



STATE OF WISCONSIN
Department of Employee Trust Funds

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DATE: November 2, 2009

TO: Wisconsin Deferred Compensation Board

FROM: Shelly Schueller, Director
Wisconsin Deferred Compensation Program

SUBJECT: FDIC Option Update

This memo is for the Board's information only. No action is required.

At the September 2, 2009, Deferred Compensation Investment Committee meeting and the May 19, 2009, Deferred Compensation Board (Board) meeting, members discussed the Wisconsin Deferred Compensation (WDC) Program's Federal Deposit Insurance Corporation (FDIC) Option and the financial strength of the firm providing it, Marshall and Ilsley (M&I) Bank. Throughout the past year, the Department has continued to monitor M&I Bank's financial health on behalf of the Board and WDC participants.

As of September 30, 2009, 3,867 participants held assets worth \$78,202,640 in the FDIC Option. There are eleven WDC participants with FDIC Option account balances over the federal insurance limit of \$250,000 and another thirty-one with balances greater than \$200,000. The amounts by which accounts exceed the federal insurance limit of \$250,000 range from \$1,100 to \$85,000. Each of these participants was contacted by the WDC via a personal letter in the spring of 2009, reminding them of the insurance limit and the other WDC investment options. Despite this direct contact, none of the participants have made any changes related to their WDC FDIC accounts.

In attempting to cope with the contractions in the economy, M&I has experienced many of the same challenges as other financial institutions. This summer, the level of non-performing loans in their book of business was deemed to be precariously high. Because M&I traditionally reports all non-performing loans, even those less than 90 days late, the net result was a non-performing assets ratio of 7.5%, which is greater than M&I's peers. Consequently, the bank was included on a list of potentially troubled banks in August 2009 and Fitch Ratings gave the bank a "rating watch negative" designation in early September. As of the end of September 2009, M&I's nonperforming loans represented 5.6% of its total loans. A copy of the most recent Morningstar Stock Report for M&I and three recent media publications on the bank are attached to this memo for your review.

Reviewed and approved by Robert J. Conlin, Deputy Secretary.

Signature _____

Date _____

Board	Mtg Date	Item #
DC	11/17/09	10

If M&I were to fail, the FDIC's standard procedures would likely be followed and another bank selected by the FDIC would assume control. Participants would have access to their account assets, up to the insured value of \$250,000, on the next business day. If the FDIC was unable to find a bank to assume responsibility, the FDIC would cut checks to all account holders, meaning that WDC assets would be available to participants in a few days. According to the FDIC, this has only happened a very few times in 2009. If the new bank only chooses to take over the insured portion of a failed bank, the amount on deposit over the \$250,000 insurance limit would be part of any receivership claims.

Department staff will continue keep an eye on the health of M&I and will report back to the Board again if the bank's financial situation appears to deteriorate any further.

Attachments

Marshall & Ilsley Corp. MI

- 2** Quote/Snapshot
- 3** Analyst Report
- 5** Financials
- 6** Valuation
- 7** Ownership
- 8** Annotated Snapshot

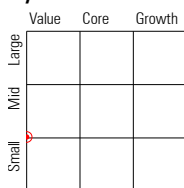
Marshall & Ilsley Corp. MI

Quote/Snapshot

Stock Type Cyclical **Last Close Price** \$6.06 (05/27/2009) **Fair Value Est** \$14.00 **Morningstar Rating™** ★★★★★

Morningstar Investment Style

Style Breakdown



Valuation 05/27/2009

	Stock	Industry	S&P 500
Price/Earnings	-0.70	-41.20	16.40
Forward P/E	-144.9	—	13.50
Price/Book	0.30	15.90	3.50
Price/Cash Flow	2.40	87.00	9.20
Price/Sales	0.60	33.90	1.80
Dividend Yld %	10.90	3.40	3.00

Quick Stats

Morningstar Style	Industry	Sector	Stock Type
Mid Value	Regional Banks	Financial Services	Cyclical
Price/Cash Flow	Price/Earnings	Price/Sales	Sales (\$Mil)
2.40	-0.70	0.60	2,466
52-Wk Range	Avg. Volume	Yield	Market Cap (\$Mil)
29.76-2.98	6,118,147 (05/27/2009)	10.90	1,610

Profitability 03/31/2009

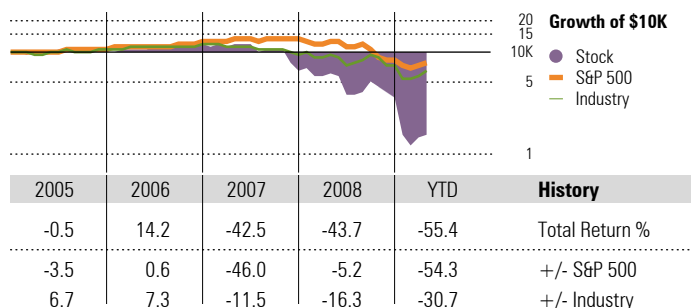
	Stock	Industry	S&P 500
ROA %	-3.70	-0.20	7.50
ROE %	-35.10	-2.10	19.40
Net Margin %	-92.50	-4.10	9.90
Asset Turnover	0.00	0.00	0.90
Fin Leverage	9.90	—	4.80
Sales/Employee	241.90	—	—

\$Thousands

Growth 12/31/2008

	% 1 Yr	% 3 Yr	S&P 500
Sales	7.80	10.70	12.40
Net Income	—	—	11.70
EPS	—	—	13.10
Equity/Share	-8.60	6.10	8.90
Dividends	5.80	10.90	15.00

Performance



Morningstar Stock Grades

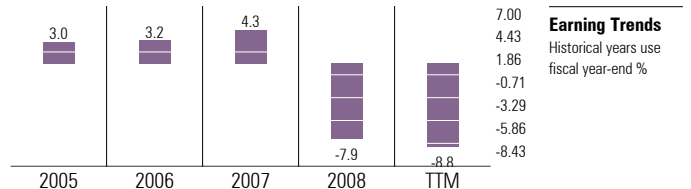
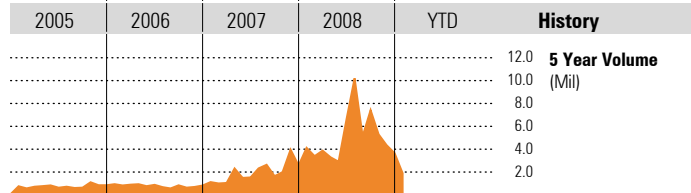
Growth	C
Profitability	D
Financial Health	D

Industry Peers

	Market Cap \$Mil	TTM Sales \$Mil
Daiwa Securities	88,634	4,251.30
Fortis	8,875	164,840.23
The Sumitomo Trust and Banking Co., Ltd.	8,091	7,556.42
M & T Bank Corporation	5,419	2,767.41
People's United Financial, Inc.	5,322	940.00

Fund Ownership

	Morningstar Rating™	% Share Held	% Fund Assets
American Funds Growth Fund of Amer A	★★★★★	2.77	0.09
T. Rowe Price Equity Income	★★★★★	1.31	0.16
American Funds Fundamental Investors A	★★★★★	1.19	0.14
Vanguard 500 Index Investor	★★★★	0.92	0.04
Vanguard Mid Capitalization Index	★★★★★	0.87	0.25



Operations

What Does This Company Do?

Based in Milwaukee, Marshall & Ilsley has 370 branches scattered across seven major regions: Wisconsin, Arizona, Florida, Minneapolis, Indianapolis, St. Louis, and Kansas City. The bulk of its branches, deposits, and loans are in its Wisconsin base. Overall, commercial, commercial real estate, and construction loans make up 74% of the bank's \$49 billion loan book.

Contact Information

Address 770 North Water Street
Milwaukee, WI 53202
Phone 1 414 765-7700
Website http://www.micorp.com
Direct Investment No
Dividend Reinvestment Yes

Marshall & Ilsley Corp. MI

Analysis

Stock Type	Last Close Price	Fair Value Est	Morningstar Rating™
Cyclical	\$6.06 (05/27/2009)	\$14.00	★★★★

Trailing One-Year Price



Analysis by Jason Ren 05/19/2009

Faced with a slow-growth home footprint, Marshall & Ilsley pursued an aggressive expansion strategy in Arizona and Florida earlier this decade. Real estate markets in those asset-bubble states have since collapsed, leaving M&I holding the bag on many soured construction and development (C&D) bets. The bank's significant exposure to those states probably portends higher losses and potentially punitive government help. As such, we think an investment in M&I is speculative. The largest bank based in Wisconsin, M&I built a reputation as a solid commercial lender through its conservative underwriting. Combined with a favorable economic environment, charge-offs as a percentage of loans held hovered around just 0.20% for much of the past two decades, even as M&I was managing multiple geographies outside its upper Midwest base. Although we don't think underwriting standards deteriorated significantly, the impressive credit metrics may have lulled M&I into building up an unfavorable concentration of loans in Arizona and Florida. Of the bank's \$49 billion loan book, 20% is currently exposed to those weakened states. The composition of that exposure foreshadows steep losses to come. C&D losses have increased across the United States. In the first quarter of 2009, 54% of M&I's \$328 million in net charge-offs came from deteriorated C&D loans. Also, C&D loans constitute nearly 24% of the firm's Arizona and Florida loans. With 23%, or \$545 million, of Arizona and Florida C&D loans nonperforming, losses are sure to mount through the downturn. Should M&I's other footprints experience a recession approaching the scale of Arizona's and Florida's, the result could spell more trouble because C&D makes up 17% of the total loan book. Construction loans aren't our only concern. Commercial real estate (CRE) composes 26% of the bank's loans. According to nationwide data from the Federal Reserve and other sources, CRE losses haven't crested yet. We would not be surprised if M&I became caught in a wave of CRE defaults as the recession continues. This unfavorable loan book concentration has persuaded management to take drastic steps to preserve capital. Among other initiatives, the dividend was cut to a penny, and executive bonuses were nixed for 2008. However, if losses keep climbing, more equity raises may be necessary. Prospects look bleak for M&I as it works to control credit risk in this operating environment.

Analyst Note by Jason Ren 05/19/2009

Marshall & Ilsley MI announced that it has started a discretionary equity issuance of common stock to raise capital of about \$350 million. The shares will be sold through brokers' transactions, or at prevailing market prices. We have raised our fair value estimate, as our previous valuation baked in much steeper equity dilution. This equity raise through the capital markets makes it less likely that the company will have to resort to the Treasury for more equity in the future, but we caution that more capital could still be needed if M&I's loans deteriorate toward our more bearish scenario.

Valuation

Fair Value Estimate	\$14.00
Stock Price	\$7.40
Consider Buying	5.60
Consider Selling	35.00
Uncertainty Risk	NA
Economic Moat	Narrow
Stewardship Grade	C

We are raising our fair value estimate to \$14 per share from \$11 as we reconsider our previous equity dilution assumptions. M&I's assets fall short of the \$100 billion baseline for stress testing, and its equity issuance at market prices makes it probable that the firm will not have to go to the government for a second, more punitive helping of Troubled Asset Relief Program money. Our two scenarios, a base case and a worse case, are weighed equally. Security markdowns, net charge-offs, and equity raises are our main modeling drivers. We think the bank's nonagency paper will get marked down \$111 million in our base case and \$275 million in our worse case. M&I's composition of construction and commercial real estate loans has us thinking that charge-offs could climb steeply higher in 2009, 3.92% in our base case and 6.51% in our worse case. M&I's \$350 million equity raise is enough to stay above the 4% Tier 1 common ratio in our base case, but it will need \$250 million more in our worse case. Assuming a \$7 share price, the anticipated equity raises are 16% dilutive in our base case and 25% dilutive in our worse case. Both assumptions assume a net interest margin of around 3.1% and bake in a 10.5% cost of common equity. ■■

Other Opinions

Bulls Say

- Historically, state-by-state population growth doesn't get much better than Arizona and Florida. Should real estate markets bounce back, M&I has reasonable footprints in those states.
- Stability in its Wisconsin base should help buoy M&I as it works through problem loans in Arizona and Florida.

Marshall & Ilsley Corp. MI

Analysis continued

Stock Type
Cyclical

Last Close Price
\$6.06 (05/27/2009)

Fair Value Est
\$14.00

Morningstar Rating™
★★★★

Bears Say

- ▶ M&I doesn't have an attractive mix of low-cost deposits, which pares down its net interest margin.
- ▶ Together, construction and commercial real estate make up 43% of the bank's loan book. Continuing credit deterioration in those loan buckets portends more pain for shareholders and may force an equity raise.
- ▶ M&I has cut its quarterly common dividend to a penny while it works to build up its capital cushion.

Additional Commentary 05/19/2009

Growth

We doubt M&I will pursue sizable acquisitions while credit quality remains questionable. In our base case, we think assets and net revenue will increase at annual average rates of 3.6% and 2.5%, respectively, through 2013.

Profitability

Its appetite for construction loans sank M&I's return on equity into the red in 2008. With more construction and commercial real estate losses to come, we don't think M&I's return on equity will match its cost of equity in our five-year forecast period.

Financial Health

M&I has historically been less leveraged than its peers and received TARP money in late 2008. Credit losses could force the company to raise more equity in the future.

Profile

Based in Milwaukee, Marshall & Ilsley has 370 branches scattered across seven major regions: Wisconsin, Arizona, Florida, Minneapolis, Indianapolis, St. Louis, and Kansas City. The bulk of its branches, deposits, and loans are in its Wisconsin base. Overall, commercial, commercial real estate, and construction loans make up 74% of the bank's \$49 billion loan book.

Strategy

Presently, M&I is focused on internally expanding its wealth-management enterprise and its core banking services. Non-government-assisted acquisitions will be off the table until the company's credit outlook improves.

Management

CEO Mark Furlong has helmed M&I since early 2007, replacing Dennis Kuester who remained the bank's chairman. Although we're not fans of the bank's previous expansion efforts, we think management is trying to right the ship through paring construction exposure, cutting the dividend, and nixing executive bonuses. We also maintain that management owns an adequate level of stock--4% of common shares outstanding--to align its interests with other shareholders'. However, several factors detract from the company's Stewardship Grade. In our opinion, the bank's annual and quarterly earnings disclosures aren't as lucid as they should be. Additionally, a couple of the bank's directors are too richly compensated for their consulting services provided to the bank, with perks that include club dues and the use of company vehicles. Those demerits lower our Stewardship Grade for M&I to a C.

Risk

M&I faces many risks through the downturn. C&D and CRE loans compose 43% of M&I's loan book and are projected to become the next major loss categories for U.S. banks as residential losses slow. With a good deal of C&D and CRE exposure in Arizona and Florida, losses will probably continue to multiply as asset bubbles in those states are unwound.

Marshall & Ilsley Corp. MI

Financials



Income Statement

Financials

	2004	2005	2006	2007	2008
Revenue \$Mil	2,578.49	2,981.49	3,405.72	2,345.28	2,528.83
Gross Margin %	—	—	—	—	—
Oper Income \$Mil	—	—	—	—	—
Operating Margin %	—	—	—	—	—
Net Income \$Mil	627.09	727.47	807.84	1,150.94	-2,043.46
Earnings Per Share	2.77	3.10	3.17	1.87	-7.92
Dividends \$	0.81	0.93	1.05	1.20	1.27
Shares Mil	226	234	254	265	259
Book Value Per Share \$	17.41	19.86	24.11	26.30	24.04

Oper Cash Flow \$Mil	1,007.43	645.06	844.90	953.54	796.55
Cap Spending \$Mil	296.01	375.62	365.85	415.04	101.66
Free Cash Flow \$Mil	65.97	-50.53	-675.72	269.58	-1,270.91

Profitability

Return on Assets %	1.68	1.68	1.58	1.98	-3.37
Return on Equity %	17.37	17.00	14.93	17.46	-30.94
Net Margin %	24.32	24.40	23.72	49.07	-80.81
Asset Turnover	0.07	0.07	0.07	0.04	0.04
Assets/Equity	10.40	9.90	9.14	8.51	9.96

Financial Health

Working Capital \$Mil	—	—	—	—	—
Long Term Debt \$Mil	5,026.60	6,668.67	8,026.16	8,207.41	9,613.72
Total Equity \$Mil	3,889.81	4,667.81	6,151.37	7,033	6,260
Debt/Equity	1.29	1.43	1.30	1.17	1.54

Stock Type	Last Close Price	Fair Value Est	Morningstar Rating™
Cyclical	\$6.06 (05/27/2009)	\$14.00	★★★★

Balance Sheet

Assets \$Mil	2007	2008	Current
Loans (Gross)	46,296.26	49,984.55	49,984.55
Less: Allowances	496.19	1,202.17	1,202.17
Net Loans	45,800.07	48,782.38	48,782.38
Securities	7,826.06	7,668.56	7,668.56
Trading Assets	124.61	518.36	518.36
Intangibles	1,807.96	763.45	763.45
Other	4,289.90	4,603.67	4,603.67
Total Assets	59,848.60	62,336.42	62,336.42

Liabilities and Stockholder's Equity \$Mil

Deposits	35,191.35	41,023.14	41,023.14
Short Term Debt	8,476.38	2,868.03	2,868.03
Long Term Debt	8,207.41	9,613.72	9,613.72
Other	940.73	2,571.35	2,571.35
Preferred Stock	0.00	1.72	1.72
Total Liabilities	52,815.87	56,076.24	56,076.24
Total Stockholder's Equity	7,032.73	6,260.18	6,260.18
Total Liabilities & Equity	59,848.60	62,336.42	62,336.42

Quarterly Results

Sales	06/2008	09/2008	12/2008	03/2009
Current	635.00	624.00	628.00	578.00
% Change From Year Earlier	8.20	6.50	0.90	-9.80

Net Income

Current	-394.00	83.00	-1,879.00	-92.00
% Change From Year Earlier	—	-62.20	—	—

Earnings/Share

Current	-1.52	0.32	-7.29	-0.44
% Change From Year Earlier	—	-61.40	—	—

Marshall & Ilsley Corp. MI

Valuation/Estimates

Stock Type Cyclical **Last Close Price** \$6.06 (05/27/2009) **Fair Value Est** \$14.00 **Morningstar Rating™** ★★★★★

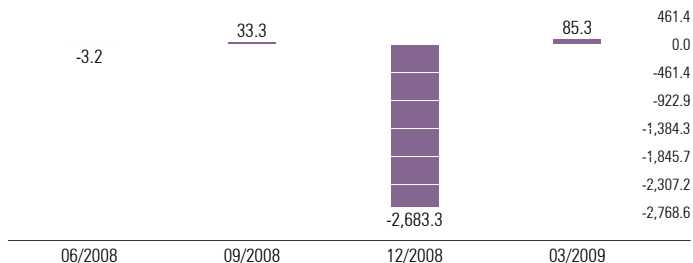
Valuation Ratios				
	Stock	Industry	S&P 500	*Stock's 5 Yr Average
Price/Earnings	-0.70	-41.20	16.40	—
Price/Book	0.30	15.90	3.50	1.7
Price/Sales	0.60	33.90	1.80	3.0
Price/Cash Flow	2.40	87.00	9.20	—
Dividend Yld %	10.90	3.40	3.00	—

* Price/Cash Flow uses 3-year average.

Forward Valuation Ratios				
	Stock	Industry	S&P 500	
Forward Price/Earnings	-144.90	—	13.50	
PEG Ratio	2.10	—	2.20	
PEG Payback (Yrs)	—	—	—	

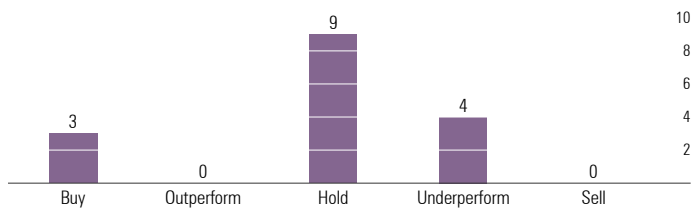
Earnings Surprises %

By what percentage did the company beat consensus analyst earnings estimates?

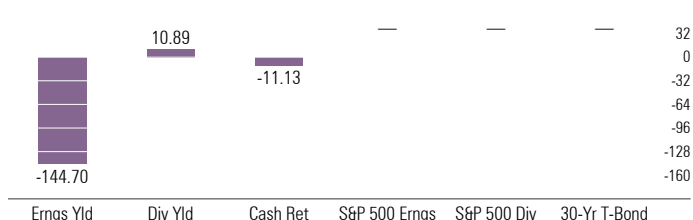


Range of Analyst Opinions

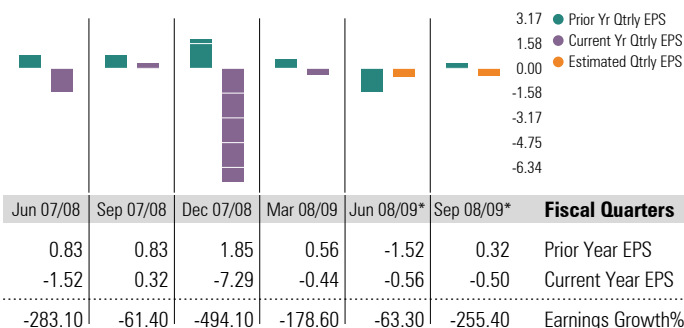
Total number of Analysts: 16



Current Rates of Return %



Quarterly Earnings



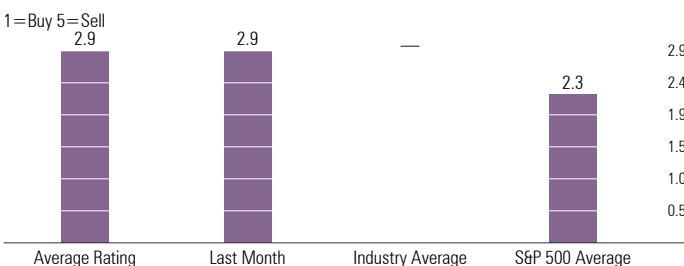
Annual Earnings Estimates

Earnings Type	12/2009		12/2010	
	\$	Growth %	\$	Growth %
High	-1.17	—	0.24	—
Low	-3.89	—	-1.20	—
Mean	-2.00	—	-0.04	—
30 Days Ago	-1.78	—	0.00	—
60 Days Ago	-0.87	—	0.42	—
90 Days Ago	-0.87	—	0.42	—
Number of Estimates	17		10	

Five Year Growth Forecast: 7.71%

Industry Average: —%

Analyst Opinion Trends



Marshall & Isley Corp. MI

Ownership

Stock Type
Cyclical

Last Close Price
\$6.06 (05/27/2009)

Fair Value Est
\$14.00

Morningstar Rating™
★★★★

Fund Ownership Summary

Shares Outstanding	Fund Ownership	Total of Funds	Average Star Rating
267,000,000.00	50,730,000.00	274.00	—

Insider Activity

Date	Name/Position	Shares	Transaction
05/21/2009	Chait Jon F/Director	10,000	Acquired at \$6.50/Share.
05/21/2009	Chait Jon F/Director	1,000	Acquired at \$6.61/Share.
05/11/2009	Benschoter Ann M./Senior Vice President	19,620	Acquisition (including grants/awards) 19,620 Shares.
05/11/2009	Deneen Ryan R/SVP and Dir. of Corp. Tax	11,975	Acquisition (including grants/awards) 11,975 Shares.
05/11/2009	Ellis Thomas Robert/Senior Vice President	32,301	Acquisition (including grants/awards) 32,301 Shares.
05/11/2009	Erickson Randy J/SVP, Chief Admin. Off.	32,528	Acquisition (including grants/awards) 32,528 Shares.
05/11/2009	Furlong Mark F/President and CEO	105,530	Acquisition (including grants/awards) 105,530 Shares.
05/11/2009	Hogan Mark R/Sr. VP and Chief Credit Off.	21,444	Acquisition (including grants/awards) 21,444 Shares.
05/11/2009	Justiliano Patricia R/SVP and Corporate Controller	11,975	Acquisition (including grants/awards) 11,975 Shares.
05/11/2009	Kelly Brent J/SVP and Dir. of Corp. Mark.	8,953	Acquisition (including grants/awards) 8,953 Shares.
05/11/2009	Knickerbocker Beth D/SVP and Chief Risk Officer	17,327	Acquisition (including grants/awards) 17,327 Shares.
05/11/2009	Krei Kenneth C/Senior Vice President	33,023	Acquisition (including grants/awards) 33,023 Shares.
05/11/2009	Oneill Thomas J/wi//Senior Vice President	34,145	Acquisition (including grants/awards) 34,145 Shares.
05/11/2009	Renard Paul J/SVP and Dir. of Human Resource	20,219	Acquisition (including grants/awards) 20,219 Shares.
05/11/2009	Roberts John L/Senior Vice President	27,083	Acquisition (including grants/awards) 27,083 Shares.
05/11/2009	Root Thomas A/SVP and Audit Director	8,953	Acquisition (including grants/awards) 8,953 Shares.
05/11/2009	Smith Gregory A/SVP & Chief Financial Officer	36,290	Acquisition (including grants/awards) 36,290 Shares.
05/11/2009	Smith Michael C/SVP and Treasurer	11,975	Acquisition (including grants/awards) 11,975 Shares.
05/11/2009	Smith Ronald E/Senior Vice President	25,417	Acquisition (including grants/awards) 25,417 Shares.
05/01/2009	Chait Jon F/Director	1,080	Acquisition (including grants/awards) 1,080 Shares.

Top Funds Largest Stake

Fund Name	Morningstar Rating™	Shares Held	% Fund Assets	Chng(000) in Ownrshp	Date of Portfolio
American Funds Growth Fund of Amer A	★★★★★	2.77	0.09	0.00	12/31/2008
T. Rowe Price Equity Income	★★★★★	1.31	0.16	500.00	03/31/2009
American Funds Fundamental Investors A	★★★★★	1.19	0.14	0.00	12/31/2008
Vanguard 500 Index Investor	★★★★	0.92	0.04	-19.00	12/31/2008
Vanguard Mid Capitalization Index	★★★★★	0.87	0.25	144.00	12/31/2008
Columbia Mid Cap Value Z	★★★★★	0.80	0.40	721.00	03/31/2009
Vanguard Total Stock Mkt Idx	★★★★	0.74	0.03	166.00	12/31/2008
Lord Abbett Affiliated A	★★★★	0.64	0.23	354.00	12/31/2008
Nicholas	★★★★	0.62	0.89	200.00	03/31/2009
Vanguard Institutional Index	★★★★	0.60	0.04	54.00	12/31/2008
Heartland Value Plus	★★★★★	0.34	1.75	900.00	12/31/2008
Wells Fargo Advantage Opportunity Inv	★★★★	0.31	0.55	821.00	01/31/2009
DWS Growth & Income S	★★	0.30	0.25	807.00	03/31/2009
Wells Fargo Advantage Common Stock Inv	★★★★★	0.28	0.74	70.00	01/31/2009
Eaton Vance Tax-Mgd Growth 1.0	★★★★★	0.24	0.08	0.00	12/31/2008
Eaton Vance Tax-Mgd Growth 1.1 A	★★★★	0.24	0.08	0.00	12/31/2008
Eaton Vance Tax-Mgd Growth 1.2 A	★★	0.24	0.08	0.00	12/31/2008
Fidelity Spartan U.S. Equity Index Inv	★★★★	0.23	0.02	12.00	03/31/2009
DFA U.S. Large Cap Value I	★★	0.21	0.16	-6.00	12/31/2008
T. Rowe Price Growth & Income	★★★★	0.20	0.40	0.00	03/31/2009

Top Funds Owners Largest Concentration

Fund Name	Morningstar Rating™	Shares Held	% Fund Assets	Chng(000) in Ownrshp	Date of Portfolio
Harbor SMID Value Instl	—	0.00	2.16	3.00	03/31/2009
Heartland Value Plus	★★★★★	0.34	1.75	900.00	12/31/2008
Sterling Capital Small Cap Value I	★★★★	0.01	1.54	-2.00	03/31/2009
Optique Large Cap Value	★★★★	0.01	1.50	-9.00	12/31/2008
DWS Disciplined Long/Short Value Instl	—	0.01	1.49	21.00	03/31/2009
Thompson Plumb MidCap	—	0.00	1.36	3.00	03/31/2009
First American Small Cap Growth Opp Y	★★★★	0.07	1.27	190.00	03/31/2009
Undiscovered Mgrs Behavioral Value Inst	★★★★	0.02	1.10	16.00	03/31/2009

Marshall & Ilsley Corp. MI

Appendix: Annotated Snapshot

Stock Type Cyclical **Last Close Price** \$6.06 (05/27/2009) **Fair Value Est** \$14.00 **Morningstar Rating™** ★★★★★

Valuation 05/27/2009			
	Stock	Industry	S&P 500
Price/Earnings	-0.70	-41.20	16.40
Forward P/E	0	—	13.50
Price/Book	0.30	15.90	3.50
Price/Cash Flow	2.40	87.00	9.20
Price/Sales	0.60	33.90	1.80
Dividend Yld %	10.90	3.40	3.00

This stock's price/sales ratio is fairly normal compared with the broader market, but it is quite a bit higher than most other stocks in its industry. A lower price/sales is normally preferable to a higher one, but factors such as better future growth prospects can justify a higher number. Price/sales can be a useful measure when figures such as price/earnings are not available, but it is not the most reliable valuation measure, so you should check other valuation measures as well.

Growth 12/31/2008			
	% 1 Yr	% 3 Yr	S&P 500
Sales	7.80	10.70	12.40
Net Income	—	—	11.70
EPS	—	—	13.10
Equity/Share	-8.60	6.10	8.90
Dividends	5.80	10.90	15.00

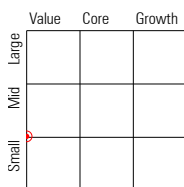
Most stocks in the regional banks industry have seen steadily growing revenue and earnings over the past three years. This stock has also seen steady revenue growth over the past three years.

Profitability			
	Stock	Industry	S&P 500
ROA %	-3.70	-0.20	7.50
ROE %	-35.10	-2.10	19.40
Net Margin %	-92.50	-4.10	9.90
Asset Turnover	0.00	0.00	0.90
Fin Leverage	9.90	—	4.80
Sales/Employee \$Thousands	241.90	—	—

Over the long haul, this company has posted results that are about average for its industry, though its ROA over the most recent trailing 12 months was very low. Note also that the company has had very low profit margins, another key profitability measure.

Morningstar Investment Style

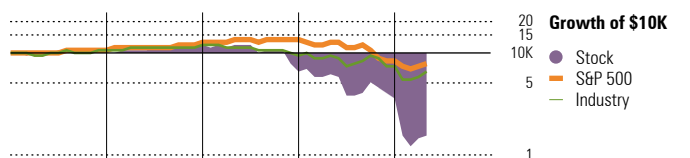
Style Breakdown



This stock's industry peers tend to fall in or around the small-cap value area of the Morningstar style box. Like it's peers, Marshall & Ilsley Corp. has a value orientation, except

it has a much more extreme value bias than its peers. Also, it differs in that it is a mid-cap issue. Note that value stocks are often less volatile than growth issues, unless the stock shows value characteristics because it is facing serious business or financial problems.

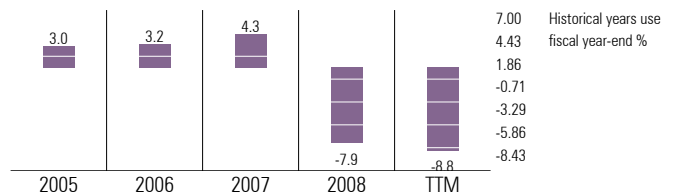
Performance



2005	2006	2007	2008	YTD	History
-0.5	14.2	-42.5	-43.7	-55.4	Total Return %
-3.5	0.6	-46.0	-5.2	-54.3	+/- S&P 500
6.7	7.3	-11.5	-16.3	-30.7	+/- Industry

This stock is in the regional banks industry, which has generated market-like results over the longer 10 year period, but has really suffered the past five. What's really discouraging, though, is that compared to its industry peers, this stock has been one of the worst performers over the past five years (10-year returns are unavailable). Keep in mind when looking at a stock or industry's record that historic returns are not necessarily a predictor of future performance. Persistent strength or weakness, however, may very well say something about the structure of an industry or quality of a company's management.

Earning Trends



Expectations are that this company will lose money this year. You should investigate why this is and how management plans to turn the company around.