

MISSISSIPPI VALLEY BANCSHARES INC

Form 425

June 17, 2002

Filed by Marshall & Ilsley Corporation

Pursuant to Rule 425 under the Securities Act of 1933

Subject Company: Mississippi Valley Bancshares, Inc.

Exchange Act File No.: 0-22008

**Marshall & Ilsley Corporation**

merger with

**Mississippi Valley**

**Bancshares, Inc.**

**(Southwest Bank in St. Louis)**

*All financial data herein reflects M&I's  
two-for-one stock split effective today*

*June 17, 2002*

**Forward looking statement**

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This presentation contains forward-looking statements about the future financial results of Marshall & Ilsley Corporation and the combined company. Such statements are subject to important factors which could cause actual results to differ materially from those anticipated by such forward-looking statements. These factors include those referenced in the press release issued earlier today, M&I's Annual Report on Form 10-K, and as may be described from time to time in M&I's subsequent SEC filings and such factors are incorporated herein by reference.

This presentation does not constitute an offer of any securities for sale. Investors and security holders are advised to read the proxy statement/prospectus regarding the transaction described in this presentation when it becomes available, because it will contain important information. The proxy statement/prospectus will be filed with the Securities and Exchange Commission by M&I. Security holders may receive a free copy of the proxy statement/prospectus (when available) and other related documents filed by M&I at the Commission's website at <http://www.sec.gov> or from M&I.

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**Why Mississippi Valley?**

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- n Unique opportunity for first class franchise
  - n St. Louis identified as attractive market
  - n Committed top leadership after integration
  - n Superior customer relationship focus
  - n Credit discipline aligned with M&I
  - n Historical earnings growth last five years exceeds 14%
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**Mississippi Valley Highlights**

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- n Strong middle-market commercial lender with eight banking offices in St. Louis and Phoenix markets
  - n Preferred lender to owner-operated businesses
  - n Five-year loan growth over 15%
  - n Five-year deposit growth over 13%
  - n Five-year EPS growth over 15%
  - n Five-year average net charge-off ratio .31%
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**Maintain market presence**

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- n Retain Name
  - n Retain local boards of directors
  - n Retain customer relationship leaders
  - n Retain high quality credit discipline
  - n Steve Marsh, President, Commercial Banking
  - n Andrew Baur, President, Community Banking
  - n Drew Baur, Director, M&I Board
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**Enhance market presence**

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- n Additional commercial lending sectors
  - n Correspondent banking
  - n Enhanced cash management capability
  - n Wealth management products
  - n Consumer lending, credit/debit cards
  - n Enhance M&I s Phoenix franchise
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**Transaction Terms**

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- n Price \$502 million
  - n Approximately 50% cash, 50% stock
  - n Collar +/- \$3 from \$30.94
  - n Additional shares if M&I falls between \$23.44 \$27.93
  - n Less shares if M&I rises between \$33.94 \$38.43
  - n Mississippi Valley walkaway if M&I falls below \$21.44 (decline 30%)
  - n Mississippi Valley shareholders may elect all stock, all cash, or a mix of 50% stock/50% cash
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**Transaction assumptions**

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|   |                                     |                 |
|---|-------------------------------------|-----------------|
| n | Earnings growth                     |                 |
| Ø | 5-year historical                   | 14%             |
| Ø | Expected                            | 12%             |
| n | Cost savings estimate               | 10%             |
| n | Transaction costs estimate, net tax | \$18-20 million |
| n | Internal rate of return expected    | 15%             |
| n | Revenue enhancements assumed        | None            |
| n | Accretive to earnings in 2003       |                 |

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**Transaction multiples**

|   |                              | <u>Mississippi<br/>Valley</u> | <u>Comparables</u> |
|---|------------------------------|-------------------------------|--------------------|
| n | Last twelve months           | 17.8X                         | 16.5X              |
| n | Next twelve months           | 15.3X                         | 15.4X              |
| n | 2003                         | 14.4X                         |                    |
| n | PEG ratio (on NTM)*          | 1.15                          | 1.53               |
| n | Tangible book value          | 303%                          | 233%               |
| n | Tangible premium to deposits | 20.1%                         | 15.0%              |
| n | Premium to market            | 24.4%                         | 30.1%              |

\* PE paid/estimated growth

**Ratio comparison to M&I**  
**(As of March 31, 2002)**

|                              | <u>Mississippi<br/>Valley</u> | <u>M &amp; I</u> |
|------------------------------|-------------------------------|------------------|
| Loans/deposits               | 89%                           | 112%             |
| NPL/loans                    | 0.65%                         | 0.84%            |
| LLR/loans                    | 1.77%                         | 1.40%            |
| Chargeoffs                   | 0.08%                         | 0.23%            |
| Net interest margin          | 3.78%                         | 4.09%            |
| Total                        | 40.2%                         | 61.8%            |
| Bank only                    | 40.2%                         | 50.7%            |
| ROA                          | 1.50%                         | 1.72%            |
| ROE                          | 18.96%                        | 18.04%           |
| Tangible equity/Total assets | 7.94%                         | 7.33%            |

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**Improving diversity of earnings**

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|   |                      |     |
|---|----------------------|-----|
| n | Minneapolis/St. Paul | 6%  |
| n | St. Louis            | 6%  |
| n | Phoenix/Tucson       | 4%  |
| n | Metavante            | 9%  |
| n | Wisconsin            |     |
|   | Trust 4%             |     |
|   | Banking 71%          | 75% |

*Consistent with strategy to diversify growth opportunities*

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**Projected Timeline**

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|   |  |                      |
|---|--|----------------------|
| n | Transaction announcement                   | June 17              |
| n | Customary regulatory approvals             | 3-4 months           |
| n | Shareholder meeting for Mississippi Valley | Fourth quarter, 2002 |
| n | Transaction closing                        | Fourth quarter, 2002 |
| n | Systems integration                        | First quarter, 2003  |

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**Status of 2001 acquisitions**

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|   |  |         |
|---|--|---------|
| n | Three Minneapolis franchises                     |         |
|   | Leadership team announced                        | January |
|   | Systems integration complete                     | June    |
| n | Growth achieved in Minneapolis                   |         |
|   | Closed National City August 1, 2001              |         |
|   | Growth as of May 2002 (annualized)               |         |
|   | ØLoans, excluding residential                    | +14%    |
|   | ØTransactional deposits                          | + 9%    |
|   | ØExpense savings                                 |         |
|   | Target   | 25%     |
|   | Actual   | 28%     |
| n | Arizona growth since September 2001 (annualized) |         |
|   | Loans, excluding residential                     | +23%    |
|   | Transactional deposits                           | + 2%    |

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**Transaction Goals**

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- n Build shareholder value
  - n Buy a great franchise
  - n Retain all customer relationship teams
  - n Consolidate operations, procedures and risk management to a common environment
  - n Provide additional deposit, lending and wealth management products to expand in-market capabilities
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