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FIRST BANCTRUST CORP  
Form DEF 14A  
March 22, 2005

OMB APPROVAL

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

SCHEDULE 14A

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

Filed by the Registrant [X]  
Filed by a Party other than the Registrant [ ]

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.
- Definitive Additional Materials.
- Soliciting Material Pursuant to Section 240.14a-12

First BancTrust Corporation

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(Name of Registrant as Specified In Its Charter)

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

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- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i) (1) and 0-11.

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1) Amount Previously Paid:

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FIRST BANCTRUST CORPORATION  
206 SOUTH CENTRAL AVENUE  
PARIS, IL 61944  
(217) 465-6381

March 18, 2005

Dear Stockholder:

I am pleased to invite you to attend the First BancTrust Corporation's 2005 annual meeting of stockholders on Monday, April 18, 2005. We will hold the meeting at 10:00 a.m. at the Human Resources Center, 118 East Court Street, Paris, Illinois.

On the page following this letter, you will find the Notice of Meeting which lists the matters to be considered at the meeting. Following the Notice of Meeting is the proxy statement which describes these matters and provides you with additional information about our Company. Also enclosed you will find the Company's 2004 annual report and your proxy card, which allows you to vote on these matters.

Your vote is important. A majority of the common stock must be represented, either in person or by proxy, to constitute a quorum for the conduct of business. PLEASE COMPLETE AND MAIL IN YOUR PROXY CARD PROMPTLY, EVEN IF YOU PLAN TO ATTEND THE MEETING. You can attend the meeting and vote in person, even if you have sent in a proxy card.

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The Board of Directors recommends that stockholders vote FOR each of the proposals stated in the proxy statement.

The rest of the Board and I look forward to seeing you at the meeting. Whether or not you can attend, we greatly appreciate your cooperation in returning the proxy card.

Sincerely,

Terry J. Howard
President and Chief Executive Officer

FIRST BANCTRUST CORPORATION
206 SOUTH CENTRAL AVENUE
PARIS, IL 61944

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TIME..... 10:00 a.m., local time, on Monday, April 18, 2005
PLACE..... The Human Resources Center
118 East Court Street Paris,
Illinois
ITEMS OF BUSINESS..... (1) To elect two members of the Board of Directors for three-year
(2) To ratify the selection of BKD, LLP as independent auditors o
year.
(3) To transact such other business as may properly come before t
ANNUAL REPORT..... Our 2004 annual report, which is not a part of the proxy soliciting
RECORD DATE..... You can vote if you are a stockholder of record on March 11, 2005.
QUORUM..... A majority of the shares of common stock must be represented at the
shares, the meeting may be adjourned.

March 18, 2005

David W. Dick, Secretary

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FIRST BANCTRUST CORPORATION
206 SOUTH CENTRAL AVENUE
PARIS, IL 61944

SOLICITATION AND VOTING

We are sending you this Proxy Statement and the enclosed proxy card because the Board of Directors of First BancTrust Corporation (the "Company" "we" or "us") is soliciting your proxy to vote at the 2005 annual meeting of Stockholders (the "Annual Meeting"). This Proxy Statement summarizes the information you need to know to vote at the Annual Meeting.

You are invited to attend our Annual Meeting on April 18, 2005 beginning at 10:00 a.m., local time. The Annual Meeting will be held at the Human Resources Center, 118 East Court Street, Paris, Illinois.

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This Proxy Statement and the enclosed form of proxy are being mailed starting on or about March 18, 2005.

### STOCKHOLDERS ENTITLED TO VOTE

Holders of record of common stock of the Company at the close of business on March 11, 2005 are entitled to receive this notice. Each share of common stock of the Company is equal to one vote.

There is no cumulative voting at the Annual Meeting.

As of the record date, there were 2,497,050 common shares issued and outstanding.

### VOTING PROCEDURES

Unless you hold your shares in the Company's Retirement Savings Plan (the "401(k) Plan") or the Employee Stock Ownership Plan and Trust (the "ESOP"), you can vote on matters to come before the meeting in one of two ways:

- you can come to the Annual Meeting and cast your vote there; or
- you can vote by signing and returning the enclosed proxy card. If you do so, the individuals named as proxies on the card will vote your shares in the manner you indicate.

You may also choose to vote for all of the nominees for Director and each proposal by simply signing, dating and returning the enclosed proxy card without further direction. All signed and returned proxies that contain no direction as to vote will be voted FOR each of the nominees for Director and FOR each of the proposals.

The Board of Directors has selected itself as the persons to act as proxies on the proxy card.

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If you plan to attend the Annual Meeting and vote in person, you should request a ballot when you arrive. HOWEVER, IF YOUR SHARES ARE HELD IN THE NAME OF YOUR BROKER, BANK OR OTHER NOMINEE, THE INSPECTOR OF ELECTION WILL REQUIRE YOU TO PRESENT A POWER OF ATTORNEY OR PROXY IN YOUR NAME FROM SUCH BROKER, BANK OR OTHER NOMINEE FOR YOU TO VOTE SUCH SHARES AT THE ANNUAL MEETING. Please contact your broker, bank or nominee.

### VOTING PROCEDURES FOR SHARES IN THE COMPANY'S 401(k) PLAN OR ESOP

If you participate in the Company's 401(k) Plan or ESOP, please return your proxy in the envelope on a timely basis to ensure that your proxy is voted. If you own or are entitled to give voting instructions for shares in the 401(k) Plan or ESOP and do not vote your shares or give voting instructions, generally, the Plan Administrator or Trustee will vote your shares in the same proportion as the shares for all plan participants for which voting instructions have been received. Holders of shares in the 401(k) Plan or ESOP will not be permitted to vote such shares at the Annual Meeting, but their attendance is encouraged and welcomed.

### REQUIRED VOTE

The presence, in person or by proxy, of the holders of a majority of the votes entitled to be cast by the stockholders at the Annual Meeting is necessary to constitute a quorum. Abstentions and broker "non votes" are counted as

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present and entitled to vote for purposes of determining a quorum. A broker "non vote" occurs when a broker, bank or other nominee holding shares for a beneficial owner does not vote on a particular proposal because such broker, bank or nominee does not have discretionary authority to vote and has not received instructions from the beneficial owner.

Once a quorum is achieved, a plurality of votes cast is all that is necessary for the election of Directors. Abstentions and broker "non votes" are not counted in determining the vote. As to ratification of BKD, LLP and all other matters that may come before the meeting, the affirmative vote of a majority of votes cast is necessary for the approval of such matters. Abstentions and broker "non votes" are again not counted for purposes of approving the matter.

### REVOKING A PROXY

If you give a proxy, you may revoke it at any time before it is exercised. You may revoke your proxy in any one of three ways:

- you may send in another proxy with a later date;
- you may notify the Company's Secretary in writing at First BancTrust Corporation, 206 South Central Avenue, Paris, Illinois 61944; or
- unless you hold shares in the 401(k) Plan or ESOP, you may revoke by voting in person at the Annual Meeting.

If you choose to revoke your proxy by attending the Annual Meeting, you must vote in accordance with the rules for voting at the Annual Meeting. Attending the Annual Meeting alone will not constitute revocation of a proxy.

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### LIST OF STOCKHOLDERS

A list of stockholders entitled to vote at the Annual Meeting will be available for examination by stockholders for any purpose related to the Annual Meeting at the Company's offices at 206 South Central Avenue, Paris, Illinois for a period of ten days prior to the Annual Meeting. A list will also be available at the Annual Meeting itself.

### COST OF PROXY SOLICITATION

We will pay the expenses of soliciting proxies. Proxies may be solicited on our behalf by Directors, officers or employees in person or by telephone, mail or telegram. We do not intend to engage a proxy solicitation firm to assist us in the distribution and solicitation of proxies. The Company will also request persons, firms and corporations holding shares in their names for other beneficial owners to send proxy materials to such beneficial owners. The Company will reimburse these persons for their expenses.

### INSPECTOR OF ELECTION

Your proxy returned in the enclosed envelope will be delivered to the Company's transfer agent, Illinois Stock Transfer Company. The Board of Directors has designated Illinois Stock Transfer Company to act as inspectors of election and to tabulate the votes at the Annual Meeting. Illinois Stock Transfer Company is not otherwise employed by, or a Director of, the Company or any of its affiliates. After the final adjournment of the Annual Meeting, the proxies will be returned to the Company.

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## OTHER MATTERS

The Board of Directors knows of no business which will be presented for consideration at the Annual Meeting other than as stated in the Notice of Annual Meeting of Stockholders. If, however, other matters are properly brought before the Annual Meeting, it is the intention of the persons named in the proxies to vote the shares on such matters in their discretion.

## GOVERNANCE OF THE COMPANY

### ROLE AND COMPOSITION OF THE BOARD OF DIRECTORS

Our Company's Board of Directors is the ultimate decision making body of the Company, except for matters which law or our Certificate of Incorporation requires the vote of stockholders. The Board of Directors selects the management of the Company which is responsible for the Company's day to day operations. The Board acts as an advisor to management and also monitors its performance. Our Board of Directors has determined that each of Messrs. James D. Motley, Vick N. Bowyer, David W. Dick, Terry T. Hutchison, John W. Welborn, and Joseph R. Schroeder are independent as independence is defined in the National Association of Securities Dealers' listing standards, as those standards have been modified or supplemented.

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Members of the Board of Directors serve also as Directors of First Bank & Trust, S.B. (the "Bank"). The Bank is the Company's wholly owned subsidiary. You will find a discussion of its activities in your Annual Report.

During 2004, the Board of Directors met as the Company's Board of Directors 10 times. In addition, the Board of Directors has authorized four Committees to manage distinct matters of the Company. These Committees are the Executive Committee, Audit Committee, the Nominating Committee, and the Compensation Committee. Membership on each of the Committees is set forth in the table below. All of our Directors attended 75 percent or more of the meetings of the Board and the Board Committees on which they served in 2004.

| NAME<br>-----       | BOARD<br>----- | EXECUTIVE<br>----- | AUDIT<br>----- | NOMINATING<br>----- | COMPENSATION<br>----- |
|---------------------|----------------|--------------------|----------------|---------------------|-----------------------|
| Vick N. Bowyer      | X              | X                  |                |                     |                       |
| David W. Dick       | X              |                    |                | X                   | X                     |
| Terry J. Howard     | X              | X                  |                |                     |                       |
| Terry T. Hutchison  | X              | X                  | X              | X                   |                       |
| James D. Motley     | X              | X                  | X              |                     | X                     |
| Joseph R. Schroeder | X              |                    |                | X                   | X                     |
| John W. Welborn     | X              |                    | X              | X                   | X                     |
| Meetings in 2004    | 10             | 2                  | 7              | 1                   | 3                     |

### THE EXECUTIVE COMMITTEE

The Executive Committee generally acts in lieu of the full board of directors between board meetings. This committee is responsible for formulating and implementing policy decisions, subject to review by the entire board of directors.

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### THE AUDIT COMMITTEE

The Audit Committee is responsible for recommending the annual appointment of the public accounting firm to be our outside auditors, subject to approval of the Board of Directors and stockholders. The Committee is responsible for the following tasks:

- maintaining a liaison with the outside auditors;
- reviewing the adequacy of internal controls;
- reviewing with management and outside auditors financial disclosures of the Company; and
- reviewing any material changes in accounting principles or practices used in preparing statements.

### AUDIT COMMITTEE FINANCIAL EXPERT

Our Board of Directors has determined that we have an Audit Committee financial expert, as defined by the Securities and Exchange Commission, serving on our Audit Committee. James D. Motley is our Audit Committee financial expert, and he is independent as independence for audit committee

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members is defined in the National Association of Securities Dealers' listing standards, as those standards have been modified or supplemented.

### THE NOMINATING COMMITTEE

Our Board of Directors has a Nominating Committee which consists of four directors. David W. Dick, Terry T. Hutchison, Joseph R. Schroeder, and John W. Welborn are the current members of this committee. The Nominating Committee identifies individuals to become board members and selects, or recommends for the board's selection, director nominees to be presented for stockholder approval at the annual meeting of stockholders or to fill any vacancies. During the fiscal year ended December 31, 2004, the Nominating Committee held 1 meeting.

Our Board of Directors has adopted a written charter for the Nominating Committee, a copy of which was attached as an appendix to the proxy statement in connection with the 2004 annual meeting and is also available to stockholders on our website, at <http://www.firstbanctrust.com>. Each of the members of our Nominating Committee is independent as independence is defined in the National Association of Securities Dealers' listing standards, as those standards have been modified or supplemented.

The Nominating Committee's policy is to consider director candidates recommended by stockholders. Such recommendations must be made pursuant to timely notice in writing to:

First BancTrust Corporation  
206 South Central Avenue  
Paris, Illinois 61944

Section 4.15 of the Company's Bylaws governs nominations for election to the Board of Directors and requires all nominations for election to the Board of Directors, other than those made by or at the direction of the Board, to be made pursuant to timely notice in writing to the Secretary of the Company, as set forth in the Bylaws. To be timely, with respect to an election to be held at an



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annual meeting of stockholders, a stockholders' notice must be delivered to or received by the Secretary not later than 120 days prior to the anniversary date of the mailing of proxy materials by the Company in connection with the immediately preceding annual meeting of stockholders of the Company. No notice has been received by the Company in connection with the Annual Meeting. Each written notice of a stockholder nomination must set forth certain information specified in the Bylaws. The presiding officer of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the procedures set forth in the Bylaws.

The Nominating Committee has not established specific, minimum qualifications for recommended nominees or specific qualities or skills for one or more of our directors to possess. The Nominating Committee uses a subjective process for identifying and evaluating nominees for director, based on the information available to, and the subjective judgments of, the members of the Nominating Committee and our then current needs, although the committee does not believe there would be any difference in the manner in which it evaluates nominees based on whether the nominee is recommended by a stockholder. Historically, nominees have been existing directors or business associates of our directors or officers.

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### THE COMPENSATION COMMITTEE

The Compensation Committee is responsible for establishing annual and long-term performance goals for the Chief Executive Officer and senior management. This Committee also approves the senior officers' compensation and other incentive compensation programs.

### CODE OF ETHICS

The Company has adopted a Code of Ethics that applies to all of our employees, officers and directors, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Our Code of Ethics contains written standards that we believe are reasonably designed to deter wrongdoing and to promote:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- Full, fair, accurate, timely, and understandable disclosure in reports and documents that we file with, or submit to, the Securities and Exchange Commissions and in other public communications we make;
- Compliance with applicable governmental laws, rules and regulations;
- The prompt internal reporting of violations of the code to an appropriate person or persons named in the code; and
- Accountability for adherence to the code.

This Code of Ethics is attached to our Annual Report on Form 10-KSB for the fiscal year ended December 31, 2004 as Exhibit 14. We have also posted it on our Web site at <http://www.firstbanctrust.com>. We will provide to any person without charge, upon request, a copy of our Code of Ethics. Requests for a copy of our Code of Ethics should be made to our Secretary at 206 South Central Avenue, Paris, Illinois 61944. We intend to satisfy the disclosure requirement

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under Item 10 of Form 8-K regarding an amendment to, or a waiver from, a provision of our Code of Ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions and that relates to any element of the code definition enumerated in Securities and Exchange Commission, Regulation S-K, Item 406(b) by posting such information on our Web site at <http://www.firstbanctrust.com> within five business days following the date of the amendment or waiver.

### STOCKHOLDER COMMUNICATIONS WITH THE BOARD

Our Board of Directors has a process for stockholders to send communications to the Board of Directors, its Nominating Committee or its Audit Committee, including complaints regarding accounting, internal accounting controls, or auditing matters. Communications can be sent to the Board of Directors, its Nominating Committee or its Audit Committee or specific directors either by regular mail to the attention of the Board of Directors, its Nominating Committee, its Audit Committee or specific directors, at our principal executive offices at 206 South Central Avenue, Paris, Illinois 61944. All of these communications will be reviewed by our Secretary (1) to filter out communications that our Secretary deems are not appropriate for our directors, such as spam and communications offering to buy or sell products or services, and (2) to sort and relay the remainder to the appropriate directors. We encourage all of our directors to attend the annual meeting of stockholders, if possible. All seven of our directors attended the 2004 annual meeting of stockholders.

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### DIRECTORS' COMPENSATION

Each director of the Company and the Bank receives \$250 for Board meetings held, but only if attended, except Mr. Howard who receives no director's fees from First Bank. Each director of the Company receives a quarterly compensation of \$1,275, whether or not the meeting(s) are attended except the Chairman of the Board of the Company receives a total of \$1,785 quarterly. Each director of the Bank also receives a quarterly compensation of \$1,275, whether or not they attend meeting(s) except the Chairman receives a total of \$1,785 quarterly. Each director of the Company and First Bank receives \$250 for each committee meeting attended except Mr. Howard who receives no committee fees from First Bank. If additional Board meetings are held, directors receive additional compensation of \$250 per meeting, but only if attended. The Company has a deferred director fee plan covering certain directors whereby each director may elect to defer all or a portion of their annual fees. A First Bank director emeritus receives \$510 each month whether or not meetings are attended. Mr. Sprague, Director Emeritus, receives an additional \$510 per month retainer as a public relations officer.

### ITEM 1. ELECTION OF DIRECTORS

Currently, the Board of Directors has seven members divided into three classes of two or three directors per class. Each class of directors has three-year terms. One class of directors is up for election each year. This results in a staggered Board which ensures continuity from year to year.

Two directors will be elected at the Annual Meeting to serve for three-year terms expiring at our Annual Meeting in the year 2008.

The persons named in the enclosed proxy card intend to vote the proxy for the election of each of the two nominees unless you indicate on the proxy card that your vote should be withheld from any or all of such nominees. Each nominee elected as director will continue in office until his or her successor has been

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elected, or until his death, resignation or retirement.

The Board of Directors has proposed the following nominees for election as Directors with terms expiring in 2008 at the Annual Meeting: David W. Dick and Terry J. Howard.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF THESE  
NOMINEES AS DIRECTORS.

We expect each nominee to be able to serve if elected. If any nominee is not able to serve, proxies will be voted in favor of the remainder of those nominated and may be voted for substitute nominees. The principal occupation and certain other information about the nominees and other Directors whose terms of office continue after the Annual Meeting is set forth below. Such terms may include years of services for the Bank prior to the formation of the Company.

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### NOMINEES WHOSE TERMS WILL EXPIRE IN 2008

| NAME AND AGE AS OF<br>THE ANNUAL MEETING<br>----- |    | POSITION, PRINCIPAL OCCUPATION,<br>BUSINESS EXPERIENCE AND DIRECTORSHIP<br>-----   |
|---|----|--|
| David W. Dick.....                                | 55 | Director since 1996. Insurance Agent for Country Companies in<br>Bloomington, Illinois.  |
| Terry J. Howard.....                              | 57 | Director, President and Chief Executive Officer of the Company since<br>November 2000. Executive Vice President of First Bank from<br>1999. President and Chief Executive Officer of First Bank from<br>1996 to November 2000. Director since November 2000. |

### CONTINUING DIRECTORS WITH TERMS EXPIRING 2006

| NAME AND AGE AS OF<br>THE ANNUAL MEETING<br>----- |    | POSITION, PRINCIPAL OCCUPATION,<br>BUSINESS EXPERIENCE AND DIRECTORSHIP<br>-----   |
|---|----|--|
| Joseph R. Schroeder.....                          | 54 | Director since 1997. Attorney in private practice with the firm of<br>Bennett, Schroeder & Wieck, Marshall Illinois.   |
| James D. Motley.....                              | 60 | Director since 2002. Self-employed owner of the accounting firm of<br>Motley, C.P.A., Paris, Illinois.   |
| Vick N. Bowyer.....                               | 53 | Director since 2003. Principal and co-owner of Linsco/Private<br>Branch, a registered broker-dealer, Marshall, Illinois, since<br>1996. Finance advisor and principal, Raymond James Financial, a<br>broker-dealer, at Citizens National Bank of Paris, Illinois,<br>1996 to April 2000. |

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### CONTINUING DIRECTORS WITH TERMS EXPIRING 2007

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| NAME AND AGE AS OF<br>THE ANNUAL MEETING<br>----- | POSITION, PRINCIPAL OCCUPATION,<br>BUSINESS EXPERIENCE AND DIRECTORSHIP<br>-----  |
|---|---|
| Terry T. Hutchison.....52                         | Chairman of the Board. Self-employed Business Consultant, since July 2002. Manager and owner of Parkway Furniture Co. of Illinois from November 1976 to June 2002. Director since 1995. |
| John W. Welborn.....59                            | Director since 1995. Retired. Facilities Manager, TRW, Inc. of Illinois from November 1971 to June 2001.  |

ITEM 2. RATIFICATION OF AUDITORS

The Audit Committee of the Board of Directors has appointed BKD, LLP to serve as our independent auditors for 2005 and is seeking the ratification of the appointment of BKD, LLP by our stockholders.

In the event our stockholders fail to ratify the selection of BKD, LLP, the Audit Committee will consider it as a direction to select other auditors for the subsequent year. Representatives of BKD, LLP will be present at the Annual Meeting to answer questions. They will also have the opportunity to make a statement if they desire to do so.

AUDIT FEES

Audit fees and expenses billed to the Company by BKD, LLP for the audit of the Company's financial statements for the fiscal years ended December 31, 2004 and December 31, 2003, and for review of the Company's financial statements included in the Company's quarterly reports on Form 10-QSB, are as follows:

| 2004<br>---- | 2003<br>---- |
|--------------|--------------|
| \$79,651     | \$84,354     |

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AUDIT RELATED FEES

Audit related fees and expenses billed to the Company by BKD, LLP for fiscal years 2004 and 2003 for services related to the performance of the audit or review of the Company's financial statements that were not included under the heading "Audit Fees", are as follows:

| 2004<br>---- | 2003<br>---- |
|--------------|--------------|
| \$6,010      | \$4,727      |

TAX FEES

Tax fees and expenses billed to the Company for fiscal years 2004 and 2003

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for services related to tax compliance, tax advice and tax planning, consisting primarily of preparing the Company's federal and state income tax returns for the previous fiscal periods and inclusive of expenses are as follows:

| 2004<br>---- | 2003<br>---- |
|--------------|--------------|
| \$7,500      | \$8,300      |

### ALL OTHER FEES

Fees and expenses billed to the Company by BKD, LLP for all other services provided during fiscal years 2004 and 2003 are as follows:

| 2004<br>---- | 2003<br>---- |
|--------------|--------------|
| \$20,014     | \$0          |

In accordance with Section 10A(i) of the Exchange Act, before BKD, LLP is engaged by us to render audit or non-audit services, the engagement is approved by our Audit Committee. None of the audit-related, tax and other services described in the table above were approved by the Audit Committee pursuant to Rule 2-01(c)(7)(i)(C) of Regulation S-X. None of the time devoted by BKD, LLP on its engagement to audit the Company's financial statements for the year ended December 31, 2004 is attributable to work performed by persons other than BKD, LLP employees.

The affirmative vote of a majority of votes cast on this proposal, without regard to abstentions or broker "non votes," is required for the ratification of the appointment of BKD, LLP.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF BKD, LLP AS OUR INDEPENDENT AUDITORS FOR THE YEAR 2005.

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### SECURITY OWNERSHIP OF DIRECTORS, NOMINEES FOR DIRECTORS MOST HIGHLY COMPENSATED EXECUTIVE OFFICERS AND ALL DIRECTORS AND EXECUTIVE OFFICERS AS A GROUP

| NAME<br>----  | AMOUNT AND<br>NATURE OF BENEFICIAL<br>OWNERSHIP<br>----- |
|---|--|
| Vick N. Bowyer (Director).....                        | 11,002 (1) (3)   |
| David W. Dick (Director).....                         | 37,282 (1) (2) (4)                                       |
| Terry J. Howard (Director and Executive Officer)..... | 76,808 (1) (2) (5)                                       |
| Terry T. Hutchison (Director).....                    | 20,982 (1) (2) (6)                                       |
| James D. Motley (Director).....                       | 9,000 (1) (7)  |
| Joseph R. Schroeder (Director).....                   | 34,882 (1) (2) (8)                                       |
| John W. Welborn (Director).....                       | 25,438 (1) (2) (9)                                       |

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All directors and executive officers as a group (8 persons) 239,181

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\* less than one percent

- (1) Stock options were awarded on 5/15/2003 and are exercisable over a 5 year period at a rate of 20% per year commencing on the anniversary date of the grant.
- (2) Shares allocated under the Recognition and Retention Plan were awarded on 4/22/2002 (2002 RRP) and on 11/13/2003 (2003 RRP) and vest over a 5 year period at a rate of 20% per year commencing on the anniversary date of the award.
- (3) Includes 802 shares in the Naomi J. Bowyer Trust and 800 shares in the Steven N. Bowyer Trust, trusts over which Mr. Bowyer has power of attorney and 6,600 Stock Options which are exercisable within 60 days.
- (4) Includes 23,000 shares owned by Mr. Dick's wife's trust, 400 shares held by Mr. Dick's wife's IRA, and 400 shares held by Mr. Dick's son, 5,832 shares allocated under the 2002 RRP and 250 shares allocated under the 2003 RRP, over which Mr. Dick has voting power, and 8,800 Stock Options which are exercisable within 60 days.
- (5) Includes 9,600 shares held in Mr. Howard's IRA, 4,000 shares held in Mr. Howard's wife's IRA, 26,720 held by FirstBank's 401k plan, 3,218 shares held by the ESOP for the account of Mr. Howard, 24,000 shares allocated under the 2002 RRP, over which Mr. Howard has voting power, and 8,870 Stock Options which are exercisable within 60 days.
- (6) Includes 5,000 shares held in Mr. Hutchinson's IRA, 100 shares held by Mr. Hutchinson's daughter, 5,832 shares allocated under the 2002 RRP and 250 shares allocated under the 2003 RRP, over which Mr. Hutchinson has voting power, and 8,800 Stock Options which are exercisable within 60 days.
- (7) Includes 8,800 Stock Options which are exercisable within 60 days.
- (8) Includes 3,000 shares held by Mr. Schroeder's children, 5,000 shares held in Mr. Schroeder's IRA, 5,832 shares allocated under the 2002 RRP and 250 shares allocated under the 2003 RRP, over which Mr. Schroeder has voting power, and 8,800 Stock Options which are exercisable within 60 days.
- (9) Includes 10,556 shares which are held in Mr. Welborn's wife IRA, 5,832 shares allocated under the 2002 RRP and 250 shares allocated under the 2003 RRP, over which Mr. Welborn has voting power, and 8,800 Stock Options which are exercisable within 60 days.

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SECURITY OWNERSHIP OF STOCKHOLDER  
HOLDING 5% OR MORE

| NAME AND ADDRESS OF<br>BENEFICIAL OWNER                               | NUMBER OF<br>SHARES (1) | PERCENT<br>OF CLASS |
|---|-------------------------|---------------------|
| First BancTrust Corporation<br>Employee Stock Ownership Plan ("ESOP") | 244,639 (2)             | 9.8%                |

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206 South Central Avenue  
Paris, Illinois 61944

|  |             |       |
|--|-------------|-------|
|  | 197,400 (3) | 7.9%  |
| Bay Pond Partners, L.P.<br>75 State Street<br>Boston, Massachusetts 02109            |             |       |
|  | 165,000 (4) | 6.6%  |
| Gerald R. Forsythe<br>1111 South Willis Avenue<br>Wheeling, Illinois 60090           |             |       |
|  | 276,600 (5) | 11.1% |
| Wellington Management Company, LLP<br>75 State Street<br>Boston, Massachusetts 02109 |             |       |

- (1) Pursuant to rules promulgated by the Securities and Exchange Commission ("SEC") under the Exchange Act, a person or entity is considered to beneficially own shares of Common Stock if the person or entity has or shares (i) voting power, which includes the power to vote or to direct the voting of the shares, or (ii) investment power, which includes the power to dispose or direct the disposition of the shares. Unless otherwise indicated, a person has sole voting power and sole investment power with respect to the indicated shares.
- (2) The First Banc Trust Corporation Employee Stock Ownership Plan Trust ("Trust") was established pursuant to the First Banc Trust Corporation Employee Stock Ownership Plan ("ESOP"). As of the Voting Record Date, 152,120 shares held in the Trust were unallocated, and 92,519 shares held in the Trust had been allocated to the accounts of participating employees. Under the terms of the ESOP, the Trustee will generally vote the allocated shares held in the ESOP in accordance with the instructions of the participating employees. Unallocated shares held in the ESOP will generally be voted by the ESOP Trustee in the same proportion for and against proposals to stock holders as the ESOP participants and beneficiaries actually vote shares of Common Stock allocated to their individual accounts, subject in each case to the fiduciary duties of the ESOP trustee and applicable law. Any allocated shares which either abstain on the proposal or are not voted will generally be disregarded in determining the percentage of stock voted will generally be disregarded in determining the percentage of stock voted for and against each proposal by the participants and beneficiaries.
- (3) Based on a Schedule 13G amended joint filing on February 14, 2004 made on behalf of Bay Pond Partners, L.P. ("Bay Pond"), a Delaware limited partnership, Wellington Hedge Management, LLC ("WHML"), a Massachusetts limited liability company which is the sole general partner of Bay Pond, and Wellington Hedge Management, Inc. ("WHMI"), a Massachusetts corporation which is the managing member of WHML. Bay Pond, WHML and WHMI each beneficially own 197,400 shares and have shared voting and dispositive power.
- (4) Based on a Schedule 13D filing on May 6, 2002 made on behalf of Gerald R. Forsythe. Mr. Forsythe has the sole power to vote and dispose of all of the 165,000 shares.

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- (5) Based on a Schedule 13G amended filing on February 14, 2005 made on behalf of Wellington Management Company, LLP ("WMC"), WMC, in its capacity as investment adviser, may be deemed to beneficially own 276,600 shares which are held of record by clients of WMC. WMC has shared voting and dispositive power over 221,200 and 276,600 shares, respectively.

### EXECUTIVE COMPENSATION

The following table shows, for the years ended December 31, 2004, 2003 and 2002, the cash compensation paid by the Bank, as well as certain other compensation paid or accrued for those years, to the Chief Executive Officer and other executive officers ("Named Executive Officers") who accrued salary and bonus in excess of \$100,000 in fiscal year 2004.

### COMPENSATION TABLE

| NAME AND PRINCIPAL<br>POSITIONS<br>----- | YEAR<br>---- | ANNUAL COMPENSATION        |                      |   | LONG-TERM COMPENSATION                               |   |
|--|--------------|----------------------------|----------------------|---|--|---|
|  |              | SALARY<br>(\$)(1)<br>----- | BONUS<br>(\$)<br>--- | OTHER<br>ANNUAL<br>COMPEN-<br>-SATION<br>(\$)(2)<br>----- | RESTRICTED<br>STOCK<br>AWARDS<br>(\$)(3)(4)<br>----- | SECURITIES<br>UNDERLYING<br>OPTIONS/<br>SARS<br>(#)(5)<br>----- |
|  | 2004         | \$114,400                  | \$8,980              | --  | --   | --  |
| Terry J. Howard,                         | 2003         | 113,000                    | 8,554                | --  | --   | 22,174  |
| President and Chief<br>Executive Officer | 2002         | 110,250                    | 19,829               | --  | 192,000  | --  |

- 
- (1) Includes a deferral of 5% of Mr. Howard's salary in years 2004, 2003, and 2002.
- (2) Does not include amounts attributable to miscellaneous benefits received by the named executive officer. In the opinion of management of the Company, the costs to the Company of providing such benefits to the named executive officer during the year ended December 31, 2003 did not exceed the lesser of \$50,000 or 10% of the total of annual salary and bonus reported for such individual.
- (3) Reflects the value of shares of restricted stock on the date of grant awarded pursuant to the Recognition Plan. Such restricted stock vests over five years, 20% per year from the date of the grant. Dividends paid on the restricted common stock are held in trust and paid to the recipient when the restricted stock is earned.
- (4) As of December 31, 2004, Mr. Howard had 14,400 shares of unearned restricted stock pursuant to the Recognition Plan, which had fair market values of \$170,784, at December 31, 2004.
- (5) Stock options were awarded on May 15, 2003 and are exercisable over a five (5) year period at a rate of 20% per year commencing on the anniversary date of the grant.
- (6) During the year ended December 31, 2004, consists of estimated allocations under the ESOP of \$23,270. Mr. Howard also received \$8,300 in director's



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fees from the Company and \$1,128 in above-market interest on deferred compensation.

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TOTAL OPTIONS EXERCISED IN 2004 AND YEAR END VALUES

This table gives information for options exercised by each of the named executive officers in 2004 and the value (stock price less exercise price) of the remaining options held by those officers at year-end price of the Common Stock.

FISCAL YEAR-END OPTION/SAR VALUES

|                      | SHARES ACQUIRED<br>ON EXERCISE | VALUE REALIZED<br>(\$) | NUMBER OF SECURITIES<br>UNDERLYING UNEXERCISED<br>OPTIONS/SARS AT<br>FISCAL YEAR-END (#) (1)<br>EXERCISABLE/UNEXERCISABLE | VA<br>OPT<br>EXER |
|----------------------|--------------------------------|------------------------|---|-------------------|
|                      | -----                          | ---                    | -----   | ---               |
| Terry J. Howard..... | 0                              | 0                      | 4,434/17,740  |                   |

(1) The options in this table have an exercise price of \$9.87 and became exercisable at an annual rate of 20% beginning May 15, 2004. The options expire ten years from the date of grant.

(2) Based on market value of the underlying stock at the fiscal year end of \$11.86 minus the exercise price. The market price on March 11, 2005 was \$12.07 per share.

OPTION GRANTS IN 2004

The following table sets forth certain information concerning the number and value of stock options granted in the last fiscal year to the individuals named above in the summary compensation table:

| (A)<br>NAME     | (B)<br>OPTIONS<br>GRANTED | (C)<br>% OF TOTAL OPTIONS<br>GRANTED TO<br>EMPLOYEES IN FISCAL<br>YEAR | (D)<br>EXERCISE OR BASE<br>PRICE (\$/SH) | EXP |
|-----------------|---------------------------|--|--|-----|
| ----            | -----                     | -----  | -----                                    | --- |
| Terry J. Howard | 0                         | 0  | N/A                                      | N   |

OTHER COMPENSATION ARRANGEMENTS

EMPLOYMENT AGREEMENTS

First BancTrust and First Bank, as employers, have entered into an employment agreement with Terry J. Howard pursuant to which the employers have agreed to employ Mr. Howard as President and Chief Executive Officer of First BancTrust and First Bank for a term of two years. The agreement provides that Mr. Howard will initially be paid a salary level of \$107,500.

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Mr. Howard's compensation and expenses shall be paid by First BancTrust and First Bank in the same proportion as the time and services actually expended by the executive on behalf of each employer. The employment agreement will be reviewed annually. The term of Mr. Howard's employment agreement shall be extended each year for a successive additional one-year period upon the approval of the employers' Boards of

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Directors, unless either party elects, not less than 30 days prior to the annual anniversary date, not to extend the employment term. The employment agreement shall be terminable with or without cause by the employers. Mr. Howard shall have no right to compensation or other benefits pursuant to the employment agreement for any period after voluntary termination or termination by the employers for cause, disability or retirement. The agreement provides for certain benefits in the event of Mr. Howard's death. In the event that

- (1) either executive terminates his employment because the employers either fail to comply with any material provision of the employment agreement or change the executive's title or duties, or
- (2) the employment agreement is terminated by the employers other than for cause, disability, retirement or death or by the executive as a result of certain adverse actions which are taken with respect to the executive's employment following a change in control of First BancTrust, as defined,

then the executive will be entitled to a cash severance amount equal to three times his average annual compensation for the last five calendar years (or such shorter period that he has worked with First Bank), plus the continuation of certain miscellaneous fringe benefits, subject to reduction pursuant to Section 280G of the Internal Revenue Code as set forth below in the event of a change in control.

A change in control is generally defined in the employment agreement to include any change in control of First BancTrust required to be reported under the federal securities laws, as well as (1) the acquisition by any person of 20% or more of First BancTrust's outstanding voting securities and (2) a change in a majority of the directors of First BancTrust during any three-year period without the approval of at least two-thirds of the persons who were directors of First BancTrust at the beginning of such period.

The employment agreement provides that, in the event any of the payments to be made thereunder or otherwise upon termination of employment are deemed to constitute "parachute payments" within the meaning of Section 280G of the Internal Revenue Code, then such payments and benefits shall be reduced by the minimum necessary to result in the payments not exceeding three times the recipient's average annual compensation from the employers which was includable in the recipient's gross income during the most recent five taxable years. As a result, none of the severance payments will be subject to a 20% excise tax, and the employers will be able to deduct such payments as compensation expense for federal income tax purposes. Based upon compensation levels at December 31, 2004, if a change in control was to occur, the severance payment would be approximately \$363,798 for Mr. Howard.

Although the above-described employment agreement could increase the cost of any acquisition of control, First BancTrust and First Bank does not believe that the terms thereof would have a significant anti-takeover effect.

401(k) PLAN

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First Bank has a 401(k) Plan in which substantially all employees may participate. First Bank may contribute to the 401(k) Plan at the discretion of the Board of Directors.

### VOLUNTARY EMPLOYEE'S BENEFIT ASSOCIATION

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First Bank also maintains a voluntary employee's benefit association for the benefit of substantially all of its full-time employees. Benefits available under the voluntary employee's benefit association include major medical, life, accidental death and dismemberment, and disability insurance. These benefits are available to all employees who have attained a minimum age and length of service. The voluntary employee's benefit association is funded through voluntary contributions from employees and contributions from First Bank.

### EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

First BancTrust has established an ESOP for employees of First BancTrust and First Bank. Full-time employees who have been credited with at least 1,000 hours of service during a 12-month period and who have attained age 21 are eligible to participate in our employee stock ownership plan.

The ESOP borrowed funds from First BancTrust to purchase 243,340 shares of Common Stock in the Bank's conversion from mutual to stock form. The loan to our ESOP will be repaid principally from our contributions to our ESOP over a period of eight years, and the collateral for the loan will be the Common Stock purchased by our ESOP. First BancTrust may, in any plan year, make additional discretionary contributions for the benefit of plan participants in either cash or shares of common stock, which may be acquired through the purchase of outstanding shares in the market or from individual stockholders, upon the original issuance of additional shares by First BancTrust or upon the sale of treasury shares by First BancTrust. Such purchases, if made, would be funded through additional borrowings by our ESOP or additional contributions from First BancTrust. The timing, amount and manner of future contributions to our ESOP will be affected by various factors, including prevailing regulatory policies, the requirements of applicable laws and regulations and market conditions. The ESOP is subject to the requirements of the Employee Retirement Income Security Act of 1974, and the regulations of the Internal Revenue Service and the Department of Labor thereunder.

### 2002 STOCK OPTION PLAN

An aggregate of 304,174 shares of Common Stock were reserved under the 2002 Stock Option Plan. At December 31, 2004, 304,174 options to acquire shares of Common Stock had been granted. The options granted to acquire shares of common stock will vest over a five year period.

### 2002 RECOGNITION AND RETENTION PLAN

The Recognition Plan acquired 121,670 shares of Common Stock. At December 31, 2004, 68,492 shares had been granted to directors and executive officers and 26,792 of such shares had vested. Under the Recognition Plan, shares are awarded as restricted stock which vests over a period specified by the Board or the Compensation Committee. The restricted stock granted will vest over a five-year period.

### DEFERRED COMPENSATION PLAN

The Deferred Compensation Plan allows those granted shares under the Recognition Plan to defer the receipt of vested shares. At December 31, 2004,

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24,701 vested shares had been deferred.

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### PERFORMANCE GRAPH

The following graph compares the cumulative total stockholder return on the Company's common stock ("FBTC"), with the cumulative return for the Nasdaq Total Return Index and the SNL Less Than \$250 Million Thrift Index over the same period, assuming the investment of \$100 on April 19, 2001, and reinvestment of all dividends.

### FIRST BANCTRUST CORPORATION

#### [PERFORMANCE GRAPH]

| Index                       | PERIOD ENDING |          |          |          |          |
|-----------------------------|---------------|----------|----------|----------|----------|
|                             | 04/19/01      | 12/31/01 | 12/31/02 | 12/31/03 | 12/31/04 |
| First BancTrust Corporation | 100.00        | 133.01   | 149.81   | 221.45   | 220.60   |
| NASDAQ Composite            | 100.00        | 89.58    | 61.63    | 92.84    | 101.34   |
| SNL                         |               |          |          |          |          |