

FIRST MIDWEST BANCORP INC
Form DEF 14A
April 07, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-12

First Midwest Bancorp, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- No fee required.
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- (1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

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(3) Filing Party:

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April 7, 2010

Dear Stockholder:

I am pleased to invite you to attend the 2010 Annual Meeting of Stockholders of First Midwest Bancorp, Inc. which will be held on Wednesday, May 19, 2010 at 9:30 a.m., Central time, at the Westin Chicago Northwest, 400 Park Blvd., Itasca, Illinois 60143. Attached and enclosed you will find a Notice setting forth the business expected to come before the meeting, the Proxy Statement, a Proxy Card and a copy of our 2009 Annual Report.

Your vote is very important to us. Whether or not you plan to attend the meeting in person, your shares should be represented and voted. Please cast your vote either by mail, telephone, or the Internet as instructed on the enclosed proxy card. Voting in any of these ways will not prevent you from attending the Annual Meeting. The Proxy Statement further explains how you can attend and vote your shares at the Annual Meeting.

On behalf of our Board of Directors, I would like to express our appreciation for your continued interest in the affairs of First Midwest Bancorp, Inc. I hope you will be able to attend the Annual Meeting.

Sincerely,

Michael L. Scudder

President and Chief Executive Officer

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First Midwest Bancorp, Inc.

One Pierce Place, Suite 1500

Itasca, Illinois 60143

NOTICE OF ANNUAL MEETING

Date and Time: May 19, 2010 at 9:30 a.m., Central time

Place: Westin Chicago Northwest, 400 Park Boulevard, Itasca, Illinois 60143

Items of Business: To elect five directors to our Board of Directors for a three-year term ending in 2013.

To consider an advisory (non-binding) vote ratifying the appointment of Ernst & Young LLP as our independent auditors for the fiscal year ending December 31, 2010.

To consider approval of certain amendments to and the restatement and renewal of the *First Midwest Bancorp, Inc. Omnibus Stock and Incentive Plan*.

To consider an advisory (non-binding) vote approving executive compensation.

To transact such other business as may properly come before the Annual Meeting.

Record Date: You can vote only if you owned shares of First Midwest Bancorp, Inc. common stock at the close of business on March 26, 2010, the Record Date for the Annual Meeting.

Stockholders of Record List: A list of the stockholders of record as of March 26, 2010 will be available for inspection during ordinary business hours at our offices, One Pierce Place, Suite 1500, Itasca, Illinois 60143, from May 7, 2010 to May 18, 2010, as well as at the Annual Meeting.

Additional Information: Additional information regarding the matters to be acted upon at the Annual Meeting is included in the accompanying Proxy Statement.

Proxy Voting: It is important that your shares be represented and voted at the Annual Meeting. You can vote your shares by mail, telephone, or the Internet as instructed on your Proxy Card. Voting in any of these ways will not prevent you from attending or voting your shares at the Annual Meeting. For instructions on how to vote your shares, see pages 1 to 4 of the enclosed Proxy Statement.

Mailing Date:

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This notice and the accompanying Proxy Statement, Proxy Card and 2009 Annual Report were mailed to you on or about April 7, 2010.

By order of the Board of Directors,

Cynthia A. Lance

Executive Vice President and

Corporate Secretary

First Midwest Bancorp, Inc.

April 7, 2010

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First Midwest Bancorp, Inc.

One Pierce Place, Suite 1500

Itasca, Illinois 60143

PROXY STATEMENT

Annual Meeting of Stockholders

May 19, 2010

INTRODUCTION

This Proxy Statement is furnished in connection with a solicitation of proxies by the Board of Directors (Board) of First Midwest Bancorp, Inc., a Delaware corporation (FMBI, First Midwest, the Company or we), to be used at our 2010 Annual Meeting of Stockholders (Annual Meeting) on Wednesday, May 19, 2010 at 9:30 a.m., Central time, at the Westin Chicago Northwest, 400 Park Boulevard, Itasca, Illinois 60143, and at any adjournments or postponements of the Annual Meeting. The approximate date on which this Proxy Statement and the accompanying form of proxy are first being sent to stockholders is April 7, 2010.

DEFINED TERMS

For your reference, *Annex A* to this proxy statement includes a glossary of certain terms, including terms relating to certain federal programs designed to restore stability to the financial markets and which impose executive compensation limitations on institutions participating in those programs.

VOTING INSTRUCTIONS AND INFORMATION

Who can vote at the Annual Meeting?

You are entitled to vote or direct the voting of your shares of FMBI common stock (Common Stock) if you were a stockholder of record at the close of business on March 26, 2010, the record date (Record Date) for the Annual Meeting. On that date, there were approximately 74,147,000 shares of Common Stock outstanding, each of which is entitled to one vote for each matter to be voted on at the Annual Meeting, held by approximately 2,500 registered stockholders of record.

A proxy is your direction to another person to vote your shares in the manner you instruct. When you sign the enclosed proxy card, you will appoint certain members of our management to vote your shares at the Annual Meeting in the manner you instruct. Even if you plan to attend the Annual Meeting, you should complete, sign and return your proxy card in advance.

Who is and is not a stockholder of record?

If you hold Common Stock that is registered in your name at our transfer agent, BNY Mellon Shareowner Services, as of the Record Date, you are a stockholder of record. However, if you hold shares of our Common Stock indirectly through a broker, bank or similar institution, you are not a stockholder of record, rather, you are a stockholder whose shares are held in street name and your broker, bank, or other nominee is considered the stockholder of record and you are considered the beneficial owner of the shares.

We sent copies of our proxy materials directly to all stockholders of record. If you are a beneficial owner whose shares are held in street name, these materials were sent to you by the bank, broker or similar institution through which you hold your shares. As the beneficial owner, you can direct this entity on how to vote your shares at the Annual Meeting and it is obligated to provide you with a voting instruction form for you to

use for this purpose.

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What does it mean if I receive more than one proxy card?

If you receive multiple proxy cards, this means you hold your shares in more than one account. To ensure that all your shares are voted, sign and return each proxy card. If you vote on the Internet or by telephone, you will need to vote for each proxy voting instruction card you receive.

Do current FMBI employees who participate in the FMBI benefit plans receive a proxy mailing?

Employees who participate in the *First Midwest Bancorp, Inc. Savings and Profit Sharing Plan* (Savings and Profit Sharing Plan), *First Midwest Bancorp, Inc. Non-qualified Retirement Plan* (Retirement Plan), *First Midwest Bancorp, Inc. Stock Option Gain Deferral Plan* (Gain Deferral Plan) and/or the *First Midwest Bancorp, Inc. Dividend Reinvestment Plan*, and have a Company e-mail address, will receive an e-mail from Broadridge Financial Solutions, Inc. describing how to access proxy materials and vote via the Internet or telephone. One e-mail will be sent for all accounts registered in the same employee name. If the employee's accounts are registered in different names, he or she will receive a separate e-mail for each account. This e-mail will be titled: FIRST MIDWEST BANCORP, INC. 2010 ANNUAL MEETING OF STOCKHOLDERS AND PROXY VOTE.

The trustees under these plans are the record owners of all shares of Common Stock held in the plans, and the trustees will vote the shares held for the account of each employee in accordance with the instructions received from the employee. Employees should instruct the trustees how to vote their shares by using the instructions provided in the e-mail and vote via the Internet or by telephone. If the trustees do not receive voting instructions by the specified deadline, the trustees will vote the shares proportionally in the same manner as those shares for which instructions were received. Because the employees are not the record owners of the related shares, the employees may not vote these shares in person at the Annual Meeting.

What do I need to do to attend the Annual Meeting?

All stockholders must bring an acceptable form of identification, such as a driver's license, in order to attend the Annual Meeting in person. In addition, if you hold shares in street name and would like to attend our Annual Meeting, you will need to bring an account statement or other acceptable evidence of ownership of Common Stock as of the close of business on March 26, 2010, the Record Date for voting. In order to vote at the Annual Meeting, you will also need a valid legal proxy, which you can obtain by contacting your account representative at the broker, bank or similar institution through which you hold your shares. See below *How do I vote?*

How do I vote?

You may cast your vote in one of four ways:

By Internet. The web address for Internet voting can be found on the enclosed proxy card. Internet voting is available 24 hours a day. If you choose to vote by Internet, then you do not need to return the proxy card. To be valid, your vote by Internet must be received by the deadline specified on the card.

By Telephone. The number for telephone voting can be found on the enclosed proxy card. Telephone voting is available 24 hours a day. If you choose to vote by telephone, then you do not need to return the proxy card. To be valid, your vote by telephone must be received by the deadline specified on the card.

By Mail. Mark the enclosed proxy card, sign and date it, and return it in the pre-paid envelope we have provided. To be valid, your vote by mail must be received by the deadline specified on the card.

At the Annual Meeting. You can vote your shares in person at the Annual Meeting. If you are a stockholder of record, in order to vote at the Annual Meeting, you must present an acceptable form of identification, such as a driver's license. If you hold your shares in street name, in order to vote at the Annual Meeting, you must obtain a legal proxy which you can obtain by contacting your account representative at the broker, bank or similar institution through which you hold your shares (see, *What do I need to do to attend the Annual Meeting?*), and bring that proxy to the Annual Meeting.

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How can I revoke my proxy, substitute a new proxy or change my vote?

You can revoke your proxy or substitute a new proxy at any time before your proxy is voted at the Annual Meeting by:

subsequently submitting a new proxy through the Internet or by telephone; or

subsequently executing and mailing a proxy card that is received on a later date; or

giving written notice of revocation to our Corporate Secretary at One Pierce Place, Suite 1500, Itasca, Illinois 60143; or

voting in person at the Annual Meeting.

If your shares are held in street name, you may change your vote by submitting new voting instructions to your broker, bank, or other nominee.

How can I obtain an additional proxy card?

If you lose, misplace or otherwise need to obtain a proxy card, and:

you are a stockholder of record, contact our Corporate Secretary's office at 630-875-7463; or

you hold Common Stock indirectly through a bank, broker or similar institution, contact your account representative at that organization.

If I submit a proxy by the Internet, telephone or mail, how will my shares be voted?

If you properly submit your proxy by the Internet, telephone or mail, and you do not subsequently revoke your proxy, your shares will be voted in accordance with your instructions. If you sign, date and return your proxy card, but do not give voting instructions, your shares will be voted as follows:

FOR the election of our director nominees;

FOR the ratification of the appointment of Ernst & Young LLP as our independent auditors for our fiscal year ending December 31, 2010;

FOR approval of certain amendments to and the restatement and renewal of the *First Midwest Bancorp, Inc. Omnibus Stock and Incentive Plan*;

FOR approval of executive compensation; and

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otherwise in accordance with the judgment of the persons voting the proxy on any other matter properly brought before the Annual Meeting.

How are votes counted?

Election of Directors. You may vote FOR or AGAINST any or all director nominees, or you may ABSTAIN as to one or more directors. A majority of the votes cast with respect to the election of a director must be voted FOR the director in order for the director to be elected. A vote to ABSTAIN is not treated as a vote cast with respect to the election of a director, and thus will have no effect on the outcome of the vote. A director who fails to receive a majority FOR vote will tender his or her resignation to the Board for consideration, and our Nominating and Corporate Governance Committee will make a recommendation to the Board on whether to accept or reject the resignation, or whether other action should be taken. The Board will consider the recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date of the certification of the election results.

Advisory (non-binding) Vote Ratifying the Appointment of Independent Auditors. You may vote FOR or AGAINST this proposal or you may ABSTAIN. A majority of the votes cast must be voted FOR ratification in order for the proposal to pass. A vote to ABSTAIN is not treated as a vote FOR or AGAINST, and thus will have no effect on the outcome of the vote. This is an advisory vote, the results of which will be considered by the Audit Committee of the Board.

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Approval of Certain Amendments to and the Restatement and Renewal of the First Midwest Bancorp, Inc. Omnibus Stock and Incentive Plan. You may vote FOR or AGAINST this proposal or you may ABSTAIN. A majority of the shares present in person or represented by proxy at the Annual Meeting must be voted FOR this proposal in order for it to pass. A vote to ABSTAIN will have the effect of a vote AGAINST the proposal.

Advisory (non-binding) Vote Approving Executive Compensation. You may vote FOR or AGAINST this proposal or you may ABSTAIN. A majority of the votes cast must be voted FOR the proposal in order for it to pass. A vote to ABSTAIN is not treated as a vote FOR or AGAINST, and thus will have no effect on the outcome of the vote. This is an advisory vote, the results of which will be considered by the Compensation Committee of the Board.

Broker Non-Vote. Under certain circumstances, including the election of directors, banks and brokers are prohibited from exercising discretionary authority for beneficial owners who have not provided voting instructions to the broker (a broker non-vote). In these cases, and in cases where the shareholder abstains from voting on a matter, those shares will be counted for the purpose of determining if a quorum is present, but will not be included as votes cast with respect to those matters. Whether a bank or broker has authority to vote shares on uninstructed matters is determined by stock exchange rules.

We expect brokers will be allowed to exercise discretionary authority for beneficial owners who have not provided voting instructions with respect to all of the Items to be voted on at the Annual Meeting, other than Item 1 (Election of Directors) and Item 3 (Approval of Certain Amendments to and the Restatement and Renewal of the First Midwest Bancorp, Inc. Omnibus Stock and Incentive Plan). Because the affirmative vote of a majority of the shares present in person or represented by proxy is necessary to approve Item 3, a failure by your broker to vote your shares when you have not given voting instructions will have the effect of a vote AGAINST that proposal.

How many shares are required to be present to transact business at the Annual Meeting?

A quorum is required to transact business at the Annual Meeting. The holders of a majority of the outstanding shares of Common Stock as of March 26, 2010, present in person or represented by proxy and entitled to vote, will constitute a quorum for the transaction of business at the Annual Meeting. Abstentions and broker non-votes are treated as present for quorum purposes.

Who pays for the expenses of this proxy solicitation?

We will pay the expenses of the preparation of proxy materials and the solicitation of proxies for the Annual Meeting. In addition to the solicitation of proxies by mail, solicitations may be made by certain of our directors, officers or employees or affiliates telephonically, electronically or by other means of communication. Directors, officers and employees will receive no additional compensation for any such solicitation. We will reimburse brokers and other similar institutions for costs incurred by them in mailing proxy materials to beneficial owners in accordance with applicable rules.

Additional Information

A copy of our Annual Report for the fiscal year ended December 31, 2009 is enclosed with this Proxy Statement. You also may obtain additional information regarding First Midwest Bancorp, Inc., including our corporate governance policies and practices, by visiting our website at www.firstmidwest.com/investorrelations, or by a written request to our Corporate Secretary at First Midwest Bancorp, Inc., One Pierce Place, Suite 1500, Itasca, Illinois 60143.

Important Notice Regarding the Availability of Proxy Materials

A complete copy of this Proxy Statement and our Annual Report for the fiscal year ended December 31, 2009 are also available at www.firstmidwest.com/proxymaterials.

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ITEM 1 ELECTION OF DIRECTORS

Nominees for Election

Our Board consists of 14 directors, which are divided into three classes, with each class serving for staggered three-year terms. As a result, each year, only one class of directors stands for election at our annual meeting of stockholders. This year, upon the recommendation of our Nominating and Corporate Governance Committee, Brother James Gaffney, Patrick J. McDonnell, Michael L. Scudder, John L. Sterling and J. Stephen Vanderwoude have each been nominated by our Board to stand for election at the Annual Meeting. All nominees are currently directors of FMBI and previously have been elected by our stockholders.

If elected, each nominee will hold office for a three-year term ending in 2013 and until his successor has been elected and qualified, or until his earlier resignation or removal. All nominees have informed us that they are willing to serve as directors. Each nominee will tender his resignation as a director in accordance with our By-Laws and Corporate Governance Guidelines if he fails to receive the required vote for election, and the Board will determine whether it is in the best interest of the Company to accept any tendered resignation.

Nomination Process

In evaluating, identifying and recommending nominees for the Board, our Nominating and Corporate Governance Committee places primary emphasis on the criteria set forth in our Corporate Governance Guidelines which includes:

the individual's judgment, expertise, character, skills, background, knowledge of matters useful to the oversight of the Company and other relevant experience;

the individual's ability and willingness to commit adequate time to Board and committee matters; and

the extent to which the interplay of the individual's expertise, skills, knowledge and personality with that of other Board members will build a Board that is effective, collegial and responsive to the needs of the Company.

We do not set specific, minimum qualifications that nominees must meet in order to be recommended to the Board. Each nominee is evaluated based on his or her individual merits, taking into account the needs of the Company and the composition of the Board. The Nominating and Corporate Governance Committee discusses and evaluates possible candidates in detail and outside consultants are sometimes employed to help identify potential candidates, the fees for which are reviewed and approved by the Chair of the Nominating and Corporate Governance Committee. When determining whether to recommend a director for re-election, the Nominating and Corporate Governance Committee considers the director's past participation in and contributions to Board activities and the most recent Board self-evaluation. The Board has not adopted a formal diversity policy for nominees. However, when making recommendations for nominees to the Board, the Nominating and Corporate Governance Committee attempts to include directors who, when taken together with the other nominees and continuing directors, will create a group that offers a diversity of education, professional experience, background, age, perspective, viewpoints and skill.

The Nominating and Corporate Governance Committee will consider and evaluate director candidates recommended by stockholders in the same manner as other candidates identified by the Committee. A stockholder wanting to formally nominate a candidate must do so by following the procedures described in the Company's Restated Certificate of Incorporation and By-Laws, as amended from time to time.

Independence of Nominees and Non-Employee Directors

Our Board determines the independence of all non-employee directors in accordance with the independence requirements of the Nasdaq Stock Market listing standards (Nasdaq Rules). Accordingly, each year the Board affirmatively determines whether each non-employee director has a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Annually, each non-employee director is required to complete a questionnaire that provides information about relationships that might affect the determination of independence. Management then provides the Nominating and Corporate Governance Committee and Board with relevant facts and circumstances of any relationship bearing on the independence of a director or nominee that are outside the categories permitted under Nasdaq Rules.

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Based on the review and recommendation by the Nominating and Corporate Governance Committee, the Board analyzed the independence of each of the Company's nominees and other current directors, and determined that the following directors meet the standards of independence under our Corporate Governance Guidelines and Nasdaq Rules: Barbara A. Boigegrain, Bruce S. Chelberg, John F. Chlebowski, Jr., Joseph W. England, Brother James Gaffney, Thomas M. Garvin, Patrick J. McDonnell, John E. Rooney, Ellen A. Rudnick, John L. Sterling and J. Stephen Vanderwoude. Our Board also determined that Robert P. O'Meara, the Company's current Chairman and former Chief Executive Officer, Michael L. Scudder, the Company's current President and Chief Executive Officer and Thomas J. Schwartz, the current President and Chief Executive Officer of our wholly owned subsidiary First Midwest Bank are all not independent under the standards of our Corporate Governance Guidelines and Nasdaq Rules. We expect that Mr. O'Meara will qualify as an independent director in September of 2011 under Nasdaq Rules.

In addition, our Board determined that each member of the Audit Committee is financially literate and has accounting or related financial management expertise, as such qualifications are defined under Nasdaq Rules, and Patrick J. McDonnell is an audit committee financial expert within the meaning of the rules and regulations of the Securities and Exchange Commission (SEC).

As discussed above under the section entitled *Nomination Process*, the evaluation and selection of each member of the Board is based on a variety of factors including professional experience, recognized achievements and community leadership. Included in the table below is the name of each member of the Board, along with his or her principal occupation for at least the previous five years and other professional experience and achievements. Each director has been identified as possessing the requisite skills, experience and attributes that qualify him or her to serve as a member of the Company's Board.

Nominees Standing for Election at the Annual Meeting For a Term Expiring in 2010

Brother James Gaffney (67) Director since 1998 Brother Gaffney, FSC has served as the President of Lewis University in Romeoville, Illinois since 1988. Brother Gaffney obtained a bachelors degree in Theology and a masters in education from Saint Mary's University of Minnesota. He also received a masters degree in Theology from Manhattan College in New York and a D.Min. degree in Pastoral Theology from the University of Saint Mary of the Lake in Mundelein, Illinois.

Brother Gaffney serves as a member of the Compensation and Advisory Committees and the Chair of the Nominating and Corporate Governance Committee. He serves in various leadership positions with several civic and charitable organizations, including the Executive Council of Chicago Metropolis 2020 and the Board of Directors and Executive Committee, Will County Center for Economic Development.

Brother Gaffney has been the recipient of numerous honors including the Roger Osman Award for Distinguished Volunteer Service from the United Way of Will County (1997), Lifetime Achievement Award from the Joliet Region Chamber of Commerce and Industry (2002), the De La Salle Award from Bethlehem University (2005) and the Provena St. Joseph Medical Center Founder's Award (2007).

His extensive background in education and administration enables him to bring valuable leadership, institutional management and consensus-building skills to the Board. His civic and charitable activities in the metro Chicago area also give him unique insight into the markets and communities in which the Company operates.

Patrick J. McDonnell (66) Director since 2002 Since July 2000, Mr. McDonnell has served as the President and Chief Executive Officer of The McDonnell Company LLC located in Lake Forest, Illinois (a business consulting company). In this position he works with companies in a wide variety of industries to help define organizational opportunities to improve performance and achieve results. Previously, he served as director of global assurance for

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PricewaterhouseCoopers LLP, an accounting firm, and vice chairman of business assurance for its predecessor, Coopers & Lybrand, LLP. He has also served as President and COO of LAI Worldwide, Inc., an executive recruiting firm, including facilitating its sale to TMP Worldwide, Inc.

Mr. McDonnell serves as a member of our Audit and Nominating and Corporate Governance Committees. He also serves as a member of the board of directors of Material Science Company, Inc. (since 2006). He also is an Adjunct Professor at the Lake Forest Graduate School of Management where he teaches Leading Organizational Change.

Mr. McDonnell earned a BBA degree from the University of Notre Dame in 1965 and an MBA from the University of Michigan in 1970. He is the author of *Everybody Wants to Go to Heaven- Six Steps to Organizational Excellence* (Summer, 2000). Through his notable professional background, Mr. McDonnell brings valuable tactical skills and experience in business management, strategic planning and finance to the Board.

Michael L. Scudder (49) Director since 2008 Michael L. Scudder is the President and Chief Executive Officer of First Midwest Bancorp, Inc. and the Vice Chairman of the Board of First Midwest Bank. He serves as a member of our Advisory Committee.

Prior to his current appointment in September 2008, Mr. Scudder served as the Company's President and Chief Operating Officer beginning in May 2007, and as its Chief Financial Officer from January 2002 to May 2007. He previously served as the Group Executive Vice President and Chief Financial Officer of First Midwest Bank from May 1995 to December 2001. He also has served in various other management capacities in his 22 years of service to the Company.

Mr. Scudder earned a bachelor's degree in accounting from Illinois Wesleyan University in 1982, and an MBA from DePaul University in 1993. He serves in various leadership positions with several civic and charitable organizations in the metropolitan Chicago area. He is a certified public accountant and a member of both the American Institute of Certified Public Accountants and the Illinois CPA Society. He has over 26 years of experience in the banking and financial institution industry.

Mr. Scudder brings extensive financial and banking experience to the Board and his day to day management of the Company provides the Board with Company-specific experience and expertise, including a complete understanding of the Company's vision and strategy.

John L. Sterling (66) Director since 1998 Mr. Sterling has owned and operated Sterling Lumber Company, a distributor of lumber headquartered in Blue Island, Illinois for over 43 years. He serves as a member of our Compensation Committee.

Mr. Sterling earned a bachelors degree in Business Administration in 1967 from Michigan State University. He serves in various leadership positions with several civic and charitable organizations in the Chicago metropolitan area, including the Boy Scouts of America, and he is the recipient of their council's highest award.

Mr. Sterling's extensive background as a business owner allows him to bring valuable leadership, business development, customer service and strategic management experience to the Board. His business, civic and charitable activities in the metropolitan Chicago area also give him unique insight into the markets and communities in which the Company operates.

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J. Stephen Vanderwoude (66) Director since 1991 Mr. Vanderwoude is currently a private investor. From 1996 until April 2007, he served as Chairman and Chief Executive Officer of Madison River Telephone Company LLC, a company that acquired and operated rural telephone companies. Prior to his service to Madison River, he served as the President, Chief Executive Officer and a director of Powerhouse Technologies, Inc. from 1994 to 1995, and from 1989 to 1993 he served as President and Chief Operating Officer and a director of Centel Corporation.

Mr. Vanderwoude serves as the Chair of the Company's Compensation Committee and is a member of its Advisory and Nominating and Corporate Governance Committees. From 1999 to 2009, Mr. Vanderwoude served as a member of the board of directors of Centennial Communications Corp and as its Chairman from 2007 to 2009.

Mr. Vanderwoude earned a bachelors degree in engineering from the University of Pennsylvania in 1967 and an MBA from the University of Chicago in 1977. Through his significant professional background, Mr. Vanderwoude brings valuable skills and experience in leadership, business management, strategic planning and corporate development to the Board. He also has extensive knowledge and experience regarding the Company's businesses, which he gained as a result of his over 19 years of service to the Board.

Continuing Directors Serving a Term Expiring in 2011

John F. Chlebowski, Jr. (64) Director since 2007 Mr. Chlebowski, served as the President and Chief Executive Officer of Lakeshore Operating Partners, LLC (a bulk liquid distribution firm) from March 2000 until his retirement in December 2004. From July 1999 until March 2000, Mr. Chlebowski was a senior executive and co-founder of Lakeshore Liquids Operating Partners, LLC, a private venture firm, and from January 1998 until July 1999, he was a private investor and consultant in bulk liquid distribution. Mr. Chlebowski served as President and Chief Executive Officer of GATX Terminals Corporation, a subsidiary of GATX Corporation, from 1994 until 1997. He also served in various leadership positions with GATX Corporation, a specialized finance and leasing company, from 1984 to 1994.

Mr. Chlebowski currently serves as a member of the Company's Advisory and Audit Committees. He also is the Chairman of the Board of SemGroup Corporation (since 2009) and is a member of the board of directors of NRG Energy, Inc. (since 2003). He is a former Board member of Laidlaw International, Inc. (2003 to 2007), Phosphate Resource Partners LP (2003 to 2004) and SpectraSite, Inc. (2004 to 2005).

Mr. Chlebowski earned a bachelor degree in Business Administration from the University of Delaware in 1970 and an MBA with a concentration in finance (Beta Gamma Sigma) from Pennsylvania State University in 1971. He is active in community affairs and is the past President of the Board of Directors of Heartland Alliance. He has also served on the Boards of the Chicago Heart Association, Chicago City Ballet and Merit Music Program.

Through his notable professional background and achievements, Mr. Chlebowski brings important leadership, business management and finance experience to the Board, as well as valuable experience in corporate strategy.

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Thomas M. Garvin (74) Director since 1989 Mr. Garvin retired in 2001 as the President and Chief Executive Officer of G.G. Products Company (a food business acquirer) located in Oak Brook, Illinois. Prior to his service to G.G. Products, he served in various senior management positions with Keebler Company from 1969 to 1993, including serving as its President and Chief Executive Officer from 1978 to 1993.

Mr. Garvin serves as a member of the Company's Compensation and Nominating and Corporate Governance Committees.

Mr. Garvin earned a bachelor's degree in 1957 and an MBA in 1969 from Loyola University. During his business career, Mr. Garvin gained significant experience in product and business development, marketing, customer service, and manufacturing. He has been the recipient of numerous honors including the Stuart Henderson Britt Award for Marketing Achievement in 1985 by the American Marketing Association, and Loyola University's School of Business Distinguished Alumni of the Year Award in 1989. In 1984 Mr. Garvin was honored by President Ronald Reagan both personally and as the representative of Keebler for exemplary service to the nation in the campaign against drug and alcohol abuse. He also is a certified public accountant.

With his significant professional background and achievements, Mr. Garvin brings considerable leadership, general management, marketing and business development experience to the Board. He also has extensive knowledge and experience regarding the Company's businesses, which he gained as a result of his over 20 years of service to the Board.

John E. Rooney (67) Director since 2005 Mr. Rooney has served as the President and Chief Executive Officer of U.S. Cellular since 2000. Under his leadership, U.S. Cellular has expanded its network and markets, significantly improved customer service, enhanced employee training and expanded product development. Prior to his service to U.S. Cellular, Mr. Rooney served Ameritech Corporation in various leadership positions for nine years. Prior to Ameritech, Mr. Rooney held executive positions with Firestone Tire and Rubber Corporation, Pullman Incorporated, and the Federal Reserve Bank of Chicago.

Mr. Rooney serves as a member of the Company's Audit Committee. He also is a member of the board of directors of U.S. Cellular Corporation (since 2000).

Mr. Rooney earned a bachelor's degree in business administration from John Carroll University in 1964 and an MBA in finance from Loyola University in 1969. He serves in various leadership positions with several civic and charitable organizations, including the President's Board of Uhlich Children's Advantage Network (UCAN) and the board of After School Matters. He also is a member of the board of trustees of Loyola University as well as a member of the board of advisors of the University's School of Business Administration.

With his notable and diverse professional background and achievements, Mr. Rooney brings considerable general management, finance and business development experience to the Board, as well as banking and related financial management expertise from his service as a bank regulator.

Ellen A. Rudnick (59) Director since 2005 Since 1999, Ms. Rudnick has served as the Executive Director of the Michael Polsky Center for Entrepreneurship at the University of Chicago Booth School of Business. Prior to joining the University of Chicago, Ms. Rudnick served as President and CEO of Healthcare Knowledge Resources, President of HCIA, Chairman and Founder of Pacific Biometrics, and Corporate Vice President of Baxter Healthcare Corporation.

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Currently, Ms. Rudnick serves as a member of the Company's Audit, Nominating and Corporate Governance and Advisory Committees. She also currently serves on the Board of Patterson Companies (since 2003) and HMS Holdings, Corp. (since 1997).

Ms. Rudnick earned a bachelor's degree from Vassar College in 1972 and an MBA from the University of Chicago in 1973. She has spent 25 years in business management and entrepreneurial activities, primarily in the health care and information services industries. She serves in various leadership positions with several civic and charitable organizations in the Chicago metropolitan area, including serving on the Northshore University Health System board of directors for over 20 years. She is the recipient of several honors including the Today's Chicago Woman 20th Anniversary Hall of Fame and the YWCA Leadership Award.

With her broad professional background and significant achievements, Ms. Rudnick brings important leadership, corporate and entrepreneurial experience to the Board, as well as valuable experience in business management.

Continuing Directors Serving a Term Expiring in 2012

Barbara A. Boige grain (52) Director since 2008 Since 1994, Ms. Boige grain has served as the General Secretary and Chief Executive Officer of the General Board of Pension and Health Benefits of The United Methodist Church in Evanston, Illinois (a pension, health and welfare benefit trustee and administrator). Prior to 1994, she spent 11 years as a consultant with Towers Perrin and KPMG Peat Marwick.

Ms. Boige grain currently serves as a member of the Company's Audit and Compensation Committees. Ms. Boige grain also is a member of the Board of Directors of Church Benefits Association, Evanston Inventure and Church Alliance.

Ms. Boige grain earned a bachelor's degree from Trinity University in 1979. In her current position with the General Board she has overseen its restructuring and significantly improved its performance and services. In her experience as a benefits consultant, she established the San Diego office of Towers Perrin and built a client base of over \$2.5 million. Through her broad professional background, Ms. Boige grain brings significant leadership, business development and management skills to the Board, as well as valuable knowledge of financial markets.

Bruce S. Chelberg (75)¹ Director since 1989 Mr. Chelberg retired in 2000 as the Chairman and Chief Executive Officer of Whitman Corporation (a diversified, multinational company with a concentration in specialty foods, consumer services, commercial products and railroad transportation) headquartered in Rolling Meadows, Illinois. During his tenure with Whitman, Mr. Chelberg expanded the company's presence in numerous national and international markets culminating with the company's merger with PepsiAmericas, Inc. in 2000. Prior to being appointed Chairman and CEO of Whitman, Mr. Chelberg served as its Executive Vice President, Senior Vice President of Consumer Services and Senior Vice President of Planning and Development. Prior to his tenure with Whitman, from 1958 to 1981, he served in various senior management positions for Trans Union Corporation, eventually reaching the position of President, Chief Operating Officer and director.

¹ In accordance with Board policy, Mr. Chelberg submitted his resignation upon reaching the age of 75, however the Board has requested that Mr. Chelberg continue to serve as a director through the remainder of his term which will expire in 2012.

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Mr. Chelberg serves as a member of the Company's Advisory, Audit and Nominating and Corporate Governance Committees. Currently he also is a member of the board of directors of Snap-On Tools Corporation (since 1993) and he previously served as a member of the board of directors of Northfield Laboratories, Inc. (from 1989 to 2009).

Mr. Chelberg earned a bachelor's degree from the University of Illinois in 1956 and an LLB degree from the Illinois College of Law in 1958. Through his significant professional background, Mr. Chelberg brings extremely valuable leadership, strategic planning, corporate development and legal experience to the Board.

Joseph W. England (69) Director since 1986 Mr. England retired in 2000 as senior vice president of Deere & Company, Moline, Illinois (a mobile power equipment manufacturer). During his 37 year career with Deere & Company, Mr. England held several senior management positions in the area of finance and accounting, and served on its board of directors.

Mr. England serves as a member of the Company's Advisory Committee and is the Chair of its Audit Committee. He is also a member of the board of directors of Winnebago Industries (since 2001).

Mr. England earned a bachelor's degree in accounting from the University of Illinois in 1962 and is a certified public accountant. Mr. England is active in community affairs in the Quad Cities area and has served on numerous civic and human service boards. With his professional background and charitable activities, Mr. England brings valuable perspective and business management and finance experience to the Board. In addition, Mr. England has extensive knowledge and experience relating to the Company's businesses, which he gained as a result of his over 24 years of service on the Board.

Robert P. O Meara (72) Director since 1982 Mr. O Meara is the Chairman of the Board of First Midwest Bancorp, Inc. and First Midwest Bank. Mr. O Meara serves as a member of the Company's Advisory Committee. From 1998 to 2007 Mr. O Meara served as the Chairman of the Board of First Midwest Bancorp, Inc. He also served as the Company's Chief Executive Officer from 1987 through 2002 and as its Chief Operating Officer from 1983 to 1987. Mr. O Meara has over 39 years of experience in the banking and financial institution industry. Prior to his tenure with First Midwest, Mr. O Meara was in private legal practice in Lake County Illinois.

Mr. O Meara earned a bachelor's degree from the University of Notre Dame in 1959 and a juris doctorate from Loyola University in 1962. He serves in various leadership positions with several civic and charitable organizations in the metropolitan Chicago area.

Mr. O Meara brings extensive experience in law, regulatory compliance, banking and executive management to the Board. Through his leadership, intimate knowledge of the Company's business, and significant experience in corporate strategy and bank mergers and acquisitions, Mr. O Meara provides the Board with invaluable information about the Company and its historic operations as well as considerable experience and expertise with respect to the financial industry.

Thomas J. Schwartz (60) Director since 2008 Thomas J. Schwartz is the President and Chief Executive Officer of First Midwest Bank and an Executive Vice President of the Company. Previously, Mr. Schwartz served as the President and Chief Operating Officer of First Midwest Bank from

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May of 2007 to September of 2008. He has served in various other management capacities with First Midwest Bank in his 38 years of service to the Company.

Mr. Schwartz earned a bachelor's degree in business administration from Bradley University in 1971. He has over 38 years of experience in the banking and financial institution industry. Mr. Schwartz provides the Board with valuable insights on the factors that impact the Bank and the markets in which it operates, as well as perspective on the Bank's mission with respect to the communities it serves.

For more information regarding our Board, its members, its committees and our corporate governance practices, please see the section of this Proxy Statement entitled *Corporate Governance at First Midwest Bancorp, Inc.* beginning on page 21, or visit the Investor Relations section of our website at www.firstmidwest.com/corporategovernance.

Directors Recommendation

The Board unanimously recommends a vote For the election of each of Brother James Gaffney, Patrick J. McDonnell, Michael L. Scudder, John L. Sterling and J. Stephen Vanderwoude for service on the Board.

Table of Contents**ITEM 2 ADVISORY (NON-BINDING) VOTE RATIFYING INDEPENDENT AUDITORS****Independent Auditors**

The Audit Committee of the Board has selected Ernst & Young LLP as our independent auditors for our fiscal year ending December 31, 2010. We are submitting the selection of independent auditors for stockholder ratification at the Annual Meeting. We expect a representative of Ernst & Young LLP to be present at the Annual Meeting and will have the opportunity to make a statement if he or she desires to do so and will be available to respond to appropriate questions from stockholders. Ernst & Young LLP also served as our independent auditors for our fiscal year ended December 31, 2009.

Our organizational documents do not require that our stockholders ratify the selection of our independent auditors. If our stockholders do not ratify the selection, the Audit Committee will reconsider whether to retain Ernst & Young LLP, but may retain them nonetheless. Even if the selection is ratified, the Audit Committee, in its discretion, may change the appointment at any time during the year if it determines that such a change would be in the best interests of FMBI.

Fees Paid to Independent Auditors

The Audit Committee, or a designated member thereof, approves in advance all audit and any non-audit services rendered by Ernst & Young LLP on behalf of the Company. The following table shows information about fees paid by the Company to Ernst & Young LLP.

	2009	Percent of 2009 Services Approved by Audit Committee	2008	Percent of 2008 Services Approved by Audit Committee
Audit fees	\$ 778,490	100%	\$ 901,635	100%
Audit-related fees ^(a)	299,600	100%	110,195	100%
Tax fees ^(b)	120,000	100%	111,285	100%
All other fees ^(c)	306,408	100%	1,500	100%

(a) Includes fees related to the audit of the Company's benefit plans, and consultation regarding technical accounting and reporting matters.

(b) Includes tax return review services and tax advice and planning.

(c) Includes SEC filings, comfort letters, consents, and comment letters.

For audit related services, tax services and all other services, our Audit Committee has determined specific services and dollar thresholds under which such services would be considered pre-approved. To the extent management requests services other than these pre-approved services, or beyond the dollar thresholds, our Audit Committee must specifically approve the services. Further, under our fee policy, the independent auditors may not perform the non-audit services identified by the SEC as prohibited. Our fee policy requires management to provide to our Audit Committee on a quarterly basis a summary of all services performed by the independent auditors.

Directors' Recommendation

The Board unanimously recommends a vote For ratification of the appointment of Ernst & Young LLP as our independent auditors for our fiscal year ending December 31, 2010.

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ITEM 3 APPROVAL OF CERTAIN AMENDMENTS TO AND THE RESTATEMENT AND RENEWAL OF THE FIRST MIDWEST BANCORP, INC. OMNIBUS STOCK AND INCENTIVE PLAN

Background

We currently maintain a *First Midwest Bancorp, Inc. Omnibus Stock and Incentive Plan* (Omnibus