FIRST MIDWEST BANCORP INC
Form DEF 14A
March 01, 2002

SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

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

Filed by the Registrant [X]

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))

[X] Definitive proxy statement

[ ] Definitive additional materials

[ ] Soliciting material pursuant to Rule 14a-11(c) or Rule 14a-12

FIRST MIDWEST BANCORP, INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement)

Payment of filing fee (Check the appropriate box):

[X] No fee required.

[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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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:

5. Total fee paid:

[ ] Fee paid 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:

March 20, 2002

Dear Shareholder:

The 2002 Annual Meeting of Shareholders of First Midwest Bancorp, Inc., will be held on Wednesday, April 24, 2002 at 9:00 a.m. at the Sheraton Hotel, 121 Northwest Point Boulevard, Elk Grove Village, Illinois.

The purpose of the Annual Meeting will be to elect four directors, namely, Vernon A. Brunner, O. Ralph Edwards, Thomas M. Garvin and John M. O'Meara, and to consider a proposal recommended by the Board of Directors to amend the Company's Restated Certificate of Incorporation. We currently know of no other business to be considered at the meeting.

The notice of annual meeting, proxy statement and proxy card from the Board of Directors are enclosed. First Midwest is also 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.

Whether you plan to attend the Annual Meeting or not, you may vote via the Internet, by telephone or by signing the enclosed proxy card and returning it in the accompanying envelope.

Your vote is very important regardless of how many shares you own and we encourage you to vote at your earliest opportunity.

If you attend the Annual Meeting and wish to vote in person, you may do so even though you have previously voted by Internet, telephone or proxy card.

Yours very truly,

/s/ROBERT P. O'MEARA
Robert P. O'Meara
Chairman and
Chief Executive Officer

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS TO BE HELD APRIL 24, 2002

To the Shareholders of
FIRST MIDWEST BANCORP, INC.:

The Annual Meeting of Shareholders of First Midwest Bancorp, Inc. (the "Company") will be held at the Sheraton Hotel, 121 Northwest Point Boulevard, Elk Grove Village, Illinois, on Wednesday, April 24, 2002 at 9:00 a.m. for the purpose of:

1.) Electing four directors.

2.) Considering a proposal recommended by the Board of Directors to amend the Company's Restated Certificate of Incorporation.

3.) Transacting such other business as may be properly brought before the Annual Meeting or any adjournment thereof. Management at present knows of no such business to be brought before the Annual Meeting.

The Board of Directors has fixed the close of business on February 28, 2002 as the record date for the determination of shareholders entitled to notice of, and to vote at, the Annual Meeting. In accordance with Delaware law, a list of shareholders entitled to vote at the Annual Meeting will be available for inspection at the meeting and for ten days prior to the meeting at the offices of the Corporate Secretary, First Midwest Bancorp, 300 Park Boulevard, Suite 405, Itasca, Illinois 60143.

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:

/s/BARBARA E. BRIICK
Barbara E. Briick
Corporate Secretary

March 20, 2002

PROXY STATEMENT
FOR ANNUAL MEETING TO BE HELD ON APRIL 24, 2002

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of First Midwest Bancorp, Inc. (the "Company"), a Delaware corporation, of proxies for use at the Annual Meeting of Shareholders (the "Annual Meeting") to be held April 24, 2002 at 9:00 a.m. and at any adjournments or postponements of that meeting.

Record Date and Share Ownership

The Board of Directors has fixed the close of business on February 28, 2002 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 48,615,108 shares of $0.01 per share par value Common Stock ("Common Stock"). Each outstanding share of Common Stock entitles the holder to one vote.

This Proxy Statement, Form of Proxy and the Company's 2001 Annual Report were first mailed on or about March 20, 2002 to the Company's shareholders entitled to vote at the Annual Meeting.

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 have a choice of voting their shares over the Internet or by a toll-free telephone call as an alternative to completing the enclosed proxy card and mailing it to the Company. The procedures for Internet and telephone voting are provided on the proxy form. The Internet and telephone voting procedures 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.S.T. on April 23, 2002. ***Shareholders who vote through the Internet or by telephone need not return a proxy card by mail.***

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.

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; (ii) in favor of the proposal recommended by the Board of Directors to amend the Company's Restated Certificate of Incorporation, and (iii) in the discretion of the named proxies on any other matters which may properly come before the Annual Meeting. A shareholder may revoke his/her proxy by: executing a later-dated proxy by Internet, telephone or mail; giving written notice of such revocation to the Corporate Secretary; or, voting in person at the Annual Meeting. Attendance at the Annual Meeting will not, in and of 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.

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

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 who is a shareholder and participates in the First Midwest Bancorp Stock Option Gain Deferral Plan, in the First Midwest Common Stock Fund under the First Midwest Bancorp Savings and Profit Sharing Plan and 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 Employee Plan participant 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 provided if the shares held pursuant to the Employee Plans are to be voted, provided that 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 without waiting for them to arrive in the mail, and submit shareholder votes on-line. Additionally, by choosing electronic delivery shareholders will help the Company reduce printing and postage costs. Shareholders can access this proxy statement and 2001 annual report on the Investor Relations section of the Company's Internet website at: *http://ir.ccbn.com/ir.zhtml?t=fmbi&s=11965&item_id='electronic.htm'.*

If you are a shareholder of record, you can chose this option by following the instructions provided at the Internet voting website at *www.proxyvote.com*, which has been established for you to vote your shares for this year's Annual Meeting. Most shareholders who vote their shares for the 2002 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.iscdelivery.com/fmbi*.

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. Your enrollment will be effective until canceled.

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 solicitation of proxies will be paid by the Company. Directors, officers, employees and agents of the Company may solicit proxies by mail, telephone, personal interview and other means. Directors, officers and employees will receive no additional compensation for solicitation services.

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

Pursuant to the Company's Restated Certificate of Incorporation, the Board of Directors has the authority to determine the number of Directors from time to time (provided that such number may not be less than three nor more than twenty). On February 20, 2002, the Board of Directors fixed the number of Directors comprising the Board at eleven.

The directors are divided into three Classes, approximately equal in number. Each year the shareholders elect the members of a Class of directors for a term of three years. The Director Nominees named below have been nominated for election for a term to end at the Annual Meeting of Shareholders in the year 2005 or until their successors are elected. The Board has no reason to believe that any of the Director Nominees will not be available for election. However, if any of the Director Nominees is not available for election, proxies may be voted for the election of other persons selected by the Board of Directors. Proxies cannot, however, be voted for a greater number of persons than the number of Director Nominees named. To be elected as a director, each Director Nominee must receive the favorable vote of a plurality of the shares present and entitled to vote at the Annual Meeting, without regard to abstentions or non-votes.

Certain biographical information (including principal occupation or employment for the past five years) concerning each Director Nominee and Continuing Director as of the date of the Annual Meeting is set forth below:

Director Nominees To Serve Until the Year 2005

Vernon A. Brunner, 61 (Director since 1997).

Mr. Brunner is President and Chief Executive Officer of Brunner Marketing Solutions, LLC (consultants in marketing and distribution of pharmaceutical and consumer products), Lake Forest, Illinois. Prior to 2001, he was Executive Vice President-Marketing and Director (retired, 2001) of Walgreen Co. He is a director of Natrol, Inc. Mr. Brunner is a member of the Company's Executive Committee.

O. Ralph Edwards, 67 (Director since 1988).

Mr. Edwards was Corporate Vice President-Human Resources (retired, 1993) of Abbott Laboratories (health care products manufacturer), Abbott Park, Illinois. Mr. Edwards is Chairman of the Company's Compensation Committee and is a member of its Nominating

Committee.

Thomas M. Garvin, 66 (Director since 1989).

Mr. Garvin was President and Chief Executive Officer (retired, 1999) of G.G. Products Company (food business acquiror), Oakbrook, Illinois. Mr. Garvin is a member of the Company's Executive and Audit Committees.

John M. O'Meara, 56 (Director since 1982).

Mr. O'Meara is President and Chief Operating Officer of the Company. He is a member of the Company's Executive Committee and is the brother of Robert P. O'Meara.

Continuing Directors Serving Until The Year 2003

Bruce S. Chelberg, 67 (Director since 1989).

Mr. Chelberg was Chairman and Chief Executive Officer (retired, 2000) of Whitman Corporation (diversified, multinational holding company), Rolling Meadows, Illinois. He is a director of Snap-On Tools Corporation, Northfield Laboratories, Inc. and Actuant Corporation. Mr. Chelberg is Chairman of the Company's Nominating Committee and is a member of its Audit and Executive Committees.

William J. Cowlin, 70 (Director since 1997).

Mr. Cowlin is an Attorney and Counselor at Law of William J. Cowlin, LTD., Crystal Lake, Illinois. Prior to 1997, Mr. Cowlin was Chairman of the Board and Chief Executive Officer of SparBank, Incorporated ("SparBank") which was acquired by the Company on October 1, 1997. Mr. Cowlin is a member of the Company's Executive Committee.

Joseph W. England, 61 (Director since 1986).

Mr. England was Senior Vice President (retired, 2000) of Deere & Company (mobile power equipment manufacturer), Moline, Illinois. He is a director of Winnebago Industries. Mr. England is Chairman of the Company's Audit Committee.

Robert P. O'Meara, 64 (Director since 1982).

Mr. O'Meara is Chairman of the Board and Chief Executive Officer of the Company. He is Chairman of the Company's Executive Committee and is the brother of John M. O'Meara.

Continuing Directors To Serve Until The Year 2004

Brother James Gaffney, FSC, 59 (Director since 1998).

Brother Gaffney is President of Lewis University (independent private institution of higher education), Romeoville, Illinois. He is a director of MediChem Life Sciences, Inc. Brother Gaffney is a member of the Company's Executive Committee.

John L. Sterling, 58 (Director since 1998).

Mr. Sterling is the President and owner of Sterling Lumber Company (lumber distributor), Blue Island, Illinois. 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. Mr. Sterling is a member of the Company's Compensation Committee.

J. Stephen Vanderwoude, 58 (Director since 1991).

Mr. Vanderwoude is Chairman and Chief Executive Officer of Madison River Communications (integrated communications provider), Mebane, North Carolina. He is a director of Centennial Communications. Mr. Vanderwoude is a member of the Company's Compensation Committee.

BOARD OF DIRECTORS' OPERATIONS

Board of Directors and Committee Meetings

The Board of Directors has established Executive, Audit, Compensation and Nominating Committees, and may periodically establish other Committees as deemed advisable.

The current members of the Executive Committee are: Robert P. O'Meara, Chairman, Vernon A. Brunner, Bruce S. Chelberg, William J. Cowlin, Brother James Gaffney, Thomas M. Garvin, and John M. O'Meara. The function of this Committee is to exercise certain powers of the Board of Directors, as defined by the Company's By-Laws, between Board meetings. The Executive Committee met four times during 2001.

The current members of the Compensation Committee are: O. Ralph Edwards, Chairman, John L. Sterling, and J. Stephen Vanderwoude. 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 2001.

The current members of the Audit Committee are: Joseph W. England, Chairman, Bruce S. Chelberg, and Thomas M. Garvin. The members of the Audit Committee are "independent" directors as such term is defined in Rule 4200(a)(15) of the National Association of Securities Dealers' listing standards. The Board of Directors has adopted a written charter for the Audit Committee that outlines the responsibilities and processes of the Audit Committee and is attached as Appendix A to this Proxy Statement. The Audit Committee met eight times in 2001.

The current members of the Nominating Committee are: Bruce S. Chelberg, Chairman, and O. Ralph Edwards. The functions of this Committee are to establish criteria for the nomination of directors and identify and recommend to the Board of Directors candidates for director nomination. 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 once during 2001.

The Company's Board held four meetings during 2001. Each Director attended at least 75% of the aggregate of the total number of meetings held by the Board of Directors and the various Committees of the Board of Directors on which he served.

Board of Directors' Compensation

Non-employee members of the Board of Directors are compensated by the Company through an annual $12,000 retainer, payable quarterly and an $850 fee for each Board meeting attended. Non-employee Chairpersons of Board Committees receive an additional $1,500 annual retainer, payable quarterly. Non-employee committee members, including the Chairperson, also receive an $850 fee for

each Committee meeting attended. The average total cash compensation paid in 2001 to non-employee directors was $21,189. Employee members of the Board of Directors (i.e., John M. O'Meara and Robert P. O'Meara) receive no Board compensation.

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. The 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 nonmanagement Board members of the Company. 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. 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. During 2001 each non-employee director was granted 2,500 options to purchase the Company's common stock at a weighted average exercise price of $22.50.

Board of Directors' Retirement Policy

The Company's Board of Directors Retirement Policy requires a director to resign upon attainment of age seventy or upon the occurrence of certain defined events. Although Director Cowlin attained age seventy in November 2001, in accordance with the understanding with him in conjunction with the 1997 acquisition of SparBank, Director Cowlin will continue to serve his current three year term until expiration at the 2003 Annual Meeting of Shareholders.

PROPOSAL TO AMEND THE COMPANY'S RESTATED CERTIFICATE OF INCORPORATION

Background and Description of Proposed Amendment

This proposed amendment to Article Fourth of the Company's Restated Certificate of Incorporation would increase the number of shares of Common Stock which the Company is authorized to issue from 60 million to 100 million.

The Company

is currently authorized to issue 60,000,000 shares of Common Stock. As of the record date, 56,927,316 shares of Common Stock were issued, 48,615,108 shares were outstanding, 7,654,835 shares were reserved for issuance pursuant to the Company's employee benefit plans, and 8,312,208 shares were held in the Company's treasury.

The additional 40 million shares of Common Stock for which authorization is sought would be part of the existing class of Common Stock and, if and when issued, would have the same rights and privileges as the shares of Common Stock presently outstanding. The Board of Directors believes that the authorization of additional shares of Common Stock is advisable to provide First Midwest with the flexibility to take advantage of opportunities to issue such stock in order to obtain capital, as consideration for possible acquisitions or for other purposes (including, without limitation, the issuance

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of additional shares of Common Stock through additional stock splits and stock dividends in appropriate circumstances). There are, at present, no plans, understandings, agreements or arrangements concerning the issuance of additional shares of Common Stock except for the shares to be issued (i) upon the exercise of stock options currently outstanding, (ii) to the Company's retirement plans, both ERISA qualified and nonqualified, and its nonqualified stock option gain deferred plan, and (iii) its dividend reinvestment and optional cash payment plan.

Uncommitted authorized but unissued shares of Common Stock may be issued from time to time to such persons and for such consideration as the Board of Directors may determine, and holders of the then-outstanding shares of Common Stock may or may not be given the opportunity to vote with respect to such issuance, depending upon the nature of any such transactions, applicable law, the rules and regulations of the Nasdaq Stock Market (in which the Company's Common Stock is traded) and the judgment of the Board of Directors regarding the submission of such issuance to a vote of the Company's shareholders. First Midwest shareholders have no preemptive rights to subscribe for newly issued shares.

Moreover, it is possible that additional shares of Common Stock would be issued for the purpose of making an acquisition by an unwanted suitor of a controlling interest in the Company more difficult, time-consuming or costly or to otherwise discourage an attempt to acquire control of the Company. Under such circumstances the availability of authorized and unissued shares of Common Stock may make it more difficult for shareholders to obtain a premium for their shares. Such authorized and unissued shares could be used to create voting or other impediments or to frustrate a person seeking to obtain control of the Company by means of a merger, tender offer, proxy contest or other means. Such shares could be privately placed with purchasers who might cooperate with the Board of Directors in opposing such an attempt by a third party to gain control of the Company or could also be used to dilute ownership of a person or entity seeking to obtain control of the Company. Although the Company does not currently contemplate taking such action, shares of Common Stock could be issued for the purposes and effects described above and the Board of Directors reserves its rights (if consistent with its fiduciary responsibilities) to issue such stock for such purposes.

The authority of the Board of Directors to issue Common Stock might be considered as having the effect of discouraging an attempt by another person or entity to effect a takeover or otherwise gain control of the Company, because the issuance of additional shares of Common Stock could dilute the voting power of the Common Stock owned by a party attempting to obtain control of the Company and could increase the cost of any such transaction.

The Restated Certificate of Incorporation provides that a business combination with an interested stockholder (as therein defined) must satisfy certain minimum price, form of consideration and procedural requirements, unless it is approved either by at least an 80% stockholder vote or a majority of the directors who are unaffiliated with the interested stockholder, and contains certain other provisions restricting the ability of stockholders to act by consent, call special meetings, remove directors or amend the By-Laws of the Company. The Restated Certificate of Incorporation also authorizes the issuance of up to 1 million shares of Preferred Stock with such rights, preferences and limitations as may be determined by the Board of Directors. Such Preferred Stock could be issued with terms which might make more difficult a change in control of the Company. Additionally, the Company is subject to various provisions of Delaware law which provides restrictions on business combinations with interested stockholders.

On February 15, 1989, the Board of Directors adopted a Rights Plan and pursuant thereto declared a distribution of one Right for each outstanding share of Common Stock held of record on March 1, 1989, and issued thereafter. The Rights Plan was amended and restated on November 15, 1995 and again on June 18, 1997, to exclude an acquisition. Under the amended and restated Plan, if at any time a person becomes the beneficial owner of 10% or more of the Common Stock, the Board of Directors, in its sole discretion, may exchange (the "Exchange Provision") all but not less than all of the outstanding and exercisable Rights for Common Stock at an exchange ratio of one share of Common

Stock per Right. The amended and restated Plan also provides that if a person acquires more than 10% of the Common Stock, the Company shall take such actions as shall be necessary to ensure and provide that each holder of a Right (other than the acquiring person) shall have the right to purchase from the Company that number of one one-hundredths of a share of Preferred Stock of the Company or that number of shares of Common Stock (the "Common Stock Purchase Option") which would have a market value equal to twice the exercise price (currently, $100) for an amount in cash equal to the exercise price. There are presently 3,072,684 shares of Common Stock available for issuance and 48,615,108 Rights outstanding. Upon approval of the proposed amendment, the Company would have 43,072,684 shares of Common Stock available for issuance and 48,615,108 Rights outstanding.

The Company is not aware of any offers to obtain control of the Company.

Text of the Proposed Amendment

The text of the proposed amendment to Article Fourth of the Company's Restated Certificate of Incorporation is as follows:

> ARTICLE FOURTH. Authorized Stock.
> The total number of shares of stock which the Corporation shall have authority to issue is One Hundred One Million (101,000,000) shares, of which One Million (1,000,000) shares shall be of Preferred Stock, without par value (hereinafter sometimes referred to as "Preferred Stock"), and One Hundred Million (100,000,000) shares shall be shares of Common Stock, $0.01 par value per share (hereinafter sometimes referred to as "Common Stock").

Required Vote

The amendment to the Restated Certificate of Incorporation will not take affect unless approved by the affirmative vote of the holders of a majority of the outstanding shares of First Midwest Common Stock; therefore, abstentions and non-votes will have the same effect as a vote against the proposal.

The Board of Directors unanimously recommends that the shareholders vote FOR the proposal to amend the Company's Restated Certificate of Incorporation.

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 as of February 28, 2002)	Position or Employment for Past Five Years	Executive Officer Since
Robert P. O'Meara (64)	Chairman of the Board & Chief Executive Officer	1982
John M. O'Meara (56)	President & Chief Operating Officer	1987
Donald J. Swistowicz (50)	Executive Vice President & Chief Financial Officer	1982

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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 the other highest paid Executive Officers of the Company whose annual base salary and bonus for the last fiscal year exceeded $100,000:

		Annual Compensation		Long-Term Compensation Awards	
Name and Principal Position	Fiscal Year	Salary ($)	Bonus ($)	Securities Underlying Options (#)(1)	All Other Compensation ($)(2)
Robert P. O'Meara Chairman of the Board & Chief Executive Officer	2001	$ 520,000	$ 415,093	186,304	$ 59,017
	2000	487,000	290,271	151,610	47,800
	1999	468,312	204,989	75,138	42,353

John M. O'Meara President & Chief Operating Officer	2001	425,000	360,508	122,244	48,162
	2000	396,000	236,032	104,028	38,833
	1999	380,744	166,052	75,066	34,433
Donald J. Swistowicz Executive Vice President & Chief Financial Officer	2001	260,000	135,019	35,892	25,975
	2000	216,500	86,257	20,114	20,074
	1999	208,000	69,760	19,893	18,092

Notes:

(1) Adjusted for 5-for-4 stock split paid in December 2001.

(2) "All Other Compensation" represents contributions by the Company to the Company's qualified and nonqualified defined contribution retirement plans.

Stock Option Grants in 2001

Individual Grants (1)

Name	Type (2)	# of Securities Underlying Options Granted in 2001 (3)(4)	% of Total Options Granted to Employees in 2001	Per Share Exercise Price ($)	Expiration Date	Grant Date Present Value ($) (5)
Robert P. O'Meara	NQSO	30,544		$ 22.50	2/21/11	$ 184,541
	NQSO	31,856		22.50	4/25/11	188,626
	NQSO-R	10,024		24.45	2/19/02	17,924
	NQSO-R	10,023		24.45	2/17/03	29,060
	NQSO-R	10,739		24.45	2/16/04	40,424
	NQSO-R	11,454		24.45	2/15/05	51,047

	NQSO-R	11,913		24.45	2/21/06	60,051
	NQSO-R	12,399		24.45	2/19/07	68,616
	NQSO-R	28,292		25.07	2/18/08	166,722
	NQSO-R	19,367		25.39	2/17/09	123,610
	NQSO-R	9,693		28.44	8/18/09	68,603
		186,304	26.5%			$ 999,224
John M. O'Meara	NQSO	51,000		$ 22.50	2/21/11	$ 308,132
	NQSO-R	7,146		26.65	2/19/02	12,545
	NQSO-R	7,488		26.65	2/17/03	22,293
	NQSO-R	8,014		26.65	2/16/04	31,557
	NQSO-R	8,539		26.65	2/15/05	39,852
	NQSO-R	8,880		26.65	2/21/06	46,866
	NQSO-R	9,248		26.65	2/19/07	53,978
	NQSO-R	14,426		26.65	2/18/08	89,381
	NQSO-R	7,503		26.65	2/17/09	49,680
		122,244	17.4%			$ 654,284
Donald J. Swistowicz	NQSO	17,334		$ 22.50	2/16/10	$ 104,729
	NQSO-R	2,870		26.55	2/19/02	4,854
	NQSO-R	4,165		24.65	2/19/07	21,779
	NQSO-R	3,640		22.97	2/18/08	18,429
	NQSO-R	5,813		24.06	2/17/09	33,890
	NQSO-R	2,070		26.62	8/18/09	13,296
		35,892	5.1%			$ 196,977

Notes:

(1)All Share and per share data has been adjusted to reflect the 5-for-4 stock split paid in December 2001.

(2)Nonqualified Stock Option (NQSO) or Nonqualified Reload Stock Option (NQSO-R) (see Note 4).

(3)The options listed in the first line opposite each executive officer's name are 2001 original options granted under the Company's 1989 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 4), and are nontransferable except to family members or family trusts or partnerships; all other options in 2001 are reload stock options which vest in six months (see Note 4).

(4) 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). The reload stock options are nontransferable except to family members or family trusts or partnerships.

(5) 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 Company's stock price 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 22.6%; (ii) an expected dividend yield of 2.8%; (iii) a risk-free interest rate ranging from 1.85% to 5.45% 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 Company's 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 Company's Common Stock, on the date the option is exercised, over the exercise price of the option.

Aggregated Option Exercises in 2001 and Option Value as of December 31, 2001 (1)

Name	Shares Acquired on Exercise	Value Realized (2)	Number of Securities Underlying Unexercised Options at Dec. 31, 2001		Value of Unexercised In-the-Money Options at Dec. 31, 2001 (3)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Robert P. O'Meara	137,945	$ 366,580	-	262,618	$ -	$ 1,803,994
John M. O'Meara	88,820	468,537	7,954	199,082	58,514	1,322,449
Donald J. Swistowicz	21,220	65,845	14,527	48,646	-	394,505

Notes:

(1) All share data has been adjusted to reflect the 5-for-4 stock split paid in December 2001.

(2) The value realized was deferred by the election of each of the named executives into the Company's Nonqualified Stock Option Gain Deferral Plan in the form of 14,041, 17,576 and 2,662 shares of Common Stock for Robert P. O'Meara, John M. O'Meara and Donald J. Swistowicz, respectively.

(3) 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, 2001" represents the difference between the closing price of the Common Stock on December 31, 2001 ($29.19) and the exercise price of the underlying options, multiplied by the number of applicable options. Since the inception of such Omnibus Plan, no stock options have been repriced.

Defined Benefit or Actuarial Pension and Retirement Plans

Consolidated Pension Plan Table

Years of Service