3/5/09

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First Midwest

First Midwest Bancorp, Inc.
One Pierce Place, Suite 1500
P.O. Box 459
Itasca, Illinois 60143
(630) 875-7450

March 3, 2009

VIA FEDERAL EXPRESS NO.: 7963 9415 4423

Mr. Neil M. Barofsky
Special Inspector General
Troubled Asset Relief Program
1500 Pennsylvania Avenue, Suite 1064
Washington D.C. 20220

Dear Mr. Barofsky:

Attached please find the Company's response to your letter dated February 6, 2008. As per your request, a copy of the attached response has also been sent via electronic mail to SIGTARP.response@do.treas.gov.

If you should have any questions please contact me directly via telephone at (630) 875-7345 or via e-mail at Cynthia.Lance@FirstMidwest.com.

Best regards,

Cynthia A. Lance

Cynthia A. Lance
Executive Vice President and
Corporate Secretary

Enclosures

First Midwest Bancorp, Inc.
One Pierce Place, Suite 1500
P.O. Box 459
Itasca, Illinois 60143
(630) 875-7450

First Midwest

March 2, 2009

VIA OVERNIGHT MAIL AND
ELECTRONIC MAIL

Neil M. Barofsky
Special Inspector General
Troubled Asset Relief Program
1500 Pennsylvania Ave.
Suite1064
Washington, D.C. 20220

Mr. Barofsky,

This letter is in response to your letter to First Midwest Bancorp, Inc. ("First Midwest" or the "Company") dated February 6, 2008 regarding the Company's use of funds received under the Troubled Asset Relief Program ("TARP") promulgated under the Emergency Economic Stabilization Act of 2008 ("EESA").

Company Overview

First Midwest Bancorp, Inc. is a bank holding company incorporated in Delaware in 1982 for the purpose of becoming a holding company registered under the Bank Holding Company Act of 1956, as amended. The Company is the product of the consolidation of over 21 affiliated institutions in 1983 and has served communities in the Chicago metropolitan area for over 60 years (the last 25 years as a public company). The Company currently is headquartered in Itasca, Illinois.

The Company's primary operating subsidiary, First Midwest Bank (the "Bank"), is a multi-state bank with total assets of $8.5 billion as of December 31, 2008. The Bank offers a variety of traditional financial products and services that are designed to meet the financial needs of the customers and communities it serves. The Bank provides basic community banking services, namely attracting deposits and making loans, as well as providing wealth management, investment, and retirement plan services to customers residing within its service areas.

The Bank's largest service area is the suburban Chicago metropolitan market, which includes the counties surrounding Cook County, Illinois. This area extends from the cities of Zion and Waukegan, Illinois down into northwest Indiana, including the cities of Crown Point and St. John, Indiana. The Bank's other service areas consist of a central Illinois market, which includes the cities of Champaign, Danville, and Galesburg, and an Iowa, or "Quad-Cities" market, which includes the cities of Davenport, Bettendorf, Moline, and East Moline. These service areas include a mixture of urban, suburban, and rural markets. The Bank's business is primarily conducted within these service areas.

TARP Participation

On December 5, 2008, pursuant to a Letter Agreement, dated December 5, 2008 and a Securities Purchase Agreement – Standard Terms (collectively, "Purchase Agreement"), First Midwest issued to the U.S. Department of the Treasury ("Treasury"), in exchange for aggregate consideration of $193 million ("TARP Proceeds"): (1) 193,000 shares of the Company's Fixed Rate Cumulative Perpetual Preferred Stock, Series B ("Preferred Shares"); and (2) a ten-year warrant ("Warrant") to purchase up to 1,305,230 shares of the Company's common stock, par value $0.01 per share ("Common Stock").

Responses to Special Inspector General Questions

Provide: *A narrative response specifically outlining (a) your anticipated use of TARP funds; (b) whether the TARP funds were segregated from other institutional funds; (c) your actual use of TARP funds to date; and (d) your expected use of unspent TARP funds.*[1]

> The Company deposited the TARP Proceeds in a money market account in the Bank. The Bank then invested the deposited funds in 5-year well structured, liquid government agency-backed mortgage-backed securities. These securities were allocated to the Bank's securities portfolio and not segregated from other funds or securities of the Bank in any manner.
>
> In the Company's December 5, 2008 press release (see Schedule A), First Midwest disclosed its anticipated use of the TARP Proceeds, specifically to: (1) build upon its capital position; (2) increase lending capacity; (3) support local economic expansion; and (4) pursue opportunities for continued growth. To date the Company has used the TARP Proceeds to strengthen its capital position and increase the Bank's liquidity which has allowed the Bank to continue to extend credit to customers residing within its service areas and to support local economic expansion.
>
> From December 2008 to January 2009, the Bank closed an aggregate of approximately $700 million in new and renewing loans. These loans included commercial and industrial, agricultural, commercial real estate, and consumer loans. Of that $700 million, approximately $80 million represented new loans.
>
> In addition, the Bank also assisted local economic expansion and supported community development activities in its service areas by providing targeted grants totaling approximately $100,000.

[1] In your response, please take into consideration your anticipated use of TARP funds at the time that you applied for such funds, or any actions that [you] have taken that you would not have been able to take absent the infusion of TARP funds.

[redacted]

Provide: *Your specific plans, and the status of implementation of those plans for addressing executive compensation requirements associated with the funding. Information provided regarding executive compensation should also include any assessments made of loan risks and their relationship to executive compensation; how limitations on executive compensation will be implemented in line with the Department of Treasury guidelines and whether any such limitations may be offset by other changes to other, longer-term or deferred forms of executive compensation.*

Under the terms of the Purchase Agreement, the Company has agreed that, until such time as Treasury ceases to own any securities acquired from the Company pursuant to the Purchase Agreement, the Company will take all necessary action to ensure that its benefit plans, with respect to its CEO, CFO and three most highly compensated executive officers (collectively, "SEOs"), comply with Section 111(b) of the EESA as implemented by any guidance or regulation under Section 111(b) of EESA that has been issued and is in effect as of the date of issuance of the Preferred Shares and the Warrant, and not adopt any benefit plans with respect to, or which cover, its SEOs that do not comply with EESA. Furthermore, each SEO has entered into a letter agreement with the Company consenting to the foregoing, as well as executed waivers voluntarily waiving any claim against the Treasury and the Company for any changes to their compensation or benefits that are required to comply with the EESA or any regulation issued by the Treasury under the TARP Capital Purchase Program as published in the Federal Register on October 20, 2008 (see Schedule B). The Company also has limited the tax deductibility of a portion of the compensation earned by certain SEOs.

On February 27, 2009 the Compensation Committee ("Committee") of the Company's Board of Directors conducted a review of First Midwest's incentive compensation programs from a risk perspective as required by Section 111 of the EESA. Upon completion of this review the Committee determined that such programs do not encourage unnecessary or excessive risk.

Additionally, the Committee is aware that the *American Recovery and Reinvestment Act of 2009* ("ARRA") which was enacted on February 17, 2008,

[2] First Midwest exited the first mortgage market in 2007.

includes various provisions related to compensation arrangements of financial institutions participating in TARP. The Committee also is aware that final rules and regulations interpreting the ARRA are pending. The Committee intends to review First Midwest's compensation programs to determine what steps should be taken to comply with the ARRA as final rules and regulations become available.

I, Michael L. Scudder certify that I have reviewed this response and supporting documents, and, based on my knowledge, this response and the supporting documents do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading.

Best regards,

Michael L. Scudder
President and Chief Executive Officer

cc: Robert P. O'Meara

SCHEDULE A

First Midwest Bank

Press Release

First Midwest Bancorp, Inc. Participates in Treasury's Capital Purchase and FDIC Insurance Programs

ITASCA, IL, Dec 05, 2008 (MARKET WIRE via COMTEX News Network) -- First Midwest Bancorp, Inc. (the "Company" or "First Midwest") (NASDAQ: FMBI), the parent of First Midwest Bank, today announced the sale of $193 million in preferred shares to the U.S. Treasury as a part of the government's Capital Purchase Program ("CPP") under the Emergency Economic Stabilization Act of 2008. The Treasury's investment in First Midwest is part of the government's program to infuse capital into the nation's healthy financial institutions.

The Company and First Midwest Bank also announced that they will participate in the FDIC's Transaction Account Guarantee Program which provides a full guarantee on all non-interest-bearing transaction accounts, and NOW accounts paying 0.50% or less for the entire balance of the account, regardless of dollar amount. This unlimited insurance coverage is in addition to and separate from the $250,000 coverage available under the FDIC's insurance rules for general deposits and will be available to First Midwest customers through December 31, 2009.

"We are pleased to participate in these government programs that are designed to restore stability and liquidity to the financial markets and provide customers with additional security," said Michael L. Scudder, President and Chief Executive Officer of First Midwest. "In particular the CPP investment will build upon our already solid Tier 1 capital position which at September 30, 2008 was some $200 million in excess of the minimum regulatory requirement to be considered 'well capitalized.' Further, the investment allows us to continue to meet the financial needs of our clients by increasing our lending capacity, support local economic expansion and pursue First Midwest's opportunities for continued growth, all of which are in the long-term interest of the Company and its shareholders."

Incident to the CPP investment, First Midwest issued to the Treasury, a total of 193,000 shares of Fixed Rate Cumulative Perpetual Preferred Stock, Series B, at an initial fixed rate of 5% with a $1,000 per share liquidation preference, and a warrant to purchase up to 1,305,230 shares of the Company's common stock at an exercise price of $22.18 per share, in exchange for the $193 million in aggregate consideration. Both the preferred securities and the warrant will be accounted for as components of First Midwest's regulatory Tier 1 capital.

Mr. Scudder noted that, "Our Tier 1 capital ratio as of September 30, 2008 was 9.42%, well above the minimum regulatory requirement of 6.00% to be considered 'well capitalized.' As of September 30, 2008, the additional Tier 1 capital provided through Treasury's $193 million investment in First Midwest would have increased the Company's Tier 1 capital ratio to 12.33%."

First Midwest is the premier relationship-based banking franchise in the growing Chicagoland banking market. As one of the Chicago metropolitan area's largest independent bank holding companies, First Midwest provides the full range of both business and retail banking and trust and investment management services through approximately 97 offices located in 62 communities, primarily in metropolitan Chicago. First Midwest was recently recognized by the Alfred P. Sloan Awards for Business Excellence in Workforce Flexibility in the greater Chicago Area.

Contact:
Paul F. Clemens
EVP and CFO
(630) 875-7347
www.firstmidwest.com

SOURCE: First Midwest Bancorp, Inc.

SCHEDULE B

December 3, 2008

Mr. Victor P. Carapella
Executive Vice President
Commercial Banking Group Manager
First Midwest Bank
725 Waukegan Road
Deerfield, IL 60015

IN RE: First Midwest Bancorp, Inc. - CPP Senior Executive Officer Agreement Under the TARP Capital Purchase Program

Dear Mr. Carapella:

First Midwest Bancorp, Inc. ("Company") proposes to enter into a letter agreement with the United States Department of Treasury ("UST") as part of the Company's participation in the UST's TARP Capital Purchase Program ("CPP"). The letter agreement incorporates therein a Securities Purchase Agreement – Standard Form ("UST Purchase Agreement") providing for the purchase (the "Purchase") and receipt by the UST of preferred stock and warrants of the Company (such preferred shares, warrants, and if applicable, any common stock issued upon exercise of the warrants, the "Purchased Securities").

In order for the Company to participate in the CPP and as a condition to the closing of the Purchase in the Company contemplated by the UST Purchase Agreement, the Company is required to take certain actions and adopt certain standards relating to the compensation of its senior executive officers (as defined below) and to make certain changes to certain compensation arrangements applicable to its senior executive officers.

The Company has determined that you are or may become a senior executive officer for purposes of the CPP. To comply with these requirements, and in consideration of the benefits that you will receive as an employee, officer and/or stockholder of the Company as a result of the Company's participation in the CPP, you agree as follows:

(A) No Golden Parachute Payments. The Company is prohibited from making any golden parachute payment (as defined below) to you during any "CPP Covered Period." The "CPP Covered Period" is any period during which the UST holds any Purchased Securities. The Company shall work with you between the date hereof and December 31, 2008 in order to determine the potential payments and benefits which may be subject to the foregoing limitations and, if necessary, to determine the order in which such payments and benefits would be reduced, if necessary.

(B) Clawback of Bonus and Incentive Compensation. Any bonus or incentive compensation payments to you during a CPP Covered Period are subject to recovery or "clawback" by the Company if such payments were based on materially inaccurate financial statements or any other materially inaccurate performance metric, all within the meaning of and to the extent required by Section 111(b) of the EESA and CPP Guidance (as defined below).

(C) Amendment of Compensation Arrangements. Each of the Company's compensation, bonus, incentive and other benefit plans, programs, arrangements and agreements pursuant to which you are or may became entitled to payments in the nature of compensation from the Company or any of its subsidiaries (including, without limitation any employment agreement, letter agreement, term sheet, stock option, restricted stock, performance share or other equity-based compensation agreement, deferred compensation plan, or severance plan) (collectively, "Compensation Arrangements") is amended if and to the extent necessary to give effect to the provisions of clauses (A) and (B) above and as required under the UST Purchase Agreement.

(D) Avoidance of Incentives Encouraging Unnecessary and Excessive Risks. The CPP requires the Compensation Committee of the Company's Board of Directors (the "Compensation Committee") to periodically review with the appropriate senior risk officers the provisions of the Company's bonus and incentive compensation arrangements for the purposes of determining if such arrangements encourage the Company's senior executive officers to take unnecessary and excessive risks that threaten the value of the Company within the meaning of the CPP Guidance. If and to the extent the Compensation Committee determines that any revision to any Compensation Arrangement is appropriate, you hereby agree to such revisions and to execute such additional documents as the Company deems necessary or appropriate to effect such revisions.

(E) Definitions and Interpretations. The following definitions and interpretations shall apply to this letter:

"ESSA" means the Emergency Economic Stabilization Act of 2008 as implemented by guidance or regulations thereunder issued by the UST at 31 CFR Part 30, effective on October 20, 2008, and in effect as of the "Closing Date" as defined in the UST Purchase Agreement. Such guidance or regulations are referred to herein as the "CPP Guidance".

"Senior executive officer" means each of the Company's "senior executive officers" as defined in subsection 111(b)(3) of EESA and the CPP Guidance.

"Golden parachute payment" has the same meaning as in subsection 111(b)(2)(C) of EESA and the CPP Guidance.

"Company" or "employer" means First Midwest Bancorp, Inc. and includes any entities treated as a single employer with First Midwest Bancorp, Inc. under the CPP Guidance. You are also delivering a wavier (the "Waiver") pursuant to the UST Purchase Agreement, and as between the Company and you, the term "employer" in that waiver will be deemed to mean the Company as used in this letter.

The term "CPP Covered Period" shall be limited by, and interpreted in a manner consistent with the CPP Guidance.

The application of provisions (A) an (B) of this letter are intended to, and shall be interpreted, administered and construed to, comply with Section 111 of EESA and the CPP Guidance and, to the maximum extent consistent with provisions (A) and (B) and such statute and regulations, to permit the operation of the Compensation Arrangements in accordance with their terms before giving effect to the provisions of this letter.

If this letter sets forth our agreement on the subject matter hereof, kindly sign and return to the Company the enclosed copy of this letter which will then constitute our agreement on this subject and please sign and return the Waiver as well.

Sincerely,
First Midwest Bancorp, Inc.

By: ________________________
Name: Michael L. Scudder
Title: President & CEO

Intending to be legally bound, I agree to with and accept the foregoing terms:

____
Name: Victor P. Carapella

Title: Commercial Banking Group Manager, First Midwest Bank

Date: December 3, 2008

CHICAGO/#1876171.1

FORM OF WAIVER

In consideration for the benefits I will receive as a result of my employer's participation in the United States Department of the Treasury's TARP Capital Purchase Program, I hereby voluntarily waive any claim against the United States or my employer for any changes to my compensation or benefits that are required to comply with the regulation issued by the Department of the Treasury as published in the Federal Register on October 20, 2008.

I acknowledge that this regulation may require modification of the compensation, bonus, incentive and other benefit plans, arrangements, policies and agreements (including so-called "golden parachute" agreements) that I have with my employer or in which I participate as they relate to the period the United States holds any equity or debt securities of my employer acquired through the TARP Capital Purchase Program.

This waiver includes all claims I may have under the laws of the United States or any state related to the requirements imposed by the aforementioned regulation, including without limitation a claim for any compensation or other payments I would otherwise receive, any challenge to the process by which this regulation was adopted and any tort or constitutional claim about the effect of these regulations on my employment relationship.

Victor P. Carapella

Victor P. Carapella [1]

[1] Victor P. Carapella is the Commercial Banking Group Manager of First Midwest Bank

First Midwest

First Midwest Bancorp, Inc.
One Pierce Place, Suite 1500
P.O. Box 459
Itasca, Illinois 60143
(630) 875-7450

December 3, 2008

Mr. Paul F. Clemens
Executive Vice President and
Chief Financial Officer
First Midwest Bancorp, Inc.
One Pierce Place, Suite 1500
Itasca, IL 60143

IN RE: First Midwest Bancorp, Inc. – CPP Senior Executive Officer Agreement
Under the TARP Capital Purchase Program

Dear Mr. Clemens:

First Midwest Bancorp, Inc. ("Company") proposes to enter into a letter agreement with the United States Department of Treasury ("UST") as part of the Company's participation in the UST's TARP Capital Purchase Program ("CPP"). The letter agreement incorporates therein a Securities Purchase Agreement – Standard Form ("UST Purchase Agreement") providing for the purchase (the "Purchase") and receipt by the UST of preferred stock and warrants of the Company (such preferred shares, warrants, and if applicable, any common stock issued upon exercise of the warrants, the "Purchased Securities").

In order for the Company to participate in the CPP and as a condition to the closing of the Purchase in the Company contemplated by the UST Purchase Agreement, the Company is required to take certain actions and adopt certain standards relating to the compensation of its senior executive officers (as defined below) and to make certain changes to certain compensation arrangements applicable to its senior executive officers.

The Company has determined that you are or may become a senior executive officer for purposes of the CPP. To comply with these requirements, and in consideration of the benefits that you will receive as an employee, officer and/or stockholder of the Company as a result of the Company's participation in the CPP, you agree as follows:

(A) No Golden Parachute Payments. The Company is prohibited from making any golden parachute payment (as defined below) to you during any "CPP Covered Period." The "CPP Covered Period" is any period during which the UST holds any Purchased Securities. The Company shall work with you between the date hereof and December 31, 2008 in order to determine the potential payments and benefits which may be subject to the foregoing limitations and, if necessary, to determine the order in which such payments and benefits would be reduced, if necessary.

(B) Clawback of Bonus and Incentive Compensation. Any bonus or incentive compensation payments to you during a CPP Covered Period are subject to recovery or "clawback" by the Company if such payments were based on materially inaccurate financial statements or any other materially inaccurate performance metric, all within the meaning of and to the extent required by Section 111(b) of the EESA and CPP Guidance (as defined below).

(C) Amendment of Compensation Arrangements. Each of the Company's compensation, bonus, incentive and other benefit plans, programs, arrangements and agreements pursuant to which you are or may became entitled to payments in the nature of compensation from the Company or any of its subsidiaries (including, without limitation any employment agreement, letter agreement, term sheet, stock option, restricted stock, performance share or other equity-based compensation agreement, deferred compensation plan, or severance plan) (collectively, "Compensation Arrangements") is amended if and to the extent necessary to give effect to the provisions of clauses (A) and (B) above and as required under the UST Purchase Agreement.

(D) Avoidance of Incentives Encouraging Unnecessary and Excessive Risks. The CPP requires the Compensation Committee of the Company's Board of Directors (the "Compensation Committee") to periodically review with the appropriate senior risk officers the provisions of the Company's bonus and incentive compensation arrangements for the purposes of determining if such arrangements encourage the Company's senior executive officers to take unnecessary and excessive risks that threaten the value of the Company within the meaning of the CPP Guidance. If and to the extent the Compensation Committee determines that any revision to any Compensation Arrangement is appropriate, you hereby agree to such revisions and to execute such additional documents as the Company deems necessary or appropriate to effect such revisions.

(E) Definitions and Interpretations. The following definitions and interpretations shall apply to this letter:

"ESSA" means the Emergency Economic Stabilization Act of 2008 as implemented by guidance or regulations thereunder issued by the UST at 31 CFR Part 30, effective on October 20, 2008, and in effect as of the "Closing Date" as defined in the UST Purchase Agreement. Such guidance or regulations are referred to herein as the "CPP Guidance".

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"Golden parachute payment" has the same meaning as in subsection 111(b)(2)(C) of EESA and the CPP Guidance.

"Company" or "employer" means First Midwest Bancorp, Inc. and includes any entities treated as a single employer with First Midwest Bancorp, Inc. under the

CPP Guidance. You are also delivering a wavier (the "Waiver") pursuant to the UST Purchase Agreement, and as between the Company and you, the term "employer" in that waiver will be deemed to mean the Company as used in this letter.

The term "CPP Covered Period" shall be limited by, and interpreted in a manner consistent with the CPP Guidance.

The application of provisions (A) an (B) of this letter are intended to, and shall be interpreted, administered and construed to, comply with Section 111 of EESA and the CPP Guidance and, to the maximum extent consistent with provisions (A) and (B) and such statute and regulations, to permit the operation of the Compensation Arrangements in accordance with their terms before giving effect to the provisions of this letter.

If this letter sets forth our agreement on the subject matter hereof, kindly sign and return to the Company the enclosed copy of this letter which will then constitute our agreement on this subject and please sign and return the Waiver as well.

Sincerely,
First Midwest Bancorp, Inc.

By: [signature]
Name: Michael L. Scudder
Title: President & CEO

Intending to be legally bound, I agree to with and accept the foregoing terms:

Name: [signature]

Title: CFO / EVP

Date: 12/4/08

FORM OF WAIVER

In consideration for the benefits I will receive as a result of my employer's participation in the United States Department of the Treasury's TARP Capital Purchase Program, I hereby voluntarily waive any claim against the United States or my employer for any changes to my compensation or benefits that are required to comply with the regulation issued by the Department of the Treasury as published in the Federal Register on October 20, 2008.

I acknowledge that this regulation may require modification of the compensation, bonus, incentive and other benefit plans, arrangements, policies and agreements (including so-called "golden parachute" agreements) that I have with my employer or in which I participate as they relate to the period the United States holds any equity or debt securities of my employer acquired through the TARP Capital Purchase Program.

This waiver includes all claims I may have under the laws of the United States or any state related to the requirements imposed by the aforementioned regulation, including without limitation a claim for any compensation or other payments I would otherwise receive, any challenge to the process by which this regulation was adopted and any tort or constitutional claim about the effect of these regulations on my employment relationship.

Paul F. Clemens

Paul F. Clemens[1]

[1] Paul F. Clemens is the Executive Vice President & Chief Financial Officer of First Midwest Bancorp, Inc.

First Midwest

First Midwest Bancorp, Inc.
One Pierce Place, Suite 1500
P.O. Box 459
Itasca, Illinois 60143
(630) 875-7450

December 3, 2008

Mr. Thomas J. Schwartz
President and Chief Executive Officer
First Midwest Bank
One Pierce Place, Suite 1500
Itasca, IL 60143

IN RE: First Midwest Bancorp, Inc. - CPP Senior Executive Officer Agreement
Under the TARP Capital Purchase Program

Dear Mr. Schwartz:

First Midwest Bancorp, Inc. ("Company") proposes to enter into a letter agreement with the United States Department of Treasury ("UST") as part of the Company's participation in the UST's TARP Capital Purchase Program ("CPP"). The letter agreement incorporates therein a Securities Purchase Agreement – Standard Form ("UST Purchase Agreement") providing for the purchase (the "Purchase") and receipt by the UST of preferred stock and warrants of the Company (such preferred shares, warrants, and if applicable, any common stock issued upon exercise of the warrants, the "Purchased Securities").

In order for the Company to participate in the CPP and as a condition to the closing of the Purchase in the Company contemplated by the UST Purchase Agreement, the Company is required to take certain actions and adopt certain standards relating to the compensation of its senior executive officers (as defined below) and to make certain changes to certain compensation arrangements applicable to its senior executive officers.

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(A) No Golden Parachute Payments. The Company is prohibited from making any golden parachute payment (as defined below) to you during any "CPP Covered Period." The "CPP Covered Period" is any period during which the UST holds any Purchased Securities. The Company shall work with you between the date hereof and December 31, 2008 in order to determine the potential payments and benefits which may be subject to the foregoing limitations and, if necessary, to determine the order in which such payments and benefits would be reduced, if necessary.

(B) Clawback of Bonus and Incentive Compensation. Any bonus or incentive compensation payments to you during a CPP Covered Period are subject to recovery or "clawback" by the Company if such payments were based on materially inaccurate financial statements or any other materially inaccurate performance metric, all within the meaning of and to the extent required by Section 111(b) of the EESA and CPP Guidance (as defined below).

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(D) Avoidance of Incentives Encouraging Unnecessary and Excessive Risks. The CPP requires the Compensation Committee of the Company's Board of Directors (the "Compensation Committee") to periodically review with the appropriate senior risk officers the provisions of the Company's bonus and incentive compensation arrangements for the purposes of determining if such arrangements encourage the Company's senior executive officers to take unnecessary and excessive risks that threaten the value of the Company within the meaning of the CPP Guidance. If and to the extent the Compensation Committee determines that any revision to any Compensation Arrangement is appropriate, you hereby agree to such revisions and to execute such additional documents as the Company deems necessary or appropriate to effect such revisions.

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If this letter sets forth our agreement on the subject matter hereof, kindly sign and return to the Company the enclosed copy of this letter which will then constitute our agreement on this subject and please sign and return the Waiver as well.

Sincerely,
First Midwest Bancorp, Inc.

By: [illegible]
Name: Michael L. Scudder
Title: President & CEO

Intending to be legally bound, I agree to with and accept the foregoing terms:

Name: [illegible]

Title: [illegible]

Date: [illegible] 3, 2008

FORM OF WAIVER

In consideration for the benefits I will receive as a result of my employer's participation in the United States Department of the Treasury's TARP Capital Purchase Program, I hereby voluntarily waive any claim against the United States or my employer for any changes to my compensation or benefits that are required to comply with the regulation issued by the Department of the Treasury as published in the Federal Register on October 20, 2008.

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Thomas J. Schwartz[1]

[1] Thomas J. Schwartz is the President and Chief Executive Officer of First Midwest Bank

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Dear Mr. Scudder:

First Midwest Bancorp, Inc. ("Company") proposes to enter into a letter agreement with the United States Department of Treasury ("UST") as part of the Company's participation in the UST's TARP Capital Purchase Program ("CPP"). The letter agreement incorporates therein a Securities Purchase Agreement – Standard Form ("UST Purchase Agreement") providing for the purchase (the "Purchase") and receipt by the UST of preferred stock and warrants of the Company (such preferred shares, warrants, and if applicable, any common stock issued upon exercise of the warrants, the "Purchased Securities").

In order for the Company to participate in the CPP and as a condition to the closing of the Purchase in the Company contemplated by the UST Purchase Agreement, the Company is required to take certain actions and adopt certain standards relating to the compensation of its senior executive officers (as defined below) and to make certain changes to certain compensation arrangements applicable to its senior executive officers.

The Company has determined that you are or may become a senior executive officer for purposes of the CPP. To comply with these requirements, and in consideration of the benefits that you will receive as an employee, officer and/or stockholder of the Company as a result of the Company's participation in the CPP, you agree as follows:

(A) No Golden Parachute Payments. The Company is prohibited from making any golden parachute payment (as defined below) to you during any "CPP Covered Period." The "CPP Covered Period" is any period during which the UST holds any Purchased Securities. The Company shall work with you between the date hereof and December 31, 2008 in order to determine the potential payments and benefits which may be subject to the foregoing limitations and, if necessary, to determine the order in which such payments and benefits would be reduced, if necessary.

(B) Clawback of Bonus and Incentive Compensation. Any bonus or incentive compensation payments to you during a CPP Covered Period are subject to recovery or "clawback" by the Company if such payments were based on materially inaccurate financial statements or any other materially inaccurate performance metric, all within the meaning of and to the extent required by Section 111(b) of the EESA and CPP Guidance (as defined below).

(C) Amendment of Compensation Arrangements. Each of the Company's compensation, bonus, incentive and other benefit plans, programs, arrangements and agreements pursuant to which you are or may became entitled to payments in the nature of compensation from the Company or any of its subsidiaries (including, without limitation any employment agreement, letter agreement, term sheet, stock option, restricted stock, performance share or other equity-based compensation agreement, deferred compensation plan, or severance plan) (collectively, "Compensation Arrangements") is amended if and to the extent necessary to give effect to the provisions of clauses (A) and (B) above and as required under the UST Purchase Agreement.

(D) Avoidance of Incentives Encouraging Unnecessary and Excessive Risks. The CPP requires the Compensation Committee of the Company's Board of Directors (the "Compensation Committee") to periodically review with the appropriate senior risk officers the provisions of the Company's bonus and incentive compensation arrangements for the purposes of determining if such arrangements encourage the Company's senior executive officers to take unnecessary and excessive risks that threaten the value of the Company within the meaning of the CPP Guidance. If and to the extent the Compensation Committee determines that any revision to any Compensation Arrangement is appropriate, you hereby agree to such revisions and to execute such additional documents as the Company deems necessary or appropriate to effect such revisions.

(E) Definitions and Interpretations. The following definitions and interpretations shall apply to this letter:

"ESSA" means the Emergency Economic Stabilization Act of 2008 as implemented by guidance or regulations thereunder issued by the UST at 31 CFR Part 30, effective on October 20, 2008, and in effect as of the "Closing Date" as defined in the UST Purchase Agreement. Such guidance or regulations are referred to herein as the "CPP Guidance".

"Senior executive officer" means each of the Company's "senior executive officers" as defined in subsection 111(b)(3) of EESA and the CPP Guidance.

"Golden parachute payment" has the same meaning as in subsection 111(b)(2)(C) of EESA and the CPP Guidance.

"Company" or "employer" means First Midwest Bancorp, Inc. and includes any entities treated as a single employer with First Midwest Bancorp, Inc. under the

CPP Guidance. You are also delivering a wavier (the "Waiver") pursuant to the UST Purchase Agreement, and as between the Company and you, the term "employer" in that waiver will be deemed to mean the Company as used in this letter.

The term "CPP Covered Period" shall be limited by, and interpreted in a manner consistent with the CPP Guidance.

The application of provisions (A) an (B) of this letter are intended to, and shall be interpreted, administered and construed to, comply with Section 111 of EESA and the CPP Guidance and, to the maximum extent consistent with provisions (A) and (B) and such statute and regulations, to permit the operation of the Compensation Arrangements in accordance with their terms before giving effect to the provisions of this letter.

If this letter sets forth our agreement on the subject matter hereof, kindly sign and return to the Company the enclosed copy of this letter which will then constitute our agreement on this subject and please sign and return the Waiver as well.

Sincerely,
First Midwest Bancorp, Inc.

By: [signature]
Name: Thomas J. Schwartz
Title: Executive Vice President

Intending to be legally bound, I agree to with and accept the foregoing terms:

Name: [illegible]

Title: President & CEO, First Midwest Bancorp, Inc.

Date: 12/4/08

FORM OF WAIVER

In consideration for the benefits I will receive as a result of my employer's participation in the United States Department of the Treasury's TARP Capital Purchase Program, I hereby voluntarily waive any claim against the United States or my employer for any changes to my compensation or benefits that are required to comply with the regulation issued by the Department of the Treasury as published in the Federal Register on October 20, 2008.

I acknowledge that this regulation may require modification of the compensation, bonus, incentive and other benefit plans, arrangements, policies and agreements (including so-called "golden parachute" agreements) that I have with my employer or in which I participate as they relate to the period the United States holds any equity or debt securities of my employer acquired through the TARP Capital Purchase Program.

This waiver includes all claims I may have under the laws of the United States or any state related to the requirements imposed by the aforementioned regulation, including without limitation a claim for any compensation or other payments I would otherwise receive, any challenge to the process by which this regulation was adopted and any tort or constitutional claim about the effect of these regulations on my employment relationship.

Michael L. Scudder[1]

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[1] Michael L. Scudder is the President and Chief Executive Officer of First Midwest Bancorp, Inc.

First Midwest

First Midwest Bancorp, Inc.
One Pierce Place, Suite 1500
P.O. Box 459
Itasca, Illinois 60143
(630) 875-7450

December 3, 2008

Ms. Janet M. Viano
Group President Retail Banking
First Midwest Bank
One Pierce Place, Suite 1500
Itasca, IL 60143

IN RE: First Midwest Bancorp, Inc. - CPP Senior Executive Officer Agreement
Under the TARP Capital Purchase Program

Dear Ms. Viano:

First Midwest Bancorp, Inc. ("Company") proposes to enter into a letter agreement with the United States Department of Treasury ("UST") as part of the Company's participation in the UST's TARP Capital Purchase Program ("CPP"). The letter agreement incorporates therein a Securities Purchase Agreement – Standard Form ("UST Purchase Agreement") providing for the purchase (the "Purchase") and receipt by the UST of preferred stock and warrants of the Company (such preferred shares, warrants, and if applicable, any common stock issued upon exercise of the warrants, the "Purchased Securities").

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The Company has determined that you are or may become a senior executive officer for purposes of the CPP. To comply with these requirements, and in consideration of the benefits that you will receive as an employee, officer and/or stockholder of the Company as a result of the Company's participation in the CPP, you agree as follows:

(A) No Golden Parachute Payments. The Company is prohibited from making any golden parachute payment (as defined below) to you during any "CPP Covered Period." The "CPP Covered Period" is any period during which the UST holds any Purchased Securities. The Company shall work with you between the date hereof and December 31, 2008 in order to determine the potential payments and benefits which may be subject to the foregoing limitations and, if necessary, to determine the order in which such payments and benefits would be reduced, if necessary.

(B) Clawback of Bonus and Incentive Compensation. Any bonus or incentive compensation payments to you during a CPP Covered Period are subject to recovery or "clawback" by the Company if such payments were based on materially inaccurate financial statements or any other materially inaccurate performance metric, all within the meaning of and to the extent required by Section 111(b) of the EESA and CPP Guidance (as defined below).

(C) Amendment of Compensation Arrangements. Each of the Company's compensation, bonus, incentive and other benefit plans, programs, arrangements and agreements pursuant to which you are or may became entitled to payments in the nature of compensation from the Company or any of its subsidiaries (including, without limitation any employment agreement, letter agreement, term sheet, stock option, restricted stock, performance share or other equity-based compensation agreement, deferred compensation plan, or severance plan) (collectively, "Compensation Arrangements") is amended if and to the extent necessary to give effect to the provisions of clauses (A) and (B) above and as required under the UST Purchase Agreement.

(D) Avoidance of Incentives Encouraging Unnecessary and Excessive Risks. The CPP requires the Compensation Committee of the Company's Board of Directors (the "Compensation Committee") to periodically review with the appropriate senior risk officers the provisions of the Company's bonus and incentive compensation arrangements for the purposes of determining if such arrangements encourage the Company's senior executive officers to take unnecessary and excessive risks that threaten the value of the Company within the meaning of the CPP Guidance. If and to the extent the Compensation Committee determines that any revision to any Compensation Arrangement is appropriate, you hereby agree to such revisions and to execute such additional documents as the Company deems necessary or appropriate to effect such revisions.

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CPP Guidance. You are also delivering a wavier (the "Waiver") pursuant to the UST Purchase Agreement, and as between the Company and you, the term "employer" in that waiver will be deemed to mean the Company as used in this letter.

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The application of provisions (A) an (B) of this letter are intended to, and shall be interpreted, administered and construed to, comply with Section 111 of EESA and the CPP Guidance and, to the maximum extent consistent with provisions (A) and (B) and such statute and regulations, to permit the operation of the Compensation Arrangements in accordance with their terms before giving effect to the provisions of this letter.

If this letter sets forth our agreement on the subject matter hereof, kindly sign and return to the Company the enclosed copy of this letter which will then constitute our agreement on this subject and please sign and return the Waiver as well.

Sincerely,
First Midwest Bancorp, Inc.

By: [signature]
Name: Michael L. Scudder
Title: President & CEO

Intending to be legally bound, I agree to with and accept the foregoing terms:

Name: [signature]
Title: Group President Retail Banking, First Midwest Bank
Date: 12/04/08

CHICAGO/#1876171.1

FORM OF WAIVER

In consideration for the benefits I will receive as a result of my employer's participation in the United States Department of the Treasury's TARP Capital Purchase Program, I hereby voluntarily waive any claim against the United States or my employer for any changes to my compensation or benefits that are required to comply with the regulation issued by the Department of the Treasury as published in the Federal Register on October 20, 2008.

I acknowledge that this regulation may require modification of the compensation, bonus, incentive and other benefit plans, arrangements, policies and agreements (including so-called "golden parachute" agreements) that I have with my employer or in which I participate as they relate to the period the United States holds any equity or debt securities of my employer acquired through the TARP Capital Purchase Program.

This waiver includes all claims I may have under the laws of the United States or any state related to the requirements imposed by the aforementioned regulation, including without limitation a claim for any compensation or other payments I would otherwise receive, any challenge to the process by which this regulation was adopted and any tort or constitutional claim about the effect of these regulations on my employment relationship.

Janet M. Viano [1]

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[1] Janet M. Viano is the Group President Retail Banking of First Midwest Bank