases:					
Commercial	11,767,250	13,878,063	14,841,714	12,672,367	11,175,436
Real estate	26,879,471	31,117,184	32,410,830	28,865,495	25,808,422
Personal	2,048,844	2,090,286	1,732,247	1,416,411	1,478,816
Lease financing	552,721	690,269	722,289	695,756	661,466
Total loans and leases	41,248,286	47,775,802	49,707,080	43,650,029	39,124,140
Allowance for loan and lease losses	(1,486,589)	(1,356,675)	(877,730)	(448,222)	(406,390)
Net loans and leases	39,761,697	46,419,127	48,829,350	43,201,807	38,717,750
Premises and equipment, net	552,975	571,146	528,846	458,819	415,150
Accrued interest and other assets	4,514,709	3,823,481	4,637,427	3,555,545	2,927,220
Total assets of continuing operations	54,428,936	60,262,526	63,129,917	56,943,794	51,327,729
Assets of discontinued operations	—	—	—	1,265,833	1,323,369
Total Assets	$ 54,428,936	$ 60,262,526	$ 63,129,917	$ 58,209,627	$ 52,651,098

Liabilities and Equity:					
Deposits:					
Noninterest bearing	$ 7,861,893	$ 7,429,499	$ 5,857,485	$ 5,469,774	$ 5,361,014
Interest bearing:					
Savings and NOW	6,042,380	4,946,671	3,248,955	2,904,953	3,031,503
Money market	13,712,105	10,462,750	11,015,942	10,473,079	8,297,189
Time	12,325,786	17,212,532	16,392,293	12,292,832	12,603,081
Foreign	216,549	563,852	2,759,868	2,928,259	2,843,649
Total interest bearing deposits	32,296,820	33,185,805	33,417,058	28,599,123	26,775,422
Total deposits	40,158,713	40,615,304	39,274,543	34,068,897	32,136,436
Short-term borrowings	751,563	3,316,810	6,163,488	4,693,890	3,637,634
Long-term borrowings	5,662,125	8,676,229	9,749,118	11,533,685	10,070,881
Accrued expenses and other liabilities	1,046,453	1,046,502	981,108	1,041,522	976,113
Liabilities of discontinued operations	—	—	—	149,723	162,899
Total Liabilities	47,618,854	53,654,845	56,168,257	51,487,717	46,983,963
Equity					
Marshall & Ilsley Corporation shareholders' equity	6,799,162	6,596,997	6,951,712	6,680,464	5,600,906
Noncontrolling interest in subsidiaries	10,920	10,684	9,948	41,446	66,229
Total Equity	6,810,082	6,607,681	6,961,660	6,721,910	5,667,135
Total Liabilities and Equity	$ 54,428,936	$ 60,262,526	$ 63,129,917	$ 58,209,627	$ 52,651,098
Other Significant Data:					
Book Value Per Common Share at Year End	$ 8.89	$ 10.21	$ 17.58	$ 26.86	$ 24.24
Average Common Shares Outstanding	527,447,541	349,634,959	260,272,334	260,906,330	249,723,333
Credit Quality Ratios:					
	4.49 %	4.26 %	2.74 %	0.59 %	0.10 %

Net Loan and Lease Charge-offs to Average Loans and Leases					
Total Nonperforming Loans and Leases and OREO to End of Period Loans and Leases and OREO	5.11	5.54	3.67	1.73	0.69
Allowance for Loan and Lease Losses to End of Period Loans and Leases	3.75	3.35	2.41	1.07	1.00
Allowance for Loan and Lease Losses to Total Nonperforming Loans and Leases*	90	75	82	72	159

* Excludes nonaccrual loans held for sale.

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Types of Loans and Leases

M&I's consolidated loans and leases, including loans held for sale, classified by type, at December 31 of each year are ($ in thousands):

	2010	2009	2008	2007	2006
Commercial, financial and agricultural	$11,196,883	$12,475,628	$14,880,153	$13,793,257	$12,048,190
Real estate:					
Construction	1,436,118	3,122,216	6,091,501	6,691,716	6,088,206
Mortgage:					
Commercial	13,093,460	14,488,239	13,371,288	12,002,162	10,965,607
Residential	9,627,493	11,257,814	12,937,934	11,518,406	10,670,840
Total mortgage	22,720,953	25,746,053	26,309,222	23,520,568	21,636,447
Total real estate	24,157,071	28,868,269	32,400,723	30,212,284	27,724,653
Personal	1,142,345	2,258,282	1,929,374	1,560,573	1,458,628
Lease financing	503,058	615,447	774,294	730,144	703,580
Total loans and leases	36,999,357	44,217,626	49,984,544	46,296,258	41,935,051
Less: loans held for sale	138,213	214,159	220,391	131,873	300,677
Portfolio loans and leases	36,861,144	44,003,467	49,764,153	46,164,385	41,634,374
Allowance for loan and lease losses	(1,387,575)	(1,480,470)	(1,202,167)	(496,191)	(420,610)
Net loans and leases	$35,473,569	$42,522,997	$48,561,986	$45,668,194	$41,213,764

Loan Balances and Maturities

The analysis of selected loan maturities at December 31, 2010 and the rate structure for the categories indicated are ($ in thousands):

	Maturity				Rate Structure of Loans and Leases Due After One Year		
	One Year Or Less	Over One Year Through Five Years	Over Five Years	Total	With Pre-determined Rate	With Floating Rate	Total
Commercial, financial and agricultural	$7,247,064	$3,735,318	$214,501	$11,196,883	$1,122,450	$2,827,369	$3,949,819
Real estate – construction	1,010,328	425,790	—	1,436,118	39,184	386,606	425,790

Notes:

(1) Scheduled repayments are reported in the maturity category in which the payments are due based on the terms of the loan agreements. Demand loans, loans having no stated schedule of repayments and no stated maturity, and overdrafts are reported as due in one year or less.

(2) The estimated effect arising from the use of interest rate swaps as shown in the rate structure of loans and leases is immaterial.

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Investment Securities

The amortized cost of M&I's consolidated available for sale and held to maturity investment securities at December 31 of each year are ($ in thousands):

	2010	2009	2008
U.S. treasury	$ 2,104	$ 7,335	$ 1,283
U.S. government agencies	5,479,691	5,291,115	5,663,664
States and political subdivisions	839,173	933,814	1,111,192
Residential mortgage backed securities	149	221,819	175,740
Other	360,264	348,887	464,405
Total	$ 6,681,381	$ 6,802,970	$ 7,416,284

The maturities, at amortized cost, and weighted average yields (for tax-exempt obligations on a fully taxable basis assuming a 35% tax rate) of investment securities at December 31, 2010 are ($ in thousands):

	Within One Year		After One But Within Five Years		After Five But Within Ten Years		After Ten Years		Total	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
U.S. treasury	$1,104	1.18%	$1,000	1.47%	$—	— %	$—	— %	$2,104	1.32%
U.S. government agencies	148,927	4.04	4,007,180	2.32	1,320,502	3.01	3,082	5.82	5,479,691	2.53
States and political subdivisions	23,401	6.80	124,501	6.07	325,547	6.03	365,724	5.81	839,173	5.96
Residential mortgage backed securities	—	—	149	8.97	—	—	—	—	149	8.97
Other	14,627	n.m.	47,919	n.m.	35,845	n.m.	261,873	n.m.	360,264	n.m.
Total	$188,059	4.06%	$4,180,749	2.42%	$1,681,894	3.53%	$630,679	3.83%	$6,681,381	2.87%

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

The following discussion should be read in conjunction with the Corporation's consolidated financial statements and accompanying notes included elsewhere in this annual report.

On December 17, 2010, the Corporation and BMO Financial Group ("BMO" or "Bank of Montreal") announced that they had entered into a definitive merger agreement (the "agreement") under which BMO will acquire all outstanding shares of common stock of the Corporation in a stock-for-stock transaction. The transaction, which has been approved by the Corporation's Board of Directors and the Board of Directors of BMO, is expected to close prior to July 31, 2011 subject to customary closing conditions, including regulatory approvals and approval by the Corporation's shareholders.

Under the terms of the agreement, each outstanding share of the Corporation's common stock will be exchanged for 0.1257 shares of common stock of Bank of Montreal upon closing. Based on the closing share price of Bank of Montreal on the Toronto Stock Exchange of C$62.05 on December 16, 2010, the transaction values each share of the Corporation at US$7.75, or an aggregate amount of approximately US$4.1 billion in Bank of Montreal common shares.

As part of the agreement, BMO will purchase the Corporation's Senior Preferred Stock, Series B (the "Senior Preferred Stock") issued to the United States Department of Treasury (the "UST") in the fourth quarter of 2008 under the UST's Capital Purchase Program (the "CPP") at par plus accrued interest , with full repayment to the UST immediately prior to closing. The Corporation's existing stock purchase warrant held by the UST will also be purchased by BMO.

In connection with the agreement, the Corporation issued to BMO an option, exercisable under certain circumstances, to purchase up to 19.7% of the Corporation's common stock.

The Corporation's financial results for the years ended December 31, 2010, 2009 and 2008 were significantly impacted by the condition of the U.S. economy and weakened real estate markets. The recessionary economy beginning in 2008, high unemployment levels and a decline in commercial and residential real estate values lead to an increase in loan delinquencies, charge-offs, and higher levels of nonperforming loans and leases in the Corporation's loan portfolio. The Corporation's strong capital and liquidity base has provided a solid foundation during these economic downturns. The Corporation's loan and lease portfolio credit quality trends continued to improve in 2010 even though the pace and growth of the economic recovery was slow and unemployment levels remained elevated.

2010 compared to 2009

For the year ended December 31, 2010, the net loss attributable to the Corporation's common shareholders ("net loss") amounted to $616.9 million or $1.18 per diluted common share compared to a net loss of $858.8 million or $2.46 per diluted common share for the year ended December 31, 2009.

The net loss for the years ended December 31, 2010 and December 31, 2009 included $101.1 million and $100.2 million, or $0.20 and $0.28 per diluted common share, respectively, for dividends on the Senior Preferred Stock.

Financial performance in 2010 compared to 2009 based on diluted earnings per share is affected by the number of average common shares used to determine earnings per share. Average common shares increased 176.1 million or

50.5% in 2010 compared to 2009. The increase in the number of average common shares used to determine diluted earnings per share was primarily due to the effect of sales of newly-issued shares of common stock during June and October of 2009.

Growth in transaction deposits, a favorable shift in deposit types, lower term funding costs and higher yields on loans and leases enabled the Corporation to maintain a relatively stable level of net interest income in 2010 compared to 2009, despite continued loan contraction, maintenance of excess liquidity in cash and lower yielding short-term investments and reduced interest income due to the sales of investment securities during 2010. The ratio of net interest income on a fully taxable equivalent basis divided by average earning assets ("net interest margin") improved by 30 basis points in 2010 compared to 2009.

Credit quality-related charges continued to be the primary driver of the Corporation's financial performance in each of the years ended December 31, 2010 and 2009. For the year ended December 31, 2010, the provision for loan

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and lease losses amounted to $1,758.9 million, which on an after-tax basis was approximately $1,108.1 million or $2.12 per diluted common share. By comparison, the provision for loan and lease losses for the year ended December 31, 2009 amounted to $2,314.6 million, which on an after-tax basis was approximately $1,458.2 million or $4.18 per diluted common share.

Write-downs associated with loans held for sale (other than mortgage loans originated for sale) are reported as a reduction of other income in the Consolidated Statements of Income and amounted to $16.1 million, which, on an after-tax basis, was approximately $10.2 million or $0.02 per diluted common share for the year ended December 31, 2010. By comparison, write-downs associated with loans held for sale amounted to $40.9 million, which on an after-tax basis, was approximately $25.7 million, or $0.07 per diluted common share for the year ended December 31, 2009.

Nonaccrual loans and leases, which the Corporation refers to as nonperforming loans, decreased $477.1 million or 23.3% from December 31, 2009 to December 31, 2010. The Corporation has reported a decrease in nonperforming loans in each of the past six consecutive quarters. The highest reported point of nonperforming loans at any quarter-end in the prior two years was $2,416.1 million at June 30, 2009. Since June 30, 2009, nonperforming loans declined approximately $848.4 million or 35.1% and amounted to $1,567.7 million at December 31, 2010. The elevated levels of nonperforming loans reflect the anemic economy, elevated levels of unemployment, and the weak national real estate markets. In addition, the amount of impairment, which affects charge-offs and the level of the allowance for loans and leases, remained elevated due to the depressed state of underlying real estate collateral values. The decrease in nonperforming loans at December 31, 2010 reflects the decline in new nonperforming loans, charge-offs and the effects of the Corporation’s actions taken to reduce the levels of nonperforming loans.

The amount of loans and leases that were placed on nonperforming status in 2010 amounted to $2,631.0 million compared to $4,208.2 million in 2009, a decrease of $1,577.2 million or 37.5%. The amount of loans and leases that went into nonperforming status in the fourth quarter of 2010 amounted to $637.6 million which was relatively consistent with the amount of loans and leases that were placed on nonperforming status in the first and second quarters of 2010. In the third quarter of 2010, three larger commercial real estate loan relationships that were classified as troubled debt restructurings, which the Corporation refers to as “renegotiated loans,” were transferred from previously accruing renegotiated loans to nonperforming loans.

Loans past due 30-89 days, excluding credit card loans, student loans and loans in nonperforming status, which the Corporation refers to as “early stage delinquencies”, decreased $107.7 million or 20.0% at December 31, 2010 compared to December 31, 2009, and decreased $75.7 million or 14.9% compared to September 30, 2010. At both December 31, 2010 and 2009 early stage delinquencies were 1.2% of total loans and leases.

Management believes these credit quality metrics are evidence of continuing credit quality improvement but recognizes that the economic recovery remains fragile, unemployment remains elevated and real estate markets remain relatively weak.

The Corporation continued to employ a variety of strategies to mitigate and reduce its loan loss exposures such as loan sales and restructuring loan terms to lessen the financial stress and the probability of foreclosure for qualifying customers that have demonstrated the capacity and ability to repay their debt obligations in a manner that serves the best interests of both the customer and the Corporation.

Accruing renegotiated loans amounted to $548.4 million at December 31, 2010 compared to $793.5 million at December 31, 2009, a decrease of $245.1 million or 30.9%.

The allowance for loan and lease losses amounted to $1,387.6 million or 3.75% of total loans and leases outstanding at December 31, 2010 compared to $1,480.5 million or 3.35% at December 31, 2009. Net charge-offs amounted to $1,851.8 million or 4.49% of average loans and leases for the year ended December 31, 2010 compared to $2,036.3 million or 4.26% of average loans and leases for the year ended December 31, 2009.

Included in net charge-offs and the provision for loan and lease losses in 2010 was the impact of bringing one hospitality/lodging industry credit relationship toward a final resolution. That credit relationship consisted of multiple geographically dispersed commercial real estate loans. Two commercial real estate loans aggregating $83.2 million were transferred from accruing renegotiated loans to nonperforming loans and $209.4 million was charged-off across all ten of the related commercial real estate loans. An additional provision for loan and lease losses of $94.6 million was recorded for the shortfall over the amounts reserved in prior periods that resulted from a valuation based on the sale disposition strategy. On an after-tax basis, that incremental provision for loan and lease losses amounted to $59.6 million or $0.12 per share for the year ended December 31, 2010.

Sales growth in both personal and institutional trust business lines resulted in higher wealth management revenue for the year ended December 31, 2010 compared to the year ended December 31, 2009.

Fewer mortgage loan closings resulted in lower mortgage banking revenue for the year ended December 31, 2010 compared to the year ended December 31, 2009.

During 2010, the Corporation sold United States government agency investment securities, resulting in a gain and also realized gains on private equity investments that are included in Net Investment Securities Gains for the year ended December 31, 2010. During 2009, the Corporation sold United States government agency investment securities and sold its shares of Visa, Inc. (“Visa”), Class B common stock. The gain resulting from these transactions is included in Net Investment Securities Gains for the year ended December 31, 2009.

The results of operations for the years ended December 31, 2010 and 2009 reflect the deployment of excess liquidity to acquire and extinguish existing borrowings at a gain. This gain is reported in Gain on Termination of Debt in the Corporation’s Consolidated Statements of Income.

During 2010, the Corporation sold its merchant portfolio processing at a gain. The gain from this transaction is reported as Sale of Merchant Portfolio Processing in the Corporation’s Consolidated Statements of Income for the year ended December 31, 2010.

Noninterest expense for the years ended December 31, 2010 and 2009 included elevated expenses associated with Federal Deposit Insurance Corporation (“FDIC”) deposit insurance. FDIC insurance expense for the year ended December 31, 2009 included a special assessment by the FDIC that was levied on all banks.

Noninterest expense for the years ended December 31, 2010 and 2009 remained at elevated levels due to the increased costs associated with collection efforts and carrying nonperforming assets. The estimated expense associated with collection efforts and carrying nonperforming assets, net of related gains, amounted to $160.7 million for the year ended December 31, 2010 compared to $215.8 million for the year ended December 31, 2009, a decrease of $55.1 million. On an after-tax basis, that net expense amounted to $101.2 million or $0.20 per diluted common share in 2010 compared to $135.9 million or $0.39 per diluted common share in 2009. The decrease in net expense associated with collection efforts and carrying nonperforming assets in the comparative periods was primarily due to improved results from the sale of other real estate owned (“OREO”) and lower post-transfer write-downs on OREO.

In conjunction with its activities to re-align the Corporation’s funding profile, the Corporation has selectively exercised its call option associated with brokered certificates of deposit (“CDs”) to redeem those CDs at par. In conjunction with these activities, the Corporation incurred a non-cash charge to write-off the unamortized issuance costs attributable to those brokered CDs that have been redeemed. The loss is reported in Other expense in the Consolidated Statements of Income as Loss on Brokered CDs.

During 2010, the Corporation recognized additional net tax benefits that in total amounted to $10.9 million and reduced net loss by approximately $0.02 per diluted common share. During 2009, the Corporation recognized additional tax benefits that in total amounted to $69.0 million and reduced net loss by approximately $0.20 per diluted common share.

At December 31, 2010, the Corporation’s Tier 1 regulatory capital ratio was 11.14% or $2,044.4 million in excess of well capitalized under the Federal Reserve Board’s regulatory framework. To be well capitalized under the regulatory framework, the Tier 1 capital ratio must meet or exceed 6%. The Corporation’s Tier 1 regulatory capital ratio at December 31, 2010 includes the impact of the closing of two underwritten public offerings of its common stock during 2009. In addition, the Corporation issued shares of its common stock on an at-the-market basis prior to the underwritten public offerings in 2009. The Corporation issued a total of 257.1 million shares of its common stock as a result of these transactions in 2009. The proceeds, net of underwriting discounts and commissions and offering expenses, from these issuances amounted to $1,419.4 million.

2009 Compared to 2008

For the year ended December 31, 2009, the net loss attributable to the Corporation's common shareholders amounted to $858.8 million or $2.46 per diluted common share compared to a net loss of $2,056.2 million or $7.92 per diluted common share for the year ended December 31, 2008. The net loss for the year ended December 31, 2008 included a non-cash charge for goodwill impairment in the amount of $1,535.1 million. On an after-tax basis, the charge for goodwill impairment amounted to $1,487.9 million or $5.73 per diluted common share.

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The net loss for the years ended December 31, 2009 and December 31, 2008 included $100.2 million and $12.7 million, or $0.29 and $0.05 per diluted common share, respectively, for dividends on the Senior Preferred Stock issued to the UST in the fourth quarter of 2008.

Comparative performance in 2009 compared to 2008 based on diluted earnings per share was also affected by the number of common shares used to determine earnings per share. Shares of common stock outstanding at December 31, 2009 increased by 260.0 million shares or 98.0% compared to common stock outstanding at December 31, 2008. Average common stock used to determine diluted earnings per share increased by 88.9 million shares or 34.2% in 2009 compared to 2008. The increase in common stock outstanding and average common stock used to determine diluted earnings per share was primarily due to the sales of newly-issued shares of common stock during 2009.

Credit quality-related charges were the primary driver of the Corporation's 2009 financial performance. For the year ended December 31, 2009, the provision for loan and lease losses amounted to $2,314.6 million, which on an after-tax basis was approximately $1,458.2 million or $4.18 per diluted common share. For the year ended December 31, 2008, the provision for loan and lease losses amounted to $2,037.7 million, which on an after-tax basis was approximately $1,303.3 million or $5.02 per diluted common share.

Write-downs associated with loans held for sale (other than mortgage loans originated for sale) amounted to $40.9 million, which on an after-tax basis was approximately $25.7 million or $0.07 per diluted common share in 2009. There were no write-downs associated with loans held for sale in 2008.

Nonperforming loans and leases at December 31, 2009 increased $517.8 million or 33.9% since December 31, 2008. Nonperforming loans and leases continued to increase during the first and second quarters of 2009. At June 30, 2009, nonperforming loans and leases amounted to $2,416.1 million. Since June 30, 2009, nonperforming loans declined $166.0 million in the third quarter of 2009 and $205.3 million in the fourth quarter of 2009 and amounted to $2,044.8 million at December 31, 2009. In addition, the amount of impairment, which affects charge-offs and the level of the allowance for loans and leases, remained elevated due to the depressed state of underlying real estate collateral values, particularly construction and development loans. The decrease in nonperforming loans in the second half of 2009 reflects the effects of the Corporation's actions taken to reduce the levels of nonperforming loans and the decline in new nonperforming loans. The amount of new loans and leases that went into nonperforming status during the second half of 2009 decreased by approximately $636.8 million or 26.3% compared to the first half of 2009. In addition, early stage delinquencies decreased by $352.1 million or 39.5%, from December 31, 2008 to December 31, 2009.

Accruing renegotiated loans increased $523.1 million since December 31, 2008 and amounted to $793.5 million at December 31, 2009. At December 31, 2009, renegotiated residential real estate, residential construction by individuals, residential land and other consumer-related renegotiated loans amounted to $651.5 million or 82.1% of total accruing renegotiated loans.

The allowance for loans and leases amounted to $1,480.5 million or 3.35% of total loans and leases outstanding at December 31, 2009 compared to $1,202.2 million or 2.41% at December 31, 2008. Net charge-offs amounted to $2,036.3 million or 4.26% of average loans and leases for the year ended December 31, 2009 compared to $1,363.8 million or 2.74% of average loans and leases for the year ended December 31, 2008.

Throughout 2009, the Corporation continued to experience elevated levels of expenses due to the increase in operating costs associated with collection efforts and carrying nonperforming assets. The estimated expense associated with collection efforts and carrying nonperforming assets, net of related gains, amounted to $215.8 million for the year ended December 31, 2009 compared to $104.5 million for the year ended December 31, 2008, an increase of $111.3 million. On an after-tax basis, that net expense amounted to $135.9 million or $0.39 per diluted common share in

2009 compared to $65.9 million or $0.25 per diluted common share in 2008. The increase in net expense associated with collection efforts and carrying nonperforming assets in the comparative periods was primarily due to higher expenses and losses associated with OREO.

Declining asset yields, competitive deposit pricing in the low interest rate environment, elevated levels of nonperforming loans and management's decision to maintain liquidity in cash and cash equivalents resulted in lower net interest income in the year ended December 31, 2009 compared to the year ended December 31, 2008. Equity market volatility along with downward pressure in the equity markets resulted in lower wealth management revenue in the twelve months ended December 31, 2009 compared to the twelve months ended December 31, 2008. Mortgage loan closings, primarily due to re-financings, and increased sales of those loans to the secondary market resulted in mortgage banking revenue growth for the year ended December 31, 2009 compared to the year ended December 31, 2008.

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As a result of market conditions, the Corporation re-acquired and extinguished both bank holding company and banking affiliate long-term borrowings at a discount to its carrying value during 2009. In addition, during 2009 the Corporation sold its shares of Class B common stock of Visa and certain United States government agency investment securities. The gains associated with the termination of debt and sale of certain investment securities were partially offset by the special insurance assessment by the FDIC. These items in total reduced the loss before income taxes by $190.4 million. On an after-tax basis, these items together with incremental income tax benefits recognized due to a change in state of Wisconsin tax law and a favorable Federal income tax settlement reduced the net loss for the year ended December 31, 2009 by $188.9 million or $0.54 per diluted common share.

Deterioration in the national real estate markets, economic recession and disruption in the capital markets adversely impacted the Corporation's financial condition and results of operations throughout 2008.

As a result of the unprecedented weakness in the financial markets and the decline in the Corporation's common stock price, numerous tests for goodwill impairment were performed throughout 2008. The results of goodwill impairment testing at the end of the fourth quarter of 2008 indicated that the fair value of certain of the Corporation's banking-related reporting units were less than their book values, resulting in a non-cash after-tax charge to earnings for goodwill impairment in the amount of $1,487.9 million or $5.73 per diluted common share. The Tier 1 and Total regulatory capital ratios were unaffected by this adjustment.

The continued deterioration in the national real estate markets and the economic recession had a negative impact on the Corporation's loan and lease portfolio in 2008. In addition to a significant increase in nonperforming assets, the amount of loan impairment increased in 2008 due to the depressed state of underlying real estate collateral values. The Corporation's construction and development real estate loans, particularly in Arizona, the west coast of Florida and certain correspondent banking business channels, exhibited the most dramatic increase in stress and impairment. The increase in stress and impairment and the accelerated disposition of problem assets resulted in net charge-offs and provision for loan and lease losses that were significantly higher in 2008 when compared to the Corporation's historical experience with net charge-offs and provision for loan and lease losses.

The economic recession and disruption in the capital markets also resulted in an other than temporary investment security loss, write-down of a bank-owned life insurance policy, unexpected losses in the Corporation's Wealth Management segment and other credit and market related losses. Those write-downs and losses were partially offset by gains from the extinguishment of certain debt obligations, securities gains and reversals of litigation accruals associated with the Corporation's membership interests in Visa and an additional income tax benefit related to prior years. During the fourth quarter of 2008, the Corporation recorded severance expense associated with a corporate-wide reduction in force. For the year ended December 31, 2008, these items resulted in a net pre-tax loss of $29.3 million which on an after-tax basis amounted to approximately $0.05 per diluted common share.

During the fourth quarter of 2008, the Corporation sold to the UST Senior Preferred Stock for $1.7 billion and issued a warrant to purchase the Corporation's common stock. At December 31, 2008, the Corporation's Tier 1 regulatory capital ratio was 9.49%.

In order to preserve its strong capital base, the Corporation undertook a series of significant expense reduction initiatives in 2008, reduced the quarterly common stock cash dividend to $0.01 per share and implemented several risk-management strategies to reduce its exposure to construction and development loans.

In the fourth quarter of 2008, the Corporation announced an expense reduction initiative that included a freeze on filling open positions, attrition and staff reductions. In addition, de novo branch expansion was curtailed. The Corporation reduced its workforce by approximately 830 positions or approximately 8% of its total workforce. Approximately 80% of the workforce reductions were completed in 2008. The remaining 20% were related to operational efficiencies and were achieved by the end of 2009. Executive officer and other senior level salaries were frozen in 2009 and awards and benefits under a variety of other programs for employees were reduced. The Board of Directors also reduced the annual cash retainer for directors by 25%, and the Corporation reduced a number of other expenses.

Other Noteworthy Transactions and Events

Some of the more noteworthy transactions and events in 2010, 2009 and 2008 consisted of the following:

2010

As previously discussed, on December 17, 2010, the Corporation and BMO announced that they had entered into a definitive merger agreement under which BMO will acquire all outstanding shares of common stock of the

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Corporation in a stock-for-stock transaction. Under the terms of the agreement, each outstanding share of the Corporation's common stock will be exchanged for 0.1257 shares of common stock of Bank of Montreal upon closing. The transaction, which has been approved by the Corporation's Board of Directors and the Board of Directors of BMO, is expected to close prior to July 31, 2011 subject to customary closing conditions, including regulatory approvals and approval by the Corporation's shareholders.

During 2010, the Corporation realized gains of $82.8 million from the sale of approximately $2.2 billion in aggregate principal amount of United States government agency investment securities. In addition, the Corporation realized net gains of $18.0 million on private equity investments. Approximately $8.6 million of the gains on private equity investments was related to the sale of one investment. In total, net investment securities gains reported in the Consolidated Statements of Income in 2010 amounted to $99.8 million. On an after-tax basis, the reported net gain amounted to $62.9 million or $0.12 per diluted common share for the year ended December 31, 2010.

The Corporation continued to re-acquire and extinguish banking affiliate long-term borrowings. During 2010, the Corporation re-acquired and extinguished long-term borrowings with a par value of $223.3 million. The gain on termination of debt amounted to $19.7 million. On an after-tax basis, the gain on termination of debt amounted to $12.4 million or $0.02 per diluted common share for the year ended December 31, 2010.

During 2010, the Corporation sold its merchant portfolio processing. Like other bank holding companies, the Corporation determined that processing, clearing, settlement and related services with respect to credit card and debit card transactions with merchants was not a material source of revenue or part of the Corporation's core operating activities. The gain, which is reported as Sale of Merchant Portfolio Processing in the Consolidated Statements of Income, amounted to $48.3 million which, on an after-tax basis, amounted to $30.4 million or $0.05 per diluted common share for the year ended December 31, 2010.

In conjunction with its activities to re-align the Corporation's funding profile, the Corporation has selectively exercised its call option associated with brokered CDs to redeem those CDs at par. During 2010, the Corporation redeemed $3,998.6 million of brokered CDs. The Corporation incurred a non-cash charge to write-off the unamortized issuance costs attributable to those brokered CDs. That charge amounted to $47.1 million which is reported in Other Expense in the Consolidated Statements of Income as Loss on Brokered CDs. On an after-tax basis, the reported charge amounted to $29.7 million or $0.05 per diluted common share for the year ended December 31, 2010.

During 2010, the Corporation recognized additional net tax benefits that in total amounted to $10.9 million and reduced net loss by approximately $0.02 per diluted common share. Additional tax benefits related to the final resolution of a tax matter and adjustments for income tax audit settlements were offset by additional income tax expense that was recorded to write-off deferred tax assets to reflect the change in the tax treatment of the Medicare Part D federal subsidy as a result of health care reform legislation.

2009

On October 27, 2009, the Corporation announced the closing of its public offering of 156.4 million shares of its $1.00 par value common stock at $5.75 per share. The 156.4 million shares included 20.4 million shares issued pursuant to an option granted to the underwriters by the Corporation, which was exercised in full. The proceeds, net of underwriting discounts and commissions and offering expenses, from the offering amounted to $863.1 million.

On June 17, 2009, the Corporation announced the closing of its public offering of 100.0 million shares of its $1.00 par value common stock at $5.75 per share. The 100.0 million shares included 13.0 million shares issued pursuant to an option granted to the underwriters by the Corporation, which was exercised in full. The proceeds, net of underwriting discounts and commissions and offering expenses, from the offering amounted to $551.8 million.

The Corporation also sold on an at-the-market basis 670,300 shares of its common stock resulting in proceeds of $4.5 million, net of fees and commissions and offering expenses, during the second quarter of 2009.

During 2009, the Corporation recognized a gain of $35.4 million in conjunction with the sale of its Visa Class B common stock. Also during the year, the Corporation's banking affiliates realized gains of $85.6 million from the sale of approximately $1.9 billion in aggregate principal amount of United States government agency investment securities. These gains are included in Net Investment Securities Gains in the Consolidated Statements of Income. On an after-tax basis, these total gains amounted to $76.2 million and reduced net loss by approximately $0.22 per diluted common share.

The Corporation continued to re-acquire and extinguish both bank holding company and banking affiliate long-term borrowings through open market purchases and a public tender offer. During 2009, the Corporation re-acquired and extinguished $1,285.7 million of debt. The gain amounted to $99.4 million and is reported as Gain on Termination of Debt in the Consolidated Statements of Income. On an after-tax basis, this gain amounted to $62.6 million and reduced net loss by approximately $0.18 per diluted common share.

During 2009, the Corporation recorded a special FDIC insurance assessment charge of $29.3 million. On an after-tax basis, the assessment amounted to $18.5 million and increased net loss by approximately $0.05 per diluted common share. The insurance assessment charge is included in FDIC Insurance in the Consolidated Statements of Income.

During 2009, the Corporation recognized additional tax benefits that in total amounted to $69.0 million and reduced net loss by approximately $0.20 per diluted common share. During the first quarter of 2009, the State of Wisconsin enacted legislation that requires combined reporting for state income tax purposes. As a result, the Corporation recorded an additional income tax benefit of $51.0 million to recognize certain state deferred tax assets, which included the reduction of a valuation allowance for Wisconsin net operating losses. Also during 2009, the Corporation recognized an additional tax benefit of $18.0 million that was primarily related to the favorable resolution of a tax matter associated with a 2002 stock issuance.

2008

On January 2, 2008, the Corporation completed its acquisition of First Indiana Corporation (“First Indiana”) based in Indianapolis, Indiana. First Indiana, with $2.1 billion in consolidated assets as of December 31, 2007, had 32 branches in central Indiana which became branches of M&I Marshall & Ilsley Bank on February 2, 2008. Stockholders of First Indiana received $32.00 in cash for each share of First Indiana common stock outstanding, or approximately $530.2 million.

On November 14, 2008, as part of the CPP, the Corporation agreed to sell 1,715,000 shares of the Corporation’s Senior Preferred Stock having a liquidation preference of $1,000 per share, for a total price of $1.715 billion. The Senior Preferred Stock qualifies as Tier 1 capital and pays cumulative compounding dividends at a rate of 5% per year for the first five years and 9% per year thereafter. As a condition to participating in the CPP, the Corporation issued and sold to the UST a warrant to purchase 13,815,789 shares of the Corporation’s common stock, at an initial per share exercise price of $18.62, for an aggregate purchase price of approximately $257.25 million. The term of the Warrant is ten years. Pursuant to the Securities Purchase Agreement entered into in connection with the transaction, until the UST no longer owns any shares of the Senior Preferred Stock, the Warrant or Warrant Shares, the Corporation’s employee benefit plans and other executive compensation arrangements for its senior executive officers must continue to comply in all respects with Section 111(b) of EESA and the rules and regulations promulgated by the UST.

The results of goodwill impairment testing at the end of the fourth quarter of 2008 indicated that the fair value of certain of the Corporation’s banking-related reporting units were less than their book values, resulting in an after-tax total non-cash charge to earnings for goodwill impairment in the amount of $1,487.9 million or $5.73 per diluted common share.

During 2008, the Corporation recognized income of $39.1 million due to the completion of the initial public offering (“IPO”) by Visa. As a result of the IPO, Visa redeemed 38.7% of the Class B Visa common stock owned by the Corporation. The gain from the redemption amounted to $26.9 million and is reported in Net Investment Securities Gains in the Consolidated Statements of Income. In addition, Visa established an escrow for certain litigation matters from the proceeds of the IPO. As a result of the funded escrow, the Corporation reversed $12.2 million of the litigation accruals that were originally recorded in 2007 due to the Corporation’s membership interests in Visa. The reversed accrual is reported in the Other line of Other Expense in the Consolidated Statements of Income. On an after-tax basis, these two Visa-related items reduced net loss by approximately $0.10 per diluted common share.

During 2008, the Corporation recognized an other than temporary loss on an investment in a small-business lending venture. The loss amounted to $10.0 million and is reported in Net Investment Securities Gains in the Consolidated Statements of Income. On an after-tax basis, this loss increased net loss by approximately $0.02 per diluted common share.

During 2008, the Corporation recognized a loss related to one of its bank-owned life insurance ("BOLI") policies. The BOLI policy contains a stable value agreement that provides limited cash surrender value protection from declines in the value of the policy's underlying investments. During the fourth quarter of 2008, the value of the policy's underlying investments declined due to disruptions in the credit markets. As a result, the decline in cash surrender value of the policy exceeded the protection provided by the stable value agreement. The loss amounted to

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$11.8 million or $0.05 per diluted common share and is reported as a reduction of Bank-Owned Life Insurance Revenue in the Consolidated Statements of Income.

During 2008, the Corporation re-acquired and extinguished $169.2 million of debt. The gain amounted to $14.7 million and is reported as Gain on Termination of Debt in the Consolidated Statements of Income. On an after-tax basis, this gain reduced net loss by approximately $0.04 per diluted common share.

Market disruptions in the equity and fixed income markets resulted in unexpected losses in the Corporation's Wealth Management segment. Losses attributable to the Lehman Brothers bankruptcy, costs of providing credit support agreements and other market related losses amounted to $45.7 million in 2008. The losses are reported in the Other line of Other Expense in the Consolidated Statements of Income. On an after-tax basis, these losses increased net loss by approximately $0.11 per diluted common share.

The deterioration in the national real estate markets resulted in a significant increase in the provision for losses for unfunded commitments and other credit related charges. In addition, rising fuel costs earlier in 2008 resulted in write-downs of residual values associated with consumer vehicle leases. In total, these provisions and write-downs amounted to $26.9 million and are reported in the Other line of Other Expense in the Consolidated Statements of Income. On an after-tax basis, these items increased net loss by approximately $0.07 per diluted common share.

During 2008, the Corporation recognized an additional income tax benefit of $20.0 million, or $0.08 per diluted common share, related to how the TEFRA (interest expense) disallowance should be calculated within a consolidated group.

Net Interest Income

Net interest income is the difference between interest income on earning assets and interest expense on interest bearing liabilities.

2010 Compared to 2009

Net interest income for the year ended December 31, 2010 amounted to $1,557.3 million compared to $1,582.6 million reported for the year ended December 31, 2009, a decrease of $25.3 million or 1.6%. Growth in transaction deposits, a favorable shift in deposit types, lower term funding costs and higher yields on loans enabled the Corporation to maintain a relatively stable level of net interest income in 2010 compared to 2009, despite continued loan contraction, maintenance of excess liquidity in cash and lower yielding short-term investments and reduced interest income due to the sales of investment securities during 2010.

For the year ended December 31, 2010, average interest earning assets amounted to $50.2 billion compared to $56.5 billion for the year ended December 31, 2009, a decrease of $6.3 billion or 11.1%. Average loans and leases decreased $6.5 billion or 13.7% in the year ended December 31, 2010 compared to the year ended December 31, 2009. Average investment and trading securities decreased $0.2 billion or 3.2% in 2010 compared to 2009. Average other short-term investments averaged $1.8 billion in 2010 compared to $1.3 billion in 2009, an increase of $0.5 billion which reflects the impact of excess liquidity.

Average interest bearing liabilities decreased $6.5 billion or 14.3% in 2010 compared to 2009. Average interest bearing deposits decreased $0.9 billion or 2.7% in the twelve months ended December 31, 2010 compared to the twelve months ended December 31, 2009. Average wholesale deposits and average bank-issued time deposits in total decreased $4.0 billion or 19.4% in 2010 compared to 2009. That decrease was offset by the growth in average bank-issued interest-bearing transaction deposits which increased $3.1 billion or 24.4% in 2010 compared to

2009. Average short-term borrowings declined $2.6 billion or 77.3% and average long-term borrowings decreased $3.0 billion or 34.7% in 2010 compared to 2009. As previously discussed, the decline in average long-term borrowings reflects the effect of the acquisition and extinguishment of long-term borrowings throughout 2009 and 2010, at a net gain, in addition to maturities. Over the 24 months ended December 31, 2010, the Corporation re-acquired and extinguished $1.5 billion in par value of long-term borrowings.

For the year ended December 31, 2010 compared to the year ended December 31, 2009, average noninterest bearing deposits increased $0.4 billion or 5.8%.

2009 Compared to 2008

Net interest income in 2009 amounted to $1,582.6 million compared with net interest income of $1,780.7 million in 2008, a decrease of $198.1 million or 11.1%. Net interest income in 2009 was pressured as interest rates on earning assets declined more rapidly than the rates paid for interest bearing liabilities. The Corporation’s inability

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to continue to lower deposit pricing in the low interest rate environment due to competition for deposits contributed to lower net interest income. In addition, net interest income was compressed as a result of higher levels of nonperforming loans and leases, charge-offs, interest rate concessions associated with renegotiated loans and management's decision to maintain higher levels of low-yield liquid assets. Positive contributors to net interest income in 2009 compared to 2008 included the impact of a full year of benefit from the proceeds from the sale of the Senior Preferred Stock to the UST, improved asset spreads, increase in interest rate floors on loans, the increase in noninterest bearing deposits, cash received from the issuance of the Corporation's common stock and the modification and early extinguishment of higher-cost long-term borrowings.

Average earning assets in 2009 amounted to $56.5 billion compared to $57.9 billion in 2008, a decrease of $1.4 billion or 2.6%. Average trading and short-term investments, including federal funds sold and security resale agreements, increased $1.1 billion or 180.0% in 2009 compared to 2008. Average loans and leases decreased $1.9 billion or 3.9% and average investment securities decreased $0.7 billion or 8.8%.

Average interest bearing liabilities decreased $4.2 billion or 8.4% in 2009 compared to 2008. Average interest bearing deposits decreased $0.2 billion or 0.7% in 2009 compared to 2008. Average short-term borrowings decreased $2.8 billion or 46.2% in 2009 compared to 2008. Average long-term borrowings decreased $1.1 billion or 11.0% in 2009 compared to 2008.

Average noninterest bearing deposits increased $1.6 billion or 26.8% in 2009 compared to the prior year.

Loans and Leases

The growth and composition of the Corporation's average loan and lease portfolio for the current year and prior two years are reflected in the following table ($ in millions):

				Percent Growth	
	2010	2009	2008	2010 vs 2009	2009 vs 2008
Commercial Loans and Leases					
Commercial	$11,767.3	$13,878.0	$14,841.7	(15.2) %	(6.5) %
Commercial Lease Financing	444.7	511.7	520.8	(13.1)	(1.7)
Total Commercial Loans and Leases	12,212.0	14,389.7	15,362.5	(15.1)	(6.3)
Real Estate					
Commercial Real Estate	13,255.1	13,522.8	11,839.9	(2.0)	14.2
Residential Real Estate	4,677.0	5,450.7	5,504.0	(14.2)	(1.0)
Construction and Development					
Commercial Construction	1,942.2	3,186.8	4,476.4	(39.1)	(28.8)
Commercial Land	765.4	887.9	965.8	(13.8)	(8.1)
Construction by Developers	315.6	650.8	1,385.7	(51.5)	(53.0)
Residential Land	1,307.4	1,915.4	2,345.4	(31.7)	(18.3)
Construction by Individuals	146.9	593.8	992.1	(75.3)	(40.1)

Total Construction and Development	4,477.5	7,234.7	10,165.4	(38.1)	(28.8)
Total Real Estate	22,409.6	26,208.2	27,509.3	(14.5)	(4.7)
Consumer Loans and Leases					
Home Equity Loans and Lines of Credit	4,469.8	4,909.0	4,901.6	(8.9)	0.2
Other Personal Loans	2,048.9	2,090.3	1,732.2	(2.0)	20.7
Personal Lease Financing	108.0	178.6	201.5	(39.5)	(11.4)
Total Consumer Loans and Leases	6,626.7	7,177.9	6,835.3	(7.7)	5.0
Total Consolidated Average Loans and Leases	$41,248.3	$47,775.8	$49,707.1	(13.7) %	(3.9) %
Total Consolidated Average Loans and Leases Excluding Total Construction and Development	$36,770.8	$40,541.1	$39,541.7	(9.3) %	2.5 %

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2010 Compared to 2009

Total consolidated average loans and leases decreased approximately $6.5 billion or 13.7% for the year ended December 31, 2010 compared to the year ended December 31, 2009.

Total average commercial loans and leases declined $2.2 billion or 15.1% for the year ended December 31, 2010 compared to the year ended December 31, 2009. Commercial and industrial loans continued to contract in the fourth quarter of 2010 compared to the third quarter of 2010. Commercial customers appear to still be focused on expense management and debt reduction by delaying capital expenditures and reducing working capital demand. Commercial loan commitments and credit line utilization have declined. Commercial loan and lease balances and the demand for new credit will depend on the pace and strength of economic improvement.

Total average commercial real estate loans decreased $0.3 billion or 2.0% in the twelve months ended December 31, 2010 compared to the twelve months ended December 31, 2009. The relative stability of the reported year to date average balance in commercial real estate loans reflects the migration of construction loans to commercial real estate loans once construction was completed. All performing past due loans transferred from the construction portfolio to the commercial portfolio retain their past due status upon transfer. In normal market conditions, the Corporation generally limited the amount of post construction financing (permanent financing) it provided to those loans with interest rates and terms that conform to the Corporation's interest rate risk profile or loans where a significant long-term customer relationship existed. In many cases, the interest rate and term that customers wanted for permanent financing was readily available and provided by institutional investors in normal market conditions. The current lack of market liquidity has resulted in customers not being able to secure financing elsewhere irrespective of their ability to service the debt. As a result, the Corporation has provided interim loans that are intended to provide temporary financing until such time as the liquidity in the commercial real estate lending markets returns to normal conditions. The interim loans may be interest only or structured to ensure a significant amount of the income generated from the commercial real estate project is used to pay interest at market rates and reduce outstanding principal. The Corporation continues to experience declines in new commercial real estate development originations and expects this trend to continue. As a result of that reduced demand and normal payment activity, commercial real estate loans are expected to continue to contract. Commercial real estate loans held for sale amounted to $4.5 million at December 31, 2010.

Total average residential real estate loans declined $0.8 billion or 14.2% for the year ended December 31, 2010 compared to the year ended December 31, 2009. Throughout 2009 and 2010, the Corporation sold over 93% of its residential real estate production to the secondary market. For the years ended December 31, 2010 and 2009, residential real estate loans sold to investors amounted to $2.1 billion and $3.1 billion, respectively. At December 31, 2010, the Corporation had approximately $80.7 million of residential mortgage loans held for sale. Gains from the sale of residential mortgage loans amounted to $34.9 million in 2010 compared to $44.3 million in 2009. As a result of selling the majority of new production and normal payment activity, residential real estate loans are expected to continue to contract.

Total average construction and development loans declined $2.8 billion or 38.1% in the year ended December 31, 2010 compared to the year ended December 31, 2009. The decrease in construction and development loans has been due to payments, transfers to other loan types when projects are completed, loan sales and charge-offs. At December 31, 2010, the Corporation had approximately $27.4 million of construction and development loans held for sale. Given market conditions and the lack of new originations, construction and development loans are expected to continue to contract. Construction and development loans amounted to $3.2 billion at December 31, 2010, which were 8.7% of total loans and leases outstanding at that date and was $0.3 billion less than average construction and development loans for the quarter ended December 31, 2010.

Total average consumer loans and leases declined $0.6 billion or 7.7% in 2010 compared to 2009. Average home equity loans and lines of credit declined $0.4 billion or 8.9% in the year ended December 31, 2010 compared to the year ended December 31, 2009. Average consumer auto loans increased $0.2 billion or 18.3% in the twelve months ended December 31, 2010 compared to the twelve months ended December 31, 2009. However, during the fourth quarter of 2010, the Corporation sold $0.9 billion of consumer auto loans at a gain of $8.5 million. That gain is reported in the Other line of Other Income in the Consolidated Statements of Income. Average auto leases, student loans and other consumer loans decreased $0.3 billion in 2010 compared to 2009. Credit card loans averaged $0.3 billion for the year ended December 31, 2010 and were relatively unchanged compared to average credit card loans in 2009. Credit card loans represented less than 1.0% of the Corporation’s total average loan and leases in 2010 and 2009 and are not a significant component of the Corporation’s loan and lease portfolio.

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2009 Compared to 2008

For the year ended December 31, 2009, total consolidated average loans and leases declined $1.9 billion or 3.9% compared to total consolidated average loans and leases for the year ended December 31, 2008.

For the year ended December 31, 2009, total average commercial loans and leases amounted to $14.4 billion compared to $15.4 billion for the year ended December 31, 2008, a decrease of $1.0 billion or 6.3%. The weak economy resulted in lower demand for new loans and lower utilization of existing lines of credit.

For the year ended December 31, 2009, total average commercial real estate loans amounted to $13.5 billion compared to $11.8 billion for the year ended December 31, 2008, an increase of $1.7 billion or 14.2%. The majority of this growth represents the migration of construction loans to commercial real estate loans once construction was completed. As previously discussed, the Corporation has provided more interim financing for post-construction loans than it has historically due to the commercial real estate lending environment.

For the year ended December 31, 2009, total average residential real estate loans amounted to $5.5 billion and was relatively unchanged compared to average residential real estate loans for the year ended December 31, 2008. In 2009, the Corporation sold substantially all of its residential real estate production in the secondary market. For the years ended December 31, 2009 and 2008, real estate loans sold to investors amounted to $3.1 billion and $1.4 billion, respectively. At December 31, 2009, the Corporation had approximately $76.5 million of residential mortgage loans and home equity loans which were originated for sale and were held for sale. For the year ended December 31, 2009, gains from the sale of mortgage loans amounted to $44.3 million compared to $22.4 million for the year ended December 31, 2008.

For the year ended December 31, 2009, total average construction and development loans amounted to $7.2 billion compared to $10.2 billion for the year ended December 31, 2008, a decrease of $3.0 billion or 28.8%. The decrease in construction and development loans has been due to payments, transfers to other loan types when projects are completed and permanent financing is obtained, loan sales and charge-offs. Construction and development loans held for sale amounted to $57.3 million at December 31, 2009. Construction and development loans amounted to $5.5 billion at December 31, 2009 which was 12.5% of total loans and leases outstanding at that date.

Total average personal loan and lease growth was $0.3 billion or 5.0% in 2009 compared to 2008. Average home equity loans and lines of credit were relatively unchanged in 2009 compared to 2008. Approximately $0.4 billion of the growth was attributable to consumer auto loans. Average auto leases, student loans and other consumer loans decreased $0.1 billion in 2009 compared to 2008. Credit card loans averaged $0.3 billion in each of 2009 and 2008.

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Deposits

The growth and composition of the Corporation’s consolidated average deposits for 2010 and prior two years are reflected below ($ in millions):

	2010	2009	2008	Percent Growth 2010 vs 2009	Percent Growth 2009 vs 2008
Noninterest Bearing					
Commercial	$ 5,934.3	$ 5,624.4	$ 4,237.7	5.5 %	32.7 %
Personal	1,072.3	983.3	1,015.9	9.1	(3.2)
Other	855.3	821.8	603.9	4.1	36.1
Total Noninterest Bearing	7,861.9	7,429.5	5,857.5	5.8	26.8
Interest Bearing Deposits					
Savings and NOW					
Savings	2,418.4	1,764.3	871.9	37.1	102.4
NOW	3,564.7	3,129.5	2,375.9	13.9	31.7
Brokered NOW	59.3	52.9	1.2	12.0	n.m.
Total Savings and NOW	6,042.4	4,946.7	3,249.0	22.2	52.3
Money Market					
Money Market Index	6,625.7	6,310.6	7,914.7	5.0	(20.3)
Money Market Savings	2,937.2	967.3	1,272.0	203.6	(23.9)
Brokered Money Market	4,149.2	3,184.8	1,829.2	30.3	74.1
Total Money Market	13,712.1	10,462.7	11,015.9	31.1	(5.0)
Time					
CDs $100,000 and Over					
Large CDs	2,213.4	3,776.3	3,967.1	(41.4)	(4.8)
Brokered CDs	5,119.8	7,646.8	7,393.7	(33.0)	3.4
Total CDs $100,000 and Over	7,333.2	11,423.1	11,360.8	(35.8)	0.5
Other CDs and Time					
Brokered CDs	20.6	31.2	—	(34.0)	n.m.
Other CDs and Time	4,972.0	5,758.2	5,031.5	(13.7)	14.4
Total Other CDs and Time	4,992.6	5,789.4	5,031.5	(13.8)	15.1
Total Time	12,325.8	17,212.5	16,392.3	(28.4)	5.0
Foreign					
Foreign Activity	216.5	500.6	1,798.2	(56.7)	(72.2)
Foreign Time	—	63.3	961.6	(100.0)	(93.4)
Total Foreign	216.5	563.9	2,759.8	(61.6)	(79.6)
Total Interest Bearing Deposits	32,296.8	33,185.8	33,417.0	(2.7)	(0.7)
Total Consolidated Average Deposits	$ 40,158.7	$ 40,615.3	$ 39,274.5	(1.1) %	3.4 %

Average Bank-Issued Deposits:

Average Bank-Issued Transaction Deposits	$	23,624.4	$	20,101.8	$	20,090.2	17.5	%	0.1	%
Average Bank-Issued Time Deposits		7,185.4		9,534.5		8,998.6	(24.6	)	6.0	
Total Average Bank-Issued Deposits		30,809.8		29,636.3		29,088.8	4.0		1.9	
Average Wholesale Deposits		9,348.9		10,979.0		10,185.7	(14.8	)	7.8	
Total Consolidated Average Deposits	$	40,158.7	$	40,615.3	$	39,274.5	(1.1	) %	3.4	%

2010 Compared to 2009

For the year ended December 31, 2010 compared to the year ended December 31, 2009, total consolidated average deposits decreased $0.5 billion or 1.1%.

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Total average deposits that were originated directly with customers, which the Corporation refers to as bank-issued deposits, increased $1.2 billion or 4.0% in 2010 compared to 2009. The Corporation has placed emphasis on originating transaction deposits (noninterest bearing, savings and NOW, foreign activity and money market) and de-emphasized the origination of time deposits. Average bank-issued transaction deposits increased $3.5 billion or 17.5% in 2010 compared to 2009. Average bank-issued time deposits decreased $2.3 billion or 24.6% compared to 2009.

The growth in transaction deposits, especially money market accounts and savings and NOW accounts, compared with the prior year reflects the reconfiguration of many of the Corporation's deposit product offerings. In addition, some existing customers have transferred their balances from other deposit types as those deposit instruments matured. The growth in transaction deposits and shift in the mix of average deposit types was beneficial to net interest income and the net interest margin in 2010.

The Corporation has historically used wholesale deposits (brokered NOW, brokered money market, brokered CDs and foreign time) to supplement deposits generated through the Corporation's banking branch network due to pricing advantages. In addition, the Corporation used wholesale deposits due to the cost advantage over the cost of issuing debt, especially new long-term borrowings, during unstable market conditions in the capital markets. As assets have contracted, the Corporation has been able to reduce the use of wholesale deposits as a funding source. Average wholesale deposits decreased $1.6 billion or 14.8% in 2010 compared to 2009. In conjunction with its activities to re-align the Corporation's funding profile, the Corporation has selectively exercised its call option associated with brokered CDs to redeem those CDs at par. During 2010, the Corporation redeemed $4.0 billion of brokered CDs. In conjunction with these redemptions, the Corporation incurred a non-cash charge to write-off the unamortized issuance costs attributable to those brokered CDs that were redeemed. This charge is reported in Other expense in the Consolidated Statements of Income as Loss on brokered CDs.

Historically, noninterest bearing deposit balances tended to exhibit some seasonality with a trend of balances declining somewhat in the early part of the year followed by growth in balances throughout the remainder of the year. A portion of the noninterest balances, especially commercial balances, is sensitive to the interest rate environment. Larger balances tend to be maintained when overall interest rates are low and smaller balances tend to be maintained as overall interest rates increase.

The Corporation elected to opt out of the FDIC's Temporary Liquidity Guarantee Program (the "TAGP") effective as of June 30, 2010. Under the TAGP, all noninterest-bearing transaction accounts held at the Corporation's affiliate banks were fully guaranteed by the FDIC for the entire amount in the account, in addition to and separate from the coverage available under the FDIC's general deposit rules. Due to the stressed economic conditions that existed in 2008 and 2009, the Corporation believes that its participation in the TAGP was warranted and that such participation had a positive affect on its deposit growth in 2009. As anticipated, certain NOW deposits and certain noninterest bearing deposits, migrated to other deposit accounts, investment products or into products offered by other entities.

Under the Dodd-Frank Act, beginning December 31, 2010 and continuing through December 31, 2012, all funds held in noninterest-bearing transaction accounts will be fully guaranteed by the FDIC for the full amount of the account. This unlimited insurance coverage was eliminated for Interest on Lawyer Trust Accounts and minimal interest-bearing NOW accounts, which were originally covered under TAGP. However, subsequent to the enactment of the Dodd-Frank Act, Congress amended the Federal Deposit Insurance Act to include Interest on Lawyer Trust Accounts within the definition of "noninterest-bearing transaction accounts," thereby granting such accounts unlimited insurance coverage by the FDIC from December 31, 2010 through December 31, 2012.

In addition to the continuation of insurance coverage for noninterest-bearing transaction accounts, the Dodd-Frank Act permanently increased the standard maximum FDIC deposit insurance amount to $250,000.

2009 Compared to 2008

Total consolidated average deposits increased $1.3 billion or 3.4% for the year ended December 31, 2009 compared to the year ended December 31, 2008. Average noninterest bearing deposits increased $1.6 billion or 26.8% for the year ended December 31, 2009 compared to the year ended December 31, 2008. Average interest bearing deposits decreased approximately $0.3 billion or 0.7% for the year ended December 31, 2009 compared to the year ended December 31, 2008. Of the $0.3 billion decrease in average interest bearing deposits over the prior year, average total money market deposits decreased $0.6 billion and total foreign deposits decreased approximately $2.2 billion for the year ended 2009 compared to the year ended 2008. The decline in average money market and foreign deposits reflects the competitive pricing environment. The declines in average money market deposits and foreign deposits were offset by growth in average savings and NOW deposits and average time deposits. Average savings and NOW increased $1.7 billion for the year ended December 31, 2009 compared to the same period in the prior year. The

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growth in average savings and NOW balances reflected the Corporation's use of competitive pricing and more effective bundling of product and services to retain customers and attract new deposits. In addition, existing customers have transferred their balances from other deposit types as those deposit instruments matured. Average total time deposits increased $0.8 billion for the year ended December 31, 2009 compared to the year ended December 31, 2008. The shift in the mix of average deposit types was beneficial to net interest income and the net interest margin in 2009.

Average Balance Sheets and Analysis of Net Interest Income

The Corporation's consolidated average balance sheets, interest earned and interest paid, and the average interest rates earned and paid for each of the last three years are presented in the following table ($ in thousands):

	2010			2009			2008		
	Average Balance	Interest Earned/ Paid	Average Yield or Cost (3)	Average Balance	Interest Earned/ Paid	Average Yield or Cost (3)	Average Balance	Interest Earned/ Paid	Average Yield or Cost (3)
oans and leases (1)(2)	$41,248,286	$1,962,510	4.76%	$47,775,802	$2,210,842	4.63%	$49,707,080	$2,928,699	5.89
nvestment securities:									
axable	5,964,953	168,104	2.83	5,916,658	207,235	3.50	6,454,016	286,054	4.40
ax-exempt (1)	873,710	54,309	6.36	1,022,499	66,543	6.62	1,158,185	78,782	6.82
ederal funds sold and ecurity resale agreements	13,534	55	0.41	34,613	229	0.66	223,000	5,613	2.52
rading assets (1)	285,518	739	0.26	418,056	4,757	1.14	197,237	2,974	1.51
ther short-term nvestments	1,791,732	4,622	0.26	1,295,747	3,659	0.28	204,147	3,413	1.67
otal interest earning ssets	50,177,733	2,190,339	4.37%	56,463,375	2,493,265	4.42%	57,943,665	3,305,535	5.70
ash and demand deposits ue from banks	670,108			761,199			897,709		
remises and equipment, et	552,975			571,146			528,846		
ther assets	4,514,709			3,823,481			4,637,427		
llowance for loan and ease losses	(1,486,589)			(1,356,675)			(877,730)		
otal assets	$54,428,936			$60,262,526			$63,129,917		
nterest bearing deposits:									
avings and NOW	$6,042,380	$22,169	0.37%	$4,946,671	$19,635	0.40%	$3,248,955	$18,464	0.57
Money market	13,712,105	107,435	0.78	10,462,750	78,554	0.75	11,015,942	211,925	1.92
Time	12,325,786	275,283	2.23	17,212,532	435,224	2.53	16,392,293	622,467	3.80
Foreign	216,549	885	0.41	563,852	2,013	0.36	2,759,868	50,088	1.81
otal interest bearing eposits	32,296,820	405,772	1.26	33,185,805	535,426	1.61	33,417,058	902,944	2.70
hort-term borrowings	751,563	6,310	0.84	3,316,810	9,550	0.29	6,163,488	139,627	2.27
ong-term borrowings	5,662,125	198,825	3.51	8,676,229	340,308	3.92	9,749,118	454,413	4.66
otal interest bearing abilities	38,710,508	610,907	1.58%	45,178,844	885,284	1.96%	49,329,664	1,496,984	3.03

Noninterest bearing deposits	7,861,893			7,429,499			5,857,485		
Other liabilities	1,046,453			1,046,502			981,108		
Total equity	6,810,082			6,607,681			6,961,660		
Total liabilities and equity	$54,428,936			$60,262,526			$63,129,917		
Net interest income		$1,579,432			$1,607,981			$1,808,551	
Net yield on interest earning assets			3.15%						