

MARSHALL & ILSLEY CORP

Form 425

December 21, 2010

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Subject Company: Marshall & Ilsley Corporation
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This filing, which includes an email from Ralph Marranca, may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and comparable safe harbour provisions of applicable Canadian legislation, including, but not limited to, statements relating to anticipated financial and operating results, the companies' plans, objectives, expectations and intentions, cost savings and other statements, including words such as anticipate, believe, plan, estimate, expect, intend, will, should, may, and other similar expressions. These statements are based upon the current beliefs and expectations of our management and involve a number of significant risks and uncertainties. Actual results may differ materially from the results anticipated in these forward-looking statements. Such factors include, but are not limited to: the possibility that the proposed transaction does not close when expected or at all because required regulatory, shareholder or other approvals and other conditions to closing are not received or satisfied on a timely basis or at all; the terms of the proposed transaction may need to be modified to satisfy such approvals or conditions; the anticipated benefits from the proposed transaction such as it being accretive to earnings, expanding our North American presence and synergies are not realized in the time frame anticipated or at all as a result of changes in general economic and market conditions, interest and exchange rates, monetary policy, laws and regulations (including changes to capital requirements) and their enforcement, and the degree of competition in the geographic and business areas in which M&I operates; the ability to promptly and effectively integrate the businesses of M&I and BMO; reputational risks and the reaction of M&I's customers to the transaction; diversion of management time on merger-related issues; increased exposure to exchange rate fluctuations; and those other factors set out on pages 29, 30, 61 and 62 of BMO's 2010 Annual Report. A significant amount of M&I's business involves making loans or otherwise committing resources to specific companies, industries or geographic areas. Unforeseen events affecting such borrowers, industries or geographic areas could have a material adverse effect on the performance of our integrated U.S. operations.

Additional factors that could cause BMO Financial Group's and Marshall & Ilsley Corporation's results to differ materially from those described in the forward-looking statements can be found in the 2010 Annual Report on Form 40-F for BMO Financial Group and the 2009 Annual Report on Form 10-K of Marshall & Ilsley Corporation filed with the Securities and Exchange Commission and available at the Securities and Exchange Commission's Internet site (<http://www.sec.gov>).

In connection with the proposed merger transaction, BMO will file with the Securities and Exchange Commission a Registration Statement on Form F-4 that will include a Proxy Statement of M&I, and a Prospectus of Bank of Montreal, as well as other relevant documents concerning the proposed transaction. **Shareholders are urged to read the Registration Statement and the Proxy Statement/Prospectus regarding the merger when it becomes available and any other relevant documents filed with the SEC, as well as any amendments or supplements to**

those documents, because they will contain important information. A free copy of the Proxy Statement/Prospectus, as well as other filings containing information about BMO and M&I, may be obtained at the SEC's Internet site (<http://www.sec.gov>). You will also be able to obtain these documents, free of charge, from BMO at www.BMO.com under the tab About BMO Investor Relations and then under the heading Frequently Accessed Documents, from BMO Investor Relations, Senior Vice-President at 416-867-6656, from M&I by accessing M&I's website at www.MICorp.com under the tab Investor Relations and then under the heading SEC Filings, or from M&I at (414) 765-7814.

BMO and M&I and certain of their directors and executive officers may be deemed to be participants in the solicitation of proxies from the shareholders of M&I in connection with the proposed merger. Information about the directors and executive officers of BMO is set forth in the proxy statement for BMO's 2010 annual meeting of shareholders, as filed with the SEC on Form 6-K on February 26, 2010. Information about the directors and executive officers of M&I is set forth in the proxy statement for M&I's 2010 annual meeting of shareholders, as filed with the SEC on a Schedule 14A on March 12, 2010. Additional information regarding the interests of those participants and other persons who may be deemed participants in the transaction may be obtained by reading the Proxy Statement/Prospectus regarding the proposed merger when it becomes available. Free copies of this document may be obtained as described in the preceding paragraph.

From: Marranca, Ralph [Ralph.marranca@bmo.com]
Sent: Tuesday, December 21, 2010 7:41 AM
To: [redacted]
Subject: Response to your questions

[redacted], I've provided our responses to your questions in blue text below. I'm sorry that, due to a fairly full schedule, we won't be able to accommodate your request for an interview.

From: [redacted]
Sent: December 17, 2010 3:42 PM
To: Marranca, Ralph
Subject: Important: Media comment on BMO/MI deal

Hi Ralph,

I know you must be extremely busy today, but I would very much appreciate any comment that any of your executives could offer on the following questions. If I could arrange to speak to someone in the next hour, I would be very grateful and promise to take only a few minutes of their time!

1) There has been speculation that BMO might decide to sell all of its Florida branches to Royal Bank of Canada, as RBC could benefit from potential synergy in building market share in Florida. Is there any merit to this?

We don't comment on rumour or speculation. Over the coming months, as with any acquisition, we will be assessing these branches that are outside of the main M&I footprint for potential and fit and will come to prudent decisions.

2) How do you reconcile comments that William Downe made during BMO's Q4 conference call Dec. 7 that the company is looking for small tuck-in acquisitions along the lines of its AMCORE acquisition, with the decidedly large purchase of M&I?

We have always said that we like tuck in acquisitions and we have executed many well. Acquiring Mike is a very unique and opportune transaction as it transforms BMO US operations, doubling branches and creating strong contiguous footprint. M&I is a very good strategic, financial and cultural fit for BMO. Clearly this is not something we could allude to in advance as we do not publicly discuss acquisitions until an agreement is in place and a public news announcement can be made.

3) How does BMO intend to handle the credit risks in M&I's portfolio?

We're very comfortable with what we're buying. We've conducted a thorough review of M&I's consumer and commercial portfolios utilizing bank resources, third party portfolio analyses, discussions with management and supporting observations from internal file reviews. Like most regional banks, M&I was affected by the downturn in the real estate market and, therefore, has a portfolio of commercial real estate loans that has experienced challenges. BMO has strong credentials in this area and we are confident that we can manage this risk effectively. We have priced those risks into the deal and have a plan, drawing upon our proven expertise in managing large consumer, corporate and real estate portfolios, to actively mitigate and manage down M&I's CRE portfolio.

In the investor community conference call that we held on Friday morning, last week, (see BMO Investor Relations web site http://www2.bmo.com/events/past/0,1090,divId-3_langId-1_navCode-240,00.html) in response to a question about the credit experience at M&I, Tom Flynn, BMO's chief risk officer commented that the M&I loan portfolio has more commercial real estate in it than we would be comfortable with. And the plan is to reduce that exposure over time and to end up with a credit risk profile that would not be significantly different from the profile that we would have in BMO.

Caution regarding forward looking statements

Certain statements in this email from Ralph Marranca, Director, Media and Public Relations for BMO, to [redacted] dated December 21, 2010, may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and comparable safe harbour provisions of applicable Canadian legislation, including, but not limited to, statements relating to anticipated financial and operating results, the companies' plans, objectives, expectations and intentions, cost savings and other statements, including words such as anticipate, believe, plan, estimate, expect, intend, will, should, may, and other similar expressions. Such statements are based upon the beliefs and expectations of our management and involve a number of significant risks and uncertainties. Actual results may differ materially from the results anticipated in these forward-looking statements. Such factors include, but are not limited to: the possibility that the proposed transaction does not close when expected or at all because required regulatory, shareholder or other approvals and other conditions to closing are not received or satisfied on a timely basis or at all; the terms of the proposed transaction may need to be modified to satisfy such approvals or conditions; the anticipated benefits from the proposed transaction such as it being accretive to earnings, expanding our North American presence and synergies are not realized in the time frame anticipated or at all as a result of changes in general economic and market conditions, interest and exchange rates, monetary policy, laws and regulations (including changes to capital requirements) and their enforcement, and the degree of competition in the geographic and business areas in which M&I operates; the ability to promptly and effectively integrate the businesses of M&I and BMO; reputational risks and the reaction of M&I's customers to the transaction; diversion of management time on merger-related issues; increased exposure to exchange rate fluctuations; and those other factors set out on pages 29, 30, 61 and 62 of BMO's 2010 Annual Report. A significant amount of M&I's business involves making loans or otherwise committing resources to specific companies, industries or geographic areas. Unforeseen events affecting such borrowers, industries or geographic areas could have a material adverse effect on the performance of our integrated U.S. operations.

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Additional information for shareholders

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Sent from my BlackBerry Wireless Handheld