

FIRST BUSEY CORP /NV/  
Form DEF 14A  
April 23, 2009

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

**SCHEDULE 14A**

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

Filed by the Registrant  X

Filed by a Party other than the Registrant  O

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
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First Busey Corporation  
(Name of Registrant as Specified In Its Charter)

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

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**First Busey Corporation**

**201 W. Main Street, Urbana, Illinois 61801**

**217/365-4516**

**NOTICE OF 2009 ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD MAY 19, 2009**



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To the Stockholders of

First Busey Corporation:

The 2009 Annual Meeting of Stockholders of First Busey Corporation, a Nevada corporation, will be held at Busey Bank, 100 W. University Avenue, Champaign, Illinois, on Tuesday, May 19, 2009, at 6:30 p.m., central time.

The Annual Meeting is being held for the following purposes:

1. To elect ten directors to hold office until the 2010 Annual Meeting or until their successors are elected and qualified.
2. To approve a non-binding advisory proposal on First Busey's executive compensation as disclosed in the proxy statement.
3. To transact such other business as may properly come before the Annual Meeting or any postponement or adjournment thereof.

Only stockholders of record at the close of business on March 20, 2009, are entitled to notice of, and to vote at, the Annual Meeting or any postponement or adjournment thereof. Even if you plan to attend the Annual Meeting in person, please sign, date and return your proxy.

By order of the Board of Directors,

Douglas C. Mills  
Chairman of the Board

Van A. Dukeman  
President and Chief Executive Officer

Urbana, Illinois  
April 23, 2009

*Please note that there is no return envelope for the proxy card and that you should follow the mailing instructions set forth on the enclosed proxy card.*

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**First Busey Corporation**

**201 W. Main, Urbana, Illinois 61801**

**217/365-4556**

**PROXY STATEMENT**



## Edgar Filing: FIRST BUSEY CORP /NV/ - Form DEF 14A

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of First Busey Corporation for use at the 2009 Annual Meeting of Stockholders. The Board has fixed the close of business on March 20, 2009, as the record date for determining the stockholders entitled to notice of, and to vote at, the Annual Meeting. On the record date, First Busey had 35,895,892 shares of common stock, par value \$.001 per share, outstanding and entitled to vote.

First Busey's Annual Report on Form 10-K, which includes audited financial statements for the year ended December 31, 2008, accompanies this Proxy Statement. The approximate date on which the Proxy Statement and the accompanying proxy are first being sent to stockholders is April 23, 2009.

The following information regarding the meeting and the voting process is presented in a question and answer format.

### **Why am I receiving this proxy statement and proxy card?**

You are receiving a proxy statement and proxy card from us because on March 20, 2009, you owned shares of First Busey's common stock. This proxy statement describes the matters that will be presented for consideration by the stockholders at the Annual Meeting. It also gives you information concerning the matters to assist you in making an informed decision.

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

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

### **What matters will be voted on at the meeting?**

You are being asked to vote on the election of ten directors of First Busey for a term of one year expiring in 2010 and on a non-binding advisory proposal on executive compensation.

### **If I am the record holder of my shares, how do I vote?**

You may vote either by mail or in person at the meeting. To vote by mail, complete and sign the enclosed proxy card and mail it pursuant to the instructions on the proxy card. If you mark your proxy card to indicate how you want your shares voted, your shares will be voted as you instruct.

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If you sign and return your proxy card but do not mark the form to provide voting instructions, the shares represented by your proxy card will be voted for all nominees for director named in this Proxy Statement, for the non-binding advisory proposal on executive compensation and by the appointed proxies in accordance with his or



her judgment on any other matter brought before the meeting.

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

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

If you received this proxy statement from your broker or a trustee or other fiduciary who may hold your shares, your broker or fiduciary should have given you instructions for directing how they should vote your shares. It will then be their responsibility to vote your shares for you in the manner you direct. As discussed above, if you want to vote in person at the meeting, you will need to arrange to obtain a legal proxy from your broker or fiduciary in order to vote in person at the meeting.

Under Nasdaq rules, brokers and other fiduciaries may generally vote on routine matters, such as the election of directors, but cannot vote on non-routine matters, such as an amendment to our Certificate of Incorporation or the adoption or amendment of an equity incentive plan, unless they have received voting instructions from the person for whom they are holding shares. You should do this by carefully following the instructions your broker gives you concerning their procedures.

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

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

**What if I change my mind after I return my proxy?**

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

- signing another proxy with a later date and returning that proxy to:

First Busey Corporation  
Attn: Mary E. Lakey  
201 W. Main Street

Urbana, Illinois 61801;

- sending notice to us that you are revoking your proxy; or
- voting in person at the meeting (attendance at the Annual Meeting will not in and of itself constitute the revocation of a proxy).

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

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

A majority of the shares that are outstanding and entitled to vote as of the record date must be present in person or by proxy at the meeting in order to hold the meeting and conduct business.

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

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

On March 20, 2009, the record date, there were 35,895,892 shares of common stock issued and outstanding. Therefore, at least 17,947,947 shares need to be present at the annual meeting.

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

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

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

You may vote for or withhold authority to vote for each nominee for director. You may vote for, against or abstain on the non-binding advisory proposal on executive compensation and on any other proposal that may properly be brought before the meeting. Abstentions will be considered in determining the presence of a quorum but will not affect the vote required for any matter at the meeting.

**How many votes may I cast?**

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

**How many votes are needed for each proposal?**

The directors are elected by a plurality vote and the ten individuals receiving the highest number of votes cast for their election will be elected as directors of First Busey. Broker non-votes will not be counted as entitled to vote, but will count for purposes of determining whether or not a quorum is present on the matter. Therefore, a broker non-vote has no effect on the election of directors.

A majority of votes cast at the meeting will approve First Busey's executive compensation. Because the vote on the executive compensation is advisory, it will not be binding upon the Board or the Executive Management Compensation and Succession Committee.

**Where do I find the voting results of the meeting?**

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

**Who bears the cost of soliciting proxies?**

We will bear the cost of soliciting proxies. In addition to solicitations by mail, officers, directors or employees of First Busey or its subsidiaries may solicit proxies in person or by telephone. These persons will not receive any special or additional compensation for soliciting proxies. We may reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to stockholders.

**Important Notice Regarding the Availability of Proxy Material for the Stockholder Meeting to be Held on May 19, 2009.**

Full copies of the proxy statement, the proxy card and other materials for the annual meeting are available on the internet through our website and at [www.sn1.com/Irweblinkx/docs.aspx?iid=100703](http://www.sn1.com/Irweblinkx/docs.aspx?iid=100703). Stockholders will receive a full set of these materials through the mail from us or from your broker.

For directions to attend the annual meeting in person, please call our main office at (217) 365-4516.



**ELECTION OF DIRECTORS**



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The ten nominees named below have been nominated by the Nominating and Corporate Governance Committee of the Board for election as directors for a term of one year or until their successors have been duly elected and qualified.

It is intended that the proxies received in response to this solicitation will be voted for the election of the ten persons so nominated, unless otherwise specified. If, for any reason, any nominee becomes unavailable for election or declines to serve, persons named in the proxy may exercise discretionary authority to vote for a substitute proposed by the Board. No circumstances are presently known which would render a nominee named herein unavailable.

Set forth below is certain biographical information concerning each nominee for director, including principal occupation and age as of March 20, 2009, the record date for the Annual Meeting. Unless otherwise noted, nominees for director have been employed in their principal occupation with the same organization for at least the last five years.

The Board of Directors recommends a vote **FOR** each of the nominees.

### NOMINEES

<b>Name (Age)</b>	<b>Director since(1)</b>	<b>Position with First Busey and Principal Occupation for the last five years</b>
Joseph M. Ambrose (Age 51)	1993	Mr. Ambrose is President and Chief Executive Officer of Horizon Hobby, Inc., Champaign, Illinois, and has been since July 2008. Mr. Ambrose has been affiliated with Horizon Hobby since November 2005 serving as Executive Vice President and Chief Operating Officer. Previously, Mr. Ambrose was a partner with Costigan & Wollrab, P.C., Bloomington, Illinois, from April 2004 until December 1, 2005. Mr. Ambrose was with Ambrose Law Offices, Ltd. from June 2003 until April 2004. Mr. Ambrose is considered independent under the rules of Nasdaq.
David J. Downey (Age 67)	1992	Mr. Downey has served as the President of The Downey Group, Inc., an estate planning, wealth transfer and executive compensation organization, since 1963. Mr. Downey is considered independent under the rules of Nasdaq.
Van A. Dukeman (Age 50)	1994	Mr. Dukeman is the President and Chief Executive Officer of First Busey, as well as the Chairman, President and Chief Executive Officer of Busey Bank. Mr. Dukeman served as the President and Chief Executive Officer of Main Street Trust, Inc. from 2004 to 2007.



Name (Age)	Director since(1)	Position with First Busey and Principal Occupation for the last five years
David L. Ikenberry (Age 48)	2004	Dr. Ikenberry is a Professor of Finance at the University of Illinois-Urbana. He has served as Associate Dean for Executive Programs since 2006 and served as Chair of the Department of Finance from 2002-2008 for the University. Mr. Ikenberry is considered independent under the rules of Nasdaq.
E. Phillips Knox (Age 62)	1980	Mr. Knox is an attorney with the firm Tummelson Bryan & Knox, LLP, Urbana, Illinois.
V. B. Leister, Jr. (Age 63)	1996	Mr. Leister is Chairman of the Board and President of Carter's Furniture Inc., Urbana, Illinois. Mr. Leister is considered independent under the rules of Nasdaq.
Gregory B. Lykins (Age 61)	1994	Mr. Lykins is the Vice Chairman of First Busey. Mr. Lykins also serves as a director of Busey Bank and Busey Wealth Management, Inc. Mr. Lykins served as the Chairman of the Board of Main Street Trust, Inc. from 2004 to July 2007; as a Director and Vice-Chairman of BankIllinois and Director of The First National Bank of Decatur and FirsTech from 2001 to 2004.
August C. Meyer, Jr. (Age 71)	1962	Mr. Meyer has served as Chairman and President of Midwest Television, Inc. since 1976. Mr. Meyer is considered independent under the rules of Nasdaq.
Douglas C. Mills (Age 69)	1980	Mr. Mills is Chairman of First Busey and has served in that role since its incorporation. Mr. Mills served as the Chairman of the Board, President and Chief Executive Officer of First Busey until July 31, 2007, when he resigned as President and Chief Executive Officer. He has been associated with Busey Bank since 1971.
George T. Shapland (Age 78)	1994	Mr. Shapland is the President of Shapland Management Co., a real estate management company. Mr. Shapland is considered independent under the rules of Nasdaq.

(1) Indicates the year first elected to the Board of Directors of First Busey or Main Street, or Main Street's predecessors, BankIllinois Financial and First Decatur.

## BOARD OF DIRECTORS



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Currently, there are ten directors serving on our Board of Directors. Pursuant to the terms agreed to in connection with the Main Street merger, Mr. Mills will serve as Chairman of the Board until the first board meeting following the stockholder annual meeting, at which time we expect that Mr. Lykins will be named as Chairman of the Board. There are no other arrangements or understandings between any of the directors or any other person pursuant to which any of First Busey's directors or the nominees for the Board have been selected for their respective positions.

Generally, the Board oversees our business and monitors the performance of our management. In accordance with our corporate governance procedures, the Board does not involve itself in the day-to-day operations of First Busey, which is monitored by our executive officers and management. Our directors fulfill their duties and responsibilities by attending regular meetings of the full Board, which are held on a monthly basis, special meetings held from time to time and through committee membership, which is discussed below. Our directors also discuss business and other matters with our key executives and our principal external advisers (legal counsel, auditors and other consultants).

A majority of our directors are considered independent as defined by Nasdaq. Generally, the Board undertakes an annual review of director independence. This process consists of an oral question and answer session at a board meeting at which all directors hear the responses of each director and have an opportunity to evaluate the facts presented. This independence review is further supplemented by an annual questionnaire that directors are required to complete that contains a number of questions related to independence and related party transactions, among others.

Because Mr. Knox's law firm provides legal services for First Busey and related entities, he is not considered independent under the rules established by Nasdaq. Additionally, because of their current or past positions as executive officers of First Busey, Messrs. Dukeman, Lykins and Mills are not independent.

During 2008, the Board held twelve meetings. All directors attended at least 75% of the meetings of the Board and the committees on which they served during 2008. Our independent directors met one time in executive session in 2008, and we expect that they will meet at least two times in executive session in 2009. We require all our directors to attend the Annual Meeting and we expect all our directors will attend the 2009 Annual Meeting.

Any stockholder who wishes to contact the full Board may do so by contacting the Board (1) in writing, in care of First Busey Corporation, 201 W. Main Street, Urbana, Illinois 61801 or (2) electronically, through the hyperlink available at our website at [www.busey.com](http://www.busey.com). Communications to the full Board should be directed to Mary E. Lakey, Corporate Secretary, who will then forward all appropriate comments and communications to the Board, while communications to the independent directors should be directed to Mr. Leister.

The Board has established the following committees, among others, to assist in the discharge of its responsibilities.

#### **Executive Management Compensation and Succession Committee**



The Executive Management Compensation and Succession Committee of the Board met twelve times in 2008. Members of the Executive Management Compensation and Succession Committee were Joseph M. Ambrose (Chair), David J. Downey, David L. Ikenberry, and August C. Meyer, Jr. We expect that each current member of the Executive Management Compensation and Succession Committee will serve through 2009. The responsibilities of the Executive Management and Succession Committee include the approval, and recommendation to the

Board, of the compensation of our Chief Executive Officer and executive officers. The Executive Management Compensation and Succession Committee also reviews and analyzes existing and potential management succession issues. All members are independent under Nasdaq rules and are non-employee directors for purposes of Section 16 of the Securities Exchange Act of 1934. The Executive Management and Succession Committee Charter is available at our website at [www.busey.com](http://www.busey.com).

**Nominating and Corporate Governance Committee**





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The Nominating & Corporate Governance Committee of the Board met five times in 2008. Messrs. Downey (Chairman), Ambrose, and Shapland served on the Nominating and Corporate Governance Committee during 2008. Responsibilities of the Nominating and Corporate Governance Committee include the nomination of individuals as members of the Board, including the review of qualifications of directors to stand for re-election and the implementation and maintenance of our corporate governance procedures. All members are independent under Nasdaq rules. The Nominating and Corporate Governance Committee Charter is available at our website at [www.busey.com](http://www.busey.com).

The Nominating and Corporate Governance Committee reviews qualified candidates for directors and focuses on those who present varied, complementary backgrounds that emphasize both business experience and community standing. The Nominating and Corporate Governance Committee also believes that directors should possess the highest personal and professional ethics.

In March of 2009, the Nominating and Corporate Governance Committee met and reviewed all relevant qualifications of potential director nominees, including, at a minimum, the following:

- independence from management;
- relevant business experience;
- knowledge of the communities in which we predominantly operate;
- potential conflicts of interest; and
- judgment, skill, integrity and reputation.

The Nominating and Corporate Governance Committee reviews the qualifications of each potential candidate for director and identifies nominees by consensus.

The Nominating and Corporate Governance Committee evaluates all candidates in the same way, reviewing the aforementioned factors, among others, regardless of the source of such candidate, including stockholder recommendation. Because of this, there is no separate policy with regard to consideration of candidates recommended by stockholders. The Nominating and Corporate Governance Committee did not receive any stockholder recommendations for director nominees for 2009. No third party was retained, in any capacity, to provide assistance in either identifying or evaluating potential director nominees for 2009.



**Audit Committee**



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The Audit Committee met ten times in 2008. During 2008 Mr. Leister (Chairman), Mr. Downey, Dr. Ikenberry and Mr. Shapland served as members of the Audit Committee. Mr. Downey resigned from the committee in March 2009. We have identified Dr. Ikenberry as the audit committee financial expert based on his level of education and work experience, as described previously in this Proxy Statement. All members are independent under Nasdaq rules and under Rule 10A-3 of the Exchange Act, as required for audit committee membership. The Audit Committee Charter is available at our website at [www.busey.com](http://www.busey.com).

The responsibilities and functions of the Audit Committee and its activities during 2008 are described in detail under the heading "Report of the Audit Committee" in this Proxy Statement.

The Audit Committee has adopted procedures for the treatment of complaints or concerns regarding accounting, internal accounting controls or auditing matters. In addition, the Audit Committee reviews and approves all related party transactions, except for those lending relationships and transactions that are approved by the appropriate subsidiary banks' procedures. The Audit Committee has also implemented pre-approval policies and procedures for all audit and non-audit services. Generally, the Audit Committee requires pre-approval of any services to be provided by First Busey's auditors, McGladrey & Pullen, LLP, and First Busey's tax accountants, RSM McGladrey, Inc., (an affiliate of McGladrey & Pullen, LLP) to First Busey or any of its affiliates. Additionally, the Audit Committee also pre-approves other services related to Sarbanes-Oxley compliance, tax and accounting provided by other third parties. The pre-approval procedures include the designation of such pre-approval responsibility to one individual on the Audit Committee, which is Mr. Leister.

In 2008, the Audit Committee pre-approved all audit services which consisted of professional services rendered for the audit of our consolidated financial statements and internal control over financial reporting in accordance with Sarbanes-Oxley Section 404, review of financial statements included in our quarterly reports on Form 10-Q and services normally provided by the independent auditor in connection with statutory and regulatory filings. Pre-approved services also included audit-related agreed-upon procedures performed for the trust company. Pre-approved tax services were related to the preparation of original and amended tax returns, claims for refunds and tax payment-planning services for tax compliance, tax planning and tax advice. There were no other services that were required to be pre-approved by the committee.

Fees paid to McGladrey & Pullen, LLP and RSM McGladrey, Inc. for services rendered in 2008 and 2007 were as follows:

Fees:	2008	% of Total Fees	2007	% of Total Fees
Audit	\$ 437,400	83.0%	\$ 405,125	90.9%
Audit-related	28,600	5.4%	16,045	3.6%
Tax	60,878	11.6%	24,650	8.1%
All other				
<b>Total</b>	<b>\$ 526,878</b>		<b>\$ 445,820</b>	

A representative of McGladrey & Pullen, LLP is expected to be present at the Annual Meeting and will have the opportunity to make a statement if he or she desires to do so and will be available to respond to appropriate questions. We expect to appoint McGladrey & Pullen, LLP as our independent registered public accounting firm for 2009 upon review and approval of engagement letter by the Audit Committee.

#### Director Compensation

Non-employee directors who served on the Board during 2008 received a cash retainer of \$20,000 and options to purchase 7,500 shares of common stock, except for Mr. Mills, Mr. Leister and Dr. Ikenberry. Mr. Mills, who served as Chairman of the Board, received an annual retainer of \$30,000 and options to purchase 7,500 shares of common stock. Mr. Leister, who served as Chairman of the Audit Committee, and Dr. Ikenberry, who served as audit committee financial expert, each received a cash retainer of \$25,000 and options to purchase 7,500 shares of common stock. Mr. Dukeman, who is also an employee of First Busey, did not receive additional compensation for serving on the Board.

Name	Fees Earned or Paid in Cash (\$)	Option Awards (\$)(1)	All Other Compensation (\$)	Total (\$)
Joseph M. Ambrose	20,000	9,113		29,113
David J. Downey	20,000	9,113		29,113
David L. Ikenberry	25,000	9,113		34,113
E. Phillips Knox	20,000	9,113		29,113
V. B. Leister Jr.	25,000	9,113		34,113
Gregory B. Lykins	20,000	9,113	50,000(2)	79,113
August C. Meyer, Jr.	20,000	9,113		29,113
Douglas C. Mills	30,000	9,113	50,000(2)	89,113
George T. Shapland	20,000	9,113		29,113

(1) Option amounts represent compensation expense recognized in 2008 under FAS No. 123R. The grant date fair value of options awards in 2008 was equal to \$109,350. At December 31, 2008, directors held the following stock options:

	# Outstanding	# Vested
Joseph M. Ambrose	21,000	13,500
David J. Downey	67,582	60,082
David L. Ikenberry	21,000	13,500
E. Phillips Knox	21,000	13,500
V. B. Leister Jr.	21,000	13,500
Gregory B. Lykins	62,932	55,432
August C. Meyer, Jr.	67,582	60,082
Douglas C. Mills	107,500	100,000
George T. Shapland	67,582	60,082

(2) Messrs. Lykins and Mills are entitled to receive salary payments of \$50,000 pursuant to their agreements with First Busey in addition to their board compensation.

The Executive Management and Succession Committee has not yet approved 2009 compensation plan for non-employee directors. During the first quarter of 2009, the directors received one-fourth of the annual cash compensation as described above. It is anticipated that 2009 compensation will be set following the annual meeting.

#### REPORT OF THE AUDIT COMMITTEE

In accordance with its written charter adopted by the Board, the Audit Committee is responsible for the oversight of the quality and integrity of our accounting, auditing and financial reporting practices; the oversight of our internal and external auditors; the resolution of disagreements between management and the auditors regarding financial reporting; and the determination of the independence of the external auditors. During 2008, the Audit Committee met ten times and also reviewed and discussed the interim financial information contained in each quarterly earnings announcement with management and the independent auditors prior to public release.

In discharging its oversight responsibility as to the audit process for the fiscal year ending December 31, 2008, the Audit Committee obtained from the independent auditor a formal written statement describing all relationships between the independent auditor and First Busey that might bear on auditor's independence as required by the Public Company Accounting Oversight Board, discussed with the independent auditor any relationships that may impact its objectivity and independence and satisfied itself as to the auditor's independence. The Audit Committee also discussed with management, the internal auditors and the independent auditor the quality and adequacy of First Busey's internal controls and internal audit function's organization, responsibilities, budget and staffing. The Audit Committee reviewed with both the independent and internal auditors their audit plans, scope, and identification of audit risk areas.

The Audit Committee discussed and reviewed with the independent auditor all communications required by auditing standards, generally accepted in the United States of America including those described in Statement on Auditing Standards No. 61, as amended, and discussed and reviewed the results of the independent auditor's examination of the consolidated financial statements. The Audit Committee also discussed the results of the internal audit examinations.

The Audit Committee reviewed the consolidated audited financial statements of First Busey as of and for the year ended December 31, 2008, with management and the independent auditor. Management has the responsibility for the preparation of First Busey's consolidated financial statements and the independent auditor has the responsibility for the audit of those statements.

Based upon the above-mentioned review and discussions with management and the independent auditors, the members of the Audit Committee recommended to the Board that First Busey's audited consolidated financial statements be included in its Annual Report on Form 10-K for the year ended December 31, 2008, for filing with the Securities and Exchange Commission.

Audit Committee



V. B. Leister, Jr. (Chairman)

David L. Ikenberry

George T. Shapland



**COMMON STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**



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The following table sets forth certain information regarding the beneficial ownership of our common stock as of March 20, 2009 by all directors and director nominees, by each person who is known by us to be the beneficial owner of more than 5% of our outstanding common stock, by each named executive officer and by all directors and executive officers as a group.

The number of shares beneficially owned by each director, director nominee, 5% stockholder or executive officer is determined under rules of the Securities and Exchange Commission, and the information is not necessarily indicative of beneficial ownership for any

other purpose. Under such rules, beneficial ownership includes any shares as to which the individual has sole or shared voting power or investment power and also any shares which the individual has the right to acquire within 60 days of March 20, 2009, through the exercise of any option or other right. Unless otherwise indicated, each person has sole investment and voting power (or shares such powers with his or her spouse) with respect to the shares set forth in the following table. In certain instances, the number of shares listed includes, in addition to shares owned directly, shares held by the spouse or minor children of the person, or by a trust of which the person is a trustee or in which the person may have a beneficial interest. In some cases, the person has disclaimed beneficial interest in certain of these shares.

Name and Address of Beneficial Owner	Common Stock Beneficially Owned Number of Shares Owned(1)	Percent of Outstanding Shares
<b>Board of Directors:</b>		
Joseph M. Ambrose	85,125	*
David J. Downey	476,410	1.3%
Van A. Dukeman(2)	261,854	*
David L. Ikenberry	25,000	*
E. Phillips Knox(3)	338,556	*
V. B. Leister, Jr.	74,620	*
Gregory B. Lykins(4)	1,375,840	3.7%
August C. Meyer, Jr.(5)	263,778	*
Douglas C. Mills(6)	4,143,795	11.3%
George T. Shapland	607,115	1.6%
<b>Other Named Executive Officers:</b>		
Thomas M. Good	59,048	*
Barbara J. Harrington	60,777	*
David D. Mills(7)	367,859	1.0%
Lee H. O Neill(8)	181,968	*
<b>All directors and current executive officers as a group (14 persons)</b>	<b>8,321,745</b>	<b>22.6%</b>
<b>Beneficial Owners of more than 5% of our outstanding common stock:</b>		
Elisabeth M. Kimmel 7677 Engineer Road San Diego, CA 92111	2,160,071	5.9%

\* Less than one percent.

(1) Includes shares that can be acquired through stock options available for exercise within 60 days of March 20, 2009, for the following individuals, in the amount indicated:

Joseph M. Ambrose	21,000
David J. Downey	67,582
Van A. Dukeman	67,057
Thomas M. Good	11,000
Barbara J. Harrington	29,000





David L. Ikenberry	21,000
E. Phillips Knox	21,000
V. B. Leister, Jr.	21,000
Gregory B. Lykins	62,932
August C. Meyer	67,582
David D. Mills	27,000
Douglas C. Mills	107,500
Lee H. O'Neill	16,500
George T. Shapland	67,582
All directors and officers as a group	607,735

(2) Includes 5,348 shares owned by Mr. Dukeman's spouse.

(3) Includes 77,500 shares owned by Mr. Knox's spouse and 34,563 shares owned by Busey Mills Community Foundation over which Mr. Knox shares voting and investment power.

(4) Includes 844,750 shares held in the August C. Meyer Investment Agency Account, for which Mr. Lykins serves as trustee and has sole voting and investment power. Also includes 6,718 shares owned by Mr. Lykins's spouse.

(5) Includes 23,421 shares held in grantor trusts over which Mr. Meyer has investment authority. Excludes shares held by Elisabeth M. Kimmel, Mr. Meyer's adult daughter and a 5% stockholder. Also excludes 844,750 shares held by the August C. Meyer Investment Agency Account, over which Mr. Meyer has no voting or investment power.

(6) Includes 61,708 shares held in trusts for which Mr. Mills is a co-trustee and shares voting and investment power and in which Mr. Mills has no pecuniary interest. Also includes 41,000 shares of common stock owned by the Mills Family Foundation and 1,565,000 shares of common stock owned by Mills Investment LP for which Mr. Mills has sole voting and investment power.

(7) Includes 34,563 shares of stock owned by Busey Mills Community Foundation for which Mr. Mills shares voting and investment power. Also includes 198,675 shares held in trusts for which Mr. Mills is a co-trustee and shares voting and investment power and 7,603 shares held in trusts over which Mr. Mills's spouse has voting and investment power. Mr. Mills resigned as Executive Vice President of First Busey, effective February 28, 2009.

(8) Includes 9,000 shares of stock owned by Mr. O'Neill's spouse. Mr. O'Neill retired as the Chief Executive Officer of Busey Bank, effective February 28, 2009.

**SECTION 16(a) BENEFICIAL OWNERSHIP COMPLIANCE**



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Section 16(a) of the Exchange Act requires our directors, executive officers and holders of more than 10% of our common stock to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of common stock. Except as described below, we believe that during 2008, our executive officers, directors and 10% stockholders timely filed all reports required to be filed under Section 16(a). Mr. Ambrose failed to timely file a Form 4 with respect to shares acquired through the exercise of a stock option and related sale of majority of those shares in November 2008. Mr. Ambrose filed a Form 4 to report those transactions in February 2009. In making the foregoing statements, we have relied solely upon the written representations of its directors, executive officers and 10% stockholders and reports filed with the Securities and Exchange Commission.



**COMPENSATION DISCUSSION AND ANALYSIS**





**Introduction**



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This section provides information regarding our compensation philosophies and decision-making processes and the compensation and benefit programs in place for our Chief Executive Officer, our Chief Financial Officer and our three other most highly compensated executive officers (collectively, the Named Executive Officers ) for 2008. It includes information regarding the overall objectives of our compensation program and each element of compensation that we provide. It also includes a discussion of the currently known, and potentially applicable, executive compensation restrictions to which First Busey and the Named Executive Officers were required to agree as a condition to our participation in the U.S. Department of the Treasury s (the Treasury ) Capital Purchase Program (the CPP ).

### **Role of the Executive Management Compensation and Succession Committee**



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The Executive Management Compensation and Succession Committee of our Board of Directors (the Compensation Committee ) is responsible for guiding and overseeing the formulation and application of the compensation and benefit programs for our Named Executive Officers, including reviewing and approving compensation levels, evaluating the performance of the Named Executive Officers and considering senior management succession issues. The Compensation Committee acts pursuant to a charter that has been approved by our Board of Directors. The Compensation Committee is composed of non-management, independent members of the Board of Directors and none of the Named Executive Officers are members of the Compensation Committee.

### **Participation in the Capital Purchase Program**



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On March 6, 2009, First Busey accepted capital from the Treasury and became a participant in the CPP, which was implemented as a component of the Troubled Asset Relief Program. As a participant, First Busey is subject to certain executive compensation restrictions established under the original rules of the CPP and also will likely be subject to the expanded executive compensation restrictions included in the American Recovery and Reinvestment Act of 2009 (the Stimulus Bill), which was enacted on February 17, 2009. The rules and procedures for applying, and complying with, the Stimulus Bill's executive compensation restrictions are being developed by the Treasury, U.S. Securities and Exchange Commission and other regulators and have not yet been fully announced to the public. Therefore, while the Stimulus Bill's executive compensation restrictions will likely impact First Busey's compensation program moving forward, the precise impact the restrictions will have on the compensation program is not yet clear. First Busey intends to comply to the extent required with the Stimulus Bill's executive compensation restrictions and, to that end, is working with legal counsel and other advisors to determine the extent to which those restrictions will impact its compensation program.

While uncertainty exists as to the extent to which First Busey and its Named Executive Officers (and other employees) will be subject to the Stimulus Bill's executive compensation restrictions, at the very least the following rules will apply as a result of our participation in the CPP:

- within the first 90 days following our initial participation in the CPP, the Compensation Committee will be required to ensure that incentive compensation programs for the Named Executive Officers does not encourage unnecessary and excessive risk taking that could harm First Busey's value;