

**CHARTER
OF THE
AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS OF
MARSHALL & ILSLEY CORPORATION**

I. PURPOSE

The Audit Committee's ("Committee") primary purpose is to:

- Provide assistance to the Board of Directors by overseeing and monitoring: (a) the integrity of the financial statements of the Marshall & Ilsley Corporation (the "Corporation"); (b) the independent auditors' qualifications and independence; (c) the performance of the Corporation's internal audit function and independent auditors, including with respect to both bank and nonbank subsidiaries; (d) the compliance by the Corporation with legal and regulatory requirements and with the Corporation's Code of Business Conduct and Ethics; and (e) the Corporation's systems of disclosure controls and system of internal controls regarding finance, accounting, legal compliance, and ethics that management and the Board have established; and
- Prepare the report required by the rules of the Securities and Exchange Commission ("SEC") to be included in the Corporation's annual proxy statement.

The Committee will also perform the duties required by law to be performed by an audit committee for any subsidiary bank of the Corporation that does not have its own audit committee and by a fiduciary audit committee for any subsidiary bank of the Corporation exercising fiduciary powers that does not have its own fiduciary audit committee, in each case to the extent permitted, and in the manner required, by applicable laws and regulations.

II. COMMITTEE COMPOSITION

This Committee is established pursuant to Section 3.11 of the By-Laws of the Corporation. The members of the Committee and its Chairperson are appointed annually by the Board, based on recommendations of the Nominating and Corporate Governance Committee, and serve until their successors are duly elected and qualified. The Committee shall consist of no fewer than three members who fully satisfy the independence, experience, and other requirements prescribed by the New York Stock Exchange ("NYSE"), Section 10A of the Securities Exchange Act of 1934 (the "Exchange Act") and the rules and regulations of the SEC, the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"), and applicable rules and regulations thereunder. To the extent practicable, at least one member of the Committee shall be an "audit committee financial expert" as defined by the rules of the SEC, and all members of the Committee shall have a strong level of business or financial acumen (as determined in the reasonable discretion of the Board). Committee members may enhance their familiarity with finance and accounting by participating in education programs. No Committee member shall

simultaneously serve on the audit committees of more than two other public companies. Membership on the Committee may be changed at any time at the discretion of the Board.

III. AUTHORITY

The Committee shall have the sole authority to appoint or replace the independent auditors. The Committee shall be directly responsible for the compensation and oversight of the work of the independent auditors (including resolution of disagreements between management and the auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditors shall report directly to the Committee.

The Committee has the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting, or other advisors. The Committee shall also have the authority, to the extent it deems necessary or appropriate, to ask the Corporation to provide the Committee with the support of one or more Corporation employees to assist it in carrying out its duties. The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditors for the purpose of rendering or issuing an audit report and to any advisors employed by the Committee.

The Committee shall pre-approve all auditing services, internal control-related services and permitted non-audit services (including the fees and terms thereof) to be performed for the Corporation by its independent auditor, subject to the de minimus exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act which are approved by the Committee prior to the completion of the audit.

The Committee Chair will have authority to act on behalf of the Committee between meetings. The authority of the Committee Chairperson includes the authority to grant pre-approvals of audit and non-audit services, provided that any such pre-approval shall be presented to the full Committee at its next scheduled meeting.

IV. MEETINGS

The Committee shall meet as often as the Committee or the Committee Chair determines, but not less frequently than quarterly. The Committee shall meet periodically with management (including the chief financial officer and chief accounting officer), with the internal auditors, and with the independent auditors in separate executive sessions and have such other direct and independent interaction with such persons from time to time as the members of the Committee deem appropriate. The Committee may request any officer or employee of the Corporation or the Corporation's outside counsel or independent auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

The Committee may conduct its business and affairs at any time or location it deems appropriate. Attendance and participation in a meeting may take place by conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Any action to be taken at any meeting of the Committee may be taken without a

meeting, if all members of the Committee consent thereto in writing and such writing or writings are filed with the minutes of the Committee. All decisions of the Committee shall be determined by an affirmative vote of the majority of members in attendance. A quorum of the Committee shall be established when a majority of the members of the Committee are present or, if less than a majority of the members of the Committee are present, by the presence of the Committee Chair and one other Committee member.

V. RESPONSIBILITIES OF THE COMMITTEE

The following activities are set forth as a guide with the understanding that the Committee may diverge from this guide as it considers appropriate in accordance with applicable law.

A. Financial Reporting/Internal Controls

1. Review and discuss with the internal auditors and the independent auditors their respective annual audit plans, staffing, reports, and the results of their audits.
2. Discuss with management, either specifically, or generally by discussion of the types of information to be disclosed and the type of presentation to be made, the Corporation's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies.
3. Review and discuss with management and the independent auditors the Corporation's quarterly financial statements prior to the earnings press release, including the results of the independent auditors' reviews of the quarterly financial statements. Review and discuss with management and independent auditors any material issues, including management's discussion and analysis with respect to its Form 10-Q, prior to its filing.
4. Review and discuss with management and the independent auditors the annual audited financial statements, including disclosures made in management's discussion and analysis, and recommend to the Board, based upon review of the financial statements, the matters required to be discussed by SAS 61, and the letter required by Independent Standards Board Standard No. 1, whether the audited financial statements should be included in the Corporation's Form 10-K.
5. Review with the independent auditors any matters of significant disagreement between management and the independent auditors and any other problems or difficulties encountered during the course of the audit and management's response to such disagreements, problems, or difficulties. As part of this review, the Committee shall discuss with the independent auditors: (a) any difficulties relating to restrictions on the scope of the independent auditors' activities, and (b) any difficulties relating to restrictions on the independent auditors' access to requested information. The Committee may, as part of their review, discuss with the independent auditors (including the independent auditors' national office, as

appropriate) (i) accounting adjustments that were noted or proposed by the independent auditors but that were “passed” by management as immaterial or otherwise, (ii) any communications between the individuals assigned by the independent auditors to the Corporation’s account and the independent auditors’ national office relating to significant auditing or significant accounting issues presented by the engagement, and (iii) any management letter of a material nature issued or proposed to be issued by the independent auditors and the Corporation’s response to such letter.

6. Review and discuss with the independent auditors: (a) all critical accounting policies and practices used in the audit; (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and (c) other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
7. Review with management and the independent auditors significant financial reporting issues and judgments made in connection with the preparation of the Corporation’s financial statements, including any significant changes in the Corporation’s selection or application of accounting principles, the development, selection, and disclosure of critical accounting estimates and the use thereof, and analyses of the effect of alternative assumptions, estimates or generally accepted accounting principles (“GAAP”) on the Corporation’s financial statements.
8. Discuss with management and the independent auditors the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Corporation’s financial statements.
9. Discuss with management the Corporation’s major risk exposures and the steps management has taken to monitor and control such exposures, including the Corporation’s risk assessment and risk management policies.
10. Discuss with the Corporation’s independent auditors, internal auditors, and management their assessments of the adequacy of the Corporation’s internal controls and the adequacy of disclosures about changes in internal control over financial reporting.
11. Discuss with the Corporation’s independent auditors, internal auditors and management any material weaknesses or control deficiencies that any of the foregoing have identified relating to financial reporting, internal controls, or other related matters and their proposals for rectifying such weaknesses or deficiencies, including any special audit steps adopted in light of material weaknesses or control deficiencies, as well as the adequacy of disclosures about changes in internal control over financial reporting.

12. Monitor the Corporation's progress in promptly addressing and correcting any and all identified material weaknesses or control deficiencies in financial reporting, internal controls, or related matters.
13. Receive periodic reports from the independent auditors and appropriate officers of the Corporation on significant accounting or reporting developments proposed by the Financial Accounting Standards Board or the SEC that may impact the Corporation.
14. Review and discuss with management (including the Director of the Audit Services Division) and the independent auditor: (i) the Corporation's internal controls report, and (ii) the independent auditor's attestation of the report prior to the filing of the Corporation's Form 10-K.
15. Review disclosures made by the Corporation's CEO and CFO during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Corporation's internal controls.

B. Independent Auditors

1. Appoint, provide for the compensation of, and oversee the work of the independent auditors (including resolution of disagreements between management and the auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or related work.
2. Review the performance of the independent auditors and remove the independent auditors if circumstances warrant.
3. Review the experience and qualifications of the senior members of the independent auditors' team.
4. Monitor and periodically review the independence, qualifications, and performance of the independent auditors by:
 - (a) Obtaining and reviewing a report from the independent auditors at least annually regarding:
 - (i) the internal quality-control procedures of the firm;
 - (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm;
 - (iii) any steps taken to deal with any such issues; and
 - (iv) all relationships between the independent auditors and the Corporation.

- (b) Evaluating the qualifications, performance, and independence of the independent auditors, including reviewing and evaluating the lead partner of the independent auditors, considering whether the auditors' quality controls are adequate and whether the provision of permitted non-audit services is compatible with maintaining the auditors' independence, and taking into account the opinions of management and the internal auditors. If so determined by the Committee, taking additional action to satisfy itself of the qualifications, performance, and independence of the auditors.
 - (c) Submitting a report of their conclusions to the Board.
5. Pre-approve all auditing services and permitted non-audit services to be performed for the Corporation by the independent auditors, except as provided in this paragraph. In no event shall the independent auditors perform any non-audit services for the Corporation which are prohibited by Section 10A(g) of the Exchange Act or the rules of the SEC or the Public Company Accounting Oversight Board. The Committee shall establish general guidelines for the permissible scope and nature of any permitted non-audit services in connection with its annual review of the audit plan. Pre-approval shall not be required for the provision of non-audit services if: (a) the aggregate amount of all such non-audit services constitutes not more than 5% of the total amount of revenues paid by the Corporation to the auditors during the fiscal year in which the non-audit services are provided, (b) such services were not recognized by the Corporation at the time of engagement to be non-audit services, and (c) such services are promptly brought to the attention of the Committee and approved, in accordance with this Charter, prior to the completion of the audit. Approvals of a non-audit service to be performed by the auditors and, if applicable, the guidelines pursuant to which such services were approved, shall be disclosed as promptly as practicable in the Corporation's quarterly or annual reports required by Section 13(a) of the Exchange Act.
 6. Oversee the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit at least once every five years.
 7. Establish and periodically review policies for the Corporation's hiring of employees or former employees of the independent auditor.
 8. Ensure that the independent auditors have access to all necessary resources.

C. Internal Audit Function

1. Review the appointment and replacement of the Director of the Audit Services Division.
2. Review summaries of significant reports to management prepared by internal audit and management's responses.

3. Discuss with the independent auditors and management the internal audit department responsibilities, budget and staffing and any recommended changes in the planned scope of internal audit's work.
4. Ensure that the internal auditors have access to all necessary resources.
5. Periodically review with the Director of the Audit Services Division the scope of activities, significant difficulties encountered in engagements, disagreements with management, or scope restrictions encountered in the course of the department's work.

D. Compliance Oversight

1. Review and discuss with management and the internal auditors the Corporation's processes regarding compliance with applicable laws and regulations and with the Corporation's Code of Business Conduct and Ethics and obtain required reports from management regarding compliance by the Corporation with applicable legal requirements and the Corporation's Code of Business Conduct and Ethics.
2. Review and approve all related party transactions that are material to the financial statements or that otherwise require disclosure to the Corporation's shareholders; provided, however, that the Committee shall not be responsible for approving related party transactions which are approved by the full Board or by another committee of the Board. The Committee shall not be responsible for approving transactions within the scope of Regulation O promulgated under Section 22(h) of the Federal Reserve Act.
3. Periodically review procedures for: (a) the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters, and (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
4. Discuss with management and the independent auditors any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Corporation's financial statements or accounting policies or compliance with the Corporation's Code of Business Conduct and Ethics.
5. Discuss with the Corporation's General Counsel legal matters that may have a material impact on the Corporation's financial statements and internal controls.

E. Subsidiaries of the Corporation

1. Where the Committee is performing the duties required by law to be performed by an audit committee for a subsidiary bank of the Corporation that does not have its own audit committee, review with management and the independent auditors the

basis for the reports required to be filed by management and by the independent auditors with the FDIC pursuant to 12 C.F.R. Sections 363.2(a) and (b) and Sections 363.3(a) and (b), respectively.

2. Perform the duties required to be performed by a fiduciary audit committee for any bank and nonbank subsidiary of the Corporation exercising fiduciary powers that does not have its own audit committee, in each case to the extent permitted, and in the manner required, by applicable laws and regulations.

F. Annual Evaluation

1. The Committee shall review and assess the adequacy of this Charter annually and recommend to the Board any proposed changes to this Charter.
2. The Committee shall annually review the performance of the Committee.

G. General

1. Report regularly to the Board on the Committee's activities, as appropriate.
2. Maintain minutes or other records of the Committee's meetings and activities.
3. Review and assess the quality and clarity of the information provided to the Committee and make recommendations to management as the Committee deems appropriate from time to time for improving such materials.
4. Approve the audit committee report to be included in the Corporation's proxy statement when and as required by the rules of the SEC.
5. While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to prepare the Corporation's financial statements, to plan or conduct audits, or to determine that the Corporation's financial statements are complete and accurate and are in accordance with GAAP and applicable rules and regulations. These are the responsibilities of management or the independent auditors, as appropriate.
6. Unless the Committee member has knowledge that makes reliance unwarranted, in discharging their duties to the Corporation, Committee members may rely on information, opinions, reports, or statements, any of which may be written or oral, formal or informal, including financial statements, valuation reports, and other financial data, if prepared or presented by: (a) one or more officers or employees of the Corporation whom the Committee member believes in good faith to be reliable and competent in the matters presented; (b) legal counsel, independent auditors, or other persons as to matters which the Committee member believes in good faith to be within the professional or expert competence of such person; or (c) another committee of the Board of which the Committee member is not a member if the Committee member believes in good faith that such committee merits confidence.

VI. CHARTER APPROVAL

This Charter was approved by the Board on June 17, 2004.