FIRST MIDWEST BANCORP INC
Form 424B5
January 12, 2010

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are part of an effective Registration Statement filed with the Securities and Exchange Commission. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities, and we are not soliciting offers to buy these securities, in any jurisdiction where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(5)
File No. 333-157615

Subject to Completion. Dated January 12, 2010.

Prospectus Supplement

(To Prospectus dated February 27, 2009)

Shares

Common Stock

We are offering shares of our common stock in the offering.

Our common stock is currently listed and traded on the Nasdaq Global Select Market (NASDAQ) under the symbol FMBI. The last reported sale price of the common stock on January 11, 2010 was $11.09 per share.

Investing in our common stock involves risks. You should consider the risk factors described beginning on page S-3 of this prospectus supplement, under the heading Risk Factors in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2008 and in any other documents incorporated by reference in this prospectus supplement, as well as the information included under Recent Developments beginning on page S-10 of this prospectus supplement, before you make your investment decision.

None of the Securities and Exchange Commission, any state securities commission, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System or any other regulatory authority has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The shares of our common stock are not savings accounts, deposits or other obligations of any of our bank or non-bank subsidiaries and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

	Per Share	Total
Initial price to public	$	$
Underwriting discount	$	$

Proceeds, before expenses, to First Midwest	$	$

To the extent that the underwriters sell more than shares of our common stock, the underwriters have the option to purchase up to an additional shares of our common stock from us at the public offering price less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on or about January , 2010.

Joint Bookrunners

Goldman, Sachs & Co. **Keefe, Bruyette & Woods**

Co-Manager

Sandler O Neill + Partners, L.P.

Prospectus Supplement dated January , 2010

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Prospectus Supplement

Prospectus

You should rely only on the information contained in this prospectus supplement and the accompanying prospectus. No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus supplement or the accompanying prospectus. You must not rely on any unauthorized information or representations. This prospectus supplement and the accompanying prospectus are an offer to sell only the shares of our common stock offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information provided by or incorporated by reference in this prospectus supplement and the accompanying prospectus is current only as of their respective dates.

ABOUT THIS PROSPECTUS SUPPLEMENT

This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of our common stock and also adds to and updates the information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information about us and the securities we may offer from time to time under our shelf registration statement. If there is a difference between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus or any document incorporated by reference, on the other hand, you should rely on the information in this prospectus supplement. Generally, when we refer to the prospectus, we are referring to this prospectus supplement and the accompanying prospectus combined.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized anyone else to provide you with information that is in addition to, or different from, that contained or incorporated by reference in this prospectus supplement and the accompanying prospectus, along with the information contained in any permitted free writing prospectuses we have authorized for use in connection with this offering. We are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where such offers and sales are permitted. The information contained in this prospectus supplement and the accompanying prospectus is accurate only as of the date of this prospectus supplement and the date of the accompanying prospectus, respectively, and the information in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus is accurate only as of the date of those respective documents, regardless of the time of delivery of this prospectus supplement and the accompanying prospectus or of any sale of shares of our common stock. Our business, financial condition, results of operations and prospects may have materially changed since those dates. You should read both this prospectus supplement and the accompanying prospectus, as well as the documents incorporated by reference into this prospectus supplement and the accompanying prospectus and the additional information described under Where You Can Find More Information in the accompanying prospectus, before deciding whether to invest in our common stock.

Any statement made in this prospectus supplement, the accompanying prospectus or in a document incorporated by reference in this prospectus supplement will be deemed to be modified or superseded for purposes of this prospectus supplement to the extent that a statement contained in this prospectus supplement or in any other subsequently filed document that is also incorporated by reference in this prospectus supplement modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement. See Documents Incorporated by Reference .

As used herein, the terms First Midwest, the Company, we, us and our refer to First Midwest Bancorp, Inc. and, unless the context otherwise requires, its consolidated subsidiaries.

You should not consider any information in this prospectus supplement or the accompanying prospectus to be investment, legal or tax advice. You should consult your own counsel, accountants and other advisers for legal, tax, business, financial and related advice regarding the purchase of shares of our common stock.

DOCUMENTS INCORPORATED BY REFERENCE

The SEC s rules allow us to incorporate by reference information into this prospectus supplement. This means that we can disclose important information to you by referring you to any of the SEC filings referred to in the list below. Any information referred to in this way is considered part of this prospectus supplement from the date we file that document. Any reports filed by us with the SEC after the date of this prospectus supplement and before the date that the offering of the securities by means of this prospectus supplement is terminated will automatically update and, where applicable, supersede any information contained in this prospectus supplement or incorporated by reference in this prospectus supplement.

We incorporate by reference into this prospectus supplement the following documents or information filed with the SEC (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules):

Annual Report on Form 10-K for the year ended December 31, 2008;

Quarterly Reports on Form 10-Q for the periods ended March 31, 2009, June 30, 2009 and September 30, 2009;

Current Reports on Form 8-K filed on April 7, 2009, May 27, 2009, August 27, 2009, September 11, 2009, September 25, 2009, October 21, 2009 and January 12, 2010 (consisting solely of Item 9.01 (Investor Presentation));

The description of our common stock set forth in the Registration Statement on Form 8-A dated March 7, 1983, and any amendment or report filed for the purpose of updating this description;

The description of our preferred share purchase rights set forth in Amendment No. 1 to the Registration Statement on Form 8-A dated November 21, 1995, Amendment No. 2 dated June 30, 1997, Amendment No. 3 dated November 17, 2005 and Amendment No. 4 dated December 9, 2008, and any amendment or report filed for the purpose of updating this description; and

All documents filed by the Company under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), on or after the date of this prospectus supplement and before the termination of this offering.

Any statement contained in a document incorporated by reference in this prospectus supplement will be deemed to be modified or superseded for purposes of this prospectus supplement to the extent that any statement contained in this prospectus supplement or in any subsequently filed document which also is or is deemed to be incorporated by reference in this prospectus supplement modifies or supersedes that statement. Any statement modified or superseded in this way will not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement. The information incorporated by reference contains information about us and our financial condition and performance and is an important part of this prospectus supplement.

We will provide without charge to each person to whom this prospectus supplement is delivered, upon his or her written or oral request, a copy of any or all documents referred to above which have been or may be incorporated by reference into this prospectus supplement excluding exhibits to those documents unless they are specifically incorporated by reference into those documents. You can request those documents from: First Midwest Bancorp, Inc., One Pierce Place, Suite 1500, Itasca, Illinois 60143, Attention: Investor Relations, Telephone: (630) 875-7463.

SUMMARY

This summary is not complete and does not contain all of the information that you should consider before investing in our common stock. It is qualified in its entirety by the more detailed information included or incorporated by reference in this prospectus supplement and the accompanying prospectus. To understand this offering fully, you should carefully read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein.

First Midwest Bancorp, Inc.

First Midwest Bancorp, Inc. (First Midwest or the Company) is a bank holding company incorporated in Delaware in 1982 for the purpose of becoming a holding company registered under the Bank Holding Company Act of 1956, as amended (the Act). The Company is headquartered in the Chicago suburb of Itasca, Illinois with operations throughout the greater Chicago metropolitan area as well as central and western Illinois and northwest Indiana. Our principal subsidiary is First Midwest Bank (the Bank), which provides a broad range of commercial and retail banking services to consumer, commercial and industrial and public or governmental customers. We are committed to meeting the financial needs of the people and businesses in the communities where we live and work by providing customized banking solutions, quality products and innovative services that truly fulfill those financial needs.

We have responsibility for the overall conduct, direction, and performance of the Bank. We provide various services, establish group-wide policies and procedures and provide other resources as needed, including capital. At December 31, 2009, the Bank had $7.7 billion in total assets, $5.9 billion in total deposits and 97 banking offices primarily in suburban metropolitan Chicago. We employed 1,739 full-time equivalent employees at December 31, 2009. The Bank offers a broad range of lending, depository and related financial services, including accepting deposits; commercial and industrial, consumer and real estate lending; collections; trust and investment management services; cash management services; safe deposit box operations; and other banking services tailored for consumer, commercial and industrial and public or governmental customers. The Bank also provides an electronic banking center on the Internet which enables Bank customers to perform banking transactions and provides information about Bank products and services to the general public.

Corporate Information

Our headquarters are located at One Pierce Place, Suite 1500, Itasca, Illinois 60143, and our telephone number is (630) 875-7450. We maintain a website at http://www.firstmidwest.com. Information on our website is not incorporated by reference and is not a part of this prospectus supplement or the accompanying prospectus.

Recent Developments

On January 12, 2010, we reported our unaudited results of operations and financial condition for fourth quarter 2009. Net loss for the quarter was $37.5 million, before adjustment for preferred dividends and non-vested restricted shares, with a loss of $39.5 million, or $0.73 loss per share, available to common shareholders after such adjustments. This compares to net income of $3.4 million and $773,000, or $0.02 per share, respectively, for third quarter 2009, and a net loss of $26.9 million and $27.6 million, or $0.57 loss per share, respectively, for fourth quarter 2008.

For further information with regard to our fourth quarter and full year 2009 results, see the section entitled Recent Developments beginning on page S-10 of this prospectus supplement.

The Offering

Common stock offered	shares (shares if the underwriters exercise their option to purchase additional shares in full)
Common stock outstanding after this offering(1)	shares (shares if the underwriters exercise their option to purchase additional shares in full)
Initial price to public	$ per share
Use of proceeds	We intend to use the net proceeds of this offering for general corporate purposes.
Dividends	In March 2009, our board of directors announced a reduction in our quarterly common stock dividend to $0.01 per share. We do not have plans to increase our quarterly dividend in the near future, and any increase may be subject to regulatory approval.
Listing	Our common stock is listed on NASDAQ under the symbol FMBI.
Risk Factors	You should carefully read and consider the information set forth in the section entitled Risk Factors beginning on page S-3 of this prospectus supplement and under the same heading in our Annual Report on Form 10-K for the year ended December 31, 2008 and in any other documents incorporated by reference in this prospectus supplement, as well as the information set forth in the section entitled Recent Developments in this prospectus supplement, before investing in our common stock.

(1) Based on 54,893,035 shares outstanding as of December 31, 2009. Does not include 4,889,368 shares reserved for future issuances under our Omnibus Stock and Incentive Plan, our Non-Employee Directors Stock Option Plan and our Dividend Reinvestment and Stock Purchase Plan, or 1,305,230 shares reserved for future issuance upon the exercise of the warrant issued to the U.S. Treasury under the Capital Purchase Program.

RISK FACTORS

You should carefully consider the risks described below and all of the information contained and incorporated by reference in this prospectus supplement before you make an investment decision with respect to our common stock. In particular, you should carefully consider the matters discussed below and under Risk Factors in our Form 10-K for the year ended December 31, 2008, as well as the information set forth under Recent Developments in this prospectus supplement.

The market price of our common stock can be volatile and may decline.

Stock price volatility may make it more difficult for you to resell your common stock when you want and at prices you find attractive. Our stock price can fluctuate significantly and may decline in response to a variety of factors including:

- Actual or anticipated variations in quarterly results of operations;
- Developments in our business or the financial sector generally;
- Recommendations by securities analysts;
- Operating and stock price performance of other companies that investors deem comparable to us;
- News reports relating to trends, concerns and other issues in the financial services industry;
- Perceptions in the marketplace regarding us or our competitors;
- New technology used or services offered by competitors;
- Significant acquisitions or business combinations, strategic partnerships, joint venture or capital commitments by or involving us or our competitors;
- Failure to integrate acquisitions or realize anticipated benefits from acquisitions;
- Regulatory changes affecting our industry generally or our business or operations; or
- Geopolitical conditions such as acts or threats of terrorism or military conflicts.

General market fluctuations, industry factors and general economic and political conditions and events, such as economic slowdowns or recessions, interest rate changes or credit loss trends, could also cause our stock price to decrease regardless of operating results. In particular, our stock price, results and financial position may be impacted significantly by developments in the commercial real estate market. Commercial real estate loans made up 56% of our total loans as of December 31, 2009, and the fundamentals within the commercial real estate sector remain weak. Continued weakness or further decline in the commercial real estate market, as well as other asset sectors, could adversely impact our results and financial position and lead to a reduction in our stock price.

Stock markets in general and our common stock in particular have experienced significant volatility over the past two years, and continue to experience significant price and volume volatility. As a result, the market price of our common stock may continue to be subject to similar market fluctuations that may be unrelated to our operating performance or prospects. Increased volatility could result in a decline in the market price of our common stock.

We urge you to obtain current market quotations for our common stock when you consider this offering.

We may issue additional common stock or other securities that could dilute the ownership percentage of holders of our common stock.

We are not restricted from issuing additional shares of common stock, including any securities that are convertible into or exchangeable for, or that represent the right to receive, common stock. We continually evaluate our capital needs, taking into account our regulatory capital ratios, financial condition and other relevant considerations, and subject to market conditions, we may take further capital actions. These further actions may include, among others, opportunistically retiring our outstanding securities, including our subordinated debt and trust preferred securities in open market transactions, privately negotiated transactions or public offers for cash or shares of common stock and issuance of additional shares of common stock in public or private transactions in order to increase our capital levels above the requirements for a well-capitalized institution established by the federal banking regulatory agencies as well as other regulatory capital targets. There can be no assurances as to the success of any of our capital raising actions.

In addition, both First Midwest and the Bank are highly regulated, and our regulators could require us to raise additional common equity in the future. Furthermore, both we and our regulators periodically perform a variety of analyses of our assets, including the preparation of stress case scenarios, and as a result of those assessments we could determine, or our regulators could require us, to raise additional common equity. In addition, banking regulators could adopt or informally implement higher capital standards, thereby requiring us to raise additional common equity.

If we issue additional common stock or other securities, the ownership percentage of holders of our common stock prior to such time could be diluted.

The trading volume in our common stock is less than that of other financial services institutions.

Although our common stock is listed for trading on NASDAQ, the trading volume in our common stock is generally less than that of other financial services companies. A public trading market having the desired characteristics of depth, liquidity and orderliness depends on the presence in the marketplace of willing buyers and sellers of our common stock at any given time. This presence depends on the individual decisions of investors and general economic and market conditions over which we have no control. Given the lower trading volume of our common stock, significant sales of our common stock or the expectation of these sales could cause our stock price to fall.

Our participation in the U.S. Treasury s Capital Purchase Program may adversely affect the value of our common stock and the rights of our common stockholders.

On December 5, 2008, pursuant to the U.S. Treasury s Capital Purchase Program (CPP), we issued to the U.S. Treasury 193,000 shares of our Fixed Rate Cumulative Perpetual Preferred Stock, Series B, liquidation preference of $1,000 per share (CPP Preferred Stock), and a ten-year warrant (CPP Warrant) to purchase up to 1,305,230 shares of our common stock at an exercise price, subject to anti-dilution adjustments, of $22.18 per share. The rights of the holders of our common stock may be adversely affected by our participation in the CPP. For example:

Prior to the earlier of December 5, 2011 and the date on which all of the shares of the CPP Preferred Stock have been redeemed by us or transferred by the U.S. Treasury to third parties, we may not, without the consent of the U.S. Treasury, subject to limited exceptions, (i) redeem, repurchase, or otherwise acquire our capital stock or trust preferred securities or (ii) increase the quarterly dividends we pay on our common stock above $0.31 per share. There can be no assurance that such consent would be obtained or as to the timing for receiving any such consent.

We may not pay dividends on our common stock unless we have fully paid all required dividends on the CPP Preferred Stock. Although we fully expect to be able to pay all required dividends on the CPP Preferred Stock, there is no guarantee that we will be able to do so.

The CPP Preferred Stock will receive preferential treatment in the event of our liquidation, dissolution or winding up.

The ownership interest of the existing holders of our common stock will be diluted to the extent the CPP Warrant is exercised. In addition, the terms of the CPP Preferred Stock require that quarterly dividends be paid on the CPP Preferred Stock at the rate of 5% per annum for the first five years and 9% per annum thereafter until we redeem them. The payments of these dividends will decrease the excess cash we otherwise have available to pay dividends on our common stock and to use for general corporate purposes, including working capital.

Further, the issuance of the CPP Preferred Stock subjects us to increased regulation, including restrictions on executive compensation pursuant to rules issued by the U.S. Treasury under the American Recovery and Reinvestment Act of 2009. Compliance with these regulations may affect our ability to compete successfully for executive and management talent.

There can be no assurance whether or when the CPP Preferred Stock will be redeemed and the CPP Warrant will be repurchased.

Any reduction in our credit ratings could increase our financing costs.

Various rating agencies publish credit ratings for our debt obligations, based on their evaluations of a number of factors, some of which relate to our performance and some of which relate to general industry conditions. Management routinely communicates with each rating agency and anticipates the rating agencies will closely monitor our performance and update their ratings from time to time during the year.

We are currently rated BBB- by Standard & Poor s Ratings Group, a division of The McGraw-Hill Companies, Inc., with a negative outlook. On January 4, 2010, Moody s Investors Service, Inc. downgraded our issuer rating to Baa1 from A3 , with a negative outlook. On January 8, 2010, Fitch Ratings announced that it is placing our long-term issuer default rating on negative watch. We are currently rated BBB by Fitch.

We cannot give any assurance that our current credit ratings will remain in effect for any given period of time or that a rating will not be lowered or withdrawn entirely by a rating agency if, in its judgment, circumstances in the future so warrant. Further downgrades in our credit ratings may adversely affect our borrowing costs and our ability to borrow or raise capital, and may adversely affect our reputation.

The Company s reserve for loan losses may be insufficient.

We maintain a reserve for loan losses that represents management s best estimate of probable losses that have been incurred within the existing portfolio of loans. The level of the reserve reflects management s continuing evaluation of industry concentrations; specific credit risks; loan loss experience; current loan portfolio quality; present economic, political, and regulatory conditions; and unidentified losses inherent in the current loan portfolio. The determination of the appropriate level of the reserve for loan losses inherently involves a high degree of subjectivity and requires the Company to make estimates of significant credit risks and future trends, all of which may undergo material changes. Among the factors that determine the level of the reserve are management s expected disposition strategy and the estimated amount that would be realized upon disposition. Any change in disposition strategy, including a determination to more aggressively dispose of particular assets, could lead to lower-than-expected returns and increased or accelerated write-offs. In addition, economic or market conditions or developments, including determinations by other lenders to more aggressively dispose of assets, could depress market prices and require us to increase our loan loss reserves. See Risk Factors The Company s Reserve For Loan Losses May Be Insufficient in our 2008 Form 10-K for a further discussion of the risks relating to our loan loss reserves.

Real estate market volatility and future changes in our disposition strategies could result in net proceeds that differ significantly from our OREO fair value appraisals.

Our other real estate owned (OREO) portfolio consists of properties that we obtained through foreclosure or through an in-substance foreclosure in satisfaction of loans. Properties in our OREO portfolio are recorded at the lower of the recorded investment in the loans for which the properties previously served as collateral or the fair value , which represents the estimated sales price of the properties on the date acquired less estimated selling costs. Generally, in determining fair value an orderly disposition of the property is assumed, except where a different disposition strategy is expected. Significant judgment is required in estimating the fair value of OREO property, and the period of time within which such estimates can be considered current is significantly shortened during periods of market volatility, as experienced during 2008 and 2009.

In response to market conditions and other economic factors, we may utilize alternative sale strategies other than orderly disposition as part of our OREO disposition strategy, such as immediate liquidation sales. In this event, as a result of the significant judgments required in estimating fair value and the variables involved in different methods of disposition, the net proceeds realized from such sales transactions could differ significantly from appraisals, comparable sales, and other estimates used to determine the fair value of our OREO properties.

We have recently reduced our quarterly dividends to $0.01 per share of common stock, have not established a minimum dividend payment level and cannot assure you that we will pay dividends in the future.

On March 16, 2009, our board of directors announced a reduction in our quarterly common stock dividend from $0.225 per share to $0.01 per share. We do not have plans to increase our quarterly dividend in the near future, and any increase may require regulatory approval. In addition, we may not pay dividends on our common stock unless we have paid dividends on the CPP Preferred Stock. We have not established a minimum dividend payment level. All dividends will be made at the discretion of our board of directors and will depend upon, among other things, our earnings, financial condition and such other factors as our board of directors may deem relevant from time to time. Our board of directors may in its discretion further reduce or eliminate dividends or change its dividend policy in the future.

We are a bank holding company and our sources of funds are limited.

We are a bank holding company, and our operations are primarily conducted by the Bank, which is subject to significant federal and state regulation. Cash available to pay dividends to our stockholders is derived primarily from dividends received from the Bank. Our ability to receive dividends or loans from our subsidiaries is restricted. Dividend payments by the Bank to us in the future will require generation of future earnings by the Bank and could require regulatory approval if the proposed dividend is in excess of prescribed guidelines. As of December 31, 2009, approximately $43.9 million of the retained earnings of the Bank were available to pay dividends to us without regulatory approval. Further, our right to participate in the assets of the Bank upon its liquidation, reorganization or otherwise will be subject to the claims of the Bank s creditors, including depositors, which will take priority except to the extent we may be a creditor with a recognized claim.

All of our debt obligations and our senior equity securities will have priority over our common stock with respect to payment in the event of liquidation, dissolution or winding-up and with respect to the payment of dividends.

In any liquidation, dissolution or winding up of First Midwest, our common stock would rank below all debt claims against us and claims of all of our outstanding shares of preferred stock (including the CPP Preferred Stock) and other senior equity securities. As a result, holders of our common stock will not be entitled to receive any payment or other distribution of assets upon the liquidation, dissolution or winding-up of First Midwest until after all of our obligations to our debt holders have been satisfied and holders of senior equity securities have received any payment or distribution due to them.

Offerings of debt, which would be senior to our common stock upon liquidation, and/or preferred equity securities which may be senior to our common stock for purposes of dividend distributions or upon liquidation, may adversely affect the market price of our common stock.

We may attempt to increase our capital resources or, if our or the capital ratio of the Bank falls below the required minimums, we or the Bank could be forced to raise additional capital by making additional offerings of debt or preferred equity securities, including trust preferred securities, senior or subordinated notes and preferred stock. We may also decide to raise additional capital by issuing debt or preferred equity securities for other reasons. Upon liquidation, holders of our debt securities and shares of preferred stock and lenders with respect to other borrowings will receive distributions of our available assets prior to the holders of our common stock. Additional equity offerings may dilute the holdings of our existing stockholders or reduce the market price of our common stock, or both. Holders of our common stock are not entitled to preemptive rights or other protections against dilution.

Our board of directors is authorized to issue one or more classes or series of preferred stock from time to time without any action on the part of our stockholders. Our board of directors also has the power, without stockholder approval, to set the terms of any such classes or series of preferred stock that may be issued, including voting rights, dividend rights and preferences over our common stock with respect to dividends or upon our dissolution, winding-up and liquidation and other terms. If we issue preferred stock in the future that have a preference over our common stock with respect to the payment of dividends or upon liquidation, or if we issue preferred stock with voting rights that dilute the voting power of our common stock, the rights of holders of our common stock or the market price of our common stock could be adversely affected.

Management will have broad discretion as to the use of the proceeds from this offering, and we may not use the proceeds effectively.

We have not designated the amount of net proceeds from this offering that we will use for any particular purpose. Accordingly, our management will have broad discretion as to the application of the net proceeds and could use them for purposes other than those contemplated at the time of this offering. Our stockholders may not agree with the manner in which our management chooses to allocate and spend the net proceeds. Moreover, our management may use the net proceeds for corporate purposes that may not increase our profitability or market value.

An investment in our common stock is not an insured deposit.

An investment in our common stock is not a bank deposit and, therefore, is not insured against loss by the FDIC, any other deposit insurance fund or by any other public or private entity. Investment in our common stock is inherently risky for the reasons described in this Risk Factors section, in the Risk Factors section of our Form 10-K or elsewhere in this prospectus supplement or the documents incorporated by reference herein, and is subject to the same market forces that affect the price of common stock in any company. As a result, if you acquire our common stock, you could lose some or all of your investment.

Our restated certificate of incorporation, restated by-laws, and amended and restated rights agreement as well as certain banking laws may have an anti-takeover effect.

Provisions of our restated certificate of incorporation and restated by-laws, federal banking laws, including regulatory approval requirements, and our amended and restated rights agreement could make it more difficult for a third party to acquire us, even if doing so would be perceived to be beneficial by our stockholders. The combination of these provisions effectively inhibits a non-negotiated merger or other business combination, which, in turn, could adversely affect the market price of our common stock.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein may contain, and from time to time our management may make, certain statements that may constitute forward-looking statements. These statements are not historical facts, but instead represent only management s beliefs regarding future events, many of which, by their nature, are inherently uncertain and outside our control. Although we believe the expectations reflected in any forward-looking statements are reasonable, it is possible that our actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition indicated in such statements. In some cases, you can identify these statements by forward-looking words such as may, might, will, should, expect, plan, anticipate, believe, predict, potential or continue, and the negative of these terms and other comparable terminology. We caution you not to place undue reliance on forward-looking statements, which speak only as of the date of this prospectus supplement or the relevant document, as applicable.

Forward-looking statements are subject to known and unknown risks, uncertainties and assumptions and may include projections relating to our future financial performance, including our growth strategies and anticipated trends in our business. The risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements include the following:

Management s ability to reduce and effectively manage interest rate risk and the impact of interest rates in general on the volatility of our net interest income and our borrowers ability to repay outstanding loans;

Asset/liability matching risks and an inability to obtain needed liquidity;

Fluctuations or declines in the value of our investment securities, bank owned life insurance contracts or other assets, or an inability to realize the estimated fair value of these assets;

An increase in non-performing loans or deterioration of loan quality, including with respect to one or more of the large commercial or industrial loans or commercial real estate loans in our loan portfolio;

The ability to attract and retain qualified employees experienced in banking and financial services;

The sufficiency of the reserve for loan losses to absorb the amount of actual losses inherent in the existing portfolio of loans;

The failure of assumptions underlying the establishment of the reserve for loan losses, estimation of values of collateral and various financial assets and liabilities;

Credit risks and risks from concentrations (by geographic area and by industry) within our loan portfolio;

The effects of competition from other commercial banks, thrifts, mortgage banking firms, consumer finance companies, credit unions, securities brokerage firms, insurance companies, money market and other mutual funds, and other financial institutions operating in our markets or elsewhere providing similar services;

Continued weakness or decline in the economic environment or in the financial markets or other factors that may influence the anticipated growth rate of loans and deposits, the quality of the loan portfolio, loan and deposit pricing, and our ability to raise necessary or desired capital;

Continued weakness or decline in general economic or industry conditions, nationally or in the communities in which we conduct business, including in the suburban metropolitan Chicago market;

Volatility of rate sensitive deposits;

Any restrictions on our ability to obtain funds from our subsidiaries;

A decline in our stock price below tangible book value, which could require a write-down of goodwill;

A reduction in our credit ratings;

The impact of technological changes, including an inability to adapt successfully to technological changes to compete effectively in the marketplace and the loss of fee income as technology enables consumers and businesses to conduct transactions without using banks;

Operational risks, including information and data processing system failures or fraud and failure of our internal controls and procedures;

Our ability to successfully pursue acquisition and expansion strategies and integrate any acquired companies;

Our reliance on the soundness of other financial institutions, including those with which we have trading, clearing, counterparty and other relationships, and on third parties that process and handle our records and data;

The impact of liabilities arising from legal or administrative proceedings, enforcement of bank regulations and enactment or application of securities regulations;

Governmental monetary and fiscal policies and regulations and legislative, regulatory and policy changes that may result in the imposition of costs and constraints through higher FDIC insurance premiums, significant fluctuations in market interest rates, increases in capital requirements, operational limitations or otherwise, including laws or regulations that impose heightened standards or limitation on banking institutions or TARP recipients;

Our ability to attract and retain skilled people, including the impact of existing or enhanced executive compensation limitations imposed on us as a banking institution and/or as a TARP recipient;

Changes in federal and state tax laws or interpretations, including changes affecting tax rates, income not subject to tax under existing law and interpretations, income sourcing or consolidation/combination rules;

Changes in accounting principles, policies or guidelines affecting the businesses we conduct;

Environmental liability risks associated with lending activities;

Acts of war or terrorism or natural disasters; and

Other economic, competitive, governmental, regulatory and technological factors affecting our operations, products, services and prices.

You should refer to our Annual Report on Form 10-K for the year ended December 31, 2008, including the sections entitled Risk Factors in Part I, Item 1A of that report and Management s Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7, as well as our subsequent periodic and current reports filed with the SEC, the section entitled Risk Factors beginning on page S-3 of this prospectus supplement and the section entitled Recent Developments beginning on page S-10 of this prospectus supplement for a more detailed discussion of these risks and uncertainties. These risks and uncertainties are not exhaustive, however. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible to predict all risks and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We are under no duty to update any of these forward-looking statements after the date of this prospectus supplement or the relevant document to conform our prior statements to actual results or revised expectations, and we do not intend to do so.

RECENT DEVELOPMENTS

The following is a summary of certain unaudited financial information for the Company as of and for the fourth quarter and year ended December 31, 2009.

On January 12, 2010, the Company reported results of operations and financial condition for fourth quarter 2009. Net loss for the quarter was $37.5 million, before adjustment for preferred dividends and non-vested restricted shares, with a loss of $39.5 million, or $0.73 loss per share, available to common shareholders after such adjustments. This compares to net income of $3.4 million and $773,000, or $0.02 per share, respectively, for third quarter 2009, and a net loss of $26.9 million and $27.6 million, or $0.57 loss per share, respectively, for fourth quarter 2008.

Operating Performance

The Company generated pre-tax, pre-provision core operating earnings of $32.7 million for fourth quarter 2009, up 8.1% from third quarter 2009 and down 21.2% from fourth quarter 2008. A reconciliation of earnings in accordance with generally accepted accounting principles (GAAP) to non-GAAP pre-tax, pre-provision core operating earnings is presented below on page S-17.

The increase from third quarter 2009 was due primarily to improved net interest income, while the decline from fourth quarter 2008 primarily reflects the impact of higher compensation-related expenses, loan remediation costs, and FDIC premiums on deposits.

Pre-tax, pre-provision core operating earnings for full year 2009 were $131.4 million, a decrease of 14.6% from 2008. Improved net interest income was more than offset by lower fee-based revenue and higher remediation costs and FDIC premiums.

Total loans as of December 31, 2009 were $5.2 billion, a decrease of $102.8 million and $156.8 million from September 30, 2009 and December 31, 2008, respectively.

Average core transactional deposits for fourth quarter 2009 were $3.9 billion, an increase of $29.7 million from third quarter 2009 and $440.7 million, or 12.8%, from fourth quarter 2008. Average core transactional deposits for the full year 2009 increased $175.7 million, or 4.9%, from 2008 due in large part to customers desire to maintain more liquid, short-term deposits.

Tax-equivalent net interest margin was 4.04% for fourth quarter 2009, an increase from 3.66% for third quarter 2009 and 3.71% for fourth quarter 2008. The yield on average earning assets for fourth quarter 2009 improved 10 basis points compared to third quarter 2009, while the Company s cost of funds declined 31 basis points compared to third quarter 2009. The yield on average earning assets for fourth quarter 2009 declined 45 basis points compared to fourth quarter 2008 and the Company s cost of funds declined 86 basis points compared to the same period in 2008.

Fee-based revenues were $22.0 million and $85.2 million for fourth quarter and full year 2009, respectively. These represented decreases of 4.7% and 10.4%, respectively, from the same periods of 2008 and largely reflect the impact of reduced consumer spending. For the third consecutive quarter, fee-based revenues improved, reflecting increases in trust, card-based, and other service charge revenues.

Bank-owned life insurance income for fourth quarter 2009 increased $9.1 million from fourth quarter 2008, reflecting a $10.4 million charge in fourth quarter 2008 related to a reduction in the cash surrender value of bank-owned life insurance. Other income for fourth quarter and full year 2009 increased from the same periods in 2008 as a result of a market adjustment related to a change in value of certain assets held under a non-qualified deferred compensation plan. The market adjustment for each period is substantially offset by a corresponding amount in compensation expense.

For fourth quarter 2009, noninterest expense increased $13.9 million compared to third quarter 2009 and $23.9 million from fourth quarter 2008. The increase from third quarter 2009 was due primarily to losses related to other real estate owned. The increase from fourth quarter 2008 was also due to losses related to other real estate owned in addition to higher FDIC premiums, higher pension and profit-sharing expense, and higher compensation expense associated with the market adjustment referred to above.

For full year 2009, noninterest expense increased $40.5 million from full year 2008 with the increase due primarily to a $20.0 million increase in losses and remediation expenses related to other real estate owned, as well as a $12.6 million increase in FDIC premiums and the previously referenced market adjustment for the Company s non-qualified deferred compensation plan. The increase in FDIC premiums expense included an industry-wide special assessment of $3.5 million.

Asset Quality

Non-accrual plus 90 day past due loans as of December 31, 2009 were $248.3 million, down 6% compared to September 30, 2009, with residential construction loans comprising 45% of the total. Loans 30-89 days past due totaled $37.9 million at December 31, 2009, down 15% from September 30, 2009.

During fourth quarter 2009, the Company increased its reserve for loan losses to $144.8 million, up $10.5 million from September 30, 2009 and $50.9 million from December 31, 2008. The reserve for loan losses represented 2.78% of total loans outstanding at December 31, 2009, compared to 2.53% at September 30, 2009 and 1.75% at December 31, 2008. The reserve for loan losses as a percentage of nonaccrual plus 90-day past due loans was 58% at December 31, 2009, up from 51% and 57% at September 30, 2009 and December 31, 2008, respectively.

Net charge-offs totaled $82.5 million during fourth quarter 2009, compared to $31.3 million in third quarter 2009. Net charge-offs for full year 2009 totaled $164.7 million, or 3.08% of average loans, as compared to $38.2 million, or 0.74% of average loans, for full year 2008.

The provision for loan losses for fourth quarter 2009 was $93.0 million and $215.7 million for full year 2009, compared to $42.4 million and $70.3 million for fourth quarter and full year 2008, respectively.

Charge-offs and provisioning during 2009 were largely influenced by the credit performance of the Company s residential construction and land loan portfolio. This portfolio currently represents only 6% of total loans but accounted for 45% of total non-performing loans and 46% of total fourth quarter charge-offs. These charge-offs reflect management s continuing efforts to align the carrying value of these assets with the value of underlying collateral based upon more aggressive disposition strategies and recognizing falling property values. To that end, updated appraisals were received on some 80% of the non-performing residential construction portfolio during fourth quarter 2009.

Other real estate owned (OREO) was $57.1 million as of December 31, 2009 compared to $57.9 million as of September 30, 2009. During the fourth quarter, the Company reduced the carrying value of OREO properties in total by $9.2 million reflective of existing market conditions and more aggressive disposition strategies. Additionally, OREO with a carrying value of $13.7 million was sold at a net loss of $4.9 million, bringing full year sales to $25.3 million and losses of $6.0 million.

Securities Portfolio

The Company s $1.3 billion available-for-sale portfolio remains highly liquid with approximately 95% comprised of municipals, CMOs, and agency pass-through securities. The remainder consists of trust-preferred collateralized debt obligation pools (CDOs) with a fair value of $11.7 million and an unrealized loss of $42.6 million, and miscellaneous other securities totaling $46.1 million.

Net securities losses were $5.8 million for fourth quarter 2009 and included an other-than-temporary impairment of $6.0 million associated with the Company s CDOs.

Acquisition of First DuPage Bank

On October 23, 2009, the Company acquired substantially all the assets of the $260 million former First DuPage Bank in an FDIC-assisted transaction generating a gain of $13.1 million. Loans comprise the majority of the assets acquired and are subject to a loss sharing arrangement with the FDIC whereby the Company is indemnified against the majority of any losses incurred related to these loans. The loans acquired from the former First DuPage Bank, including the FDIC indemnification, total $223.2 million at December 31, 2009 and are classified and presented as Covered Assets in the statement of financial condition. These assets are excluded from the asset quality presentation, given the loss share indemnification from the FDIC.

Debt and Capital Management

During fourth quarter 2009, the Company retired for cash $20 million of 5.95% subordinated debt, generating a pre-tax gain of $1.3 million, leaving a balance of $50.5 million at December 31, 2009.

Regulatory and tangible common equity ratios were improved in comparison to December 31, 2008. As reflected in the following table, all regulatory mandated ratios for characterization as well-capitalized were significantly exceeded as of December 31, 2009.

	December 31, 2009	December 31, 2008	Minimum Well-Capitalized Level	Excess Over Required Minimums at December 31, 2009 (Dollars in millions)	
Regulatory capital ratios:					
Total capital to risk-weighted assets	14.26%	14.36%	10.00%	43%	$ 267
Tier 1 capital to risk-weighted as					