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EMPIRE PETROLEUM CORP
Form 10QSB
November 15, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-QSB

(Mark One)

Quarterly Report Under Section 13 OR 15(d) of the Securities
Exchange Act of 1934

For the quarterly period ended September 30, 2004

Transition Report Under Section 13 or 15(d) of the Exchange Act

For the transition period from _____ to _____

Commission file number 001-16653

EMPIRE PETROLEUM CORPORATION

(Exact name of small business issuer as specified in its charter)

DELAWARE	73-1238709
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

8801 S. Yale, Suite 120, Tulsa, Oklahoma 74137-3575
(Address of principal executive offices)

(918) 488-8068
(Issuer's telephone number)

(Former name, former address and former fiscal year, if changed since last
report)

Check whether the issuer (1) filed all reports required to be filed by
Section 13 or 15(d) of the Exchange Act during the past 12 months (or for
such shorter period that the registrant was required to file such reports),
and (2) has been subject to such filing requirements for the past 90 days.
 Yes No

State the number of shares outstanding of each of the issuer's classes of
common equity, as of the latest practicable date:

Common Stock, \$.001 Par Value - 37,830,190 shares outstanding as of
September 30, 2004.

Transitional Small Business Disclosure Format: Yes No

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EMPIRE PETROLEUM CORPORATION

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Item 1. FINANCIAL STATEMENTS

EMPIRE PETROLEUM CORPORATION

BALANCE SHEET

	September 30, 2004 (Unaudited)
ASSETS	
Current assets:	
Cash	\$ 51
Accounts receivable	5,917
Total current assets	5,968
Property & equipment, net of accumulated depreciation and depletion	527,109
Total Assets	\$ 533,077
 LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 293,745
Accounts payable to related party	194,167
Note payable	90,596
Total current liabilities	578,508
Total liabilities	578,508
Stockholders' equity (deficiency):	
Common stock at par value	37,830
Additional paid in capital	8,405,635
Accumulated deficit	(8,488,896)
Total stockholders' equity (deficiency)	(45,431)
Total Liabilities and Equity (Deficiency)	\$ 533,077

See accompanying notes to financial statements.

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EMPIRE PETROLEUM CORPORATION

STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2004	2003	2004	2003
Revenue:				
Petroleum sales	\$ 19,674	\$ 74,149	\$ 55,778	\$ 108,037
	<u>19,674</u>	<u>74,149</u>	<u>55,778</u>	<u>108,037</u>
Costs and expenses:				
Production & operating	32,898	44,186	72,679	85,235
General & administrative	51,119	112,222	156,724	213,076
Depreciation expense	0	65,000	0	96,028
Leasehold impairment	0	0	0	190,066
	<u>84,017</u>	<u>221,408</u>	<u>229,403</u>	<u>584,405</u>
Operating loss	(64,343)	(147,259)	(173,625)	(476,368)
Other (income) and expense:				
Miscellaneous income	0	(84)	(153)	(2,128)
Interest expense	1,725	8,623	5,175	8,623
Gain on sale of assets	0	0	0	(2,201)
	<u>1,725</u>	<u>8,539</u>	<u>5,022</u>	<u>4,294</u>
Total other (income) and expense	1,725	8,539	5,022	4,294
Net loss	\$ (66,068)	\$ (155,798)	\$ (178,647)	\$ (480,662)
Net loss per common share	\$.00	\$.00	\$.00	\$.01
Weighted average number of common shares outstanding	37,830,190	37,541,301	37,830,190	33,328,192

See accompanying notes to financial statements.

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STATEMENTS OF CASH FLOWS

(UNAUDITED)

	Nine Months Ended	
	September 30, 2004	September 30, 2003
Cash flows from operating activities:		
Net loss	\$ (178,647)	\$ (480,662)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	0	96,028
Leasehold impairment	0	190,066
Gain on sale of assets	0	(2,201)
Value of services contributed by employees	37,500	37,500
(Increase) decrease in assets:		
Accounts receivable	15,145	(517)
Prepaid expenses	2,651	3,920
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	37,793	145,100
Net cash used in operating activities	(85,558)	(10,766)
Cash flows from investing activities:		
Proceeds from sale of property, plant and equipment	0	7,311
Net cash provided by investing activities	0	7,311
Cash flows from financing activities:		
Advances from related party	63,987	0
Net cash provided by financing activities	63,987	0
Net decrease in cash	(21,571)	(3,455)
Cash - Beginning	21,622	5,454
Cash -Ending	\$ 51	\$ 1,999
Non-cash investing and financing activities:		
Common stock issued for accounts payable and accrued liabilities	\$ 0	\$278,441
Common Stock issued for notes and debentures payable	\$ 0	\$220,000
Common Stock issued for leasehold interest	\$ 0	\$200,000

See accompanying notes to financial statements.

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

(UNAUDITED)

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES:

The accompanying unaudited financial statements of Empire Petroleum Corporation (Empire, or the Company) have been prepared in accordance with United States generally accepted accounting principles for interim financial information and the instructions to Form 10-QSB. Accordingly, they do not include all of the information and footnotes required by United States generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of only normal recurring adjustments) considered necessary for a fair presentation of the Company's financial position, the results of operations, and the cash flows for the interim period are included. Operating results for the interim period are not necessarily indicative of the results that may be expected for the year ending December 31, 2004.

The information contained in this Form 10-QSB should be read in conjunction with the audited financial statements and related notes for the year ended December 31, 2003 which are contained in the Company's Annual Report on Form 10-KSB filed with the Securities and Exchange Commission (the SEC) on March 30, 2004.

The continuation of the Company is dependent upon the ability of the Company to attain future profitable operations. These financial statements have been prepared on the basis of United States generally accepted accounting principles applicable to a company with continuing operations, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations. Management believes the going concern assumption to be appropriate for these financial statements. If the going concern assumption were not appropriate for these financial statements, then adjustments might be necessary to adjust the carrying value of assets and liabilities and reported expenses.

The Company continues to explore and develop its oil and gas interests. The ultimate recoverability of the Company's investment in its oil and gas interests is dependent upon the existence and discovery of economically recoverable oil and gas reserves, confirmation of the Company's interest in the oil and gas interests, the ability of the Company to obtain necessary financing to further develop the interests, and upon the ability to attain future profitable production. The Company has been incurring significant losses in recent years and has a significant working capital deficiency as of September 30, 2004. The Company also recognized an impairment charge of \$6,496,614 on its oil and gas property in 2002 and an additional impairment charge of \$190,066 in the first quarter of 2003.

The Company believes it is the intention of the Company's Chief Executive Officer, or a trust controlled by him, to continue funding the Company's basic expenses through December 31, 2004, or until such time as the Company secures other sources of financing. However, there can be no assurance that such funds will be provided by Mr. Whitehead or an affiliate of Mr. Whitehead. In 2003, the Company engaged a partner to explore its Cheyenne

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River Prospect, and signed an agreement to acquire a 10% interest in a block of acreage in the Gabbs Valley Prospect of western Nevada. In order to sustain the Company's operations on a long term basis, the Company intends

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to continue to look for merger opportunities and consider public or private financings.

Compensation of Officers and Employees

The Company's executive officer serves without pay or other non-equity compensation. The fair value of these services is estimated by management and is recognized as a capital contribution. For the nine months ended September 30, 2004, the Company recorded \$37,500 as a capital contribution by its executive officer.

2. NOTES PAYABLE

In December 2001, the Company executed a note with Weatherford U.S., L.P. to satisfy an outstanding indebtedness for service in the drilling of the Timber Draw #1-AH well. The principal amount of this note was \$108,334 with interest payments at 10% per annum commencing on May 27, 2001, until all interest and principal amounts are paid in full. Timely payments were made in accordance with the terms of this note through March 2002. In April 2002, the "payee" of this note agreed to a revised payment schedule extending final payment of \$66,997 from April 10, 2002, until June 10, 2002. In connection with this payment schedule, an initial payment of \$10,000 was made in April 2002, however, since that time, no further payments have been made. At September 30, 2004, \$90,596 was due under this note.

In addition, on March 17, 2003, the Company issued 2,842,243 shares of Company common stock as payment for notes payable to related parties of \$220,000 plus accrued interest of \$22,601. Also, on March 17, 2003, the Company issued 7,653,970 shares of Company common stock as payment for accounts payable totaling \$255,840. Of this amount, \$238,986 was payable to the Company's executive officer.

3. PROPERTY AND EQUIPMENT:

At December 31, 2002, the Company's management determined that an impairment allowance of \$6,496,614 was necessary to properly value the Company's oil and gas properties bringing the net book value of the oil and gas properties to \$594,915. The basis for the impairment was the determination by the United States Bureau of Land Management (BLM) that it does not consider the Timber Draw #1-AH well economic. In other words, under the BLM's criteria for economic determination, the well will not pay out the cost incurred to drill and complete the well. The BLM also advised the Company that since it did not commence another test well prior to August 12, 2002, the Timber Draw Unit was terminated. Furthermore, a bottom hole pressure survey conducted in April 2002 indicated a limited reservoir for the well. The value was calculated using an estimated \$10 per acre market price for the leases multiplied by the Company's working interest.

In the first quarter 2003, the Company recorded an additional leasehold impairment charge of \$190,066 as a result of the assignment of the leases on 42,237 acres in the Cheyenne River Prospect (See Note 5).

On May 8, 2003, the Company entered into an agreement with O.F. Duffield (Duffield Agreement) to acquire a ten percent (10%) interest in a block of acreage in the Gabbs Valley Prospect by agreeing to issue 2,000,000 shares of the Company's Common Stock to Mr. Duffield for such 10%

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interest. The shares were issued in July 2003. This block of acreage in the Gabbs Valley Prospect consists of federal leases covering approximately 45,000 acres in Nye and Mineral Counties, Nevada in which Mr. Duffield has a 100% working interest. Pursuant to the Duffield Agreement, the Company

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is also entitled to acquire up to a 10% interest in a block of 26,080 acres also located in the Gabbs Valley Prospect should Duffield acquire an interest in this block. The shares were valued at \$.10 per share based on the closing price of the Company's common stock on the date of issuance.

4. CONTINGENCIES

The Company's former management (Messrs. McGrain and Jacobsen) entered into a lease agreement for office space in Canada. This office was closed after Messrs. McGrain and Jacobsen resigned as officers of the Company. This lease agreement calls for monthly lease and tax payments of approximately \$4,400 (U.S.) through April of 2006. No lease payment was made subsequent to December of 2002 and, in January of 2003, the Company was notified that the lease had been terminated without prejudice to the landlord's right to hold the Company liable for future damages related to lost rent. The Company has recorded a liability of \$132,000 in the September 30, 2004 financial statements for payments due under the lease.

5. PAYMENT OF LEASE RENTALS

On March 28, 2003, a third party paid approximately \$84,485 of the Company's lease rentals on 42,237 acres in the Cheyenne River Prospect in return for an assignment of such leases. In connection with this transaction, the Company retained an overriding royalty of 1.5% on 33,597 of the acres and a 2% overriding royalty on 8,640 of the acres.

On March 31, 2004, a third party paid approximately \$52,128 of the Company's lease rentals on 32,643 acres in the Cheyenne River Prospect in exchange for an option to drill a test well in order to earn an interest in the farmout block, which option was subject to the third party first completing a seismic survey covering 16 square miles in the Cheyenne River Prospect. This survey was completed in September of 2003. The processing and interpreting of the data from such survey was completed September 30, 2003, and earned the third party a 25% interest in the #1-AH well and prospect acreage. This third party commenced a test well in the NW/4NE/4 Section 15, Twp 39N, Rge 66W, Niobrara County, Wyoming, known as the Empire Hooligan Draw Unit #1-AH, on August 6, 2004. The well was drilled horizontally to a measured drilling depth of 9,332 feet. The third party is in the process of completing and testing the well.

6. SUBSEQUENT EVENT

Subsequent to September 30, 2004, the Company's Chief Executive Officer relinquished 170,000 options to acquire Company common stock.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

GENERAL TO ALL PERIODS

The Company's primary business is the exploration and development of oil and gas interests. The Company has incurred significant losses from operations, and there is no assurance that it will achieve profitability or obtain funds

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necessary to finance its operations. Sales revenue for all periods presented is attributable to the production of oil from the Company's Timber Draw #1-AH well located in the Eastern Powder River Basin in the State of Wyoming, otherwise known as the Cheyenne River Prospect.

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For all periods presented, the Company's effective tax rate is 0%. The Company has generated net operating losses since inception, which would normally reflect a tax benefit in the statement of operations and a deferred asset on the balance sheet. However, because of the current uncertainty as to the Company's ability to achieve profitability, a valuation reserve has been established that offsets the amount of any tax benefit available for each period presented in the statements of operations.

THREE MONTH PERIOD ENDED SEPTEMBER 30, 2004, COMPARED TO THREE MONTH PERIOD ENDED SEPTEMBER 30, 2003

For the three months ended September 30, 2004, sales revenue decreased \$54,475 to \$19,674, compared to \$74,149 for the same period during 2003. The decrease in sales revenue was the result of a decrease in production for the Timber Draw #1-AH, which is attributable to a limited reservoir. For the three months ended September 30, 2004, sales volume decreased 1,392 barrels to 948 barrels, compared to 2,340 barrels for the same period in 2003. The average realized per barrel oil price increased 35% from \$22.57 for the three months ended September 30, 2003 to \$30.58 for the three months ended September 30, 2004.

Production and operating expenses decreased \$11,288 to \$32,898 for the three months ended September 30, 2004, from \$44,186 for the same period in 2003. This decrease was primarily attributable to lower production on the Company's test well.

General and administrative expenses decreased by \$61,103 to \$51,119 for the three months ended September 30, 2004, from \$112,222 for the same period in 2003. The decrease was primarily related to the Company's accrual for the Canadian office rent in 2003. The Company began accruing for potential liability related to the Canadian office lease in the third quarter of 2003, and accrued 18 months of expense during the quarter ended September 30, 2003, compared to three months in 2004.

Depreciation expense decreased by \$65,000 to \$0 for the three months ended September 30, 2004, compared to the same period in 2003. There was no depreciation expense attributable to the three months ended September 30, 2004, because the depreciable assets were fully depreciated.

For the three months ended September 30, 2004, interest expense decreased to \$1,725 from \$8,623 when compared to the same period in 2003. The decrease was due to the accrual of prior interest expense on the Weatherford note in 2003. The Company began accruing interest on the note in the third quarter of 2003, and accrued 18 months of interest at September 30, 2003 compared to three months in 2004.

For the reasons discussed above, net loss decreased \$89,730 from \$(155,798) for the three months ended September 30, 2003, to \$(66,068) for the three months ended September 30, 2004.

NINE MONTH PERIOD ENDED SEPTEMBER 30, 2004, COMPARED TO NINE MONTH PERIOD ENDED SEPTEMBER 30, 2003

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For the nine months ended September 30, 2004, sales revenue decreased \$52,259 to \$55,778, compared to \$108,037 for the same period during 2003. The decrease in sales revenue was the result of a decrease in production for the Timber Draw #1-AH, which is attributable to a limited reservoir. For the nine months ended September 30, 2004, sales volume decreased 2,976 barrels to 2,426 barrels, compared to 5,402 barrels for the same period in 2003. The average

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realized per barrel oil price increased 21% from \$22.30 for the nine months ended September 30, 2003 to \$27.04 for the nine months ended September 30, 2004.

Production and operating expenses decreased \$12,556 to \$72,679 for the nine months ended September 30, 2004, from \$85,235 for the same period in 2003. This decrease was primarily attributable to lower production on the Company's test well.

General and administrative expenses decreased by \$56,352 to \$156,724 for the nine months ended September 30, 2004, from \$213,076 for the same period in 2003. The decrease was primarily related to the Company's accrual for the Canadian office rent in 2003. The Company began accruing for potential liability related to the Canadian office lease in the third quarter of 2003, and accrued 18 months of expense during the quarter ended September 30, 2003, compared to nine months in 2004.

Depreciation expense decreased by \$96,028 to \$0 for the nine months ended September 30, 2004, compared to the same period in 2003. There was no depreciation expense attributable to the nine months ended September 30, 2004, because the depreciable assets were fully depreciated.

During the nine months ended September 30, 2003, the Company recorded a leasehold impairment charge of \$190,066 as a result of the assignment of the leases on 42,237 acres in the Cheyenne River Prospect. There was no comparable charge during the comparable period in 2004.

For the nine months ended September 30, 2004, interest expense decreased \$3,448 \$5,175 when compared to the same period in 2003. The decrease was due to the accrual of prior interest expense on the Weatherford note in 2003. The Company began accruing interest on the note in the third quarter of 2003, and accrued 18 months of interest at September 30, 2003 compared to nine months in 2004.

For the reasons discussed above, net loss decreased \$302,015 from \$(480,662) for the nine months ended September 30, 2003, to \$(178,647) for the nine months ended September 30, 2004.

LIQUIDITY AND CAPITAL RESOURCES

GENERAL

As of September 30, 2004, the Company had \$51 of cash on hand. The Company's cash on hand will not be sufficient to fund its operations for any length of time. During the next twelve months, the Company expects to incur costs of approximately \$10,000 per month relating to administrative, office and other expenses. In addition, the Company's other material commitments in the next twelve months could include payments to be made and obligations that could arise as further described below.

The Company's former management (Messrs. McGrain and Jacobsen) entered into a lease agreement for office space in Canada. This office was closed after

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Messrs. McGrain and Jacobsen resigned as officers of the Company. This lease agreement calls for monthly lease and tax payments of approximately \$4,400 (U.S.) through April of 2006. No lease payment has been made subsequent to December of 2002 and, in January of 2003, the Company was notified that the lease had been terminated without prejudice to the landlord's right to hold the Company liable for future damages related to lost rent. As of the period ended September 30, 2004, the Company has recorded a liability of \$132,000 in

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its financial statements relating to the lease.

As of September 30, 2004, the Company owes approximately \$90,596 including accrued interest to Weatherford U.S., L.P. for services rendered by Weatherford.

ADVANCES FROM RELATED PARTY

The Company has had difficulty in obtaining financing from traditional financing sources. Through September 30, 2004, the Company financed its operations primarily through advances made to the Company by the Albert E. Whitehead Living Trust, of which the Company's Chairman of the Board and Chief Executive Officer, Mr. Whitehead, is the trustee. The Company believes it is the intention of the Whitehead Trust to continue funding the Company's basic expenses through December 31, 2004, or until such time as the Company secures other sources of financing. However, there can be no assurance the Whitehead Trust will continue to fund such expenses. In order to sustain the Company's operations on a long term basis, management intends to continue to look for merger opportunities and consider public or private financings. Through the nine months ended September 30, 2004, the Whitehead Trust has advanced \$63,987 to the Company.

MATERIAL RISKS

The Company has incurred significant losses from operations and there is no assurance that it will achieve profitability or obtain funds necessary to finance continued operations. For other material risks, see the Company's form 10-KSB for the period ended December 31, 2003, which was filed March 30, 2004.

FORWARD-LOOKING INFORMATION

This quarterly report on Form 10-QSB, including this section, includes certain statements that may be deemed "forward-looking statements" within the meaning of federal securities laws. All statements, other than statements of historical facts, that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future, including future sources of financing and other possible business developments, are forward-looking statements. Such statements are subject to a number of assumptions, risks and uncertainties and could be affected by a number of different factors, including the Company's failure to secure short and long term financing necessary to sustain and grow its operations, increased competition, changes in the markets in which the Company participates and the technology utilized by the Company and new legislation regarding environmental matters. These risks and other risks that could affect the Company's business are more fully described in reports it files with the Securities and Exchange Commission, including its Form 10-KSB for the fiscal year ended December 31, 2004. Actual results may vary materially from the forward-looking statements. The Company undertakes no duty to update any of the forward-looking statements in this Form 10-QSB.

Item 3. CONTROLS AND PROCEDURES

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The Company carried out an evaluation under the supervision of the Company's Chief Executive Officer of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Securities Exchange Act Rules 13a - 15(e) and 15d - 15(e). Based on this evaluation, the Company's Chief Executive Officer (and principal financial officer) has concluded that the disclosure controls and procedures as of the end of the period covered by this report on Form 10-QSB are effective. The design of any system of controls is based in part upon certain assumptions about the

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likelihood of future events and there can be no assurance that any design will succeed in adhering to its stated goals under all potential future conditions. During the period covered by this report on Form 10-QSB, there have been no material changes in the Company's internal controls over financial reporting.

PART II. OTHER INFORMATION

Item 6. Exhibits

a) Exhibits

- 31 Certification of Chief Executive Officer (and principal financial officer) pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended, and Item 601(b)(31) of Regulation S-B, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (submitted herewith).

- 32 Certification of Chief Executive Officer (and principal financial officer) pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (submitted herewith).

EMPIRE PETROLEUM CORPORATION

SIGNATURES

In accordance with the requirements of the Exchange Act, the small business issuer caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EMPIRE PETROLEUM CORPORATION

Date: November 15, 2004

By: /s/ Albert E. Whitehead

Albert E. Whitehead
Chairman/CEO

EXHIBIT INDEX

NO.	DESCRIPTION
31	Certification of Chief Executive Officer (and principal financial officer) pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended, and Item 601(b)(31) of Regulation S-B, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (submitted herewith).
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	promulgated under the Securities Exchange Act of 1934, as amended, and Item 601(b)(31) of Regulation S-B, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (submitted herewith).
32	Certification of Chief Executive Officer (and principal financial officer) pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (submitted herewith).

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EXHIBIT 31

CERTIFICATION

I, Albert E. Whitehead, Chief Executive Officer (and principal financial Officer) of Empire Petroleum Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Empire Petroleum Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have;

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

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5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of small business issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial

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information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

November 15, 2004

/s/ Albert E. Whitehead
Albert E. Whitehead,
Chief Executive Officer and
Principal Financial Officer

EXHIBIT 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Empire Petroleum Corporation (the "Company") on Form 10-QSB for the period ending September 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Albert E. Whitehead, Chief Executive Officer (and principal financial officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 15, 2004

/s/ Albert E. Whitehead

Albert E. Whitehead
Chief Executive Officer and
principal financial officer

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y:times;">

V. B. Leister, Jr.(4) 122,743 *

Gregory B. Lykins(5)

3,287,634 3.8%

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August C. Meyer, Jr.(6)

1,545,826 1.8%

George T. Shapland

1,094,556 1.3%

Thomas G. Sloan(7)

671,547 *

Other Named Executive Officers:

Robert F. Plecki, Jr.

116,952 *

John J. Powers

20,025 *

Christopher M. Shroyer

87,036 *

David B. White

167,919 *

All Directors and Current Executive Officers as a Group (17 Persons)

9,492,119 11.0%

Other Beneficial Owners of More than 5% of Our Common Stock:

Columbia Wanger Asset Management, L.P.(8)

227 West Monroe Street, Suite 3000
Chicago, IL 60606-5016

7,357,707 8.5%

Thomson, Horstmann & Bryant, Inc.(9)

501 Merritt 7
Norwalk, CT 06851

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5,246,456 6.1%

Wellington Management Company, LLP(10)
280 Congress Street
Boston, MA 02210

8,426,146 9.7%

Elisabeth M. Kimmel(11)
C/O First Busey Corporation
100 W. University Ave.
Champaign, IL 61820

6,483,632 7.5%

*

Less than one percent.

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- (1) Includes shares that can be acquired through stock options available for exercise within 60 days of April 8, 2013, for the following individuals, in the amounts indicated below. As of the date of this proxy statement, the exercise price for all such options exceeded the trading price of First Busey's common stock.

Joseph M. Ambrose	27,000
David J. Downey	50,400
Van A. Dukeman	34,875
Stephen V. King	
E. Phillips Knox	27,000
V. B. Leister, Jr.	27,000
Gregory B. Lykins	53,500
August C. Meyer	50,400
Robert F. Plecki, Jr.	18,600
John J. Powers	
George T. Shapland	50,400
Christopher M. Shroyer	18,600
Thomas G. Sloan	27,900
David B. White	18,600
All directors and officers as a group	441,475

- (2) Includes 10,192 shares owned by Mr. Dukeman's spouse. Also includes 262,092 shares pledged as security pursuant to certain lending arrangements.

- (3) Includes 102,500 shares owned by Mr. Knox's spouse.

- (4) Includes 16,065 shares owned by Mr. Leister's immediate family. Also includes 3,375 shares owned by a business entity controlled by Mr. Leister over which he has voting power.

- (5) Includes 1,346,167 shares held in the August C.F. Meyer Exempt TRU/A August C. Meyer Jr. 2001 Trust, for which Mr. Lykins serves as trustee and has sole voting and investment power and 1,299,043 shares held in the Elisabeth M. Kimmel Exempt TRU/A August C. Meyer Jr. 2001 Trust, for which Mr. Lykins serves as trustee and has sole voting and investment power. Also includes 6,718 shares owned by Mr. Lykin's spouse and 525,000 shares pledged as security pursuant to certain lending arrangements.

- (6) Includes 706,964 shares held in grantor trusts over which Mr. Meyer has investment authority. Excludes 1,299,043 shares held by the Elisabeth M. Kimmel Exempt TRU/A August C. Meyer Jr. 2001 Trust, over which Mr. Meyer has no voting or investment power. Also excludes 1,346,167 shares held by the August C.F. Meyer Exempt TRU/A August C. Meyer Jr. 2001 Trust, over which Mr. Meyer has no voting or investment power.

- (7) Includes 1,645 shares owned by Mr. Sloan's spouse.

- (8) As reported on a Schedule 13G filed on February 14, 2013. Columbia Wanger Asset Management, L.P. has indicated that all such shares are held in its capacity as an investment adviser and disclaims beneficial ownership of such shares.

- (9) As reported on a Schedule 13G filed on February 12, 2013.

- (10) As reported on a Schedule 13G filed on February 14, 2013. Wellington Management Company, LLP has indicated that all such shares are held in its capacity as an investment adviser and are owned by numerous investment advisory clients, none of which is known to have such interest with respect to more than five percent (5%) of the class of shares.

(11)

As reported to First Busey by Ms. Kimmel.

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SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

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. We believe that during 2012, our executive officers, directors and 10% stockholders timely filed all reports required to be filed under Section 16(a), except for one late initial filing on Form 3 and one additional late filing relating to one acquisition totaling an aggregate of 9,506 shares of common stock by Mr. John J. Powers, one late filing relating to five acquisitions totaling 50,000 shares of common stock by Mr. Downey, and one late filing relating to one disposition totaling 2,000 shares of common stock by Mr. Leister. Additionally, each of our directors and executive officers, except for Mr. King, filed a Form 5 on February 14, 2013 relating to the accumulation of dividend equivalent rights on any RSUs held by each respective individual on each dividend payment date on our common stock since 2010. The Form 5 filed by Mr. Meyer also reported four transactions which occurred in years prior to 2012, including two transactions involving gifts to family members and the purchase and conversion of shares of our Convertible Cumulative Preferred Stock, Series B. In making the foregoing statements, we have relied solely upon the written representations of our directors, executive officers and 10% stockholders and reports filed with the Securities and Exchange Commission.

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

This Compensation Discussion & Analysis ("CD&A") describes our compensation philosophy and policies for 2012 as applicable to our NEOs, as defined under Securities and Exchange Commission rules, who are listed in the Summary Compensation Table on page 28. This CD&A explains the structure and rationale associated with each material element of the total compensation of our NEOs, and it provides important context for the more detailed disclosure tables and specific compensation amounts provided following this CD&A section.

2012 Business Highlights

We take great pride in the extensive organizational transformation successfully executed by our associates during 2012. From launching a new sales model in our commercial banking division to continued strides in strengthening credit, we believe we have positioned ourselves for greater opportunities in the future. With the creation of Trevett Capital Partners, we have expanded our wealth services capabilities in Florida, while also investing in talent to promote our fee-based wealth, payment processing and cash management business in the Midwest. In addition, we completed a core data processing system conversion to support the developing product needs of our customers and the metrics needed to dynamically manage a growing business. While 2012 marked another year of challenging global and local economic conditions, First Busey's management team remained disciplined in its focus on capital, credit and efficiency.

Capital Management Strategies We maintained a stable quarterly dividend of \$0.04 per common share, consistent with recent years, providing an average annual yield of over 3%. In addition, we responded to tax uncertainty at the end of 2012 on behalf of our stockholders by accelerating payment of our first quarter 2013 dividend to December 2012 and paying an additional \$0.04 per common share for a combined payment of \$0.08 per common share. Furthermore, as of December 31, 2012, we remained well-capitalized, exceeding regulatory standards with a Tier 1 Capital ratio of 17.34%.

Credit Quality Our commitment to credit quality remains strong. Our non-performing loans declined approximately 34% to \$25.4 million at December 31, 2012 from \$38.5 million at December 31, 2011. That decline drove an improvement in non-performing assets, which were down to 1.39% of loans and other non-performing assets at December 31, 2012 compared to 2.28% at December 31, 2011.

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Efficiency Initiatives Following an extensive analysis, we closed two limited service branches and one full service branch at the end of the fourth quarter of 2012. We also finalized plans to close four more branches in strategic markets spread across Illinois during the second quarter of 2013. We engaged in a renewed focus to carefully reexamine the structure of First Busey, asking ourselves the tough questions that ultimately drive healthy change; tactically growing in some areas while contracting in others. We committed to reduce our workforce in select areas based on our collective vision of the strongest path for broad-based future strength, profitability and growth, while renewing our strong commitment to superior customer service. To help support a steady earnings flow, we elected to offset some of the exit costs related to these efficiency initiatives with securities gains.

In 2013 we will continue to monitor our investments and revenue growth with the greatest of care as we strive to deliver optimal value to our stockholders. We will hold ourselves accountable for performance results as we nurture and build upon our strategies for long-term growth.

2012 Compensation Highlights

NEO bonuses for the 2011 performance period were finalized mid-year after review of financial results for all of 2011 and for the first quarter of 2012.

NEOs did not receive any salary increase during 2012.

Equity grants were made in 2012 to each of the NEOs consistent with prior practice to continue alignment with our stockholders.

2013 Compensation Highlights

Based upon the recommendation of First Busey's senior management and the concurrence of the Executive Management Compensation and Succession Committee, effective April 1, 2013, the salary for each of the five NEOs was reduced by 5%.

Based upon the recommendation of First Busey's senior management and the concurrence of the Executive Management Compensation and Succession Committee, no bonuses will be paid to the NEOs for the 2012 performance period.

Equity grants for 2013 will be determined mid-year, consistent with prior practice to continue emphasizing aligning the interests of our NEOs with those of our stockholders.

Regulatory Impact on Compensation

The Executive Management Compensation and Succession Committee made many important decisions in 2012 and 2013 affecting the compensation of our NEOs. These decisions were the result of many factors, including our financial performance as discussed throughout this CD&A. To more fully understand the decisions of the committee with respect to compensation during 2012 and 2013, the committee believes it is beneficial to understand the changing regulatory context in which these decisions were made.

As a publicly-traded financial institution, First Busey must contend with several often overlapping layers of regulations when considering and implementing compensation-related decisions. These regulations do not set specific parameters within which compensation decisions must be made, but do require First Busey and the Executive Management Compensation and Succession Committee to be mindful of the risks that often go hand-in-hand with compensation programs designed to incentivize the achievement of better than average performance. While the regulatory focus on risk assessment has been heightened over the last several years, the incorporation of general concepts of risk assessment in our compensation decisions is not a recent development.

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Under its long-standing Interagency Guidelines Establishing Standards for Safety and Soundness (the "Safety and Soundness standards"), the Federal Deposit Insurance Corporation (the "FDIC") has long held that excessive compensation is prohibited as an unsafe and unsound practice. In describing a framework within which to make a determination as to whether compensation is to be considered excessive, the FDIC has indicated that financial institutions should consider whether aggregate cash amounts paid, or noncash benefits provided, to employees are unreasonable or disproportionate to the services performed by an employee. The FDIC encourages financial institutions to review an employee's compensation history and to consider internal pay equity, and, as appropriate, to consider benchmarking compensation to peer groups. Finally, the FDIC provides that, in order to give proper context, such an assessment must be made in light of the institution's overall financial condition.

In addition to the Safety and Soundness standards, the Executive Management Compensation and Succession Committee must also take into account the joint agency Guidance on Sound Incentive Compensation Policies (the "Guidance"). Various financial institution regulatory agencies worked together to issue the Guidance, which is intended to complement the Safety and Soundness standards. The Guidance sets forth a framework for assessing and mitigating risk associated with incentive compensation plans, programs and arrangements maintained by financial institutions. The Guidance is narrower in scope than the Safety and Soundness standards because it applies only to senior executive officers and those other individuals who, either alone or as a group, could pose a material risk to an institution. With respect to such individuals, the Guidance is intended to focus an institution's attention on balanced risk-taking incentives, compatibility of incentives with effective controls and risk management, and a focus on general principles of strong corporate governance in establishing, reviewing and maintaining incentive compensation programs.

The Executive Management Compensation and Succession Committee, with the assistance of its advisors and First Busey's management, continues to monitor the status of compensation-related rules and regulations expected to be finalized or issued under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"). While the committee believes its own risk assessment procedures are effective, it is prepared to implement any additional steps that may be deemed necessary to fully comply with such rules and regulations when finalized or issued. The committee does note, however, that the proposed risk assessment rules issued under the Dodd-Frank Act nearly mirror the Safety and Soundness standards and the framework of the Guidance. As such, the committee already adheres, in many respects, to the proposed rules and regulations under the Dodd-Frank Act.

Finally, in addition to the foregoing, as a publicly-traded corporation, First Busey is also subject to the Securities and Exchange Commission's rules regarding risk assessment. Those rules require a publicly-traded company to determine whether any of its existing incentive compensation plans, programs or arrangements create risks that are reasonably likely to have a material adverse effect on First Busey.

The Executive Management Compensation and Succession Committee continues to believe in and practice a sensible approach to balancing risk-taking and rewarding reasonable, but not necessarily easily attainable, goals and this has always been a component of its overall assessment of the compensation plans, programs and arrangements it has put in place for First Busey's NEOs. In this regard, the committee has regularly revisited the components of the frameworks set forth in the Safety and Soundness standards and the Guidance as an effective tool for conducting its own assessment of the balance between risk and reward built into First Busey's compensation programs for our NEOs. The committee believes First Busey has adequate policies and procedures in place to balance and control any risk-taking that may be incentivized by the employee compensation plans. The committee further believes that such policies and procedures will work to limit the risk that any employee would manipulate reporting earnings in an effort to enhance his or her compensation.

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Role of the Executive Management Compensation and Succession Committee

The Executive Management Compensation and Succession Committee is responsible for guiding and overseeing the formulation and application of the compensation and benefit programs for our NEOs, including reviewing and approving compensation levels, evaluating the performance of our NEOs and considering senior management succession issues. The committee acts pursuant to a charter that has been approved by our full board and can be found under the investor relations section of our website *www.busey.com*. The committee is composed of nonmanagement, independent members of the board and none of the NEOs are members of the committee.

Compensation Philosophy and Objectives

We are committed to providing a total compensation program that supports our long-term business strategy and performance culture and creates a commonality of interest with our stockholders. We believe that the most effective compensation program is one that is designed to reward the achievement of annual, long-term and strategic goals by First Busey, and that aligns executives' interests with those of our stockholders by rewarding performance consistent with established goals, with the ultimate objective of improving stockholder value.

The Executive Management Compensation and Succession Committee has worked with our management to design compensation programs for all employees that encourage high performance, promote accountability and ensure that employee interests are aligned with the interests of our stockholders. Additionally, the committee evaluates both performance and compensation to ensure that compensation provided to key employees remains competitive relative to the compensation paid to similarly situated executives of our compensation peers and that we maintain our ability to attract and retain superior employees in key positions. The primary objectives of our executive compensation policies are:

- to provide market-based compensation to attract, retain, and motivate highly-qualified executives;
- to reward executives based upon our financial performance at levels competitive with peer companies;
- to provide incentives for executive officers to work toward targeted successful annual results and strategic objectives;
- to create opportunity and incentive for our executive officers to be long-term stockholders;
- to align executive compensation with increases in stockholder value, as measured by favorable long-term results and continued strengthening of First Busey's financial condition; and
- to provide flexibility to recognize, differentiate and reward individual performance.

We compensate our executives through a mix of base salary, annual cash incentive awards, equity compensation and other benefits and perquisites designed to reward performance and to be competitive with our compensation peers and to align management's incentives with the long-term interests of our stockholders, all in accordance with the regulatory requirements described above.

Because we believe that our executives' compensation should be tied to the success of First Busey and increases in stockholder value, a significant percentage of total compensation has historically been allocated to incentive compensation. There is no pre-established policy or target for the allocation between either cash and noncash or short-term and long-term incentive compensation. Rather, the Executive Management Compensation and Succession Committee reviews information such as that referenced above with respect to our compensation peer group to determine the appropriate level and mix of incentive compensation.

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At First Busey's 2012 Annual Meeting, the nonbinding, advisory proposal to approve the compensation of certain of our executive officers received the approval of approximately 90% of the shares having voting power and present at the meeting. First Busey, the board and the Executive Management Compensation and Succession Committee pay careful attention to communications received from stockholders regarding executive compensation, including the nonbinding, advisory vote. First Busey considered the positive result of the 2012 advisory vote on executive compensation, but not for specific 2012 compensation decisions. Based on this consideration and other factors described in this CD&A, the committee did not alter the policies or structure for the NEOs' compensation for 2012.

Compensation Process

As described above, the Executive Management Compensation and Succession Committee is responsible for overseeing our executive compensation programs. Each year the Chief Executive Officer presents to the committee the performance results for the previous year for it to consider in determining the appropriate aggregate and individual compensation levels for the current year. In conducting its review, the committee considers quantitative performance results, achievement of individual qualitative goals, the overall need of the organization to attract, retain and motivate the executive team, and the total cost of compensation programs. The committee also reviews tally sheets that detail the executives' total target and actual compensation for the year. The use of tally sheets allows the committee to have a complete understanding of the executives' compensation and is valuable in the assessment of past and current compensation and how it relates to each executive's duties and responsibilities.

Generally, base salaries and annual cash incentive awards are reviewed in the spring of each year following the regulatory process that closes our prior fiscal year. Any changes made to the base salaries are normally effective immediately following approval.

Equity awards, generally consisting of stock options, restricted stock or RSUs generally are granted in the middle of each year. Approval of grants for any newly-hired or promoted executives during the course of the year generally occurs at the Executive Management Compensation and Succession Committee meeting immediately following the hiring or promotion. Equity awards were granted to our NEOs during July of 2012.

Peer Comparison. In establishing compensation, in June 2010, May 2011, and May 2012, the Executive Management Compensation and Succession Committee utilized an external consultant, Frederic W. Cook & Co., Inc., to assist in the establishment of benchmarks and collection of external market data on a market reference group. Our compensation peer group currently consists of 17 similar publicly-traded financial companies, based on asset size, that provide banking and related services in a similar market area as First Busey. Our compensation peers (for the 2012 study) were as follows:

1 st Source Corp. (South Bend, IN)	First Midwest Bancorp, Inc. (Itasca, IL)	Old National Bancorp (Evansville, IN)
Pinnacle Financial Partners, Inc. (Nashville, TN)	CenterState Banks, Inc. (Davenport, FL)	Community Trust Bancorp, Inc. (Pikeville, KY)
Lakeland Financial Corp. (Warsaw, IN)	Heartland Financial USA, Inc. (Dubuque, IA)	Chemical Financial Corporation (Midland, MI)
Great Southern Bancorp, Inc. (Springfield, MO)	First Merchants Corp. (Muncie, IN)	Taylor Capital Group, Inc. (Rosemont, IL)
Bank Mutual Corp. (Milwaukee, WI)	MainSource Financial Group, Inc. (Greensburg, IN)	Republic Bancorp (Louisville, KY)
First Financial Corp. (Terre Haute, IN)	Enterprise Financial Services Corp. (St. Louis, MO)	

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The Executive Management Compensation and Succession Committee does not utilize any stated weighting of external market data with which to benchmark compensation levels of NEOs. Instead, the committee evaluates the market data prepared by Frederic W. Cook & Co., Inc., along with the other factors listed in this discussion to determine the appropriate compensation levels of each of the NEOs.

Role of Executive Officers in Compensation Decisions. The Executive Management Compensation and Succession Committee is ultimately responsible for all compensation decisions affecting the NEOs. Our Chief Executive Officer annually reviews with the committee the performance of each other NEO. This review is generally based on each executive's individual performance and contribution toward our performance during the year. Based on these reviews, the Chief Executive Officer makes specific recommendations to the committee regarding adjustments to the base salary and annual cash incentive award amounts. The committee takes the reviews and recommendations under advisement and exercises its discretion in modifying any recommended adjustments or awards to executives. The Chief Executive Officer does not participate in or make recommendations with respect to his own compensation. The committee independently reviews the performance of our Chief Executive Officer. As with the reviews of all other NEOs, this review is generally based on the Chief Executive Officer's individual performance and contribution toward our performance during the year. Based on the review, the committee determines in its sole discretion whether to make adjustments to the base salary and annual cash incentive award amounts for the Chief Executive Officer.

Components of Total Compensation

The Executive Management Compensation and Succession Committee believes executive compensation packages provided by First Busey to its executives, including the NEOs, should include both cash and equity compensation that reward performance as measured against established corporate and personal goals. By dividing compensation between cash and noncash, or equity, compensation, the committee hopes to incent executives by rewarding them for performance that results in both short-term and long-term improvements in stockholder value. Each component is designed to achieve a specific purpose and to contribute to a total package that is competitive with similar packages provided by our compensation peers, appropriately performance-based, and valued by First Busey's executives. For 2012, the principal components of compensation for our NEOs were:

base salary;

cash incentive compensation;

equity incentive compensation; and

benefits and other perquisites.

Base Salary. We provide our NEOs and other employees with base salary to compensate them for services rendered during the year. During its review of base salaries for NEOs, including in the context of negotiating contractual terms with individuals, the Executive Management Compensation and Succession Committee primarily considers:

individual scope of responsibility;

years of experience;

market data, such as that obtained from a review of our compensation peers;

internal review of the executive's compensation, both individually and relative to other officers; and

individual performance of the executive.

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Salary levels are typically considered annually as part of First Busey's performance review process as well as upon a promotion or other change in job responsibility.

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Cash Incentive Compensation. All employees who do not participate in an incentive program are eligible to participate in our bonus program, under which they can receive cash incentive compensation, normally in the form of a bonus payment. Bonus awards are cash-based awards, which are based on achievement of earnings-per-share or other corporate performance goals and achievement of individual goals, which are intended to award achievement of short-term company-wide goals that lead to increases in stockholder value.

Participants in the bonus program typically receive awards based on the achievement by First Busey of specified diluted earnings per share targets or other corporate goals. The earnings per share target is generally set in the spring of each year by the Executive Management Compensation and Succession Committee. Due to the condition of the financial markets, the committee did not establish any performance goals for 2011 or 2012. Each year, typically during the first half of the year, the committee and board set a bonus pool that is the aggregate amount eligible to be paid out to all employees in cash incentive awards. Historically, the bonus pool has been determined based upon comparison with cash incentive payments of the compensation peer group, contractual requirements and financial performance targets. The amount of an individual's potential incentive award is generally based on a participant's position.

The board has retained the discretion to adjust any awards determined by the formula to ensure that the final awards made to particular participants are consistent with those made to other executives and to make adjustments to the financial performance objectives for extraordinary events. Individual performance is considered in determining final awards for all bonus program participants.

Equity Incentive Compensation. The Executive Management Compensation and Succession Committee believes that equity compensation is an effective way of creating a long-term link between the compensation provided to officers and other key management personnel with gains to be realized by stockholders. Our equity compensation programs are also intended to support pay-for-performance, foster employee stock ownership and focus the management team on increasing value for the stockholders. In addition, the committee believes that equity compensation provides balance to the total direct compensation structure, with the bonus program focusing on the achievement of year-to-year goals, while equity compensation creates incentives for increases in stockholder value over a longer term.

Traditionally, we have granted stock options/RSUs to our NEOs under our various equity incentive plans. First Busey adopted the First Busey Corporation 2010 Equity Incentive Plan (the "2010 Plan") on March 16, 2010, which our stockholders approved on May 19, 2010. Following the approval of the 2010 Plan by our stockholders, First Busey stopped making any additional grants under the prior plans. Prior plans include: the First Busey Corporation 1993 Restricted Stock Award Plan, the First Busey Corporation 1999 Stock Option Plan, the Main Street Trust, Inc. 2000 Stock Incentive Plan, and the First Busey Corporation 2004 Stock Option Plan. Our equity incentive plans are designed to encourage ownership of our common stock by our employees and directors, to provide additional incentive for them to promote the success of our business, and to attract and retain talented personnel. All of our employees and directors and those of our subsidiaries are eligible to receive awards under the plans.

All of our equity plans are administered by the Executive Management Compensation and Succession Committee. Grants are generally at the discretion of the board, and generally are made subsequent to the annual stockholders' meeting. We believe it is important to make awards at similar times each year to ensure that the timing of awards does not affect their value. However, in order to first assess performance through the first quarter of 2012, equity grants were not made until July of 2012.

Equity awards are generally based on recommendations of the Executive Management Compensation and Succession Committee and approved by the full board. When making award decisions, the committee considers the nature of the services rendered or to be rendered by the employee, and the employee's present and potential contributions to the success of First Busey.

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We do not currently have a formal policy regarding equity or other security ownership requirements for our NEOs that are not also directors.

Benefits and Other Perquisites. The NEOs are eligible to participate in the same benefit plans designed for all of our full-time employees, including health, dental, disability and basic group life insurance coverage. We provide retirement benefits to all eligible full-time employees under the First Busey Corporation Profit Sharing and 401(k) Plan (the "401 (k) Plan"). The 401(k) Plan provides employees the opportunity to save for retirement on a tax-favored basis. NEOs, all of whom were eligible during 2012, may elect to participate in the 401(k) Plan on the same basis as all other employees. Each of our eligible employees participates in the profit sharing element of the 401(k) Plan.

We maintain an Employee Stock Ownership Plan (the "ESOP") that is available to all eligible full-time employees in accordance with terms required under the Internal Revenue Code. NEOs were eligible and participated during 2012 in the ESOP under the same terms as all other eligible employees. Under the terms of the ESOP, which reflect applicable requirements of the Internal Revenue Code, unrestricted ESOP shares are allocated to eligible employees annually based upon their salary for the year, as it compares to total salaries for all eligible employees.

All NEOs are provided with death benefits under portable term life insurance policies. The premiums on the term life insurance policies are paid by First Busey on behalf of the covered employee, so long as they remain employed by First Busey.

Deferred Compensation Plan. First Busey's Executive Deferred Compensation Plan provides a means for participants to voluntarily defer a portion of their salary or bonus. This plan is an unfunded, nonqualified deferred compensation arrangement, which provides for company contributions similar to the 401(k) Plan.

Generally, a participant in the plan will be entitled to receive the value of his or her account at the time of termination. However, in general, if a participant terminates prior to attaining age 55 and accumulating at least five years of total service, the value of earnings credited to his or her account will be recalculated. The default payment schedule under the plan is 120 monthly installments, although a participant can elect to extend the payment schedule in certain circumstances.

Change in Control Benefits. Each of Messrs. Dukeman, Plecki, Powers and Shroyer is a party to an agreement that provides for certain payments and benefits if his employment is terminated following a change in control. Mr. White does not have an employment agreement or a change in control agreement, though he did prior to March 4, 2009. In each instance, if the NEO's employment is terminated by us or the NEO within one year of a change in control of First Busey, the NEO is entitled to receive certain cash payments and other benefits. The purpose of these payments and benefits is to attract and retain talented executives and to encourage them to pursue transactions that maximize stockholder value, even though their own employment may not be secure following such transaction. Additionally, we believe these agreements help provide for stability in our executive team in the event of a change in control. Further, pursuant to his employment agreement which has been in place since 2006, Mr. Dukeman is also entitled to a tax gross-up, which provides generally that, if he receives payments or benefits in connection with a change in control of First Busey, to the extent such payments or benefits constitute "excess parachute payments" under Section 280G of the Internal Revenue Code, he generally will be paid an additional amount (commonly known as a "gross-up") that will offset, on an after-tax basis, the effect of any excise tax consequently imposed on him under Section 4999 of the Internal Revenue Code.

Table of Contents**Impact of Accounting and Tax Issues on Executive Compensation**

In setting each individual executive's compensation levels, we consider a variety of accounting and tax issues. Section 162(m) of the Internal Revenue Code limits the deductibility of annual compensation in excess of \$1.0 million paid to the Chief Executive Officer and our next three highest paid officers (but excluding, in all cases, the Chief Financial Officer), to the extent they are listed officers on the last day of any given tax year. However, compensation is exempt from this limit if it qualifies as "performance-based compensation." Performance-based compensation generally includes only payments that are contingent on achievement of performance objectives, and excludes fixed or guaranteed payments. Although we will consider deductibility under Section 162(m) with respect to the compensation arrangements for executive officers, deductibility will not be the sole factor used in determining appropriate levels or methods of compensation. Since our objectives may not always be consistent with the requirements for full deductibility, we may enter into compensation arrangements under which payments would not be deductible under Section 162(m).

2012 Compensation Determinations

Base Salaries. Due to the continuing instability in the financial markets, the Executive Management Compensation and Succession Committee decided to wait until mid-2012 to make salary adjustments and equity grants to our NEOs. At that time, it was decided the base salaries of the NEOs would remain at the 2011 levels.

Base salaries for each NEO, which have been effective since July 1, 2011 unless otherwise noted, are set forth below:

Executive Officer	Salary
Van A. Dukeman	\$ 550,000
Robert F. Plecki, Jr.	\$ 275,000
John J. Powers(1)	\$ 237,000
Christopher M. Shroyer	\$ 275,000
David B. White	\$ 275,000

(1)

The salary information for Mr. Powers became effective on December 29, 2011, which was his first date of employment with First Busey.

Cash Incentive Compensation. As noted in our 2012 proxy statement, the Executive Management Compensation and Succession Committee chose to wait until financial results were finalized for both year-end 2011 and the first quarter of 2012 before making a final determination with respect to discretionary annual cash bonuses for the 2011 performance period. In August 2012, such discretionary bonuses were paid to Messrs. Dukeman, Plecki, Powers, Shroyer, and White, respectively, in the following amounts: \$90,000; \$65,000; \$50,000; \$55,000; and \$55,000.

Equity Incentive Compensation. The Executive Management Compensation and Succession Committee believes that incentive compensation should be an important part of compensation for the leaders of First Busey, both short-term, cash-based programs and long-term, equity-based programs. The committee and board want the incentives to be appropriate and reasonable relative its peers. During July of 2012, First Busey granted discretionary restricted stock unit equity awards to the NEOs as reflected in the "Grants of Plan-Based Awards" table on page 29, in order to reward strong performance.

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2013 Compensation Determinations

Base Salaries. Based upon the recommendation of First Busey's senior management and the concurrence of the Executive Management Compensation and Succession Committee, the base salary for each of the NEOs was reduced by 5%, effective April 1, 2013. The committee believes these salary reductions help to set the appropriate tone for the organization by demonstrating the NEOs personal commitment and accountability to First Busey's expense control initiatives.

Cash Incentive Compensation. Based upon the recommendation of First Busey's senior management and the concurrence of the Executive Management Compensation and Succession Committee, it was determined that no bonuses would be paid to the NEOs for the 2012 performance period.

Equity Incentive Compensation. The Executive Management Compensation and Succession Committee believes that long-term, equity-based compensation should be an important part of compensation for the leaders of First Busey. Consistent with past practices, the committee will not make 2013 equity grants until mid-year.

EXECUTIVE MANAGEMENT COMPENSATION AND SUCCESSION COMMITTEE REPORT

We have reviewed and discussed the foregoing CD&A with management. Based on our review and discussion with management, we have recommended to the board of directors that the CD&A be included in this proxy statement.

Submitted by:

The First Busey Corporation Executive Management Compensation and Succession Committee

Joseph M Ambrose, Chairman
David J. Downey
August C. Meyer, Jr.

Table of Contents**COMPENSATION OF NAMED EXECUTIVE OFFICERS**

The following tables quantify and discuss the compensation components provided to our NEOs. All tables should be read in conjunction with the CD&A above. The Summary Compensation Table should be read in conjunction with the footnotes and narrative that follow.

Summary Compensation Table

The following table sets forth information concerning the compensation of our NEOs which consist of our Chief Executive Officer, Chief Financial Officer, and our three other most highly compensated executive officers in 2012. Salary includes amounts deferred at the officer's election.

Name and Principal Position	Year(1)	Salary (\$)	Bonus (\$)(2)	Stock Awards (\$)(3)	Change in Pension Value and Non-Equity Nonqualified Incentive Deferred Compensation		
					Plan Compensation (\$)(4)	All Other Compensation (\$)(5)	Compensation (\$)
Van A. Dukeman <i>President and Chief Executive Officer</i>	2012	\$ 550,000	\$ 90,000	\$ 125,000	\$ 27,919	\$ 25,799	\$ 818,718
	2011	\$ 520,385		\$ 250,000	\$ 17,015	\$ 25,016	\$ 812,416
	2010	\$ 443,846		\$ 225,000	\$ 13,859	\$ 35,866	\$ 718,571
Robert F. Plecki, Jr. <i>Chief Operating Officer and Chief Credit Officer</i>	2012	\$ 275,000	\$ 65,000	\$ 60,000	\$ 6,441	\$ 22,401	\$ 428,842
	2011	\$ 261,538		\$ 131,250	\$ 3,480	\$ 21,888	\$ 418,156
	2010	\$ 241,923		\$ 60,000	\$ 2,397	\$ 25,382	\$ 329,702
John J. Powers <i>General Counsel</i>	2012	\$ 229,708	\$ 50,000	\$ 50,000		\$ 13,318	\$ 343,026
Christopher M. Shroyer <i>President and Chief Executive Officer of Busey Bank</i>	2012	\$ 275,000	\$ 55,000	\$ 60,000	\$ 7,870	\$ 21,332	\$ 419,202
	2011	\$ 261,538		\$ 131,250	\$ 4,384	\$ 20,871	\$ 418,043
	2010	\$ 204,231		\$ 60,000	\$ 3,221	\$ 22,063	\$ 289,515
David B. White <i>Chief Financial Officer</i>	2012	\$ 275,000	\$ 55,000	\$ 60,000	\$ 20,697	\$ 25,925	\$ 436,622
	2011	\$ 261,538		\$ 131,250	\$ 12,607	\$ 25,100	\$ 430,495
	2010	\$ 212,308		\$ 60,000	\$ 10,591	\$ 26,257	\$ 309,156

- (1) Mr. Powers was not an NEO prior to 2012.
- (2) Represents a discretionary bonus for the 2011 performance period that was not determined until July 2012 after the Executive Management Compensation and Succession Committee could reflect on final financial results for 2011, as well as financial results for the first quarter of 2012. These amounts reflect no bonuses being paid with respect to the 2012 performance period.
- (3) Represents the aggregate grant date fair value of stock awards in accordance with FASB ASC Topic 718. The assumptions used in calculating these amounts are set forth in Note 16 to our audited financial statements for our fiscal year ended December 31, 2012.
- (4) Represents above-market interest on deferred compensation. Interest under the First Busey Executive Deferred Compensation Plan is determined according to the plan document and is 125% of the declared interest rate on Security Life Corp. III policies for the current calendar month as determined by Security Life of Denver (or any successor thereto). If that rate is no longer published or no longer

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deemed appropriate by the Executive Management Compensation and Succession Committee, the committee may select a substantially similar rate. During 2012, interest under the First Busey Executive Deferred Compensation Plan accrued at a rate of 6.05% per annum.

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- (5) All other compensation for the NEOs during the 2012 fiscal year is summarized in the table immediately below.

Name	Life and Disability Insurance	Employer Contributions to Retirement Plans(a)	Wellness Benefits	Total All Other Compensation
Van A. Dukeman	\$ 6,810	\$ 18,845	\$ 144	\$ 25,799
Robert F. Plecki, Jr.	\$ 3,412	\$ 18,845	\$ 144	\$ 22,401
John J. Powers	\$ 4,228	\$ 9,090		\$ 13,318
Christopher M. Shroyer	\$ 2,487	\$ 18,845		\$ 21,332
David B. White	\$ 7,080	\$ 18,845		\$ 25,925

- (a) Includes matching and profit sharing contributions to the 401(k) Plan, employer contributions to the ESOP and matching contributions to the First Busey Executive Deferred Compensation Plan.

Grants of Plan-Based Awards

The following table sets forth information regarding grants of awards made to our NEOs during 2012 under First Busey's plans.

Name	Type of Award(1)	Grant Date	All Other Stock Awards: Number of Shares of Stock or Units (#)	Grant Date Fair Value of Stock Awards (\$)(6)
Van A. Dukeman	RSUs	July 24, 2012	26,483(2)	125,000
Robert F. Plecki, Jr.	RSUs	July 24, 2012	12,712(2)	60,000
John J. Powers	RSUs	January 24, 2012	3,169(3)	16,669
	RSUs	January 24, 2012	3,169(4)	16,669
	RSUs	January 24, 2012	3,168(5)	16,662
Christopher M. Shroyer	RSUs	July 24, 2012	12,712(2)	60,000
David B. White	RSUs	July 24, 2012	12,712(2)	60,000

- (1) All recipients earn quarterly dividends on their respective RSUs. As recipients do not have actual dividend rights until the shares are transferred in connection with the RSUs, dividends earned are referred to as dividend equivalents. These dividend equivalents are accrued during the vesting period and are subject to the same vesting, payment and other terms and conditions as the original RSUs to which they relate. Therefore, dividends earned each quarter compound based upon the updated share balances. Dividend equivalents are reinvested at the stock's market price on the dividend payment date.
- (2) Awards vest July 24, 2017 with accelerated vesting upon a change in control of First Busey or upon termination of the grantee's service due to the grantee's death or disability.
- (3) Awards vested January 24, 2013 with accelerated vesting upon a change in control of First Busey or upon termination of the grantee's service due to the grantee's death or disability.
- (4) Awards vest January 24, 2014 with accelerated vesting upon a change in control of First Busey or upon termination of the grantee's service due to the grantee's death or disability.
- (5) Awards vest January 24, 2015 with accelerated vesting upon a change in control of First Busey or upon termination of the grantee's service due to the grantee's death or disability.

(6)

Represents the aggregate grant date fair value of stock and option awards for the year ended December 31, 2012, in accordance with FASB ASC Topic 718.

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Outstanding Equity Awards at Fiscal Year End

The following table sets forth information concerning the exercisable and unexercisable stock options and unvested stock awards held by the NEOs as of December 31, 2012. Market values are presented as of the end of 2012 for outstanding stock awards (based on a closing price of First Busey's common stock on December 31, 2012 of \$4.65).

Name	OPTION AWARDS				STOCK AWARDS(1)	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)
Van A. Dukeman	7,750		\$ 16.00	03/18/2013	121,110	\$ 563,162
	11,625		\$ 19.74	02/17/2014		
	11,625		\$ 19.09	02/15/2015		
	11,625		\$ 19.41	02/21/2016		
Robert F. Plecki, Jr.	1,550		\$ 16.03	04/15/2013	50,155	\$ 233,221
	4,650		\$ 16.00	03/18/2013		
	6,200		\$ 19.74	02/17/2014		
	6,200		\$ 19.09	02/15/2015		
	6,200		\$ 19.41	02/21/2016		
John J. Powers					9,506	\$ 44,203
Christopher M. Shroyer	1,550		\$ 16.03	04/15/2013	50,155	\$ 233,221
	4,650		\$ 16.00	03/18/2013		
	6,200		\$ 19.74	02/17/2014		
	6,200		\$ 19.09	02/15/2015		
	6,200		\$ 19.41	02/21/2016		
David B. White	4,650		\$ 16.00	03/18/2013	50,155(2)	\$ 233,221
	6,200		\$ 19.74	02/17/2014		
	6,200		\$ 19.09	02/15/2015		
	6,200		\$ 19.41	02/21/2016		

(1)

All stock award grants reflected in this table represent RSUs with accelerated vesting upon a change in control of First Busey or upon termination of the grantee's service due to the grantee's death or disability. See "Potential Payments Upon Termination or Change in Control Disclosure" on page 31 for further information. All unvested stock awards reflected in this table do not include dividend equivalents earned during the vesting period. Vesting dates by NEO are as follows:

Van A. Dukeman 47,368 units on July 12, 2015, 23,630 units on July 13, 2016, 23,629 units on July 13, 2013 and 26,483 units on July 24, 2017.

Robert F. Plecki, Jr. 12,632 units on July 12, 2015, 10,633 units on July 13, 2016, 14,178 units on July 13, 2013 and 12,712 units on July 24, 2017.

John J. Powers 3,169 units on January 24, 2013, 3,169 units on January 24, 2014 and 3,169 units on January 24, 2015.

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Christopher M. Shroyer 12,632 units on July 12, 2015, 10,633 units on July 13, 2016, 14,178 units on July 13, 2013 and 12,712 units on July 24, 2017.

David B. White 12,632 units on July 12, 2015, 10,633 units on July 13, 2016, 14,178 units on July 13, 2013 and 12,712 units on July 24, 2017.

(2)

In addition to the vesting and settlement terms described in Note 1 immediately above, Mr. White's RSUs reflected in this table also vest upon Mr. White's retirement, if such retirement occurs following the second anniversary of the grant date of the units.

Option Exercises and Stock Vested in 2012

The NEOs did not exercise any stock options and did not have any vesting of stock awards in 2012.

Nonqualified Deferred Compensation Table

The following table sets forth information concerning NEO benefits under the First Busey Executive Deferred Compensation Plan. A description of the First Busey Executive Deferred Compensation Plan can be found in the CD&A.

Name	Executive Contributions in Last FY \$(1)	Registrant Contributions in Last FY \$(2)	Aggregate Earnings in Last FY \$(3)	Aggregate Balance at Last FYE (\$)
(a)	(b)	(c)	(d)	(e)
Van A. Dukeman	\$ 36,500		\$ 47,178	\$ 846,122
Robert F. Plecki, Jr.	\$ 27,500		\$ 10,876	\$ 204,411
John J. Powers				
Christopher M. Shroyer	\$ 27,500		\$ 13,291	\$ 246,755
David B. White	\$ 41,800		\$ 34,969	\$ 633,958

(1)

Amounts reflect contributions of deferred salary and are included in the "Salary" column, in the Summary Compensation Table for fiscal year 2012.

(2)

Amounts reflect First Busey's matching contributions under the First Busey Executive Deferred Compensation Plan, and are included in the "All Other Compensation" column, in the Summary Compensation Table for fiscal year 2012.

(3)

In addition to regular interest and other earnings accrued during 2012, amounts include above-market earnings under the First Busey Executive Deferred Compensation Plan, which above-market earnings are also reflected in the "Change in Pension Value and Nonqualified Deferred Compensation Earnings" column of the Summary Compensation Table for fiscal year 2012.

The First Busey Executive Deferred Compensation Plan was designed, in part, to assist our executives with retirement planning. Under terms of the First Busey Executive Deferred Compensation Plan, participants are entitled to defer up to 15% of their salary and bonus. As of December 31, 2012, deferred amounts accrue interest at a rate of 6.05% per annum. The "Aggregate Balance at Last FYE" column represents the amount due our NEOs as of December 31, 2012.

Potential Payments Upon Termination or Change in Control Disclosure

Each of Messrs. Dukeman, Plecki, Powers and Shroyer have employment agreements that provide for certain severance payments following certain termination events, including a termination following a "change in control" of First Busey. Each of Messrs. Dukeman, Plecki, Powers and Shroyer is subject to a one-year noncompetition covenant following the termination of his respective employment.

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Mr. Dukeman's agreement provides that if he is terminated without cause, if he terminates his employment due to constructive discharge, or if his employment is terminated due to disability or death, he or his named beneficiary will receive an amount equal to the sum of his annual base salary plus the amount of his most recent performance bonus; and if such termination occurs prior to the end of the current agreement term, the value of contributions under First Busey's retirement and employee benefit plans that would have been made through such term if he remained employed (the "Dukeman Severance Payment"). Mr. Dukeman will also be entitled to receive company-paid life, health and disability insurance for one year following the effective date of his termination. Additionally, under his employment agreement, Mr. Dukeman will be entitled to receive the difference between the severance amounts described in the preceding two sentences and the greater of \$900,000 and three times the Dukeman Severance Payment if his employment is terminated by First Busey without cause, by him due to constructive discharge or due to his disability or death, in each case within the 18-month period before a change in control of First Busey. Mr. Dukeman will be entitled to receive the greater of \$900,000 and three times the Dukeman Severance Payment if (a) his employment terminates for any reason within the one-year period after a change in control or (b) his employment is terminated by First Busey for any reason within the 18-month period before or at any time after a change in control of First Busey. Mr. Dukeman will also be entitled to receive life, health and disability insurance for the three years following the effective date of such termination. Mr. Dukeman will be entitled to receive a gross-up payment from First Busey in the event that any amounts payable to him under his employment agreement for the other payments and benefits received by him are subject to penalties as excess parachute payments under the Internal Revenue Code.

Mr. Plecki's agreement provides that, in the event that he is terminated without cause or if he terminates due to constructive discharge, he or his beneficiary will receive a severance payment equal to the sum of his applicable annual base salary plus the amount of his most recent performance bonus plus the value of First Busey's contributions under tax-qualified retirement plans made for the calendar year preceding the year of termination (the "Plecki Severance Payment"). Mr. Plecki will also be entitled to receive continued health insurance for a period of one year following the effective date of termination. If First Busey or its successor terminates Mr. Plecki's employment without cause or if he terminates due to constructive discharge within one year after a change in control, Mr. Plecki will be entitled to receive an amount equal to two times the Plecki Severance Payment. Mr. Plecki will also be entitled to receive continued health insurance for a period of two years following the effective date of such a termination.

Mr. Powers' agreement provides that, in the event that he is terminated without cause or if he terminates for good reason, he or his beneficiary will receive a severance payment equal to the sum of his applicable annual base salary (the "Powers Severance Payment"). Mr. Powers will also be entitled to receive continued health insurance for a period of one year following the effective date of termination. If First Busey or its successor terminates Mr. Powers' employment without cause or if he terminates for good reason within one year after a change in control, Mr. Powers will be entitled to receive an amount equal to two times the Powers Severance Payment. Mr. Powers will also be entitled to receive continued health insurance for a period of 18 months following the effective date of such a termination.

Mr. Shroyer's agreement provides that, in the event that he is terminated without cause or if he terminates due to constructive discharge, he or his beneficiary will receive a severance payment equal to the sum of his applicable annual base salary plus the amount of his most recent performance bonus plus the value of First Busey's contributions under tax-qualified retirement plans made for the calendar year preceding the year of termination (the "Shroyer Severance Payment"). Mr. Shroyer will also be entitled to receive continued health insurance for a period of one year following the effective date of termination. If First Busey or its successor terminates Mr. Shroyer's employment without cause or if he terminates due to constructive discharge within one year after a change in control, Mr. Shroyer will be entitled to receive an amount equal to two times the Shroyer Severance Payment. Mr. Shroyer will also be entitled to receive continued health insurance for a period of two years following the effective date of such a termination.

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The following table shows potential payments to our NEOs following certain termination events, including a termination following a change in control of First Busey. The amounts shown assume that termination was effective as of December 31, 2012, and are estimates of the amounts that would be paid to the executives upon termination. The actual amounts to be paid can only be determined at the actual time of an executive's termination.

Name	Type of Payment	Termination				Change in Control (No Termination)
		Involuntary Termination (No Change in Control)	Due to Disability or Death	Involuntary Termination (Change in Control)	Voluntary Termination (Change in Control)	
Van A. Dukeman	Cash Severance Payment	\$ 658,845	\$ 658,845	\$ 1,976,535	\$ 1,976,535	
	Life, Health & Disability	\$ 19,242	\$ 19,242	\$ 57,726	\$ 57,726	
	Gross-Up Payment(1)			\$ 814,480	\$ 814,480	
	Acceleration of Equity Awards		\$ 563,162			\$ 563,162
Robert F. Plecki, Jr.	Cash Severance Payment	\$ 358,845		\$ 717,690		
	Life, Health & Disability	\$ 6,833		\$ 13,667		
	Acceleration of Equity Awards		\$ 233,221			\$ 233,221
John J. Powers	Cash Severance Payment	\$ 237,000		\$ 474,000		
	Life, Health & Disability	\$ 6,833		\$ 10,037		
	Acceleration of Equity Awards		\$ 44,203			\$ 44,203
Christopher M. Shroyer	Cash Severance Payment	\$ 348,845		\$ 697,690		
	Life, Health & Disability	\$ 6,833		\$ 13,667		
	Acceleration of Equity Awards		\$ 233,221			\$ 233,221
David B. White	Cash Severance Payment					
	Life, Health & Disability					
	Acceleration of Equity Awards		\$ 233,221			\$ 233,221

(1) Estimated calculation based on a federal tax rate of 35.0%, state income tax rate of 5.0%, Medicare tax rate of 1.5% and excise tax of 20.0%.

As reflected in the table above, each NEO's outstanding RSUs, as reflected in the "Outstanding Equity Awards at Fiscal Year End" table on page 30 vest upon a change in control of First Busey or upon a termination of the officer's service due to the officer's death or disability. Mr. White's RSUs also vest upon his retirement if such retirement occurs following the second anniversary of the grant date of the units.

**EXECUTIVE MANAGEMENT COMPENSATION AND SUCCESSION COMMITTEE
INTERLOCKS AND INSIDER PARTICIPATION**

During 2012, the following individuals served as members of the Executive Management Compensation and Succession Committee: Joseph M. Ambrose (Chairman), David J. Downey, and August C. Meyer, Jr. None of these individuals has ever served as an officer or employee of First Busey or any of our subsidiaries. Additionally, none of these individuals has any relationships with First Busey or any of our subsidiaries requiring disclosure under "Certain Relationships and Related-Person Transactions" below, except as discussed in such section with respect to Mr. Meyer. The Executive Management Compensation and Succession Committee members have no interlocking relationships requiring disclosure under the rules of the Securities and Exchange Commission.

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**PROPOSAL 2:
NONBINDING, ADVISORY VOTE TO APPROVE EXECUTIVE OFFICER COMPENSATION**

Section 14A of the Exchange Act, as created by Section 951 of the Dodd-Frank Act, and the rules and regulations promulgated thereunder, require publicly traded companies, such as First Busey, to conduct a separate stockholder advisory vote to approve the compensation of certain executive officers, as disclosed pursuant to the Securities and Exchange Commission's compensation disclosure rules, commonly referred to as a "say-on-pay" vote. In a nonbinding advisory vote on the frequency of say-on-pay votes held at our 2012 Annual Meeting, our stockholders voted in favor of conducting say-on-pay votes annually. In light of this result, and other factors considered by our board of directors, our board has determined that we will hold say-on-pay votes on an annual basis until the next advisory vote on such frequency, which is expected to take place at our 2018 Annual Meeting.

As described in more detail in the CD&A section of this proxy statement, the overall objectives of First Busey's compensation programs have been to align executive officer compensation with the success of meeting long-term strategic operating and financial goals. Stockholders are urged to read the CD&A section of this proxy statement, as well as the Summary Compensation Table and other related compensation tables and narrative disclosure that describe the compensation of our NEOs in 2012. The Executive Management Compensation and Succession Committee and the board of directors believe that the policies and procedures articulated in the CD&A section are effective in implementing our compensation philosophy and achieving its goals, and that the compensation of our NEOs in fiscal 2012 reflects and supports these compensation policies and procedures.

The following resolution is submitted for stockholder approval:

"RESOLVED, that First Busey Corporation's stockholders approve, on an advisory basis, its executive compensation as described in the section captioned 'Compensation Discussion and Analysis' and the tabular disclosure regarding named executive officer compensation under 'Compensation of Named Executive Officers' contained in First Busey's proxy statement dated April 17, 2013."

Approval of this resolution requires the affirmative vote of a majority of shares having voting power present at the 2013 Annual Meeting. While this say-on-pay vote is required, as provided in Section 14A of the Exchange Act, it is not binding on our board of directors and may not be construed as overruling any decision by the board. However, the Executive Management Compensation and Succession Committee will take into account the outcome of the vote when considering future compensation arrangements.

Board Recommendation

The board of directors recommends stockholders vote to approve the overall compensation of our NEOs by voting "FOR" this proposal. Proxies properly signed and returned will be voted "FOR" this proposal unless stockholders specify otherwise.

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AUDIT AND RELATED FEES

During the period covering the fiscal years ended December 31, 2012 and 2011, McGladrey LLP performed the following professional services for First Busey for which we paid the following amounts:

	2012	% of Total Fees	2011	% of Total Fees
Audit Fees(1)	\$ 444,250	87%	\$ 442,500	90%
Audit-Related Fees(2)	\$ 13,475	2%	\$ 9,500	2%
Tax Fees(3)	\$ 55,145	11%	\$ 38,800	8%
All Other Fees				
Total Fees	\$ 512,870	100%	\$ 490,800	100%

-
- (1) Audit fees consist of fees for professional services rendered for the integrated audit of First Busey Corporation's consolidated financial statements, including procedures required to comply with U.S. Department of Housing and Urban Development ("HUD") and Small Business Lending Fund ("SBLF") requirements, review of First Busey Corporation's quarterly reports on Form 10-Q, annual report on Form 10-K and related proxy statement and services normally provided by the independent auditor in connection with statutory and regulatory filings or engagements such as Forms S-3 and related prospectuses.
- (2) Audit-related fees are principally for annual agreed upon procedures for the trust department and assistance with unique accounting guidance relative to regulatory capital.
- (3) Tax services fees consist of compliance fees for the preparation of original and amended federal and state tax returns, claims for refunds and tax planning services.

A representative of McGladrey LLP is expected to be present at the 2013 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 LLP as our independent registered public accounting firm for 2013 upon review and approval of an engagement letter by the Audit Committee.

Audit Committee Pre-Approval Policy

Generally, the Audit Committee requires pre-approval of any services to be provided by First Busey's auditors and tax accountants, McGladrey 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 services 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 2012, 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, procedures required to comply with HUD and SBLF requirements, review of financial statements included in our quarterly reports on Form 10-Q, annual report on Form 10-K 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 our trust company subsidiary and assistance with unique accounting guidance relative to regulatory capital. 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.

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CERTAIN RELATIONSHIPS AND RELATED-PERSON TRANSACTIONS

The board has adopted a policy for review, approval and monitoring of transactions involving First Busey and "related persons" (directors and executive officers or their immediate family members, or stockholders owning five percent or greater of our outstanding stock). The policy covers any related-person transaction that meets the minimum threshold for disclosure in the proxy statement under the relevant Securities and Exchange Commission rules (generally, transactions involving amounts exceeding \$120,000 in which a related person has a direct or indirect interest).

Under the policy, the Audit Committee is responsible for reviewing and approving all reportable transactions with any related persons. In considering the transaction, the Audit Committee will take into account all relevant factors, including whether the transaction is on terms comparable to those available to an unaffiliated third party. In connection with any approval or ratification of a transaction, the Audit Committee will also determine whether any such transaction impairs the independence of a director or presents a conflict of interest on the part of a director or executive officer. The board has delegated to the Chairman of the Audit Committee the authority to pre-approve or ratify any transaction with a related person up to \$120,000. The policy also provides that transactions involving competitive bids, the rendering of services by a regulated entity, and certain ordinary course of business banking transactions shall be deemed to be pre-approved by the Audit Committee.

During 2012, Mr. Knox, a director of First Busey, and an attorney with Tummelson Bryan & Knox, LLP, Urbana, Illinois, provided legal and certain consulting services to First Busey. We paid \$137,634 in fees to Tummelson Bryan & Knox, LLP for such services during 2012.

First Busey is also a party to a lease with an entity in which Midwest Television, Inc. (of which Mr. Meyer is the Chairman and his daughter is the President and a controlling stockholder) is a 50% partner. The aggregate payments made by First Busey pursuant to that lease were approximately \$427,890 in 2012. Additionally, First Busey is a party to a lease arrangement with another entity with which Messrs. Meyer and Lykins have a relationship, the payments under which were insignificant in 2012. We believe that the terms of these leases are no less favorable to First Busey or its subsidiaries than would have been obtained from non-affiliated parties and that the leases do not prevent Mr. Meyer from being deemed to be an independent director.

Our directors and executive officers and their associates were customers of, and had transactions with, First Busey and our subsidiaries, including Busey Bank, in the ordinary course of business during 2012. Additional transactions may be expected to take place in the future. In the opinion of management, all outstanding loans, commitments to loan, transaction in repurchase agreements, certificates of deposit and depository relationships, were in the ordinary course of business and were made on substantially the same terms, including interest rates, collateral and repayment terms on the extension of credit, as those prevailing at the time for comparable transactions with other persons and did not involve more than the normal risk of collectability or present unfavorable features. All such loans are approved by Busey Bank's board of directors in accordance with bank regulatory requirements. Additionally, the Audit Committee considers other nonlending transactions between a director and First Busey or its subsidiaries to ensure that such transactions do not affect a director's independence.

OTHER BUSINESS

As of the date hereof, there is no business to be transacted at the 2013 Annual Meeting other than that referred to in the Notice of Annual Meeting of Stockholders and it is not anticipated that other matters will be brought before the meeting. If, however, other matters should properly be brought before the 2013 Annual Meeting, it is intended that the proxy holders may vote or act in accordance with our board's recommendation on such matters.

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ANNUAL REPORT AND FINANCIAL STATEMENTS; OTHER INFORMATION

A copy of our Annual Report on Form 10-K for the year ended December 31, 2012, which includes our financial statements as of and for the year ended December 31, 2012, accompanies this proxy statement.

If you would like a copy of board committee charters, our code of business standards and ethics or other documents pertaining to our corporate governance, we provide these documents without charge. Please write to:

Ms. Mary E. Lakey
Corporate Secretary
First Busey Corporation
100 W. University Avenue
Champaign, IL 61820

* * * * *

ALL STOCKHOLDERS ARE URGED TO SIGN AND MAIL THEIR PROXIES PROMPTLY

