

OLD SECOND BANCORP INC
Form DEF 14A
March 24, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

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

Filed by the Registrant ☒ X

Filed by a Party other than the Registrant ☐ O

Check the appropriate box:

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

Old Second Bancorp, Inc.
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- ☒ No fee required.
☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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| (2) | Aggregate number of securities to which transaction applies: |
| (3) | Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): |
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- ☐ Fee paid previously with preliminary materials.
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| (1) | Amount Previously Paid: |
| (2) | Form, Schedule or Registration Statement No.: |
| (3) | Filing Party: |
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March 20, 2009

Dear Stockholder:

You are cordially invited to attend the 2009 annual meeting of stockholders of Old Second Bancorp, Inc. to be held on Tuesday, April 21, 2009 at 11:00 a.m., local time. The meeting will be held at the Copley Theatre, North Island Center, 8 East Galena Boulevard, Aurora, Illinois.

The formal items of business to be considered at the meeting include the election of four directors with terms expiring in 2012, the approval of a non-binding, advisory proposal on our executive compensation and the ratification of our independent auditors. In addition, we will report on our performance in 2008 and address questions or comments from stockholders.

We encourage you to attend the meeting in person. **Whether or not you plan to attend, however, please read the enclosed proxy statement and then complete, sign and date the enclosed proxy and return it in the accompanying postpaid return envelope as promptly as possible.** This will save us additional expense in soliciting proxies and will ensure that your shares are represented at the meeting.

A copy of our annual report to stockholders for the year 2008 is also enclosed. Thank you for your continued support and we look forward to seeing you at the meeting.

Sincerely,

William B. Skoglund
Chairman

If you plan to attend the meeting in person, please respond to Robin Hodgson, Vice President/Corporate Secretary via email at rhodgson@02bancorp.com, by telephone at 630.906.5480, or indicate your preference on the back of the proxy sheet.

Directions: The Copley Theater is located approximately 2 blocks east of Old Second National Bank on Galena Boulevard, Aurora, Illinois 60506 (please see detailed map found in the proxy statement.)

OLD SECOND BANCORP, INC.

37 South River Street, Aurora, Illinois 60506

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD APRIL 21, 2009

TO THE STOCKHOLDERS:

The annual meeting of stockholders of Old Second Bancorp, Inc., will be held on Tuesday, April 21, 2009 at 11:00 a.m., local time, at the Copley Theatre, North Island Center, 8 East Galena Boulevard, Aurora, Illinois, for the following purposes:

1. to elect four members of the board of directors;
2. to approve a non-binding, advisory proposal on the Old Second's executive compensation disclosed in the proxy statement;
3. to ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm for the year ended December 31, 2009; and
4. to transact such other business as may properly be brought before the meeting or any postponements or adjournments of the meeting.

The board of directors is not aware of any other business to come before the meeting. Stockholders of record at the close of business on March 9, 2009, are the stockholders entitled to vote at the meeting and any and all adjournments or postponements of the meeting. In the event there are an insufficient number of votes for a quorum at the time of the annual meeting, the meeting may be adjourned or postponed in order to permit further solicitation of proxies.

By order of the board of directors

William B. Skoglund
Chairman and Chief Executive Officer

Aurora, Illinois
March 20, 2009

IMPORTANT: THE PROMPT RETURN OF PROXIES WILL SAVE US THE EXPENSE OF FURTHER REQUESTS FOR PROXIES TO ENSURE A QUORUM AT THE MEETING. A SELF-ADDRESSED ENVELOPE IS ENCLOSED FOR YOUR CONVENIENCE. NO POSTAGE IS REQUIRED IF MAILED WITHIN THE UNITED STATES.

OLD SECOND BANCORP, INC.

PROXY STATEMENT

This proxy statement is furnished in connection with the solicitation by the board of directors of Old Second Bancorp, Inc., a Delaware corporation, of proxies to be voted at the annual meeting of stockholders. This meeting is to be held at the Copley Theatre, North Island Center, located at 8 East Galena Boulevard, Aurora, Illinois on April 21, 2009 at 11:00 a.m., local time, or at any postponements or adjournments of the meeting. Old Second conducts full service community banking and trust business through its wholly-owned subsidiaries, Old Second National Bank, Old Second Financial, Inc., Old Second Affordable Housing Fund, L.L.C. and Old Second Management, LLC, and its majority-owned subsidiary, Old Second Realty, LLC.

A copy of our annual report for the year ended December 31, 2008, which includes audited financial statements, is enclosed. This proxy statement was first mailed to stockholders on or about March 20, 2009.

Why am I receiving this proxy statement and proxy form?

You are receiving a proxy statement and proxy form from us because on March 9, 2009, the record date for the annual meeting, you owned shares of our common stock. This proxy statement describes the matters that will be presented for consideration by the stockholders at the annual meeting. It also gives you information concerning these matters to assist you in making an informed decision.

When you sign the enclosed proxy form, you appoint the proxy holder as your representative at the meeting. The proxy holder will vote your shares as you have instructed in the proxy form, ensuring that your shares will be voted whether or not you attend the meeting. Even if you plan to attend the meeting, you should complete, sign and return your proxy form in advance of the meeting just in case your plans change.

If you have signed and returned the proxy form and an issue comes up for a vote at the meeting that is not identified on the form, the proxy holder will vote your shares, pursuant to your proxy, in accordance with his or her best judgment.

What matters will be voted on at the meeting?

You are being asked to vote on the election of four nominees to our board of directors, a non-binding, advisory proposal on executive compensation and the ratification of Grant Thornton LLP as our independent registered public accounting firm for the year ended December 31, 2009 and any other business that may properly be brought before the meeting.

How do I vote?

A form of proxy is enclosed for use at the meeting. If the proxy is executed and returned, it may nevertheless be revoked at any time insofar as it has not been exercised. Stockholders attending the meeting may, on request, vote their own shares even though they have previously sent in a proxy. Unless revoked or instructions to the contrary are contained in the proxies, the shares represented by validly executed proxies will be voted at the meeting and will be voted for the election of the nominees for director named in this proxy statement, for the non-binding advisory proposal on executive compensation and for the ratification of our independent registered public accounting firm.

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

It means that you have multiple holdings reflected in our stock transfer records and/or in accounts with stockbrokers. Please sign and return **ALL** proxy forms to ensure that all your shares are voted.

If I hold shares in the name of a broker, who votes my shares?

If you received this proxy statement from your broker, your broker should have given you

instructions for directing how your broker should vote your shares. It will then be your broker's responsibility to vote your shares for you in the manner you direct.

Under the rules of various national and regional securities exchanges, brokers generally may vote on routine matters, such as the election of directors and ratifying the appointment of an independent registered public accounting firm, but may not vote on non-routine matters, such as an amendment to the certificate of incorporation or the adoption or amendment of a stock incentive plan, unless they have received voting instructions from the person for whom they are holding shares. If there is a non-routine matter presented to stockholders at a meeting and your broker does not receive instructions from you on how to vote on that matter, your broker will return the proxy card to us, indicating that he or she does not have the authority to vote on that matter. This is generally referred to as a broker non-vote and may affect the outcome of the voting on those matters.

The election of directors and the ratification of the appointment of our independent registered public accounting firm should be within your broker's discretion to vote in the absence of instructions from you. However, we encourage you to provide directions to your broker as to how you want your shares voted on all matters to be brought before the 2009 annual meeting. You should do this by carefully following the instructions your broker gives you concerning its procedures. This ensures that your shares will be voted at the meeting.

How many votes do we need to hold the annual meeting?

A majority of the shares that were outstanding and entitled to vote as of the record date must be present in person or by proxy at the meeting in order to hold the meeting and conduct business. On March 9, 2009, the record date, there were 13,827,259 shares outstanding. A majority of these shares must be present in person or by proxy at the meeting.

Shares are counted as present at the meeting if the stockholder either:

- is present in person at the meeting; or
- has properly submitted a signed proxy form or other proxy.

What happens if any nominee is unable to stand for re-election?

The board may, by resolution, provide for a lesser number of directors or designate a substitute nominee. In the latter case, shares represented by proxies may be voted for a substitute nominee. Proxies cannot be voted for more than four nominees. The board has no reason to believe any nominee will be unable to stand for re-election.

What options do I have in voting on each of the proposals?

You may vote for or withhold authority to vote for each nominee for director. You may vote for, against or abstain on the non-binding, advisory proposal on executive compensation, on the ratification of our independent registered public accounting firm and on any other proposal that may properly be brought before the meeting.

How many votes are needed for each proposal?

The directors are elected by a plurality and the four individuals receiving the highest number of votes cast for their election will be elected as directors of Old Second. A withhold authority vote will have the same effect as a vote against the election of a particular director. A majority of votes cast at the meeting will approve Old Second's executive compensation. Because the vote on the executive compensation is advisory, it will not be binding upon the board of directors or the Compensation Committee. A majority of votes cast at the meeting will ratify the appointment of our independent registered public accounting firm.

Abstentions and broker non-votes, if any, will not be counted as entitled to vote, but will count for purposes of determining whether or not a quorum is present on the matter. So long as a quorum is present, abstentions and broker non-votes will have no effect on the outcome of the election of directors, the vote on executive compensation or the ratification of the appointment of our independent registered public accounting firm.

How are votes counted?

Voting results will be tabulated and certified by the election judges.

Where do I find the voting results of the meeting?

We will announce voting results at the meeting. The voting results will also be disclosed in our Form 10-Q for the quarter ending June 30, 2009.

Important Notice Regarding the Availability of Proxy Material for the Stockholder Meeting to be Held on April 21, 2009.

Full copies of the proxy statement, the proxy card and other materials for the annual meeting are available on the internet at www.oldsecond.com under 2009 Annual Meeting Materials. Stockholders will receive a full set of these materials through the mail from us or from your broker.

PROPOSAL 1:

ELECTION OF DIRECTORS

Old Second's board of directors is divided into three classes, approximately equal in number. At the annual meeting to be held on April 21, 2009, you will be entitled to elect four directors for terms expiring in three years, as described herein. We have no knowledge that any of the nominees will refuse or be unable to serve as directors, but if any of the nominees becomes unavailable for election, the holders of proxies reserve the right to substitute another person of their choice as a nominee when voting at the meeting.

The Nominating and Corporate Governance Committee of the board of directors of Old Second has nominated four persons for election at this annual meeting, ALL of whom are incumbent directors. Set forth below is information concerning the nominees for election and for the other directors whose term of office will continue after the meeting, including their age, year first elected or appointed as a director and business experience during the previous five years. The four nominees for director, if elected at the annual meeting, will serve for terms expiring in 2012. Mr. McKee, a current director, will turn age 70 in May of 2009 and, pursuant to our bylaws, will not stand for re-election in 2009 and become a senior director of the board for a period of three years.

Unless authority to vote for the nominees is withheld, the shares represented by the enclosed proxy card, if executed and returned, will be voted for the election of the nominees proposed by the board of directors.

*The board of directors recommends you vote your shares **FOR** each of the nominees for director.*

NOMINEES

Name (Term expires 2012)	Served as Old Second Director Since	Principal Occupation
J. Douglas Cheatham (Age 52)	2003	Executive Vice President and Chief Financial Officer, Old Second Bancorp, Inc. (2007-present), Sr. Vice President, Chief Financial Officer, Chief Accounting Officer, and Assistant Secretary of Old Second Bancorp, Inc. (2003-2007).
James Eccher (Age 43)	2006	Executive Vice President and Chief Operating Officer, Old Second Bancorp, Inc., (2007-present), President and Chief Executive Officer, Old Second National Bank (2003-present), Sr. Vice President and Branch Director, Old Second National Bank (1999-2003), President and Chief Executive Officer of Bank of Sugar Grove (1995-1999).
Gerald Palmer (Age 63)	1998	Retired Vice President/General Manager, Caterpillar, Inc., a construction equipment manufacturer.

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James Carl Schmitz
(Age 60)

1999

Tax Consultant (1999-present), Director of Taxes with H. B. Fuller Company (1998), tax specialist with KPMG LLP (1999).

CONTINUING DIRECTORS**(Term Expires 2010)**

Edward Bonifas (Age 49)	2000	Vice President, Alarm Detection Systems Inc., producer and installer of alarm systems, close-captioned video systems and car access systems.
Mary Krasner (Age 56)	2006	General Partner and Owner, Wyndham Deerpoint Homes, a homebuilding and land development company.
William Meyer (Age 61)	1995	President, William F. Meyer Co., a wholesale plumbing supply company.
William B. Skoglund (Age 58)	1992	Chairman and Chief Executive Officer of Old Second Bancorp, Inc., and Chairman of Old Second National Bank.

(Term Expires 2011)

Marvin Fagel (Age 61)	1996	President, Aurora Packing Co, a meat packing company, Chairman of the Board and Chief Executive Officer, New City Packing Company, a meat packing company.
Barry Finn (Age 49)	2004	President and Chief Executive Officer, Rush-Copley Medical Center (2002-present), Chief Operating Officer and Chief Financial Officer, Rush-Copley Medical Center (1996-2002).
William Kane (Age 57)	1999	Partner, Label Printers, Inc., a printing company.
John Ladowicz (Age 56)	2008	Former Chairman and Chief Executive Officer of HeritageBanc, Inc., and Heritage Bank (1996-2008)
Kenneth Lindgren (Age 68)	1990	President, Daco Incorporated, a contract manufacturer of machine components.

Upon attaining age 70, an elected director assumes the status of a senior director for a period of three years. Senior directors have the right to attend all board meetings and all meetings of the committees to which they are appointed and to participate in all discussions during such meetings. However, a senior director does not have the right to vote on any matter. There are currently no senior directors on our Board as Mr. Alexander, a former senior director, went off the board in April, 2008; however, Mr. McKee will become a senior director effective May 1, 2009 and will remain in that capacity for the next three years.

All directors will hold office for the terms indicated, or until their earlier death, resignation, removal or disqualification, and until their respective successors are duly elected and qualified. There are no arrangements or understandings between any of the nominees, directors or executive officers and any other person pursuant to which any of our nominees, directors or executive officers have been selected for their respective positions. No nominee, member of the board of directors or executive officer is related to any other nominee, member of the board of directors or executive officer.

CORPORATE GOVERNANCE AND THE BOARD OF DIRECTORS