OLD SECOND BANCORP INC
Form DEF 14A
April 15, 2013

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

SCHEDULE 14A

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

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under §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):

ý No fee required.

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

OLD SECOND BANCORP, INC.

37 South River Street, Aurora, Illinois 60506

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD MAY 21, 2013

TO THE STOCKHOLDERS:

The annual meeting of stockholders of Old Second Bancorp, Inc., will be held on Tuesday, May 21, 2013, at 10:00 a.m., central time, at Waubonsee Community College, 18 S. River Street, Aurora, Illinois, for the following purposes:

1. to elect three members of the board of directors;

2. to approve, in a non-binding, advisory vote, the compensation of our named executive officers, as described in the proposal on Old Second's executive compensation disclosed in the proxy statement, which is referred to as the "say-on-pay" proposal;

3. to approve, in a non-binding, advisory vote, the frequency with which stockholders will vote on future say-on-pay proposals;

4. to ratify the Amended and Restated Rights Agreement and Tax Benefits Preservation Plan, between Old Second Bancorp, Inc., and Old Second National Bank, as Rights Agent, dated September 12, 2012;

5. to ratify the appointment of Plante & Moran, PLLC as our independent registered public accounting firm for the year ended December 31, 2013; and

6. 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 22, 2013 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
April 15, 2013

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.

37 South River Street, Aurora, Illinois 60506

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 Waubonsee Community College, 18 S. River St., Aurora, Illinois, on May 21, 2013 at 10:00 a.m., central time, or at any postponements or adjournments of the meeting. Old Second conducts full service community banking and trust business through its wholly-owned subsidiary, Old Second National Bank.

A copy of our annual report for the year ended December 31, 2012, which includes audited financial statements, is enclosed. This proxy statement was first mailed to stockholders on or about April 15, 2013. As used in this proxy statement, the terms "Old Second," "the Company," "we," "our" and "us" all refer to Old Second Bancorp, Inc., and its subsidiaries.

Why am I receiving this proxy statement and proxy form?

You are receiving a proxy statement and proxy form from us because on March 22, 2013, 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: (i) the election of three nominees to our board of directors; (ii) a non-binding, advisory proposal to approve the compensation of our named executive officers, which is referred to as the "say-on-pay" proposal; (iii) a non-binding advisory proposal regarding the frequency with which stockholders will vote on such say-on-pay proposals in the future; (iv) the ratification of our Amended and Restated Rights Agreement and Tax Benefits Preservation Plan (the "Tax Benefits Plan"); (v) the ratification of Plante & Moran, PLLC as our independent registered public accounting firm for the year ended December 31, 2013; and (vi) 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 say-on-pay proposal, "FOR" the "every year" frequency alternative for the say-on-pay proposal, "FOR" the ratification of our Tax Benefits Plan and "FOR" the ratification of our independent registered public accounting firm.

If you want to vote in person, please come to the meeting. We will distribute written ballots to anyone who wants to vote at the meeting. Please note, however, that if your shares are held in the name of a broker or other fiduciary (or what is usually referred to as "street name"), you will need to arrange to obtain a proxy from the record holder in order to vote in person at the meeting. Even if you plan to attend the annual meeting, we ask that you complete and return your proxy card in advance of the annual meeting in case your plans change.

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 may generally vote on routine matters, such as ratifying the appointment of an independent registered public accounting firm, but cannot vote on non-routine matters, such as 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 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, the say-on-pay proposals, the ratification of our Tax Benefits Plan are considered non-routine matters. Therefore, 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 2013 annual meeting upon receipt of our proxy materials. 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.

What if I change my mind after I return my proxy card.

If you hold your shares in your own name, you may revoke your proxy and change your vote at any time before the polls close at the meeting. You may do this by:

- signing another proxy card with a later date and returning that proxy card to us;
- sending notice to us that you are revoking your proxy, or
- voting in person at the meeting.

If you hold your shares in the name of your broker or other fiduciary and desire to revoke your proxy, you will need to contact that party to revoke your proxy.

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 22, 2013, the record date, there were 14,084,328 shares of common stock 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 three 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?

Except with respect to the election of directors, you may vote "for," "against" or "abstain" on each proposal properly brought before the meeting. In the election of directors you may vote "for" or "withhold authority to vote for" each nominee.

How many votes may I cast?

Generally, you are entitled to cast one vote for each share of stock you owned on the record date with respect to each of the proposals. The proxy card included with this proxy statement indicates the number of shares owned by an account attributable to you.

How many votes are needed for each proposal?

Except with respect to the election of directors and the frequency with which future say-on-pay votes will be held, a majority of votes present and entitled to vote at the meeting will approve each matter that arises at the annual meeting.

The directors are elected by a plurality and the three 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. The frequency with which future say-on-pay votes will be held will also be decided by a plurality, with the frequency receiving the most votes being considered the choice of the stockholders. Abstentions and broker non-votes will have no effect on this proposal. Please note, however, because the say-on-pay vote is advisory, it will not be binding upon the board of directors or the Compensation Committee.

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. So long as a quorum is present, abstentions and broker non-votes will have no effect on the election of directors. Abstentions will have the effect of a vote against the say-on-pay proposal and the ratification of the appointment of our independent registered public accounting firm, while broker non-votes will not affect these votes.

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?

If available, we will announce voting results at the meeting. The voting results will also be disclosed in a Form 8-K within four business days of the voting.

Important Notice Regarding the Availability of Proxy Material for the Stockholder Meeting to be held on May 21, 2013.

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 "2013 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, which are elected by our common stockholders, and one class that is elected by the holders of our Fixed Rate Cumulative Perpetual Preferred Stock, Series B (the "Series B Preferred Stock"). At the annual meeting to be held on May 21, 2013, you will be entitled to elect three 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 three 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 three nominees for director, if elected at the annual meeting, will serve for terms expiring in 2016. None of the directors serve on the boards of any other publicly traded companies besides Old Second.

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.

Board Recommendation

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

NOMINEES

Name	Served as Old Second Director Since	Principal Occupation
(Term expires 2013)		
Edward Bonifas (Age 53)	2000	Vice President, Alarm Detection Systems, Inc., producer and installer of alarm systems, closed circuit video systems and card access control systems.
William Meyer (Age 65)	1995	President, William F. Meyer Co., a wholesale plumbing supply company.
William B. Skoglund (Age 62)	1992	Chairman and Chief Executive Officer of Old Second Bancorp, Inc. and Chairman of Old Second National Bank.

CONTINUING DIRECTORS

Name	Served as Old Second Director Since	Principal Occupation
(Term expires 2014)		
Barry Finn (Age 53)	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 61)	1999	Partner, Label Printers, Inc., a printing company.
John Ladowicz (Age 60)	2008	Former Chairman and Chief Executive Officer of HeritageBanc, Inc. and Heritage Bank (1996-2008).

Name	Served as Old Second Director Since	Principal Occupation
(Term expires 2015)		
J. Douglas Cheatham (Age 56)	2003	Executive Vice President and Chief Financial Officer, Old Second Bancorp, Inc. (2007-present), Secretary, Old Second Bancorp, Inc. (2010-present), Sr. Vice President, Chief Financial Officer, Chief Accounting Officer and Assistant Secretary, Old Second Bancorp, Inc. (2003-2007).
James Eccher (Age 47)	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 67)	1998	Retired Vice President/General Manager, Caterpillar, Inc., a construction equipment manufacturer.
James Carl Schmitz (Age 64)	1999	Tax Consultant (1999-present), Director of Taxes with H. B. Fuller Company (1998), tax specialist with KPMG LLP (1999).

Class B **The holders of our Series B Preferred Stock have the right to appoint two directors to our board upon our deferral of the dividend payments on the Series B Preferred Stock for an aggregate of six quarters. As the holder of the Series B Preferred Stock, the U.S. Department of the Treasury ("Treasury") appointed the following individual to serve on the Company's board of directors. Class B Directors are elected for a one-year term and will be annually re-elected by the holders of our Series B Preferred Stock.**

Name	Served as Old Second Director Since	Principal Occupation
Duane Suits (Age 63)	2012	Retired Partner, Sikich LLC, financial service firm, and Independent Financial Services Provider (2004-present)

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.

Director Qualifications

We have established minimum criteria that we believe each director should possess to be an effective member of our board. Those criteria are discussed in more detail on page 9 of this proxy statement. The particular experience, qualifications, attributes or skills that led the board to conclude that each member is qualified to serve on the board and any committee he or she serves on is as follows:

Mr. Bonifas: We consider Mr. Bonifas to be a qualified candidate for service on the board, the Audit Committee and the Compensation Committee due to his skills and expertise acquired as a leader of a successful business and his prominence in the community.

Mr. Cheatham: We consider Mr. Cheatham to be a qualified candidate for service on the board due to his experience in the financial services industry and the familiarity with Old Second's operations he has acquired as Chief Financial Officer of Old Second.

Mr. Eccher: We consider Mr. Eccher to be a qualified candidate for service on the board due to his experience in the financial services industry and the familiarity with Old Second's operations he has acquired as the Chief Operating Officer of Old Second and President of Old Second National Bank.

Mr. Finn: We consider Mr. Finn to be a qualified candidate for service on the board and the Nominating and Corporate Governance Committee and the Audit Committee due to his business and financial expertise acquired as an executive at a successful local medical center, as well as his prominence in the community.

Mr. Kane: We consider Mr. Kane to be a qualified candidate for service on the board and the Compensation Committee due to his experience as a partner at a successful local business, his general experience in business and his prominence in the community.

Mr. Ladowicz: We consider Mr. Ladowicz to be a qualified candidate for service on the board, the Audit Committee and the Nominating and Corporate Governance Committee due to his previous experience as a chief executive officer in the financial services industry, as well as his extensive knowledge of the market areas we entered through the acquisition of HeritageBanc, Inc. in 2008.

Mr. Meyer: We consider Mr. Meyer to be a qualified candidate for service on the board, the Compensation Committee and the Nominating and Corporate Governance Committee due to his skills and expertise acquired as president of a well-established local business and his prominence in the local business community.

Mr. Palmer: We consider Mr. Palmer to be a qualified candidate for service on the board, the Compensation Committee and the Nominating and Corporate Governance Committee due to his skills and expertise acquired as vice president of a successful publicly traded company, his experience in the industrial manufacturing industry and his knowledge of the business community in the markets we serve.

Mr. Schmitz: We consider Mr. Schmitz to be a qualified candidate for service on the board and the Audit Committee due to his skills and expertise in tax consulting and his familiarity with our local market areas.

Mr. Skoglund: We consider Mr. Skoglund to be a qualified candidate for service on the board due to his skills and experience in the financial services industry and the intimate familiarity with Old Second's operations he has acquired as the Chief Executive Officer of Old Second.

Mr. Suits: Pursuant to the terms of Old Second's outstanding Series B Preferred Stock issued to Treasury on January 16, 2009, in connection with our participation in the TARP Capital Purchase Program, Treasury appointed Mr. Suits to our board as a Class B Director. Mr. Suits' appointment was approved by the unanimous written consent of the board on November 20, 2012. Mr. Suits was also appointed to the Audit Committee. Although holders of our common stock are not entitled to vote for the election of Mr. Suits to our board of directors, we consider Mr. Suits to be a qualified candidate for service due to his skills and experience in the financial services industry and his familiarity with Old Second's operations.

CORPORATE GOVERNANCE AND THE BOARD OF DIRECTORS

General

Currently, the board of directors is made up of eleven directors of which ten are elected by the holders of our common stock every three years to serve staggered terms and one is elected annually by the holders of our Series B Preferred Stock. As discussed below, Treasury as the holder of our Series B Preferred Stock had the right to appoint two directors to our board upon our deferral of the dividend payments on the Series B Preferred Stock for an aggregate of six quarters (the "Class B Directors"). Treasury exercised this right on November 20, 2012, and appointed Mr. Suits to our board of directors. Subsequent to that appointment, Treasury sold all of our Series B Preferred Stock to third party investors, including certain of our directors. As the current holders of our Series B Preferred Stock, these holders also have the right to elect two Class B Directors. Consequently, if the holders of Series B Preferred Stock exercise their right to appoint an additional Class B Director, our board will consist of twelve directors instead of eleven. Generally, the board oversees our business and monitors the performance of our management. In accordance with our corporate governance procedures, the board does not involve itself in the day-to-day operations of Old Second, which is monitored by our executive officers and management. Our directors fulfill their duties and responsibilities by attending regular meetings of the board and through committee membership, which is discussed below. The board has determined that all of the directors and nominees are "independent" as defined by the Nasdaq Stock Market, with the exception of Messrs. Skoglund, Cheatham and Eccher, each of whom is an executive officer.

The board of directors held 12 regular and zero special meetings during 2012. All of the directors attended at least 75% of these meetings and the meetings of the committees on which they served. We typically schedule a board meeting in conjunction with our annual meeting and expect that our directors will attend our annual meeting. Last year, all directors, with the exception of Mr. Suits who had not yet been appointed to the board, attended our annual meeting.

The board of directors believes that it is important to encourage the highest level of corporate ethics and responsibility. Among other things, the board adopted a Code of Business Conduct and Ethics, which applies to all of our directors, officers and employees, as well as a procedure for allowing employees to anonymously report any problems they may detect with respect to our financial reporting. The Code of Business Conduct and Ethics, as well as other information pertaining to our committees, corporate governance and reporting with the Securities and Exchange Commission, can be found on our website at www.oldsecond.com.

The board of directors has standing Audit, Nominating and Corporate Governance and Compensation Committees, each of which is made up solely of directors who are deemed to be "independent" under the rules of Nasdaq. Nasdaq's independence rules include certain instances that will preclude a director from being deemed independent and the board reviews those requirements each year to determine a director's status as an independent director.

During the review of Mr. Finn's status as an independent board member, the board considered Mr. Finn's roles as President and Chief Executive Officer at Rush-Copley Medical Center and Mr. Skoglund's position as the Vice Chairman of Rush-Copley's board of directors. Our board determined that this does not preclude a finding that Mr. Finn is independent under Nasdaq's rules because Mr. Skoglund does not serve on Rush-Copley's compensation committee and has recused himself from any discussions or votes that involve Mr. Finn's salary.

Actions taken by each committee of the board are reported to the full board, usually at its next meeting. The principal responsibilities of each of the committees are described below.

Audit Committee

The Audit Committee assists the board in carrying out its oversight responsibilities for our financial reporting process, audit process and internal controls. The Audit Committee is solely responsible for the pre-approval of all audit and non-audit services to be provided by our independent registered public accounting firm and exercises its authority to do so in accordance with a policy that it has adopted. Additionally, the Audit Committee reviews and approves all related party transactions between Old Second and related parties in accordance with Nasdaq's rules and regulations.

The members of our Audit Committee during 2012 were Messrs. Finn, (who served as Chairman), Bonifas, Ladowicz, Schmitz and Suits, each of whom is deemed to be an independent director under Nasdaq's rules. We expect that these members will continue to serve on the committee in 2013. Mr. Finn was appointed as chairman of the Audit Committee in 2008. Mr. Schmitz will serve as chairman of the Audit Committee at any meeting Mr. Finn is unable to attend or if Mr. Finn is otherwise unable to carry out the duties of Audit Committee chairman. The Audit Committee met 6 times in 2012.

The board has designated Mr. Finn, who is currently President and Chief Executive Officer of Rush-Copley Medical Center and previously served as its Chief Operating Officer and Chief Financial Officer, as the "audit committee financial expert," as such term is defined by the regulations of the SEC. The board's determination was based upon Mr. Finn's level of knowledge and experience regarding financial matters and his experience overseeing and managing the audit of an organization, which he has gained both from his formal education and from his professional experience as the Chief Financial Officer of a regional hospital organization. The board believes that each of the other members of the Audit Committee possesses knowledge and experience sufficient to understand the complexities of the financial statements of Old Second. Mr. Finn, or another member of the Audit Committee, met on a quarterly basis during 2012 with our independent registered public accounting firm.

The committee's duties, responsibilities and functions are further described in its charter, which is available on our website at www.oldsecond.com. You can request a copy of the committee's charter by sending a written request to the Corporate Secretary at 37 South River Street, Aurora, Illinois 60506, or by sending an e-mail requesting same to corporatesecretary@oldsecond.com.

Compensation Committee

The Compensation Committee reviews the performance of Old Second's executive officers and establishes their compensation levels. The committee's duties, responsibilities and functions are further described in its charter, which is available on our website at www.oldsecond.com. You can request a copy of the committee's charter by sending a written request to the Corporate Secretary at 37 South River Street, Aurora, Illinois 60506, or by sending an e-mail requesting same to corporatesecretary@oldsecond.com. The Compensation Committee met 2 times during 2012.

The members of the Compensation Committee in 2012 were Messrs. Bonifas, Kane, Meyer and Palmer (who served as Chairman), each of whom is an "independent" director as defined by Nasdaq, an "outside" director pursuant to Section 162(m) of the Internal Revenue Code and a "non-employee" director under Section 16 of the Securities Exchange Act of 1934. We expect that these members will continue to serve on the committee in 2013.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee reviews the qualifications of, and recommends to the board for nomination, candidates to stand for election at each annual meeting or to fill vacancies on the board as they may occur during the year. The committee also reviews on a periodic basis whether each director is "independent" under the rules of Nasdaq. Additionally, the Nominating and Corporate Governance Committee is responsible for reviewing our policies, procedures and structure as they relate to corporate governance. The committee's duties, responsibilities and functions are further described in its charter, which is available on our website at www.oldsecond.com. You can request a copy of the committee's charter by sending a written request to the Corporate Secretary at 37 South River Street, Aurora, Illinois 60506, or by sending an e-mail requesting same to corporatesecretary@oldsecond.com. The Nominating and Corporate Governance Committee met one time in 2012.

The members of the Nominating and Corporate Governance Committee in 2012 were Messrs. Finn, Ladowicz, Meyer and Palmer (who served as Chairman), each of whom is deemed to be an independent director under Nasdaq's rules. It is anticipated that the Nominating and Corporate Governance Committee will consist of Messrs. Finn, Ladowicz, Meyer and Palmer throughout 2013. Mr. Palmer is expected to remain as Chairman of the committee in 2013.

Director Nominations and Qualifications

In making its nominations for persons to be elected to the board of directors and included in our proxy statement, the Nominating and Corporate Governance Committee evaluates incumbent directors, board nominees and persons nominated by stockholders, if any. The committee reviews each candidate in light of the criteria that we believe each director should possess. Included in the criteria are whether each nominee: (i) meets the minimum requirements for service on the board of directors contained in our bylaws; (ii) is under the age of 70 at the time of his or her election, pursuant to our certificate of incorporation; (iii) possesses the highest personal and professional ethics, integrity and values; (iv) has, in the committee's opinion, a sufficient educational and professional background and relevant past and current employment affiliations, board affiliations and experience for service on the board; (v) has demonstrated effective leadership and sound judgment in his or her professional life; (vi) has a strong sense of service to the communities in which we serve; (vii) has exemplary management and communication skills; (viii) is free of conflicts of interest that would prevent him or her from serving on the board; (ix) will ensure that other existing and future commitments do not materially interfere with his or her service as a director; (x) will review and agree to meet the standards and duties set forth in the Company's Code of Business Conduct and Ethics; (xi) is willing to devote sufficient time to carrying out their duties and responsibilities effectively; and (xii) is committed to serving on the board for an extended period of time. While we do not have a separate diversity policy, the committee does consider the diversity of its directors and nominees in terms of knowledge, experience, skills, expertise and other demographics which may contribute to the board. The committee also evaluates potential nominees to determine if they have any conflicts of interest that may interfere with their ability to serve as effective board members and to determine whether they are "independent" in accordance with Nasdaq requirements (to ensure that at least a majority of the directors will, at all times, be independent).

The committee, when considering potential board members, will look at all of the foregoing criteria and arrive at the candidate that best meets the items set forth. The various qualifications and criteria are normally considered by the committee in connection with its evaluation of who the committee will recommend as the Company's nominees. Generally, each incumbent director standing for re-election should have and will have, at a minimum, attended at least 75% of board meetings during the past year and attended a majority of committee meetings of which he or she is a member. The committee retains the ability to make exceptions to this attendance requirement as individual circumstances warrant.

All of the nominees for election as directors for the 2013 annual meeting were nominated by the committee. The committee did not receive any formal nominations for directors from our common stockholders.

Series B Preferred Stockholders' Ability to Elect Directors

As discussed in greater detail in note 20 of our consolidated financial statements included in our 2012 Annual Report on Form 10-K, the Company entered into a Letter Agreement with Treasury in January 2009 pursuant to which the Company issued (i) 73,000 shares of the Company's Series B Preferred Stock and (ii) a warrant to purchase 815,339 shares of the Company's common stock for an aggregate purchase price of $73.0 million in cash. This transaction occurred pursuant to and was governed by Treasury's TARP Capital Purchase Program. The Series B Preferred Stock currently carries a 5% cumulative annual dividend rate, payable quarterly. Dividend payments on the Series B Preferred Stock may be deferred; however, failure to pay dividends on the Series B Preferred Stock for an aggregate of six quarters gave Treasury, or the holder of the Series B Preferred Stock, the right to elect two directors to our board, which continues until the Company has paid all outstanding dividends. The Company suspended quarterly cash dividends on its Series B Preferred Stock in August 2010, and, as of the date of this proxy statement, the Company has not paid dividends for an aggregate of six quarters. On November 20, 2012, Treasury appointed Mr. Suits to the Company's board of directors.

During the first quarter of 2013, Treasury sold the Series B Preferred Stock to third party investors, including certain of our directors. As a result of this sale, the right to elect the Class B Directors transferred from Treasury to the current holders of our Series B Preferred Stock. Consequently, if the current holders of the Series B Preferred Stock exercise their right to appoint an additional director, and an additional director is appointed, our board will consist of twelve directors instead of eleven, which shall consist of the ten directors elected by the holders of our common stock and the two Class B Directors. Holders of shares of our common stock are not entitled to vote on the Class B Directors.

Common Stock Ownership and Retention Guidelines for Directors

In January of 2010, the Compensation Committee established guidelines to further align the interests of board members and stockholders by requiring all directors to develop a significant equity stake in the organization they oversee. The Compensation Committee is responsible for monitoring compliance with these stock ownership and retention guidelines.

Non-employee directors are expected to acquire and hold during their service as board members, shares of our common stock equal in value to at least three times the annual cash retainer for non-employee directors. Non-employee directors have three years from their initial election to the board to meet the target stock ownership guidelines. Once they obtain the requisite number of shares, they are expected to continuously own sufficient shares to meet the guidelines. The stock ownership goal will be determined by using the value of their retainers as of January 1 of each year and the average closing stock price for our common stock over the prior twelve months.

Shares that count toward meeting the stock ownership guidelines include: (i) shares owned, which include shares obtained upon exercise of options or shares purchased in the open market; (ii) shared ownership, which includes shares owned or held in trust by immediate family; and (iii) restricted stock units. Unexercised stock options do not count toward meeting the stock ownership guidelines. Until such time as the director reaches his or her target stock ownership, the director will be required to hold 50% of the shares of common stock received upon lapse of the restrictions, and upon exercise of stock options. In the rare instance in which these guidelines would place a severe hardship on a director, the Compensation Committee may decide to allow an alternative stock ownership guideline that reflects the intentions of these overall guidelines and the directors' own personal circumstances.

Board Leadership Structure

The positions of Chairman of the Board and Chief Executive Officer of Old Second have historically been combined, and Mr. Skoglund currently holds both positions. We believe this board leadership structure is the most appropriate because our Chief Executive Officer has the best knowledge of the day-to-day operations of the Company and can make recommendations to the board based on his ongoing experience and "hands on" running of the Company. For this reason, we believe combining the two roles greatly enhances the decision-making processes of the board as a whole. We have a strong governance structure in place, including a designated lead independent director, to ensure the powers and duties of the dual role are handled responsibly. Furthermore, consistent with Nasdaq's listing requirements, the independent directors regularly have the opportunity to meet in executive session without management or any non-independent directors in attendance. In 2012, the independent directors met 3 times in executive session.

In 2004, the board of directors created the position of a "lead" independent director, currently filled by Mr. Palmer. The Nominating and Corporate Governance Committee reviews this appointment annually and the full board has the opportunity to ratify the committee's selection. The lead independent director assists the board in assuring effective corporate governance and serves as chairman of the independent director sessions.

Board's Role in Risk Oversight

Risk is inherent with every business, and how well a business manages risk can ultimately determine its success. We face a number of risks, including general economic risks, credit risks, regulatory risks, audit risks, reputational risks and others, such as the impact of competition. Management is responsible for the day-to-day management of risks the Company faces, while the board, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, the board of directors has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed.

While the full board of directors is charged with ultimate oversight responsibility for risk management, various committees of the board and members of management also have responsibilities with respect to our risk oversight. In particular, the Audit Committee plays a large role in monitoring and assessing our financial, legal and organizational risks, and receives regular reports from the management team's senior risk officer regarding comprehensive organizational risk as well as particular areas of concern. The board's Compensation Committee monitors and assesses the various risks associated with compensation policies, and oversees incentives that encourage a level of risk-taking consistent with our overall strategy. Additionally, our chief credit officer and loan review staff are directly responsible for overseeing our credit risk.

We believe that establishing the right "tone at the top" and providing for full and open communication between management and the board of directors are essential for effective risk management and oversight. Our executive management meets regularly with our other senior officers to discuss strategy and risks facing the Company. Senior officers attend many of the board meetings, or, if not in attendance, are available to address any questions or concerns raised by the board on risk management-related and any other matters. Additionally, each of our board-level committees provides regular reports to the full board and apprises the board of our comprehensive risk profile and any areas of concern.

Stockholder Communications with the Board; Nomination and Proposal Procedures

Stockholder Communications with Directors. Stockholders of Old Second may contact any member of the board of directors, or the board as a whole, through the Corporate Secretary either in person, in writing by mail or by e-mail at corporatesecretary@oldsecond.com. Any such communication should indicate whether the sender is an Old Second stockholder. The address for submitting communications to the board by mail is 37 South River Street, Aurora, Illinois 60506. Any communication will be forwarded promptly to the board as a group or to the attention of a specified director per your request, except for communications that are primarily commercial in nature or related to an improper or irrelevant topic.

Nominations of Directors. In order for a stockholder nominee to be considered by the Nominating and Corporate Governance Committee to be its nominee and included in our proxy statement, the nominating stockholder must file a written notice of the proposed director nomination with our Corporate Secretary, at the above address, at least 120 days prior to the date on which the previous year's proxy statement was mailed to stockholders. Nominations must include the full name and address of the proposed nominee and a brief description of the proposed nominee's business experience for at least the previous five years and, as to the stockholder giving the notice, his or her name and address, and the class and number of shares of our capital stock owned by that stockholder. All submissions must be accompanied by the written consent of the proposed nominee to be named as a nominee and to serve as a director if elected. The committee may request additional information in order to make a determination as to whether to nominate the person for director.

In accordance with our Certificate of Incorporation, a stockholder may otherwise nominate a director for election to the board at an annual meeting of stockholders by giving timely notice in writing to our Corporate Secretary, at the address provided above. To be timely, stockholder nominations must be made in writing, delivered or mailed by first class United States mail, postage prepaid, to our Corporate Secretary not fewer than 14 days nor more than 60 days prior to any meeting of stockholders called for the election of directors. However, if notice of the meeting is given to stockholders less than 21 days prior to the date of the meeting, written nominations must be delivered or mailed to our Corporate Secretary not later than the close of business on the seventh day following the day on which notice of the meeting was mailed to stockholders. Each written nomination must set forth the (i) name, age, business address and, if known, residence address of each nominee; (ii) principal occupation or employment of each such nominee for the past five years; and (iii) number of shares of stock of Old Second beneficially owned by each such nominee and by the nominating stockholder.

Other Stockholder Proposals. To be considered for inclusion in our proxy statement and form of proxy relating to our 2014 annual meeting of stockholders, the proposing stockholder must file a written notice of the proposal with our Corporate Secretary, at the above address, by December 18, 2013, and must otherwise comply with the rules and regulations set forth by the Securities and Exchange Commission.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of our common stock at December 31, 2012, by each person known by us to be the beneficial owner of more than 5% of the outstanding common stock, by each director or nominee, by each executive officer named in the Summary Compensation Table (which can be found later in this proxy statement), and by all directors and executive officers of Old Second as a group. Beneficial ownership has been determined for this purpose in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), under which a person is deemed to be the beneficial owner of securities if he or she has or shares voting power or investment power with respect to such securities or has the right to acquire beneficial ownership of securities within 60 days of December 31, 2012. Unless otherwise noted, the address of each 5% stockholder is 37 South River Street, Aurora, Illinois 60506.

Name of Individual and Number of Persons in Group	Amount and Nature of Beneficial Ownership(1)	Percent of Class
5% Stockholders:		
Old Second Bancorp, Inc.(2) Profit Sharing Plan & Trust	1,562,947	11.1%
Dimensional Fund Advisors LP(3) Palisades West, Building One 6300 Bee Cave Road Austin, Texas 78746	952,329	6.8%

Name of Individual and Number of Persons in Group	Common Stock	Percent of Class of Common Stock	Series B Preferred Stock(4)	Percent of Class of Series B Preferred Stock
Directors:				
Edward Bonifas(10)	34,326	*	284	*
J. Douglas Cheatham(5)	198,192	1.4%	*	*
James Eccher(6)	184,926	1.3%	120	*
Barry Finn(10)	25,296	*	*	*
William Kane(10)	53,296	*	*	*
John Ladowicz(7)	314,727	2.2%	283	*
William Meyer(10)	93,314	*	*	*
Gerald Palmer(10)	61,962	*	567	*
J. Carl Schmitz(8)(10)	59,496	*	200	*
William B. Skoglund(9)	379,035	2.7%	*	*
Duane Suits	4,700	*	56	*
All directors and executive officers as a group (11 persons)	1,409,270	10.0%	1,454	2.0%

* Less than 1%.

(1) Includes ownership of shares of our common stock by spouse (even though any beneficial interest is disclaimed) and in our profit sharing plan and trust and our salary savings plan.

(2) In addition, as of December 31, 2012, Old Second National Bank held in its trust department, in various fiduciary capacities (other than as trustee of our profit sharing plan and trust), 831,576 shares of our common stock. Old Second had full investment power with respect to 222,212 shares and shared investment power with respect to 58,166 shares.

(3) As reported on a Schedule 13G/A filed on February 11, 2013.

(4) Certain of our directors purchased shares of our Series B Preferred Stock from Treasury in the first quarter of 2013.

(5) Includes 75,000 shares issuable pursuant to options held by Mr. Cheatham as well as 31,192 shares of restricted stock, plus an additional 35,330 shares of restricted stock granted in February of 2011. Also includes 4,192 shares held in our profit sharing plan and trust, 31,078 shares held in our 401(k) plan, and 1,400 shares held in Mr. Cheatham's name alone. The shares of restricted stock granted to Mr. Cheatham are subject to two-year cliff vesting, and therefore the 20,000 shares granted in February of 2012 will fully vest in 2014.

(6) Includes 71,000 shares issuable pursuant to options held by Mr. Eccher, as well as 37,906 shares of restricted stock in addition to 35,330 shares of restricted stock granted in February of 2011. Also includes 1,960 shares held in our profit sharing plan and trust, 6,242 shares held in our 401(k) plan, 10,050 in his name alone, 148 held with his spouse, and 2,290 shares held in brokerage. The shares of restricted stock granted to Mr. Eccher are subject to two-year cliff vesting, and therefore the 20,000 shares granted in February of 2012 will fully vest in 2014.

(7) Includes 268,181 shares held in our 401(k) plan.

(8) Mr. Schmitz has voting control of 51,796 shares held in the J. C. Schmitz Revocable Trust.

(9)

Includes 200,000 shares issuable pursuant to options held by Mr. Skoglund, as well as 61,929 shares of restricted stock plus an additional 35,330 shares of restricted stock granted in February of 2011. The total also includes 47,038 shares held in our profit sharing plan and trust, 14,206 shares held in our 401(k) plan, and 532 shares held in Mr. Skoglund's name alone. The shares of restricted stock granted to Mr. Skoglund are subject to two-year cliff vesting, and therefore the 20,000 shares granted in February of 2012 will fully vest in 2014.

(10) Each director, with the exception of Mr. Cheatham, Mr. Eccher, Mr. Skoglund and Mr. Ladowicz, holds a total of 7,500 options from grants of 1,500 shares in each of 2005-2009, as well as 596 restricted stock units for 2009. Mr. Ladowicz was appointed to the board on February 8, 2008 and was awarded options in February of 2009 of 1,500 shares, along with the other Board members, as well as 596 restricted stock units. In addition, in January of 2010, all non-employee directors were given 1,200 restricted stock units. All options vest in three equal installments on the first three anniversaries of the grant date and the exercisable portion is included in these totals. The 596 restricted stock units are subject to cliff vesting and will fully vest in 2012. The 1,200 restricted stock units granted to all non-employee directors are subject to cliff vesting and will fully vest in 2013.

SECURITY 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires that our directors, executive officers and ten percent stockholders file reports of ownership and changes in ownership with the Securities and Exchange Commission. Such persons are also required to furnish us with copies of all Section 16(a) forms they file. No person failed to comply with the filing requirements of Section 16(a) during 2012 and there are no late filings to report. Based solely on its review of the copies of Section 16(a) forms received from its directors and executive officers and written representations that no other reports were required, the Company believes that all Section 16(a) reports applicable to its directors and officers during 2012 were filed, with one exception. Mr. Suits filed one late form related to his appointment as a director and his ownership of common stock.

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

This Compensation Discussion and Analysis describes Old Second's compensation philosophy and policies for 2012 and 2013 as applicable to the executive officers named in the Summary Compensation Table on page 28. This section explains the structure and rationale associated with each material element of the executive's compensation, and it provides important context for the more detailed disclosure tables and specific compensation amounts provided following the section. It is important to note that Old Second and Old Second National Bank share an executive management team, the members of which are compensated by Old Second National Bank rather than Old Second. The compensation packages of the named executive officers are determined and approved by our Compensation Committee based upon their performances and roles for both Old Second and Old Second National Bank.

The Compensation Committee has overall responsibility for evaluating the compensation plans, policies and programs relating to the executive officers of Old Second. Further, as required by the rules established by Treasury, guidance issued by the Federal Reserve and other financial institution regulatory agencies, and the SEC's guidance regarding risk associated with compensation arrangements (each as described more fully below), the Compensation Committee is also responsible for a more expansive risk review with respect to most of the compensation plans, policies and programs maintained for employees of Old Second. The Compensation Committee relies upon the input of management, particularly Mr. Skoglund, when carrying out its responsibilities in establishing executive compensation. Management provides the committee with evaluations as to employee performance, guidance on establishing performance targets and objectives and recommends salary levels and equity awards. The committee also consults with management on matters that are relative to executive compensation and benefit plans where board or stockholder action is expected, including the adoption of new plans or the amendment of existing plans. Finally, the committee consults with management, specifically Old Second's senior risk officer, in completing the risk review with respect to employee compensation plans. No executive officer participates in any recommendation or decision regarding his or her own compensation.

The Compensation Committee's charter gives it the authority to delegate its responsibility to members or subcommittees of the committee. Also, the charter gives the committee the authority to hire outside consultants to further its objectives and responsibilities. During 2012, the Compensation Committee retained ChaseCompGroup LLC to provide services to the committee in connection with a review of the compensation paid or provided to Old Second's named executive officers and Old Second's board of directors. In 2012, these services consisted of updating data from the comprehensive salary survey analysis ChaseCompGroup completed in 2011. ChaseCompGroup LLC does not provide any services, other than those performed at the direction of the Compensation Committee, to Old Second or Old Second National Bank.

During 2012, the Compensation Committee convened in February and August. Mr. Palmer, Chairman of the committee, also met as needed with internal staff members to assimilate compensation information for this proxy statement. The Compensation Committee also met in January and February 2013 to approve salaries, incentive plans and performance metrics for 2013. Restricted stock was granted to our named executive officers in February 2012 as part of our executive incentive plan.

Regulatory Impact on Compensation

In order to more fully understand the Compensation Committee's decisions with respect to compensation during 2012, the committee believes it is beneficial to understand the regulatory context in which these decisions were made.

As a publicly-traded financial institution, which is also a participant in Treasury's Troubled Asset Relief Program ("TARP"), Old Second and Old Second National Bank must contend with several often overlapping layers of regulations when considering and implementing compensation-related decisions. These regulations do not set specific parameters within which compensation decisions must be made, but do require Old Second and the Compensation Committee to be mindful of the risks that often go hand-in-hand with compensation programs designed to incentivize the achievement of better than average performance. While the regulatory focus on risk assessment has been heightened over the last several years, the incorporation of general concepts of risk assessment into compensation decisions is not a recent development.

During 2012, Old Second continued as a participant in TARP. As a result of its participation, Old Second and certain of its employees have been and will continue to be subject to compensation-related limitations and restrictions for the period that Treasury holds the preferred stock issued by Old Second in TARP. The TARP compensation limitations and restrictions include the following:

- Except in limited circumstances, Old Second's five most highly compensated employees (as determined on an annual basis) are prohibited from receiving cash bonus payments during the TARP period. Messrs. Skoglund, Cheatham and Eccher were subject to this prohibition during 2012 and will continue to be subject to it during 2013 for as long as Treasury retains its ownership of the preferred stock.

- Except in limited circumstances, Old Second's named executive officers and its next five most highly compensated employees (each as determined on an annual basis) are prohibited from receiving any severance payments upon a termination of employment or any payments triggered by the occurrence of a change in control.

- Our named executive officers and next 20 most highly compensated employees are subject to a "clawback" of incentive compensation if that compensation is based on materially inaccurate financial statements or performance metrics. Further, no one in this group of employees can receive any tax gross-up payment during the TARP period.

Old Second is limited to an annual deduction of $500,000 with respect to the compensation paid to each of our named executive officers.

In addition to the foregoing limitations and restrictions, the TARP rules and regulations have required the Compensation Committee to undertake a semi-annual risk assessment with respect to certain of the compensation plans, programs and arrangements maintained by Old Second, regardless of whether the individual employee(s) covered by the plan, program or arrangement is a named executive officer. The risk assessments are performed by the senior risk officer and the committee. The senior risk officer and the committee review all compensation plans and arrangements to ensure that risks are identified and mitigated. The intent of these risk assessments is to minimize the opportunity that any employee will be incentivized to take unacceptable risks in order to maximize his or her compensation under such plans and arrangements.

Under its long-standing *Interagency Guidelines Establishing Standards for Safety and Soundness*, the FDIC has long held that excessive compensation is prohibited as an unsafe and unsound practice. In describing a framework within which to make a determination as to whether compensation is to be considered excessive, the FDIC has indicated that financial institutions should consider whether aggregate cash amounts paid, or noncash benefits provided, to employees are unreasonable or disproportionate to the services performed by an employee. The FDIC encourages financial institutions to review an employee's compensation history and to consider internal pay equity, and, as appropriate, to consider benchmarking compensation to peer groups. Finally, the FDIC provides that, in order to give proper context, such an assessment must be made in light of the institution's overall financial condition.

In addition to the *Safety and Soundness* standards, the Committee must also take into account the joint agency *Guidance on Sound Incentive Compensation Policies*. Various financial institution regulatory agencies worked together to issue the *Guidance*, which is intended to serve as a compliment to the *Safety and Soundness* standards. The *Guidance* sets forth a framework for assessing and mitigating risk associated with incentive compensation plans, programs and arrangements maintained by financial institutions. The *Guidance* is more narrow in scope than the *Safety and Soundness* standards because it applies only to senior executive officers and those other individuals who, either alone or as a group, could pose a material risk to an institution. With respect to such individuals, the *Guidance* is intended to focus an institution's attention on balanced risk-taking incentives, compatibility of incentives with effective controls and risk management, and a focus on general principles of strong corporate governance in establishing, reviewing and maintaining incentive compensation programs.

The Committee, with the assistance of its advisors and company management, continues to monitor the status of compensation-related rules and regulations expected to be finalized or issued under the Dodd-Frank Act Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"). While the Committee believes its own risk assessment procedures are effective, the Committee is prepared to implement any additional steps that may be deemed necessary to fully comply with such rules and regulations when finally finalized or issued. The Committee does note, however, that the proposed risk assessment rules issued under the Dodd-Frank Act nearly mirror the *Safety and Soundness* standards and the framework of the *Guidance*. As such, the Committee already adheres, in many respects, with the proposed rules and regulations under the Dodd-Frank Act.

Finally, in addition to the foregoing, as a publicly-traded corporation, Old Second is also subject to the SEC's rules regarding risk assessment. Those rules require a publicly-traded company to determine whether any of its existing incentive compensation plans, programs or arrangements create risks that are reasonably likely to have a material adverse effect on the company.

The Committee continues to believe in and practice a sensible approach to balancing risk-taking and rewarding reasonable, but not necessarily easily attainable, goals and this has always been a component of its overall assessment of the compensation plans, programs and arrangements it has put in place for Old Second's named executive officers. In this regard, the Committee has regularly revisited the components of the frameworks set forth in the *Safety and Soundness* standards and the *Guidance* as an effective tool for conducting its own assessment of the balance between risk and reward built into Old Second's compensation programs for named executive officers. The Committee believes the company has adequate policies and procedures in place to balance and control any risk-taking that may be incentivized by the employee compensation plans. The Committee further believes that such policies and procedures will work to limit the risk that any employee would manipulate reporting earnings in an effort to enhance his or her compensation.

Impact of Prior Say-on-Pay Votes on Compensation Decisions

At Old Second's 2012 Annual Meeting, approximately 90% of stockholders present and entitled to vote approved the non-binding advisory proposal on the compensation of certain executive officers. Old Second, the board and the Compensation Committee pay careful attention to communications received from stockholders regarding executive compensation, including the non-binding advisory vote. Old Second considered the positive result of the 2012 advisory vote on executive compensation but not for specific 2012 compensation decisions. Based on this consideration and the other factors described in this Compensation Discussion & Analysis, the Compensation Committee did not alter the policies or structure for named executives' compensation for 2012.

Compensation Philosophy and Objectives

Our philosophy is intended to align the interests of management with those of our stockholders without creating undue risk to Old Second. The executive compensation program is designed in a manner which the committee believes does not provide our executives with incentives to engage in business activities or other behavior that would threaten the value of Old Second or the investments of our stockholders.

The executive compensation program is intended to accomplish the following objectives:

- align the interests of our named executive officers with those of our stockholders;
- maintain a corporate environment which encourages stability and a long-term focus for both Old Second and our management;
- maintain a program which:
  - clearly motivates personnel to perform and succeed according to our current goals;
  - retains key personnel critical to our long-term success; and
  - does not create undue risk to Old Second; and
- ensure that management:
  - fulfills its oversight responsibility to its constituents which include stockholders, customers, employees, the community and government regulatory agencies;
  - conforms its business conduct to the highest ethical standards;
  - remains free from any influences that could impair or appear to impair the objectivity and impartiality of its judgments or treatment of our constituents; and

continues to avoid any conflict between its responsibilities to Old Second and each individual's personal interests.

Compensation Components

General. In recent years, the committee has been required to reevaluate the components of our compensation program because of the continuing impact of the TARP executive compensation rules. Historically, Old Second had included four major components in our named executive officers' compensation program: (i) base salary, (ii) annual cash bonus, (iii) equity awards and (iv) additional benefits. However, more recently, the committee has been unable to rely on annual cash bonuses as a component for some of our named executive officers because of the impact of the TARP compensation limitations and restrictions. As such, for those named executive officers, the committee has focused primarily on base salary, equity awards permitted under the TARP rules, and additional benefits.

The Compensation Committee's decisions regarding each of the components for the named executive officers are based in part on the committee's subjective judgment and take into account qualitative and quantitative factors, as are discussed below. In reviewing an executive officer's compensation, the committee considers and evaluates all components of the officer's total compensation package. This involves reviewing base salary, bonus, incentive stock awards, perquisites, participation in our non-qualified executive plans, participation in our 401(k) plan and any other payments, awards or benefits that an officer earns (to the extent each is permitted under the TARP compensation limitations and restrictions). Additionally, the committee takes into consideration any amounts an executive officer is entitled to upon retirement, termination or a change-in-control event, including the impact of the TARP compensation limitations and restrictions on these amounts. In this regard, in establishing compensation for 2012 and 2013, the committee utilized tally sheets summarizing these aggregated amounts.

Base Compensation Salary. The Compensation Committee believes that base compensation should offer security to each executive sufficient to maintain a stable management team and environment. Because of the need to provide stability, salaries make up the largest portion of the executives' compensation. In establishing a senior executive officer's initial base salary the committee considers, among other things, the executive's level of responsibility, prior experience, breadth of knowledge, the competitive salary practices at peer companies, internal performance objectives, education, internal pay equity, potential bonus and equity awards, level of benefits and perquisites and the tax deductibility of base salary.

The committee reviews salaries of the named executive officers on an annual basis. As with all of its decisions regarding compensation levels, when reviewing salaries the committee considers the levels of all aspects and components of the officer's compensation, including the individual's potential bonus and equity awards as well as the level of benefits and perquisites offered. All of these factors are considered on a subjective basis in the aggregate, and none of the factors is accorded a specific weight.

Cash Incentive Awards Bonus. The executive compensation restrictions contained in the TARP rules prohibit Old Second from paying or accruing cash bonuses on behalf of the top five most highly paid employees (as determined on an annual basis) during the TARP period. Messrs. Skoglund, Cheatham and Eccher were subject to the bonus prohibition during 2012 and will be subject to it again during 2013. As such, none of our named executive officers were eligible to receive, nor did they receive, a cash bonus with respect to Old Second's performance or their own individual performance during 2012.

In anticipation of our possible exit from TARP during 2013, the Compensation Committee adopted a non-equity incentive compensation plan for our named executive officers. The 2013 plan provides that Messrs. Skoglund, Eccher and Cheatham will be eligible for cash bonus payments if Old Second's performance during 2013 meets or exceeds certain performance goals. Any such bonus payment is contingent upon our exit from TARP and would be prorated to reflect the period of time during 2013 that Old Second continued to be a participant in TARP.

Long-Term Incentive Awards Equity Awards. The board and the Compensation Committee believe in senior management ownership of our common stock as an effective means to align the interests of senior management with those of the stockholders. In addition, because the TARP rules prohibit the payment of cash bonuses to our named executive officers, the committee has in recent years placed a greater focus on equity awards, which are permitted under the TARP rules. Our current long-term incentive plan (the "Incentive Plan"), which was approved by stockholders at the 2008 annual meeting, is intended to promote equity ownership in Old Second by the directors and selected officers and employees, focus the management team on increasing value to stockholders, increase their proprietary interest in the success of Old Second and encourage them to remain in the employ of Old Second or its subsidiaries for a long period of time. The current equity incentive plan authorizes the issuance of up to 575,000 shares of Old Second's common stock, including the granting of qualified stock options, non-qualified stock options, restricted stock, restricted stock units and stock appreciation rights.

All awards are at the discretion of the committee and are generally subjective in nature. In determining the number of equity awards to be granted to executive officers, the committee considers individual and corporate performance and whether the respective goals were obtained, the person's position and ability to affect profits and stockholder value, as well as the level of awards granted to individuals with similar positions at our peer organizations. Because of the nature of equity awards, the committee also evaluates the prior awards of stock options and restricted stock and takes into account the overall wealth accumulation of a given executive officer through such awards.

Pursuant to a formal equity compensation policy, all equity grants are finalized in the beginning of each calendar year. This allows for a more complete review of the full prior year when making equity awards as well as coordinating the granting of equity awards to a time when there is less likelihood of there being existing material, non-public information, as the grants will normally be made after the public release of Old Second's financial information for the prior year.

Over the last few years, because of our continuing participation in TARP, the Compensation Committee has made most equity awards in the form of restricted stock or restricted stock units. The TARP rules limited our ability to grant to our named executive officers equity awards other than restricted stock or restricted stock units. The TARP rules also dictated the terms and conditions of those awards. In 2012, the committee granted restricted stock that complied with the TARP rules to the named executive officers. The Compensation Committee believes that restricted stock is an appropriate employee retention tool because it aligns our executive officers' interests with those of Old Second's stockholders. The awards subject to the TARP rules have a two-year vesting period but are also subject to additional TARP rules that operate to delay the transferability of the restricted stock, other than to satisfy tax withholding obligations, until each 25% increment of TARP financial assistance has been repaid to the Treasury.

The Compensation Committee did not make a new equity award to our named executive officers in early 2013, but retains the discretion to do so later in the year if it determines that circumstances warrant such an award.

When considering our past equity awards that were made subject to the TARP rules, it is important to note that Old Second participated in the Treasury's TARP auction process during early 2013. As a result, Old Second was required to forfeit 75% of each outstanding equity award that was granted pursuant to the TARP rules. For our named executive officers, this resulted in a forfeiture of 75% of each of the equity awards, even if previously vested, made to such officer during 2009, 2010, 2011 and 2012.

All Other Compensation. We provide general and customary benefit programs to executive officers and other employees. Benefits offered to executives are intended to serve a different purpose than base salary, bonus and equity awards. While the benefits offered are competitive with the marketplace and help attract and retain executives, the benefits also provide financial security for employees for retirement as well as in the event of illness, disability or death. Benefits offered to executive officers are generally those offered to other employees with some variation to promote tax efficiency and replacement of benefit opportunities lost to regulatory limits although there are some additional perquisites that may only be offered to executive officers. Because of the nature of the benefits offered, the committee normally does not adjust the level of benefits offered on a year-to-year basis. Old Second will continue to offer benefits, the amount of which shall be determined from time-to-time in the sole discretion of the committee, provided that such benefits are not in the future determined to be limited or prohibited by the TARP rules.

The following table summarizes the benefits and perquisites we do and do not provide as well as identifies those employees that may be eligible to receive them:

	Executive Officers	Other Officers/Mgrs.	Full-Time Employees
Health Plans:			
Life & Disability Insurance	X	X	X
Medical/Dental/Vision Plans	X	X	X
Retirement Plans:			
401(k) Plan/Profit-Sharing	X	X	X
Deferred Compensation Plan	X	X	Not Offered
Perquisites:			
Automobile Allowance	X	Not Offered	Not Offered
Country Club Membership	X	Not Offered	Not Offered

Old Second Bancorp, Inc. Employees 401(k) Savings Plan and Trust. Old Second sponsors a tax-qualified 401(k) savings plan and trust qualifying under Section 401(k) of the Internal Revenue Code. Virtually all employees are eligible to participate after meeting certain age and service requirements. Eligible employees are permitted to contribute up to a dollar limit set by law. Since Old Second terminated its defined-benefit plan as of the end of 2005, the 401(k) plan became the primary retirement vehicle provided by Old Second for its officers and employees. Participants can choose between several different investment options under the 401(k) plan, including shares of Old Second's common stock.

During 2012, Old Second provided a matching contribution on elective deferrals to eligible participants in an amount equal to 2% of each participant's salary. There is also a profit-sharing portion of the 401(k) plan which provides for an annual discretionary contribution to the retirement account of each employee based in part on our profitability in a given year and on each participant's annual compensation. The contribution amount granted each year is on a discretionary basis and there is no set formula used by the committee. No discretionary contribution was provided to employees based on 2012 financial performance of Old Second.

Old Second Bancorp, Inc. Amended and Restated Voluntary Deferred Compensation Plan for Executives. Old Second sponsors an executive deferred compensation plan, which provides a means for certain executives to voluntarily defer all or a portion of their salary and/or bonus, if any, without regard to the statutory limitations applicable to tax-qualified plans, such as our 401(k) plan. The deferred compensation plan provides for participant deferrals, company matching contributions and discretionary employer profit-sharing contributions. A company matching contribution is credited to the plan on behalf of a participant when the participant elects to defer the maximum amount permitted under the 401(k) plan (including catch-up contributions, if applicable) and keeps that level of deferral for the entire plan year. The company matching contribution is an amount up to 3%, provided at least a 6% deferral was met, of the participant's combined base salary and bonuses, less any matching contribution paid to the 401(k) plan on the participant's behalf. The determination of whether a profit-sharing contribution is made and in what amount is entirely at the committee's discretion and there is no set formula. For years during the TARP period after 2009, Old Second has suspended the matching contribution under the plan as well because that matching contribution may be prevented by the TARP bonus prohibition. Participants will continue to have the opportunity to make elective deferrals to the plan during the TARP period, unless there are further changes to the TARP rules. Participants are permitted to make hypothetical investments in publicly-traded mutual funds that are held in an insurance company separate account with respect to the deferrals and Company contributions credited to their accounts under the plan. Participants may elect to receive their plan balance in a lump sum or in installments. Participants may make a withdrawal from the plan during their employment in the event of hardship as approved by the plan's administrator. The plan is administered through an independent service provider.

Other Perquisites. It is our belief that perquisites for executive officers should be very limited in scope and value. Due to this philosophy, Old Second has generally provided very nominal benefits to executives that are not available to full-time employees and we plan to continue this approach in the future. We do provide country club memberships to certain executives and managers in the ordinary course of business to give them the opportunity to bring in and recruit new business opportunities. These individuals are eligible to use the club membership for their own personal use. Additionally, we provide each of Mr. Skoglund and Mr. Eccher with an automobile allowance to enable them to visit our banking locations on a regular basis as well as to call on our customers. We have disclosed the value of all perquisites to named executive officers in the Summary Compensation Table even if they fall below the disclosure thresholds under the SEC rules. Old Second will continue to offer perquisites, the amount of which shall be determined from time-to-time in the sole discretion of the committee, provided that such perquisites are not in the future determined to be limited or restricted by the TARP rules.

Compensation Decisions

This section describes the decisions made by the committee with respect to the compensation for the named executive officers for 2012 and 2013. As noted above, the TARP rules have served to limit or prohibit, and we expect that they will continue to do so for the remainder of the TARP period, certain forms of compensation for our named executive officers.

The following is a brief summary of the compensation decisions the committee effected for 2012 and 2013:

- in 2012, we maintained the same level of base salary as was in effect at the end of 2011;
- for 2013, minimal merit increases were granted to our named executive officers in keeping with the conservative compensation guidelines established for the organization;
- no cash bonus payments were earned or awarded to our named executive officers with respect to 2012 performance;
- the committee awarded restricted stock to Messrs. Skoglund, Cheatham and Eccher in 2012; and
- benefits and perquisites remained substantially similar in 2012 compared to prior years and we expect that will continue through 2013 unless otherwise limited or prohibited by the TARP rules.

Base Salary. We annually review the base salaries of the named executive officers to determine whether or not they will be adjusted, as described above. The salaries for 2012, determined by the Compensation Committee at the beginning of 2012, are set forth in the Summary Compensation Table on page 28. In determining these salary levels, we generally considered the following:

- the compensation philosophy and guiding principles described above;

- the general economic factors in the financial industry beyond our control and the financial performance of Old Second compared to our peers;
- the experience and industry knowledge of the named executive officers and the quality and effectiveness of their leadership at Old Second;
- all of the components of executive compensation, including base salary, bonus, stock options, retirement and death benefits, as well as benefits and perquisites; and
- internal pay equity among Old Second executives.

In early 2013, the committee determined the base salaries for the executive officers for 2013. The committee decided to nominally increase our executive officers' base salaries for 2013. The base salaries for 2012 and 2013 are as follows:

Name	Position	2012	2013
William B. Skoglund	Chairman, Chief Executive Officer of Old Second	$ 495,000	$ 504,900
J. Douglas Cheatham	Chief Financial Officer of Old Second	$ 247,000	$ 252,000
James Eccher	Chief Executive Officer of Old Second National Bank	$ 319,000	$ 325,000

In determining the base salaries for 2013, we considered the same general factors discussed above including the continuing general slowdown in the economy and growth of our earnings, return on average assets and overall assets.

Bonus. As described above, none of our named executive officers were eligible to receive, nor did they receive, a cash bonus with respect to Old Second's performance or their own individual performance during 2012.

In anticipation of our possible exit from TARP during 2013, the Compensation Committee adopted a non-equity incentive compensation plan for our named executive officers. The 2013 plan provides that Messrs. Skoglund, Eccher and Cheatham will be eligible for cash bonus payments if Old Second's performance during 2013 meets or exceeds certain performance goals. Any such bonus payment is contingent upon our exit from TARP and would be prorated to reflect the period of time during 2013 that Old Second continued to be a participant in TARP.

Equity Awards. The Compensation Committee typically acts to award equity grants at the beginning of each year, specifically in the months of January and February. In February 2012, the committee awarded 20,000 shares of restricted stock to each of our named executive officers. In setting grant levels for equity awards, the committee typically considers our compensation philosophy, the position and level of responsibility of each officer, our belief that equity awards should be a significant part of the total mix of executive compensation, the number of other equity awards currently held by each officer and the level of awards granted to them in prior years.

The restricted stock granted in 2012 to Messrs. Skoglund, Cheatham and Eccher is subject to the requirements set forth in the TARP compensation limitations and restrictions. As such, the awards will vest two years from the date of grant, but will not be transferable (other than to satisfy tax withholding obligations) until Old Second repays its TARP financial assistance. As each 25% of TARP assistance is repaid, 25% of the vested restricted stock will become transferable.

As was noted above, when considering our past equity awards, including the 2012 awards described here, it is important to note that Old Second participated in the Treasury's TARP auction process during early 2013. As a result, Old Second was required to forfeit 75% of each outstanding equity award that was granted pursuant to the TARP rules. For our named executive officers, that means 75% of the 2012 award described in the preceding paragraph will be forfeited before vesting.

All Other Compensation. While the committee reviews and monitors the level of other compensation offered to the named executive officers, the committee typically does not adjust the level of benefits offered on an annual basis. The committee does consider the benefits and perquisites offered to the named executive officers in its evaluation of the total compensation received by each. The perquisites received by the named executive officers in 2012 are reported in the Summary Compensation Table on page 28. The benefits offered in 2012 to the named executive officers are expected to continue for 2013, unless otherwise limited or prohibited by the TARP rules.

COMPENSATION COMMITTEE REPORT

We have reviewed and discussed the foregoing Compensation Discussion and Analysis with management. Based on our review and discussion with management, we have recommended to the board of directors that the Compensation Discussion and Analysis be included in this Proxy Statement and in Old Second's Annual Report on Form 10-K for the year ended December 31, 2012.

Section 111(b)(2)(A) of the Emergency Economic Stabilization Act requires the Compensation Committee to conduct, in conjunction with a senior risk officer of Old Second, a review of the incentive compensation arrangements in place between Old Second and its employees.

The Compensation Committee certifies that, at least once every six months during the year ended December 31, 2012 (a) it has reviewed with the senior risk officer of Old Second the senior executive officer ("SEO") compensation plans and has made all reasonable efforts to ensure that these plans do not encourage SEOs to take unnecessary and excessive risks that threaten the value of Old Second; (b) it has reviewed with the senior risk officer the employee compensation plans and has made reasonable efforts to limit any unnecessary risks these plans pose to Old Second; and (c) it has reviewed the employee compensation plans to eliminate any features of these plans that would encourage the manipulation of reported earnings of Old Second to enhance the compensation of any employee ((a), (b) and (c) being collectively referred to as the "TARP Risk Assessment"). In 2012, the committee and Old Second's Chief Risk Officer met in February and August to conduct the required TARP Risk Assessment.

In the course of conducting its TARP Risk Assessment, the Compensation Committee considered the overall business and risk environment confronting Old Second and how the SEO compensation plans and employee compensation plans serve to motivate employee behavior when operating within that environment. In particular, the Compensation Committee's TARP Risk Assessment focused on the following compensation plans (* denotes plans in which SEOs participate):

Amended and Restated Voluntary Deferred Compensation Plan for Executives*	Officers Incentive Plan*
Base Salary*	Residential Lending Commission Plan
Compensation and Benefits Assurance Agreements*	Residential Lending Override Plan
Customer Service/Support Center Plan	Retail Banking Plan
Employees 401(k) Savings Plan and Trust*	Special Recognition Awards Program
2008 Equity Incentive Plan*	Wealth Management Commission Plan
Loan Administration Plan	

With the exception of individual bonus goals designated under the Officers Incentive Plan, Old Second does not maintain any compensation plans in which only SEOs participate. For purposes of this discussion, references to "SEO compensation plans" mean the portion of an employee plan in which the SEOs participate.

With respect to the SEO compensation plans, the Compensation Committee believes that such plans do not encourage Old Second's SEOs to take unnecessary or excessive risks that could harm the value of Old Second. The Compensation Committee believes this to be true because, as is more fully described in the Compensation Discussion and Analysis, the Compensation Committee strives to provide a balanced aggregate compensation package to our SEOs that serves to incentivize our SEOs to manage the business of Old Second in a way that will result in Company-wide financial success and value growth for our stockholders.

We believe it is appropriate for our executives to focus certain of their efforts on near-term goals that have importance to Old Second; however, we also acknowledge that near-term focus should not be to the detriment of a focus on the long-term health and success of Old Second. In practice, providing base salary to any employee provides the most immediate reward for job performance. The Compensation Committee engages in an annual process, as is described in the Compensation Discussion and Analysis, to set base salary. We believe our process for establishing base salary is relatively free from risk to Old Second, as we do not typically make significant adjustments to base salary based on a single year's performance. The committee believes it is appropriate to reward our executives' focus on near-term goals, when such goals correspond to the overall Company or operating division goals and direction set by our board of directors. To reward the executives for such focus, the Compensation Committee maintains an annual cash incentive plan (*i.e.,* Officers Incentive Plan) for our executives. In establishing our annual cash incentive plan, we try to provide an adequate level of incentive for the achievement of Company, operating division and individual goals, while also limiting the maximum amount that may be earned so that executives do not feel the need to strive for attainment of unreasonable or unrealistic levels of performance. In this way, we believe the design of the annual cash incentive plan does not encourage our executives to take unnecessary or excessive risks that could harm the value of Old Second.

The other incentive compensation elements offered to our SEOs, with the exception of perquisites, are intended to reward performance over the long-term or are intended to focus our executives' attention on the long-term performance of Old Second. We feel there is little, if any, risk associated with our Employees 401(k) Savings Plan and Trust as it is a tax-qualified retirement plan that is subject to and maintained in accordance with the mandates of the Internal Revenue Code and the Employee Retirement Income Security Act. We believe our 2008 Equity Incentive Plan helps to tie our executives' interest more closely to those of our stockholders by giving them an equity interest in Old Second. We feel this equity interest in Old Second promotes a long-term focus among our executives on the financial success of Old Second. Finally, the Compensation Committee believes the deferred compensation arrangements (*i.e.,* Amended and Restated Voluntary Deferred Compensation Plan for Executives, Compensation and Benefits Assurance Agreements) in place with respect to our SEOs encourage our executives to consider the long-term health of Old Second because, pursuant to the Internal Revenue Code and applicable guidance, those arrangements must be unfunded, unsecured promises to pay a benefit in the future. In the case of insolvency of Old Second, the executives participating in those arrangements would be treated as general unsecured creditors of Old Second, thus encouraging the executives to ensure a healthy organization remains after their tenures are concluded.

With respect to the employee compensation plans, the TARP Risk Assessment has not resulted in a determination by the Compensation Committee that changes were necessary to bring such plans into compliance with the TARP rules. We believe Old Second has adequate policies and procedures in place to balance and control any risk-taking that may be incentivized by the employee compensation plans. The committee further believes that such policies and procedures will work to limit the risk that any employee would manipulate reporting earnings in an effort to enhance his or her compensation.

The committee intends to continue, in accordance with its obligations under TARP, to periodically review and assess the SEO compensation plans and employee compensation plans to ensure that the risk-taking behavior incentivized by such plans is kept to an appropriate level. The committee will, as necessary, amend or discontinue any plan or revise any Company policy or procedure to meet its obligations under TARP.

Submitted by:

Mr. Gerald Palmer, Chairman
Mr. Edward Bonifas
Mr. William Kane
Mr. William Meyer

Members of the Compensation Committee

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth information concerning the compensation of our Chief Executive Officer, Chief Financial Officer and our next most highly compensated executive officer:

Name and principal position (a)	Year (b)	Salary (c)	Stock awards(1) (d)	All other compensation(2) (e)	Total ($) (f)
William B. Skoglund	2012	$ 495,000	$ 25,000	$ 25,880	$ 545,880
Chairman and Chief Executive	2011	495,000	37,450	27,280	559,730
Officer Old Second;	2010	495,000	279,300	31,430	805,730
Chairman of Old					
Second National Bank					
J. Douglas Cheatham					
	2012	$ 247,000	$ 25,000	$ 14,970	$ 286,970
Chief Financial Officer	2011	247,000	37,450	16,470	300,920
	2010	247,000	141,400	20,634	409,034
James Eccher					
	2012	$ 319,000	$ 25,000	$ 25,880	$ 369,880
Chief Executive Officer Old	2011	304,500	37,450	27,280	369,230
Second National Bank	2010	290,000	175,000	31,430	496,430

(1) The amounts represent the grant date fair value for equity awards in accordance with ASC 718 "Compensation-Stock Compensation." A discussion of the assumptions used in calculating the values may be found in the notes to our audited financial statements included in our annual report to stockholders.

(2) The 2012 amounts set forth in column (i) include the following:

	Mr. Skoglund	Mr. Cheatham	Mr. Eccher
401(k) match	$ 5,000	$ 4,900	$ 5,000
Life insurance	840	830	840
Automobile allowance	10,800		10,800
Country club dues	9,240	9,240	9,240
Total	$ 25,880	$ 14,970	$ 25,880

Grants of Plan-Based Awards

Name	Grant date	All Other Stock Awards; Number of Shares of Stock or Units(1)	Grant Date Fair Value of Stock and Option Awards(2)
William B. Skoglund	2/15/12	20,000	$ 25,000
Restricted Stock Award			
J. Douglas Cheatham	2/15/12		
Restricted Stock Award		20,000	$ 25,000
James Eccher	2/15/12		
Restricted Stock Award		20,000	$ 25,000

(1) The amounts represent shares of restricted stock, which vest two years from the grant date, but will not be transferable until Old Second repays its TARP financial assistance. As each 25% of TARP assistance is repaid, 25% of the vested portion of the underlying awards will become transferable. As noted above, due to Old Second's participation in Treasury's auction process, 75% of these awards will be forfeited before vesting.

(2) The grant date fair value is based on the closing price of our stock on February 15, 2012, which was $1.25 per share.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information concerning the exercisable and unexercisable stock options at December 31, 2012 held by the individuals named in the Summary Compensation Table:

	Option Awards				Stock Awards	
Name (a)	Number of securities underlying unexercised options (#) Exercisable(1) (b)	Number of securities underlying unexercised options (#) Unexercisable(1) (c)	Option exercise Price ($) (e)	Option expiration date (f)	Number of shares or units of stock that have not vested (#)(2) (g)	Market value of shares or units of stock that have not vested ($)(3) (h)
William B. Skoglund	32,000		25.08	12/16/2013		
	32,000		32.59	12/21/2014		
	32,000		31.34	12/20/2015		
	32,000		29.20	12/19/2016		
	40,000		27.75	12/18/2017		
					55,330	$ 62,450
J. Douglas Cheatham	12,000		25.08	12/16/2013		
	12,000		32.59	12/21/2014		
	12,000		31.34	12/20/2015		
	12,000		29.20	12/19/2016		
	15,000					