

MidWestOne Financial Group, Inc.  
Form PRE 14A  
March 30, 2009

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

**SCHEDULE 14A**

**(RULE 14a-101)**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

Filed by the Registrant:

Filed by a party other than the Registrant:

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**MIDWESTONE FINANCIAL GROUP, INC.**

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(Exact Name of Registrant as Specified in its Charter)

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

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- No fee required.
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(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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102 South Clinton St.

Iowa City, Iowa 52240

(319) 356-5800

**PRELIMINARY DRAFT SUBJECT TO COMPLETION**

April , 2009

Dear Shareholder:

On behalf of the board of directors and management of MidWestOne Financial Group, Inc., we cordially invite you to attend the annual meeting of shareholders of MidWestOne Financial Group, Inc. to be held at 3:00 p.m. on May 4, 2009, at Coralville Marriott Hotel & Conference Center located at 300 East 9th Street, Coralville, Iowa 52241.

The accompanying Notice of Annual Meeting of Shareholders and proxy statement discuss the business to be conducted at the meeting. We also have enclosed a copy of our Annual Report on Form 10-K for your review as well as a letter to shareholders providing a summary of our 2008 results. At the meeting, we will review our performance in 2008 and update you on how we are dealing with these challenging economic times and our strategic plan as we move forward.

Our Nominating and Corporate Governance Committee has nominated four persons to serve as directors, each of whom is an incumbent director. Additionally, we have included a non-binding advisory proposal on the compensation of our executive management. Finally, our Audit Committee has selected, and we recommend that you ratify the selection of, KPMG LLP to continue as our independent registered public accounting firm for the year ending December 31, 2009. We recommend that you vote your shares for each of the four director nominees, in favor of the compensation arrangements of our executive management and in favor of the ratification of our independent registered public accounting firm.

We encourage you to attend the meeting in person. **However, whether or not you plan to attend the meeting in person, please take the time to vote by completing and mailing the enclosed proxy card or by following the telephone or Internet voting procedures described on the proxy card.** This will assure that your shares are represented at the meeting. We look forward to seeing you at the meeting.

Very truly yours,

W. R. Summerwill

Chairman of the Board

102 South Clinton St.

Iowa City, Iowa 52240

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**TO BE HELD MAY 4, 2009**

To Our Shareholders:

The annual meeting of the shareholders of MidWestOne Financial Group, Inc. will be held at 3:00 p.m. on May 4, 2009, at Coralville Marriott Hotel & Conference Center located at 300 East 9th Street, Coralville, Iowa 52241, for the following purposes:

1. To elect four members of the board of directors;
2. To approve a non-binding advisory proposal on the compensation of certain executive officers;
3. To ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2009; and
4. To transact such other business as may properly be brought before the meeting and any adjournments or postponements of the meeting.

Only shareholders of record on our books at the close of business on March 9, 2009, the record date for the annual meeting, are entitled to notice of, and to vote at, the annual meeting and any adjournments or postponements of the annual meeting. In the event there are an insufficient number of votes for a quorum or to approve or ratify any of the foregoing proposals at the time of the annual meeting, the meeting may be adjourned or postponed in order to permit us to further solicit proxies.

**By Order of the Board of Directors**

W. R. Summerwill

Chairman of the Board

Iowa City, Iowa

April , 2009

**WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING IN PERSON, PLEASE TAKE THE TIME TO VOTE BY COMPLETING AND MAILING THE ENCLOSED PROXY CARD OR BY FOLLOWING THE TELEPHONE OR INTERNET VOTING PROCEDURES DESCRIBED ON THE PROXY CARD. WE HOPE THAT YOU WILL BE ABLE TO ATTEND THE MEETING, AND IF YOU DO YOU MAY VOTE YOUR SHARES IN PERSON IF YOU WISH. YOU MAY REVOKE THE PROXY CARD AT ANY TIME PRIOR TO ITS EXERCISE. THE ENCLOSED PROXY STATEMENT IS AVAILABLE AT [WWW.MIDWESTONE.COM/ABOUT.PHP](http://WWW.MIDWESTONE.COM/ABOUT.PHP) AT THE LINK 2009 ANNUAL MEETING MATERIALS .**

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**MIDWESTONE FINANCIAL GROUP, INC.**

**PROXY STATEMENT**

**ANNUAL MEETING OF SHAREHOLDERS**

**MAY 4, 2009**

This proxy statement is being furnished to shareholders in connection with the solicitation by our board of directors of proxies to be used at the annual meeting of shareholders to be held at 3:00 p.m. on May 4, 2009, at Coralville Marriott Hotel & Conference Center located at 300 East 9th Street, Coralville, Iowa 52241, or at any adjournments or postponements of the meeting. This proxy statement is first being mailed to shareholders on or about April 20, 2009.

The following is information regarding the meeting and the voting process, presented in a question and answer format. As used in this proxy statement, the terms *MidWestOne*, the Company, we, our, and us all refer to MidWestOne Financial Group, Inc. and its subsidiaries. The terms *MidWestOne Bank* and the Bank refer to MidWestOne's wholly-owned banking subsidiary, MidWestOne Bank, Iowa City, Iowa.

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

You are receiving a proxy statement and proxy card from us because on March 9, 2009, the record date for the annual meeting, you owned shares of MidWestOne's common stock. This proxy statement describes the matters that will be presented for consideration by the shareholders at the annual meeting to be held on May 4, 2009. It also gives you information concerning the matters to assist you in making an informed decision.

When you sign the enclosed proxy card or otherwise vote pursuant to the instructions set forth in the proxy card, you appoint the proxy holders as your representatives at the meeting. The proxy holders will vote your shares as you have instructed, thereby ensuring that your shares will be voted whether or not you attend the meeting. Even if you plan to attend the meeting, you should instruct the proxies how to vote your shares in advance of the meeting just in case your plans change.

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

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

You are being asked to vote on the election of four directors of MidWestOne for a term expiring in 2012, on a non-binding advisory proposal on the compensation of certain of our executive officers and on the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the 2009 fiscal year. These matters are more fully described in this proxy statement.

**How do I vote?**

After reviewing this document, submit your proxy using any of the proxy delivery or voting methods indicated on the proxy card. By submitting your proxy, you authorize the individuals named in it to represent you and vote your shares at the annual meeting in accordance with your instructions. Your vote is important. *Whether or not you plan to attend the annual meeting, please submit your proxy promptly in the enclosed envelope or vote telephonically or through the Internet by following the instructions on the proxy card.*

If you sign and return your proxy card but do not mark the card to provide voting instructions, the shares represented by your proxy card will be voted for all four nominees named in this proxy statement, for the



non-binding advisory proposal on compensation of certain executive officers and for the ratification of the appointment of our independent registered public accounting firm for the 2009 fiscal year.

If you are a beneficial owner and a broker or other fiduciary is the record holder (or in what is usually referred to as street name), then you received this proxy statement from the record holder of the shares that you beneficially own. The record holder should have given you instructions for directing how the record holder should vote your shares. It will then be the record holder's responsibility to vote your shares for you in the manner you direct.

If you want to vote in person, please come to the meeting. We will distribute written ballots to anyone who wants to vote at the meeting. Please note, however, that if your shares are held in the name of a broker or other fiduciary, you will need to arrange to obtain a proxy from the record holder in order to vote in person at the meeting. Even if you plan to attend the annual meeting, you should complete and return your proxy card in advance of the annual meeting in case your plans change.

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

Under the rules of various national and regional securities exchanges, brokers and other fiduciaries generally may vote on routine matters, such as the election of directors and the ratification of an independent registered public accounting firm, but cannot vote on non-routine matters, such as an advisory vote on executive compensation arrangements, unless they have received voting instructions from the person for whom they are holding shares. You should do this by carefully following the instructions your broker gives you concerning its procedures.

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

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

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

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

signing another proxy card with a later date and returning that proxy card to our transfer agent, Illinois Stock Transfer Company, which automatically revokes your earlier proxy, by mail;

timely submitting another proxy via the telephone or Internet, if that is the method that you originally used to submit your proxy, which automatically revokes your earlier proxy;

sending notice to us that you are revoking your proxy; or

voting in person at the meeting.

All written notices of revocation and other written communications with respect to revocation of proxies should be sent to: *MidWestOne* Financial Group, Inc., 102 South Clinton St., Iowa City, Iowa 52240, Attention: Corporate Secretary. If you hold your shares in the name of your broker and desire to revoke your proxy, you will need to contact your broker to revoke your proxy.



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

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

is present and votes in person at the meeting; or

has properly submitted a signed proxy card or other form of proxy.

On March 9, 2009, the record date, there were 8,603,055 shares of common stock issued and outstanding. Therefore, at least 4,301,528 shares need to be present, in person or by proxy, at the annual meeting.

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

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

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

You may vote for or withhold authority to vote for each nominee for director. You may vote for, against or abstain on the non-binding advisory proposal on executive compensation, on the ratification of the appointment of our independent registered public accounting firm for the 2009 fiscal year and on any other proposal that may properly be brought before the meeting.

**How many votes may I cast?**

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

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

Directors will be elected by a plurality and the four individuals receiving the highest number of votes cast for their election will be elected as directors of *MidWestOne*.

Approval of the executive compensation policies and procedures would require that the number of votes cast in favor exceed the number of votes cast against it. Abstentions and broker non-votes will not be counted as votes cast, and therefore will not affect the vote. Because this shareholder vote is advisory, it will not be binding upon the board of directors.

The ratification of the appointment of our independent registered public accounting firm and all other matters must receive the affirmative vote of a majority of the shares present in person or by proxy at the meeting and entitled to vote. Broker non-votes will not be counted as entitled to vote, but will count for purposes of determining whether or not a quorum is present on the matter.

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

If available, we will announce voting results at the meeting. The voting results also will be disclosed in our Form 10-Q for the quarter ended June 30, 2009.

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

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



## SECURITY OWNERSHIP

### Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information with respect to the beneficial ownership of our common stock at March 9, 2009, by each person known by us to be the beneficial owner of more than 5% of the outstanding common stock, by each director or nominee, by each executive officer named in the summary compensation table, which can be found later in this proxy statement, and by all directors and executive officers of MidWestOne as a group. Beneficial ownership has been determined for this purpose in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended, under which a person is deemed to be the beneficial owner of securities if he or she has or shares voting power or investment power in respect of such securities or has the right to acquire beneficial ownership of securities within 60 days of March 9, 2009.

Name of Individual or Number of Individuals in Group	Amount and Nature of Beneficial Ownership <sup>(1,2)</sup>	Percent of Class
<b>Directors and Nominees</b>		
Charles N. Funk	25,025	*
Richard R. Donohue	15,050 <sup>(3)</sup>	*
Charles S. Howard	235,682 <sup>(4)</sup>	2.7%
John S. Koza	888,489 <sup>(5)</sup>	10.3%
Sally K. Mason	1,525	*
Kevin W. Monson	7,765	*
John P. Pothoven	97,642 <sup>(6)</sup>	1.1%
W. Richard Summerwill	318,839 <sup>(7)</sup>	3.7%
James G. Wake	20,991 <sup>(8)</sup>	*
Robert D. Wersen	22,353 <sup>(9)</sup>	*
Stephen L. West	15,797	*
R. Scott Zaiser	11,137 <sup>(10)</sup>	*
<b>Other Named Executive Officers</b>		
Kent L. Jehle	7,350 <sup>(11)</sup>	*
Gary Ortale	6,200 <sup>(12)</sup>	*
All directors and executive officers as a group (14 persons)	1,673,845	18.9%

\* Indicates that the individual or entity owns less than one percent of MidWestOne's common stock.

- (1) The total number of shares of common stock issued and outstanding on March 9, 2009, was 8,603,055.
- (2) The information contained in this column is based upon information furnished to us by the persons named above and as shown on our transfer records. The nature of beneficial ownership for shares shown in this column, unless otherwise noted, represents sole voting and investment power.
- (3) Includes 5,535 shares owned by Mr. Donohue's spouse. Also includes options to purchase 7,927 shares of common stock exercisable within 60 days of March 9, 2009.
- (4) Includes 2,602 shares owned as custodian for his two children, 40,047 shares allocated to his ESOP account and 75,800 shares owned by Mr. Howard's spouse. Also includes options to purchase 23,132 shares of common stock exercisable within 60 days of March 9, 2009.
- (5) Includes 24,900 shares owned by Mr. Koza's spouse and 619,560 shares held in trusts over which Mr. Koza serves as the trustee.

- (6) Includes 600 shares owned as custodian for his grandchildren and 52,705 shares held in an IRA. Also includes options to purchase 16,862 shares of common stock exercisable within 60 days of March 9, 2009.
  
- (7) Includes 135,240 shares held in a trust over which Mr. Summerwill serves as the trustee, 113,358 shares held in a revocable grantor trust, 1,854 shares owned by Mr. Summerwill's spouse and 66,408 shares held in his spouse's revocable grantor trust.

- (8) Includes 211 shares owned by his spouse. Also includes options to purchase 6,883 shares of common stock exercisable within 60 days of March 9, 2009.
  
- (9) Includes 4,478 shares owned jointly with his spouse and 4,349 shares held in an IRA. Also includes options to purchase 12,451 shares of common stock exercisable within 60 days of March 9, 2009.
  
- (10) Includes 121 shares owned by a corporation of which Mr. Zaiser has control. Also includes options to purchase 7,395 shares of common stock exercisable within 60 days of March 9, 2009.
  
- (11) Includes options to purchase 750 shares of common stock exercisable within 60 days of March 9, 2009.
  
- (12) Includes 1,200 shares held in his spouse's IRA, over which he has shared voting and investment power. Also includes options to purchase 125 shares of common stock exercisable within 60 days of March 9, 2009.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires that our executive officers, directors and persons who own more than 10% of our common stock file reports of ownership and changes in ownership with the Securities and Exchange Commission. They are also required to furnish us with copies of all Section 16(a) forms they file. Based solely on our review of the copies of such forms, and, if appropriate, representations made to us by any reporting person concerning whether a Form 5 was required to be filed for 2008, we are not aware that any of our directors, executive officers or 10% shareholders failed to comply with the filing requirements of Section 16(a) during 2008 except for the following: the six directors of the Company that remained directors upon completion of the Merger were one day late in filing their initial Form 3s; Ms. Mason was two days late in filing her initial Form 3 upon becoming a director following the Company's 2008 annual meeting; and Mr. Summerwill failed to timely file a Form 4 with respect to shares that were in July 2008 distributed, pursuant to the terms of the trust document, out of a trust for which he was the trustee and a 50% beneficiary. He filed a Form 5 with respect to such distribution in February 2009.

**PROPOSAL 1:****ELECTION OF DIRECTORS**

MidWestOne's board of directors is divided into three classes, equal in number. At the annual meeting to be held on May 4, 2009, you will be entitled to elect four directors for terms expiring in three years, as described herein. We have no knowledge that any of the nominees will refuse or be unable to serve as directors, but if any of the nominees becomes unavailable for election, the holders of proxies reserve the right to substitute another person of their choice as a nominee when voting at the meeting.

The Nominating and Corporate Governance Committee of the board of directors of MidWestOne has nominated four persons for election at this annual meeting, all of whom are incumbent directors. Set forth below is information concerning the nominees for election and for the other directors whose term of office will continue after the meeting, including their age, year first elected or appointed as a director and business experience during the previous five years. The four nominees for director, if elected at the annual meeting, will serve for terms expiring in 2012.

Unless authority to vote for the nominees is withheld, the shares represented by the enclosed proxy card, if executed and returned, will be voted for the election of the nominees proposed by the board of directors.

**The board of directors recommends that you vote your shares FOR each of the nominees for director.**

**NOMINEES****Term Expiring in 2012**

<b>Name of Individual</b>	<b>Director Since</b>	<b>Positions with MidWestOne and the Bank</b>
Richard R. Donohue	2008 <sup>(1)</sup>	Director of MidWestOne
Charles S. Howard	2008 <sup>(2)</sup>	Vice Chairman of MidWestOne; Vice Chairman of the Bank
John S. Koza	1983	Director of MidWestOne
Stephen L. West	1991	Director of MidWestOne

(1) Mr. Donohue became a director of the Company upon completion of the merger with Former MidWestOne on March 14, 2008. He had been a director of Former MidWestOne since 1999.

(2) Mr. Howard became a director of the Company upon completion of the merger with Former MidWestOne on March 14, 2008. He had been a director of Former MidWestOne since 1988.

**CONTINUING DIRECTORS****Term Expiring in 2010**

<b>Name of Individual</b>	<b>Director Since</b>	<b>Positions with MidWestOne and the Bank</b>
Kevin W. Monson	2006	Director of MidWestOne
John P. Pothoven	2009	Director of MidWestOne; Director of the Bank
W. Richard Summerwill	1983	Chairman of MidWestOne; Chairman of the Bank
James G. Wake	2008 <sup>(1)</sup>	Director of MidWestOne

**Term Expiring in 2011**

<b>Name of Individual</b>	<b>Director Since</b>	<b>Positions with MidWestOne and the Bank</b>
Charles N. Funk	2000	Director, President and Chief Executive Officer of MidWestOne and the Bank
Sally K. Mason	2008	Director of MidWestOne
Robert D. Wersen	2008 <sup>(2)</sup>	Director of MidWestOne
R. Scott Zaiser	2008 <sup>(3)</sup>	Director of MidWestOne

- (1) Mr. Wake became a director of the Company upon completion of the merger with Former MidWestOne on March 14, 2008. He had been a director of Former MidWestOne since 2000.
- (2) Mr. Wersen became a director of the Company upon completion of the merger with Former MidWestOne on March 14, 2008. He had been a director of Former MidWestOne since 2006.
- (3) Mr. Zaiser became a director of the Company upon completion of the merger with Former MidWestOne on March 14, 2008. He had been a director of Former MidWestOne since 2006.

**Information About Our Directors and Executive Officers**

On March 14, 2008, we completed our merger with the former MidWestOne Financial Group, Inc. ( Former MidWestOne ) pursuant to which Former MidWestOne merged into us and we changed our name to MidWestOne Financial Group, Inc. We and Former MidWestOne agreed in the definitive agreement governing the merger that, effective upon consummation of the merger, our board would appoint Messrs. Donohue, Howard, Wake, Wersen and Zaiser, each of whom was a director of the Former MidWestOne prior to the merger, to our board of directors. At our 2008 annual meeting, Messrs. Wersen and Zaiser were re-elected to a three-year term. Although Messrs. Donohue and Howard have been nominated for re-election at our 2009 annual meeting, the definitive agreement governing the merger did not require that they be re-nominated.

Except as noted above, all directors will hold office for the terms indicated, or until their earlier death, resignation, removal or disqualification, and until their respective successors are duly elected and qualified. No nominee, member of the board of directors or executive officer is related to any other nominee, member of the board of directors or executive officer, except that Mr. Summerwill and Mr. Koza are cousins. No nominee or director is a director of another public corporation (i.e., subject to the reporting requirements of the Securities Exchange Act of 1934) or of any investment company.

*Richard R. Donohue.* Mr. Donohue, 59, is the Managing Partner of TD&T Financial Group, P.C. in Oskaloosa, Iowa, a certified public accounting firm in which he is involved in all phases of the practice. Mr. Donohue joined the board of directors of Former MidWestOne in 1999.

*Charles N. Funk.* Mr. Funk, 55, is the President and Chief Executive Officer of MidWestOne and the Bank. He joined the Bank in these same roles in November 2000. Prior to that, he held positions as President and Central Region Manager and Chief Investment Officer for Brenton Bank Des Moines. Mr. Funk currently serves on the faculty of the Colorado Graduate School of Banking in Boulder, Colorado, and the Iowa School of Banking. Previously, he taught for the Stonier Graduate School of Banking at Georgetown University. He will become the Chairman of the Iowa Bankers Association in September 2009. Mr. Funk graduated with a B.A. from William Jewell College.

*Charles S. Howard.* Mr. Howard, 53, became a director of Former MidWestOne in 1988 and a director of the former MidWestOne Bank in 1993. He was elected President and Chief Executive Officer of Former MidWestOne in June 1993 and elected Chairman in January 1998. Mr. Howard served as Vice Chairman of the former MidWestOne Bank from January 1996 to December 2005, at which time he was elected Chairman. He became a director of the Company upon completion of the merger in March 2008, and a director of the Bank in August 2008.

*John S. Koza.* Mr. Koza, 63, became a director of the Company in 1983 and a director of the Bank in 1982. Mr. Koza retired from his positions as Vice President of the Company and Executive Vice President of the Bank in 2000. He served in various management positions with the Company since its formation in 1983 and with the Bank since 1973.

*Kevin W. Monson.* Mr. Monson, 57, is the President, Managing Partner and majority owner of Neumann Monson Architects, PC, an architectural services firm headquartered in Iowa City. He became a director of the Company and the Bank in 2006. Mr. Monson also is the majority partner in Tower Partners, a real estate investment partnership.

*Sally Mason.* Ms. Mason, 58, is the President of the University of Iowa. She was appointed as the University's 20th President in August 2007 after serving as Provost of Purdue University since 2001. Ms. Mason graduated from the University of Kentucky in 1972 with a Bachelor of Arts in Zoology. She then earned a Master of Science from Purdue in 1974, followed by a Ph.D. in 1978 from the University of Arizona in Cellular, Molecular and Developmental Biology. Ms. Mason conducted further research at Indiana University before accepting a position at the University of Kansas in 1981. At Kansas, she served as an undergraduate teacher and adviser, a full professor in the Department of Molecular Biosciences, an acting chair of the Department of Physiology and Cell Biology, an associate dean in the University's College of Liberal Arts and Sciences, and finally as the Dean of that College until 2001.

*John P. Pothoven.* Mr. Pothoven, 67, was appointed by our board of directors in January 2009 to fill the vacancy created by the resignation of David A. Meinert as a member of our board of directors. He was a director of Former MidWestOne from 1994 to 2008 and a director of the former MidWestOne Bank from 1976 until its merger with the Bank in August 2008. He also served as President and Chief Executive Officer of the former MidWestOne Bank from 1984 until its merger with the Bank in August 2008 and as Chairman of the former MidWestOne Bank from 1998 to 2005.

*W. Richard Summerwill.* Mr. Summerwill, 73, is the Chairman of the Company and the Bank. He has been with the Bank since 1963. Mr. Summerwill was the President and Chief Executive Officer of the Bank from 1984 to 2000. He also was the Chief Executive Officer of the Company from 2000 until the completion of the merger in March 2008.

*James G. Wake.* Mr. Wake, 69, is the General Manager of Smith-Wake Ag Services, a diversified agricultural firm headquartered in Oskaloosa, Iowa, with operations including feed and livestock production, contract finishing, grain services and storage and land management. Mr. Wake became a director of the former MidWestOne Bank in 1987 and became a director of the Former MidWestOne in 2000. He became a director of the Company upon completion of the merger in March 2008.

*Robert D. Wersen.* Mr. Wersen, 66, is the President and founder of Interpower Corporation, which produces power system components for electrical equipment. The corporation is headquartered in Oskaloosa, Iowa and has expanded to other Iowa communities and established a subsidiary office in England. Mr. Wersen became a director of one of the Bank's predecessor banks in 1996 and became a director of the Former MidWestOne in 2006. He became a director of the Company upon completion of the merger in March 2008.

*Stephen L. West.* Mr. West, 63, is the Chairman and majority owner of West Music Company Inc., a musical instrument and supply store headquartered in Coralville, Iowa. He has been a director of the Company and the Bank since 1991. Mr. West also is Treasurer of Accent LLC, a private-label musical instruments company, and the President of WestInvest, L.C., a family investment vehicle.

*R. Scott Zaiser.* Mr. Zaiser, 48, is the President of Zaiser's Landscaping, Inc. in Burlington, Iowa, which is a landscaping company specializing in the design and installation of landscaping for residential and commercial properties in southeastern Iowa and west central Illinois. Mr. Zaiser became a director of the former MidWestOne Bank in 2000 and became a director of the Former MidWestOne in 2006. He became a director of the Company upon completion of the merger in March 2008.



In addition, the following individuals serve as executive officers of MidWestOne:

*Kent L. Jehle.* Mr. Jehle, 49, is the Company's Executive Vice President and Chief Lending Officer and the Executive Vice President - Commercial Banking of the Bank. He has been with the Company and the Bank since 1986.

*Gary J. Ortale.* Mr. Ortale, 58, is the Senior Vice President - Chief Risk Officer of the Bank. In addition, since January 1, 2009, Mr. Ortale has been serving as the Company's Interim Chief Financial Officer, a position to which he was appointed following the resignation of David A. Meinert, the Company's previous Chief Financial Officer. Prior to the merger, Mr. Ortale served as the Treasurer of the Company and the Senior Vice President - Chief Financial Officer of the Bank. He has been with the Company and the Bank since 1987.

## **CORPORATE GOVERNANCE AND THE BOARD OF DIRECTORS**

### **General**

Generally, the board oversees our business and monitors the performance of our management. In accordance with our corporate governance procedures, the board does not involve itself in the day-to-day operations of MidWestOne, which is monitored by our executive officers and management. Our directors fulfill their duties and responsibilities by attending regular meetings of the board, which convene at least on a quarterly basis, and through committee membership, which is discussed below. Our directors also discuss business and other matters with Mr. Funk, our President and Chief Executive Officer, other key executives and our principal external advisers (legal counsel, auditors and other consultants).

With the exception of Messrs. Funk, Howard, Pothoven and Summerwill, all of our current directors are independent, as defined by the The Nasdaq Stock Market LLC, and the board has determined that the independent directors do not have other relationships with us that prevent them from making objective, independent decisions. The board of directors has established an Audit Committee, a Nominating and Corporate Governance Committee and a Compensation Committee. The current charters of each of these committees are available on our website at [www.midwestone.com](http://www.midwestone.com). Also posted on our web site is a general description regarding our company and links to our filings with the Securities and Exchange Commission.

Our board of directors held five meetings during 2008 (counting only those of the new board of directors following the Merger). All of the directors except Ms. Mason attended at least 75% of the board meetings and meetings of committees of which they were members. Ms. Mason did not join our board of directors until after the June 2008 annual meeting and thus was only a member of the board for three meetings and she was absent from one of those three. While we do not have a specific policy regarding attendance at the annual shareholder meeting, all directors are encouraged and expected to attend the meeting. Last year's annual meeting was attended by all of the directors in office at such time, except for Mr. Meinert, who has since resigned from the board.

### **Audit Committee**

In 2008, the Audit Committee was comprised of Messrs. Donohue (Chairman), Koza, Monson and Zeiser, each of whom is expected to serve on the committee through 2009. Each of the members is considered independent according to Nasdaq listing requirements and the regulations of the Securities and Exchange Commission. The board of directors has determined that Mr. Donohue qualifies as an audit committee financial expert under the regulations of the Securities and Exchange Commission. The board has based this determination on Mr. Donohue's education and his professional experience as the managing partner of a certified public accounting firm.

The functions performed by the Audit Committee include, among other things, the following:

overseeing our accounting and financial reporting;

selecting, appointing and overseeing our independent registered public accounting firm;

reviewing actions by management on recommendations of the independent registered public accounting firm and internal auditors;

meeting with management, the internal auditors and the independent registered public accounting firm to review the effectiveness of our system of internal control and internal audit procedures; and

reviewing reports of bank regulatory agencies and monitoring management's compliance with recommendations contained in those reports.

To promote independence of the audit function, the committee consults separately and jointly with our independent registered public accounting firm, the internal auditors and management. We have adopted a written charter for the committee, which sets forth the committee's duties and responsibilities. Our current charter is available on our website at [www.midwestone.com](http://www.midwestone.com). In 2008, the committee met six times.

### **Compensation Committee**

The members of the Compensation Committee in 2008 were Messrs. West (Chairman), Monson, Wake and Wersen, each of whom is an independent director as defined by Nasdaq listing requirements, an outside director pursuant to Section 162(m) of the Internal Revenue Code and a non-employee director under Section 16 of the Securities Exchange Act of 1934. It is anticipated that the composition of the Compensation Committee will be the same throughout 2009 as it was in 2008. The purpose of the committee is to determine the salary and bonus to be paid to Mr. Funk, our President and Chief Executive Officer, and to make a recommendation regarding his compensation to the full board for approval. The committee also reviews and recommends to the board for approval the salaries and bonuses for our other executive officers. Further, the committee administers our equity incentive plans, our long-term incentive plan and our executive incentive bonus plan. We have adopted a written charter for the committee, which sets forth the committee's duties and responsibilities. The current charter is available on our website at [www.midwestone.com](http://www.midwestone.com). In 2008, the committee met two times.

### **Nominating and Corporate Governance Committee**

We also have a Nominating and Corporate Governance Committee. The members of the committee are Messrs. Koza (Chairman), Donohue, Wersen and West, each of whom is expected to serve on the committee through 2009. Further, each is considered independent according to Nasdaq listing requirements. The primary purposes of the committee are to identify and recommend individuals to be presented to our shareholders for election or re-election to the board of directors and to review and monitor our policies, procedures and structure as they relate to corporate governance. We have adopted a written charter for the committee, which sets forth the committee's duties and responsibilities. The current charter is available on our website at [www.midwestone.com](http://www.midwestone.com).

### **Director Nominations and Qualifications**

For the 2009 annual meeting, the Nominating and Corporate Governance Committee nominated for re-election to the board the four incumbent directors, who serve as Class II directors whose term will expire in 2012. This nomination was further approved by the full board. We did not receive any shareholder nominations for directorships for the 2009 annual meeting.

The Nominating and Corporate Governance Committee evaluates all potential nominees for election, including incumbent directors, board nominees and those shareholder nominees included in the proxy statement, in the same manner. Generally, the committee believes that, at a minimum, directors should possess certain qualities, including the highest personal and professional ethics and integrity, a sufficient educational and professional background, demonstrated leadership skills, sound judgment, a strong sense of service to the communities which we serve and an ability to meet the standards and duties set forth in our code of conduct. The committee also evaluates potential nominees to determine if they have any conflicts of interest that may interfere

with their ability to serve as effective board members and to determine whether they are independent in accordance with Nasdaq listing requirements (to ensure that at least a majority of the directors will, at all times, be independent). The committee has not, in the past, retained any third party to assist it in identifying candidates.

#### **Shareholder Communication with the Board, Nomination and Proposal Procedures**

**General Communications with the Board.** Shareholders may contact MidWestOne's board of directors by contacting the Corporate Secretary, at MidWestOne Financial Group, Inc., 102 South Clinton Street, Iowa City, Iowa, 52240 or (319) 356-5800. All communications will be forwarded directly to either the Chairman of the Board, the chairman of the Audit Committee or the Chief Executive Officer, as appropriate, unless they are primarily commercial in nature or related to an improper or irrelevant topic.

**Nominations of Directors.** For a shareholder nominee to be considered by our board as a company nominee and included in our proxy statement, the nominating shareholder must file a written notice of the proposed director nomination with our corporate secretary, at the above address, not less than 60 days nor more than 90 days in advance of the first anniversary date (month and day) of the previous year's annual meeting. Nominations must include the following information with respect to each nominee: name; age; business and residential address; principal occupation or employment; the class and number of shares of the corporation's stock which are beneficially owned by him or her; and any other information relating to him or her that would be required to be disclosed on Schedule 13D pursuant to regulations under the Securities Exchange Act of 1934. In addition, the following information about the shareholder making the nomination must be included: name; address; name and principal address of any other beneficial shareholders known by him or her to support the shareholder's nominee; and the class and number of shares of the corporation's stock which are beneficially owned by him or her. The committee may request additional information in order to make a determination as to whether to nominate the person for director.

**Other Shareholder Proposals.** For shareholder proposals to be considered for inclusion in our proxy statement and form of proxy relating to our annual meeting of shareholders to be held in 2010, shareholder proposals must be received by our Corporate Secretary, at the above address, not less than 60 days nor more than 90 days in advance of the first anniversary date (month and day) of the previous year's annual meeting and must otherwise comply with the rules and regulations set forth by the Securities and Exchange Commission.

#### **Independent Director Sessions**

Consistent with Nasdaq listing requirements, the independent directors regularly have the opportunity to meet without the non-independent directors present and in 2008 there were two such sessions.

#### **Code of Ethics**

We have a code of conduct in place that applies to all of our directors and employees. The code sets forth the standard of ethics that we expect all of our directors and employees to follow, including our Chief Executive Officer and Chief Financial Officer. The code of conduct is posted on our website at [www.midwestone.com](http://www.midwestone.com). We intend to satisfy the disclosure requirements under Item 10 of Form 8-K regarding any amendment to or waiver of the code with respect to our Chief Executive Officer and Chief Financial Officer, and persons performing similar functions, by posting such information on our website.

## NAMED EXECUTIVE OFFICER COMPENSATION

We maintain a comprehensive compensation program. The compensation program is designed to attract and retain key employees, motivate the key employees to achieve and to reward key employees for superior performance. The overall design of the compensation programs strives to balance short and long-term performance goals, with the ultimate goal being the increase of shareholder value over the long term. With respect to the individuals named in the Summary Compensation Table, the compensation program includes: salary, annual cash incentive bonus, long-term incentive compensation (which is delivered primarily through equity awards) and other benefits and perquisites. The compensation program has been administered by the Compensation Committee of our board of directors.

On February 6, 2009, we became a participant in the Treasury Capital Purchase Program implemented as a component of the Troubled Asset Relief Program by issuing to the U.S. Department of the Treasury shares of our senior preferred stock in exchange for a cash investment by Treasury. As a participant, we are subject to certain executive compensation restrictions established under the American Recovery and Reinvestment Act of 2009 (the Stimulus Bill), which was enacted on February 17, 2009. The rules and procedures for applying, and complying with, the executive compensation restrictions are being developed by the Treasury, Securities and Exchange Commission and other regulators and have not yet been fully announced to the public. Therefore, while such executive compensation restrictions will impact our compensation program moving forward, the precise impact the restrictions will have on the compensation program is not yet clear. However, it is likely that the compensation program in place with respect to individuals named in the Summary Compensation Table will be significantly different in those years during which the Treasury continues to hold an equity interest in MidWestOne. We intend to comply to the extent required with the Stimulus Bill's executive compensation restrictions and, to that end, are working with legal counsel and other advisors to determine the extent to which those restrictions will impact our compensation program.

### Summary Compensation Table

The following table sets forth information concerning the compensation of the two individuals that served as our Chief Executive Officer during 2008 (W. Richard Summerwill from January 1, 2008 through March 14, 2008 and Charles N. Funk since March 14, 2008) and our other two most highly-compensated executive officers during 2008 and 2007. David A. Meinert served as our Chief Financial Officer from the closing of our merger with the Former MidWestOne on March 14, 2008 through December 31, 2008, at which time he resigned. He was one of our two most highly-compensated executives beyond our Chief Executive Officer and thus his compensation is set forth in the table below even though he is no longer an employee.

The following table sets forth the following information for the years ended December 31, 2008 and 2007: (i) the dollar value of base salary and bonus earned; (ii) the aggregate grant date fair value of stock and option awards granted at any time and expensed computed in accordance with FAS 123(R); (iii) all other compensation; and, finally, (iv) the dollar value of total compensation.

Name and Position	Year	Salary	Bonus	Stock Awards <sup>(2)</sup>	Option Awards	All Other Compensation	Total
<i>W.R. Summerwill</i>	2008	\$ 85,833		\$ 1,565		\$ 51,837 <sup>(5)</sup>	\$ 139,235
<i>Chairman of the Board; Chief Executive Officer (through March 14, 2008)</i>	2007	\$ 60,000	10,000		\$ 203 <sup>(4)</sup>	\$ 64,476 <sup>(6)</sup>	\$ 134,679
<i>Charles N. Funk</i>	2008	\$ 285,625	\$		\$ 1,577 <sup>(3)</sup>	\$ 26,420	\$ 313,622
<i>President; Chief Executive Officer (since March 14, 2008)</i>	2007	\$ 220,000	\$ 35,000		\$ 812 <sup>(4)</sup>	\$ 45,949	\$ 301,761
<i>David A. Meinert<sup>(1)</sup></i>							