

FIRST MIDWEST BANCORP INC
Form DEF 14A
April 14, 2003

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

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 Rule 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)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1. Title of each class of securities to which transaction applies:

2. Aggregate number of securities to which transaction applies:

3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4. Proposed maximum aggregate value of transaction:

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5. Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1. Amount Previously Paid:

2. Form, Schedule or Registration Statement No.:

3. Filing Party:

4. Date Filed:

First Midwest Bancorp, Inc.
300 Park Boulevard, Suite 400
Itasca, Illinois 60143-9768
(630) 875-7450

April 15, 2003

Dear Shareholder:

It is my pleasure to invite you to the 2003 Annual Meeting of Shareholders of First Midwest Bancorp, Inc. The meeting will be held on Tuesday, May 20, 2003 at 9:30 a.m. at the Sheraton Suites Hotel, 121 Northwest Point Boulevard, Elk Grove Village, Illinois.

William J. Cowlin, whose term of office expires with the 2003 Annual Meeting, will not stand for reelection. On behalf of First Midwest Bancorp, Inc., we wish to thank Mr. Cowlin for his service and wise counsel since joining the Board in 1997. Although retired, Mr. Cowlin will continue to serve us as an Emeritus Director.

The notice of annual meeting, proxy statement and proxy card are enclosed. Also, First Midwest is pleased to offer its shareholders the opportunity to receive shareholder communications electronically. You may access the notice of annual meeting and proxy statement on the Internet at www.firstmidwest.com. For more information, see **Electronic Access to Proxy Materials and Annual Report** on page 2 of the proxy statement.

It is important that your shares be represented at the meeting, regardless of the number of shares you hold. You may accomplish this in any one of three ways: (i) via the Internet; (ii) by telephone; or (iii) by signing the enclosed proxy card and returning it in the accompanying envelope, all as more fully described in the accompanying Proxy Statement. If you attend the Annual Meeting and wish to vote in person, you may do so even though you have previously voted by proxy.

Whether or not you plan to attend the Annual Meeting, we encourage you to vote at your earliest opportunity.

I look forward to seeing you on May 20th.

Yours very truly,

John M. O Meara
President and
Chief Executive Officer

First Midwest Bancorp, Inc.
300 Park Boulevard, Suite 400
Itasca, Illinois 60143-9768
(630) 875-7450

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS TO BE HELD MAY 20, 2003

To the Shareholders of

FIRST MIDWEST BANCORP, INC.:

The Annual Meeting of Shareholders of First Midwest Bancorp, Inc. will be held at the Sheraton Suites Hotel, 121 Northwest Point Boulevard, Elk Grove Village, Illinois, on Tuesday, May 20, 2003 at 9:30 a.m. for the purpose of:

- 1) Electing four directors: Bruce S. Chelberg, Joseph W. England, Patrick J. McDonnell and Robert P. O Meara; and
- 2) Transacting such other business as may be properly brought before the Annual Meeting or any adjournment or postponement thereof.

MANAGEMENT RECOMMENDS A VOTE FOR THE ELECTION OF DIRECTORS.

Your vote is important. We encourage you to promptly vote your shares over the Internet or by telephone as described on the proxy form, or by returning your signed proxy card in the accompanying envelope.

By order of the Board of Directors:

Steven H. Shapiro
Executive Vice President and
Corporate Secretary

April 15, 2003

First Midwest Bancorp, Inc.
300 Park Boulevard, Suite 400
Itasca, Illinois 60143-9768
(630) 875-7450

**PROXY STATEMENT
FOR ANNUAL MEETING TO BE HELD ON MAY 20, 2003**

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This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of First Midwest Bancorp, Inc. (the Company) of proxies for use at the Annual Meeting of Shareholders (the Annual Meeting) to be held May 20, 2003 at 9:30 a.m. at the Sheraton Suites Hotel, 121 Northwest Point Boulevard, Elk Grove Village, Illinois and at any adjournments or postponements of that meeting. This Proxy Statement, the Form of Proxy and the Company's 2002 Annual Report were first mailed on April 15, 2003.

Record Date and Share Ownership

The Board of Directors has fixed the close of business on April 7, 2003 as the record date for determining shareholders entitled to notice of, and to vote at, the Annual Meeting. On the record date, the Company had outstanding 46,608,986 shares of common stock, par value of \$0.01 per share par value (Common Stock). Each outstanding share of Common Stock entitles the holder to one vote.

Proxies and Voting Procedures

YOUR VOTE IS IMPORTANT. Because many shareholders cannot personally attend the Annual Meeting, it is necessary that a large number of shareholders be represented by proxy. Registered shareholders voting by proxy may use one of the following three options:

- Filling out the enclosed *proxy* card, signing it, and mailing it in the enclosed postage-paid envelope;
- Voting by *telephone* (instructions are on the proxy card); or
- Voting by *Internet* (instructions are on the proxy card).

Shareholders whose shares are held in the name of a bank, broker, or other nominee may or may not be able to use Internet or telephone voting. For information, please refer to the voting materials you receive or contact your bank, broker or nominee.

The instructions for Internet and telephone voting are provided on the proxy card. The Internet and telephone voting instructions are designed to verify shareholders' identities, allow shareholders to give voting instructions and confirm that their instructions have been properly recorded. Shareholders who vote over the Internet should be aware that they may incur costs to access the Internet, such as usage charges from telephone companies or Internet service providers, and that these costs must be borne by the shareholder. The Internet and telephone voting facilities for shareholders of record will close at 11:59 p.m. E.D.T. on May 19, 2003. ***Shareholders who vote through the Internet or by telephone need not return a proxy card by mail.***

Shares of Common Stock represented by properly executed proxies received by the Company will be voted at the Annual Meeting in accordance with the instructions thereon. If there are no such instructions, the shares will be voted: (i) in favor of the election of the nominees for director; and (ii) in the discretion of the named proxies on any other matters which may properly come before the Annual Meeting.

1

A shareholder may revoke a proxy by: executing a later-dated proxy by Internet, telephone or mail; giving written notice of such revocation to the Corporate Secretary of the Company; or voting in person at the Annual Meeting. Attendance at the Annual Meeting will not by itself constitute the revocation of a proxy.

The Inspector of Election appointed by the Board of Directors for the Annual Meeting will tabulate votes cast by proxy or in person at the Annual Meeting and will determine whether or not a quorum is present. The Inspector of Election will treat abstentions as shares that are present and entitled to vote for purposes of determining the presence of a quorum but as unvoted for purposes of determining the approval of any matter submitted to the shareholders for a vote. If a broker indicates on the proxy that it does not have discretionary authority as to certain shares to vote on a particular matter, those shares will not be considered as present and entitled to vote with respect to that matter.

A vote to abstain on the election of directors will have no effect on the outcome. If you vote abstain, your shares will be counted as present for purposes of determining whether enough votes are present to hold the Annual Meeting.

If you are a holder of record (that is, your shares are registered in your own name with our transfer agent) and you do not vote your shares, your shares will not be voted.

Voting of Shares in the First Midwest Bancorp, Inc. Dividend Reinvestment Plan

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The Company's Stock Transfer Agent, Mellon Investor Services, is the record owner of all shares of Common Stock held for participants in the Dividend Reinvestment & Stock Purchase Plan (DR Plan). Each DR Plan participant will receive a single proxy card covering both the shares of Common Stock credited to the participant's DR Plan account and the shares owned by such participant outside the DR Plan.

Voting by Participants in Employee Plans

If an employee participates in the First Midwest Bancorp Stock Option Gain Deferral Plan, the First Midwest Common Stock Fund under the First Midwest Bancorp Savings and Profit Sharing Plan or the First Midwest Bancorp Nonqualified Retirement Plan (the Employee Plans) or the DR Plan, the employee will receive one proxy for all accounts registered in the same name. If all of the accounts are not registered in the same name, the employee will receive a separate proxy for each account that is registered in a different name.

The Trustees under the Employee Plans are the record owners of all shares of Common Stock held for participants in the Employee Plans. The Trustees will vote the shares held for the account of each participant in an Employee Plan in accordance with the directions received from participants. In order to obtain such voting directions, the Trustees will forward this Proxy Statement and a direction card to each Employee Plan participant. Participants may provide their voting directions to the Trustees through the Internet or by telephone as described on the direction card, or by executing and returning the direction card in the accompanying envelope. Voting directions must be given if the shares held pursuant to the Employee Plans are to be voted. Shares held in the Employee Plans for which no directions are received will be voted by the Trustees proportionally in the same manner as it votes shares for which directions were received. All direction cards returned will be kept confidential by the Trustees or its tabulating agent and will not be disclosed to the Company or any of its employees. Because Employee Plan participants are not the record owners of the related shares, such shares may not be voted in person by Employee Plan participants at the Annual Meeting.

Electronic Access to Proxy Materials and Annual Report

First Midwest is pleased to offer its shareholders the opportunity to receive future proxy statements and annual reports electronically over the Internet. By signing up for electronic delivery, shareholders can receive these communications as soon as they become available and help the Company reduce printing and postage costs. Shareholders can access the proxy statement and the 2002 Annual Report electronically by going to the Investor Relations section of the Company's Internet website located <http://www.firstmidwest.com/fmbi.asp>.

2

If you are a shareholder of record at the close of business on April 7, 2003, you can choose this option by following the instructions provided at the Internet voting website at www.proxyvote.com. Most shareholders who vote their shares for the Annual Meeting over the Internet will be given the opportunity to consent to future delivery of First Midwest documents over the Internet.

Shareholders can also register for this option by following the instructions provided on the following Internet website: <http://www.icsdelivery.com/fmbi> or by calling Steven H. Shapiro, Corporate Secretary at (630) 875-7345 or by writing to First Midwest: First Midwest Bancorp, Inc., 300 Park Boulevard, Suite 400, Itasca, Illinois 60143: Attention: Corporate Secretary.

If you choose to receive future proxy statements and annual reports electronically, then prior to next year's Annual Meeting you will receive e-mail notification when the proxy materials and annual report are available for your on-line review over the Internet. The e-mail will also include instructions for voting over the Internet. Your enrollment will be effective until you cancel it. You will not have to elect Internet access each year.

If you hold your shares through a bank, broker, or other nominee, please refer to the information provided by that entity for instructions on how to elect to view future proxy statements and annual reports over the Internet.

Shareholders who hold their shares through a bank, broker, or other nominee and who elect electronic access will receive information next year containing the Internet address for use in accessing First Midwest's proxy statement and annual report.

Cost of Solicitation

The cost of soliciting proxies, including expenses in connection with preparing and mailing this proxy Statement, will be borne by the Company. In addition to the solicitation of proxies by mail, the Company's directors, officers, employees and agents thereof may, without additional compensation, solicit proxies by telephone, facsimile, electronic communication and personal interviews.

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Brokerage houses, nominees, fiduciaries and other custodians will be requested to forward soliciting material to the beneficial owners of shares of record held by them and will be reimbursed for their reasonable expenses.

ELECTION OF DIRECTORS

The Company has three classes of directors of as nearly as equal size as possible. Each year the shareholders elect the members of a class of directors to serve for a term of three years. This year the nominees are Bruce S. Chelberg, Joseph W. England, Patrick J. McDonnell and Robert P. O Meara.

Mr. William J. Cowlin, who has been a director since 1997, will retire from the Board at the Annual Meeting. Thereafter, Mr. Cowlin will serve as an Emeritus Director of the Company. Emeritus Directors are invited to Board meetings but do not have any voting rights.

The nominees for director have been nominated for election for a term to end at the 2006 Annual Meeting of Shareholders. The Board expects that the nominees will be available for election. If any nominee is not available for election, the proxies may be voted for another person to fill the vacancy or the size of the Board of Directors may be reduced.

The Board of Directors recommends a vote FOR the election of Bruce S. Chelberg, Joseph W. England, Patrick J. McDonnell and Robert P. O Meara.

3

Nominees For Director To Serve Until 2006

Bruce S. Chelberg, 68 (Director since 1989). Mr. Chelberg retired in 2000 as Chairman and Chief Executive Officer of Whitman Corporation, Rolling Meadows, Illinois (a diversified, multinational holding company). He is a director of Snap-On Tools Corporation, Northfield Laboratories, Inc. and Actuant Corporation.

Joseph W. England, 62 (Director since 1986). Mr. England retired in 2000 as Senior Vice President of Deere & Company, Moline, Illinois (a mobile power equipment manufacturer). He is a director of Winnebago Industries.

Patrick J. McDonnell, 59 (Director since 2002). Since July 2000, Mr. McDonnell has served as the President and Chief Executive Officer of the McDonnell Company LLC, Lake Forest, Illinois (a business consulting company). From September 1999 through June 2000, Mr. McDonnell served as the President and Chief Executive Officer of Jordan Professional Services, a professional services firm. From September 1998 through August 1999, Mr. McDonnell served as the President and Chief Operating Officer of LAI Worldwide, an executive recruitment firm. From July 1998 through August 1998, Mr. McDonnell served as Director of Global Assurance for PricewaterhouseCoopers LLP, an accounting firm. Prior to that time, Mr. McDonnell served as the Vice Chairman of Business Assurance for Coopers & Lybrand LLP. He is a director of SS&C Technologies, Inc.

Robert P. O Meara, 65 (Director since 1982). Mr. O Meara is Chairman of the Board of the Company. Mr. O Meara served as Chief Executive Officer of the Company from 1987 through the end of 2002. He is the brother of John M. O Meara.

Directors Continuing To Serve Until 2004

Brother James Gaffney, FSC, 60 (Director since 1998). Brother Gaffney is President of Lewis University, Romeoville, Illinois (an independent private institution of higher education). He is a director of MediChem Life Sciences, Inc.

John L. Sterling, 59 (Director since 1998). Mr. Sterling is the President and owner of Sterling Lumber Company, Blue Island, Illinois (a lumber distributor). Mr. Sterling was a director of Heritage Financial Services, Inc. when it was acquired by the Company on July 1, 1998, at which time he was appointed to serve as a director of the Company.

J. Stephen Vanderwoude, 59 (Director since 1991). Mr. Vanderwoude is Chairman and Chief Executive Officer of Madison River Communications, Mebane, North Carolina (an integrated communications provider). He is a director of Centennial Communications.

Directors Continuing To Serve Until 2005

Vernon A. Brunner, 62 (Director since 1997). Mr. Brunner is President and Chief Executive Officer of Brunner Marketing Solutions, LLC, Lake Forest, Illinois (a consultant in marketing and distribution of pharmaceutical and consumer products). Prior to 2001, he was Executive Vice President-Marketing and Director of Walgreen Co. He is a director of Natrol, Inc.

O. Ralph Edwards, 68 (Director since 1988). Mr. Edwards retired in 1993 as Corporate Vice President-Human Resources of Abbott Laboratories Abbott Park, Illinois (a health care products manufacturer).

Thomas M. Garvin, 67 (Director since 1989). Mr. Garvin retired in 2001 as President and Chief Executive Officer of G.G. Products Company, Oakbrook, Illinois (a food business acquirer).

John M. O Meara, 57 (Director since 1982). Mr. O Meara has served as President and, since January 1, 2003, Chief Executive Officer of the Company. He also serves as Chairman and Chief Executive Officer of First Midwest Bank, a wholly owned subsidiary of the Company (the Bank). Previously, he was President and Chief Operating Officer of the Company. He is the brother of Robert P. O Meara.

BOARD OF DIRECTORS OPERATIONS**Meetings**

The Company's Board of Directors held five meetings during 2002. Each Director attended at least 75% of the aggregate of the total number of meetings held by the Board of Directors and of all committees of the Board of Directors on which he served.

Committees

The Board of Directors has established three standing committees: Audit, Compensation and Nominating Committees.

Audit Committee

The current members of the Audit Committee are: Joseph W. England, Chairman, Bruce S. Chelberg, Thomas M. Garvin, Patrick J. McDonnell and J. Stephen Vanderwoude. The members of the Audit Committee are independent directors as such term is defined in Rule 4200(a)(14) of the National Association of Securities Dealers listing standards. The Audit Committee assists the Board of Directors in its oversight of the integrity of the Company's financial statements; the Company's compliance with legal and regulatory requirements; the external auditors' qualifications and independence; and performance of the external auditors and the Company's internal audit function. The Board of Directors has adopted a written charter for the Audit Committee that outlines these and other responsibilities and processes of the Audit Committee. The Audit Committee met nine times in 2002.

Compensation Committee

The current members of the Compensation Committee are: O. Ralph Edwards, Chairman, Vernon A. Brunner and John L. Sterling. The functions of this Committee are to determine and recommend to the Board of Directors the compensation of the Company's directors and executive officers and to review the propriety of the Company's compensation and benefits programs. The Compensation Committee met four times in 2002.

Nominating Committee

The current members of the Nominating Committee are: Bruce S. Chelberg, Chairman, Vernon A. Brunner, O. Ralph Edwards and Brother James Gaffney. The Nominating Committee develops and recommends to the Board a set of corporate governance principles and reviews these principles annually; recommends to the Board changes to the size of the Board or its committees; identifies individuals qualified to become

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Board members and recommends nominees to the Board; recommends and develops standards in making independence determinations for directors; and identifies Board members qualified to fill committee vacancies. The Nominating Committee will consider nominees recommended by shareholders if the procedures set forth under Notice of Business to be Conducted at Meeting are met. The Nominating Committee met five times in 2002.

Board of Directors Compensation

Non-employee members of the Board of Directors are compensated by the Company through an annual \$15,000 retainer, payable quarterly and a \$1,000 fee for each Board meeting attended. Non-employee Chairpersons of Board committees receive an additional \$2,000 annual retainer, payable quarterly. Non-employee committee members, including the Chairperson, also receive a \$1,000 fee for each Committee meeting attended. The average total cash compensation paid in 2002 to Non-employee directors was \$20,500. Employees who are members of the Board of Directors receive no compensation for serving on the Board.

The Company has entered into a Retirement and Consulting Agreement with Robert P. O Meara, which will provide for annual consulting fees of \$150,000, effective upon his retirement from Company employment on April 30, 2003. A description of this Agreement appears under the caption Retirement and Consulting Agreement on page 12 of this Proxy Statement.

Deferred Compensation Plan for Non-Employee Directors

The Deferred Compensation Plan for Non-Employee Directors allows Non-employee directors to defer receipt of either 50% or 100% of any director fees and retainers due such directors. Deferred director fees and retainers are payable at the director's election, either as a lump sum or in installments over a period not to exceed fifteen years. Payments under this plan begin at the date specified by the director or upon cessation of service as a director.

Non-Employee Directors 1997 Stock Option Plan

The Non-Employee Directors 1997 Stock Option Plan (the Directors Plan) provides for the granting of nonqualified stock options for shares of Common Stock to Non-employee Board members. A maximum of 281,250 shares of Common Stock are reserved for issuance thereunder. The timing, amounts, recipients and other terms of the option grants are determined by the provisions of, or formulas in, the Directors Plan. The exercise price of the options is equal to the fair market value of the Common Stock on the date of grant. All options have a term of ten years from the date of grant and become exercisable one year from the grant date subject to accelerated vesting in the event of death, disability or a change in control, as defined in the Directors Plan. During 2002, each Non-employee director was granted 2,215 options to purchase the Common Stock at a weighted average exercise price of \$28.695. Directors first elected during the service year are granted options on a pro rata basis to those granted to the directors at the start of the service year. On November 20, 2002, Patrick J. McDonnell was granted an option to purchase 1,160 shares of the Common Stock at a price of \$27.41.

6

EXECUTIVE OFFICERS OF THE COMPANY

The Company's executive officers are elected annually by the Company's Board of Directors. Certain information regarding the Company's executive officers is set forth below.

Name (Age)	Position or Employment for Past Five Years	Executive Officer Since
John M. O Meara (57)	President and, since 2003, Chief Executive Officer of the Company; Chairman and Chief Executive Officer of the Bank; prior to 2003, Chief Operating Officer of the Company	1987
Gary A. Breidenbach (62)	Executive Vice President and Chief Credit Officer of the Bank	2002
Mark M. Dietrich (55)		2002

	Executive Vice President and Chief Operations Officer of the Bank	
Thomas J. Schwartz (53)	Group President, Commercial Banking of First Midwest Bank since 2000; prior thereto, Regional President of the Bank's North Metro Region	2002
Michael L. Scudder (42)	Executive Vice President, Chief Financial Officer and Principal Accounting Officer of the Company since 2002; Executive Vice President, Chief Financial Officer and Principal Accounting Officer of the Bank	2002
Steven H. Shapiro (45)	Executive Vice President and Corporate Secretary since 2003; prior thereto, Deputy General Counsel and Assistant Secretary of FMC Technologies, Inc. since 2001, and Associate General Counsel and Assistant Secretary of FMC Corporation since 1998	2003
Janet M. Viano (47)	Group President, Retail Banking of the Bank since 2000; prior thereto, Director of Customer Service of the Bank	2002

7

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth certain information with respect to annual and other compensation paid to the Company's Chief Executive Officer and each of the Company's other four most highly compensated Executive Officers during the last fiscal years.

Name and Principal Position	Fiscal Year	Annual Compensation (1) (2)		Long-Term Compensation Awards	All Other Compensation (\$ (3)
		Salary (\$)	Bonus (\$)	Securities Underlying Options (#)	
Robert P. O Meara Chairman of the Board (4)	2002	\$ 560,000	\$ 450,458	141,061	\$69,705
	2001	520,000	415,093	186,304	59,017
	2000	487,000	290,271	151,610	47,800
John M. O Meara President & Chief Executive Officer (5)	2002	460,000	370,019	110,739	58,430
	2001	425,000	360,508	122,244	48,162
	2000	396,000	236,032	104,028	38,833
Michael L. Scudder Executive Vice President & Chief Financial Officer (6)	2002	185,000	103,776	9,671	19,253
	2001	143,000	74,217	9,534	14,880
	2000	130,000	57,333	10,598	11,816

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Thomas J. Schwartz	2002	302,640	168,532	16,526	33,030
Group President- Commercial Banking, First Midwest Bank	2001	291,000	146,988	9,998	29,947
	2000	255,840	111,120	6,455	24,053
Mark M. Dietrich	2002	180,000	92,693	11,284	19,569
Executive Vice President & Chief Operations Officer, First Midwest Bank	2001	166,000	86,154	14,903	17,126
	2000	159,850	64,105	13,031	14,846

Notes:

- (1) Does not include other annual compensation received in the form of perquisites that did not exceed the lesser of \$50,000 or 10% of the executive's total salary and bonus.
- (2) Includes amounts deferred at the direction of these executives pursuant to the Company's qualified and, if applicable, nonqualified defined contribution retirement plans.
- (3) All Other Compensation represents contributions by the Company to the Company's qualified and nonqualified defined contribution retirement plans.
- (4) Retired as Chief Executive Officer on December 31, 2002.
- (5) Elected Chief Executive Officer as of January 1, 2003.
- (6) Elected Executive Vice President and Chief Financial Officer of the Company on August 1, 2002.

8

Stock Option Grants in 2002

Individual Grants

Name	Type (1)	# of Securities Underlying Options Granted in 2002 (2)(3)	% of Total Options Granted to Employees in 2002	Per Share Exercise Price (\$)	Expiration Date	Grant Date Present Value (\$) (4)
Robert P. O Meara	NQSO	52,692		\$28.70	2/20/12	\$ 391,970
	NQSO-R	9,013		29.13	2/16/04	31,863
	NQSO-R	9,614		29.13	2/15/05	43,694
	NQSO-R	9,999		29.13	2/21/06	52,932
	NQSO-R	10,407		29.13	2/19/07	62,407
	NQSO-R	8,117		29.13	2/18/08	53,959
	NQSO-R	8,441		29.13	2/17/09	60,879
	NQSO-R	10,207		27.00	8/18/09	53,889
	NQSO-R	22,571		29.13	2/16/10	173,758
		141,061	24.5%		\$ 925,351	
John M. O Meara	NQSO	43,283		\$ 28.70	2/20/12	\$ 321,978
	NQSO-R	1,278		31.01	2/15/05	5,981
	NQSO-R	7,631		31.01	2/21/06	41,722
	NQSO-R	7,948		31.01	2/19/07	49,740

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	NQSO-R	12,397	31.01	2/18/08	85,864
	NQSO-R	6,448	31.01	2/17/09	47,392
	NQSO-R	7,117	28.09	2/17/09	47,225
	NQSO-R	5,601	31.01	8/18/09	42,323
	NQSO-R	19,036	28.09	2/16/10	134,310
		<u>110,739</u>	19.2%		<u>\$ 776,535</u>
Michael L. Scudder	NQSO	7,998	\$ 28.70	2/20/12	\$ 59,496
	NQSO-S	1,673	29.25	8/21/12	11,519
		<u>9,671</u>	1.7%		<u>\$ 71,015</u>
Thomas J. Schwartz	NQSO	14,637	\$ 28.70	2/20/12	\$ 15,304
	NQSO-R	4,843	27.61	2/17/03	1,222
		<u>19,480</u>	2.9%		<u>\$ 16,526</u>
Mark M. Dietrich	NQSO	9,409	\$ 28.70	2/20/12	\$ 69,992
	NQSO-R	1,875	30.27	2/16/10	14,399
		<u>11,284</u>	2.0%		<u>\$ 84,391</u>

Notes:

- (1) Nonqualified Stock Option (NQSO), Nonqualified Reload Stock Option (NQSO-R) (see Note 3) or Nonqualified Stock Option Supplemental grant (NQSO-S).
- (2) The options listed in the first line opposite each executive officer's name are 2002 original options granted under the Company Omnibus Stock and Incentive Plan (the Omnibus Plan), which vest over a period of three years (subject to accelerated vesting in connection with death, disability or a change in control), include reload features (see Note 3) and are nontransferable except to family members or family trusts or partnerships; all other options in 2002 are reload stock options which vest in six months (see Note 3).

9

- (3) Optionees may tender previously acquired shares of the Company's Common Stock in payment of the exercise price of a stock option and may tender previously acquired shares or request the Company to withhold sufficient shares to pay the taxes arising from the exercise. The options described above as reload stock options are nonqualified stock options granted to replace the number of shares thus tendered and/or withheld. The reload stock option will have an exercise price equal to the fair market value of the Common Stock on the exercise date of the underlying exercised option, will be first exercisable six months from such date and will expire on the scheduled expiration date of the underlying exercised option. All reload stock options become fully exercisable in connection with a change in control of the Company (as defined in the Omnibus Plan). The reload stock options are nontransferable except to family members or family trusts or partnerships.
- (4) The Grant Date Present Value above was determined using the Black-Scholes option-pricing model, a theoretical method for estimating the present value of stock options based on complex assumptions about the stock's price volatility and dividend rate as well as interest rates. Because of the unpredictability of the assumptions required, the Black-Scholes model, or any other valuation model, is incapable of accurately predicting the stock price of the Common Stock or of placing an accurate present value on options to purchase stock. In performing the calculations it was assumed that: (i) the volatility of the stock price was equal to 22.4%; (ii) an expected dividend yield of 2.7%; (iii) a risk-free interest rate ranging from 1.17% to 5.56% based on the ten-year U.S. Treasury Note effective on the date of grant, to correspond to the term of the options; (iv) an expected option life of nine years for non-reload options and to the end of their terms for reload options at the time of exercise; and (v) no adjustments were made for risk of forfeiture. The ultimate value of the options will depend on the future stock price of the Common Stock, which cannot be forecast with reasonable accuracy. The actual value, if any, an executive may realize upon the exercise of an option will depend on the excess of the stock price of the Common Stock, on the date the option is exercised, over the exercise price of the option.

Aggregated Option Exercises in 2002 and Option Value as of December 31, 2002

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Name	Shares Acquired on Exercise	Value Realized (1)	Number of Securities Underlying Unexercised Options at Dec. 31, 2002		Value of Unexercised In-the-Money Options at Dec. 31, 2002 (2)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Robert P. O Meara	137,831	\$ 942,914	104,818	161,030	\$	\$ 559,629
John M. O Meara	119,028	684,372	75,410	123,337	38,788	456,149
Michael L. Scudder	3,746	65,992	18,387	24,504	167,001	84,173
Thomas J. Schwartz	3,593	65,477	22,120	26,084	243,755	53,880
Mark M. Dietrich	13,929	125,885	11,009	26,990	52,905	100,728

Notes:

- (1) The value realized was deferred by the election of each of the executives into the Company's Nonqualified Stock Option Deferral Plan in the form of 32,554, 21,872, 0, 2,371, and 1,209 shares of Common Stock for Robert P. O Meara, John M O Meara, Michael L. Scudder, Thomas J. Schwartz, and Mark M. Dietrich, respectively.
- (2) Options are considered in-the-money if the fair market value of the underlying Common Stock exceeds the exercise price of the related stock option. For in-the-money options, the Value of Unexercised In-the-Money Options at December 31, 2002 represents the difference between the closing price of the Common Stock on December 31, 2002 (\$26.71) and the exercise price of the underlying options, multiplied by the number of applicable options. Since the inception of the Omnibus Plan, no stock options have been repriced.

10

Defined Benefit or Actuarial Pension and Retirement Plans

Consolidated Pension Plan Table

Average Final Earnings	Years of Service					
	10	15	20	25	30	35
\$ 125,000	\$ 14,090	\$ 19,363	\$ 24,941	\$ 30,519	\$ 36,097	\$ 41,675
150,000	17,310	23,818	30,646	37,474	44,302	51,130
175,000	20,530	28,273	36,351	44,429	52,507	60,585
200,000	23,750	32,728	42,056	51,384	60,712	70,040
225,000	26,970	37,183	47,761	58,339	68,917	79,495

The table above illustrates the amount of annual retirement income, computed on an actuarial basis using the straight-life annuity method provided by the Company's consolidated defined benefit pension plan at normal retirement age (65) in specified average earnings and service classifications. (Benefits are payable for life, or if spousal benefits are elected, a reduced amount is payable for the life of the employee and of the surviving spouse.)

Average Final Earnings are determined substantially on the basis of the annual compensation included in the Summary Compensation Table, subject to the provisions of the Internal Revenue Code limiting the amount of annual compensation, which may be taken into account. (The limitation for 2002 was \$200,000. For the five years prior to 2002, the limitations were as follows: 2001 and 2000 - \$170,000; and 1999, 1998 and 1997 - \$160,000. The amounts shown in the pension table above are not offset by any available Social Security benefits. At December 31, 2002, the years of credited service for the Compa