



800 West Madison Street
Chicago, Illinois 60607
(888) 422-6562

April 12, 2013

Dear Fellow Stockholder:

On behalf of the Board of Directors and management of MB Financial, Inc. (the "Company"), I cordially invite you to attend the Company's Annual Meeting of Stockholders. The meeting will be held at 8:30 a.m., local time, on Wednesday, May 29, 2013 at MB Financial Center, located at 6111 North River Road, Rosemont, Illinois.

At the meeting, stockholders will vote on (i) the election of eight directors of the Company, (ii) an advisory (non-binding) vote on executive compensation and (iii) the ratification of the appointment of McGladrey LLP as the Company's independent registered public accounting firm for the year ending December 31, 2013. The Board of Directors recommends that you vote FOR the election of each of the director nominees named in the accompanying proxy statement, FOR the advisory vote on executive compensation and FOR the ratification of the appointment of McGladrey LLP.

This year we are again using a Securities and Exchange Commission rule to furnish our proxy statement, 2012 Annual Report on Form 10-K and proxy card over the internet to stockholders. This means that most stockholders will not receive paper copies of these documents. Instead, these stockholders will receive only a notice containing instructions on how to access the proxy materials over the internet. This rule allows us to lower the costs of delivering the annual meeting materials and reduce the environmental impact of the meeting. If you received only the notice and would like to receive a copy of the printed materials, the notice contains instructions on how you can request copies of these documents.

I encourage you to attend the meeting in person. Whether or not you plan to attend, however, please read the enclosed proxy statement and then vote by submitting your proxy as promptly as possible. Voting as early as possible will save the Company additional expense in soliciting proxies and will ensure that your shares are represented at the meeting.

Thank you for your attention to this important matter.

Very truly yours,

A handwritten signature in black ink that reads "Mitchell Feiger".

Mitchell Feiger
President and Chief Executive Officer



800 West Madison Street
Chicago, Illinois 60607
(888) 422-6562

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS To be Held on May 29, 2013

Notice is hereby given that the Annual Meeting of Stockholders (the "Meeting") of MB Financial, Inc. (the "Company") will be held at MB Financial Center, located at 6111 North River Road, Rosemont, Illinois at 8:30 a.m., local time, on Wednesday, May 29, 2013.

The Meeting is for the purpose of considering and acting upon:

1. the election of eight directors of the Company;
2. an advisory (non-binding) vote on executive compensation;
3. the ratification of the appointment of McGladrey LLP as the Company's independent registered public accounting firm for the year ending December 31, 2013; and
4. such other matters as may properly come before the Meeting, or any adjournments or postponements of the Meeting.

The Board of Directors is not aware of any other business to properly come before the Meeting. The Board of Directors recommends a vote **FOR** the election of each of the director nominees named in the accompanying proxy statement, **FOR** the advisory vote on executive compensation and **FOR** the ratification of the appointment of McGladrey LLP.

Stockholders of record at the close of business on March 15, 2013 are the stockholders entitled to vote at the Meeting and any adjournments or postponements of the Meeting. Stockholders may vote in person at the Meeting or by proxy. Note, however, that if you hold your shares in street name through a bank, broker or other nominee and wish to vote your shares in person at the Meeting, then you must obtain a legal proxy from the holder of record authorizing you to do so by contacting your bank, broker or other nominee. The Company reserves the right to limit admission to the Meeting to stockholders of record and persons holding shares in street name who provide appropriate documentation of beneficial ownership, such as a recent brokerage account statement.

By Order of the Board of Directors

A handwritten signature in black ink that reads "Mitchell Feiger".

Mitchell Feiger
President and Chief Executive Officer

Chicago, Illinois
April 12, 2013

IMPORTANT: THE PROMPT RETURN OF PROXIES WILL SAVE THE COMPANY THE EXPENSE OF FURTHER REQUESTS FOR PROXIES TO ENSURE A QUORUM AT THE MEETING.

PROXY STATEMENT

MB Financial, Inc.
800 West Madison Street
Chicago, Illinois 60607
(888) 422-6562

ANNUAL MEETING OF STOCKHOLDERS May 29, 2013

This Proxy Statement is furnished in connection with the solicitation on behalf of the Board of Directors of MB Financial, Inc., a Maryland corporation (the “Company,” “we,” “us,” “our”), of proxies to be used at our Annual Meeting of Stockholders (the “Meeting”), to be held at MB Financial Center, located at 6111 North River Road, Rosemont, Illinois at 8:30 a.m., local time, on Wednesday, May 29, 2013, and all adjournments and postponements of the Meeting.

The accompanying Notice of Annual Meeting and proxy and this Proxy Statement are first being made available to stockholders on or about April 12, 2013.

At the Meeting, our stockholders will be asked to consider and vote upon (i) the election of eight directors of the Company, each for a one-year term, (ii) an advisory (non-binding) vote on executive compensation and (iii) the ratification of the appointment of McGladrey LLP as the Company’s independent registered public accounting firm for the year ending December 31, 2013.

Certain information in this Proxy Statement relates to our bank subsidiary, MB Financial Bank, National Association (the “Bank”).

We have decided again to use the Notice and Access rule adopted by the Securities and Exchange Commission to provide access to our proxy materials over the internet instead of mailing a printed copy of the proxy materials to each stockholder. As a result, on or about April 12, 2013, we will mail to most stockholders only a “Notice of Internet Availability of Proxy Materials” that tells them how to access and review the information contained in the proxy materials and how to vote their proxies over the internet. If you received only this Notice by mail, you will not receive a printed copy of the proxy materials in the mail unless you request the materials by following the instructions included in the Notice.

Vote Required and Proxy Information

All shares of the common stock, par value \$0.01 per share (“Common Stock”) represented at the Meeting by properly executed proxies received prior to or at the Meeting, and not revoked, will be voted at the Meeting in accordance with the instructions on such proxies. If no instructions are indicated, properly executed proxies will be voted for the election of the nominees named in this Proxy Statement, for the advisory vote on executive compensation and for the ratification of the appointment of McGladrey LLP. If any other matters properly come before the Meeting for action, the persons named in the enclosed proxy and acting thereunder will have the discretion to vote on such matters in accordance with their best judgment. We are not aware of any other matters to properly come before the Meeting.

The Company's by-laws provide that in an uncontested election of directors, directors will be elected by a majority of the votes cast with respect to each director. This means that the number of votes cast "FOR" the election of a nominee must exceed the number of votes cast "AGAINST" that nominee in order for that nominee to be elected. Only "FOR" or "AGAINST" votes are counted as votes cast with respect to a director nominee. Abstentions and shares held by a broker, as nominee, that are not voted (so-called "broker non-votes") in the election of directors will not be included in determining the number of votes cast. In a contested election, which is one where the number of nominees exceeds the number of directors to be elected, directors are elected by a plurality of the votes cast. The election of directors at the Meeting will not be a contested election. Therefore, directors will be elected at the Meeting under the majority voting standard described above.

Our corporate governance principles provide that in order for an incumbent director to be nominated for re-election at an annual meeting of stockholders, he or she must, prior to the filing with the Securities and Exchange Commission of the Company's definitive proxy statement for that meeting, tender his or her irrevocable resignation to the Chairman of the Nominating and Corporate Governance Committee of the Company's Board of Directors, which resignation will take effect only upon (i) his or her failure to receive the required vote in an uncontested election at the meeting and (ii) the Board's acceptance of such resignation. Our corporate governance principles further provide that if a nominee for re-election fails to receive the required vote, the Nominating and Corporate Governance Committee must consider the director's previously submitted irrevocable resignation and make a recommendation to the Board of Directors on whether to accept or reject such resignation. The Board of Directors must act on the resignation within 90 days following the date of the final certification of the stockholder vote pertaining to the election, and the Company will promptly thereafter disclose the Board's decision on whether to accept or reject the resignation and the reasons for the Board's decision.

The advisory vote on executive compensation and the ratification of the appointment of McGladrey LLP each requires the affirmative vote of a majority of the votes cast on the matter. Abstentions and broker non-votes will not be counted as votes cast on these matters.

The holders of a majority of the outstanding shares of the Common Stock, present in person or represented by proxy, will constitute a quorum for purposes of the Meeting. Abstentions and broker non-votes will be treated as shares present for quorum purposes.

A proxy given pursuant to this solicitation may be revoked at any time before it is voted. Proxies may be revoked by: (i) filing with the Secretary of the Company at or before the Meeting a written notice of revocation bearing a later date than the proxy; (ii) duly executing a subsequent proxy relating to the same shares and delivering it to the Secretary of the Company at or before the Meeting; or (iii) attending the Meeting and voting in person (although attendance at the Meeting will not in and of itself constitute revocation of a proxy). Any written notice revoking a proxy should be delivered to Doria Koros, Vice President and Corporate Secretary, MB Financial, Inc., 6111 North River Road, Rosemont, Illinois 60018. If your shares are held in "street name" through a bank, broker or other nominee, you must follow the instructions on the form you receive from your bank, broker or other nominee with respect to revoking your proxy. Your bank, broker or other nominee is prohibited from voting your shares on any matter other than ratification of the appointment of McGladrey LLP, unless you provide instructions to the bank, broker or nominee on how to vote your shares. You are encouraged to provide such instructions so that your shares will be voted on the other matters.

Voting Securities and Certain Holders Thereof

Only stockholders of record as of the close of business on March 15, 2013 will be entitled to notice of and to vote at the Meeting. Each stockholder is entitled to one vote for each share of Common Stock held as of the record date, provided, however, that pursuant to Section F of Article 5 of the Company's charter, no stockholder who beneficially owns more than 14.9% of the shares of Common Stock outstanding as of that date may vote shares in excess of this limit. As of that date, 54,975,312 shares of Common Stock were issued and outstanding. We have no other securities outstanding whose holders are entitled to vote at the Meeting.

The following table sets forth, as of March 15, 2013, certain information as to the beneficial ownership of Common Stock by: (i) those persons or entities known by us to beneficially own more than 5% of the outstanding shares of Common Stock; (ii) each director and nominee for election as director; (iii) each named executive officer, as defined below under "Executive Compensation – Compensation Discussion and Analysis;" and (iv) all directors and executive officers as a group. Except as indicated otherwise, the address for each person listed below is: c/o MB Financial, Inc., 6111 North River Road, Rosemont, Illinois 60018. An asterisk denotes beneficial ownership of less than one percent.

<u>Name of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership (1)</u>	<u>Percent of Class</u>
Columbia Wanger Asset Management, LLC Columbia Acorn Fund 227 West Monroe Street Suite 3000 Chicago, IL 60606	4,572,000 (2)	8.32
Dimensional Fund Advisors LP Palisades West, Building One 6300 Bee Cave Road Austin, TX 78746	3,556,937 (3)	6.47
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	3,042,673 (4)	5.53
Wellington Management Company, LLP 280 Congress Street Boston, MA 02210	2,775,915 (5)	5.05
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	2,750,578 (6)	5.00
David P. Bolger Director	67,033	*
Rosemarie Bouman Vice President of the Company and Executive Vice President, Administration of the Bank	149,000	*
Robert S. Engelman, Jr. Director	83,352	*
Mitchell Feiger Director and President and Chief Executive Officer of the Company; President of the Bank	865,492	1.56

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)	Percent of Class
Charles J. Gries Director	52,816	*
James N. Hallene Vice Chairman	56,464	*
Thomas H. Harvey Chairman of the Board	298,892 (7)	*
Mark A. Heckler Executive Vice President, Risk Management of the Bank	62,494	*
Richard J. Holmstrom Director	271,861	*
Karen J. May Director	36,734	*
Ronald D. Santo Director and Former Vice President of the Company; Chairman and Former Group President of the Bank	120,989	*
Renee Togher Director	4,696	*
Brian J. Wildman Executive Vice President, Wealth Management and Commercial Services of the Bank	94,291	*
Jill E. York Vice President and Chief Financial Officer of the Company; Executive Vice President and Chief Financial Officer of the Bank	244,956 (8)	*
Directors and executive officers as a group (18 persons)	2,833,870	5.06

- (1) With respect to the directors and executive officers, includes shares held directly, in retirement accounts, in a fiduciary capacity or by certain affiliated entities or members of the named individuals' families, with respect to which shares the named individuals and group may be deemed to have sole or shared voting and/or dispositive powers. Also reflects the holdings of shares by certain of the executive officers through their accounts under our 401(k) profit sharing plan and the holdings by directors and executive officers through our stock deferred compensation plan. In addition, includes shares subject to options which are currently exercisable or which will become exercisable within 60 days of March 15, 2013, as follows: Mr. Bolger – 54,647 shares; Ms. Bouman – 50,655 shares; Mr. Feiger – 407,112 shares; Mr. Gries – 2,550 shares; Mr. Hallene – 40,882 shares; Mr. Heckler – 41,388 shares; Mr. Holmstrom – 58,191 shares; Ms. May – 18,837 shares; Mr. Santo – 38,875 shares; Mr. Wildman – 42,130 shares; Ms. York – 137,850 shares; and all directors and executive officers as a group – 1,030,012 shares. Also includes 6,691 shares underlying director stock units held by Mr. Gries.
- (2) As reported by Columbia Wanger Asset Management, LLC (“Columbia Wanger”) and Columbia Acorn Fund in a Schedule 13G amendment filed with the SEC on February 13, 2013. Columbia Wanger reported having sole voting power over 4,190,000 shares and sole dispositive power over all 4,572,000 shares. Columbia Acorn Fund reported having sole voting and dispositive powers over 2,860,000 shares. According to the Schedule 13G amendment, the shares reported by Columbia Wanger include the shares reported by Columbia Acorn Fund.
- (3) As reported by Dimensional Fund Advisors LP (“Dimensional”) in a Schedule 13G filed with the SEC on February 11, 2013. Dimensional reported having sole voting power over 3,504,118 shares and sole dispositive power over all 3,556,937 shares.
- (4) As reported by BlackRock, Inc. (“BlackRock”) in a Schedule 13G amendment filed with the SEC on February 8, 2013. Black Rock reported having sole voting and dispositive powers over all 3,042,673 shares.

- (5) As reported by Wellington Management Company, LLP (“Wellington”) in a Schedule 13G amendment filed with the SEC on February 14, 2013. Wellington reported having shared voting power over 2,068,727 shares and shared dispositive power over all 2,775,915 shares.
- (6) As reported by The Vanguard Group (“Vanguard”) in a Schedule 13G filed with the SEC on February 13, 2013. Vanguard reported having sole voting power over 85,739, sole dispositive power over 2,667,004 shares and shared dispositive power over 83,574 shares.
- (7) Includes 177,814 shares held with the Bank’s trust department which are pledged to secure a line of credit.
- (8) Includes 2,307 shares held with the Bank’s trust department which may be pledged to secure a line of credit.

PROPOSAL I. ELECTION OF DIRECTORS

The Company’s Board of Directors currently consists of ten members. At the annual meeting of stockholders held in 2011, the Company’s stockholders approved an amendment to the Company’s charter to declassify the Company’s Board of Directors. As a result, directors of the Company began being elected to one-year terms at the annual meeting of stockholders held in 2012. The declassification is being phased-in, so that the existing terms of directors elected prior to annual meeting of stockholders held in 2012 will not be shortened. Accordingly, directors elected at the 2011 annual meeting of stockholders (whose terms will expire at the 2014 annual meeting of stockholders) will continue to serve until the end of their terms. Beginning with the 2014 annual meeting of stockholders, the entire Board will be elected annually.

The following table sets forth certain information regarding our Board of Directors, including each director’s term of office. The Board of Directors, acting on the recommendation of the Nominating and Corporate Governance Committee, has approved the nominees identified in the following table. If a nominee is unable to serve, the shares represented by all properly executed proxies will be voted for the election of such substitute nominee as the Board of Directors, acting on the recommendation of the Nominating and Corporate Governance Committee, may approve. At this time, the Board of Directors knows of no reason why any nominee named in this Proxy Statement may be unable to serve, if elected.

Name	Age	Position(s) Held in the Company	Director Since (1)	Term of Class to Expire
NOMINEES				
David P. Bolger	56	Director	2004	2014
Robert S. Engelman, Jr.	71	Director	1993	2014
Mitchell Feiger	54	Director and President and Chief Executive Officer of the Company and President of the Bank	1992	2014
Charles J. Gries	67	Director	2006	2014
James N. Hallene	52	Vice Chairman	2000	2014
Thomas H. Harvey	52	Chairman of the Board	1995	2014
Ronald D. Santo	70	Director and Chairman of the Bank	1990	2014
Renee Togher	50	Director	2011	2014
DIRECTOR WHOSE TERMS EXPIRE IN 2014				
Richard J. Holmstrom	55	Director	1998	2014
Karen J. May	55	Director	2004	2014

(1) Includes service with the Company’s predecessors prior to the November 6, 2001 merger of equals (the “MB-MidCity Merger”) between MB Financial, Inc., a Delaware corporation and MidCity Financial Corporation, a Delaware corporation (“MidCity Financial”), which resulted in the Company in its present legal form.

The business experience for at least the past five years of each nominee and standing member of the Board of Directors is set forth below.

Nominees

David P. Bolger. Mr. Bolger was most recently the Chief Operating Officer of Chicago 2016, the effort to bring the 2016 Olympic and Paralympic Games to Chicago. Prior to assuming that role, he was Executive Vice President and Chief Financial Officer of Aon Corporation, the world's largest insurance and reinsurance intermediary, a position held since early 2003. Prior to joining Aon, Mr. Bolger worked for 21 years at Bank One Corporation and its predecessor companies, serving in various roles including President of American National Bank & Trust Company of Chicago. Mr. Bolger served as a director of MF Global Holdings, Ltd. from January 2010 to November 2011. Since January 2012, Mr. Bolger has served as a director and chairman of the audit committee of Chicago-based Ryan Specialty Group, LLC, a global organization which seeks to provide wholesale brokerage, underwriting managers and other specialty insurance services. Mr. Bolger serves as a director of the Lincoln Park Zoo, the Chicago History Museum, World Sport Chicago, and Merit School of Music, all non-profit entities based in Chicago. Mr. Bolger also serves on the Alumni Advisory Board of Northwestern University's J.L. Kellogg Graduate School of Management and on the Dean's Advisory Council of Marquette University's College of Business Administration. Mr. Bolger has extensive experience in commercial banking and financial reporting. In addition, his experience as Chief Operating Officer of Chicago 2016 enhanced his organizational and leadership skills and strengthened his many ties to the Chicago community. Mr. Bolger is Chair of the Board's Enterprise Risk Committee.

Robert S. Engelman, Jr. Mr. Engelman served as Chairman of the Board of MB Financial, Inc. prior to the MB-MidCity Merger. He joined one of the Company's predecessor companies (Avondale Financial Corp.) in January 1993 as President, Chief Executive Officer and a director and served as President and Chief Executive Officer until the completion of the merger of Coal City Corporation into Avondale (which was renamed MB Financial, Inc.) in February 1999. Prior to that, Mr. Engelman was the Chairman of the Board and Chief Executive Officer of University Financial Corporation and its wholly-owned subsidiary, First Federal of Elgin, FSA, Elgin, Illinois. Mr. Engelman is a past director of LSA Variable Trust (Allstate Insurance Company sponsored mutual fund family) and Golub and Company, a Chicago based commercial real estate development company. Mr. Engelman serves as a Trustee of the Tesseract School in Phoenix, Arizona and is past Chair of the Parents Advisory Board at Gettysburg College, Gettysburg, Pennsylvania. Mr. Engelman's career in the banking industry and his prior positions with the Company's predecessors give him a thorough understanding of the Company's business, and his experience in running a financial institution during a variety of operating environments make him a particularly valuable resource to the Board and management.

Mitchell Feiger. Mr. Feiger is President and Chief Executive Officer of the Company, positions he held with MB Financial, Inc. from February 1999 until completion of the MB-MidCity Merger. Mr. Feiger also serves as a director of the Bank and became President of the Bank in September 2010. Mr. Feiger began his career with Touche Ross & Company in 1982, and then in 1984 joined Affiliated Banc Group, a bank holding company which was sold in 1987, where he worked in various capacities until eventually becoming Executive Vice President. Mr. Feiger served as President and a director of Coal City Corporation from 1992 until the completion of the merger of Coal City Corporation into Avondale in February 1999. He also served as Chief Executive Officer of Coal City Corporation from October 1998 until completion of that merger. Mr. Feiger served as a director of Calamos Asset Management, Inc. from 2007 to 2012. He also serves as a director of the Lurie Children's Memorial Medical Center/Lurie Children's Memorial Hospital Board and Community Investment Corporation Board. Mr. Feiger has more than 25 years of experience in the banking industry, and has served as Chief Executive Officer of the Company or one of its predecessors for more than 14 years. Mr. Feiger is a native of the Chicago area and earned a Masters of Business Administration from the University of Chicago. Mr. Feiger brings to the Board extensive industry experience, invaluable knowledge of all aspects of the Company's business and operations, strong leadership and organizational skills and deep ties to the Chicago area and its local business community.

Charles J. Gries. Mr. Gries founded Charles J. Gries & Company, LLP, the predecessor firm to CJG Partners LLP, a public accounting firm, in 1983 and currently serves as the managing partner. From 1968 to 1983, Mr. Gries has served in various capacities in a regional and national CPA firm through the partner level. Prior to its acquisition by the Company on August 25, 2006, Mr. Gries served as a director of Oak Brook Bank since 1981, and as a director of First Oak Brook Bancshares, Inc. (“First Oak Brook”) since 2002. With more than 40 years of experience in public accounting and 30 years of experience serving as a bank director, Mr. Gries has in-depth knowledge of accounting and auditing matters affecting financial institutions and is a particularly valuable resource to the Company’s financial management. Mr. Gries is Chairman of the Board’s Compliance and Audit Committee.

James N. Hallene. Mr. Hallene founded Capital Concepts, LLC, a Chicago-based private equity investment firm, in 1998 and currently serves as its principal. He is also a founding partner with CapX Partners, an equipment leasing fund and a licensee of the Small Business Administration’s Small Business Investment Company Program. Before Capital Concepts, Mr. Hallene co-founded and later sold the data-consolidation company, MaxMiles. For 15 years Mr. Hallene was employed at American National Bank, a subsidiary of Bank One Corporation, where he oversaw credit, cash management and technology-business units during his tenure. Mr. Hallene serves on the boards of KeHE Distributors, HallStar Company, VSA Partners, and Resource Land Fund. Through his prior work in the banking industry and current investment firm positions, Mr. Hallene brings to the Board a diverse array of business experiences and extensive knowledge of corporate governance matters. Mr. Hallene is Chairman of the Board’s Nominating and Corporate Governance Committee.

Thomas H. Harvey. Mr. Harvey was appointed Chairman of the Board of Directors of the Company effective December 31, 2006. Mr. Harvey is the Chief Executive Officer of Energy Innovation: Policy and Technology LLC, an energy and environmental policy firm located in San Francisco. He is also the Director of the American Energy Innovation Council, a consortium of prominent United States CEOs organized to promote new energy technology. From 2007 through 2011, Mr. Harvey was the Founder and CEO of the ClimateWorks Foundation, the world’s largest philanthropic program dedicated to achieving low-carbon economic prosperity. From January 2002 to April 2008, Mr. Harvey served as the Environment Program Director of the William and Flora Hewlett Foundation. From January 1991 to January 2002, Mr. Harvey served as President of Energy Foundation. Mr. Harvey’s executive positions with multiple non-profit organizations provide him with strong organizational and leadership skills, which make him particularly well-suited to serve as Chairman of the Board and as Chairman of the Board’s Executive Committee. Mr. Harvey also has gained extensive investment experience through his management of the investment portfolio for a non-profit organization and as the manager of multiple financial trusts. Mr. Harvey holds undergraduate and graduate degrees in engineering from Stanford University, with a focus on large systems management.

Ronald D. Santo. Mr. Santo is Chairman of the Bank, and, prior to his retirement in September 2008, also served as Group President of the Bank and Vice President of the Company. Prior to the MB-MidCity Merger, Mr. Santo served as Executive Vice President and Secretary of MidCity Financial since 1998 and 1981, respectively, and as President and a director of The Mid-City National Bank of Chicago, a subsidiary of MidCity Financial, since 1998 and 1988, respectively. In addition, prior to the MB-MidCity Merger, Mr. Santo served as Chief Executive Officer and a director of First National Bank of Elmhurst, a subsidiary of MidCity Financial, since 1986, and Vice Chairman of the Board of First National Bank of Elmhurst since 1993. Mr. Santo’s career in the banking industry and his prior executive positions with the Company and its predecessors give him a thorough understanding of the Company’s business and invaluable institutional knowledge.

Renee Togher. Ms. Togher was appointed as a director of the Company in August 2011. Ms. Togher is President and a director of Chicago-based Azteca Foods, Inc., a family-owned, leading manufacturer of tortilla products. Ms. Togher also serves on the boards of the Greater Chicago Food Depository, Illinois Manufacturer’s Association, National Museum of Mexican Art, ADL, Inc. and Mercy Hospital. She is a past director of Access Living, Chicago. Ms. Togher earned her Bachelor’s degree in Business Administration from the University of Illinois, Urbana-Champaign. She completed the Loyola University Family Business Next Generation Leadership Institute Program. As President of a middle market company in the Chicago area and her strong ties to the Chicago community, Ms. Togher brings to the board business operating experience and first-hand knowledge of local market conditions, which make her a valuable member of the Company’s board.

Directors Whose Terms Expire in 2014

Richard J. Holmstrom. Mr. Holmstrom is Co-Founder and Vice Chairman of Menlo Equities LLC, a real estate investment and development company headquartered in Palo Alto, California. Prior to co-founding Menlo Equities, Mr. Holmstrom was a partner at the Shidler Group, a private real estate investment company with offices across the United States. Mr. Holmstrom is a member and past president of the Silicon Valley Chapter of the National Association of Industrial and Office Properties. He is a co-founder of New Resource Bank based in San Francisco, California. Mr. Holmstrom is a Trustee of the UC Berkeley Foundation, and a member of the Advisory Board of the UC Berkeley Haas School of Business. Other outside board experience includes serving as a director of the Stanford Alumni Association. Mr. Holmstrom brings to the Board extensive knowledge and experience in commercial real estate matters, which is one of the Company's primary lending areas. The diversity of his other board experiences provides him with a unique perspective in addressing matters before the Board.

Karen J. May. Ms. May is Executive Vice President, Global Human Resources of Mondelez International, Inc. (formerly Kraft Foods, Inc.). She joined Kraft Foods in October 2005. Prior to that, Ms. May was Corporate Vice President, Human Resources, of Baxter International, Inc. and served in that capacity beginning in February 2001. Ms. May joined Baxter in 1990 as Director, Corporate Audit. Ms. May held various positions including Vice President/Controller of the U.S. Distribution Business and Vice President of International Finance. In 1998, Ms. May was named Vice President of Global Planning and Staffing. In 2000, Ms. May's responsibilities expanded to include all global human resource functions including compensation, benefits, employee relations, development and employee services. Prior to joining Baxter, Ms. May worked at PriceWaterhouseCoopers in the Atlanta, Chicago and New York offices. With her initial career background in financial and accounting-related matters and more recent positions as a senior executive in charge of human resources for two large, publicly held companies, Ms. May brings a wealth of knowledge and experience in multiple areas of critical importance to the Board, especially with regard to compensation matters. Ms. May is Chair of the Board's Organization and Compensation Committee.

Executive Officers Who Are Not Also Directors

Set forth below is a description of the business experience for at least the past five years of each executive officer who is not also a director of the Company.

Rosemarie Bouman. Ms. Bouman, age 56, is Vice President of the Company and Executive Vice President, Administration and a director of the Bank. Ms. Bouman served in a variety of capacities for First Oak Brook and its subsidiary bank, Oak Brook Bank, from 1983 until our acquisition of First Oak Brook and Oak Brook Bank on August 25, 2006. Her most recent positions were as Executive Vice President, Chief Operating Officer and Chief Financial Officer of First Oak Brook and as Senior Executive Vice President of Oak Brook Bank. Ms. Bouman previously served as an auditor with Arthur Andersen & Co. from 1979 to 1983.

Burton J. Field. Mr. Field, age 77, is Vice President of the Company and President of Lease Banking of the Bank. Mr. Field also is a director of the Bank. Prior to becoming President of Lease Banking in December 2005, Mr. Field was President of the Bank. Mr. Field retired as a director of the Company effective December 31, 2005. Prior to the MB-MidCity Merger, Mr. Field served as President and Chief Executive Officer of Manufacturers Bank since 1983 and as a director of Manufacturers Bank since 1977. Mr. Field has over 40 years of banking and finance experience, mainly in the areas of commercial lending and leasing. Mr. Field joined Manufacturers Bank in 1970.

Mark A. Heckler. Mr. Heckler, age 49, is Executive Vice President, Risk Management and a director of the Bank. Prior to joining the Company in 2002, he was First Vice President of Bank One and served in various management positions with its predecessor organization, American National Bank and Trust Company of Chicago, since 1985. Mr. Heckler also served as Chairman of the Board of Norwood Life Care, a not-for-profit senior living facility in Chicago, and is currently a member of its Executive Committee.

Larry J. Kallembach. Mr. Kallembach, age 56, is Executive Vice President, Operations and Technology and a director of the Bank. Prior to the MB-Mid City merger, Mr. Kallembach served as Senior Vice President of MidCity Financial and Chief Executive Officer of MidCity Information Services since 1998. Prior to coming to MidCity Financial, he was Executive Vice President of Bank Illinois and served in various management positions with its predecessor organization, Champaign National Bank, since 1978. Mr. Kallembach is a board member of the Illinois Bankers' Association.

Edward F. Milefchik. Mr. Milefchik, age 48, is Executive Vice President, Commercial Banking and a director of the Bank. Prior to joining the Company in 2008, Mr. Milefchik served as Senior Vice President at Fifth Third Bank's Chicago affiliate and oversaw the company's commercial banking operations in the western suburbs of Chicago. Mr. Milefchik has 26 years of banking experience and previously served 16 years in various capacities for Bank One and its predecessor organization, American National Bank of Chicago.

Susan G. Peterson. Ms. Peterson, age 63, is Executive Vice President and Chief Retail Banking Officer and a director of the Bank. Prior to our acquisition of First Oak Brook and Oak Brook Bank, Ms. Peterson served as Executive Vice President and Chief Retail Banking Officer of Oak Brook Bank since 2001, and prior to that served as Vice President and Head of Retail Banking of Oak Brook Bank since joining Oak Brook Bank in 1999. Ms. Peterson previously served in various retail management positions with First Midwest Bank and Heritage Bank.

Brian J. Wildman. Mr. Wildman, age 50, is Executive Vice President and responsible for the Bank's Wealth Management and Commercial Services groups. He is also a director of the Bank. Prior to joining the Company in 2003, he was First Vice President of Bank One and served in various management positions with its predecessor organization, American National Bank and Trust Company of Chicago, since 1988. Mr. Wildman is a member of the Board of Trustees of Missionary Furlough Homes, Inc.

Jill E. York. Ms. York, age 49, is Vice President and Chief Financial Officer of the Company and Executive Vice President, Chief Financial Officer and a director of the Bank. Prior to the MB-MidCity Merger, she served as Vice President and Chief Financial Officer of MB Financial, Inc. since joining the Company in August 2000 and also served as Senior Vice President, Chief Financial Officer and a director of Manufacturers Bank. Ms. York previously served as a partner with the public accounting firm of McGladrey LLP. She was in public accounting for 15 years and is a member of the Illinois CPA Society.

Director Independence

Our Board of Directors has determined that Directors Bolger, Gries, Hallene, Harvey, Holmstrom, May, Santo and Togher are "independent directors," as that term is defined in Rule 5605 of the Listing Rules of the NASDAQ Stock Market.

In making its determination that Directors Hallene and May are independent directors, the Board considered the fact that the Bank and LaSalle Systems Leasing, Inc., a subsidiary of the Bank, entered into various ordinary course equipment lease transactions with KeHE Food Distributors, Inc. and KeHE Distributors, LLC ("KeHE") and Mondelez International, Inc. ("Mondelez"). Mr. Hallene is a director of KeHE, and Ms. May is an executive officer of Mondelez. Neither Mr. Hallene or Ms. May had any direct or indirect involvement in these transactions and none of them has received any direct or indirect compensation or other benefits from these transactions.

Board Leadership Structure and Board's Role in Risk Oversight

Leadership Structure. The positions of Chairman of the Board and Chief Executive Officer of the Company are currently held by two persons, with Mr. Harvey serving as Chairman and Mr. Feiger serving as Chief Executive Officer. The Board has determined that the separation of these two positions enhances Board independence and oversight. Moreover, the separation of these positions allows Mr. Feiger to better focus on his primary responsibilities of overseeing the implementation of the Company's strategic plans and daily consolidated operations, while allowing Mr. Harvey, who is an independent director, to lead the Board in its fundamental role of oversight of management.

Role in Risk Oversight. Risk is inherent with the operation of every financial institution, and how well an institution manages risk can ultimately determine its success. We face a number of risks, including but not limited to credit risk, interest rate risk, liquidity risk, operational risk, strategic risk and reputation risk. Management is responsible for the day-to-day management of the risks the Company faces, while the Board has ultimate responsibility for the oversight of risk management. The Board believes that risk management, including setting appropriate risk appetites, risk limits and monitoring mechanisms, is an integral component and cannot be separated from strategic planning, annual operating planning, and daily management of the Company. Consequently, the Board reviews and monitors risks while overseeing and assessing the Company's various business units. Consistent with this approach as well as based on the belief that certain risks require an oversight focus that a Board committee can better provide, the Board integrated the oversight of certain risk areas with the Board's Enterprise Risk, Compliance and Audit, and Organization and Compensation Committees. The Board's Enterprise Risk Committee works with

management in connection with its efforts to manage the Company's overall risk profile, including credit, interest rate, liquidity, operational and reputation/strategic risks. This Committee also advises management on optimizing the risk/return profile of the Company's consolidated loan portfolio (including other real estate owned). In addition, the Compliance and Audit Committee oversees the Company's internal control, financial reporting and compliance, and the Organization and Compensation Committee oversees the compensation and incentive programs. These committees regularly provide reports of their activities and recommendations to the full Board.

Meetings and Committees of the Board of Directors

The Company's Board of Directors has standing Executive, Compliance and Audit, Organization and Compensation, Enterprise Risk, and Nominating and Corporate Governance Committees. During the year ended December 31, 2012, the Company's Board of Directors met nine times. During 2012, no director of the Company attended fewer than 75% of the total number of meetings of the Board of Directors and committees of which he or she was a member held during the period in which he or she served.

The table below shows current membership for each of the standing Board committees:

<u>Executive Committee</u>	<u>Compliance and Audit Committee</u>	<u>Organization and Compensation Committee</u>	<u>Enterprise Risk Committee</u>	<u>Nominating and Corporate Governance Committee</u>
Thomas H. Harvey ⁽¹⁾	Charles J. Gries ⁽¹⁾	Karen J. May ⁽¹⁾	David P. Bolger ⁽¹⁾	James N. Hallene ⁽¹⁾
Robert S. Engelman, Jr.	David P. Bolger	James N. Hallene	James N. Hallene	Thomas H. Harvey
Mitchell Feiger	Richard J. Holmstrom	Richard J. Holmstrom	Ronald D. Santo	David P. Bolger
James N. Hallene	Renee Togher	Renee Togher	Charles J. Gries	
Richard J. Holmstrom				

⁽¹⁾ Committee Chair

Executive Committee

The Company's Executive Committee generally may exercise the powers of the full Board of Directors between Board meetings. During 2012, the Executive Committee held one meeting.

Compliance and Audit Committee

The Compliance and Audit Committee is appointed by the Company's Board of Directors to provide assistance to the Board in fulfilling its oversight responsibility relating to:

- the integrity of our consolidated financial statements and the financial reporting processes,
- the systems of internal accounting and financial controls,
- compliance with legal and regulatory requirements and our policies,
- the annual independent audits of our financial statements and internal control over financial reporting;
- the independent auditor's qualifications and independence,
- the performance of our internal audit function and independent auditors, and
- any other areas of potential risk to us as may be specified by the Board.

The Compliance and Audit Committee also is responsible for:

- hiring, retaining and terminating our independent auditors and
- monitoring our compliance program, loan review process, and senior officer expense reimbursement policies.

The Compliance and Audit Committee operates under a formal written charter, a copy of which may be viewed on our website, www.mbfinc.com, by clicking "Investor Relations," "Corporate Governance" and then "Governance Documents." The current members of the Compliance and Audit Committee are "independent" as

independence for audit committee members is defined in the NASDAQ Listing Rules. Our Board of Directors has designated Directors Gries and Bolger as “audit committee financial experts,” as defined in the rules of the Securities and Exchange Commission. The Compliance and Audit Committee held ten meetings during fiscal 2012.

Organization and Compensation Committee

In accordance with its charter, the Organization and Compensation Committee is responsible for discharge of certain of the responsibilities of the Board of Directors relating to the compensation of our executive officers. The Committee’s responsibilities include:

- Reviewing from time to time the goals and objectives of our compensation plans and, if the Committee believes it to be appropriate, recommending that the Board amend these plans or adopt new plans;
- Overseeing the evaluation of our senior management, including our Chief Executive Officer and other executive officers, establishing the target level and actual compensation for our executive officers other than our Chief Executive Officer and recommending to the Board the target level and actual compensation for our Chief Executive Officer. This includes, at the end of any incentive period for our annual incentive compensation program, (i) scoring individual and business unit performance for each executive officer other than our Chief Executive Officer (after reviewing the Chief Executive Officer’s recommendations) and (ii) recommending to the Board for its determination a score for the Chief Executive Officer’s individual performance and a score for the company-wide performance component of all executive officer incentive awards, including the Chief Executive Officer’s. Based on the individual, business unit and company-wide performance scores determined by the Committee or the Board, as applicable, the Committee determines the specific award amounts for the executive officers other than the Chief Executive Officer and recommends to the Board for its determination the amount of the Chief Executive Officer’s award;
- Periodically reviewing and recommending to the Board the appropriate level of compensation and the appropriate mix of cash and equity compensation for directors;
- Administering our Omnibus Incentive Plan and any other plans which the Board has determined should be administered by the Committee;
- Approving individual plan awards for our executive officers other than the Chief Executive Officer (after considering the Chief Executive Officer’s recommendations for awards to our other executive officers) and recommending to the Board individual awards for our Chief Executive Officer;
- Determining the amounts of our contributions under the 401(k) profit sharing plan and non-qualified deferred compensation plans;
- Reviewing the Company’s management succession plan;
- Conducting such reviews of our incentive and other compensation programs, providing such reports, certifications and disclosures and discharging any other obligations that the Committee may have as a result of our participation in any government program or as may be required by applicable rules or regulations; and
- Reviewing and discussing with management and approving the Compensation Discussion and Analysis and issuing the Committee’s report which appear in this Proxy Statement.

The charter authorizes the Organization and Compensation Committee to select and retain a compensation consultant and other advisors to assist the Committee in carrying out its responsibilities. Pursuant to this authority, the Organization and Compensation Committee has retained McLagan, an Aon Hewitt Company (“McLagan”) a consulting firm with extensive experience advising financial institutions, as its consultant. Under its engagement letter, McLagan has acknowledged that the firm is retained by and performs its services for the Committee. McLagan advises and assists the Committee with its review of executive compensation practices, including competitiveness of pay levels, design issues, market trends and technical considerations. In its review conducted mid-2012, McLagan developed a peer group, accepted by the Organization and Compensation Committee, for the purpose of executive pay and performance benchmarking. During 2012, McLagan reviewed our historical pay-for-performance relationship and benchmarked our target and actual compensation levels relative to competitive market data. McLagan has also assisted the Company with a broader salary grade review for select positions below the

executive officer level. McLagan interacts with Company management on other matters that are part of the process for developing information and data required by the Committee. The Committee reviews and pre-approves all fees for services related to executive and director compensation performed by McLagan. The Chairman of the Committee reviews and approves of other compensation-related services provided by McLagan. The Committee has reviewed information provided by McLagan addressing factors relevant under SEC rules in assessing whether McLagan's work for the Committee has raised any conflicts of interest. The factors addressed included the extent of business or personal relationships with any member of the Committee or any of our executive officers; the level of fees received from the Company relative to McLagan's total revenues; the policies and procedures employed by McLagan to address conflicts of interest; and any Company stock owned by the individuals employed by McLagan to advise the Company. No conflicts of interest with respect to McLagan's advice were identified by the Committee.

Additional information regarding McLagan's review, including the companies comprising the most recently compiled peer group and other matters, and of the Committee's risk-related review, is provided under "Executive Compensation—Compensation Discussion and Analysis" and contained in the "Organization and Compensation Committee Report and Narrative and Certification Pursuant to TARP."

Pursuant to our Omnibus Incentive Plan, the Organization and Compensation Committee has delegated authority, within prescribed limits, to grant equity awards to individuals below the executive officer level who are being recruited from other employers or who are existing employees as a means of encouraging them to remain with the Company and/or rewarding them for exceptional performance. See "Executive Compensation—Compensation Discussion and Analysis—Long-Term Incentive."

The Organization and Compensation Committee meets at least four times per year, and more often as needed. During 2012, the Organization and Compensation Committee met eight times. Meetings are held in the first quarter to determine the extent to which annual incentive bonuses have been earned for the prior year, to review executive base salaries and short-term variable incentive award targets, to consider the amount of the annual 401(k) employer match, the amount of the annual profit sharing contribution and the amount of Company contribution to the non-qualified deferred compensation plan. A meeting is also held mid-year to consider the appropriate amount of annual long-term equity incentive grants for recommendation to the Board of Directors for its approval. At least once per year, the Organization and Compensation Committee reviews a tally sheet for each executive officer, which provides a breakdown of each component of compensation being paid to the executive (i.e., base salary, annual bonus incentive, long-term equity incentives, retirement benefits, perquisites, etc.) and reviews other historical data relating to the compensation of our executive officers. The Committee also meets to review our incentive compensation plans at least annually to determine if such plans encourage excessive risk taking or manipulation of reported earnings and to take steps to mitigate or eliminate such risks. In setting the compensation of executive officers other than the Chief Executive Officer, the Organization and Compensation Committee considers the recommendations of the Chief Executive Officer. For additional information, see "Executive Compensation—Compensation Discussion and Analysis."

The Organization and Compensation Committee operates under a formal written charter, a copy of which is available on our website, at www.mbfinancial.com, by clicking "Investor Relations," "Corporate Governance" and then "Governance Documents." The members of the Organization and Compensation Committee are "independent directors," as that term is defined in the NASDAQ Listing Rules.

Enterprise Risk Committee

The Enterprise Risk Committee addresses the challenges and risks the Company faces. The Enterprise Risk Committee is appointed by the Company's Board of Directors for the purpose of assisting and advising management in connection with its efforts to manage the overall risk profile of the Company and its subsidiaries, including capital, compliance/legal, credit, interest rate, liquidity, operational and reputation/strategic risk. The primary role of the Enterprise Risk Committee is to do the following:

- Provide advice and counsel to management specific to enterprise wide risks;
- Provide the Board's view to management on risk matters during the periods between Board meetings;
- Ensure that the Company has in place an appropriate enterprise-wide process to identify, prioritize, measure and monitor capital, compliance/legal, credit, interest rate, liquidity, operational and reputation/strategic risk; and

- Review, approve and oversee the operation of the Company’s enterprise wide risk management framework, including processes, documentation, reporting and mitigation efforts, as relevant.

The Enterprise Risk Committee operates under a formal written charter, a copy of which may be viewed on our website, www.mbfinancial.com, by clicking “Investor Relations,” “Corporate Governance” and then “Governance Documents.” The Enterprise Risk Committee held four meetings during 2012.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for identifying and recommending to the Company’s Board of Directors nominees for election to the Board. The Nominating and Corporate Governance Committee is also responsible for:

- Recommending to the Board the appropriate size of the Board and assist in identifying, interviewing and recruiting candidates for the Board;
- Recommending candidates (including incumbents) for election and appointment to the Board of Directors, subject to the provisions set forth in our charter and by-laws relating to the nomination or appointment of directors, based on the following criteria: business and occupational experience, education, integrity and reputation, independence, conflicts of interest, age, number of other directorships and commitments (including charitable obligations), tenure on the Board, attendance at Board and committee meetings, stock ownership, specialized knowledge (such as an understanding of banking, accounting, marketing, finance, regulation and public policy) and a commitment to our communities and shared values, as well as overall experience in the context of the needs of the Board as a whole. Although the Company does not have a formal policy with regard to the consideration of diversity in identifying director nominees, the Board seeks candidates who further its objective of having a Board that encompasses a broad range of talents and expertise and reflects a diversity of background, experience and viewpoints;
- Reviewing nominations submitted by stockholders that have been addressed to the Corporate Secretary and that comply with the requirements of our charter and by-laws. Nominations from stockholders will be considered and evaluated using the same criteria as all other nominations;
- Review proposals submitted by stockholders for business to be conducted at annual meetings of stockholders;
- Annually recommending to the Board committee assignments and committee chairs on all committees of the Board, and recommending committee members to fill vacancies on committees as necessary;
- Considering and making recommendations to the Board regarding matters related to our director retirement policy;
- Periodically evaluating emerging best practices, including the Board’s leadership structure, with respect to corporate governance matters and making recommendations for Board approval;
- Conducting, at least annually, a performance assessment of the Board and report its findings to the Board;
- Reviewing, at least annually, our Code of Business Conduct and, if appropriate, recommending modifications to the code for Board approval and considering any requested waivers of code provisions for directors and executive officers;
- Establishing procedures for the regular ongoing reporting by Board members of any developments that may affect his or her qualifications or independence as a director and making recommendations as deemed appropriate;
- Reviewing and approving related party transactions pursuant to the policy for such transactions set forth in our Code of Business Conduct (described under “Certain Transactions”);

- Recommending to the Board a set of corporate governance principles, and review those principles at least annually. A copy of our Corporate Governance Principles adopted by the Board is available on the Company's website, at www.mbfinancial.com, by clicking "Investor Relations," "Corporate Governance" and then "Governance Documents," and
- Performing any other duties or responsibilities delegated to the Committee by the Board.

Pursuant to Article I, Section 6 of our by-laws, nominations for election as directors by stockholders must be made in writing and delivered to the Corporate Secretary of the Company not less than 90 days or more than 120 days prior to the date of the stockholders' meeting. If, however, less than 100 days' notice or public announcement of the date of the meeting is given or made to stockholders, nominations must be received by us no later than the close of business on the tenth day after the day on which notice of the date of the meeting is mailed or the day on which public announcement of the date of the meeting is first made, whichever occurs first. In addition to meeting the applicable deadline, nominations must be accompanied by certain information specified in our by-laws.

The Nominating and Corporate Governance Committee operates under a formal written charter, a copy of which is available on the Company's website, at www.mbfinancial.com, by clicking "Investor Relations," "Corporate Governance" and then "Governance Documents." The members of the Nominating and Corporate Governance Committee are "independent directors," as that term is defined in the NASDAQ Listing Rules. During 2012, the Nominating and Corporate Governance Committee met one time.

Stockholder Communications with Directors

It is our policy that stockholders have the opportunity to communicate directly with members of the Company's Board of Directors on appropriate matters. The Board will respond, or cause us to respond, in writing to communications from stockholders concerning appropriate matters addressed to one or more members of the Board. Stockholders may communicate with our Board of Directors by writing to: MB Financial, Inc., Attn: (Name of Director), c/o Corporate Secretary, 6111 North River Road, Rosemont, Illinois 60018.

Board Member Attendance at Annual Stockholder Meetings

Although we do not have a formal policy regarding director attendance at annual stockholder meetings, directors are requested to attend these meetings absent extenuating circumstances. Last year's annual meeting of stockholders was attended by nine of our ten directors then serving on the Company's Board.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

In this section, we provide an overview and analysis of our compensation programs, the material compensation policy decisions we have made under those programs, and the material factors that we considered in making those decisions. Following this section, you will find a series of tables containing specific information about the compensation earned or paid for 2012 to the following individuals, whom we refer to as our “named executive officers” or “senior executive officers:”

- Mitchell Feiger, President and Chief Executive Officer (“CEO”) of the Company and President of the Bank;
- Jill E. York, Vice President and Chief Financial Officer (“CFO”) of the Company and Executive Vice President and Chief Financial Officer of the Bank;
- Rosemarie Bouman, Vice President of the Company and Executive Vice President, Administration of the Bank;
- Brian J. Wildman, Executive Vice President, Wealth Management and Commercial Services of the Bank; and
- Mark A. Heckler, Executive Vice President, Risk Management of the Bank.

The discussion below is intended to help you understand the detailed information provided in those tables and put that information into context within our overall compensation program.

Executive Summary

Our 2012 Company Performance

2012 was a year of significant accomplishments. We continued the earnings momentum from 2011, paid back our funds received under the Troubled Asset Relief Program (“TARP”) and executed on key initiatives designed to enhance profitability while reducing risk. We exceeded many of our goals.

Our 2012 performance was highlighted by:

- Strong earnings, as evidenced by:

	(Dollars in thousands, except per share data)		
	<u>2012</u>	<u>2011</u>	<u>Change</u>
Net income	\$ 90,374	\$ 38,728	+133.4%
Net income available to common stockholders	\$ 87,105	\$ 28,314	+207.6%
Fully diluted earnings per share	\$ 1.60	\$ 0.52	+207.7%
Return on average assets	0.95%	0.39%	+0.56%

- Growth in annual revenues from key fee initiatives of 20.5% as:
 - Leasing revenues increased 35.1% to \$36.4 million;
 - Capital markets and international banking service fees increased 172.0% to \$5.1 million; and
 - Card revenues increased 33.2% to \$9.4 million.
- Significant balance sheet improvement during the year:
 - We improved the risk/return profile of our loan portfolio by significantly reducing classified assets and changing our loan mix;
 - Our funding mix improved as low cost deposits increased and wholesale funding decreased; and
 - We repurchased all \$196 million of preferred stock and the related warrant issued as part of TARP, without issuing additional preferred or common stock.

- Our improved earnings performance and stronger capital position enabled us to announce in the fourth quarter of 2012 an increase in our quarterly dividend to \$0.10 per share and the authorization of a share repurchase program of up to one million shares;
- Total 2012 stockholder return of 16%, reflecting a growth in our stock price to \$19.75 as of December 31, 2012 from \$17.10 as of December 31, 2011, and dividends of \$0.13 paid during 2012; and
- Strong relative performances within our local operating environment relative to our comparable Chicago-based competitors:

	<u>MBFI 2012</u>	<u>Competitor Median 2012[^]</u>
Pre-tax, pre-provision operating earnings* to risk-weighted assets**	2.72%	1.95%
Return on average assets	0.95%	0.68%
Net interest margin*	3.73%	3.46%
Cost of funds	0.52%	0.66%
Net non-interest expense to average assets**	1.47%	1.51%

* Fully tax equivalent basis.

** For a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures, please see our Current Report on Form 8-K furnished to the Securities and Exchange Commission on February 27, 2013.

[^] Competitors include Chicago MSA-headquartered bank holding companies with assets in the range of \$2.0 billion and \$16.6 billion at December 31, 2012 and include: First Midwest Bancorp, Inc., Old Second Bancorp, Inc., PrivateBancorp, Inc., Taylor Capital Group, Inc. and Wintrust Financial Corporation.

Ending Our Participation in TARP

We repaid our TARP funds in full on March 14, 2012 by repurchasing all of the outstanding shares of preferred stock we issued to the U.S. Treasury under TARP. TARP mandated certain restrictions and limitations on executive compensation and other requirements, most of which were applicable to us only during the first quarter of 2012 (the “TARP Period”). As a result, we were able to re-establish our preferred approach to compensating our executives which places a greater emphasis on pay-for-performance.

- We stopped the TARP-motivated salary adjustments for Mr. Feiger, our CEO, and Ms. York, our CFO, and set base salaries and incentive targets for them following the bi-annual review by McLagan, our independent compensation consultant, of the total direct compensation of our executive officers against the compensation provided by our peer group.
- We re-introduced the Company scorecard approach in our annual bonus program, with performance metrics centered on revenue growth drivers such as core fee income, loans and low-cost deposits, bottom line measures such as net income and core return on assets, balance sheet quality measures and key strategic initiatives focused on growth.
- We reset the components of Mr. Feiger’s compensation so that base salary and benefits represent only 35% of the compensation he may earn with 65% of his compensation tied directly to Company and individual performance or to the value of our stock.

Our 2012 Annual Meeting of Stockholders – Compensation Related Items

At our 2012 annual meeting, our stockholders overwhelmingly supported our “say-on-pay” resolution with almost 96% of the votes cast voting to approve the executive compensation disclosed in last year’s proxy statement. The stockholders also supported the Board’s recommendation that we conduct the “say-on-pay” vote on an annual basis. Accordingly, stockholders are being asked to vote on “say-on-pay” at this year’s meeting.

Our 2012 Compensation Decisions

Our performance in 2012, our exit from TARP and our ability to re-establish a greater emphasis on pay-for-performance for all of our senior executive officers were the impetus for the following actions:

- We reset the elements of compensation for Mr. Feiger and Ms. York, including base salary, annual target bonus and long-term incentive targets, following a mid-year competitive market review of their compensation by McLagan, the Committee's independent compensation consultant;
- Based on a scorecard approach, bonuses were earned by our named executive officers primarily due to:
 - Core fee income, net income, and core low-cost deposit growth in excess of plan;
 - Strong core return on average assets and non-performing loans-to- total loans relative to scorecard peers;
 - Accomplishment of key strategic initiatives; and
 - Strong business unit and individual performance in 2012.
- As a result of our improved performance and the end of the TARP-related restrictions on our ability to design and award long-term incentive compensation, we:
 - Based annual long-term incentive awards on target award levels, after basing annual awards in 2011, 2010 and 2009, on less than target amounts; and
 - Granted annual long-term incentive awards using a mixed weighting of 50% relative total stockholder return ("TSR")-based performance shares, 40% restricted stock and 10% stock options.
- To continue to encourage long-term value creation, alignment with the interests of our stockholders and good governance practices, we:
 - Continued the more expansive clawback policy across our incentive plans;
 - Did not include provisions for automatic (so-called "single trigger vesting) vesting acceleration in our long-term incentive awards in favor of "double-trigger" vesting;
 - Continued the practice we adopted in 2009 of not entering into any new agreements which would obligate us to pay an excise tax gross-up in the event of a change in control; and
 - Continued to monitor compliance with the stock ownership guidelines for our executive officers as well as our non-employee directors.

Compensation Philosophy and Objectives

The Committee establishes, implements and monitors adherence to our compensation philosophy. Our compensation program is designed to attract and retain high caliber people and to motivate and reward key employees for outstanding performance that should result in building and maintaining stockholder value. Assisted by its compensation consultant, McLagan, the Committee has adopted and continues to apply the following executive compensation program policy and underlying philosophy. Specifically, our executive compensation program should:

- Allow us to attract, retain and motivate talented individuals critical to our success;
- Provide opportunities to coordinate pay with achievement of our annual and long-term performance goals;

- Encourage achievement of strategic objectives, creation of stockholder value, and alignment of employee and stockholder interests;
- Recognize and reward individual initiative and achievement;
- Maintain an appropriate balance between base compensation and short- and long-term incentive opportunities; and
- Properly align risk-taking and compensation.

Our executive compensation program combines base salary and target annual cash bonus to establish an executive's level of total cash compensation. Base salary is reviewed during the first quarter of each year. Merit increases and market adjustments, if warranted, are considered during this time period. These adjustments help insure that we recognize performance and remain competitive for talent.

Bonus opportunities are established at levels intended to provide competitive total cash compensation at target, with the potential to earn total cash compensation below, at or above target. Actual bonus awards are based on performance assessments. Bonuses earned in excess of target amounts are generally paid in the form of restricted stock.

A long-term incentive ("LTI") component, consisting of stock-based awards with multi-year vesting schedules, is also a significant part of the overall compensation paid to our executive officers. The LTI component and total cash compensation make up an executive's total direct compensation. Amounts of target LTI awards are determined based on competitive levels and individual performance and provide the opportunity to realize increased levels of pay as greater levels of stockholder value are created.

Bi-annually, we have utilized an external, independent consultant retained by the Committee to conduct a review of our total direct compensation paid to our executive officers. McLagan conducted the most recent review in mid-2012. This review included comparing (benchmarking) the levels of base salary, total cash compensation and total direct compensation which we provide to our executive officers against the levels provided by a peer group. The peer group recommended by McLagan and approved by the Committee included the following financial institution holding companies:

Cullen/Frost Bankers, Inc.	CVB Financial Corp.
First Financial Bancorp.	FirstMerit Corporation
First Midwest Bancorp, Inc	F.N.B. Corp.
Fulton Financial Corp.	IBERIABANK Corp.
National Penn Bancshares, Inc.	PrivateBancorp, Inc.
Prosperity Bancshares, Inc.	Signature Bank
Taylor Capital Group, Inc	Texas Capital Bancshares, Inc.
Trustmark Corporation	UMB Financial Corporation
Umpqua Holdings Corp.	United Bancshares, Inc.
Valley National Bancorp	Wintrust Financial Corp.

In recommending and approving these peers, McLagan and the Committee believe these companies represent a good cross-section of financial institutions which, like us, operate in large metropolitan areas and are comparable to our asset size and loan portfolio composition. These institutions ranged in asset size from \$4.7 billion to \$20.4 billion and maintained a concentration of commercial related loans greater than 50% of total loans as of March 31 2012, as compared to our assets of \$9.7 billion and commercial related concentration of approximately 73% of total loans as of that date.

In keeping with our compensation philosophy, the Committee has adopted the following market benchmark and competitive positioning of the elements of our executive compensation program (“Target” refers to pay that would be provided for on-plan, budgeted performance levels and “Max” refers to pay that would be provided at outstanding performance levels relative to plan):

<u>Base Salary</u>	<u>Total Cash Compensation</u>		<u>Total Direct Compensation</u>	
	<u>(Salary and Bonus)</u>		<u>(Salary, Bonus and Long-Term)</u>	
	<u>Target</u>	<u>Max</u>	<u>Target</u>	<u>Max</u>
50th percentile	50th percentile	75th - 90th percentile	50th - 60th percentile	75th - 90th percentile

As part of its review, McLagan advised the Committee that the actual 2011 and target 2012 total direct compensation levels for Mr. Feiger and Ms. York, as well as our other named executive officers, were in line with the Committee’s adopted market benchmark and competitive positioning.

Base Salary

Over time, an executive officer’s base salary will reflect a combination of factors, including: competitive pay levels relative to the peer group; the position’s level of authority, complexity and impact on the achievement of both short-term and long-term corporate goals and objectives; the expertise, experience and skill level of the individual under consideration; the degree to which the officer has achieved his or her management objectives for the previous year; his/her ability to attract highly skilled individuals to the Company and the officer’s overall performance in managing his/her area of responsibility. Although no quantifiable formula or weighting of the above-mentioned factors is used in the decision-making process, as noted above we generally seek to maintain an executive officer’s base salary level competitive with the 50th percentile of our peers (that is, within a range of 15% above or below the benchmark).

Upon our participation in TARP, the Committee initiated a review of the impact the TARP limitations on bonus and incentive compensation would have on the compensation of our senior executive officers and other most highly compensated employees. The Committee determined that the compensation of our CEO, Mr. Feiger, and CFO, Ms. York, would be significantly and adversely impacted by the inability to earn bonus compensation or receive long-term incentive awards on the same basis as they have under our current and preferred compensation program. Noting that other financial institutions had responded to these circumstances through temporary salary adjustments paid in large part in so-called “salary stock” and permitted long-term restricted stock awards, the Committee took similar action.

In December 2009, based on a Committee recommendation, the Board approved adjustments to the base salaries of Mr. Feiger and Ms. York which took effect January 1, 2010. The salary adjustments were established in amounts which would not increase the executive’s total target compensation beyond levels consistent with our compensation philosophy when compared to the total compensation at our peer group or at a subset of the larger members within the peer group. The salary adjustments had the effect of shifting a portion of the executive’s total compensation to fixed from variable compensation consistent with TARP restrictions. Additional compensation, if any, consistent with our compensation philosophy would be provided in the form of long-term restricted stock.

The salary adjustments initiated in 2010 and continued into 2012 increased Mr. Feiger’s base salary by \$471,000 to \$1.1 million and Ms. York’s base salary by \$156,000 to \$450,000. For each executive, 60% of the salary adjustment was paid in fully vested shares of MB Financial common stock (“salary stock”) issued under the Company’s Omnibus Incentive Plan and the remainder paid in cash to cover tax withholding on the salary adjustment. The number of shares of salary stock issued to each executive was determined each pay period by dividing the amount of salary to be paid in stock by the reported closing market price for the Company’s common stock on the pay date for such pay period (or if not a trading day, on the immediately preceding trading day).

As a condition of receiving the salary adjustment, Mr. Feiger and Ms. York entered into agreements providing that he or she would not sell or otherwise transfer the shares of salary stock for two years, except in the event of disability or death. The salary adjustment amount was not taken into account for purposes of determining the salary-based retirement benefit provided to Mr. Feiger under his employment agreement. The Board or Committee could have, in its sole discretion and without the executive’s consent, suspended, modified or terminated this compensation structure at any time.

In February 2012, the Committee reviewed the base salaries of the named executive officers. Anticipating that it would reset the compensation of Mr. Feiger and Ms. York once we repaid TARP, the Committee did not change the adjusted salaries which had been in effect since 2010. The Committee did approve base salary increases for Ms. Bouman of \$12,000 to \$283,000, Mr. Wildman of \$12,000 to \$288,000 and for Mr. Heckler of \$22,000 to \$285,000. These increases were recommended by Mr. Feiger due to strong business unit and individual performance in 2011. To further align the interests of executive officers to those of the stockholders, and to assist the progress of the executives toward the newly-adopted stock-ownership guidelines, a portion of the raises for these and other executive officers were paid in salary stock.

Following the competitive review by McLagan in July 2012, the Board, based on a recommendation from the Compensation Committee, approved changes to the compensation arrangements for Mr. Feiger and Ms. York to reflect our exit from TARP. The salary adjustment was eliminated and base salary, annual bonus and long-term incentive compensation targets were established reflecting their eligibility to earn an annual bonus and receive long-term incentive compensation on the same bases as our other executive officers. The base salary, annual bonus target and long-term incentive targets were set at \$775,000, 75% and 140% for Mr. Feiger and at \$424,000, 50% and 80% for Ms. York. Consistent with the Company's compensation philosophy, the new compensation arrangements positioned these executives' target total direct compensation levels within the 50th to 60th percentile of the Company's peers, based upon the McLagan review.

Short-Term Variable Incentive (Annual Bonus)

The short-term variable incentive (annual bonus) opportunity for named executive officers is targeted at a specified percentage of base salary. Bonuses, if any, are paid during the first quarter following assessment of the prior calendar year's performance. Bonus amounts earned in excess of the target level are generally paid in the form of restricted stock ratably vesting over two years granted under our Omnibus Incentive Plan, with shares valued on the date the bonus is awarded. This plan component has been used to further retention of high performing employees and to introduce a long term component to the program. Target bonuses for 2012, as a percentage of base salary were: Mr. Feiger – 75% and 50% for each of the other named executive officers.

The amount of bonus earned is determined by first combining Company-wide, and for executive officers other than Mr. Feiger, business unit performance scores (with a 60% weighting assigned to Company-wide performance and a 40% weighting assigned to business unit performance) and multiplying the combined score by the target bonus and the executive officer's individual performance scores. For example, if an officer other than Mr. Feiger has a target bonus amount was \$150,000, and Company-wide performance scores at 110%, business unit performance scores at 85% and his or her individual performance was scores at 95%, the officer would earn a bonus of \$142,500 ($\$150,000 \times ((60\% \times 110\%) + (40\% \times 85\%)) \times 95\%$). The final bonus amount is determined by the Committee and may reflect an adjustment from the formula result.

In establishing the 2012 bonus plan, the Committee anticipated that we would be exiting TARP and that, as a result, all of the executive officers could be eligible to receive a bonus under the plan (although Mr. Feiger's and Ms. York's bonus would be subject to proration based on the periods of 2012 before we repaid TARP). As a result, the Committee re-introduced a scorecard approach for measuring Company performance.

Following the close of the year, the Committee determines the Company score based upon the scorecard, subject to approval by the Board. Mr. Feiger provides the Committee with a recommended business unit or department scoring ranging from 0% to 200% and 0% to 150%, respectively. For the individual performance assessment, Mr. Feiger provides the Committee with an evaluation of each executive officer and a recommended individual score ranging from 0% to 200%. The Committee itself assigns a score to Mr. Feiger's individual performance, also generally ranging from 0% to 200%, based on their subjective assessment of his contribution to the Company's performance. The Committee considers management's assessments, Mr. Feiger's recommendations and its own assessment in determining the final performance scores. Final bonus payments are determined by the Committee, with Mr. Feiger's bonus amount subject to approval by the Board.

The threshold, target and maximum amounts that could have been payable as annual bonuses for 2012 are set forth in the Grants of Plan-Based Awards table under "Estimated Possible Payouts under Non-Equity Incentive Plan Awards." The threshold amount assumes Company, business unit or department performance and individual performance scoring at the 0% level. The target amount assumes scoring each of Company, business unit or department and individual performance at the 100% level. The maximum amount assumes Company-wide performance and business unit at a maximum score of 200% and 150%, respectively, and individual performance scoring at the 200% level. The lower end of the range reflects the fact that we will not always achieve all of our

performance objectives. The higher end of the range anticipates that in some years, Company-wide or business unit or department performance, as well as the contributions of individual officers to that performance, may be extraordinary and exceed our expectations.

Company-Wide Performance Assessment – 2012. As noted above, the Committee re-introduced a scorecard approach for assessing Company-wide performance for 2012. As the Company scorecard set forth in the table below indicates, the performance metrics and goals selected for assessing 2012 Company-wide performance centered on:

- Revenue growth drivers: core fee income, loans and low cost deposits measured against plan;
- Bottom line performance: net income measured against plan and core return on assets relative to peers;
- Balance sheet quality: non-performing loans to total loans relative to plan and relative to peers; and
- Execution of key strategic initiatives: growth in relationships, launch of new fee initiatives and technology improvements.

2012 Company Scorecard

(Dollars in millions)

Financial Measures	Target Weight	Target Performance	2012 Performance	Score	Weighted Score
Core Fee Income	10%	\$116 to \$125	\$129 (107.0% of plan)	136%	13.6%
Loans	5%	\$5,268 to \$5,482	\$5,151 (95.8% of plan)	52%	2.6%
Low Cost Deposits	5%	\$5,398 to \$5,617	\$5,752 (104.4% of plan)	152%	7.6%
Net Income	20%	\$75 to \$86	\$90 (112.6% of plan)	138%	27.6%
Core Return on Assets (peer ranking)	10%	40th to 69.9th percentile	86.7th percentile	165%	16.5%
Non-performing loans/total loans	10%	1.93% to 1.64%	2.03%	68%	6.8%
Non-performing loans/ Total loans (peer ranking)	10%	40th to 69.9th percentile	73.3th percentile	130%	13.0%
Total Financial Measures	70%				<u>87.7%</u>
Key strategic initiatives	30%			90%	27.0%
Total Company Score	100%				<u><u>114.7%</u></u>

In choosing these measures and weightings, the Committee provided management with a balanced set of incentives to continue the growth we experienced in 2011, while maintaining the appropriate emphasis on net income and risk management. The Committee included relative performance for scoring two of the measures to have the ability to gauge performance within the context of the local market operating environment. The peer group for purposes of the scorecard included the five local peers noted above, along with 10 other Chicago-area banking institutions with which we compete for business.

The Company's key strategic initiatives focused on our goal to be a higher profit-lower risk company. For 2012, this involved targeted efforts to expand the number of relationships in each of our business units, increase fee income through existing and new products and gain efficiencies by leveraging technology. We effectively met our goals in the areas of new relationships across several business lines, growth in fee revenues as a result of the new relationships and introduction of new products and infrastructure projects. However, we missed some timing objectives concerning the pace of new client relationships and product rollouts. As a result, Mr. Feiger recommended and the Committee agreed, to assign an overall score of 90% with respect to key strategic initiatives. Based upon the 30% weighting, the key strategic initiatives contributed 27% to the overall Company-wide performance score of 114.7% (rounded to 115%). This overall above-target score reflects our strong, above target net income for 2012.

Business Unit Performance Assessment – 2012. The assessment of business unit or department performance applies to each of our named executive officers except Mr. Feiger.

The performance of the finance department headed by Ms. York was strong in 2012 as it had been in 2011. The area was critical to the Company's ability to generate the strong performance in 2012, related to their objectives regarding the balance sheet, capital and financial management, investment portfolio performance and through its support of the key strategic initiatives. These efforts merited a department score of 100%.

The performance of the administrative business function, headed by Ms. Bouman, contributed substantially to our ability to execute on our strategic and operational priorities. Our corporate culture, employee engagement and talent development remained strong. This performance merited a department score of 110%.

Wealth and Treasury Management led by Mr. Wildman had a good year in 2012, coming in just under plan for revenues, new business relationships and profitability meriting a score of 92.5%.

Our enterprise risk management function, headed by Mr. Heckler, also contributed to our successful 2012. We experienced improving credit quality during the year and continued our efforts to manage and reduce the overall risk in the Company. These results earned a department score of 110%.

Individual Performance Assessments – 2012. In addition to Company-wide and business unit or department performance, the Committee also considers individual performance. For each individual performance factor, the Committee is provided with a qualitative assessment by Mr. Feiger of the individual contribution of each executive officer (other than himself) to the Company's performance, with Mr. Feiger scoring each officer's performance on a scale generally ranging from 0% to 200%. As with the Company-wide and business unit or department performance, the Committee, after considering Mr. Feiger's assessment, either accepts or modifies the scoring of each executive officer's individual performance. The Committee itself assigns a score to Mr. Feiger's individual performance, also generally ranging from 0% to 200%, based on its subjective assessment of his contribution to the Company's performance.

For Mr. Feiger, the Committee's evaluation centered on Mr. Feiger's leadership, recognizing that he is ultimately responsible for the Company's financial performance and execution of its business plan and strategic initiatives. The Committee noted Mr. Feiger's contributions to the execution of our business plan and key strategic initiatives and strong financial performance which exceeded our goal for the year. As a result, the Committee and Board assigned a 105% individual performance score to Mr. Feiger.

For the other named executive officers, the Committee considered and accepted Mr. Feiger's recommendations for individual performance scoring reflecting the effort, leadership, contribution and value delivered to the Company as evidenced by the strong performance of the Company and their departments. Ms. York was awarded an individual performance score of 115% reflecting her contributions in managing the TARP repayment and our strategic acquisition of Celtic Leasing in the fourth quarter of 2012. Ms. Bouman was awarded an individual score of 110%, reflecting her leadership of our talent management and strategic projects. Mr. Wildman was awarded an individual performance score of 95%, recognizing his leadership of the wealth management and treasury management business units. Mr. Heckler received an individual performance score of 110%, reflecting his contributions to our development of a strong enterprise risk governance structure.

Final Bonus Amounts – 2012

The resulting cash bonus amounts earned by the named executive officers are set forth in the Non-Equity Incentive Plan Compensation column of Summary Compensation Table. These amounts were based upon the combination of the Company-wide score (weighted 100% for Mr. Feiger and 60% for the other named executive officers), business unit score (weighted 40%), individual performance, and target bonus percentage. For Mr. Feiger and Ms. York, the final bonus amounts in the Summary Compensation Table reflect consideration of the impact the TARP rules had on their compensation, including the salary adjustment paid to them during 2012 and the restriction on accruing a bonus with respect to the period during which we were in TARP. The final bonus amounts shown in the Summary Compensation Table do not include the restricted stock issued for bonus amounts above target.

Long-Term Incentive

Long-term incentives in the form of stock-based awards are granted to retain key employees and reward them for sustained appreciation in the market value of our Common Stock, thereby directly aligning their interests with the long-term interest of stockholders. Awards are granted under our Omnibus Incentive Plan. Grants generally are made annually late in the second quarter or early in the third quarter, based on recommendations of the Committee, on the date of approval by the Board of Directors. This general time period was selected to bifurcate compensation awards allowing for more frequent compensatory recognition of performance and potential. In addition, grants may be used at any time during the year to facilitate negotiations with individuals who are being recruited to work at the Company and have significant retention packages in place with other employers. Any such recruitment grants made to individuals below the executive officer level are generally made on the date of hire and are approved by the Chief Executive Officer. A recruitment grant to an individual at the executive officer level would need to be approved by the Committee, and the grant date of such award would be the date of Committee approval. Our Chief Executive Officer also has the authority to grant awards to existing employees below the executive officer level for recognition and retention purposes. As with recruitment grants, these grants must be within prescribed limits and reported to the Committee at its next scheduled meeting after the grant.

In keeping with our overall goal of maintaining an executive officer's total compensation package (base salary, bonus opportunity and long-term incentive) at a level of the 50th to 60th percentile of our compensation peer group, we have established the following target value of long-term incentives for the named executive officers at the following percentages of base salary: 140% for Mr. Feiger, 80% for Ms. York, 75% for Ms. Bouman and Mr. Wildman, and 65% for Mr. Heckler. Based upon our improved performance and momentum at mid-year 2012, the Committee did not apply any reduction and used 100% of the target amount as the starting point when making the 2012 LTI awards. In the three prior years, we started by reducing the target award value (by 15% to 85% in 2011, and by 25% to 75% in 2010 and 2009) in recognition that our overall financial performance and condition had declined. Each of the named executive officers received annual LTI awards at 100% of the target level except Ms. Bouman. Ms. Bouman received LTI awards equal to 85% of her base salary, above her target award level of 75%. The above target award was made at the recommendation of Mr. Feiger, based on Ms. Bouman's increased efforts and contribution in support of our strategic initiatives.

In August 2012, as part of the updating of compensation arrangements to reflect our exit from TARP, the independent members of the Board (based upon the recommendations of the Committee) and the Committee approved 2012 LTI awards for Mr. Feiger, and the Company's other named executive officers, and other members of the Company's senior leadership team, respectively. Because the Company was no longer subject to the TARP limitations and restrictions, the Committee was able use various forms of LTI awards, including stock options. The Committee used a mix of performance share units ("PSUs"), restricted stock and stock options for the annual LTI awards. In keeping with the pay-for-performance philosophy, PSUs represented 50% of the aggregate value of the LTI awards, restricted stock was targeted at 40% of the aggregate value and stock options were 10% of the aggregate value. The value of each award was determined based upon the grant date value.

Vesting and payment of the PSU awards is based on the Company's relative TSR during a three-year performance period ending August 28, 2015, as compared to the TSR of members of a peer group consisting of financial institutions in the SNL Midcap Bank Index over the same period. Subject to continued employment, the recipients will earn 25% of the target number of PSUs if the Company's TSR is at the 25th percentile of the group, the target number if the Company's TSR is at the 50th percentile, and 175% of the target number if the Company's TSR is at or above the 75th percentile. No PSUs will be earned if TSR is below the 25th percentile. The restricted stock and stock option awards vest in 25% increments on each of the first four anniversaries of the date of grant, subject to continued employment.

Each of the 2012 LTI awards will continue to vest or, in some circumstances, vest in full in the event of a qualifying termination of employment. The awards will not automatically vest upon a change in control, but contain provisions for vesting in the event the awards are not continued or upon certain qualifying terminations of employment after the change in control (so-called "double-trigger" vesting).

In February 2012, Mr. Feiger also received a TARP-compliant restricted stock award valued at \$250,000. This award was made based upon the Committee's assessment of Mr. Feiger's performance in 2011, likely compensation levels at peer institutions, and the amount of total compensation Mr. Feiger would have been awarded in 2011, taking into account the adjusted base salary and other long-term restricted stock awards he had received in 2011.

The LTI awards made to the named executive officers in August 2012 are set forth in the Grants of Plan-Based Awards table under the “Estimated Future Payouts Under Equity Incentive Plan Awards” and “All Other Stock Awards” columns. In addition, the aggregate grant date fair value of these awards is set forth in the Stock Awards column in the Summary Compensation Table.

Retirement and Other Benefits

Each named executive officer participates in our 401(k) profit sharing plan, a tax-qualified plan in which all employees of the Company and its subsidiaries who work at least 20 hours per week are eligible to participate following three months of service. Participants are able to contribute up to the lesser of 75% of their eligible earnings or the limit prescribed by the Internal Revenue Service on a before tax basis. We make annual matching contributions to the plan in such amount as is determined by our Board of Directors and may also make profit sharing contributions. For the 2012 plan year, all employee contributions are fully vested and employer matching contributions vest over two years. Profit sharing contributions made by the Company vest over six years.

The named executive officers, and certain other executives, are entitled to defer compensation under one of our two deferred compensation plans: the Stock Deferred Compensation Plan and the Non-Stock Deferred Compensation Plan. For deferrals under the stock plan, the executive’s account balance is credited or debited based on the performance of the assets of the stock plan trust, which are invested solely in Company Common Stock purchased by the plan trustee on the open market, except for such amounts of cash as the trustee deems necessary for the proper operation of the plan trust. For deferrals under the non-stock plan, the executive’s account balance is credited or debited based on the performance of one or more measurement funds selected by the executive, which in turn are based on certain mutual funds selected from time to time by our trustee to act as investment measurement devices. We may make discretionary contributions to the deferred compensation plans.

In addition, pursuant to his employment agreement, Mr. Feiger is entitled to a supplemental retirement benefit in the form of an annual credit to his Non-Stock Deferred Compensation Plan account equal to 20% of his base salary (exclusive of the TARP-related salary adjustment). For additional information, see “Non-qualified Deferred Compensation.”

The named executive officers participate in other employee benefit plans generally available to all employees, including, group medical, dental, life and disability plans, in addition to any benefits to which they may be entitled by contract.

Perquisites and Other Personal Benefits

We provide the named executive officers with perquisites and other personal benefits that we and the Committee believe are reasonable relative to our peer group and consistent with our overall compensation program to better enable us to attract and retain superior employees for key positions. The Committee periodically reviews the levels of perquisites and other personal benefits provided to the named executive officers. The incremental costs to us of providing these perquisites and other personal benefits for 2012 to the named executive officers for the fiscal year ended December 31, 2012 are included in the Summary Compensation Table under the “All Other Compensation” column. Perquisites are generally limited to cars and country club memberships for select officers primarily for use with customers.

Employment Agreements and Change in Control Severance Agreements

We have entered into employment or change in control severance agreements with our named and other executive officers. Mr. Feiger has been party to an employment agreement with us (or our predecessors) since 1999. We entered into these agreements to be consistent with competitive practice, as the use of agreements such as these is commonplace within our peer group and among financial institutions, generally in light of industry consolidations. In addition, we believe these agreements are consistent with our goal of attracting and retaining talented executives, as they help minimize uncertainty that may affect the executive’s performance in circumstances associated with changes in strategic direction and the possibility of change in control of the Company. See “Employment and Other Agreements with Named Executive Officers.”

In the event of a change in control, our executive officers may become subject to the excise tax on golden parachute payments. The applicability and effect of the excise tax can vary significantly from executive officer to executive officer based on the executive’s personal compensation history. To provide an equal level of benefit across individuals without regard to the effects of the excise tax, and keeping with historical competitive practice in the

banking industry, each of the named executive officers, except Mr. Heckler, is a party to a tax gross up agreement that provides generally, he or she generally will be paid an additional amount (referred to as a “gross up payment”) that will offset, on an after tax basis, the effect of any excise tax. See “Employment and Other Agreements with Named Executive Officers-Tax Gross Up Agreements.” The Company’s obligation to pay a tax gross-up payment will only arise if the compensation and benefits giving rise to the excise tax exceed the amount at which the excise tax is triggered by more than ten percent. If the excise tax is triggered, but the amount is not greater than the threshold for a gross-up payment, then the compensation and benefits otherwise owed to the executive officer are reduced to a level below which the excise tax is triggered. This approach avoids obligating the Company to pay a large gross-up payment in circumstances where the adverse impact of the excise tax is not significant.

The only employment and change in control agreements which may obligate us to pay an excise tax gross up have been in place since prior to 2009. We do not intend to enter into any new agreements which could obligate us to pay an excise tax gross-up.

Mr. Heckler first became party to a change in control agreement after 2009, and his agreement does not obligate us to pay an excise tax gross-up. Instead, his agreement provides that his change in control payments will be reduced in circumstances where doing so will provide him with a greater amount on an after-tax basis than receiving all of his payments and paying the golden parachute excise tax.

For information on the potential payments due to the named executive officers in the event of a termination of employment or a change in control, see “Employment and Other Agreements with Named Executive Officers” and “Potential Payments on Termination of Employment and Change in Control.”

Protective Covenants Agreements

We have made and continue to make significant financial commitments and investments in our business units and people to support growth. To protect these investments, we have, since the first quarter of 2010, required officers (including Ms. York, Ms. Bouman, Mr. Wildman and Mr. Heckler) to enter into Protective Covenants Agreements with us in return for eligibility to receive incentive compensation. Under the agreement, the individual is obligated to safeguard and not disclose or misuse our confidential information and, for a period of one year after termination of employment, to not solicit our customers or employees or disparage the Company, its officers, directors or employees. Because our existing employment agreement with Mr. Feiger already contained these protections for the Company, as well as a non-competition covenant, he was not required to enter into a separate Protective Covenants Agreement.

Other Tax Considerations and Accounting Considerations

Section 162(m) of the Internal Revenue Code generally eliminates the deductibility of compensation over \$1 million paid to certain highly compensated executive officers of publicly held corporations, excluding certain qualified performance-based compensation. While stock options and stock appreciation rights as a general matter automatically constitute qualified performance-based compensation (provided that certain plan content and grant procedure requirements are met), cash and other stock-based awards (including but not limited to restricted stock) must be subject to stockholder-approved performance criteria in order to so qualify. In this regard, our stockholder-approved Omnibus Incentive Plan authorizes the awarding of cash and stock-based performance awards that constitute qualified performance-based compensation exempt from the \$1 million deductibility limit of Section 162(m). As a result of our participation in TARP, we agreed to be subject to amendments to Section 162(m) which limit the deductibility of all compensation, including performance based compensation, to \$500,000 per executive with respect to any taxable year during which the U.S. Treasury retains its TARP investment in the Company. As noted above, the U.S. Treasury’s investment in the Company ended when we repaid our TARP funds on March 14, 2012.

Role of Executive Officers in Determining Compensation

Our Chief Executive Officer, Mr. Feiger, recommends to the Committee base salary, target bonus levels, actual bonus payments and long-term incentive grants for our executive officers (other than himself). Mr. Feiger makes these recommendations to the Committee based on the data and analysis provided by our independent compensation consultant and qualitative judgments regarding individual performance. Mr. Feiger is not involved with any aspect of determining his own compensation.

Compensation Clawback Policy

We implemented an expanded clawback policy in March 2011, building upon the TARP-required clawback policy. The expanded policy applies to all officers who receive bonus, stock-based or other compensation deemed to be incentive compensation. The expanded policy is intended to apply to the fullest extent initially required by TARP, and to the extent required by the Dodd-Frank Wall Street Reform and Consumer Protection Act and any related rules and regulations issued from time to time. In general, incentive compensation based on financial statements or performance metrics which are restated or proven to have been materially inaccurate will be subject to forfeiture or repayment.

Stock Ownership Guidelines

In March 2011, the Committee and Board adopted stock ownership guidelines applicable to our executive officers, including our named executive officers, as well as our non-employee directors. These guidelines were established to further reinforce the alignment of the financial interests of these executives and non-employee directors with those of our long-term stockholders.

Under the guidelines, our CEO, Mr. Feiger, is required to own shares having a value of at least five times his base salary; Ms. York and Mr. Field, three times their respective base salaries and Ms. Bouman, Mr. Wildman, Mr. Heckler and our other executive officers, two times their respective base salaries. Each non-employee director is required to own shares having a value of at least \$150,000, which is approximately four times our current annual cash retainer (exclusive of retainers related to serving as board or committee chair and per meeting fees). The applicable ownership level must be attained by the later of (a) March 2016, or (b) the fifth anniversary of the date of the appointment as an executive officer or a non-employee director.

The executive officer's salary and the resulting dollar value of his or her ownership requirement is fixed as of the date the guidelines were adopted or, if later, when the officer first becomes subject to the guidelines. As of any date, the share value for shares owned will be the greater of the fair market value of the shares as of that date or the executive officer's or non-employee director's cost basis in those shares (as determined by the purchase price paid for the shares if purchased other than through awards under the Company's incentive plans or fair market at the time of vesting or exercise for shares issued under the incentive plans).

The ownership requirement is based on actual ownership, which includes shares held directly, through trusts or through our 401(k) plan or non-qualified deferred compensation plan. Unvested share-based awards and all stock options or stock appreciation rights are not considered owned for this purpose.

The Committee and Board will review compliance with the guidelines annually. If a director or executive officer fails to comply with the guidelines, the Committee and Board may (i) limit future equity awards, (ii) require retention of portions of future equity exercises or shares that have vested or (iii) pay future bonus amounts or board retainers in stock.

As of March 28, 2013, Mr. Feiger, Ms. York and Ms. Bouman met their stock ownership requirements, and Mr. Wildman and Mr. Heckler are expected to meet the stock ownership requirement by the March 2016 compliance date. Each of our directors has also met the stock ownership requirement, except for our newest director, Ms. Togher, who joined the Board in August 2011, and will meet the requirement in 2013.

Summary Compensation Table (2012)

The following table and explanatory footnotes provide certain information concerning the compensation paid to or earned by the named executive officers for 2012, 2011 and 2010:

Name and Principal Position	Year	Salary (\$)	Bonus (\$) ⁽¹⁾	Stock Awards (\$) ⁽²⁾	Option Awards (\$) ⁽³⁾	Non-Equity Incentive Plan Compensation (\$) ⁽⁴⁾	Change in Pension Value and Non-qualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total Compensation (\$)
Mitchell Feiger President and Chief Executive Officer of the Company and President of the Bank	2012	\$ 962,500	(5) \$ -	\$ 1,264,535	\$ 99,201	\$ 515,000	\$ -	\$ 295,758	(6) \$ 3,136,994
	2011	\$ 1,100,000	\$ -	\$ 374,631	\$ -	\$ -	\$ -	\$ 285,873	\$ 1,760,504
	2010	\$ 1,092,754	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 264,141	\$ 1,356,895
Jill E. York Vice President and Chief Financial Officer of the Company and Executive Vice President and Chief Financial Officer of the Bank	2012	\$ 439,000	(7) \$ -	\$ 317,175	\$ 31,012	\$ 209,527	\$ -	\$ 66,269	(8) \$ 1,062,983
	2011	\$ 450,000	\$ -	\$ 247,987	\$ -	\$ 136,000	\$ -	\$ 80,653	\$ 914,640
	2010	\$ 447,600	\$ -	\$ 209,225	\$ -	\$ -	\$ -	\$ 64,006	\$ 720,831
Rosemarie Bouman Vice President of the Company and Executive Vice President, Administration of the Bank	2012	\$ 280,693	(9) \$ -	\$ 218,302	\$ 21,347	\$ 141,500	\$ -	\$ 50,664	(10) \$ 712,506
	2011	\$ 269,654	\$ -	\$ 138,195	\$ -	\$ 137,126	\$ -	\$ 44,405	\$ 589,380
	2010	\$ 260,154	\$ -	\$ 163,353	\$ -	\$ 102,960	\$ -	\$ 41,330	\$ 567,797
Brian J. Wildman Executive Vice President, Wealth Management and Commercial Services of the Bank	2012	\$ 285,692	(11) \$ -	\$ 201,962	\$ 19,751	\$ 145,008	\$ -	\$ 48,306	(12) \$ 700,719
	2011	\$ 273,692	\$ -	\$ 193,523	\$ -	\$ 100,000	\$ -	\$ 47,589	\$ 614,804
	2010	\$ 260,154	\$ -	\$ 178,201	\$ -	\$ 128,700	\$ -	\$ 41,874	\$ 608,929
Mark A. Heckler Executive Vice President, Risk Management of the Bank	2012	\$ 280,769	(14) \$ -	\$ 190,537	\$ 18,631	\$ 142,500	\$ -	\$ 54,647	(15) \$ 687,084

- (1) Bonus amounts for 2012, 2011 and 2010 for the named executive officers are reported under the “Non-Equity Incentive Plan Compensation” column and footnote (4) to that column.
- (2) The amounts in this column are calculated using the grant date fair value of the award under Accounting Standards Codification Topic No. 718, Compensation-Stock Compensation (“ASC Topic 718”), based, in the case of restricted shares, on the number of restricted shares awarded and the fair market value of the Company’s common stock on the date the award was made and, in the case of market based performance share units (“PSUs”), on the assumptions set forth in Note 19 of the Notes to Consolidated Financial Statements contained in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 20, 2013. The number and grant date fair value of the restricted shares and PSUs awarded to each named executive officer during 2012 are shown in the Grants of Plan-Based Awards table. The PSUs entitle recipients to shares of common stock and accrued dividends at the end of a three year vesting period. Recipients will earn shares, totaling between 0% and 175% of the number of units issued, based on the Company’s total stockholder return relative to a specified peer group of financial institutions over the three year period. The PSUs are included in the preceding table as if the recipient earned shares equal to 100% of the units issued, based on grant date fair value. The value of each of the PSU awards at grant date for each of the named executive officers assuming target (100%) and the highest level of performance (175%) would be as follows:

Name	Target Value at Grant Date	Maximum Value at Grant Date
Mitchell Feiger	\$ 580,525	\$ 949,375
Jill E. York	\$ 181,495	\$ 296,820
Rosemarie Bouman	\$ 124,911	\$ 204,286
Brian J. Wildman	\$ 115,568	\$ 189,006
Mark A. Heckler	\$ 109,019	\$ 178,296

- (3) The amounts in this column present the grant date fair value of stock options awarded to the named executive officers in 2012 and does not reflect the value of shares received or which may be received in the future with respect to such stock options. The assumptions used to determine the value of these awards are set forth in Note 19 of the Notes to Consolidated Financial Statements contained in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 20, 2013. The number and grant date fair value of stock options awarded to each named executive officer during 2012 are shown in the Grants of Plan-Based Awards table.
- (4) Represents cash incentive bonus awards earned for 2012, 2011 and 2010. Not included in the 2012 amounts in the table for Ms. York, Ms. Bouman and Mr. Heckler are the portions of their incentive awarded in the form of restricted stock granted under our Omnibus Incentive Plan. The amounts of these awards for Ms. York, Ms. Bouman and Mr. Heckler were \$41,000, \$34,385 and \$34,628, respectively, resulting in grants of 1,744, 1,463 and 1,473 shares of restricted stock, respectively, on February 27, 2013, which are scheduled to vest ratably over two years (50% per year) from the grant date.
- (5) Includes \$163,046 of salary paid in the form of 8,098 shares of Common Stock ("Salary Stock"). The Salary Stock was paid bi-weekly. The shares of Salary Stock were fully vested on issuance. Mr. Feiger has agreed that such shares cannot be sold or otherwise transferred until the earlier of two years from the date of issuance and the date on which Mr. Feiger's employment terminates due to death or disability.
- (6) Includes non-qualified supplemental retirement contributions under our non-stock deferred compensation plan of \$229,764, supplemental disability insurance premiums paid on Mr. Feiger's behalf of \$4,153 and 401(k) matching and profit sharing contributions of \$21,422. Also includes the value of a leased automobile provided to Mr. Feiger of \$15,797 and club dues paid on behalf of Mr. Feiger of \$24,622.
- (7) Includes \$64,159 of salary paid in the form of 3,194 shares of Salary Stock. The Salary Stock was paid bi-weekly. The shares of Salary Stock were fully vested on issuance. Ms. York has agreed that such shares cannot be sold or otherwise transferred until the earlier of two years from the date of issuance and the date on which Ms. York's employment terminates due to death or disability.
- (8) Includes non-qualified supplemental retirement contributions under our non-stock deferred compensation plan of \$22,500 and 401(k) matching and profit sharing contributions of \$21,422. Also includes the value of a leased automobile provided to Ms. York of \$12,501 and club dues paid on behalf of Ms. York of \$9,846.
- (9) Includes \$11,072 of salary paid in the form of 551 shares of Salary Stock. The Salary Stock was paid bi-weekly. The shares of Salary Stock were fully vested on issuance. Ms. Bouman has agreed that such shares cannot be sold or otherwise transferred until the earlier of two years from the date of issuance and the date on which Ms. Bouman's employment terminates due to death or disability.
- (10) Includes non-qualified supplemental retirement contributions under our non-stock deferred compensation plan of \$16,782 and 401(k) matching and profit sharing contributions of \$21,422. Also includes the value of a leased automobile provided to Ms. Bouman of \$12,460.
- (11) Includes \$16,824 of salary paid in the form of 838 shares of Salary Stock. The Salary Stock was paid bi-weekly. The shares of Salary Stock were fully vested on issuance. Mr. Wildman has agreed that such shares cannot be sold or otherwise transferred until the earlier of two years from the date of issuance and the date on which Mr. Wildman's employment terminates due to death or disability.
- (12) Includes non-qualified supplemental retirement contributions under our stock deferred compensation plan of \$12,998, 401(k) matching and profit sharing contributions of \$21,422. Also includes the value of a leased automobile provided to Mr. Wildman of \$13,886.
- (13) No compensation information is provided for Mr. Heckler for 2011 and 2010 because he was not a named executive officer for such years.
- (14) Includes \$10,880 of salary paid in the form of 541 shares of Salary Stock. The Salary Stock was paid bi-weekly. The shares of Salary Stock were fully vested on issuance. Mr. Heckler has agreed that such shares cannot be sold or otherwise transferred until the earlier of two years from the date of issuance and the date on which Mr. Heckler's employment terminates due to death or disability.
- (15) Includes non-qualified supplemental retirement contributions under our non-stock deferred compensation plan of \$14,931 and 401(k) matching and profit sharing contributions of \$21,422. Also includes the value of a leased automobile provided to Mr. Heckler of \$6,849 and club dues paid on behalf of Mr. Heckler of \$11,445.

Mr. Feiger has an employment agreement with the Company. Each of Mmes. York and Bouman and Messrs. Wildman and Heckler has a change-in-control severance agreement with the Bank. For descriptions of these agreements, see "Employment and Other Agreements with Named Executive Officers." Explanations of the amounts of salary and bonus in proportion to total compensation are provided under "Compensation Discussion and Analysis."

Grants of Plan-Based Awards (2012)

The following table and explanatory footnotes provide certain information with respect to grants of plan-based awards to the named executive officers during 2012.

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards (2)			All Other: Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#) (3)	Exercise Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Options Awards (4)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
Mitchell Feiger	2/21/2012	\$ -	\$ 581,250	\$ 2,325,000	-	-	-	-	-	-	\$ -
	2/22/2012	-	-	-	-	-	-	12,671 (5)	-	-	250,000
	8/29/2012	-	-	-	-	-	-	21,275 (6)	-	-	434,010
	8/29/2012	-	-	-	6,648	26,593	46,538	-	-	-	580,525
	8/29/2012	-	-	-	-	-	-	-	23,124	\$ 20.40	99,201
	Various	-	-	-	-	-	-	8,098 (7)	-	-	163,046
Jill E. York	2/21/2012	\$ -	\$ 212,000	\$ 763,200	-	-	-	-	-	-	\$ -
	8/29/2012	-	-	-	-	-	-	6,651 (6)	-	-	135,680
	8/29/2012	-	-	-	2,079	8,314	14,550	-	-	-	181,495
	8/29/2012	-	-	-	-	-	-	-	7,229	\$ 20.40	31,012
	Various	-	-	-	-	-	-	3,194 (7)	-	-	64,159
Rosemarie Bouman	2/21/2012	\$ -	\$ 141,500	\$ 509,400	-	-	-	-	-	-	\$ -
	8/29/2012	-	-	-	-	-	-	4,578 (6)	-	-	93,391
	8/29/2012	-	-	-	1,431	5,722	10,014	-	-	-	124,911
	8/29/2012	-	-	-	-	-	-	-	4,976	\$ 20.40	21,347
	Various	-	-	-	-	-	-	551 (7)	-	-	11,072
Brian J. Wildman	2/21/2012	\$ -	\$ 144,000	\$ 518,400	-	-	-	-	-	-	\$ -
	8/29/2012	-	-	-	-	-	-	4,235 (6)	-	-	86,394
	8/29/2012	-	-	-	1,324	5,294	9,265	-	-	-	115,568
	8/29/2012	-	-	-	-	-	-	-	4,604	\$ 20.40	19,751
	Various	-	-	-	-	-	-	838 (7)	-	-	16,824
Mark A. Heckler	2/21/2012	\$ -	\$ 142,500	\$ 513,000	-	-	-	-	-	-	\$ -
	8/29/2012	-	-	-	-	-	-	3,996 (6)	-	-	81,518
	8/29/2012	-	-	-	1,249	4,994	8,740	-	-	-	109,019
	8/29/2012	-	-	-	-	-	-	-	4,343	\$ 20.40	18,631
	Various	-	-	-	-	-	-	541 (7)	-	-	10,880

- (1) Represents threshold, target and maximum amount potentially payable under 2012 annual incentive awards, and in the case of Mr. Feiger and Ms. York, without regard to the impact of the TARP limitations on such amounts. The threshold amount is the amount that would have been payable if the minimum scores had been achieved. Target is the amount payable if Company-wide, business or department and individual scores had been 100%. The maximum amount reflects the highest amount payable for maximum scoring on all metrics. The actual amounts earned for 2012 are reflected in the Summary Compensation Table under the “Non-Equity Incentive Plan Compensation” column. For additional information, see “Compensation Discussion and Analysis-Short-Term Variable Incentive (Annual Bonus).”
- (2) Represents PSUs granted under our Omnibus Incentive Plan. Each PSU represents the right to receive one share of our Common Stock and accumulated dividends. Recipients will earn performance shares, totaling between 0% and 175% of the number of PSUs granted, based on the Company's total stockholder return relative to a specified peer group of financial institutions over the three year period. The threshold number of 0% of the PSUs is the number of shares payable for achievement at the 25th percentile, the target number of 100% of the PSUs is payable for achievement at the 50th percentile and the maximum number of 175% of the PSUs is payable for achievement at or above the 75th percentile. More information regarding the PSUs and 2012 awards can be found in the Compensation Discussion and Analysis and Outstanding Equity Awards table.
- (3) Represents a stock option under our Omnibus Incentive Plan that is scheduled to vest ratably over four years (25% per year), subject to continued employment. For additional information regarding the terms of this award, see “Compensation Discussion and Analysis—Long-Term Incentives.”
- (4) Represents the grant date fair value of the award determined in accordance with ASC Topic 718. The assumptions used in calculating the grant date fair value of these awards are included in Note 19 of the Notes to Consolidated Financial Statements contained in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 20, 2013.
- (5) Represents restricted stock award (and accumulated dividends) under our Omnibus Incentive Plan scheduled to vest on February 22, 2014 (second anniversary of grant date), based on the year end value of our Common Stock, subject to continued employment. For additional information regarding the terms of this award, see “Compensation Discussion and Analysis—Long-Term Incentives.”
- (6) Represents restricted stock and stock unit award (and accumulated dividends) under our Omnibus Incentive Plan that is scheduled to vest ratably over four years (25% per year), subject to continued employment. For additional information regarding the terms of this award, see “Compensation Discussion and Analysis—Long-Term Incentives.”
- (7) Represents shares of Salary Stock paid throughout 2012. The 8,098 shares issued to Mr. Feiger had a value on the date of issuance of \$163,046, with individual grants of shares at a per share grant date values of \$17.60 to \$21.67. Mr. Feiger was no longer paid Salary Stock starting in August 2012. The 3,194 shares issued to Ms. York had a value on the date of issuance of \$64,159, with individual grants of shares at per share grant date values of \$17.60 to \$21.67. The 551 shares issued to Ms. Bouman had a value on the date of issuance of \$11,072, with individual grants of shares at per share grant date values of \$17.60 to \$21.67. The 838 shares issued to Mr. Wildman had a value on the date of issuance of \$16,824, with individual grants of shares at per share grant date values of \$17.60 to \$21.67. The 541 shares issued to Mr. Heckler had a value on the date of issuance of \$10,880, with individual grants of shares at per share grant date values of \$17.60 to \$21.67. The Salary Stock was fully vested upon issuance and by agreement must be held by the recipient until the earlier of the second anniversary of the date of issuance and the termination of the recipient’s employment with the Company due to death or disability.

Outstanding Equity Awards at Fiscal Year-End (2012)

The following table and explanatory footnotes provide information with respect to all stock options and unvested stock awards held at December 31, 2012 by the named executive officers. Vesting and other information relating to these awards set forth in the footnotes below assumes continued employment through the vesting date and is subject to acceleration of vesting in certain circumstances. See “Potential Payments on Termination of Employment or Change in Control.”

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options Exercisable (#) (1)	Number of Securities Underlying Unexercised Options (#) (1)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Awards: Number of Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
Mitchell Feiger	75,300	-	-	\$ 26.89	7/23/2013	-	\$ -	-	\$ -
	38,441	-	-	\$ 37.06	8/24/2014	-	\$ -	-	\$ -
	39,210	-	-	\$ 42.70	7/20/2015	-	\$ -	-	\$ -
	33,522	-	-	\$ 35.77	7/26/2016	-	\$ -	-	\$ -
	24,451	-	-	\$ 40.00	7/26/2016	-	\$ -	-	\$ -
	41,714	-	-	\$ 32.89	7/25/2017	-	\$ -	-	\$ -
	34,091	-	-	\$ 40.00	7/25/2017	-	\$ -	-	\$ -
	54,108	-	-	\$ 29.00	6/25/2018	-	\$ -	-	\$ -
	66,275	-	-	\$ 24.65	6/25/2018	-	\$ -	-	\$ -
	-	23,124	-	\$ 20.40	8/29/2022	-	\$ -	-	\$ -
	-	-	-	\$ -	-	12,671	(3) \$250,252	-	\$ -
	-	-	-	\$ -	-	-	\$ -	22,541	(5) \$ 445,185
	-	-	-	\$ -	-	21,275	(6) \$420,181	-	\$ -
-	-	-	\$ -	-	-	\$ -	26,593	(7) \$ 525,212	
Jill E. York	11,700	-	-	\$ 26.89	7/23/2013	-	\$ -	-	\$ -
	7,029	-	-	\$ 37.06	8/24/2014	-	\$ -	-	\$ -
	13,688	-	-	\$ 42.70	7/20/2015	-	\$ -	-	\$ -
	12,037	-	-	\$ 35.77	7/26/2016	-	\$ -	-	\$ -
	8,780	-	-	\$ 40.00	7/26/2016	-	\$ -	-	\$ -
	14,309	-	-	\$ 32.89	7/25/2017	-	\$ -	-	\$ -
	11,695	-	-	\$ 40.00	7/25/2017	-	\$ -	-	\$ -
	26,344	-	-	\$ 29.00	6/25/2018	-	\$ -	-	\$ -
	32,268	-	-	\$ 24.65	6/25/2018	-	\$ -	-	\$ -
	-	7,229	-	\$ 20.40	8/29/2022	-	\$ -	-	\$ -
	-	-	-	\$ -	-	-	\$ -	16,219	(4) \$ 320,325
	-	-	-	\$ -	-	-	\$ -	14,921	(5) \$ 294,690
	-	-	-	\$ -	-	6,651	(6) \$131,357	-	\$ -
-	-	-	\$ -	-	-	\$ -	8,314	(7) \$ 164,202	

Outstanding Equity Awards at Fiscal Year-End (Continued)

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options Exercisable (#) (1)	Number of Securities Underlying Unexercised Options (#) (1)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$ (2)	Equity Incentive Awards: Number of Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$ (2)
Rosemarie Bouman	4,134	-	-	\$ 28.46	1/24/2013	-	\$ -	-	\$ -
	7,752	-	-	\$ 32.60	1/27/2014	-	\$ -	-	\$ -
	5,942	-	-	\$ 32.89	7/25/2017	-	\$ -	-	\$ -
	4,856	-	-	\$ 40.00	7/25/2017	-	\$ -	-	\$ -
	14,430	-	-	\$ 29.00	6/25/2018	-	\$ -	-	\$ -
	17,675	-	-	\$ 24.65	6/25/2018	-	\$ -	-	\$ -
	-	4,976	-	\$ 20.40	8/29/2022	-	\$ -	-	\$ -
	-	-	-	\$ -	-	-	\$ -	12,663 (4)	\$ 250,094
	-	-	-	\$ -	-	-	\$ -	8,315 (5)	\$ 164,221
	-	-	-	\$ -	-	4,578 (6)	\$ 90,416	-	\$ -
-	-	-	\$ -	-	-	\$ -	5,722 (7)	\$ 113,010	
Brian J. Wildman	3,300	-	-	\$ 36.05	7/18/2014	-	\$ -	-	\$ -
	2,886	-	-	\$ 42.70	7/20/2015	-	\$ -	-	\$ -
	4,606	-	-	\$ 35.77	7/26/2016	-	\$ -	-	\$ -
	5,199	-	-	\$ 32.89	7/25/2017	-	\$ -	-	\$ -
	4,249	-	-	\$ 40.00	7/25/2017	-	\$ -	-	\$ -
	9,839	-	-	\$ 29.00	6/25/2018	-	\$ -	-	\$ -
	12,051	-	-	\$ 24.65	6/25/2018	-	\$ -	-	\$ -
	-	4,604	-	\$ 20.40	8/29/2022	-	\$ -	-	\$ -
	-	-	-	\$ -	-	-	\$ -	13,814 (4)	\$ 272,827
	-	-	-	\$ -	-	-	\$ -	11,644 (5)	\$ 229,969
-	-	-	\$ -	-	4,235 (6)	\$ 83,641	-	\$ -	
-	-	-	\$ -	-	-	\$ -	5,294 (7)	\$ 104,557	

**Outstanding Equity Awards at Fiscal Year-End
(Continued)**

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options Exercisable (#) (1)	Number of Securities Underlying Unexercised Options Unexercisable (#) (1)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$ (2)	Equity Incentive Awards: Number of Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$ (2)
Mark A. Heckler	7,050	-	-	\$ 26.89	7/23/2013	-	\$ -	-	\$ -
	3,700	-	-	\$ 36.05	7/28/2014	-	\$ -	-	\$ -
	3,962	-	-	\$ 42.70	7/20/2015	-	\$ -	-	\$ -
	5,301	-	-	\$ 35.77	7/26/2016	-	\$ -	-	\$ -
	7,571	-	-	\$ 32.89	7/25/2017	-	\$ -	-	\$ -
	13,804	-	-	\$ 24.65	6/25/2018	-	\$ -	-	\$ -
	-	3,825	-	\$ 12.09	7/22/2019	-	\$ -	-	\$ -
	-	4,100	-	\$ 17.20	7/28/2020	-	\$ -	-	\$ -
	-	4,343	-	\$ 20.40	8/29/2022	-	\$ -	-	\$ -
	-	-	-	\$ -	-	-	\$ -	-	\$ -
	-	-	-	\$ -	-	1,583	(8) \$ 31,264	-	\$ -
	-	-	-	\$ -	-	-	\$ -	7,397	(5) \$ 146,091
	-	-	-	\$ -	-	3,996	(6) \$ 78,921	-	\$ -
	-	-	-	\$ -	-	-	\$ -	4,994	(7) \$ 98,632

- (1) Option expires on tenth anniversary of grant date and vests 100% on fourth anniversary of grant date, except for the options that expire on August 29, 2022 which vest ratably over four years (25% per year) from the August 29, 2012 grant date.
- (2) Reflects the value as calculated based on the number of shares and the closing price of our Common Stock on December 31, 2012 of \$19.75 ("year end value of our Common Stock").
- (3) Restricted stock award scheduled to vest on February 22, 2014 (second anniversary of grant date), based on the year end value of our Common Stock.
- (4) Market-based restricted stock award scheduled to vest on the later of July 28, 2013 (third anniversary of grant date) if the market component of the award is met or the day after the market component of the award is met before July 28, 2015, based on the year end value of our Common Stock. The market component requires that, for ten consecutive trading days, the closing price of the Company's stock be at least \$25.80.
- (5) Market-based restricted stock scheduled to vest on the later of July 27, 2014 (third anniversary of grant date) if the market component of the award is met or the day after the market component of the award is met before July 27, 2016, based on the year end value of our Common Stock. The market component requires that, for ten consecutive trading days, the closing price of the Company's stock be at least \$27.00.
- (6) Restricted stock and stock unit award granted on August 29, 2012 and scheduled to vest ratably over four years (25% per year), based on the year end value of our Common Stock.
- (7) PSUs granted on August 29, 2012, which entitle recipients to shares of common stock at the end of a three year vesting period. Recipients will earn shares, totaling between 0% and 175% of the number of units issued, based on the Company's total stockholder return relative to a specified peer group of financial institutions over the three year period. The PSUs are included in the preceding table as if the recipient earned target equal to 100% of the units issued, based on the year end value of our Common Stock.
- (8) Restricted stock award scheduled to vest on July 28, 2013 (third anniversary of grant date), based on the year end value of our Common Stock.

Option Exercises and Stock Vested (2012)

The following table and explanatory footnotes provide information about stock options exercised and shares of stock vested during the year ended December 31, 2012 for each named executive officer:

Name	Option Awards		Stock Awards and Salary Stock			
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$ (1))	Number of Shares Acquired on Vesting (#)		Value Realized on Vesting (\$ (2))	
Mitchell Feiger	75,000	\$ 63,998	48,542 (3)	\$	983,250 (3)	
Jill E. York	12,900	\$ 11,008	24,345 (4)	\$	493,101 (4)	
Rosemarie Bouman	-	\$ -	20,299 (5)	\$	411,561 (5)	
Brian J. Wildman	-	\$ -	18,941 (6)	\$	383,953 (6)	
Mark A. Heckler	4,650	\$ 1,550	3,591 (7)	\$	72,734 (7)	

- (1) Represents amount realized upon exercise of stock options, based on the difference between the market value of the shares acquired at the time of exercise and the exercise price.
- (2) Represents the value realized upon vesting of restricted stock award and salary stock, based on the market value of the shares on the vesting date.
- (3) Includes 8,098 shares of Salary Stock which vested in full upon issuance, paid as salary in lieu of \$163,046 in cash.
- (4) Includes 3,194 shares of Salary Stock which vested in full upon issuance, paid as salary in lieu of \$64,159 in cash.
- (5) Includes 551 shares of Salary Stock which vested in full upon issuance, paid as salary in lieu of \$11,072 in cash.
- (6) Includes 838 shares of Salary Stock which vested in full upon issuance, paid as salary in lieu of \$16,824 in cash.
- (7) Includes 541 shares of Salary Stock which vested in full upon issuance, paid as salary in lieu of \$10,880 in cash.

Non-Qualified Deferred Compensation (2012)

The following table, explanatory footnotes and narrative provide information about non-qualified deferred compensation payable to each named executive officer:

Name	Executive Contribution in Last FY (\$ (1))	Registrant Contributions in Last FY (\$ (2))	Aggregate Earnings in Last FY (\$ (3))	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last FYE (\$ (4))
Mitchell Feiger	\$ 40,608	\$ 229,764	\$ 233,327	\$ -	\$ 2,131,276
Jill E. York	\$ 26,340	\$ 22,500	\$ 20,629	\$ -	\$ 235,691
Rosemarie Bouman	\$ 34,603	\$ 16,782	\$ 76,527	\$ -	\$ 629,293
Brian J. Wildman	\$ 5,000	\$ 12,998	\$ 3,389	\$ -	\$ 62,885
Mark A. Heckler	\$ 2,808	\$ 14,931	\$ 8,459	\$ -	\$ 86,054

- (1) All amounts are reported as compensation for 2012 in the Summary Compensation Table under the "Salary" column.
- (2) Amount represents contributions accrued by the Company for 2012 and paid into the non-qualified deferred compensation plan in 2013. All of the amounts shown are reported as compensation for 2012 in the Summary Compensation Table under the "All Other Compensation" column.
- (3) None of the amounts shown are reported as compensation in the Summary Compensation Table, as these amounts do not constitute above-market or preferential earnings as defined in the rules of the Securities and Exchange Commission.
- (4) Of the aggregate balances shown, the following amounts were reported as compensation earned by the named executive officers in the Company's Summary Compensation Table for the last year and for prior years: Mr. Feiger - \$1,704,621; Ms. York - \$252,170; Ms. Bouman - \$416,283; Mr. Wildman - \$54,621; and Mr. Heckler - \$17,739.

Certain of our officers, including each of the named executive officers, are permitted to defer up to 100% of their base annual salary, annual bonus and/or compensation for service as a director, under one of our two non-qualified deferred compensation plans: the Stock Deferred Compensation Plan and the Non-Stock Deferred Compensation Plan. For deferrals under the stock plan, the executive's account balance is credited or debited based on the performance of the assets of the stock plan trust, which are invested solely in our Common Stock purchased on the open market, except for such amounts of cash as the plan trustee deems necessary for the proper operation of the plan trust. For deferrals under the non-stock plan, the executive's account balance is credited or debited based on the performance of one or more measurement funds, which in turn are based on certain mutual funds selected from time to time by the our Board of Directors to act as investment measurement devices. The executive selects the particular measurement funds for his or her account.

An executive is always 100% vested in his or her account balance, including any employer contributions which may be made by us in our discretion. With certain exceptions, our deferred compensation obligations to an executive generally will be paid after the earlier of (1) a fixed payment date, if any, as may be selected by the executive in accordance with the plan's short-term payout provisions, or (2) the termination of the executive's employment or service or a qualifying change in control of the Company. Payments made pursuant to the executive's election to be paid in connection with the short-term payout provisions of the plan generally will be made in a lump sum. A payout triggered by the termination of the executive's employment or a change in control generally will be made in a lump sum unless the executive has made a proper election under the plan to be paid in installments. Elections and payments are subject to compliance with tax code section 409A, including a six-month delay in payments triggered on termination of employment. The plans provide for early withdrawal, with the approval of the Organization and Compensation Committee, of a participant's account balance in the event of an unforeseeable financial emergency. All distributions under the stock plan are made in shares of our Common Stock, except for fractional shares, which are paid in cash. All distributions under the non-stock plan are made in cash.

Employment and Other Agreements with Named Executive Officers

Our participation in TARP significantly restricted or prohibited the compensation, severance and change in control benefits to which our named and other executive officers may otherwise have been entitled under the agreements described below. Each executive officer entered into an agreement acknowledging and consenting to such limitations and restrictions, which ceased to be applicable upon the repayment of our TARP funds on March 14, 2012.

Employment Agreement with Mr. Feiger. In December 2007, we entered into an employment agreement with Mr. Feiger, the Company's President and Chief Executive Officer, which replaced his prior employment agreement with the Company from March 2003. We entered into an amended and restated employment agreement with Mr. Feiger in December 2008 at the time of our participation in TARP.

Mr. Feiger's employment agreement provides for a three-year term that is extended by one day on a daily basis (so that the term of the agreement is always three years) unless the Company gives notice that the extensions will cease. The employment agreement entitles Mr. Feiger to an annual base salary of not less than \$600,000 and an annual target bonus opportunity of not less than 60% of his base salary.

The employment agreement entitles Mr. Feiger to participation in benefit plans and the receipt of fringe benefits to the same extent as the other executive officers of the Company and the Bank, including but not limited to, payment by the Company of certain club dues and the use of a company car, and to long-term disability coverage and benefits as in effect on the date of the employment agreement, to the extent available at reasonable cost. Mr. Feiger is entitled to a post-employment health benefit (the "Post-Employment Health Benefit") which provides Company-paid health coverage for Mr. Feiger and his eligible dependents until Mr. Feiger becomes eligible for Medicare benefits. The employment agreement also provides that on each December 31st during the term of the agreement (starting December 31, 2007), provided that he is then employed by the Company, Mr. Feiger will receive a fully-vested employer contribution to his account under the Company's non-stock non-qualified deferred compensation plan in an amount equal to 20% of his base salary then in effect (the "Deferred Compensation Contribution"). In the event of a change in control, Mr. Feiger is entitled to an acceleration of the deferred compensation contributions that would be made through the year he would reach age 60.

The employment agreement provides that Mr. Feiger is to be considered for annual awards of stock options and/or other stock-based awards under the Company's Omnibus Incentive Plan, with the expectation, but not a requirement, that his awards will have a value on the date of grant, at target, equal to 100% of his salary earned for

the preceding calendar year. The mix and terms and conditions of Mr. Feiger's awards generally will be the same as the awards made at the same time to the other senior officers of the Company, provided, that any stock option granted to Mr. Feiger will have a term of ten years (or such other period as applies under the terms of stock options granted at the same time to other senior officers), may be subject to a vesting schedule, provided that any such vesting will continue following an "involuntary termination" (as defined below) of Mr. Feiger's employment and will accelerate in the event of Mr. Feiger's death or disability or in the event of a "change in control" (as defined below) if the unvested portion of the stock option would otherwise terminate, in whole or in part, by reason of the change in control, and have post-employment exercise periods.

The term "involuntary termination" is defined to include termination of Mr. Feiger's employment by the Company (other than for cause or due to death, disability or specified misconduct on his part under the federal banking laws) without his consent, or by Mr. Feiger following a material reduction of or interference with his duties, responsibilities or benefits without his consent or within 90 days after he receives written notice from the Company that the term of the agreement will not be extended (referred to below as a "Non-Extension Termination"), provided that Mr. Feiger has given timely and proper notice to the Company and the Company does not timely cure the circumstances giving Mr. Feiger the right to terminate.

The term "change in control" is defined to mean the occurrence of any of the following: (i) any person becomes the beneficial owner of 35% or more of the voting stock of the Company or the Bank; (ii) individuals who were directors of the Company on the date of the employment agreement (referred to as the "incumbent board") cease to represent a majority of the Board of Directors, except to the extent new directors are supported by the incumbent board; (iii) consummation of a reorganization, merger or consolidation of the Company or the Bank, other than, in the case of the Company, a transaction where the Company's stockholders prior to the transaction hold more than 60% of the outstanding shares of the resulting entity following the transaction, or, in the case of the Bank, a transaction where the Company owns more than 50% of the outstanding securities of the resulting institution; or (iv) consummation of a sale of all or substantially all of the assets of the Company or the Bank or approval by the stockholders of the Company or the Bank of a plan of complete liquidation of the Company or the Bank.

If Mr. Feiger is involuntarily terminated prior to and not in connection with a change in control, he will receive monthly payments equal to the sum of one-twelfth of his then-current base salary, one-twelfth of the average annual cash incentive bonuses for the two full calendar years preceding the date of termination, and one-twelfth of the amount of the Deferred Compensation Contribution that he otherwise would have received on the next December 31st, based on his then-current base salary. These payments will continue until the end of the agreement's term unless the involuntary termination is a Non-Extension Termination, in which case the payments will continue for 18 months after the date of termination. Mr. Feiger will also receive the Post-Employment Health Benefit and all other accrued but unpaid amounts to which he is entitled under the agreement, including any unpaid salary, bonus, expense reimbursements and vested employee benefits. These other amounts are referred to below as "Accrued Compensation."

The employment agreement provides that if Mr. Feiger is involuntarily terminated in connection with or within 18 months following a change in control, then he will receive a lump sum amount in cash equal to three times the sum of his then current base salary and target annual bonus (currently 75% of his base salary), instead of the monthly payments described above. He will also receive any Accrued Compensation and the Post-Termination Health Benefit.

If Mr. Feiger voluntarily terminates his employment for a reason that does not constitute "involuntary termination," if the Company terminates Mr. Feiger's employment after he has been disabled for one year, or if Mr. Feiger's employment terminates due to death, then in any such case the Company's only obligations under the agreement will be the payment of any Accrued Compensation and provision of the Post-Employment Health Benefit (to Mr. Feiger's surviving spouse and eligible dependents, if the termination is due to Mr. Feiger's death). If Mr. Feiger's employment is terminated for cause or for specified misconduct on his part under the federal banking laws, the Company's only post-termination obligation under the agreement will be the payment of any Accrued Compensation.

The employment agreement imposes non-competition and non-solicitation covenants that will apply for one year following the termination of Mr. Feiger's employment for any reason. If Mr. Feiger breaches these covenants following an involuntary termination of his employment, the Company will be entitled to recover any amounts paid to him as a result of that termination.

Change in Control Severance Agreements. The Bank has entered into Change in Control Severance Agreements with its named executive officers (other than Mr. Feiger). The Change in Control Agreements with Ms. York, Ms. Bouman and Mr. Wildman have been in effect since December 2008 (with predecessor agreements in place prior to that time). Mr. Heckler entered into a Change in Control Agreement in 2011. Each agreement is for a three-year term, which is automatically extended for one year on each anniversary of the agreement (so that the agreement has a three-year term following the extension).

Each agreement provides that if a change in control of the Company or the Bank occurs, and within 24 months thereafter the executive's employment is involuntarily terminated without just cause or the executive voluntarily terminates his or her employment for good reason, he or she will be entitled to receive the following severance benefits:

- a lump sum amount in cash equal to the executive's annual base salary multiplied by two;
- a lump sum amount in cash equal to the executive's average annual bonus over the last two complete fiscal years multiplied by two;
- immediate vesting of all of the executive's benefits under all non-qualified retirement plans of the Bank and its affiliates in which the executive participates; and
- continuation of health, dental, long-term disability and group term life insurance coverage at the same premium cost to the executive until the second anniversary of the executive's termination date, subject to earlier discontinuation if the executive receives substantially similar benefits from a subsequent employer.

In addition, the executive will be entitled to the severance benefits described above if: (1) within 24 months after a change in control of the Company or the Bank, a successor to the Bank fails to assume the Bank's obligations under the agreement; (2) within 24 months after a change in control of the Company or the Bank, the Bank or any successor to the Bank breaches any provision of the agreement; or (3) the executive's employment is involuntary terminated without just cause within six months prior to a change in control that occurs during the term of the agreement and either (a) the termination was at the request or direction of the person which has entered into an agreement with the Bank for a transaction that will result in a change in control or (b) the executive reasonably demonstrates that the termination is otherwise in connection with or in anticipation of the change in control.

The term "good reason" is defined to include a specified reduction in the executive's annual base salary and bonus opportunity or duties, significant diminution in position, authority or responsibilities or a required relocation. The definition of the term "change in control" contained in their change in control severance agreements is the same as the definition of that term in Mr. Feiger's employment agreement as described above, except that, consistent with the original terms of this change in control severance agreements for Ms. York, a reorganization, merger or consolidation involving the Company will constitute a change in control if the Company's stockholders following the transaction own less than 70% (compared to 60% in Mr. Feiger's employment agreement) of the outstanding shares of the resulting entity following the transaction. The definition of "change in control" in Ms. Bouman's, Mr. Wildman's and Mr. Heckler's change in control severance agreement is identical to the definition of that term in Mr. Feiger's employment agreement.

Tax Gross Up Agreements. Prior to 2008, the Company had entered into tax gross up agreements with each of its executive officers. The tax gross up agreements with Mr. Feiger, Ms. York, Ms. Bouman and Mr. Wildman have been in effect since December 2008 (with predecessor agreements in place prior to that time). Each tax gross up agreement provides that if the executive becomes entitled to receive payments or benefits in connection with a change in control, whether under his or her employment or change in control severance agreement, as applicable, or otherwise, then to the extent such payments or benefits constitute "excess parachute payments" under Section 280G of the Internal Revenue Code, the executive generally will be paid an additional amount (referred to as a "gross up payment") that will offset on an after tax basis, the effect of any excise tax consequently imposed upon him or her under Section 4999 of the Internal Revenue Code, provided the payments subject to the excise tax exceed a certain threshold amount. See "Compensation Discussion and Analysis-Employment Agreements; Change in Control Severance Agreements." The term "change in control" is defined generally as a change in ownership of the Company or a significant financial institution subsidiary of the Company triggers the applicability of Section 280G and 4999.

As noted above, since 2009 the Company has not entered into any agreements obligating the Company to pay an excise tax gross-up. As a result, Mr. Heckler is not a party to a tax gross-up agreement.

Potential Payments Upon Termination of Employment or Change in Control

The following table and explanatory footnotes describe the amounts that each of named executive officers would be entitled to receive following certain types of terminations of employment or in connection with a change in control. The amounts shown in the following table are approximate and reflect certain assumptions that the Company has made in accordance with the SEC's rules. These assumptions are that the termination of employment or change in control occurred on December 31, 2012, (the last day of the Company's 2012 fiscal year), and that the value of a share of the Company's stock on that day was \$19.75, the closing price on December 31, 2012. In addition, in keeping with the SEC's rules, the table does not include payments and benefits that are not enhanced by the termination of employment or change in control. These payments and benefits include: benefits accrued under the qualified 401(k) plan in which all employees participate; accrued vacation pay, health plan continuation and other similar amounts payable when employment terminates under programs applicable to the Company's salaried employees generally; amounts accumulated under the deferred compensation plans; and options that have vested and become exercisable prior to the termination of employment in the circumstances indicated or change in control.

The table below illustrates the incremental amounts that what would have been paid on December 31, 2012, in the event of termination of employment in the circumstances indicated or change in control.

Termination and Change in Control Scenarios

Executive Benefits and Payments upon Termination	Voluntary	Involuntary Not for Cause	For Cause	Involuntary in Connection With or After a Change of Control	Upon a Change of Control but No Termination of Employment Occurs	Death	Disability
Mitchell Feiger							
Compensation Continuation or Lump Sum Amount	\$ -	\$ 2,790,000 ⁽¹⁾	\$ -	\$ 7,184,400 ⁽²⁾	\$ 864,272	\$ -	\$ 182,275 ⁽³⁾
Acceleration of Long-Term Incentives ⁽⁴⁾	-	420,181	-	1,640,830	670,433	670,433	670,433
Post Employment Healthcare Benefits ⁽⁵⁾	328,235	328,235	-	328,235	-	218,823	328,235
Total Benefits to be Received	\$ 328,235	\$ 3,538,416	\$ -	\$ 9,153,465	\$ 1,534,705	\$ 889,256	\$ 1,180,943
Jill E. York							
Compensation Continuation or Lump Sum Amount	\$ -	\$ -	\$ -	\$ 1,638,126 ⁽²⁾	\$ -	\$ -	\$ -
Acceleration of Long-Term Incentives ⁽⁴⁾	-	131,357	-	910,574	131,357	131,357	131,357
Post Employment Healthcare Benefits ⁽⁵⁾	-	-	-	45,313	-	-	-
Total Benefits to be Received	\$ -	\$ 131,357	\$ -	\$ 2,594,013	\$ 131,357	\$ 131,357	\$ 131,357
Rosemarie Bouman							
Compensation Continuation or Lump Sum Amount	\$ -	\$ -	\$ -	\$ 806,086 ⁽²⁾	\$ -	\$ -	\$ -
Acceleration of Long-Term Incentives ⁽⁴⁾	-	90,416	-	617,741	90,416	90,416	90,416
Post Employment Healthcare Benefits ⁽⁵⁾	-	-	-	34,304	-	-	-
Total Benefits to be Received	\$ -	\$ 90,416	\$ -	\$ 1,458,131	\$ 90,416	\$ 90,416	\$ 90,416
Brian J. Wildman							
Compensation Continuation or Lump Sum Amount	\$ -	\$ -	\$ -	\$ 1,373,401 ⁽²⁾	\$ -	\$ -	\$ -
Acceleration of Long-Term Incentives ⁽⁴⁾	-	83,641	-	690,994	83,641	83,641	83,641
Post Employment Healthcare Benefits ⁽⁵⁾	-	-	-	49,989	-	-	-
Total Benefits to be Received	\$ -	\$ 83,641	\$ -	\$ 2,114,384	\$ 83,641	\$ 83,641	\$ 83,641
Mark A. Heckler							
Compensation Continuation or Lump Sum Amount	\$ -	\$ -	\$ -	\$ 600,089 ⁽²⁾	\$ -	\$ -	\$ -
Acceleration of Long-Term Incentives ⁽⁴⁾	-	78,921	-	354,908	78,921	78,921	78,921
Post Employment Healthcare Benefits ⁽⁵⁾	-	-	-	50,032	-	-	-
Total Benefits to be Received	\$ -	\$ 78,921	\$ -	\$ 1,005,029	\$ 78,921	\$ 78,921	\$ 78,921

- (1) Represents 36 monthly compensation continuation (severance) payments of \$77,500 each which would be paid to Mr. Feiger under his employment agreement for an involuntary termination, as described under “Employment and Other Agreements with Named Executive Officers-Employment Agreement with Mitchell Feiger.” If the involuntary termination were a “Non-Extension Termination,” (as defined in Mr. Feiger’s employment agreement – see “Employment and Other Agreements with Named Executive Officers–Employment Agreement with Mr. Feiger”), payments would continue for only 18 months and would total \$1,395,000.
- (2) Represents the lump sum severance amount which would be paid in the event the officer’s employment is “involuntarily terminated” in connection with or following a change in control of the Company. For Mr. Feiger, the lump sum amount is equal to three times the sum of his base salary and target annual bonus, plus an amount equal to the present value of accelerated deferred compensation contributions which are payable upon a change in control under Mr. Feiger’s Employment Agreement (see “Employment and Other Agreements with Named Executive Officers – Employment Agreement with Mr. Feiger”). Also includes a tax gross up payment in the amount of \$2,251,378, \$654,126 and \$568,701 for Mr. Feiger, Ms. York and Mr. Wildman, respectively.
- (3) Represents the total salary continuation payments payable to Mr. Feiger pursuant to his employment agreement, assuming that the Board of Directors exercises its right to discontinue these payments six months after it has determined that Mr. Feiger has become entitled to benefits under a disability plan or is otherwise unable to fulfill his duties under the employment agreement.
- (4) The unvested PSUs, restricted stock and stock options held by the named executive officers as of December 31, 2012, do not immediately vest upon a change in control unless the awards are not continued on the same economic basis by the post-transaction entity or the holder’s employment is terminated involuntarily or in other qualifying circumstances after the change in control. For purposes of this presentation, it is assumed that outstanding awards are continued and the vesting and payment is not automatically accelerated upon the change in control. Acceleration of vesting and payment is presumed to occur upon involuntary termination with or after a change in control. In that case, the market-based restricted stock awards are assumed to vest in full and the PSUs are assumed to pay out at the target level; all of the restricted stock is assumed to pay out, in each case valued at the December 31, 2012 closing price of \$19.75 per share. The value of the stock options is based on the excess, if any, of the \$19.75 closing market price and the option exercise price.
- (5) Represents the approximate cost of providing the continued health, dental, group life and disability benefit coverage. Amount shown represents the present value of the portion of premium payments made by the Company (in the case of Mr. Feiger) or the Bank (in the case of each other named executive officer), assuming a 5% annual increase in premiums and a discount rate of 1.78%.

Organization and Compensation Committee Report and Narrative and Certification Pursuant to TARP

Organization and Compensation Committee Report

The Organization and Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis contained above with management and, based on such review and discussion, the Organization and Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

Narrative and Certification Pursuant to TARP

The Committee has reviewed and discussed with our senior risk officers certain risk-related aspects of the compensation plans in which our senior executive officers participate, as well as those employee compensation plans in which our senior executive officers do not participate. These reviews were undertaken in a manner reasonably believed by the Committee to be in accordance with the rules that governed our participation in TARP and also with respect to the July 2010 Interagency Guidance on Sound Incentive Compensation Policies issued by the bank regulatory agencies. Following is a narrative description of such reviews:

The Committee met in early 2012 to consider the report of our senior risk officers relating to risks and other matters associated with our plans. Our senior risk officers provided the Committee with detailed information gathered by them with respect to our plans. This information included a matrix identifying the potential risks that could arise under those plans, key elements mitigating those risks and an assessment of whether the plans encouraged unnecessary and excessive risk taking, earnings manipulation or behavior focused on short-term results rather than long term value creation.

In conducting its review and analysis, our senior risk officers identified our senior executive officer (“SEO”) plans and the incentive compensation plans we have in place for our employees. The SEO plans are the short-term incentive variable (bonus) plan and long-term incentive plans (the Omnibus Incentive Plan) described in the Compensation Discussion and Analysis (“CD&A”) section of this Proxy Statement.

The remainder of our employees participate in one or more incentive plans applicable to their business unit, entity or department and signing, referral and spot bonus programs. For example, we maintain plans specific to officers and employees in our commercial loan, wealth management, retail banking, leasing and other business units and in our finance and administrative departments. These incentive plans are intended to reward performance specific to the goals of that unit or department. The plans are primarily short-term, with annual or more frequent recognition of performance. Officers and employees participating in these plans may also receive long-term incentive awards under our Omnibus Incentive Plan.

The Committee reviewed and discussed the information and analysis presented. The analysis indicated the presence of the following factors which could reasonably be considered to mitigate against excessive or unnecessary risk taking or manipulation of earnings for compensation and to avoid a short-term focus:

- Our incentive plans are reasonably designed to not incentivize risk-taking in excess of the risks inherent in the Company’s business.
- Our use of fixed and variable components and short- and long-term oriented incentives within total compensation produces a balance which helps mitigate the risks that may be associated with highly leveraged situations where the employee is dependent upon incentives. The use of equity-based compensation is another element that should foster a long-term focus.
- We have the combination of culture, internal controls, systems and processes, and management, Committee and Board oversight reasonably necessary for identifying, managing and mitigating risks.
- When determined as part of our on-going review process to be appropriate, we take reasonable steps to incorporate risk-mitigation and enhancement of the impact of long-term performance on our incentive programs.

In its evaluation of the short-term variable incentive plan, the senior risk officers and the Committee noted the foregoing factors and the plan's focus on Company-wide and business unit or department goals and initiatives, all of which are based on the Board-approved budget and strategic plan. Basing the incentive opportunity on these performance factors was viewed as encouraging our SEOs to take actions and risks in line with the risks inherent in our Company's business and strategy and not risks that are unnecessary or excessive. In addition, the cap on the annual bonus which may be earned, together with payment of above target amounts in restricted stock vesting over a period of years, was considered to mitigate against the incentive to take excessive risk or engage in earnings manipulation.

With respect to long-term incentives, the senior risk officers and the Committee noted that use of performance share units, restricted stock and stock option awards, which measure performance and vest over a period of years, strikes an appropriate balance between incentive and retention by encouraging our SEOs to execute our strategic initiatives to maintain and build the value of our Company over time.

With respect to the business unit department-specific incentive plans, the senior risk officers and the Committee noted that these plans are designed with the intention of rewarding behaviors which are supportive of and consistent with the risk embedded in our strategic plans and are not tied directly to reported earnings. These plans are generally capped, generally represent a small percentage of the employee's overall compensation and should not encourage excessive or unnecessary risks or manipulation of earnings to enhance compensation.

The senior risk officers and the Committee also considered the extent to which rewards paid under a plan were subject to adjustment or reduction should future events, such as credit losses relating to loans and other transactions on which the incentive compensation was based, significantly exceed expected levels. Because credit quality is factored into bonus payouts for all employees, including SEOs, in the commercial business unit, and a meaningful portion of compensation for all senior officers is in the form of long-term restricted stock, the senior risk officers and the Committee believe that adequate mitigants to this risk are in place for these employees. The Company has implemented in certain areas, such as commercial lending and leasing, provisions for the deferred payments of certain forms of incentive compensation to better align the actual amount of compensation paid with the financial results achieved relative to risk. These actions were not taken out of concern that excessive or unnecessary risk-taking had or may occur under the existing program, but instead to further guard against an incentive for such risk-taking and to enhance focus on the long term.

Based upon the foregoing, the Committee certifies that:

- (1) The Committee has reviewed with the Company's senior risk officers the 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 the Company;
- (2) The Committee has reviewed with the Company's senior risk officers the employee compensation plans and has made all reasonable efforts to limit any unnecessary risks these plans pose to the Company; and
- (3) The Committee has reviewed the employee compensation plans to eliminate any features of these plans that would encourage the manipulation of reported earnings of the Company to enhance the compensation of any employee.

Submitted by the Organization and Compensation Committee of the Company's Board of Directors:

Karen J. May, *Chairperson*
James N. Hallene
Richard J. Holmstrom
Renee Togher

Organization and Compensation Committee Interlocks and Insider Participation

No member of the Organization and Compensation Committee is a current or former officer or employee of the Company or any of the Company's subsidiaries. None of our executive officers has served on the board of directors or the compensation committee of any other entity that had an executive officer serving on our Board of Directors or on the Organization and Compensation Committee of our Board of Directors.

DIRECTOR COMPENSATION

For 2012, the fees paid to our directors for meeting attendance were as follows:

- a fee for each Board meeting attended of \$3,000;
- a fee for each committee meeting attended of \$1,000; and
- a fee for each Executive Loan Committee meeting attended of \$1,000.

For 2012, the annual retainers paid were as follows (the increase noted was approved in July 2012):

- Board members (other than the Chairman), \$36,000;
- the Chairman of the Board, \$55,000;
- the Compliance and Audit Committee chairperson, \$15,000, increased from \$10,000;
- the Organization and Compensation Committee chairperson, \$10,000;
- the Nominating and Corporate Governance Committee chairperson, \$10,000; and
- the Enterprise Risk Committee chairperson, \$10,000.

All fees earned by our Company directors for 2012 could be deferred into our Stock Deferred Compensation Plan or Non-Stock Deferred Compensation Plan, described under “Non-Qualified Deferred Compensation.” Up to 70% of fees not deferred could, in lieu of cash, be paid in five-year, immediately exercisable options to purchase Common Stock granted under our Omnibus Incentive Plan and up to 100% of fees not deferred could be paid in shares of restricted stock granted under the Omnibus Plan that vest on the first anniversary of the grant date. Grants of stock options and restricted stock in lieu of director fees are made on the last business day of each calendar quarter.

In March 2011, the Board of Directors adopted stock ownership guidelines applicable to the Company’s non-employee directors and the Company’s executive officers to further reinforce the alignment of the financial interests of these individuals with those of our long-term stockholders. See “Compensation Discussion and Analysis—Stock Ownership Guidelines.” As of March 15, 2013, each of our directors has met the stock ownership requirement, except for our newest director, Ms. Togher, who joined the Board in August 2011, and will meet the requirement in 2013.

Director Compensation Table

The following table sets forth certain information regarding the compensation earned by or awarded to each director, who is not also a named executive officer, who served on our Board of Directors in 2012. During 2012, Mr. Feiger did not receive any compensation for service on our Board of Directors while employed by the Company.

Name	Fees Earned or Paid in		Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Non-Qualified Deferred Compensation Earnings	All Other Compensation	Total
	Cash	Stock Awards					
	(\$)(2)	(\$)(3)	(\$)(4)	(\$)	(\$)	(\$)	(\$)
David P. Bolger	\$ -	\$ 26,400	\$ 61,600	\$ -	\$ -	\$ -	\$ 88,000
Robert S. Engelman, Jr. (1)	63,000	-	-	-	-	-	63,000
Charles J. Gries	106,500	-	-	-	-	-	106,500
James N. Hallene	68,250	-	36,750	-	-	-	105,000
Thomas H. Harvey	83,000	-	-	-	-	-	83,000
Richard J. Holmstrom	24,300	-	56,700	-	-	-	81,000
Karen J. May	59,250	-	19,750	-	-	-	79,000
Ronald D. Santo	114,875	-	-	-	-	-	114,875
Renee Togher	81,000	-	-	-	-	-	81,000

- (1) Mr. Engelman, a former Chief Executive Officer of one of the Company's predecessors, receives a fixed annual lifetime retirement benefit of \$225,000 pursuant to his supplemental executive retirement plan with the Bank. Pursuant to his employment agreement entered into in October 1998, Mr. Engelman also receives lifetime health benefits for himself and his dependents, provided that Mr. Engelman reimburses the Company for the COBRA premium, and lifetime coverage under a Medicare Supplemental Insurance Plan. See "Certain Transactions."
- (2) Includes amounts deferred under our stock and non-stock deferred compensation plan, as follows: Mr. Gries - \$106,500 in stock deferred compensation plan; Ms. May - \$59,250 in stock deferred compensation plan; Mr. Santo - \$46,000 in a non-stock deferred compensation plan; and Ms. Togher - \$81,000 in stock deferred compensation plan. Included in the fees paid to Mr. Santo is \$22,875 for his service as a director of the Bank.
- (3) The amount in this column is calculated using the grant date fair value of the awards under ASC Topic 718, based on the number of restricted shares awarded and the fair market value of the Company's common stock on the dates the awards were made. The awards reflected in the table represent grants of restricted stock in 2012 for director fees in lieu of cash to Mr. Bolger for 1,286 shares.
- (4) The amounts in this column are calculated using the grant date fair value of the awards under ASC Topic 718, based on the fair value of the stock option awards as estimated using the Black-Scholes option-pricing model. The assumptions used in the calculation of these amounts are included in Note 19 of the Notes to Consolidated Financial Statements contained in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 20, 2013. The option grants reflected in the table include grants in 2012 for director fees in lieu of cash to Messrs. Bolger, Hallene, and Holmstrom and Ms. May for 15,665, 9,258, 14,373 and 4,924 shares, respectively, which option awards vested immediately upon grant. As of December 31, 2012, total shares underlying stock options held by the directors were as follows: Mr. Bolger - 54,647 shares; Mr. Gries - 2,550 shares; Mr. Hallene - 40,882 shares; Mr. Holmstrom - 58,191 shares; Ms. May - 18,837 shares; and Mr. Santo - 38,875.

CERTAIN TRANSACTIONS

Related Party Transactions Policy

Our Code of Ethics and Conduct, which is applicable to all of our directors, officers and employees, contains a specific policy concerning the review, approval and monitoring of transactions directly or indirectly involving "related parties" (directors, executive officers, beneficial owners of more than 5% of the outstanding shares of our Common Stock and any immediate family members of these persons) and the Company. The policy covers any transaction or series of similar transactions where the amount involved is expected to exceed \$10,000 in any calendar year, excluding transactions of the type which would not require disclosure in our proxy statement under SEC rules (without regard to the amount involved) as well as any loan to a related party made in compliance with our policy on loans to affiliates or any deposit or other customer relationship in the ordinary course of our business that is at arms-

length and on substantially the same terms as those prevailing at the time for comparable transactions with non-affiliated persons.

Under the policy, related party transactions must be approved or ratified by the Nominating and Corporate Governance Committee of our Board of Directors. The policy provides that the Nominating and Corporate Governance Committee should consider the following factors, among any others it deems appropriate, in making a decision whether to approve or ratify a transaction: (1) the extent of the related party's interest in the transaction, (2) if applicable, the availability of other sources of comparable products or services, (3) whether the terms of the transaction are no less favorable than terms generally available in unaffiliated transactions under like circumstances, (4) the fairness and expected benefits of the transaction to the Company, (5) the aggregate value of the transaction and (6) in the case of a transaction involving a director of the Company, whether the transaction would impair the independence of the director.

A copy of our Code of Conduct and Ethics is available on our website, www.mbfinc.com, by clicking "Investor Relations," "Corporate Governance" and then "Governance Documents."

Transactions

Our directors and executive officers and their affiliates were customers of and have had transactions with the Bank. Additional transactions may be expected to take place in the future. All outstanding loans, commitments to make loans, transactions in repurchase agreements and certificates of deposit and other depository relationships were made in the ordinary course of business, on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with persons not related to the Company and did not involve more than the normal risk of collectability or present other unfavorable features.

Loans outstanding to our executive officers and directors, including companies in which they have management or ownership control were approximately \$2.0 million at December 31, 2012.

The largest relationship to a single director or executive officer at December 31, 2012 totaled \$1.1 million. The longest maturity date on a loan to a director or executive officer was 30 years. Interest rates on director or executive officer loans ranged from 3.25% to 15.90%.

James Field, the son of the Company's Vice President and President of Lease Banking for the Bank, Burton J. Field, is a member of the law firm of Field & Goldberg, LLC, which the Company utilizes for certain legal services. Fees paid by the Company to this law firm during 2012 totaled \$579,549.

Company Director Robert S. Engelman, Jr., who served as Chairman of the Board of Directors of MB Financial, Inc. prior to the MB-MidCity Merger and as President and Chief Executive Officer of Avondale Financial Corp. from January 1993 until February 1999, receives a fixed annual lifetime retirement benefit of \$225,000 pursuant to his supplemental executive retirement plan with the Bank. Pursuant to his employment agreement entered into in 1998, Mr. Engelman also receives lifetime health benefits for himself and his dependents, provided that Mr. Engelman reimburses the Company for the COBRA premium. Mr. Engelman's son, Christopher Engelman, is a director of wealth management for the Bank and a managing director of Cedar Hill Associates, LLC, an asset management firm in which the Bank purchased an 80% interest in 2008. Compensation (including salary and bonus) paid to Christopher Engelman for 2012 totaled \$309,031. During 2012, Christopher Engelman was also awarded 1,643 shares of restricted stock and options to purchase 2,489 shares of common stock and participated in the 401(k) profit sharing plan and deferred compensation plan for which he received contributions of \$24,902.

Company Director Ronald D. Santo, who retired as Group President of MB Financial Bank in September 2008, receives lifetime coverage of continued premium payments by the Bank on long-term care insurance policies maintained for him and his spouse and coverage under a Medicare Supplemental Insurance Plan pursuant to the employment agreement he had with the Bank provided that the annual costs to the Bank are not to exceed \$25,000.

PROPOSAL II. ADVISORY (NON-BINDING) VOTE ON EXECUTIVE COMPENSATION

Pursuant to the Dodd-Frank Act and the SEC's implementing rules, we are including in this proxy statement and will present at the Meeting an advisory (non-binding) proposal on executive compensation, commonly known as a "say on pay" proposal. This proposal gives stockholders the opportunity to endorse or not endorse the compensation of the Company's named executive officers as disclosed in this Proxy Statement. The proposal will be presented at the Meeting as a resolution in substantially the following form:

RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed in the Company's proxy statement for the annual meeting pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby approved.

This vote will not be binding on the Company's Board of Directors and may not be construed as overruling a decision by the Board or create or imply any additional fiduciary duty on the Board. Nor will it affect any compensation paid or awarded to any executive. The Organization and Compensation Committee and the Board may, however, take into account the outcome of the vote when considering future executive compensation arrangements.

As discussed in "Executive Compensation – Compensation Discussion and Analysis," the objective of our executive compensation philosophy and programs is to attract and retain experienced, highly qualified executives critical to our long-term success and enhancement of stockholder value using a market competitive, pay-for-performance approach. The say on pay vote at our annual meeting of stockholders held in 2012, which related to our 2011 executive compensation, was approved by our stockholders by 96% of the votes cast.

In connection with our exit from TARP, we did restore the Company scorecard approach for evaluating Company-wide performance under our annual bonus plan, and use a combination of TSR-based performance units, stock options and restricted stock when granting long-term incentives. We took these actions in furtherance of pay-for-performance. You are encouraged to read the "Executive Compensation – Compensation Discussion and Analysis" including the tables and narrative disclosure describing the 2012 compensation of our named executive officers.

The Company is currently holding "say-on-pay" votes annually. The next "say-on-pay" vote is scheduled for the 2014 Annual Meeting of Stockholders.

Our Board of Directors believes that our executive compensation in 2012 continued to achieve the objective of our executive compensation philosophy and programs, and therefore recommends that stockholders vote **FOR** this proposal.

PROPOSAL III. RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has appointed McGladrey LLP as the Company's independent registered public accounting firm for the year ending December 31, 2013. Although stockholder ratification of the appointment of McGladrey LLP is not required by our by-laws or otherwise, our Board of Directors is submitting this appointment to stockholders for their ratification at the Meeting as a matter of good corporate practice. If the stockholders do not ratify the appointment of McGladrey LLP, the selection of the independent registered public accounting firm will be reconsidered by the Audit Committee. Even if the appointment of McGladrey LLP is ratified by the stockholders at the Meeting, the Audit Committee, in its discretion, may direct the selection of a different independent registered public accounting firm at any time during the year.

The Board of Directors recommends that stockholders vote FOR ratification of the appointment of McGladrey LLP as the Company's independent registered public accounting firm for the year ending December 31, 2013.

McGladrey LLP served as our independent registered public accounting firm for the year ended December 31, 2012. Representatives of McGladrey LLP have been invited to be present at the Meeting, and we expect that they will attend. If present, these representatives will have the opportunity to make a statement if they desire to do so, and will be available to respond to appropriate questions from stockholders.

Set forth below is information regarding fees for the various services provided to the Company by McGladrey LLP during 2012 and 2011.

Audit Fees

2012. McGladrey LLP billed us \$574,385 for professional services rendered by it for the audit of our consolidated annual financial statements and review of our Annual Report on Form 10-K for the fiscal year ended December 31, 2012, for the audit of our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002, for the reviews of the interim financial statements included in our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2012, June 30, 2012 and September 30, 2012, and for reviews of certain Forms 8-K.

2011. McGladrey LLP billed us \$676,110 for professional services rendered by it for the audit of our consolidated annual financial statements and review of our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, for the audit of our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002, for the audit of the annual financial statements of Vision Investment Services, Inc., a subsidiary of the Company, for the reviews of the interim financial statements included in our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2011, June 30, 2011 and September 30, 2011, for the review of registration statements on Forms S-3 and S-8, and for reviews of certain Forms 8-K.

Audit-Related Fees

2012. McGladrey LLP billed us \$35,150 for professional services rendered by it for the December 31, 2011 audit of our 401(k) profit sharing plan.

2011. McGladrey LLP billed us \$35,000 for professional services rendered by it for the December 31, 2010 audit of our 401(k) profit sharing plan.

Tax Fees

2012 and 2011. McGladrey LLP did not perform any professional services for us that would be considered in the tax fee category during the fiscal year ended December 31, 2012 or 2011.

All Other Fees

2012 and 2011. McGladrey LLP did not perform any professional services for us that would be considered in the all other fee category during the fiscal year ended December 31, 2012 or 2011.

Pre-Approval Policy

The Compliance and Audit Committee has a policy requiring its pre-approval of all audit and permissible non-audit services provided by the independent registered public accounting firm. The policy provides for the general pre-approval of specific types of audit, audit-related, tax and other services, gives detailed guidance regarding the specific services that are eligible for general pre-approval and provides the specific cost limits for each such service. The policy also provides that specific pre-approval of services to be provided by the independent registered public accounting firm will be required if such services have not been generally pre-approved by the Compliance and Audit Committee or if such services materially exceed specific pre-approved cost limits. Under the policy, the term of any general pre-approval of services is 12 months from the date of general pre-approval, unless the Compliance and Audit Committee specifically provides for a different period.

In addition, the policy provides that the Compliance and Audit Committee may delegate pre-approval authority to one or more of its members. Any member or members of the Compliance and Audit Committee to whom such authority is delegated must report any pre-approval decisions to the Compliance and Audit Committee at its next scheduled meeting. The policy prohibits the Compliance and Audit Committee from delegating its responsibilities to pre-approve services to be performed by the independent registered public accounting firm to the Company's management.

None of the services provided by the independent registered public accounting firm described above in the fiscal years ended December 31, 2011 and 2012 were approved by the Compliance and Audit Committee pursuant to a waiver of the pre-approval requirements of the SEC's rules and regulations.

REPORT OF THE COMPLIANCE AND AUDIT COMMITTEE

Management is responsible for the financial reporting process, the preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and the system of internal controls and procedures designed to ensure compliance with accounting standards and applicable laws and regulations. The Company's independent registered public accounting firm is responsible for auditing the Company's consolidated financial statements and expressing an opinion as to the financial statements' conformity with accounting principles generally accepted in the United States of America, and annually attesting to management's assessment of the effectiveness of the Company's internal control over financial reporting. It is the Compliance and Audit Committee's responsibility to monitor and oversee these processes and procedures.

The Compliance and Audit Committee has reviewed and discussed the Company's audited consolidated financial statements for the year ended December 31, 2012, with management and with McGladrey LLP, the Company's independent registered public accounting firm for 2012. The Compliance and Audit Committee also has discussed with McGladrey LLP the matters required to be discussed by Statement of Auditing Standards No. 61, Communications with Audit Committees, as currently in effect. Finally, the Compliance and Audit Committee has received the written disclosures and the letter from McGladrey LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding McGladrey LLP's communications with the Compliance and Audit Committee concerning independence as currently in effect, and discussed with McGladrey LLP their independence. Based upon the review and discussions described in this report, the Compliance and Audit Committee recommended to the Company's Board of Directors that the Company's audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2012 for filing with the Securities and Exchange Commission.

Submitted by the Compliance and Audit Committee of the Company's Board of Directors:

Charles J. Gries, *Chairman*
David P. Bolger
Richard J. Holmstrom
Renee Togher

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our executive officers and directors and persons who beneficially own more than 10% of the outstanding shares of our Common Stock to file reports of ownership and changes of beneficial ownership with the Securities and Exchange Commission and to furnish us with copies of the reports they file. Based solely on a review of the reports we received, or written representations from certain reporting persons, we believe that with respect to 2012 all reports were timely filed except for the Form 4 filed on January 7, 2013 for Mr. Field (which reported one late transaction that occurred in 2012).

STOCKHOLDER PROPOSALS

In order to be eligible for inclusion in the our proxy materials for the next annual meeting of stockholders, any stockholder proposal for that meeting must be received by the Company's Corporate Secretary at MB Financial Center, 6111 North River Road, Rosemont, Illinois 60018 by December 13, 2013. Any such proposal will be subject to the requirements of the proxy rules adopted under the Securities Exchange Act of 1934, as amended, and as with any stockholder proposal (regardless of whether included in the Company's proxy materials), our charter and by-laws and Maryland law.

Our by-laws contain additional notification requirements for stockholder proposals, regardless of whether they are submitted for inclusion in our proxy materials. In order to be considered for presentation at the next annual meeting, written notice of a stockholder proposal containing the information specified in Article I, Section 6 of our by-laws must be received by the Company's Secretary not earlier than the close of business on January 29, 2014 and not later than the close of business on February 28, 2014. If, however, the date of the next annual meeting is before May 9, 2014 or after July 28, 2014, the notice of the stockholder proposal must instead be received by the Company's Secretary not earlier than the close of business on the 120th day prior to the date of the next annual meeting and not later than the close of business on the later of the 90th day before the date of the next annual meeting or the tenth day following the first to occur of the day on which notice of the date of the next annual meeting is mailed or the day on which public announcement of the date of the next annual meeting is first made by the Company.

FORM 10-K

This Proxy Statement is accompanied by a copy of our Annual Report on Form 10-K for the year ended December 31, 2012 filed with the Securities and Exchange Commission (excluding exhibits). To request a copy of the 10-K with exhibits, or to obtain a copy of our 2012 Summary Annual Report, call or write to: Doria L. Koros, Secretary, MB Financial, Inc., 6111 N. River Road, Rosemont, Illinois 60018; tel. (847) 653-1992. Alternatively, copies of these documents may be obtained from our website, www.mbfinc.com, by clicking "Investor Relations."

OTHER MATTERS

The cost of solicitation of proxies will be borne by the Company. We will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to the beneficial owners of our Common Stock. In addition to solicitation by mail, directors, officers and employees of the Company and the Bank may solicit proxies personally or by telephone without additional compensation.

By Order of the Board of Directors



Mitchell Feiger
President and Chief Executive Officer

Chicago, Illinois
April 12, 2013