

Compensation Committee Charter

December 21, 2004

(Ratification of Charter

approved December, 2003)

I. Purpose

The primary purposes of the Compensation Committee (the "Committee") of the board of directors of Old Second Bancorp, Inc., and its subsidiaries (the "Company"), are to (1) discharge the responsibilities of the board of directors relating to the compensation of the executive officers of the Company which would include the performance evaluation of the CEO and (2) produce a report through the Corporate Secretary on such executive compensation for inclusion in the Company's proxy statement in compliance with all rules and regulations of the Securities and Exchange Commission (the "SEC"), the Nasdaq Stock Market (or by the rules and regulations of any other exchange or national market on which the Company's common stock is quoted or listed for trading) and any other body with regulatory authority over the Company.

II. Composition and Procedure

The Committee shall consist of at least three members selected by the Board of Directors each of whom shall satisfy the independence requirements of the SEC, the Nasdaq Stock Market (or the requirements of any other exchange or national market on which the Company's common stock is quoted or listed for trading) and of any other body with regulatory authority over the Company.

The Committee shall meet with such frequency and at such intervals as it shall determine necessary to carry out its duties and responsibilities, but in no event shall the Committee meet less than **once during each** fiscal year. The Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary. The Committee shall maintain minutes of its meetings and records relating to those meetings and the Committee's activities and shall provide copies of such minutes to the board of directors. The Committee shall determine its rules of procedure.

III. Duties and Responsibilities of the Committee

The Committee's duties and responsibilities generally are to: (1) discharge the responsibilities of the board of directors relating to the compensation of the Company's executive officers; (2) evaluate and make recommendations to the board of directors relating to the compensation of individuals serving as directors of the Company; and (3) produce an annual report on executive compensation through the Corporate Secretary for inclusion in the Company's proxy statement in accordance with all applicable rules and regulations. In accomplishing these responsibilities, the Committee shall possess the following powers and duties:

(a) The Committee shall review and approve performance goals and objectives relevant to the compensation of the Company's Chief Executive Officer and other executive officers of the Company, shall evaluate the performance of the Chief Executive Officer and other executive officers of the Company in light of those goals and objectives and shall set the compensation level of the Chief Executive Officer and other executive officers of the Company based upon such evaluation, including the long-term incentive component of such compensation. In determining the compensation level of the Chief Executive Officer and other executive officers of the Company, the Committee should consider the performance of the Company, stockholder returns, the compensation levels of Chief Executive Officers and other executive officers of the Company in previous years, the compensation levels of the Chief Executive Officer and other executive officers at businesses comparable to the Company and any additional factors that the Committee deems reasonable and appropriate.

(b) The Committee shall meet annually with the Chief Executive Officer of the Company to receive the Chief Executive Officer's evaluation of and recommendations regarding compensation performance goals and the Company's progress towards meeting those goals.

(c) The Committee shall review and approve all employment agreements, severance arrangements and change of control agreements or provisions for the Chief Executive Officer and other executive officers of the Company.

(d) The Committee and senior management officials shall make recommendations to the board of directors regarding the annual compensation of directors of the Company, including incentive plans and equity-based plans. Additionally, the Committee shall make recommendations to the board of directors regarding the compensation of directors and the reimbursement of expenses with respect to directors' attendance at meetings of the board of directors and shall make recommendations to the board of directors regarding additional compensation of directors serving on committees to the board of directors, including with respect to their attendance at committee meetings.

(e) The Committee shall make recommendations to the board of directors regarding incentive compensation plans and equity-based plans for the Company. The Committee shall adopt, approve or ratify awards under incentive compensation plans and equity-based plans created by the board of directors, and shall review and monitor awards under such plans. The Committee shall ensure that such awards are administered in a manner consistent with the Company's compensation strategy and the terms of the plans with respect to participation in the plans, annual incentive targets, vesting requirements and corporate financial goals. Additionally, the Committee shall approve the submission to stockholders of all new equity-based incentive plans of the Company and shall administer such plans.

-2-

(f) The Committee shall review with the Chief Executive Officer and President the management succession plans of the Company.

(g) The Committee through senior management shall notify executive officers and directors, as well as the SEC, prior to the beginning of all “blackout” periods with respect to the Company’s pension plans and equity-based incentive plans and shall monitor trading activity in the Company’s securities during these periods to ensure compliance.

(h) The Committee shall review all compensation decisions of the Company considering the provisions of Section 162(m) of the Internal Revenue Code.

(i) The Committee shall act in an advisory capacity to the board of directors regarding compensation matters generally.

(j) The Committee shall have the sole authority and adequate funding to retain and terminate any third-party for the purpose of evaluating the performance of the directors, senior executive officers and the Chief Executive Officer of the Company and determining the appropriate compensation for such individuals. Such third parties may include professional consultants specializing in compensation matters, as well as legal, accounting and other advisors, both internal and external.

(k) The Committee may form and delegate authority to subcommittees and individual members of the Committee, where appropriate, with respect to compensation matters.

(l) The Committee shall review and assess the adequacy of this Charter annually, and shall recommend any proposed amendments relating to the Committee’s duties with respect to compensation matters to the board of directors for approval.

(m) The Committee shall make regular reports to the board of directors regarding compensation matters.

THERE WERE NO CHANGES MADE TO THE

COMP COMMITTEE CHARTER

(Ratification of former approval of charter

in 12/03)