

MidWestOne Financial Group, Inc.
Form DEF 14A
March 15, 2010
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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.

(Exact Name of Registrant as Specified in its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined).

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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102 South Clinton St.

Iowa City, Iowa 52240

(319) 356-5800

March 19, 2010

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 to be held at 2:00 p.m. on April 22, 2010, at the hotelVetro located at 201 S. Linn St., Iowa City, Iowa 52240.

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 the year ended December 31, 2009, for your review as well as a letter to shareholders providing a summary of our 2009 results. At the meeting, we will review our performance in 2009 and update you on how we are dealing with the challenging economic environment 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 named executive officers. 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, 2010. We recommend that you vote your shares for each of the four director nominees, in favor of the compensation arrangements of our named executive officers 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

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102 South Clinton St.

Iowa City, Iowa 52240

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD APRIL 22, 2010

To Our Shareholders:

The annual meeting of the shareholders of MidWestOne Financial Group, Inc. will be held at 2:00 p.m. on April 22, 2010, at the hotelVetro located at 201 S. Linn St., Iowa City, Iowa 52240, 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 our named executive officers, as described in the accompanying proxy statement;
3. to ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2010; 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, 2010, 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.

Important Notice Regarding the Availability of Proxy Materials

for the Shareholder Meeting to be Held on April 22, 2010.

Our proxy statement for the annual meeting of shareholders to be held on April 22, 2010, other proxy materials, and our annual report on Form 10-K for fiscal year 2009 is available at <http://www.snl.com/irweblinkx/docs.aspx?iid=1021746>.

By Order of the Board of Directors

W. R. Summerwill

Chairman of the Board

Iowa City, Iowa

March 19, 2010

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 STOCK IN PERSON IF YOU WISH. YOU MAY REVOKE THE PROXY CARD AT ANY TIME PRIOR TO ITS EXERCISE.

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MIDWESTONE FINANCIAL GROUP, INC.

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

APRIL 22, 2010

This proxy statement and the accompanying proxy card are being furnished to our 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 2:00 p.m. on April 22, 2010, at the hotelVetro located at 201 S. Linn St., Iowa City, Iowa 52240, or at any adjournments or postponements of the meeting. This proxy statement is first being mailed to our shareholders on or about March 19, 2010.

QUESTIONS AND ANSWERS

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 the Company's wholly-owned banking subsidiary, *MidWestOne Bank*, Iowa City, Iowa.

Q: What is a proxy?

A: A proxy is a document, also referred to as a proxy card, on which you authorize someone else to vote for you in the way that you want to vote. You may also choose to abstain from voting. *The proxy is being solicited by our board of directors.*

Q: What is a proxy statement?

A: A proxy statement is a document, such as this one, required by the Securities and Exchange Commission that, among other things, explains the items on which you are asked to vote on the proxy card.

Q: Why am I receiving this proxy statement and accompanying proxy card?

A: You are receiving this proxy statement and the accompanying proxy card from us because on March 9, 2010, the record date for the annual meeting, you owned shares of *MidWestOne* common stock. This proxy statement describes the matters that will be presented for consideration by our shareholders at the annual meeting to be held on April 22, 2010. 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

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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 and you are unable to attend in person.

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.

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Q: What matters will be voted on at the meeting?

A: You are being asked to vote on the election of four directors of MidWestOne for a term expiring in 2013, on a non-binding advisory proposal on the compensation of our named executive officers, as described in the accompanying proxy statement, and on the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the 2010 fiscal year. These matters are more fully described in this proxy statement.

Q: How do I vote?

A: 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 the compensation of our named executive officers and for the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the 2010 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 (i.e., in street name), you will need to arrange to obtain a legal 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.

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

A: Under the rules of various national and regional securities exchanges, brokers and other fiduciaries that hold securities on behalf of beneficial owners generally may vote on routine matters even if they have not received voting instructions from the beneficial owners for whom they hold securities, but are not permitted to vote on non-routine matters unless they have received such voting instructions. The ratification of the appointment of an issuer's independent registered public accounting firm is considered to be a routine matter; an advisory vote on executive compensation is considered to be a non-routine matter. Prior to January 1, 2010, the election of directors generally was considered to be a routine matter on which brokers could exercise their discretion to vote shares held on behalf of a beneficial owner even if they had not received voting instructions from their customer. However, under recent New York Stock Exchange rule changes (which apply to all brokers who are a member of the New York Stock Exchange, regardless of whether the issuer's shares are listed on the New York Stock Exchange), brokers are no longer permitted to vote on the election of directors in the absence of voting instructions from their customer. Thus, if you do not provide instructions to your broker as to how it should vote the shares beneficially owned by you, your broker will be able to vote on the ratification of the appointment of KPMG LLP as our independent registered public accounting firm, but generally will not be permitted to vote on the election of our directors or the non-binding advisory proposal on the compensation of our named executive officers.

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We therefore encourage you to provide directions to your broker as to how you want your shares voted on all matters to be brought before the meeting. You should do this by carefully following the instructions your broker gives you concerning its procedures.

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

A: 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.

Q: What if I change my mind after I return my proxy card?

A: 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, by mail;

timely submitting another proxy via the telephone or Internet, if that is the method that you originally used to submit your 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.

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

A: 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, 2010, the record date, there were 8,609,804 shares of common stock issued and outstanding. Therefore, at least 4,304,903 shares need to be present, in person or by proxy, at the annual meeting.

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

A: 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.

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

A: 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 2010 fiscal year and on any other proposal that may properly be brought before the meeting.

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Q: How many votes may I cast?

A: 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.

Q: How many votes are needed for each proposal?

A: 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. A withhold authority vote will have the same effect as a vote against the election of a particular director. As referenced above, as of January 1, 2010, director elections are now considered to be non-routine matters and, accordingly, most brokers are not permitted to cast votes in the election of our directors unless they receive voting instructions from their customer. As a result, if your shares are held by a broker, it likely cannot vote in the election of our directors unless it has received voting instructions from you. If you do not provide voting instructions to your broker, you effectively will be voting against the election of the directors named in this proxy statement.

Approval of the compensation arrangements of our named executive officers requires 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.

Q: Where do I find the voting results of the meeting?

A: If available, we will announce voting results at the meeting. The voting results also will be disclosed in a Form 8-K that we file within four business days after the meeting.

Q: Who bears the cost of soliciting proxies?

A: 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.

YOUR VOTE IS IMPORTANT. PLEASE RETURN YOUR MARKED AND SIGNED PROXY

CARD PROMPTLY SO YOUR SHARES CAN BE REPRESENTED, EVEN IF YOU PLAN

TO ATTEND THE MEETING IN PERSON.

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MidWestOne's board of directors is divided into three classes, equal in number. At the annual meeting to be held on April 22, 2010, 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, qualifications to serve on the board and business experience during the previous five years. None of the directors serve on the boards of any other publicly traded companies besides MidWestOne. The four nominees for director, if elected at the annual meeting, will serve for terms expiring in 2013.

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.

INFORMATION ABOUT NOMINEES, CONTINUING DIRECTORS**AND NAMED EXECUTIVE OFFICERS**

On March 14, 2008, we completed our merger with the former MidWestOne Financial Group, Inc. pursuant to which the former MidWestOne merged into us and we changed our name to MidWestOne Financial Group, Inc. We and the former MidWestOne agreed in the definitive merger agreement 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 and at our 2009 annual meeting Messrs. Donohue and Howard were re-elected for a three-year term. Although Mr. Wake has been nominated for re-election at our 2010 annual meeting, neither the definitive merger agreement nor our bylaws require that he 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 first cousins. No nominee or director has been 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 in the past five years.

NOMINEES*Term Expiring in 2013*

Name of Individual	Director Since	Positions with MidWestOne
Kevin W. Monson	2006	Director of MidWestOne
John P. Pothoven	2009	Director of MidWestOne & the Bank
W. Richard Summerwill	1983	Chairman of MidWestOne & the Bank
James G. Wake	2008 ⁽¹⁾	Director of MidWestOne

(1) Mr. Wake became a director of the Company upon completion of the merger with the former MidWestOne Financial Group, Inc. on March 14, 2008. He had been a director of former MidWestOne since 2000.

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Kevin W. Monson. Mr. Monson, 58, 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. We consider Mr. Monson to be a qualified candidate for service on the board, and any committee he is a member of, due to his skills and expertise developed as the head of a successful architectural firm, and his knowledge and prominence in the Iowa City market.

John P. Pothoven. Mr. Pothoven, 68, was appointed by our board of directors in January 2009 to fill a vacancy created by the resignation of one of our directors. He was a director of the former MidWestOne Financial Group, Inc. 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. We consider Mr. Pothoven to be a qualified candidate for service on the board, and any committee he is a member of, due to his expertise in the financial services industry and intimate knowledge of MidWestOne's business, operations, and market areas resulting from his long tenure as an executive of the former MidWestOne Bank.

W. Richard Summerwill. Mr. Summerwill, 74, 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 our merger with the former MidWestOne in March 2008. We consider Mr. Summerwill to be a qualified candidate for service on the board, and any committee he is a member of, due to his extensive expertise in the financial services industry and intimate knowledge of MidWestOne's business, operations, and market areas resulting from his long tenure as the Chief Executive Officer of the Company and the Bank.

James G. Wake. Mr. Wake, 70, 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 Financial Group, Inc. in 2000. He became a director of the Company upon completion of our merger with the former MidWestOne in March 2008. We consider Mr. Wake to be a qualified candidate for service on the board, and any committee he is a member of, due to his skills and expertise in agribusiness and his knowledge of the agricultural community.

CONTINUING DIRECTORS AND NAMED EXECUTIVE OFFICERS*Term Expiring in 2011*

Name of Individual	Director Since	Positions with MidWestOne
Charles N. Funk	2000	Director, President and Chief Executive Officer of MidWestOne & the Bank
Sally K. Mason	2008	Director of MidWestOne
Robert D. Wersen	2008 ⁽¹⁾	Director of MidWestOne
R. Scott Zaiser	2008 ⁽²⁾	Director of MidWestOne

Term Expiring in 2012

Richard R. Donohue	2008 ⁽³⁾	Director of MidWestOne
Charles S. Howard	2008 ⁽⁴⁾	Vice Chairman of MidWestOne & the Bank
John S. Koza	1983	Director of MidWestOne
Stephen L. West	1991	Director of MidWestOne

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- (1) Mr. Wersen became a director of the Company upon completion of the merger with the former MidWestOne Financial Group, Inc. on March 14, 2008. He had been a director of the former MidWestOne since 2006.
- (2) Mr. Zaiser became a director of the Company upon completion of the merger with the former MidWestOne Financial Group, Inc. on March 14, 2008. He had been a director of the former MidWestOne since 2006.
- (3) Mr. Donohue became a director of the Company upon completion of the merger with the former MidWestOne Financial Group, Inc. on March 14, 2008. He had been a director of the former MidWestOne since 1999.
- (4) Mr. Howard became a director of the Company upon completion of the merger with the former MidWestOne Financial Group, Inc. on March 14, 2008. He had been a director of the former MidWestOne since 1988.

Richard R. Donohue. Mr. Donohue, 60, is the Managing Partner of TD&T Financial Group, P.C. in Cedar Rapids, 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 the former MidWestOne Financial Group, Inc. in 1999. We consider Mr. Donohue to be a qualified candidate for service on the board, and any committee he is a member of, due to his business and financial accounting expertise acquired as the managing partner of a certified public accounting firm, as well as his knowledge and prominence in our market area.

Charles N. Funk. Mr. Funk, 56, 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 also serves as Chairman-elect of the Iowa Bankers Association, and on the Board of Directors of The Gazette Company. Mr. Funk graduated with a B.A. from William Jewell College. We consider Mr. Funk to be a qualified candidate for service on the board, and any committee he is a member of, due to his extensive expertise in the financial services industry, particularly in the state of Iowa, and intimate knowledge of MidWestOne's business and operations and because of his role as the President and Chief Executive Officer of MidWestOne and the Bank.

Charles S. Howard. Mr. Howard, 54, became a director of the former MidWestOne Financial Group, Inc. in 1988 and a director of the former MidWestOne Bank in 1993. He was elected President and Chief Executive Officer of the 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 our merger with the former MidWestOne in March 2008, and a director of the Bank in August 2008. We consider Mr. Howard to be a qualified candidate for service on the board, and any committee he is a member of, due to his expertise in the financial services industry and intimate knowledge of MidWestOne's business, operations, and market areas and because of his role as the long-time President and Chief Executive Officer of the former MidWestOne prior to our merger.

John S. Koza. Mr. Koza, 64, 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. We consider Mr. Koza to be a qualified candidate for service on the board, and any committee he is a member of, due to his expertise in the financial services industry and intimate knowledge of MidWestOne's business, operations, and market areas and because of his role as a long-time executive officer of the Company and the Bank prior to his retirement.

Sally K. Mason. Ms. Mason, 59, 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

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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. We consider Ms. Mason to be a qualified candidate for service on the board, and any committee she is a member of, due to her skills, knowledge, and expertise acquired as the head of major educational institutions, as well as her knowledge and prominence in the Iowa City market.

Robert D. Wersen. Mr. Wersen, 67, 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 Financial Group, Inc. in 2006. He became a director of the Company upon completion of our merger with the former MidWestOne in March 2008. We consider Mr. Wersen to be a qualified candidate for service on the board, and any committee he is a member of, due to his skills and expertise acquired in founding and running a successful manufacturing enterprise.

Stephen L. West. Mr. West, 64, 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. We consider Mr. West to be a qualified candidate for service on the board, and any committee he is a member of, due to his skills and expertise acquired in positions of leadership at several institutions in MidWestOne's market areas.

R. Scott Zaiser. Mr. Zaiser, 49, 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 our merger with the former MidWestOne in March 2008. We consider Mr. Zaiser to be a qualified candidate for service on the board, and any committee he is a member of, due to his skills and expertise acquired as the president of a successful business, as well as his knowledge of the Burlington market.

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

Susan R. Evans. Ms. Evans, 52, is the Chief Operating Officer of the Company and the Bank. Ms. Evans joined the Company in 2001 as Senior Vice President Retail Banking of the Bank (a position she maintained following our March 2008 merger with the former MidWestOne), and was appointed to her current role as Chief Operating Officer in August 2009. She has more than thirty years of banking experience, previously serving as Indianola Market President of Brenton Bank, Des Moines, as well as Retail Market and Sales Manager for U.S. Bank, Des Moines.

Kent L. Jehle. Mr. Jehle, 50, is the Company's Executive Vice President and Chief Lending Officer and the Executive Vice President Commercial Banking of the Bank. He became the Company's Executive Vice President and Chief Lending Officer upon consummation of our merger with the former MidWestOne in March 2008. Prior to the merger, Mr. Jehle had been serving as the Bank's Executive Vice President Commercial Banking, a position he still maintains, since 2004. He has been with the Company and the Bank since 1986.

Gary J. Ortale. Mr. Ortale, 59, is our Executive Vice President and Chief Financial Officer. He was appointed to such position in May 2009, after serving as our Interim Chief Financial Officer since January 2009. Prior to that, he was the Senior Vice President and Chief Risk Officer of the Bank, a position he assumed upon

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consummation of our merger with the former *MidWestOne* in March 2008. Prior to the merger, Mr. Ortale had been serving as the Treasurer of the Company and the Senior Vice President Chief Financial Officer of the Bank since 2002. He has been with the Company and the Bank since 1987. Mr. Ortale has a B.S. in accounting from Drake University.

Gregory W. Turner. Mr. Turner, 38, is Senior Vice President Wealth Management. He joined the Company in January 2009. Prior to joining the Company, he had been with Citizens National Bank in Macomb, Illinois, since 1998, where he most recently served as Senior Vice President of Financial Services. In that capacity, he was responsible for managing the retail bank, trust services, investment services, insurance services and the marketing department. He also served on Citizens National Bank's Board of Directors and was the Chairman of its Asset/Liability Committee and the Trust, Insurance and Investment Committee. He was a member of Citizens National Bank's executive management team since 2001. Mr. Turner has a B.A. in marketing from Quincy University.

CORPORATE GOVERNANCE AND BOARD MATTERS

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, each of which is made up solely of independent directors. The current charters of each of these committees are available on our website at 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 2009. All of the directors attended at least 75% of the board meetings and meetings of committees of which they were members. 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.

Audit Committee

In 2009, the Audit Committee of our board of directors was comprised of Messrs. Donohue (Chairman), Koza, Monson and Zaiser, each of whom is considered independent according to Nasdaq listing requirements and the regulations of the Securities and Exchange Commission. It is anticipated that the composition of the Audit Committee will remain the same throughout 2010. 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;

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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. In 2009, the committee met fifteen times.

Compensation Committee

The members of the Compensation Committee of our board of directors in 2009 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 remain the same throughout 2010.

The Compensation Committee reviews the performance of our President and Chief Executive Officer, Charles N. Funk, and determines the salary and bonus paid to him. It also reviews and determines the salaries and bonuses paid to our other named executive officers, as defined under Securities and Exchange Commission rules. The Compensation Committee relies upon the input of management, in particular, Mr. Funk, when carrying out its responsibilities in establishing executive compensation. Management provides the Compensation Committee with evaluations as to employee performance, guidance on establishing performance targets and objectives, and recommends salary and bonus levels and various equity incentive awards. The Compensation Committee also consults with management on matters relative to executive compensation and benefit plans where board or shareholder action is expected, including the adoption of new plans or the amendment of existing plans. No executive officer participates in any recommendation or decision with respect to his or her own compensation or benefits. Further, the Compensation Committee administers our equity incentive plans, our long-term incentive plans and our executive incentive bonus plans.

The Compensation Committee's duties, responsibilities, and functions are further described in its charter. The Compensation Committee's charter is available on our website, www.midwestone.com. You may also request a copy of this charter in writing to the Compensation Committee Secretary at MidWestOne Financial Group, Inc., 102 South Clinton Street, PO Box 1700, Iowa City, IA 52244-1700.

The charter gives the Compensation Committee the authority to hire outside consultants to further its objectives and responsibilities. Beginning in September 2008 and continuing through 2009, the Compensation Committee retained the independent compensation consultant services of F.W. Cook & Co., Chicago, Illinois, to provide expertise and serve as a resource with respect to current market activities involving executive compensation practices and procedures, and also to help analyze our executive compensation practices and procedures. F.W. Cook & Co. was the independent compensation consultant used by the former MidWestOne prior to our merger with the former MidWestOne in March 2008.

The Compensation Committee met four times during 2009, convening in January, April, July, and December. Mr. West, Chairman, also met as needed with internal staff members and members of management as necessary, to assimilate compensation information for this proxy statement.

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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 considered independent according to Nasdaq listing requirements. It is anticipated that the composition of the Nominating and Corporate Governance Committee will remain the same throughout 2010. 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 its duties and responsibilities. The current charter is available on our website at www.midwestone.com. In 2009, the committee met two times.

Director Nominations and Qualifications

For the 2010 annual meeting, the Nominating and Corporate Governance Committee nominated for re-election to the board the four incumbent directors, who serve as Class III directors whose term will expire in 2013. This nomination was further approved by the full board. We did not receive any shareholder nominations for directorships for the 2010 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. While we do not have a separate diversity policy, the committee does consider the diversity of its directors and nominees in terms of knowledge, experience, skills, expertise, and other demographics which may contribute to the board. 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 qualified candidates.

The committee identifies nominees by first evaluating the current members of the board whose term is set to expire at the upcoming annual shareholder meeting and who are willing to continue in service. Current members of the board with skills and experience that are relevant to our business and who are willing to continue in service are considered for re-nomination. If any member of the board does not wish to continue in service or if the committee or the board decides not to re-nominate a member for re-election, the committee would identify the desired skills and experience of a new nominee in light of the criteria above.

Board Leadership Structure

The positions of Chairman of the Board and Chief Executive Officer are currently held by separate individuals. We believe this is the most appropriate structure for our board at this time. The Chairman provides leadership to the board and works with the board to define its structure and activities in the fulfillment of its responsibilities. The Chairman sets the board agendas with board and management input, facilitates communication among directors, works with the Chief Executive Officer to provide an appropriate information flow between management and the board and presides at meetings of the board and shareholders. With the Chairman's assumption of these duties, the Chief Executive Officer may place a greater focus on our strategic and operational activities. We also believe our board feels a greater sense of involvement and brings a wider source of perspective as a result of this structure, from which we benefit.

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Independent Director Sessions

Given the sound structure of the board's leadership, we do not believe there is a need for a distinct lead independent director role at this time. Consistent with Nasdaq listing requirements, the independent directors regularly have the opportunity to meet without the non-independent directors present and in 2009 there were two such sessions.

Board's Role in Risk Oversight

Risk is inherent with every business, and how well a business manages risk can ultimately determine its success. We face a number of risks, including general economic risks, credit risks, regulatory risks, audit risks, reputational risks and others, such as the impact of competition. Management is responsible for the day-to-day management of risks the company faces, while the board, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, the board of directors has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed.

While the full board of directors is charged with ultimate oversight responsibility for risk management, various committees of the board and members of management also have responsibilities with respect to our risk oversight. In particular, the Audit Committee plays a large role in monitoring and assessing our financial, legal, and organizational risks, and receives regular reports from the management team's senior risk officer regarding comprehensive organizational risk as well as particular areas of concern. The board's Compensation Committee monitors and assesses the various risks associated with compensation policies, and oversees incentives that encourage a level of risk-taking consistent with our overall strategy. Additionally, our Chief Lending Officer and loan review staff are directly responsible for overseeing our credit risk.

We believe that establishing the right tone at the top and providing for full and open communication between management and our board of directors are essential for effective risk management and oversight. Our executive management meets regularly with our other senior officers to discuss strategy and risks facing the company. Senior officers attend many of the board meetings or, if not in attendance, are available to address any questions or concerns raised by the board on risk management-related and any other matters. Additionally, each of our board-level committees provides regular reports to the full board and apprises the board of our comprehensive risk profile and any areas of concern.

Code of Ethics

We have a code of conduct in place that applies to all of our directors, officers and employees. The code sets forth the standard of ethics that we expect all of our directors, officers 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. We intend to satisfy the disclosure requirements under Item 5.05(c) 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.

AUDIT COMMITTEE REPORT

The Audit Committee assists the board of directors in carrying out its oversight responsibilities for our financial reporting process, audit process and internal controls. The Audit Committee also reviews our audited financial statements and recommends to the board that they be included in our annual report. The Audit Committee is comprised solely of independent directors.

The Audit Committee has reviewed and discussed our audited financial statements for the year ended December 31, 2009 with our management and our independent registered public accounting firm. The committee

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has also discussed with our accounting firm the matters required to be discussed by SAS 61, as amended (Codification for Statements on Auditing Standards), and has received and discussed the written disclosures and the letter from our accounting firm required by Public Company Accounting Oversight Board Rule 3526, *Communication with Audit Committees Concerning Independence*. Based on the review and discussions with management and our accounting firm, the committee has recommended to the board that the audited financial statements be included in our annual report for the year ending December 31, 2009 for filing with the Securities and Exchange Commission.

Audit Committee:

Richard R. Donohue (Chairman)

John S. Koza

Kevin W. Monson

R. Scott Zaiser

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

This Compensation Discussion & Analysis (CD&A) describes our compensation philosophy and policies for 2009 as applicable to our named executive officers, as defined under Securities and Exchange Commission rules (NEOs), who are listed in the Summary Compensation Table on page 30. This CD&A explains the structure and rationale associated with each material element of our NEOs' total compensation, and it provides important context for the more detailed disclosure tables and specific compensation amounts provided following this CD&A section.

It is important to note that the Company and the Bank share an executive management team, the members of which are compensated by the Bank rather than the holding company. The compensation packages of the NEOs are determined and approved by the Compensation Committee based on their performance and roles for both the Company and the Bank.

Beginning in September 2008 and continuing through 2009, the Compensation Committee engaged the services of F.W. Cook & Co., an independent compensation consultant, to further evaluate and analyze our executive compensation program. F.W. Cook assisted the Compensation Committee with identifying a peer group of financial institutions in the Midwest region of