

MIDDLEFIELD BANC CORP

Form S-4

September 30, 2016

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As filed with the Securities and Exchange Commission on September 30, 2016

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

MIDDLEFIELD BANC CORP.

(Exact name of Registrant as Specified in its Charter)

Ohio
(State or other Jurisdiction of
Incorporation or Organization)

6712
(Primary Standard Industrial
Classification Code Number)
15985 East High Street

34-1585111
(IRS Employer
Identification Number)

Middlefield, Ohio 44062-0035

(440) 632-1666

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

James R. Heslop, II

15985 East High Street

Middlefield, Ohio 44062-0035

(440) 632-1666

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for service of process)

with copies to:

Francis X. Grady, Esq.

Grady & Associates

20220 Center Ridge Road, Suite 300

Rocky River, Ohio 44116-3501

(440) 356-7255

M. Patricia Oliver, Esq.

Tucker Ellis LLP

950 Main Avenue, Suite 1100

Cleveland, Ohio 44113

(216) 696-4149

Approximate date of commencement of proposed sale of the securities to the public: as soon as practicable after this registration statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration

statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (do not check if a smaller reporting company)

Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered (1)	Proposed maximum offering price	Proposed maximum aggregate offering price (2)	Amount of registration fee (3)
		per unit		
common shares, without par value	563,261	not applicable	\$12,119,118	\$1,220.40

- (1) The maximum number of Middlefield Banc Corp. common shares estimated to be issuable in the merger of Liberty Bank, N.A. into The Middlefield Banking Company. This number is based on an exchange of Middlefield Banc Corp. common shares for 45% of the number of shares of Liberty Bank, N.A. common stock outstanding, at a share exchange ratio of 1.1934 per share for Liberty Bank, N.A. common stock, in accordance with the July 28, 2016 Agreement and Plan of Reorganization entered into by Middlefield Banc Corp., The Middlefield Banking Company, and Liberty Bank, N.A.
- (2) Estimated solely for the purpose of calculating the registration fee, the proposed maximum aggregate offering price is based upon the book value of the 959,283 shares of Liberty Bank, N.A.'s common stock to be cancelled in the merger (total book value \$31,193,001 as of August 31, 2016), plus the anticipated \$72,672 special dividend of \$3.13 per share Middlefield Banc Corp. will receive in cash for its 23,218 shares of Liberty Bank, N.A. common stock, minus \$19,146,555, the estimated aggregate amount of cash to be paid by Middlefield Banc Corp. for the Liberty Bank, N.A. common stock.
- (3) Computed under Rule 457(f)(2) and (3) of the Securities Act of 1933 at the rate of \$100.70 per \$1,000,000 of the proposed maximum aggregate offering price.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment that specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus and proxy statement shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY SUBJECT TO COMPLETION DATED SEPTEMBER 30, 2016

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Proxy Statement and Prospectus of

Middlefield Banc Corp.

MERGER PROPOSAL YOUR VOTE IS VERY IMPORTANT

Proxy Statement of

Liberty Bank, N.A.

Middlefield Banc Corp. (Middlefield) and Liberty Bank, N.A. (Liberty) entered into an Agreement and Plan of Reorganization on July 28, 2016. We refer to the agreement as the Reorganization Agreement. A copy is attached to this joint proxy statement/prospectus as Annex A. The Reorganization Agreement provides that Liberty will merge into The Middlefield Banking Company, which is Middlefield's bank subsidiary. The merger is subject to a number of conditions, including but not limited to obtaining approval of Middlefield stockholders, approval of Liberty stockholders, and approval of state and federal bank regulatory agencies.

Approximately 45% of the Liberty shares of common stock exchanged in the merger will be exchanged for Middlefield common stock, and the remaining Liberty shares of common stock exchanged in the merger (approximately 55%) will be exchanged for cash. Each share of Liberty common stock not owned by Middlefield will be converted at the effective time of the merger into the right to receive either: (x) \$37.96 in cash or (y) 1.1934 shares of Middlefield common stock, subject to allocation procedures to ensure that approximately 45% of the outstanding shares of Liberty common stock are converted into Middlefield common stock and the remaining Liberty common stock is converted into cash. Excluding the 23,218 Liberty shares owned by Middlefield, which will be cancelled in the merger without consideration, the aggregate consideration payable to Liberty stockholders is approximately \$19.1 million in cash and approximately 515,164 shares of Middlefield common stock. On July 27, 2016, the day before execution of the Reorganization Agreement, the per share closing price of Middlefield common stock on the Nasdaq Capital Market was \$33.74. At that price the stock portion of the merger consideration would have a value of approximately \$17.4 million, and combined with the approximately \$19.1 million cash payable for 55% of Liberty common stock, the total merger consideration would be \$36.5 million, before the special dividend discussed below. Because the 1.1934 exchange ratio is fixed, the value of the 45% stock portion of the total merger consideration will fluctuate with changes in the price of Middlefield stock. Holders of Liberty stock options and phantom shares also will receive \$1,147,516 in cash for cancellation of those interests. Finally, in addition to the cash

and stock merger consideration, Liberty stockholders will receive a special dividend of approximately \$3.0 million in the aggregate, or \$3.13 per share, before merger closing. Middlefield will receive no merger consideration for its 23,218 Liberty shares but it will be entitled to a proportionate share of the special dividend payment. See *SUMMARY What Liberty stockholders will receive in the Merger.*

Middlefield will not issue fractional shares. A holder of Liberty common stock who would otherwise be entitled to a fractional share will instead receive cash, without interest, equal to the product of the fractional share to which the holder would otherwise be entitled multiplied by the volume-weighted average closing sale price of Middlefield common stock for the 30 trading days immediately before the effective time.

Middlefield and Liberty will each hold a meeting of stockholders to vote on adoption and approval of the Reorganization Agreement. The meeting of Middlefield's stockholders will be held at: 10:00 a.m. local time on _____, 2016 at _____, Ohio. The meeting of Liberty's stockholders will be held at: 10:00 a.m. local time on _____, 2016 at _____, Ohio. At these meetings stockholders will be asked to approve and adopt the Reorganization Agreement and the merger transaction. Stockholders will also be asked to approve adjournment of the meeting, if adjournment is necessary to allow Middlefield and Liberty time to solicit additional proxies in favor of the Reorganization Agreement and the merger transaction. Liberty's stockholder meeting is an annual meeting, so Liberty stockholders will also be asked to act upon routine annual meeting proposals, including election of directors and ratification of the appointment of independent auditors.

This document is a proxy statement of both Middlefield and Liberty. It is also a prospectus for Middlefield's issuance of common stock in the merger. This joint proxy statement/prospectus describes Middlefield's special meeting, Liberty's annual meeting, and the merger proposal.

The board of directors of Middlefield and the board of directors of Liberty approved the Reorganization Agreement and the merger transaction. They recommend that their stockholders vote FOR adoption and approval of the Reorganization Agreement and FOR adjournment of the meeting if adjournment is necessary.

Middlefield's common stock trades on the Nasdaq Capital Market under the symbol MBCN. On July 27, 2016, the day before execution of the Reorganization Agreement, the closing price of Middlefield common stock was \$33.74 per share. On _____, 2016 the closing price of Middlefield common stock was \$ _____ per share. Liberty common stock is privately held, not listed on a stock exchange, and not traded in the over-the-counter market.

You are encouraged to read this document carefully, including the materials incorporated by reference into this document. In particular, you should read the Risk Factors section beginning on page 28 for a discussion of the risks related to the merger and the risks of owning Middlefield common stock.

Regardless of whether you plan to attend your company's stockholder meeting, you are urged to vote by completing, signing, and returning the enclosed proxy card in the enclosed postage-paid envelope.

If you are a Liberty stockholder as of the _____, 2016 record date but your shares are not voted in favor of adoption and approval of the Reorganization Agreement, you have the right to demand the fair cash value for your Liberty common stock but to do so you must adhere to the specific requirements of the National Bank Act, 12 U.S.C. §215, paragraphs (b), (c), and (d). See *DISSENTERS RIGHTS* on page _____ of this joint proxy statement/prospectus and the complete text of the National Bank Act dissenters' rights provision attached to this joint proxy statement/prospectus as Annex B. Holders of Middlefield common stock do not have dissenters' rights.

Not voting in person or by proxy or at the stockholder meeting will have the same effect as voting against adoption and approval of the Reorganization Agreement. We urge you to read carefully this joint proxy statement/prospectus, which contains a detailed description of your company's stockholder meeting, the merger proposal, and Middlefield common stock to be issued in the merger.

Sincerely,

Thomas G. Caldwell

President and Chief Executive Officer

Middlefield Banc Corp.

Sincerely,

William A. Valerian

Chairman, President and Chief Executive Officer

Liberty Bank, N.A.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of Middlefield common stock to be issued in the merger. Neither the Securities and Exchange Commission nor any state securities commission has determined whether this joint proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The securities to be issued in the merger described in this joint proxy statement/prospectus are not savings accounts, deposit accounts, or other obligations of a bank or savings association and are not insured by the Federal Deposit Insurance Corporation, the Deposit Insurance Fund, or any other federal or state governmental agency.

This joint proxy statement/prospectus is dated _____, 2016 and it is first being mailed to Middlefield Banc Corp. stockholders and Liberty Bank, N.A. stockholders on or about _____, 2016

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NOTICE OF ANNUAL MEETING

To the Stockholders of Liberty Bank, N.A.:

Liberty Bank, N.A.'s Annual Meeting will be held on _____, 2016 at _____ a.m. Eastern Time at _____, Ohio. The meeting is for the purpose of considering and acting upon proposals to:

1. adopt and approve the July 28, 2016 Agreement and Plan of Reorganization entered into by Middlefield Banc Corp., The Middlefield Banking Company, and Liberty Bank, N.A. and approve the transactions contemplated thereby,
2. adjourn the annual meeting if adjournment is necessary to allow solicitation of additional proxies because of insufficient votes to adopt and approve the Agreement and Plan of Reorganization and approve the transactions contemplated by thereby,
3. elect twelve directors to serve until the earlier of (i) completion of the Merger or (ii) Liberty Bank's 2017 Annual Meeting upon the election of successors,
4. ratify the appointment of Maloney + Novotny LLC as independent public accountants for the fiscal year ending December 31, 2016, and
5. transact any other business properly presented at the Meeting or at any adjournment.

Record holders of Liberty's common stock at the close of business on _____, 2016 are entitled to receive notice of and to vote at the meeting and any adjournment or postponement. The affirmative vote of the holders of at least two-thirds of Liberty's outstanding common stock is required for adoption and approval of the Agreement and Plan of Reorganization and approval of the transactions contemplated thereby.

A joint proxy statement/prospectus and proxy card for the meeting are enclosed. A copy of the Agreement and Plan of Reorganization is attached as Annex A to the joint proxy statement/prospectus.

Your vote is very important regardless of the number of shares you own. Please vote as soon as possible to make sure that your shares are represented at the meeting. If you are a holder of record, you may cast your vote in person at the meeting or, to ensure that your shares are represented at the meeting, you may vote your shares by completing, signing, and returning the enclosed proxy card. If your shares are held in a stock brokerage account or by a bank or other nominee (in street name), please follow the voting instructions of your broker, bank, or nominee.

The Liberty board of directors recommends that you vote (1) FOR adoption and approval of the Agreement and Plan of Reorganization, (2) FOR adjournment of the meeting, (3) FOR election of the identified director nominees, and (4) FOR ratification of the selection of independent auditors.

By order of the Board of Directors,

William A. Valerian

Chairman of the Board, President &

Chief Executive Officer

Beachwood, Ohio
, 2016

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NOTICE OF SPECIAL MEETING

To the Stockholders of Middlefield Banc Corp.:

Middlefield Banc Corp.'s Special Meeting will be held on _____, 2016 at _____ a.m. Eastern Time at _____, Ohio. The meeting is for the purpose of considering and acting upon proposals to:

- 1) approve the transactions under the July 28, 2016 Agreement and Plan of Reorganization entered into by Middlefield Banc Corp., The Middlefield Banking Company, and Liberty Bank, N.A.,
- 2) approve issuance of up to 563,261 shares of Middlefield common stock in the merger,
- 3) adjourn the special meeting if adjournment is necessary to allow solicitation of additional proxies if there are insufficient votes to adopt and approve the Agreement and Plan of Reorganization, and
- 4) transact any other business properly presented at the Meeting or at any adjournment.

Record holders of Middlefield's common stock at the close of business on _____, 2016 are entitled to vote at the meeting and any adjournment or postponement. The affirmative vote of the holders of at least two-thirds of Middlefield's outstanding common stock is required for adoption and approval of the Agreement and Plan of Reorganization.

A joint proxy statement/prospectus and proxy card for the meeting are enclosed. A copy of the Agreement and Plan of Reorganization is attached as Annex A to the joint proxy statement/prospectus.

Your vote is very important regardless of the number of shares you own. Please vote as soon as possible to make sure that your shares are represented at the meeting. If you are a holder of record, you may cast your vote in person at the meeting or, to ensure that your shares are represented at the meeting, you may vote your shares by completing, signing, and returning the enclosed proxy card. If your shares are held in a stock brokerage account or by a bank or other nominee (in street name), please follow the voting instructions of your broker, bank, or nominee.

The Middlefield board of directors recommends that you vote (1) FOR the Agreement and Plan of Reorganization, (2) FOR issuance of Middlefield common stock in the merger, and (3) FOR adjournment of the meeting.

By order of the Board of Directors,

Kathleen M. Johnson
Secretary

Middlefield, Ohio
, 2016

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WHERE YOU CAN FIND MORE INFORMATION

Middlefield is a publicly traded company filing annual, quarterly, and other reports, proxy statements, and other business and financial information with the Securities and Exchange Commission (SEC). You may read and obtain copies of these documents at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. Please call the SEC at (800) SEC-0330 for additional information about the public reference room. Middlefield files its annual, quarterly, and other reports, proxy statements, and other business and financial information with the SEC electronically. The SEC maintains a web site located at www.sec.gov containing this information. Information filed by Middlefield with the SEC is also available without charge through Middlefield's website at www.middlefieldbank.com under the Investor Relations tab.

A copy of Middlefield's Form 10-K Annual Report for the year ended December 31, 2015 accompanies this joint proxy statement/prospectus, along with a copy of Middlefield's Form 10-Q Quarterly Report for the quarter ended June 30, 2016.

Middlefield filed with the SEC a registration statement on Form S-4 to register the issuance of common stock to Liberty stockholders in the merger. This joint proxy statement/prospectus is part of that Form S-4 registration statement. As permitted by SEC rules, this document does not contain all of the information included in the registration statement or in the exhibits or schedules to the registration statement. You may read and request a copy of the registration statement, including any amendments, schedules, and exhibits at the address given below. Statements contained in this document regarding the contents of any contract or other document filed as an exhibit to the registration statement are not necessarily complete. In each case you should refer to the contract or other document filed as an exhibit. This joint proxy statement/prospectus incorporates by reference important business and financial information about Middlefield from documents filed with or furnished to the SEC but not included in or delivered with this joint proxy statement/prospectus. See *INCORPORATION OF DOCUMENTS BY REFERENCE* on page . These documents are available without charge to you upon written or oral request at the following address and telephone number:

Middlefield Banc Corp.

15985 East High Street

P.O. Box 35

Middlefield, Ohio 44062-0035

Attention: Investor Relations

(440) 632-1666

To obtain timely delivery of these documents, you must request the information no later than [meeting date minus five business days], 2016 to receive them before the Middlefield special meeting and no later than [meeting date minus five business days], 2016 to receive them before the Liberty annual meeting.

Liberty is privately-held and does not file reports with the SEC.

Neither Middlefield nor Liberty has authorized anyone to provide you with information other than the information included in this document and documents incorporated by reference. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information in this document and the documents incorporated by reference are accurate only as of their respective dates. Each of Middlefield's and Liberty's business, financial condition, results of operations, and prospects could have changed since those dates.

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE STOCKHOLDER MEETINGS

The following questions and answers cover some of the questions most likely to arise about the stockholder meetings. We urge you to read carefully the remainder of this joint proxy statement/prospectus because this section does not necessarily contain all information that is important to you. Additional important information is also contained in the appendices to and in the documents incorporated by reference in this document.

Q: Why am I receiving this joint proxy statement/prospectus?

A: You are receiving this joint proxy statement/prospectus because Liberty Bank, N.A. (Liberty) agreed to merge into The Middlefield Banking Company by the terms of a July 28, 2016 Agreement and Plan of Reorganization (the Reorganization Agreement) entered into by Liberty, Middlefield Banc Corp. (Middlefield), and The Middlefield Banking Company, and to be executed by MBC Interim Bank, an interim state-chartered commercial bank to be incorporated under the laws of the state of Ohio (MBC Interim Bank). The Middlefield Banking Company is and will remain a wholly owned subsidiary of Middlefield. Pursuant to the Reorganization Agreement, Liberty and MBC Interim Bank will merge with and into Liberty with Liberty surviving that merger (the Interim Merger), and immediately thereafter Liberty will merge with and into The Middlefield Banking Company with The Middlefield Banking Company surviving that merger (the Bank Merger, and considered together with the Interim Merger, the Merger). The Reorganization Agreement is attached to this joint proxy statement/prospectus as Annex A and is incorporated herein by reference. The Merger cannot be completed unless Liberty stockholders and Middlefield Banc Corp. stockholders vote to approve and adopt the Reorganization Agreement and the transactions contemplated by the Reorganization Agreement.

This joint proxy statement/prospectus contains important information about the Merger and the stockholder meetings of Middlefield and Liberty. You should read the joint proxy statement/prospectus carefully. The enclosed proxy voting materials allow you to vote your company's common stock without attending the meeting.

Q: What will Liberty stockholders receive in the Merger?

A: Liberty stockholders will receive a combination of cash and Middlefield common stock, in addition to a special dividend of approximately \$3.13 per share in cash immediately prior to the completion of the Merger. Subject to Reorganization Agreement allocation procedures ensuring that approximately 45% of the outstanding Liberty common stock is converted into the right to receive Middlefield common stock and the remaining outstanding Liberty common stock is converted into the right to receive cash, at the effective time of the Merger Liberty common stock not owned by Middlefield will be converted into the right to receive either:

\$37.96 in cash, or

1.1934 shares of Middlefield common stock

On July 27, 2016, which was the day before public announcement of the proposed Merger, the closing price of Middlefield common stock on the Nasdaq Capital Market was \$33.74. Based on that price for the stock portion of the

Merger consideration and \$37.96 per share for the cash portion, a Liberty stockholder who receives stock for 45% of his or her common stock at the 1.1934 fixed exchange ratio and cash for 55% would receive total Merger consideration with an implied value of approximately \$39.00 per share, in addition to a special dividend of approximately \$3.13 per share in cash. As of the more recent , 2016 date, the closing price for Middlefield common stock was \$. At that price and giving effect to the 1.1934 fixed exchange ratio, the implied value of a share of Liberty common stock exchanged for Middlefield common stock is \$. At this more recent price for Middlefield common stock, a Liberty stockholder who receives stock for 45% of his or her shares and cash for 55% would receive total Merger consideration with an implied value of approximately \$ per share.

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Middlefield will not issue fractional shares. Instead, a holder of Liberty common stock who would otherwise be entitled to a fractional share (after taking into account all shares of Liberty common stock owned by the holder at the effective time of the Merger) will receive cash, without interest, in an amount equal to the product of the fractional share to which the holder would otherwise be entitled multiplied by the volume-weighted average closing sale price of Middlefield common stock for the 30 trading days immediately before the effective time.

It is not part of the Merger consideration, but the Reorganization Agreement also provides that Liberty will declare a special dividend to stockholders before the Merger closes (or becomes effective). The special dividend is currently estimated to be approximately \$3.0 million in the aggregate, or \$3.13 per share. Middlefield will receive no Merger consideration for its 23,218 Liberty shares but will be entitled to a proportionate share of the special dividend payment.

Q: Will Liberty stockholders be able to make an election for the form of merger consideration they desire to receive?

A: Yes. If you are a Liberty stockholder you will have the opportunity to elect the form of consideration to be received for your shares, but your election will be subject to adjustment and allocation procedures set forth in the Reorganization Agreement ensuring that approximately 45% of the outstanding Liberty common stock is converted into the right to receive Middlefield common stock and the remaining outstanding Liberty shares are converted into the right to receive cash. Therefore, your ability to receive the cash or stock elections of your choice depends on the elections made by other Liberty stockholders. The allocation of the mix of consideration payable to Liberty stockholders in the Merger will not be known until Middlefield tallies the results of the cash and stock elections made by all Liberty stockholders, which will likely not occur until shortly after Merger closing.

It is unlikely that Liberty stockholders as a group will elect to receive precisely 55% of the Merger consideration in cash and the remainder in Middlefield common stock. For that reason the Reorganization Agreement contains procedures to be followed if Liberty stockholders in the aggregate elect to receive more or less of the Middlefield common stock than Middlefield has agreed to issue

If Stock Is Oversubscribed: If Liberty stockholders elect to receive more shares of Middlefield common stock than Middlefield is issuing, all Liberty stockholders who elect to receive cash or who make no election will receive cash for their Liberty shares; stockholders who elect to receive Middlefield common stock will receive a *pro rata* portion of the available Middlefield shares, receiving cash for shares not converted into Middlefield common stock.

If Stock Is Undersubscribed: If Liberty stockholders elect to receive fewer shares of Middlefield common stock than Middlefield is issuing, all Liberty stockholders who elect to receive Middlefield common stock will receive Middlefield common stock; stockholders who elect to receive cash or who make no election will be treated in the following manner:

if the number of shares held by Liberty stockholders who make no election is sufficient to make up the shortfall in the number of shares of Middlefield common stock that Middlefield is issuing, Liberty stockholders who elect cash will receive cash; stockholders who make no election will receive Middlefield common stock in such proportion as is necessary to make up the shortfall, receiving cash for the remainder, and

if the number of shares held by Liberty stockholders who make no election is not sufficient to make up the shortfall, Liberty stockholders who make no election will receive Middlefield common stock; Liberty stockholders who elect to receive cash will receive Middlefield common stock in such proportion as is necessary to make up the shortfall, receiving cash for the remainder.

You might not receive the amount of cash or stock you elect. As a result of the allocation procedures and other limitations outlined in this document and in the Reorganization Agreement, you may receive Middlefield common stock or cash in amounts that vary from the amounts you elect to receive.

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Q: How do Liberty stockholders make their election to receive cash, Middlefield common stock, or a combination of both?

A: Each Liberty stockholder of record will receive an election form to be completed and returned. The election deadline will be 5:00 p.m., Eastern Time, on [30 days after the date of this joint proxy statement/prospectus], 2016, which we refer to as the election deadline. A copy of the election form is being mailed separately to Liberty stockholders on or about the date of this joint proxy statement/prospectus. If you own Liberty shares in street name through a bank, broker, or other nominee and you wish to make an election, you should seek instructions from the bank, broker, or other nominee holding your shares concerning how to make an election. If you do not send in the election form with your stock certificate(s) by the election deadline, you will be treated as though you made no election.

Q: Will I be allowed to change my election?

A: Yes. Until the election deadline you may change your election by submitting to American Stock Transfer & Trust Company, LLC written notice accompanied by a properly completed and signed, revised election form. After the election deadline you will not be allowed to change or revoke your election. If you instructed a bank, broker, or other financial institution to submit an election for your shares, you must follow their directions for changing those instructions.

Q: What happens if I do not make a valid election to receive cash or Middlefield common stock?

A: If you do not return a properly completed election form by the election deadline specified in the election form, your Liberty common stock will be considered non-election shares and will be converted into the right to receive the stock consideration or the cash consideration according to the allocation procedures specified in the Reorganization Agreement. Generally, if one form of consideration (cash or Middlefield common stock) is undersubscribed, Liberty common stock for which no election is validly made will be allocated to the undersubscribed form before shares electing the oversubscribed form are allocated to the undersubscribed form. If proration becomes necessary, shares for which a valid election is made will have priority over non-electing shares, although electing a particular form of consideration does not guarantee that your election will be honored in full.

Q: What are the material U.S. federal income tax consequences of the Merger to Liberty stockholders?

A: Tucker Ellis LLP has delivered its legal opinion, dated September 26, 2016, to the effect that the Merger qualifies as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (which we refer to as the Internal Revenue Code). In addition, the completion of the Merger is conditioned on receipt of a tax opinion from Tucker Ellis LLP, dated as of the closing date, to the same effect. However, neither Liberty nor Middlefield has requested or received a ruling from the Internal Revenue Service that the Merger will qualify as a reorganization or as to any other aspect of the Reorganization Agreement or the transactions

contemplated by it. The U.S. federal income tax consequences of the Merger to a Liberty stockholder will depend on the relative mix of cash and Middlefield common stock received by that Liberty stockholder. Liberty stockholders should not recognize any gain or loss for U.S. federal income tax purposes if they exchange their Liberty shares solely for shares of Middlefield common stock in the Merger, except with respect to cash received in lieu of fractional shares of Middlefield common stock. Liberty stockholders will recognize gain or loss if they exchange their Liberty shares solely for cash in the Merger. Liberty stockholders will recognize gain, but not loss, if they exchange their Liberty shares for a combination of Middlefield common stock and cash, but their taxable gain in that case will not exceed the cash they receive in the Merger. The special dividend is not part of the Merger consideration. It will be taxable to Liberty stockholders as ordinary income, taxable at preferential rates applicable to qualified dividends. Any gain recognized on the Merger consideration and any ordinary income from the special dividend could be subject to an additional tax on net investment income, depending on the individual's adjusted gross income, as described below under *Medicare Tax on Net*

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Investment Income. You should consult with your tax advisor for the specific tax consequences of the Merger and the special dividend to you. See *Material U.S. Federal Income Tax Consequences* on page .

The consequences of the Merger to each Liberty stockholder depend on that stockholder's particular facts and circumstances. Accordingly, you are urged to consult your tax advisor to determine the tax consequences of the Merger to you.

Q: Is Liberty allowed to pay dividends before the effective date of the Merger?

A: Yes. Under the terms of the Reorganization Agreement, Liberty is permitted to pay usual and customary cash dividends. The Reorganization Agreement also requires Liberty to declare a special dividend before closing. The amount of the special dividend may change, but it currently is estimated at approximately \$3.0 million in the aggregate, or \$3.13 per share.

Q: When and where will the Middlefield and Liberty stockholder meetings be?

A: Middlefield's special meeting of stockholders will be held at _____ a.m., local time, on _____, 2016 at _____, Ohio _____. The annual meeting of Liberty stockholders will be held at _____ a.m., local time, on _____, 2016 at _____, Ohio _____.

Q: What proposals will be acted on at the Middlefield and Liberty stockholder meetings?

A: Middlefield stockholders will be asked to (1) approve the transactions under the Reorganization Agreement, (2) approve issuance of up to 563,261 shares of Middlefield common stock in the Merger, (3) approve adjournment of the special meeting to allow additional time for proxy solicitation if there are not sufficient votes to approve the Reorganization Agreement transactions, and (4) vote on any other business properly presented.

Liberty stockholders will be asked to (1) adopt and approve the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement, (2) approve adjournment of the annual meeting to allow additional time for proxy solicitation if there are not sufficient votes to adopt and approve the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement, (3) elect twelve directors for the term expiring at the earlier of (i) completion of the Merger or (ii) the 2017 annual meeting upon the election of successors or, (4) ratify the selection of independent auditors, and (5) vote on any other business properly presented.

Q: What do the Board of Directors of Middlefield and the Board of Directors of Liberty recommend regarding the proposals to be acted on at the stockholder meetings?

Middlefield's board of directors believes that the Merger and other transactions under the Reorganization Agreement are in the best interests of Middlefield and its stockholders and recommends that Middlefield stockholders vote FOR the proposal to approve the transactions under the Reorganization Agreement, FOR the proposal to issue Middlefield common stock in the Merger, and FOR the proposal to adjourn the special meeting to solicit additional proxies if there are insufficient votes to approve the Reorganization Agreement transactions.

Liberty's board of directors also determined that the Reorganization Agreement is in the best interests of Liberty and its stockholders and recommends that Liberty stockholders vote FOR the proposal to adopt and approve the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement and FOR the proposal to adjourn the annual meeting to solicit additional proxies if there are insufficient votes to adopt and approve the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement. Regarding the other proposals to be presented at the annual meeting, Liberty's board of directors recommends that stockholders vote FOR election of the identified director nominees and FOR ratification of the selection of the independent auditor.

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Q: Is my vote needed to adopt and approve the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement and to approve the other proposals?

A: Adoption and approval of the Reorganization Agreement and approval of the transactions contemplated by the Reorganization Agreement requires the affirmative vote of the holders of at least two-thirds of the shares of Liberty common stock outstanding. When Liberty's stockholder meeting is held, if there are insufficient votes to adopt and approve the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement the meeting may be adjourned to allow solicitation of additional proxies. The affirmative vote of the holders of a majority of the shares represented at the meeting in person or by proxy and entitled to vote is necessary to approve adjournment. All of Liberty's directors entered into voting agreements with Middlefield as a condition to Middlefield's agreement to the Reorganization Agreement (the "Voting Agreements"), agreeing to vote their Liberty shares in favor of adoption and approval of the Reorganization Agreement and approval of the transactions contemplated by the Reorganization Agreement and in favor of the adjournment proposal. Excluding Liberty shares held by their immediate family members, Liberty's directors collectively own 278,997 shares of Liberty common stock, or approximately 29.1% of the shares outstanding. They have the right to acquire an additional 75,989 shares, and if they do so those additional shares also are subject to the Voting Agreement. The form of Voting Agreement is an exhibit to the Reorganization Agreement attached as Annex A to this joint proxy statement/prospectus. As a holder of 23,218 shares of Liberty common stock, or 2.4%, Middlefield intends to vote in favor of adoption and approval of the Reorganization Agreement, in favor of the adjournment proposal, in favor of election of the identified director nominees, and in favor of ratifying the selection of independent accountants.

For the proposal to elect directors at Liberty's annual meeting, directors are elected by plurality vote, which means the directors receiving the greatest number of votes are elected. The affirmative vote of the holders of a majority of the shares represented at the meeting in person or by proxy and entitled to vote is necessary to ratify selection of Liberty's independent auditor.

Similar to the approval standard applicable to the Liberty stockholder meeting, approval of the transactions under the Reorganization Agreement by Middlefield stockholders requires the affirmative vote of the holders of at least two-thirds of the shares of Middlefield common stock outstanding. If there are insufficient votes to approve the Reorganization Agreement transactions when Middlefield's stockholder meeting is held, the meeting may be adjourned to allow solicitation of additional proxies. The affirmative vote of the holders of a majority of the votes cast is necessary to approve adjournment. To approve issuance of Middlefield common stock in the Merger, the affirmative vote of a majority of the votes cast is necessary. Middlefield directors did not enter into agreements regarding voting of their shares of Middlefield common stock. Collectively they own approximately 102,153 shares, or approximately 4.6% of Middlefield's outstanding common stock, with the right to acquire 20,674 additional shares.

Q: How do I vote?

A: If you were the record holder of Middlefield common stock or Liberty common stock on the _____, 2016 record date, you may vote in person by attending your company's meeting, and to ensure that your shares are represented at the meeting you may vote by signing and returning your company's enclosed proxy card in the postage-paid envelope provided.

If you hold Middlefield or Liberty common stock beneficially through a broker, bank, or other nominee, please see the discussion below regarding shares held in street name.

Q: What will happen if I fail to vote or if I abstain from voting?

A: If you are a Liberty stockholder and you do not return a proxy card or vote in person at the Liberty annual meeting or if you mark the proxy card or ballot **ABSTAIN** for the proposal to adopt and approve the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement, this will have the same effect as a vote **AGAINST** that proposal. Marking your proxy card or ballot **ABSTAIN** will have the same effect as a vote **AGAINST** the adjournment proposal and the auditor

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ratification proposal. Failure to return your proxy card or vote in person will have no effect on the adjournment proposal, the proposal to elect directors, or the proposal to ratify the auditor selection.

If you are a Middlefield stockholder and you do not return a proxy card or vote in person at the Middlefield special meeting or if you mark the proxy card or ballot **ABSTAIN** for the proposal to approve the transactions under the Reorganization Agreement, this will have the same effect as a vote **AGAINST** that proposal, but failing to vote or abstaining will have no effect on the adjournment proposal or the proposal to approve issuance of shares.

Q: How will my shares be voted if I return a signed proxy card without marking voting instructions?

A: If you are a Liberty stockholder and you sign, date, and return a proxy card without stating how you want your shares to be voted, your shares will be voted **FOR** adoption and approval of the Reorganization Agreement and approval of the transactions contemplated by the Reorganization Agreement, and if adjournment of the meeting is necessary to allow time for solicitation of additional proxies your shares will be voted **FOR** adjournment. Similarly, your shares will be voted **FOR** election of the identified director nominees and **FOR** ratification of the auditor selection if you return a valid proxy card without giving voting instructions.

If you are a Middlefield stockholder and you sign, date, and return a proxy card without giving voting instructions, your shares will be voted **FOR** approval of the transactions under the Reorganization Agreement and **FOR** approval of the share issuance, and if adjournment of the meeting is necessary to allow time for solicitation of additional proxies your shares will be voted **FOR** adjournment.

Q: If my shares are held in a stock brokerage account or by a bank or other nominee in street name, will my broker, bank, or other nominee vote shares for me?

A: No. If you do not provide the broker, bank, or nominee (the record holder of your shares) with instructions for voting your shares, the broker, bank, or other nominee will not be able to vote on any proposal other than ratification of independent auditors. Please follow the broker, bank, or other nominee's directions for giving voting instructions to the broker, bank, or nominee.

if you hold Liberty shares in street name through a broker, bank, or other nominee but do not give voting instructions to the broker, bank, or other nominee, the broker, bank, or other nominee may not vote your shares on the proposal to adopt and approve the Reorganization Agreement and the Merger or the proposal to adjourn the meeting, which broker non-votes will have the same effect votes **AGAINST** those proposals. Failing to give voting instructions also will prevent the broker, bank, or other nominee from voting on the director election proposal, but directors nevertheless will be elected because directors are elected by a plurality; however, your broker, bank, or other nominee will be able to vote on the auditor selection proposal without voting instructions,

if you are a Middlefield stockholder but do not give voting instructions to your broker, bank, or other nominee, the broker, bank, or other nominee may not vote your shares on the proposal to approve the transactions under the Reorganization Agreement, which broker non-vote will have the same effect as a vote

AGAINST that proposal. Although failing to give voting instructions also will prevent your broker, bank, or other nominee from voting on the proposal to issue common stock or the adjournment proposal, broker non-votes on those proposals have no effect because under Middlefield's regulations the proposals will be decided by a majority of votes actually cast.

Under rules of the Nasdaq Stock Market (Nasdaq), brokers who hold shares in street name for a beneficial owner are allowed to vote in their discretion on routine proposals, even without voting instructions from beneficial owners. For proposals Nasdaq considers non-routine, however, brokers are not allowed to exercise voting discretion and cannot vote on those non-routine proposals unless the beneficial owner gives specific voting instructions. Except for the auditor ratification proposal to be acted on at the Liberty stockholder meeting, Middlefield and Liberty believe the proposals to be voted on at the

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stockholder meetings are non-routine and that brokers therefore will not be able to vote without specific voting instructions. Broker non-votes occur when a broker or nominee is not instructed by the beneficial owner of shares to vote on a particular proposal for which the broker does not have discretionary voting power.

Q: May I change my vote after submitting a proxy?

A: Yes, but only until a vote is taken. Middlefield stockholders who hold directly, not in street name, may revoke a proxy at any time before a vote is taken by (x) filing a written notice of revocation with Middlefield's Secretary, at 15985 East High Street, Middlefield, Ohio 44062-0035, (y) executing and returning another proxy card with a later date, or (z) attending the meeting and giving notice of revocation in person. Liberty stockholders may revoke a proxy at any time before a vote is taken by (x) filing a written notice of revocation with Liberty's Secretary, at 25201 Chagrin Boulevard, Suite 120, Beachwood, Ohio 44122, (y) executing and returning another proxy card with a later date, or (z) attending the meeting and giving notice of revocation in person. A revocation notice or a later dated proxy will not be effective unless actually received by Liberty prior to the vote.

Your attendance at the meeting will not, by itself, revoke your proxy.

If you hold shares in street name and gave voting instructions to the broker, bank, or nominee, you must follow the broker, bank or nominee's directions for changing your vote.

Q: If I do not favor adoption and approval of the Reorganization Agreement and approval of the transactions contemplated by the Reorganization Agreement, what are my dissenters' rights?

A: Under federal banking law Liberty stockholders may dissent from the Merger and elect to have the fair market value of their shares appraised, receiving payment for their shares in cash. To assert dissenters' right of appraisal, a stockholder must comply with the provisions of federal law, which include voting against the proposal to adopt and approve the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement or giving notice to the presiding officer in writing at or before Liberty's meeting that the stockholder dissents. For more information see *DISSENTERS' RIGHTS* and the copy of the applicable statutory provision attached as Annex B to this joint proxy statement/prospectus.

Q: When will the Merger be completed?

A: Middlefield and Liberty desire to complete the Merger by the end of 2016, but achieving that goal is contingent on obtaining stockholder approvals and applicable governmental approvals and on satisfying all other conditions precedent to the Merger.

Q: Should Liberty stockholders send in their share certificates now?

A: No. Within five business days after the Merger is completed, the Exchange Agent for the Merger will send Liberty stockholders a letter of transmittal with instructions for delivering share certificates to the Exchange Agent. American Stock Transfer & Trust Company, LLC will act as Exchange Agent. Liberty stockholders must use the letter of transmittal to exchange Liberty share certificates for Merger consideration. Do not send in share certificates with your proxy form.

Q: What do I need to do now?

A: After carefully reviewing this joint proxy statement/prospectus, including its Annexes, please complete, sign, and date the enclosed proxy card and return it in the enclosed postage-paid envelope as soon as possible. By submitting your proxy, you authorize the individuals named in your company's proxy to vote your shares at your company's meeting of stockholders in accordance with your instructions. ***Your vote is very important. Regardless of whether you plan to attend the meeting, please submit your proxy with voting instructions to ensure that your shares are voted.***

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Q: Are there risks that I should consider in deciding whether to vote in favor of the Reorganization Agreement and the other proposals?

A: Yes. You should read and carefully consider the section of this joint proxy statement/prospectus captioned *RISK FACTORS*, which begins on page .

Q: Who can answer my questions?

A: If you have questions about the Merger or desire additional copies of this joint proxy statement/prospectus or additional proxy cards, please contact your company or its proxy solicitor at the applicable address below:

Middlefield stockholders:

Middlefield Banc Corp.

Attention: Investor Relations

15985 East High Street

P.O. Box 35

Middlefield, Ohio 44062-0035

(440) 632-1666

D.F. King & Co. (Middlefield's Proxy Solicitor)

48 Wall Street

New York, New York 10005

Toll-Free: () -

Liberty stockholders:

Liberty Bank, N.A.

Attention: Stockholder Relations

25201 Chagrin Boulevard, Suite 120

Beachwood, Ohio 44122

(216) 359-5500

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SUMMARY

*This summary highlights selected information from this joint proxy statement/prospectus. It does not necessarily contain all of the information that is important to you. You should read carefully this entire document and its Annexes and all other documents to which this joint proxy statement/prospectus refers before you decide how to vote. In addition, we incorporate by reference important business and financial information about Middlefield into this document. For a description of this information, see **INCORPORATION OF DOCUMENTS BY REFERENCE** on page . You may obtain the information incorporated by reference into this document without charge by following the instructions in the section entitled **WHERE YOU CAN FIND MORE INFORMATION** in the forepart of this document. This summary includes page references directing you to more detailed information.*

The Companies

Middlefield Banc Corp.

15985 East High Street

P.O. Box 35

Middlefield, Ohio 44062-0035

Phone: (440) 632-1666

Middlefield is a one-bank holding company. Middlefield's principal subsidiary is The Middlefield Banking Company, an Ohio-chartered, nonmember commercial bank. Middlefield's other subsidiary, EMORECO Inc., is an asset resolution corporation dedicated to the resolution and disposition of troubled assets of a central-Ohio bank that Middlefield acquired in 2007, specifically nonperforming loans and other real estate owned (OREO) held by the acquired bank as the result of borrower defaults on real estate-secured loans. That bank, Emerald Bank, operated as a separate subsidiary of Middlefield from 2007 through 2013, merging into The Middlefield Banking Company on January 20, 2014. At the end of June 2016 The Middlefield Banking Company had total assets of \$758.5 million and more than 140 employees.

The Middlefield Banking Company offers a broad range of banking services, including online banking and bill payment services for individuals and online cash management services for business customers at www.middlefieldbank.com. The Middlefield Banking Company's customers are small and medium-sized businesses, professionals, small business owners, and retail customers. Loan products include operational and working capital loans, loans to finance capital purchases, term business loans, residential construction loans, selected guaranteed or subsidized loan programs for small businesses, professional loans, residential and mortgage loans, and consumer installment loans to purchase automobiles, boats, make home improvements, and for other personal expenditures. The bank makes available customary deposit-related products and services, such as checking, savings, negotiable order of withdrawal accounts, money market accounts, time certificates of deposit, safe deposit facilities, and travelers' checks.

The Middlefield Banking Company operates in two distinct and very competitive markets, one in the northeastern Ohio counties of Geauga, Portage, Trumbull, Ashtabula, and Lake. The other market is central Ohio, specifically the Columbus area and Franklin County, the result of the 2007 acquisition of Emerald Bank. Ohio has a high concentration of financial service firms, many of which are significantly larger institutions with greater financial resources. Savings banks, savings and loan associations, commercial banks, mortgage banking companies, credit unions, insurance companies and other financial service companies compete to make loans. Savings and loan

associations, savings banks, commercial banks, and credit unions compete for deposits, but non-depository entities such as mutual funds, securities and brokerage firms, and insurance companies also compete for depositors' funds.

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The Middlefield Banking Company's operations have historically been concentrated in the area east of Liberty's market, in largely rural areas with a very large Amish population. The Middlefield Banking Company's business originated in this market and was not an outgrowth of the nearby Cleveland-area or Akron-area markets. This includes Geauga County, where The Middlefield Banking Company's business began in 1901 and where four of its ten offices are located, and northern Portage County, where two offices are located, with a seventh office in Cortland in Trumbull County, an office in Orwell in southern Ashtabula County, and two offices in central Ohio, in Franklin County. The Middlefield Banking Company's eleventh banking office is scheduled to open in late 2016 in Sunbury, also in central Ohio, in Delaware County. It also has a loan production office in Lake County. The Middlefield Banking Company's northeast Ohio market adjoins the market of Liberty, which is to the immediate west.

Middlefield common stock trades on the Nasdaq Capital Market under the symbol **MBCN**. Middlefield is subject to the reporting requirements under the Securities Exchange Act of 1934, filing annual, quarterly, and current reports, proxy statements, and other information with the SEC. Important business and financial information about Middlefield is incorporated by reference into this joint proxy statement/prospectus. See **INCORPORATION OF DOCUMENTS BY REFERENCE** on page of this joint proxy statement/prospectus.

Liberty Bank, N.A.

25201 Chagrin Boulevard, Suite 120

Beachwood, Ohio 44122

Phone: (216) 359-5500

Liberty is a national bank established in October 1990. Liberty currently has approximately 40 employees. Liberty's three bank offices are in Twinsburg in northern Summit County and Beachwood and Solon in eastern Cuyahoga County, Ohio. Liberty common stock is not listed on an exchange or traded over the counter. From inception, Liberty has been associated with the Akron and Cleveland business community and has sought to be a community banking resource for individuals and small business customers seeking the personalized service and local decision-making that distinguish community banks from the much larger regional and national banking institutions dominating the banking markets in Akron and Cleveland.

After the Merger, The Middlefield Banking Company will conduct through Liberty's three bank offices the typical community banking business The Middlefield Banking Company has conducted through its offices since 1901. Both banks are community banks, and although Liberty serves the credit and deposit needs not only of local small businesses but also individuals, Liberty's identity, its physical branch presence, and its marketing focus are more characteristic of a small business bank. The Middlefield Banking Company actively seeks to serve the lending and deposits needs not only of business customers but also individuals, for example individuals seeking home mortgage credit who do not have a preexisting commercial borrowing or deposit relationship with The Middlefield Banking Company. Middlefield believes the Merger will have the consequence of Liberty's office locations being occupied by a community bank with a broader customer focus, with more active consumer marketing of The Middlefield Banking Company's products and services in its new market in Cuyahoga County and Summit County.

The Reorganization Agreement (page)

If all of the Reorganization Agreement conditions are satisfied or waived, Liberty will merge into The Middlefield Banking Company, with The Middlefield Banking Company surviving. The Reorganization Agreement is Annex A to this joint proxy statement/prospectus and forms part of this joint proxy statement/prospectus. ***We encourage you to***

read the Reorganization Agreement carefully. It is the principal legal document governing the Merger. Immediately before Liberty merges into The Middlefield Banking Company, an interim bank subsidiary organized by Middlefield will merge into Liberty, with Liberty surviving momentarily before Liberty immediately thereafter merges into The Middlefield Banking Company.

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What Liberty stockholders will receive in the Merger (page)

Liberty stockholders will be entitled to receive from Middlefield a combination of cash and Middlefield common stock when the Merger is completed, in addition to a special dividend of approximately \$3.13 per share in cash immediately prior to the completion of the Merger. Subject to allocation procedures in the Reorganization Agreement ensuring that approximately 45% of the outstanding Liberty common stock is converted into Middlefield common stock and the remaining outstanding Liberty common stock is converted into cash, at the effective time of the Merger Liberty common stock not owned by Middlefield will be converted into the right to receive either:

\$37.96 in cash, or

1.1934 shares of Middlefield common stock

Liberty stockholders will own approximately 18.7% of the Middlefield common stock outstanding after the Merger. Middlefield will not issue fractional shares. Instead, a holder of Liberty common stock who would otherwise be entitled to a fractional share (after taking into account all Liberty common stock owned by the holder at the effective time of the Merger) will receive cash, without interest, equal to the product of the fractional share to which the holder would otherwise be entitled multiplied by the volume-weighted average closing sale price of Middlefield common stock for the 30 trading days immediately before the effective time.

It technically is not part of the Merger consideration, but pursuant to the Reorganization Agreement, Liberty must declare a special dividend to stockholders before Merger closing. The special dividend is currently estimated to be approximately \$3.0 million in the aggregate, or \$3.13 per share. Middlefield will not receive Merger consideration for its 23,218 Liberty shares but will be entitled to a proportionate share of the special dividend payment.

What holders of Liberty stock options and phantom shares will receive (page)

Liberty's compensation arrangements for officers and employees include equity-based awards, including stock options and phantom awards. There are option awards outstanding for 89,561 shares, all of which are vested, including options held by Liberty's CEO, CFO, and Chief Credit Officer to acquire a total of 79,989 shares. At the effective time of the Merger each outstanding and unexercised option to purchase Liberty common stock will be cancelled in exchange for a cash payment equal to (x) the positive difference between \$41.09 and the exercise price of the option, multiplied by (y) the number of shares of Liberty common stock acquirable by option exercise. There are also outstanding 2,000 phantom share awards made in 2013. The phantom share awards consist of the right to a cash payment equal to the positive difference between Liberty's stock value on December 31, 2016 and the stock value on the award date, multiplied by the number of phantom shares awarded, with value being determined by Liberty's board of directors. The total cash payment for cancellation of the options and phantom awards is estimated to be \$1,147,516, of which \$1,025,704 is payable to Liberty's CEO, CFO, and Chief Credit Officer. The \$41.09 figure is the sum of the \$37.96 per share cash Merger consideration and the \$3.13 per share special dividend.

Exchange of Liberty common stock certificates (page)

When the Merger is complete, acting as exchange agent American Stock Transfer & Trust Company, LLC will mail to Liberty stockholders transmittal materials and instructions for exchanging Liberty share certificates for Middlefield common stock to be issued by book-entry transfer.

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Liberty annual meeting of stockholders (page)

The Liberty annual meeting of stockholders will be held at _____ a.m., local time, on _____, 2016
at _____, Ohio _____ for the purpose of considering and voting on proposals to

adopt and approve the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement,

adjourn the annual meeting if adjournment is necessary to allow solicitation of additional proxies because of insufficient votes to adopt and approve the Reorganization Agreement,

elect twelve directors to serve until the earlier of (i) completion of the Merger or (ii) the 2017 annual meeting upon the election of successors,

ratify the appointment of Maloney + Novotny LLC as independent public accountants for the fiscal year ending December 31, 2016, and

transact any other business properly presented at the meeting or at any adjournment or postponement. The Liberty board of directors currently is not aware of any other business to be presented at the meeting. You are entitled to vote at the annual meeting if you owned Liberty common stock as of the close of business on the _____, 2016 record date. As of that date a total of _____ shares of Liberty common stock were outstanding and eligible to vote at the Liberty annual meeting.

Middlefield special meeting of stockholders (page)

A special meeting of stockholders of Middlefield will be held at _____ a.m., local time, on _____, 2016
at _____, Ohio _____ for the purpose of considering and voting on proposals to

approve the transactions under the Reorganization Agreement,

issue up to 563,261 shares of Middlefield common stock in the Merger,

adjourn the special meeting if adjournment is necessary to allow solicitation of additional proxies because of insufficient votes to adopt and approve the Reorganization Agreement, and

transact any other business properly presented at the special meeting or any adjournment or postponement. The Middlefield board of directors currently is not aware of any other business to be

presented at the meeting.

You are entitled to vote at the special meeting if you owned Middlefield common stock as of the close of business on the _____, 2016 record date. As of that date a total of _____ shares were outstanding and eligible to vote at the Middlefield special meeting.

Required vote (pages)

Liberty. A quorum will exist at Liberty's annual meeting if a majority of the outstanding common stock is represented in person or by proxy. The Reorganization Agreement will be adopted and approved and the transactions contemplated by the Reorganization Agreement will be approved if they receive the affirmative vote of the holders of at least two - thirds of Liberty's outstanding common stock. If there are insufficient votes to adopt and approve the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement when the meeting is held, the meeting may be adjourned to allow solicitation of additional proxies. The affirmative vote of the holders of a majority of the shares represented at the meeting in person or by proxy and entitled to vote is necessary to approve adjournment.

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All of Liberty's directors agreed to vote their Liberty shares in favor of adoption and approval of the Reorganization Agreement and approval of the transactions contemplated by the Reorganization Agreement, in favor of the adjournment proposal and in favor of entering into voting agreements with Middlefield as a condition to Middlefield's agreement to enter into the Reorganization Agreement ("Voting Agreements"). Excluding Liberty shares held by their immediate family members, Liberty's directors collectively own 278,997 shares of Liberty common stock, or approximately 29.1% of the shares outstanding. They have the right to acquire an additional 75,989 shares, and if they do so those additional shares also are subject to the Voting Agreement. The form of Voting Agreement is an exhibit to the Reorganization Agreement attached as Annex A to this joint proxy statement/prospectus. As a group, Liberty's directors, executive officers, and affiliates own 281,900 shares of Liberty common stock, or 29.4% of shares outstanding, with the right to acquire an additional 79,989 shares. As a holder of 23,218 shares of Liberty common stock, or 2.4%, Middlefield intends to vote in favor of adoption and approval of the Reorganization Agreement and approval of the transactions contemplated under the Reorganization Agreement and in favor of the adjournment proposal.

For the proposal to elect directors at Liberty's annual meeting, directors are elected by plurality vote, which means the directors receiving the greatest number of votes are elected. The affirmative vote of the holders of a majority of the shares represented at the meeting in person or by proxy and entitled to vote is necessary to ratify selection of Liberty's independent auditor. Middlefield intends to vote in favor of electing the director nominees identified in this joint proxy statement/prospectus and in favor of ratifying the selection of Liberty's independent auditor.

Middlefield. A quorum at Middlefield's special meeting is a majority of the shares outstanding, whether present in person or by proxy. The Reorganization Agreement will be adopted and approved if it receives the affirmative vote of the holders of at least two-thirds of Middlefield's outstanding common stock. If there are insufficient votes to adopt and approve the Reorganization Agreement when the meeting is held, the meeting may be adjourned to allow solicitation of additional proxies. The affirmative vote of the holders of a majority of the votes cast is necessary to approve adjournment. To approve issuance of Middlefield common stock in the Merger, the affirmative vote of a majority of the votes cast is necessary.

As a group, Middlefield's directors, executive officers, and affiliates own 106,138 shares of Middlefield common stock, or 4.72% of shares outstanding, with the right to acquire 28,249 additional shares.

Recommendation to Liberty stockholders (page)

Liberty's board of directors unanimously approved the Reorganization Agreement and the transactions contemplated by the Reorganization Agreement. Liberty's board believes the Merger is in the best interests of Liberty and its stockholders. The board unanimously recommends that Liberty stockholders vote **FOR** adoption and approval of the Reorganization Agreement and approval of the transactions contemplated by the Reorganization Agreement and, if the adjournment proposal is presented for a vote, **FOR** adjournment to allow additional proxy solicitation. Liberty's board considered many factors in this decision, which are described in the section captioned *THE MERGER Background of the Merger* beginning on page and *THE MERGER Liberty's Reasons for the Merger* beginning on page of this joint proxy statement/prospectus. Liberty's board also recommends that stockholders vote **FOR** election of the identified director nominees and **FOR** ratification of the selection of independent accountants.

Opinion of Liberty's Financial Advisor (page)

On July 27, 2016 Liberty's financial advisor, Boenning & Scattergood, Inc. ("Boenning"), delivered to Liberty's board of directors a written opinion concerning the fairness, from a financial point of view, of the Merger consideration to be received by the holders of Liberty common stock. The full text of the opinion,

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describing the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by Boenning, is attached as Annex C to this joint proxy statement/prospectus.

Boenning's opinion was for the information of and was directed to Liberty's board for the board's consideration of the financial terms of the Merger. The opinion does not pertain to Liberty's underlying business decision to engage in the Merger or enter into the Reorganization Agreement. The opinion does not constitute a recommendation to the Liberty board regarding the Merger and it does not constitute a recommendation to any holder of Liberty common stock or any stockholder of any other entity regarding how to vote on the Merger or on any other proposal.

Recommendation to Middlefield stockholders (page)

Middlefield's board of directors also unanimously approved the Reorganization Agreement. Middlefield's board believes the Merger is in the best interests of Middlefield and its stockholders. The board unanimously recommends that Middlefield stockholders vote **FOR** adoption and approval of the Reorganization Agreement, **FOR** issuance of up to 563,261 shares of common stock in the Merger, and **FOR** adjournment to allow additional proxy solicitation if the adjournment proposal is presented for a vote. In reaching this decision Middlefield's board of directors of Middlefield considered many factors as described in the section captioned *THE MERGER Background of the Merger* beginning on page and *THE MERGER Middlefield Reasons for the Merger* beginning on page of this joint proxy statement/prospectus.

Opinion of Middlefield's Financial Advisor (page)

Middlefield's financial advisor, Donnelly Penman & Partners Inc., delivered to Middlefield's board of directors a July 27, 2016 opinion concerning the fairness to Middlefield stockholders, from a financial point of view, of the consideration being paid. Describing the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by Donnelly Penman & Partners Inc., the full text of the opinion is attached as Annex D to this joint proxy statement/prospectus.

Donnelly Penman & Partners Inc.'s opinion was for the information of and was directed to Middlefield's board for its consideration of the financial terms of the Merger. The opinion does not pertain to Middlefield's underlying business decision to engage in the Merger or enter into the Reorganization Agreement. The opinion does not constitute a recommendation to the Middlefield board regarding the Merger and it does not constitute a recommendation to any Middlefield stockholder regarding how to vote on the Merger or on any other proposal.

Material U.S. federal income tax consequences (page)

The U.S. federal income tax consequences of the Merger to a Liberty stockholder will depend on the relative mix of cash and Middlefield common stock received by such Liberty stockholder. Liberty stockholders should not recognize any gain or loss for U.S. federal income tax purposes if they exchange their Liberty shares solely for shares of Middlefield common stock in the Merger, except with respect to cash received in lieu of fractional shares of Middlefield common stock. Liberty stockholders will recognize gain or loss if they exchange their Liberty shares solely for cash in the Merger. Liberty stockholders will recognize gain, but not loss, if they exchange their Liberty shares for a combination of Middlefield common stock and cash, but their taxable gain in that case will not exceed the cash they receive in the Merger. **The tax consequences of the Merger to each Liberty stockholder will depend on such Liberty stockholder's own situation. Liberty stockholders should consult with their own tax advisors for a full understanding of the tax consequences of the Merger to them.** Tucker Ellis LLP has delivered a tax opinion,

dated September 26, 2016, to the effect that the Merger qualifies as a reorganization under Section 368(a) of the Internal Revenue Code. In addition, the completion of

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the Merger is conditioned on receipt of a tax opinion from Tucker Ellis LLP, dated the closing date, to the same effect as the opinion described in the preceding sentence. The opinion will not bind the Internal Revenue Service, which could take a different view.

See *Material U.S. Federal Income Tax Consequences* for a more detailed discussion of the tax consequences of the Merger.

Interests of directors and certain executive officers of Liberty (page)

Directors and certain executive officers of Liberty have employment and other compensation agreements or economic interests that give them interests in the Merger that are somewhat different from or in addition to their interests as Liberty stockholders. These interests and agreements include:

two members of the Liberty board of directors will be appointed to Middlefield's board of directors. These directors are Chairman, President, and CEO William A. Valerian and Director Thomas W. Bevan,

all outstanding stock options issued by Liberty to officers and employees will be cancelled in exchange for cash equal to (x) the positive difference between \$41.09 and the exercise price of the option, multiplied by (y) the number of shares of Liberty common stock acquirable by option exercise; of the \$1,147,516 total payable in cancellation of options and phantom stock, \$1,025,704 will be paid to President and CEO William A. Valerian, Chief Operating Officer and Chief Financial Officer Richard C. Ebner, and Senior Vice President and Chief Credit Officer Craig E. Reay. Mr. Valerian's son holds 1,000 phantom shares, which will be cancelled in exchange for \$15,200 in cash,

Liberty's CEO William A. Valerian and CFO Richard C. Ebner have employment agreements with Liberty. The employment agreements provide that they are entitled to a payment equal to 2.5 times salary when a change in control occurs, payable in equal installments over 30 months, plus payments for the cost of life insurance, long-term disability, and medical benefits over those 30 months. The Merger will constitute a change in control under those employment agreements. Mr. Valerian's total payments are estimated to be \$904,611 and Mr. Ebner's are estimated to be \$697,317,

certain Liberty officers will receive retention bonuses to remain with Liberty through consummation of the Merger,

the Reorganization Agreement provides that Middlefield will consult with Liberty about forming a Northeast Ohio Advisory Board, which would include some of Liberty's current directors, and

the Reorganization Agreement preserves for six years the rights of Liberty's officers and directors to continued indemnification coverage and continued coverage under directors' and officers' liability insurance policies. Each of Middlefield's and Liberty's board of directors was aware of these interests and considered them in approving the Reorganization Agreement and the transactions contemplated by the Reorganization Agreement. See *THE*

MERGER Interests of Liberty Directors and Executive Officers in the Merger beginning on page of this joint proxy statement/prospectus.

Dissenters rights of Liberty stockholders (page)

The National Bank Act gives Liberty stockholders the right to dissent from the Merger and elect to have the fair market value of their shares appraised, receiving payment for their shares in cash. To assert dissenters rights of appraisal, a stockholder must comply with the requirements of the National Bank Act, which include voting against the proposal to adopt and approve the Reorganization Agreement and approve the transactions

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contemplated by the Reorganization Agreement or giving notice in writing at or before Liberty's meeting that the stockholder dissents by giving notice to the presiding officer. For more information, see *DISSENTERS' RIGHTS* and the copy of the applicable statutory provision attached as Annex B to this joint proxy statement/prospectus.

A Liberty stockholder who has questions regarding dissenters' rights should consult his or her legal advisers.

Differences in stockholder rights (page)

Liberty stockholders who receive Middlefield common stock will be Middlefield stockholders when the Merger is completed. As such, their rights will be governed by Middlefield's Second Amended and Restated Articles of Incorporation and Regulations, as well as Ohio law. For a summary of significant differences between the rights of Middlefield stockholders versus the rights of Liberty stockholders, see *COMPARISON OF RIGHTS OF LIBERTY AND MIDDLEFIELD STOCKHOLDERS* beginning on page of this joint proxy statement/prospectus.

Regulatory approvals required for the Merger (page)

The Merger cannot be completed until Middlefield and Liberty receive necessary regulatory approvals, which include approval by the FDIC, the OCC, and the Ohio Division of Financial Institutions of the Merger, approval by the Ohio Division of Financial Institutions of Middlefield's application to organize an interim bank, approval by the FDIC of the interim bank's deposit insurance letter application, approval by the OCC of the special dividend payable to Liberty stockholders, and approval by the Ohio Division of Financial Institutions of the dividend from The Middlefield Banking Company to Middlefield that will be a source for Middlefield's payment of the cash Merger consideration. Applications for the required approvals have been submitted but none have yet been approved. Middlefield is also seeking from the Board of Governors of the Federal Reserve System waiver of the obligation to file an application under the Bank Holding Company Act of 1956.

Conditions to the Merger (page)

As more fully described in this joint proxy statement/prospectus and in the Reorganization Agreement, completion of the Merger depends on adoption and approval of the Reorganization Agreement by Middlefield stockholders and by Liberty stockholders, receipt of required regulatory approvals, and satisfaction or waiver of other customary merger closing conditions. Middlefield and Liberty desire to complete the Merger by the end of 2016, although neither Middlefield nor Liberty can be certain as to when the regulatory approvals might be obtained. See *THE REORGANIZATION AGREEMENT - Conditions to Consummation of the Merger* beginning on page of this joint proxy statement/prospectus.

Termination; Termination Fee (page)

The Reorganization Agreement may be terminated before the effective time of the Merger, whether before or after approval by Liberty stockholders and Middlefield stockholders:

by mutual written consent of Middlefield and Liberty,

by either Middlefield or Liberty if the other party breaches its covenants or representations and warranties and the breach is not cured within 30 days after written notice or by its nature cannot be cured (provided the

terminating party is not also in breach of its covenants or representations and warranties),

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by either Middlefield or Liberty if the Merger does not occur by May 30, 2017 (or a later date the parties may agree to), unless the failure to close by that date is the result of the terminating party's breach of covenants or representations and warranties in the Reorganization Agreement,

by either Middlefield or Liberty if the Liberty stockholders or the Middlefield stockholders do not vote to approve the Reorganization Agreement,

by either party if a required governmental approval is denied by final, non-appealable action, or if a governmental entity issues a final, non-appealable order, injunction, or ruling enjoining or otherwise prohibiting,

by Middlefield if Liberty becomes subject to a formal bank regulatory enforcement action,

by Middlefield if Liberty's board fails to recommend adoption and approval of the Reorganization Agreement to Liberty stockholders or withdraws or adversely changes the recommendation in favor of the Reorganization Agreement, or if Liberty accepts a competing acquisition proposal, and

by Liberty if it accepts a superior acquisition proposal, but Liberty's termination right is conditioned on Liberty giving to Middlefield notice of the superior proposal and the opportunity to modify Middlefield's merger proposal.

Liberty may be required to pay a termination fee of \$1.65 million to Middlefield if (i) the Reorganization Agreement is terminated as described in the seventh and eighth bullet points above or (ii) if a competing acquisition proposal is made known to Liberty, Middlefield subsequently terminates the Reorganization Agreement, and Liberty enters into a definitive agreement relating to the competing acquisition proposal within one year of the termination of the Reorganization Agreement. See *THE REORGANIZATION AGREEMENT Termination; Termination Fee* beginning on page .

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SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED FINANCIAL DATA

The following unaudited pro forma condensed combined consolidated balance sheet as of June 30, 2016 and the unaudited pro forma condensed combined consolidated statements of income for the six months ended June 30, 2016 and for the year ended December 31, 2015 are based on the historical financial statements of Middlefield and Liberty after giving effect to the Merger. The Merger will be accounted for using the acquisition method of accounting in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 805, Business Combinations (ASC 805).

The unaudited pro forma condensed combined consolidated statements of income for the six months ended June 30, 2016 and for the year end December 31, 2015 give effect to the merger as of the beginning of all periods presented. The unaudited pro forma condensed combined consolidated balance sheet as of June 30, 2016 assumed that the merger took place on June 30, 2016.

The unaudited condensed combined consolidated balance sheet and statement of income as of and for the six months ended June 30, 2016 were derived from Middlefield's unaudited condensed financial statements and Liberty's unaudited condensed financial statements and as of and for the six months ended June 30, 2016. The unaudited condensed statement of income for the year ended December 31, 2015 was derived from Middlefield's and Liberty's audited statements of income for the year ended December 31, 2015.

The pro forma condensed combined consolidated financial statements reflect management's best estimate of the fair value of the tangible and intangible assets acquired and liabilities assumed. As final valuations are performed, increases or decreases in the fair value of assets acquired and liabilities assumed will result in adjustments, which may be material, to the balance sheet and/or statement of income.

As required, the unaudited pro forma condensed combined consolidated financial data includes adjustments which give effect to the events that are directly attributable to the merger, expected to have a continuing impact and are factually supportable. We expect that we will incur reorganization and restructuring expenses as a result of combining our companies. We also anticipate that the merger will provide the combined company with financial benefits that include reduced operating expenses (as compared to the sum of expenses from each company while operating separately) and the opportunity to earn more revenue. The pro forma information does not take into account these expected expenses or anticipated financial benefits, and does not attempt to predict or suggest future results.

The unaudited pro forma condensed combined consolidated financial statements are provided for informational purposes only and are subject to a number of uncertainties and assumptions and do not purport to represent what the companies' actual performance or financial position would have been had the merger occurred on the dates indicated and does not purport to indicate the financial position or results of operations as of any date or for any future period.

The unaudited pro forma condensed combined consolidated financial information is derived from and should be read in conjunction with the historical consolidated financial statements and the related notes of Middlefield and Liberty, which in the case of Middlefield are incorporated in this joint proxy statement/prospectus by reference, and in the case of Liberty are included in this joint proxy statement/prospectus. See *Where You Can Find More Information* in the forepart of this document.

The unaudited pro forma stockholders' equity and net income are qualified by the statements set forth under this caption and should not be considered indicative of the market value of Middlefield common stock or the actual or future results of operations of Middlefield for any period. Actual results may be materially different

from the pro forma information presented.

Table of Contents**UNAUDITED PRO FORMA COMBINED CONSOLIDATED CONDENSED BALANCE SHEET****AS OF JUNE 30, 2016**

(Dollars in Thousands, Except Per Share Amounts)

	HISTORICAL				
	Middlefield				
	Banc Corp.	Liberty Bank, N.A.	Pro Forma Adjustments		Combined Pro Forma
ASSETS					
Cash and due from banks	\$ 21,127	\$ 33,766	\$ (2,930)	A	\$ 42,969
			(1,280)	B	
			(7,147)	C	
			(567)	D	
Fed funds sold	1,000				1,000
Cash and cash equivalents	22,127	33,766	(11,924)		43,969
Investment securities available for sale, at fair value	129,295		(580)	E	128,715
Loans held for sale	496	358			854
Loans	579,716	187,332	(3,860)	F	763,188
Less allowance for loan and lease losses	6,366	3,324	(3,324)	G	6,366
Net loans	573,350	184,008	(536)		756,822
Premises and equipment, net	9,727	377			10,104
Goodwill	4,559		10,375	H	14,934
Core deposit intangible	56		582	I	638
Bank owned life insurance	13,337	1,653			14,990
Other real estate owned	1,142				1,142
Accrued interest and other assets	6,019	2,230	62	J	8,311
TOTAL ASSETS	\$ 760,108	\$ 222,392	\$ (2,021)		\$ 980,479
LIABILITIES					
Noninterest-bearing demand	\$ 126,045	\$ 36,160	\$		\$ 162,205
Interest-bearing demand	64,361	25,464			89,825
Money market	81,596	78,546			160,142
Savings	173,014	10,081			183,095
Time	183,024	39,692	224	K	222,940
Total deposits	628,040	189,943	224		818,207
Short-term borrowings	42,255				42,255
Other borrowings	9,825		12,000	L	21,825
Accrued interest and other liabilities	2,407	1,425			3,832
TOTAL LIABILITIES	\$ 682,527	\$ 191,368	\$ 12,224		\$ 886,119

EQUITY					
Common stock	\$ 47,675	\$ 9,593	\$ (9,593)	M	\$ 64,686
			17,011	N	
Surplus / additional paid in capital		16,957	(16,957)	M	
Retained earnings	39,545	4,474	(4,474)	M	39,313
			(567)	D	
			335	E	
Accumulated other comprehensive income	3,879				3,879
Treasury stock	(13,518)				(13,518)
TOTAL STOCKHOLDERS EQUITY	\$ 77,581	\$ 31,024	\$ (14,245)		\$ 94,360
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY					
	\$ 760,108	\$ 222,392	\$ (2,021)		\$ 980,479

See accompanying notes to the unaudited pro forma condensed combined consolidated financial statements.

Table of Contents**UNAUDITED PRO FORMA COMBINED CONSOLIDATED CONDENSED STATEMENT OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2016**

(Dollars in Thousands, Except Per Share Amounts)

	HISTORICAL				Combined Pro Forma
	Middlefield Banc Corp.	Liberty Bank, N.A.	Pro Forma Adjustments		
INTEREST INCOME					
Interest and fees on originated loans	\$ 12,490	\$ 4,843	\$ 177	F	\$ 17,510
Interest-bearing deposits in other institutions	27	83			110
Federal funds sold	9				9
Investment securities:	2,170				2,170
Dividends on stock	57	34			91
Total interest income	14,753	4,960	177		19,890
INTEREST EXPENSE					
Deposits	1,744	424	(118)	K	2,050
Short-term borrowings	235				235
Other borrowings	37		232	L	269
Trust preferred securities	75				75
Total interest expense	2,091	424	114		2,629
Net interest income	12,662	4,536	63		17,261
Provision for loan losses	210				210
Net interest income after provision for loan and lease losses	12,452	4,536	63		17,051
NONINTEREST INCOME					
Service charges on deposit accounts	938	162			1,100
Investment securities gains, net	303				303
Earnings on bank-owned life insurance	196	27			223
Gains on sale of loans	193	238			431
Other income	452	186			638
Total noninterest income	2,082	613			2,695
NONINTEREST EXPENSE					
Salaries and employee benefits	5,063	2,188			7,251
Occupancy expense	627	265			892
Equipment expense	479	102			581

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Data processing costs	594	213			807
Core deposit intangible amortization	20		34	I	54
Other expense	3,470	714			4,184
Total noninterest expense	10,253	3,482	34		13,769
Income before taxes	4,281	1,667	29		5,977
Income taxes	868	567	10	O	1,445
NET INCOME	\$ 3,413	\$ 1,100	\$ 19		\$ 4,532
Less: Income attributable to common stock subject to possible conversion					
Pro forma net income attributable to common stock not subject to possible conversion	\$ 3,413	\$ 1,100	\$ 19		\$ 4,532
Pro forma net income per common share basic	\$ 1.74	\$ 1.15			\$ 1.83
Pro forma net income per common share diluted	1.73	1.14			1.82
Weighted average number of shares outstanding basic	1,964,657	959,283	515,164	N	2,479,821
Weighted average number of shares outstanding diluted	1,973,179	968,817	515,164	N	2,488,343

See accompanying notes to the unaudited pro forma condensed combined financial statements.

Table of Contents**UNAUDITED PRO FORMA COMBINED CONSOLIDATED CONDENSED STATEMENT OF INCOME
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2015**

(Dollars in Thousands, Except Per Share Amounts)

	HISTORICAL				Combined Pro Forma
	Middlefield Banc Corp.	Liberty Bank, N.A.	Pro Forma Adjustments		
INTEREST INCOME					
Interest and fees on originated loans	\$ 23,824	\$ 8,282	\$ 359	F	\$ 32,465
Interest-bearing deposits in other institutions	33	91			124
Federal funds sold	13				13
Investment securities:	4,627				4,627
Dividends on stock	98	66			164
Total interest income	28,595	8,439	359		37,393
INTEREST EXPENSE					
Deposits	3,426	950	(167)	K	4,209
Short-term borrowings	194				194
Other borrowings	83		464	L	547
Trust preferred securities	117				117
Total interest expense	3,820	950	297		5,067
Net interest income	24,775	7,489	62		32,326
Provision for loan losses	315				315
Net interest income after provision for loan and lease losses	24,460	7,489	62		32,011
NONINTEREST INCOME					
Service charges on deposit accounts	1,874	282			2,156
Investment securities gains, net	323				323
Earnings on bank-owned life insurance	624	54			678
Gains on sale of loans	329	476			805
Other income	894	330			1,224
Total noninterest income	4,044	1,142			5,186
NONINTEREST EXPENSE					
Salaries and employee benefits	9,751	3,703			13,454
Occupancy expense	1,253	493			1,746
Equipment expense	944	212			1,156

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Data processing costs	1,071	418			1,489
Core deposit intangible amortization	40		67	I	107
Other expense	7,018	1,070			8,088
Total noninterest expense	20,077	5,896	67		26,040
Income before taxes	8,427	2,735	(5)		11,157
Income taxes	1,562	943	(2)	O	2,503
NET INCOME	\$ 6,865	\$ 1,792	\$ (3)		\$ 8,654
Less: Income attributable to common stock subject to possible conversion	\$	\$	\$		\$
Pro forma net income attributable to common stock not subject to possible conversion	\$ 6,865	\$ 1,792	\$ (3)		\$ 8,654
Pro forma net income per common share basic	\$ 3.41	\$ 1.88			\$ 3.42
Pro forma net income per common share diluted	3.39	1.86			3.41
Weighted average number of shares outstanding basic	2,014,966	954,033	515,164	N	2,530,130
Weighted average number of shares outstanding diluted	2,024,120	962,091	515,164	N	2,539,284

See accompanying notes to the unaudited pro forma condensed combined financial statements.

Table of Contents**Notes to Unaudited Pro Forma Condensed Combined Consolidated Balance Sheets and Income Statements****1) Description of the Merger and Basis of Preparation****The Merger**

Upon consummation of the Merger we expect to operate as a bank holding company under the name Middlefield Banc Corp. Pursuant to the Reorganization Agreement, Liberty will merge with and into The Middlefield Banking Company, a subsidiary of Middlefield, with The Middlefield Banking Company being the surviving entity and remaining Middlefield's wholly owned subsidiary.

Basis of Presentation

The unaudited pro forma condensed combined consolidated financial statements have been prepared based on Middlefield's and Liberty's historical financial information. Certain disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States have been condensed or omitted as permitted by SEC rules and regulations.

These unaudited pro forma condensed combined consolidated financial statements are not necessarily indicative of the results of operations that would have been achieved had the Merger actually taken place at the dates indicated and do not purport to be indicative of future financial condition or operating results.

2) Acquisition Method

The pro forma condensed combined consolidated financial statements reflect the accounting for the transaction in accordance with ASC 805. Under the acquisition method, the purchase price is allocated to the assets acquired and liabilities assumed based on their estimated fair values, with any excess of the purchase price over the estimated fair value of the identifiable net assets acquired recorded as goodwill.

The purchase price allocation for Liberty is summarized as follows (in thousands):

Cash to holders of Liberty common stock	\$ 19,147
Value of Liberty common stock owned by Middlefield	915
Middlefield common stock to holders of Liberty common stock	17,011
Total purchase price	37,073
Allocated to:	
Historical book value of Liberty's assets and liabilities	31,024
Pre-closing special dividend to Liberty's common stockholders	(2,930)
Pre-closing cash out of existing Liberty stock options	(1,280)
Historical book value of Liberty's assets and liabilities to be allocated	26,814
To adjust Liberty's assets and liabilities to fair value:	
Loans	(3,860)

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Elimination of allowance for loan and lease losses	3,324
Core deposit intangible	582
Net deferred tax asset	62
Time deposits	(224)
Total allocation of purchase price	(116)
Excess of purchase price over allocation of identifiable assets and liabilities	\$ 10,375

Table of Contents**3) Pro Forma Adjustments and Assumptions**

- A. Represents payment of special dividend to Liberty common stockholders prior to execution of the transaction.

Special dividend per share	\$ 3.13
Outstanding number of shares	959,283
Total special dividends	\$ 3,003
Liberty shares held by Middlefield	23,218
Special dividends paid in cash	\$ 2,930

- B. Represents cashing out of existing Liberty stock options and phantom stock.

Special dividend per share	\$ 3.13
Consideration per share (market value of \$33.02, 1.1934 exchange rate)	39.41
Total consideration per share	\$ 42.54
Stock options and phantom stock weighted average strike price	28.56
Cash out of options and phantom stock per share	13.98
Stock options and phantom stock outstanding	91,561
Total option and phantom stock consideration	\$ 1,280

- C. Represents the cash component of the purchase price.

Cash consideration per share	\$ 37.96
Outstanding number of shares	959,283
Anticipated cash conversion rate	52.58%
Total cash consideration	\$ 19,147
Cash proceeds from new debt	12,000
Net cash outflow	\$ 7,147

- D. Represents payment of \$872 of fees to financial advisors, net of 35% anticipated tax effect, payable upon the closing of the acquisition. The fees are non-recurring items directly attributable to the closing of the transaction and are not expected to have a continuing impact on operations and therefore are not included in the Unaudited Pro Forma Statement of Income.

- E. Reflects elimination of Middlefield's minority investment in Liberty, carried at \$580, and related gain of \$355.

Carrying value of Liberty stock	\$ 580
Closing price of common stock as of September 23, 2016	33.02
Liberty shares held by Middlefield	23,218
Fixed exchange ratio of common stock	1.1934
Middlefield realized gain on Liberty stock	\$ 335

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- F. Reflects the pro forma purchase accounting adjustment of Liberty's loan portfolio to fair value. The preliminary fair value adjustment will be accreted over the loans' remaining life on a level yield basis. The initial pro forma amount recorded to the balance sheet as of the acquisition date and subsequent accretion, including the related impact to the provision for loan losses, are as follows:

Book value:	\$ 187,332
Fair value:	183,472
Fair value adjustment:	(3,860)
Accretion:	
For the year ended December 31, 2015	359
For the six months ended June 30, 2016	177

- G. Represents elimination of Liberty's allowance for loan and lease losses of \$3,324 as of the acquisition date.
- H. Reflects the pro forma adjustment to goodwill of \$10,375, representing the excess of the purchase price over the fair value of net assets to be acquired.
- I. Reflects the pro forma impact of the core deposit intangible asset of Liberty. The preliminary fair value adjustment will be amortized over ten years on an accelerated basis. The initial pro forma amount recorded to the balance sheet as of the acquisition date and subsequent amortization are as follows:

Fair value:	\$ 582
Amortization:	
For the year ended December 31, 2015	67
For the six months ended June 30, 2016	34

- J. Reflects creation of a net deferred tax asset resulting from purchase accounting adjustments, estimating a 35% tax rate.
- K. Reflects the pro forma purchase accounting adjustment of Liberty's time deposits to fair value. The preliminary fair value adjustment will be accreted over the life of the time deposits on a level yield basis. The initial pro forma amount recorded to the balance sheet as of the acquisition date and subsequent accretion are as follows:

Book value:	\$ 39,692
Fair value:	39,916
Fair value adjustment:	224
Accretion:	

For the year ended December 31, 2015	167
For the six months ended June 30, 2016	118

- L. Reflects new Middlefield debt of \$12,000 at a blended interest rate of 3.86% utilized to finance the transaction. Borrowings include an \$8,000 facility at 3.78% (1-month LIBOR plus 325 basis points) and a \$4,000 facility at 4.03% (1-month LIBOR plus 350 basis points).
- M. Reflects the elimination of Liberty's historical net equity of approximately \$31,024 as a result of the acquisition.

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N. Represents the common stock component of the purchase price.

Closing price of common stock as of September 23, 2016	\$ 33.02
Outstanding number of shares	959,283
Fixed exchange ratio of common stock	1.1934
Anticipated stock conversion rate	45.00%
Total stock consideration	\$ 17,011
New shares of common stock issued	515,164

O. Reflects tax impact of accretion and amortization of purchase accounting adjustments, assuming a 35% tax rate.

Table of Contents**UNAUDITED COMPARATIVE PER SHARE DATA**

The following table summarizes selected share and per share information about Middlefield and Liberty, giving effect to the Merger (known as pro forma information). The data in the table should be read together with the financial information and the financial statements of Middlefield and Liberty incorporated by reference or included in this joint proxy statement/prospectus. The pro forma information is presented as an illustration only, does not represent actual combined financial position per share or combined results of operations per share, and is not a forecast of the combined financial position or combined results of operations for any future period.

The information about book value per share and shares outstanding assumes that the Merger took place as of the dates presented and is based on the assumptions set forth in the preceding unaudited pro forma condensed combined consolidated balance sheets. The information about dividends and earnings per share assumes that the Merger took place as of the beginning of the periods presented and is based on the assumptions set forth in the preceding unaudited pro forma condensed combined consolidated income statements. No pro forma adjustments have been included to reflect potential effects of the Merger related to integration expenses, cost savings, or operational synergies Middlefield expects by combining the operations of Middlefield and Liberty, or to reflect the costs of combining the companies and their operations other than Merger-related expenses. It is further assumed that Middlefield will pay a cash dividend after completion of the Merger at the annual rate of \$1.20 per share. The actual payment of dividends is subject to numerous factors, and no assurance can be given that Middlefield will pay dividends after the Merger or that dividends will not be reduced in the future.

	Middlefield Historical	Liberty Historical	Pro Forma Combined (1)(2)(3)	Equivalent Pro Forma Liberty (4)
Basic Net Income Per Share				
Six Months Ended June 30, 2016	1.74	1.15	1.83	2.18
Diluted Income Per Share				
Six Months Ended June 30, 2016	1.73	1.14	1.82	2.17
Dividends Declared Per Share				
Six Months Ended June 30, 2016	0.54	0.40	0.60	0.72
Book Value Per Share				
June 30, 2016	34.53	32.34	34.16	40.77

	Middlefield Historical	Liberty Historical	Pro Forma Combined (1)(2)(3)	Equivalent Pro Forma Liberty (4)
Basic Net Income Per Share				
Year Ended December 31, 2015	3.41	1.88	3.42	4.08
Diluted Income Per Share				
Year Ended December 31, 2015	3.39	1.86	3.41	4.07
Dividends Declared Per Share				
Year Ended December 31, 2015	1.07	0.60	1.08	1.29
Book Value Per Share				
December 31, 2015	33.19	31.59	33.06	39.45

(1)

The pro forma combined book value per share of Middlefield common stock is based on the pro forma combined common stockholders' equity for the merged entities divided by total pro forma shares of the combined entities.

- (2) Pro forma dividends per share represent Middlefield historical dividends per share.
- (3) The pro forma combined diluted net income per share of Middlefield common stock is based on the pro forma combined diluted net income for the merged entities divided by total pro forma diluted shares of the combined entities.
- (4) Represents the Pro Forma Combined information multiplied by the 1.1934 exchange ratio.

Table of Contents**MARKET PRICE AND DIVIDEND INFORMATION**

Middlefield's common stock trades on the Nasdaq Capital Market under the symbol MBCN. Liberty's common stock does not trade in an established market. Trades in Liberty common stock that occur are the result of direct, private negotiation between buyers and sellers. Accordingly, the management of Liberty does not have information with respect to the price at which all of its common stock have traded. Liberty has 272 stockholders of record.

Liberty paid total cash dividends on its common stock of \$0.60 per share in 2015 and \$0.40 per share for the first six months of 2016. Liberty has not declared any stock dividends on its common stock during the two most recently completed fiscal years.

A summary of the high and low bid prices of and cash dividends paid on Middlefield common stock for the first nine months of 2016 and for the 2015 and 2014 fiscal years follows. This information does not reflect retail mark-up, markdown or commissions, and does not necessarily represent actual transactions.

	High Bid	Low Bid	Dividend
2014			
First Quarter	28.00	26.00	0.26
Second Quarter	30.50	27.05	0.26
Third Quarter	35.70	28.55	0.26
Fourth Quarter	34.50	33.00	0.26
2015			
First Quarter	34.82	31.50	0.26
Second Quarter	33.65	31.60	0.27
Third Quarter	34.00	30.20	0.27
Fourth Quarter	34.75	28.90	0.27
2016			
First Quarter	34.00	30.00	0.27
Second Quarter	33.00	30.00	0.27
Third Quarter			

On July 27, 2016, the last trading day before the Merger was announced, the closing price of Middlefield common stock was \$33.74. The closing price was \$ on the more recent date of , 2016. The table to follow presents the implied value of Liberty common stock based on those prices for Middlefield common stock and the 1.1934 fixed exchange ratio. We can give no assurance of what the market price of Middlefield common stock will be if and when the Merger is completed.

closing price of Middlefield common stock on Nasdaq	implied value per share of Liberty common stock at the 1.1934 fixed exchange
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		ratio
July 27, 2016	33.74	40.27
, 2016		

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RISK FACTORS

This RISK FACTORS section identifies some of the significant factors that make investment in Middlefield common stock speculative or risky, but it does not purport to present an exhaustive description of all significant risks. You should carefully consider the following risk factors before you decide how to vote concerning the proposals presented in this joint proxy statement/prospectus. You should also consider the other information in this joint proxy statement/prospectus, including but not limited to the section captioned FORWARD-LOOKING STATEMENTS, and information in the documents incorporated by reference in this joint proxy statement/prospectus. See WHERE YOU CAN FIND MORE INFORMATION in the forepart of this document

Because the market value of Middlefield common stock fluctuates, Liberty stockholders cannot be sure of the value of the stock portion of the Merger consideration they may receive.

Approximately 45% of the Liberty shares of common stock exchanged in the Merger will be exchanged for Middlefield common stock, and the remaining Liberty shares of common stock exchanged in the Merger (approximately 55%) will be exchanged for cash. This does not take into account the special dividend of approximately \$3.0 million, to be declared before closing of the Merger. The cash portion of the Merger consideration is fixed at \$37.96 per share, and the stock portion also is fixed at 1.1934 shares of Middlefield common stock for each share of Liberty common stock exchanged for stock. Changes in the price of Middlefield common stock before the Merger is completed will affect the value of the stock portion of the Merger consideration. Changes may result from many factors, including but not limited to general market and economic conditions and changes in Middlefield's business, operations, and prospects. Therefore, when Liberty stockholders vote on the Merger they will not know the final aggregate value of the Merger consideration to be received. Liberty stockholders should obtain current sale prices for Middlefield common stock before voting at the Liberty annual meeting.

You may receive a form of consideration different from the form of consideration you elect

Under the terms of the Reorganization Agreement, stockholders of Liberty will be entitled to receive, for each share of Liberty common stock: (i) \$37.96 in cash, or (ii) 1.1934 Middlefield common shares, or (iii) a combination of both. The form of consideration to be received by each Liberty stockholder is subject to reallocation in order to ensure that approximately 45% of the Merger consideration will consist of Middlefield's common shares and 55% of the Merger consideration will consist of cash. The Reorganization Agreement contains proration and allocation methods to achieve this result. If you elect to receive all cash and the available cash is oversubscribed, then you may receive a portion of the Merger consideration in the form of Middlefield common shares. If you elect to receive all Middlefield common shares and the available common shares are oversubscribed, then you may receive a portion of the Merger consideration in cash. If you elect a combination of cash and Middlefield's common shares, you may not receive the specific combination you request.

Middlefield could experience difficulties managing its growth and effectively integrating the operations of Liberty.

The earnings, financial condition and prospects of Middlefield after the Merger will depend in part on Middlefield's ability to integrate successfully the operations of Liberty and continue to implement Middlefield's business plan. Middlefield may not be able to fully achieve its strategic objectives and projected operating efficiencies. The costs or difficulties of integrating Liberty with the Middlefield organization may be greater than expected or the cost savings from anticipated economies of scale of the combined organization may be lower or take longer to realize than expected. Inherent uncertainties exist in integrating the operations of an acquired entity, and Middlefield may encounter difficulties, including but not limited to loss of key employees and customers, disruption of its ongoing business, or possible inconsistencies in standards, controls, procedures, and policies. These factors could contribute to

Middlefield not fully achieving its anticipated benefits of the Merger.

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The Reorganization Agreement limits Liberty's ability to pursue alternatives to the Merger.

With limited exceptions, the Reorganization Agreement prohibits Liberty from soliciting, negotiating, or providing confidential information to any third party relating to competing proposals for acquisition of Liberty. In addition, Liberty must pay \$1.65 million to Middlefield for termination of the Reorganization Agreement if (a) Middlefield terminates the Reorganization Agreement because Liberty accepts another acquisition proposal, or withdraws its recommendation or fails to recommend to the stockholders adoption of the Reorganization Agreement, or breaches the prohibition against soliciting other acquisition proposals, or (b) Liberty terminates the Reorganization Agreement with the intention of accepting an alternate, superior proposal. Liberty's obligation to make the payment could discourage another company from making a competing proposal.

The circumstances of Liberty and Middlefield may have changed since the date of the fairness opinions obtained from Liberty's and Middlefield's financial advisors.

Liberty's board of directors received an opinion dated July 27, 2016 from its financial advisor and Middlefield's board received a July 27, 2016 opinion from its financial advisor concerning the fairness of the Merger consideration from a financial point of view. Subsequent changes in the operation and prospects of Liberty or Middlefield, changes in general market and economic conditions, and other factors that may be beyond the control of Liberty or Middlefield could significantly alter the value of Liberty or Middlefield or the price of Middlefield common stock by the time the Merger is completed. The opinions state that the Merger consideration is fair from a financial point of view on the date of the opinion, not as of the date the Merger is finally completed or as of any other date. The opinion of Liberty's financial advisor is attached as Annex C to this joint proxy statement/prospectus. The opinion of Middlefield's financial advisor is attached as Annex D. For a description of the opinions, see *THE MERGER Opinion of Liberty's Financial Advisor* on page and *THE MERGER Opinion of Middlefield's Financial Advisor* on page of this joint proxy statement/prospectus.

Middlefield and Liberty stockholders will have a reduced ownership and voting interest after the Merger and will exercise less influence over management of the combined organization.

The Merger will dilute the ownership position of Middlefield stockholders and result in Liberty's stockholders having an ownership stake in the combined company that is smaller than their current 100% stake in Liberty. Upon completion of the Merger, we estimate that continuing Middlefield stockholders will own approximately 81.3% of the issued and outstanding common stock of Middlefield, while former Liberty stockholders will own approximately 18.7%. Middlefield stockholders and Liberty stockholders will therefore have less influence over the management and policies of the post-Merger organization than they currently have.

Failure to complete the Merger could adversely affect the value of Liberty common stock and future businesses and financial results of both Middlefield and Liberty.

If the Merger is not completed, the ongoing businesses of Middlefield and Liberty could be adversely affected. Middlefield and Liberty would be subject to several risks, including:

Middlefield and Liberty will have to pay costs even if the Merger is not completed, such as legal, accounting, financial advisor, and printing fees,

under the Reorganization Agreement, Liberty is subject to restrictions regarding the conduct of its business before completing the Merger, which could adversely affect Liberty's ability to execute business strategies, and

the Merger requires substantial commitments of time and resources by Middlefield and Liberty management, which would instead be devoted to other opportunities that could be beneficial to Middlefield and Liberty as independent companies.

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In addition, if the Merger is not completed, Middlefield and Liberty may experience negative reactions from their respective customers and employees. Employees could resign and obtain other employment as a result of the potential Merger or failure to complete the Merger. Middlefield or Liberty also could be subject to litigation related to failure to complete the Merger.

The Middlefield common stock received by Liberty stockholders upon completion of the Merger will have different rights from Liberty shares.

When the Merger is completed, Liberty stockholders receiving the stock form of Merger consideration will no longer be stockholders of Liberty but will instead be Middlefield stockholders, with rights governed by the Ohio Revised Code and Middlefield's articles of incorporation and regulations, which are in some respects materially different from the terms of Liberty's Bylaws and Amended and Restated Articles of Association. See *COMPARISON OF RIGHTS OF LIBERTY AND MIDDLEFIELD STOCKHOLDERS* on page of this joint proxy statement/prospectus.

Liberty directors and certain of Liberty's officers have interests that are different from, or in addition to, interests of Liberty's stockholders generally

The directors and certain executive officers of Liberty have interests in the Merger that are different from, or in addition to, the interests of Liberty stockholders generally. These interests include covenants in the Reorganization Agreement providing for the election of two current Liberty directors (Messrs. Valerian and Bevan), to the Middlefield board of directors immediately after the Merger is consummated, indemnification and insurance for directors and officers of Liberty for events occurring before the Merger as well as the possible formation of a Northeast Ohio Advisory Board that would include some current Liberty directors. In addition, the Reorganization Agreement provides for retention payments to be made to certain officers and the payment of amounts due under employment agreements with Liberty's Chairman and President and with its Chief Operating Officer and Chief Financial Officer.

Liberty will be subject to business uncertainties and contractual restrictions while the Merger is pending.

Uncertainty about the effect of the Merger on employees and customers may have an adverse effect on Liberty and consequently on Middlefield. These uncertainties may impair Liberty's ability to attract, retain and motivate key personnel until the Merger is consummated, and could cause customers and others that deal with Liberty to seek to change existing business relationships with Liberty. Retention of certain employees may be challenging during the pendency of the Merger, as certain employees may experience uncertainty about their future roles with Middlefield. If key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with Middlefield, Middlefield's business following the Merger could be harmed. In addition, the Reorganization Agreement restricts Liberty from making certain acquisitions and taking other specified actions until the Merger occurs without the consent of Middlefield. These restrictions may prevent Liberty from pursuing attractive business opportunities that may arise prior to the completion of the Merger. Please see the section entitled *THE REORGANIZATION AGREEMENT Covenants and Agreements* beginning on page of this proxy statement/prospectus for a description of the restrictive covenants to which Liberty is subject under the Reorganization Agreement.

Regulatory approvals may not be received, may take longer than expected or may impose conditions that are not presently anticipated or cannot be met.

Before the transactions contemplated in the Reorganization Agreement may be completed, various approvals must be obtained from the bank regulatory and other governmental authorities. In determining whether to grant these

approvals, the regulators consider a variety of factors, including the regulatory standing of each party and the factors described under *THE MERGER Regulatory Approvals Required* starting on page of this joint proxy statement/prospectus. An adverse development in either party's regulatory standing or these factors could result in an inability to obtain one or more approvals or delay their receipt. These governmental

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entities may impose conditions, limitations or costs, or place restrictions on the conduct of Middlefield after the closing as a condition to the granting of such approvals or require changes to the terms of the Merger. Such conditions or changes and the process of obtaining regulatory approvals could have the effect of delaying completion of the Merger or of imposing additional costs or limitations on Middlefield following the Merger, any of which might have an adverse effect on Middlefield following the Merger. The regulatory approvals may not be received, may not be received in a timely fashion, and may contain conditions on the completion of the Merger that adversely affect the surviving corporation's business following the closing, or which are not anticipated or cannot be met.

Completion of the Merger is subject to many conditions and if these conditions are not satisfied or waived, the Merger will not be completed.

The obligation of Middlefield and Liberty to complete the Merger is subject to the fulfillment or written waiver of many conditions, including approval by the requisite vote of Middlefield and Liberty stockholders, receipt of regulatory approvals, absence of orders prohibiting completion of the Merger, effectiveness of the registration statement of which this document is a part, approval for Nasdaq listing of the Middlefield shares to be issued, continued accuracy of the representations and warranties of the parties, and performance by the parties of covenants and agreements. See *THE REORGANIZATION AGREEMENT Conditions to the Merger* on page of this joint proxy statement/prospectus. These conditions to the consummation of the Merger might not be fulfilled, and the Merger therefore might not be completed. If the Merger is not completed by May 30, 2017 (or a later date the parties may agree to), either Middlefield or Liberty could choose not to proceed with the Merger. The parties also could mutually decide to terminate the Reorganization Agreement at any time, before or after approval by stockholders. In addition, Middlefield or Liberty could elect to terminate the Reorganization Agreement in other circumstances. See *THE REORGANIZATION AGREEMENT Termination; Termination Fee* on page of this joint proxy statement/prospectus for details or refer to Article 10 of the Reorganization Agreement attached as Annex A.

Risks Related to Owning Middlefield Stock.

You should read and consider risk factors specific to Middlefield's business that will also affect the combined company after the Merger, described in Middlefield's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, all of which are filed by Middlefield with the SEC and incorporated by reference into this document. See *INCORPORATION OF DOCUMENTS BY REFERENCE* on page of this joint proxy statement/prospectus.

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FORWARD-LOOKING STATEMENTS

This joint proxy statement/prospectus and the documents incorporated herein by reference contain forward-looking statements, including statements about Middlefield's, Liberty's, and the post-Merger organization's financial condition, results of operations, earnings outlook, asset quality trends, and profitability. Forward-looking statements express Middlefield and Liberty management's current expectations or forecasts of future events. By their nature the forward-looking statements are subject to assumptions, risks, and uncertainties. Statements contained in this joint proxy statement/prospectus and the documents incorporated herein by reference that are not statements of historical fact constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, or the Reform Act, even if the statements are not specifically identified as forward looking. In addition, statements in future filings of Middlefield with the SEC, in press releases, and in oral and written statements made by or with the approval of Middlefield or Liberty that are not statements of historical fact constitute forward-looking statements within the meaning of the Reform Act. Examples of forward-looking statements include but are not limited to:

statements about the benefits of the Merger, including future financial and operating results, cost savings, enhanced revenues, and accretion to reported earnings that may be realized from the Merger,

statements regarding plans, objectives, and expectations of Middlefield or Liberty or their respective management or boards of directors,

statements regarding future economic performance, and

statements regarding underlying assumptions.

Words such as believes, anticipates, expects, intends, targeted, continue, remain, will, should, may expressions are intended to identify forward-looking statements but are not the exclusive means of identifying forward-looking statements. Forward-looking statements are not guarantees of future performance. They involve certain risks, uncertainties, and assumptions that are difficult to predict with confidence. Therefore, actual outcomes and results could differ materially from what is expressed or forecasted in the forward-looking statements. Factors that could cause actual results to differ from those discussed in the forward-looking statements include but are not limited to:

the risk that the businesses of The Middlefield Banking Company and Liberty will not be integrated successfully or that integration is more difficult, time-consuming, or costly than expected,

the risk that revenue synergies and cost savings from the Merger are not fully realized or are not realized within the expected time frame,

the risk that post-Merger revenues or earnings are lower than expected,

deposit attrition, operating costs, customer loss, business disruption, or employee loss after the Merger could be greater than anticipated,

inability to obtain governmental approvals of the Merger on the proposed terms and schedule,

failure of Middlefield or Liberty stockholders to approve the Merger,

local, regional, national, and international economic conditions and the impact they may have on The Middlefield Banking Company and Liberty and their customers and Middlefield's and Liberty's assessments of that impact,

changes in the level of non-performing assets, delinquent loans, and charge-offs,

material changes in the value of Middlefield common stock,

changes in estimates of future loan loss reserve requirements based upon periodic review in accordance with regulatory and accounting requirements,

the risk that management's assumptions and estimates used in applying critical accounting policies prove unreliable, inaccurate, or not predictive of actual results,

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inflation, interest rate, securities market, and monetary fluctuations,

changes in interest rates, spreads on earning assets and interest-bearing liabilities, and interest rate sensitivity,

competitive pressures among depository and other financial institutions could increase and adversely affect pricing, spending, third-party relationships, and revenues,

changes in applicable laws and regulations (including laws and regulations concerning taxes, banking, and securities),

the effects of and changes in trade, monetary, and fiscal policies and laws, including interest rate policies of the Federal Reserve,

legislation affecting the financial services industry as a whole, and/or Middlefield and its subsidiaries, individually or collectively,

governmental and public policy changes, and

the impact of various domestic or international military or terrorist actions or conflicts.

Additional factors that could cause results to differ materially from those described in the forward-looking statements are identified in Middlefield's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K filed with the SEC. All subsequent written and oral forward-looking statements concerning the proposed transaction or other matters and attributable to Middlefield or Liberty or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements made or referred to above. Forward-looking statements are made only as of the date on which they are made. Middlefield and Liberty are not undertaking to update forward-looking statements.

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THE ANNUAL MEETING OF LIBERTY STOCKHOLDERS

Time, Date and Place

This joint proxy statement/prospectus is provided to Liberty stockholders by Liberty's board of directors for solicitation of proxies to be used at the annual meeting of stockholders. The annual meeting will be held at _____ a.m. local time on _____, 2016 at _____, Ohio _____, including any adjournment. This joint proxy statement/prospectus is also being furnished by Middlefield to Liberty stockholders as a prospectus for issuance of Middlefield common stock in the proposed Merger.

Matters to be Considered

Liberty stockholders will be asked at the annual meeting to consider and vote upon proposals to

adopt and approve the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement,

adjourn the meeting to allow solicitation of additional proxies if there are insufficient votes at the meeting to adopt and approve the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement,

elect twelve directors to serve until the earlier of (i) completion of the Merger or (ii) Liberty's 2017 annual meeting upon the election of successors,

ratify the appointment of Maloney + Novotny LLC as independent public accountants for the fiscal year ending December 31, 2016, and

transact any other business properly presented at the annual meeting or at any adjournment. Liberty's board of directors is not aware of any other business to be transacted at the meeting.

Liberty's board of directors believes the Merger with Middlefield is in the best interests of Liberty stockholders. The board recommends that you vote (1) **FOR** adoption and approval of the Reorganization Agreement and approval of the transactions contemplated by the Reorganization Agreement, (2) if the adjournment proposal is presented for a vote, **FOR** adjournment to allow additional proxy solicitation, (3) **FOR** election of the identified director nominees, and (4) **FOR** ratification of the selection of independent accountants.

Record Date; Shares Outstanding and Entitled to Vote

_____, 2016 is the record date for determining Liberty stockholders entitled to vote at the annual meeting. Only holders of Liberty common stock at the close of business on the record date are entitled to vote at the meeting. As of the close of business on the record date there were _____ shares of Liberty common stock outstanding and entitled to vote. Liberty common stock is held of record by 272 stockholders. Each share of Liberty common stock entitles the holder to one vote on all matters properly presented at the meeting. Stockholders are not entitled to vote cumulatively

in the election of directors.

Votes Required; Quorum

Adoption and approval of the Reorganization Agreement and approval of the transactions contemplated by the Reorganization Agreement requires the affirmative vote of the holders of at least two-thirds of the shares of Liberty common stock outstanding. When the stockholder meeting is held, if there are insufficient votes to adopt and approve the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement the meeting may be adjourned to allow solicitation of additional proxies. The affirmative vote of the holders of a majority of the shares represented at the meeting in person or by proxy and entitled to vote is necessary to approve adjournment. For the proposal to elect directors, directors are elected by plurality vote,

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which means the director receiving the greatest number of votes are elected. The affirmative vote of the holders of a majority of the shares represented at the meeting in person or by proxy and entitled to vote is necessary to ratify selection of Liberty's independent accountants.

If you are a Liberty stockholder and you do not return a proxy card or vote in person at the Liberty annual meeting or if you mark the proxy card or ballot **ABSTAIN** for the proposal to adopt and approve the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement, this will have the same effect as a vote **AGAINST** the proposal. Marking your proxy card or ballot **ABSTAIN** will have the same effect as a vote **AGAINST** the adjournment proposal and the auditor ratification proposal. Failure to return your proxy card or vote in person will have no effect on the adjournment proposal, the proposal to elect directors, or the proposal to ratify the auditor selection.

If you hold your Liberty stock in street name through a broker, bank, or other nominee, you must provide your broker, bank, or nominee with voting instructions. Under Nasdaq rules, brokers who hold shares in street name for a beneficial owner are allowed to vote in their discretion on routine proposals, even without voting instructions from beneficial owners. For proposals Nasdaq considers non-routine, however, brokers are not allowed to exercise voting discretion and cannot vote on those non-routine proposals unless the beneficial owner gives specific voting instructions. Broker non-votes occur when a broker or nominee does not receive voting instructions from the beneficial owner. Except for the auditor ratification proposal, Liberty believes the proposals to be voted on at Liberty's annual meeting are non-routine and that brokers therefore will not be able to vote on those proposals without specific voting instructions. Therefore, if you hold Liberty shares in street name but do not give voting instructions to your broker, bank, or other nominee, the broker, bank, or other nominee may not vote your shares on the proposal to adopt and approve the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement, the proposal to adjourn the meeting, or the proposal to elect directors.

Broker non-votes will have the same effect as votes **AGAINST** the proposal to adopt and approve the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement and the proposal to adjourn the meeting. Failing to give voting instructions also will prevent the broker, bank, or other nominee from voting on the director election proposal, but directors nevertheless will be elected because directors are elected by a plurality. Your broker, bank, or other nominee will be able to vote on the auditor selection proposal without voting instructions. Your broker, bank, or other nominee will provide you with a proxy card and directions for giving voting instructions. Please follow the broker, bank, or other nominee's directions to give voting instructions.

A quorum will exist at Liberty's annual meeting if a majority of the outstanding common stock is represented in person or by proxy. A quorum must be present in person or by proxy at the meeting before any action other than adjournment can be taken. A properly executed proxy card marked **ABSTAIN** will be counted for purposes of determining whether a quorum is present.

All of Liberty's directors agreed to vote their Liberty shares in favor of adoption and approval of the Reorganization Agreement and approval of the transactions contemplated by the Reorganization Agreement, in favor of the adjournment proposal and in favor of entering into Voting Agreements with Middlefield as a condition to Middlefield's agreement to enter into the Reorganization Agreement. Excluding Liberty shares held by their immediate family members, Liberty's directors collectively own 278,997 shares of Liberty common stock, or approximately 29.1% of the shares outstanding. They have the right to acquire an additional 75,989 shares, and if they do so those additional shares also are subject to the Voting Agreement. As a holder of 23,218 shares of Liberty common stock, or 2.4%, Middlefield intends to vote in favor of adoption and approval of the Reorganization Agreement and approval of the transactions contemplated therein, in favor of the adjournment proposal if applicable, in favor of electing the director nominees identified in this joint proxy statement/prospectus, and in favor of ratifying the selection of

independent auditors.

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Solicitation and Revocation of Proxies

A proxy card accompanies this joint proxy statement/prospectus. If you are a Liberty stockholder your proxy is being solicited by Liberty's board of directors. Regardless of whether you attend the annual meeting, the Liberty board of directors urges you to return your properly executed proxy card as soon as possible. If you return your properly executed proxy card before the meeting and do not revoke it, the shares of Liberty common stock represented by the proxy card will be voted at the annual meeting or adjournment.

The Liberty common stock will be voted as specified on the proxy card. If you are a Liberty stockholder and you sign, date, and return a proxy card without stating how you want your shares to be voted, your shares will be voted **FOR** adoption and approval of the Reorganization Agreement and approval of the transactions contemplated by the Reorganization Agreement, and if adjournment of the meeting is necessary to allow time for solicitation of additional proxies your shares will be voted **FOR** adjournment. Similarly, your shares will be voted **FOR** election of the identified director nominees and **FOR** ratification of the auditor selection if you return a valid proxy card without giving voting instructions. Although Liberty's board currently does not expect any other proposals to be presented at the meeting, if any other proposals are properly presented the Liberty common stock represented by properly executed proxy cards will, to the extent permitted by applicable law, be voted in the discretion of the persons named in the proxy card in accordance with their best judgment.

If you return a properly executed proxy card, you may revoke it at any time before a vote is taken at the meeting by:

filing a written notice of revocation with Richard C. Ebner, Secretary of Liberty, at 25201 Chagrin Boulevard, Suite 120, Beachwood, Ohio 44122,

executing and returning another proxy card with a later date, or

attending the meeting and giving notice of revocation in person.

Attending Liberty's annual meeting will not, by itself, revoke your proxy. If you instructed your broker, bank, or other nominee to vote your shares but you wish to change or revoke those voting instructions, you must follow your broker, bank, or other nominee's directions for changing or revoking your vote.

Liberty will bear its own cost of solicitation of proxies. Proxies will be solicited by mail and may also be solicited by personal contact, telephone, facsimile, or electronic mail by directors, officers, and employees, none of whom will receive additional compensation for their solicitation activities. Liberty will pay the standard charges and expenses of brokerage houses, voting trustees, banks, associations, and other custodians, nominees, and fiduciaries who are record holders of Liberty common stock not beneficially owned by them for forwarding this joint proxy statement/prospectus and other proxy solicitation materials to and obtaining voting instructions from the beneficial owners of Liberty common stock.

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PROPOSALS SUBMITTED TO LIBERTY STOCKHOLDERS

Director Election Proposal

The board of directors of Liberty, elected by Liberty's stockholders, oversees the business and management of Liberty. Members of the board monitor and evaluate Liberty's business performance through regular communication with the CEO and senior management, and by attending board and board committee meetings. The board is committed to sound and effective corporate governance policies and high ethical standards. Under Liberty's Amended and Restated Articles of Association and By-Laws, the board must consist of at least 5 directors, but may not exceed 25 directors. The By-Laws provide that the number of directors constituting the board may be changed from time to time, either pursuant to a resolution adopted by a majority of the board, or pursuant to the affirmative vote of a majority of the stockholders present in person or by proxy at any meeting of stockholders which has as one of its purposes the election of directors, provided that a quorum is present. The board has fixed the number of authorized directors at thirteen (13). There is currently one vacancy on the board. The board will fill that vacancy when a suitable candidate is identified. Twelve seats on the board are currently filled by the individuals identified as directors in the table below, each of whom has been nominated for re-election by action of the board. Each such nominee has consented to being named in this proxy statement and has agreed to serve if elected.

Term of Office

Each director serves for a term ending at the next Annual Meeting of Stockholders following his or her appointment or election as a director, upon the election of successors. The term of each of Liberty's twelve current directors expires at the annual meeting, upon the election of their successors. The board has nominated the twelve current directors for re-election to the board for a term ending upon the earliest of the completion of the Merger, the 2017 annual meeting upon the election of successors, or until he resigns or is otherwise removed and his successor is duly elected and qualified.

Nominations of Directors

Upon the recommendation of the Corporate Governance/Nominating Committee, the board has nominated the twelve individuals identified below for election as directors. The board believes that the qualifications and experience of the 2016 director nominees will contribute to an effective and well-functioning board. The board and the Corporate Governance/Nominating Committee believe that, individually and as a whole, the directors possess the necessary qualifications to provide effective oversight of Liberty's business and quality advice and counsel to Liberty's management.

Nominations of candidates for election as directors at the meeting are governed by Liberty's By-Laws. The By-Laws provide that such nominations may be made either by the board or by any stockholders entitled to vote at a meeting of stockholders at which directors are elected. The By-Laws require that such nominations, if not made by or on behalf of the board, be made in writing and delivered in person or mailed to Liberty's Secretary and to the OCC in Washington, D.C., not less than 14 days nor more than 50 days prior to such meeting. However, if less than 21 days notice of such meeting is given to stockholders, such nominations shall be mailed or delivered to the Secretary and to the OCC not later than the close of business on the seventh day following the day on which the notice of meeting was given to stockholders. Notice of the meeting of Liberty's stockholders is deemed to be given on the date on which such notice is deposited in the United States mail. For the purpose of the herein notice with respect to the meeting, such date is _____, 2016.

Liberty's By-Laws further require that nominations for election as director, if not made by or on behalf of the board, set forth the name, address, and the number and class of Liberty common stock owned by the nominating stockholder, and must include all information relating to the proposed nominee that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, including the proposed nominee's written consent to serve as a director if elected.

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Liberty's By-Laws provide that if the Chairman of the meeting determines that the nomination of any candidate for election as a director was not made in accordance with the By-Laws, then the Chairman may order that such nomination, and all votes cast for the election of such candidate, be disregarded.

Liberty expects that there will be one vacancy on the board following the meeting. In such event, it is the intention of the Board to consider qualified candidates for appointment to the board. As provided by the By-Laws of Liberty, a majority of the board then in office may fill a vacancy on the board.

Directors of Liberty

The following table identifies each director nominee of Liberty. Ages shown are as of September 19, 2016. The term of each current director expires at the meeting, or until he or she resigns or is otherwise removed and his or her successor is duly elected and qualified. There are no family relationships among any of Liberty's directors.

Director Nominees	Age	Director Since	Position
Thomas W. Bevan (3), (5)	50	2011	Director
Michael A. Carlin (1), (2), (4), (5)	67	2014	Director
Joseph E. Cirigliano (4), (5)	92	2011	Director
Dominic M. D'Amore, Jr. (2), (4), (7)	62	2002	Director
Richard C. Ebner (1), (5), (6)	66	2004	Director, Chief Operating Officer, Chief Financial Officer & Secretary
Donald A. Latore (3), (4), (6), (7)	74	1999	Director
Joseph D. Miceli (1), (3)	67	2005	Director
James Mirgliotta (3), (6), (7)	82	1989	Director
Ralph R. Razingar (2), (4), (5), (6), (7)	67	2007	Vice Chairman of the Board
Thomas A. Reitan (2), (4), (5)	55	2011	Director
Daniel D. Smith (1), (2), (3)	61	2002	Director
William A. Valerian (1), (5), (6), (7)	73	2001	Chairman of the Board, Chief Executive Officer & President

- (1) Member of the Asset/Liability Committee
- (2) Member of the Audit Committee
- (3) Member of the Corporate Governance/Nominating Committee
- (4) Member of the Compensation Committee
- (5) Member of the Risk Committee
- (6) Member of the Executive Committee
- (7) Member of the Loan Committee

Information Concerning Nominees for Director

Thomas W. Bevan, J.D. is a founding shareholder and CEO of Bevan & Associates, LPA, Inc. in Boston Heights, Ohio. Bevan & Associates is a law firm that concentrates on asbestos litigation and workers' compensation. Mr. Bevan has been licensed to practice law in the State of Ohio since 1991 and the United States District Court, Northern District of Ohio since 1992. He has practiced law fulltime in Ohio since 1991 and is a member of the Ohio State Bar Association, the Akron Bar Association, the Ohio Association for Justice, the American Association for Justice, and

the Public Justice Foundation.

Michael A. Carlin, CPA (inactive) is a financial management executive with extensive experience in the banking and financial services industries as well as over forty years of advising businesses. Prior to forming Carolan Partners LLC in 2006, Mr. Carlin was a partner with Deloitte & Touche LLP from 1989 to 2006. As an advisor to numerous clients, Mr. Carlin has guided both strategic and financial buyers regarding mergers and acquisitions.

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Mr. Carlin also has extensive experience in bank lending and credit including modeling financial needs, development of deal structure and negotiating terms. He has experience with troubled debt restructurings and resolving liquidity and working capital problems. Mr. Carlin has extensive public markets experience including initial public offerings and SEC and bank regulation compliance. He was also a firm-designated specialist in financial instruments and derivatives.

Joseph E. Cirigliano, J.D. retired after twenty-four years as a Common Pleas and Ninth District Court of Appeals Judge. He is presently a member of the Wickens, Herzer, Panza, Cook & Batista Co. law firm (litigation department). He is a member of the American Bar Association, Ohio State Bar Association, Lorain County Bar Association (Executive Committee, Ethics & Grievance Committee), and American Judicature Society. He is a former member of the Board of Governors of the Ohio State Bar Association. He has served as chairman of Lorain County Community College and is a former Ohio Judicial College trustee.

Dominic M. D Amore, Jr., CPA is one of the founding members of The D Amore Tatman Group, LLC, a certified public accounting and business consulting firm, and has been with that firm since 1999. Mr. D Amore is a member of the American Institute of Certified Public Accountants, the Ohio Society of Certified Public Accountants, and the National Association of Business Valuation Analysts.

Richard C. Ebner, CPA, GCMA has served as the Chief Operating Officer and Chief Financial Officer of the Bank since 2004. Mr. Ebner is a member of the American Institute of Certified Public Accountants and the Ohio Society of Certified Public Accountants.

Donald A Latore was the President of Howard Hanna Mortgage Services, formerly Home Mortgage Assured Corporation, a Howard Hanna Smythe, Cramer Co. subsidiary, from 1999 to his retirement in 2012. Prior to this, he was President and CEO of Assured Mortgage Corporation, a company he started in 1982. Mr. Latore is a member of, and has served on committees for the Mortgage Bankers Associations of America and Ohio, the Mortgage Brokers Associations of America and Ohio, the National Advisory Board for Lenders One, and the Cleveland Area Board of Realtors. Mr. Latore also served as a trustee and past vice president for the Alta House.

Joseph D. Miceli has been the Chief Executive Officer of Miceli Dairy Products Company since 1980. Mr. Miceli is a member of the Board of Trustees of the Northern Ohio Italian Americans (NOIA), and a member of the Board of Directors of Urban Community School.

James Mirgliotta has been a principal officer of Forest City Erectors Inc., a Twinsburg-based steel erection firm, since 1961, and is also a director of that company. He has also served as past Chairman of the Board and a director of Pre-Cast Services Company, a construction company that erects pre-cast concrete and granite products, and President of T.W. Easton Corporation, a heavy machinery rigging and cartage company. In addition, Mr. Mirgliotta has been the past President of the Steel and Iron Contractors Association of Cleveland, past President and a member of the executive board of the National Erectors Association, a past President and a current member of the Board of Directors of the Cleveland Construction Employers Association, and a member and past President of the Twinsburg Rotary Club. Mr. Mirgliotta served as Chairman of Liberty from 1989 through June 2003.

Ralph R. Razing has been CEO of CABMAT, LLC, a processor and distributor of non-ferrous metals, since 2006 when he founded the firm. He has over twenty-five years of experience in the non-ferrous metals industry. Mr. Razing is also a partner in RDR Development Group, LLC, which develops commercial and residential properties in both Ohio and Florida, and a partner in R&J Development, which builds custom homes in Northeastern Ohio. He is a former director of the American Copper Council. Mr. Razing is Vice Chairman of the board.

Thomas A. Reitan is Executive Vice President of HUB Financial Services, a specialized business unit of HUB International. HUB International is the tenth largest global insurance brokerage and risk management consulting

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firm. Prior to HUB, Mr. Reitan was a Principal of The Burnham Insurance group, which was purchased by HUB in 2001. Mr. Reitan has thirty years of experience working exclusively with financial institutions on lending and enterprise risk solutions. His clients and experiences range from Super-regional banks to community based lenders throughout the U.S. He has served on a variety of regional and national banking and mortgage banking associations.

Daniel D. Smith is President of Consolidated Investment Corporation, a real estate investment and management company. Since 1993, Mr. Smith has been a member of the Board of Directors of Lake Erie College. He also serves on the Lake-Geauga Committee of the Cleveland Foundation.

William A. Valerian has been Chief Executive Officer of the Bank since 2004. He has served as a director of Liberty since 2001 and the Chairman of the Board since July 2003.

Independent Directors

A majority of the directors and all of the members of the Audit Committee, the Corporate Governance/Nominating Committee, and the Compensation Committee are independent, as such term is defined in Rule 5605(a)(2) of the Nasdaq listing standards. Under Nasdaq Rule 5605(a)(2), independent director means a person other than an executive officer or employee of Liberty or any other individual having a relationship which, in the opinion of Liberty's board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. For purposes of this rule, family member means a person's spouse, parents, children and siblings, whether by blood, marriage or adoption, or anyone residing in such person's home. Under the Nasdaq rule, the following persons shall not be considered independent:

(A) a director who is, or at any time during the past three years was, employed by Liberty;

(B) a director who accepted or who has a family member who accepted any compensation from Liberty in excess of \$120,000 during any period of twelve consecutive months within the three years preceding the determination of independence, other than the following:

(i) compensation for board or board committee service;

(ii) compensation paid to a family member who is an employee (other than an Executive Officer) of Liberty; or

(iii) benefits under a tax-qualified retirement plan, or non-discretionary compensation.

Provided, however, that in addition to the requirements contained in this paragraph (B), Audit Committee members are also subject to additional, more stringent requirements under Nasdaq Rule 5605(c)(2).

(C) a director who is a family member of an individual who is, or at any time during the past three years was, employed by the company as an executive officer;

(D) a director who is, or has a family member who is, a partner in, or a controlling shareholder or an executive officer of, any organization to which Liberty made, or from which Liberty received, payments for property or services in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenues for that year, or \$200,000, whichever is more, other than the following:

(i) payments arising solely from investments in Liberty's securities; or

(ii) payments under non-discretionary charitable contribution matching programs.

(E) a director of Liberty who is, or has a family member who is, employed as an executive officer of another entity where at any time during the past three years any of the executive officers of Liberty serve on the compensation committee of such other entity; or

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(F) a director who is, or has a family member who is, a current partner of Liberty's outside auditor, or was a partner or employee of Liberty's outside auditor who worked on Liberty's audit at any time during any of the past three years.

The board has determined that all of the current directors, except for Messrs. Valerian and Ebner, who are executive officers of Liberty, are independent directors within the meaning of the foregoing requirements.

Executive Session

The non-management or independent directors of the board meet periodically in executive session without the directors who are executive officers.

Audit Committee

The Audit Committee of Liberty is required to have at least three members, each of whom must comply with the independence and other standards for audit committee members under Nasdaq Rule 5605(c)(2) and Rule 10A-3(b)(1) under the Act. The current members of the Audit Committee of the Bank are Michael A. Carlin, Dominic M. D'Amore, Jr. (Chair), Ralph R. Razingar, Thomas A. Reitan and Daniel D. Smith.

Each Audit Committee member must: (i) be independent as defined under the Nasdaq director independence rules set forth above; (ii) meet the criteria for independence set forth in Rule 10A-3(b)(1) under the Act (subject to the exemptions provided in Rule 10A-3(c) under the Act); (iii) not have participated in the preparation of the financial statements of Liberty or any current subsidiary of Liberty at any time during the past three years; and (iv) be able to read and understand fundamental financial statements, including Liberty's balance sheet, income statement, and cash flow statement. Furthermore, at least one member of the Audit Committee has, and will continue to have, past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. Liberty has determined that Audit Committee members Michael A. Carlin and Dominic M. D'Amore, Jr. meet these requirements.

Compensation of Directors; Certain Transactions

Members of the board who are not employees of Liberty were compensated for their attendance at meetings of the board during 2015 at the rate of \$800 per meeting attended. They received no other compensation for their service on the board. In addition, members of the board who are not employees of Liberty and who served on committees of the board received \$275 per meeting attended. Effective January 1, 2016, the compensation for attendance at meetings of the board for members who are not employees of Liberty was increased from \$800 to \$900 per meeting while compensation for attendance at meetings of committees of the board was increased from \$275 to \$300 per meeting.

Mr. Valerian was compensated \$12,000 in 2015 for his services on the board and the committees on which he serves. Mr. Valerian will be compensated \$12,000 in 2016 for his services on the board and the committees on which he serves.

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The following table sets forth the compensation paid to the directors who are not employees of Liberty during 2015:

Name	Board Fees	Committee Fees	Total
	\$	\$	\$
Thomas W. Bevan	8,800		8,800
Michael A. Carlin	9,600	2,750	12,350
Joseph E. Cirigliano	9,600	825	10,425
Dominic M. D. Amore, Jr.	9,600	2,200	11,800
Donald A. Latore	9,600	1,100	10,700
Joseph D. Miceli	8,000	1,100	9,100
James Mirgliotta	8,800	550	9,350
Ralph R. Razinger	7,200	2,200	9,400
Thomas A. Reitan	8,800	1,650	10,450
Daniel D. Smith	9,600	2,200	11,800

The board met twelve (12) times during 2015. Each director attended at least 75% of the meetings of the board.

From time to time, Liberty extends credit to its directors and executive officers for business and personal uses. All extensions of credit to directors and executive officers are made in the ordinary course of Liberty's business and on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other borrowers involving similar credit risk. Such credit extensions are made after a determination by the Bank that they do not involve more than the normal risk of collectability or present other unfavorable features.

*Liberty's board of directors recommends voting **FOR** election of the identified director nominees.*

Liberty Merger Proposal

As discussed throughout this joint proxy statement/prospectus, Liberty is asking stockholders to adopt and approve the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement. Liberty stockholders should carefully read this document in its entirety for more detailed information regarding the Reorganization Agreement and the Merger. In particular, stockholders are directed to the copy of the Reorganization Agreement attached as Annex A to this joint proxy statement/prospectus.

*Liberty's board of directors recommends voting **FOR** approval and adoption of the Reorganization Agreement and approval of the transactions contemplated by the Reorganization Agreement.*

Liberty Adjournment Proposal

If there are insufficient votes at the time of the Liberty annual meeting to approve and adopt the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement, the meeting may be adjourned to another time or place to allow additional time for proxy solicitations. If the number of shares of Liberty common stock voting in favor is insufficient to approve and adopt the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement, Liberty intends to move for adjournment to enable the Liberty board of directors to solicit additional proxies for approval. If that occurs, Liberty will ask the Liberty stockholders to vote upon the adjournment proposal (but not the Merger proposal) and will also ask stockholders to vote on the director election proposal and auditor ratification proposal. Liberty is asking stockholders to authorize the proxy holder to vote in favor of adjournment of the Liberty annual meeting to another time and place for the purpose

of soliciting additional proxies. If the adjournment proposal is approved, proxies will remain valid if not revoked and Liberty could use the additional time to solicit additional proxies, including the solicitation of proxies from Liberty stockholders who have previously voted.

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*Liberty's board of directors recommends voting **FOR** the adjournment proposal.*

Auditor Ratification Proposal

The Audit Committee of Liberty's board appointed Maloney + Novotny LLC, Certified Public Accountants, to serve as the Bank's independent auditors for its fiscal year ending December 31, 2016. The board is seeking stockholder ratification of the Audit Committee's appointment of Maloney + Novotny LLC. Representatives of Maloney + Novotny LLC are expected to attend the annual meeting to respond to appropriate questions, and will have an opportunity to make a statement if they desire. If the appointment of Maloney + Novotny LLC is not ratified by the stockholders, the Audit Committee may appoint another independent accounting firm or may decide to maintain the appointment of Maloney + Novotny LLC. Notwithstanding the selection and ratification, the Audit Committee, in its discretion, may direct the appointment of a new independent public accounting firm at any time during the year if the Audit Committee believes that such a change would be in the best interest of Liberty and its stockholders.

The affirmative vote of a majority of the voting power of the common stock present is necessary for ratification of the selection of independent auditors.

*Liberty's board of directors recommends voting **FOR** ratification of the selection of Maloney + Novotny LLC as independent auditors.*

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THE SPECIAL MEETING OF MIDDLEFIELD STOCKHOLDERS

Time, Date and Place

This joint proxy statement/prospectus is provided to Middlefield stockholders by Middlefield's board of directors for solicitation of proxies to be used at the special meeting of stockholders. The special meeting will be held at _____ a.m. local time on _____, 2016 at _____, Ohio _____, including any adjournment.

Matters to be Considered

Middlefield stockholders will be asked at the special meeting to consider and vote upon proposals to

adopt and approve the Reorganization Agreement,

approve the issuance of up to 563,261 shares of Middlefield common stock in the Merger,

adjourn the meeting to allow solicitation of additional proxies if there are insufficient votes to adopt and approve the Reorganization Agreement,

transact any other business properly presented at the special meeting or at any adjournment. Middlefield's board of directors is not aware of any other business to be transacted at the meeting.

Middlefield's board of directors believes the Merger is in the best interests of Middlefield stockholders and recommends that you vote (1) **FOR** the Reorganization Agreement, (2) **FOR** issuance of common stock, and (3)) if the adjournment proposal is presented for a vote, **FOR** adjournment.

Record Date; Shares Outstanding and Entitled to Vote

The board of directors fixed the close of business on _____, 2016 as the record date for determining Middlefield stockholders entitled to vote at the special meeting. As of the close of business on the record date there were _____ shares of Middlefield common stock outstanding and entitled to vote at the special meeting. Middlefield common stock is held of record by approximately _____ stockholders. Each share of Middlefield common stock entitles the holder to one vote on all proposals at the special meeting.

Votes Required; Quorum

Under the Ohio General Corporation Law and Middlefield's Second Amended and Restated Articles of Incorporation, adoption and approval of the Reorganization Agreement requires the affirmative vote of the holders of at least two-thirds of Middlefield's outstanding common stock. Under Nasdaq rules, approval of the issuance of Middlefield common stock requires the affirmative vote of the holders of a majority of votes cast on the proposal. Under Middlefield's regulations, approval of adjournment requires the affirmative vote of the holders of a majority of the votes cast on the proposal. On the record date Middlefield directors owned a total of 102,153 shares of Middlefield common stock, or approximately 4.6%.

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If you are a Middlefield stockholder and you do not return a proxy card or vote in person at the Middlefield special meeting or if you mark the proxy card or ballot **ABSTAIN** for the proposal to adopt and approve the Reorganization Agreement, this will have the same effect as a vote **AGAINST** that proposal. Failing to vote or abstaining will have no effect on the adjournment proposal or the proposal to approve issuance of shares.

If you hold your Middlefield stock in street name through a broker, bank, or other nominee, please provide your broker, bank, or nominee (the record holder of your common stock) with voting instructions. Under Nasdaq rules, brokers who hold shares in street name for a beneficial owner are allowed to vote in their

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discretion on routine proposals, even without voting instructions from beneficial owners. For proposals Nasdaq considers non-routine, however, brokers are not allowed to exercise voting discretion and cannot vote on those non-routine proposals unless the beneficial owner gives specific voting instructions. Broker non-votes occur when a broker or nominee does not receive voting instructions from the beneficial owner. Middlefield believes the proposals to be voted on at the special meeting are non-routine and that brokers therefore will not be able to vote on those proposals without specific voting instructions. Therefore, if you hold Middlefield stock in street name but do not give voting instructions to your broker, bank, or other nominee, the broker, bank, or other nominee may not vote your shares on the proposal to adopt and approve the Reorganization Agreement, the proposal to approve share issuance, or the proposal to adjourn the meeting.

Broker non-votes on the proposal to adopt and approve the Reorganization Agreement will have the same effect as votes **AGAINST** that proposal. Failing to give voting instructions also will prevent your broker, bank, or other nominee from voting on the proposal to issue common stock and the adjournment proposal, but under Middlefield's regulations broker non-votes on those proposals have no effect because the proposals are decided by a majority of votes actually cast. Your broker, bank, or other nominee will provide you with a proxy card and directions for giving voting instructions. Please follow the broker, bank, or other nominee's directions to give voting instructions.

A quorum will exist at Middlefield's special meeting if a majority of the outstanding common stock is represented in person or by proxy. A quorum must be present in person or by proxy at the meeting before any action other than adjournment can be taken. A properly executed proxy card marked **ABSTAIN** will be counted for purposes of determining whether a quorum is present.

Solicitation and Revocation of Proxies

A proxy card accompanies this joint proxy statement/prospectus. If you are a Middlefield stockholder your proxy is solicited by Middlefield's board of directors. Regardless of whether you attend the special meeting, the Middlefield board urges you to return your properly executed proxy card as soon as possible. If you return a properly executed proxy card before the special meeting and do not revoke it, the Middlefield common stock represented by the proxy card will be voted at the special meeting or adjournment. The common stock will be voted as specified on the proxy card.

If you are a Middlefield stockholder and you sign, date, and return a proxy card but do not specify how your shares are to be voted, your shares will be voted **FOR** adoption and approval of the Reorganization Agreement, **FOR** issuance of common stock in the Merger, and if adjournment of the meeting is necessary to allow time for solicitation of additional proxies your shares will be voted **FOR** adjournment. Although Middlefield's board currently does not expect any other proposals to be presented at Middlefield's special meeting, if any other proposals are properly presented the common stock represented by properly executed proxy cards will, to the extent permitted by applicable law, be voted in the discretion of the persons named in the proxy card in accordance with their best judgment.

If you return a properly executed proxy card, you may revoke it at any time before a vote is taken at the meeting by:

filing a written notice of revocation with Ms. Kathleen M. Johnson, Secretary, Middlefield Banc Corp.,
15985 East High Street, P.O. Box 35, Middlefield, Ohio 44062,

executing and returning another proxy card with a later date, or

attending the meeting and giving notice of revocation in person.

Attending Middlefield's special meeting will not, by itself, revoke your proxy. If you instructed your broker, bank, or other nominee to vote your shares but you wish to change or revoke those voting instructions, you must follow your broker, bank, or other nominee's directions for changing or revoking your vote.

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Middlefield will bear its own cost of solicitation of proxies. Proxies will be solicited by mail and may also be solicited by personal contact, telephone, facsimile, or electronic mail by directors, officers, and employees, none of whom will receive additional compensation for their solicitation activities. Middlefield has also engaged D.F. King & Co., a proxy soliciting firm, to assist in the solicitation of proxies for a fee of \$15,000 and reimbursement of reasonable out-of-pocket expenses. Middlefield will pay the standard charges and expenses of brokerage houses, voting trustees, banks, associations, and other custodians, nominees, and fiduciaries who are record holders of Middlefield common stock not beneficially owned by them for forwarding this joint proxy statement/prospectus and other proxy solicitation materials to and obtaining proxies from the beneficial owners of Middlefield common stock.

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PROPOSALS SUBMITTED TO MIDDLEFIELD STOCKHOLDERS

Middlefield Merger Proposal

As discussed throughout this joint proxy statement/prospectus, Middlefield is asking its stockholders to adopt and approve the Reorganization Agreement. Middlefield stockholders should read this document carefully in its entirety for more detailed information regarding the Reorganization Agreement and the Merger. In particular, stockholders are directed to the copy of the Reorganization Agreement attached as Annex A to this joint proxy statement/prospectus.

*Middlefield's board of directors recommends voting **FOR** approval and adoption of the Reorganization Agreement.*

Middlefield Proposal to Approve Issuance of Common Stock

Middlefield is also asking stockholders to consider and vote on the proposal to issue up to 563,261 shares of Middlefield common stock in the Merger. A company with Nasdaq-listed stock is required by Nasdaq rules to obtain stockholder approval if a proposed stock issuance equals or exceeds 20% of the number of shares outstanding before the issuance. The number of shares to be issued by Middlefield in the Merger is approximately 23% of the number of shares outstanding, and for this reason Nasdaq rules require Middlefield to seek stockholder approval. **If Middlefield stockholders do not approve the common stock issuance, Middlefield will not be able to complete the Merger.**

*Middlefield's board of directors recommends voting **FOR** approval of the issuance of up to 563,261 shares of Middlefield common stock in the Merger.*

Middlefield Adjournment Proposal

If there are insufficient votes at the time of Middlefield's special meeting to approve and adopt the Reorganization Agreement, the meeting may be adjourned to another time or place to allow additional time for proxy solicitations. If the number of shares of Middlefield common stock voting in favor is insufficient to approve and adopt the Reorganization Agreement, Middlefield intends to move for adjournment to enable Middlefield's board to solicit additional proxies for approval. If that occurs, Middlefield will ask stockholders to vote upon adjournment but not the merger proposal or the proposal to approve share issuance. Middlefield is asking stockholders to authorize the proxy holder to vote in favor of adjournment of the Middlefield special meeting to another time and place for the purpose of allowing additional proxy solicitation. If the adjournment proposal is approved, proxies will remain valid if not revoked and Middlefield could use the additional time to solicit additional proxies, including solicitation of proxies from Middlefield stockholders who have previously voted.

*Middlefield's board of directors recommends voting **FOR** the adjournment proposal.*

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DISSENTERS' RIGHTS

Liberty stockholders are entitled to exercise dissenters' rights of appraisal under the National Bank Act, 12 U.S.C. §215. A copy of the dissenters' rights provisions of 12 U.S.C. 215 is attached as Annex B to this joint proxy statement/prospectus. Under these provisions of federal law, Liberty stockholders may dissent from the Merger and elect to have the fair market value of their shares appraised, receiving payment of the appraised value in cash. To assert dissenters' right of appraisal, a stockholder must vote against the proposal to adopt and approve the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement or give notice in writing at or before Liberty's meeting that the stockholder dissents, giving such notice to the presiding officer. The dissenting stockholder must make a written request to Middlefield for payment of the appraised value of his or her shares at any time before 30 days after Merger consummation, accompanied by surrender of his or her stock certificates.

The value of a dissenter's Liberty shares will be determined by a committee of three persons, including one selected by a majority vote of the dissenting stockholders, one selected by the directors of The Middlefield Banking Company, and the third by the two so chosen. The valuation agreed upon by any two of these three appraisers governs, but if the value fixed by the appraisers is not satisfactory to a dissenting stockholder, the stockholder may within five days after being notified of the appraised value of his or her shares appeal to the Office of the Comptroller of the Currency (OCC), which will cause a reappraisal to be made. The OCC's reappraisal will be final and binding. If within 90 days after the effective date of the Merger one or more of the appraisers is not selected or the appraisers fail to determine the value of the dissenting shares, upon written request of any interested party the OCC will cause an appraisal to be made, which will be final and binding on all parties. The expenses of the OCC in making the appraisal or reappraisal will be paid by The Middlefield Banking Company.

This summary of dissenters' rights is qualified in its entirety by reference to the statutory provisions of 12 U.S.C. 215, paragraphs (b) through (d), reproduced in Annex B. Failure by a Liberty stockholder to follow the required steps for perfecting rights as a dissenting stockholder will result in a loss of those rights. Stockholders' notice of intent to demand appraisal of and payment for their shares should be sent to: William A. Valerian, Chairman, President and Chief Executive Officer, Liberty Bank, N.A., 25201 Chagrin Boulevard, Suite 120, Beachwood, Ohio 44122. When the Merger is completed, before the 30th day after completion of the Merger stockholders who have properly asserted dissenters' rights should request in writing to Middlefield that it pay the appraised value of their shares, surrendering their stock certificates to Middlefield at that time. The written request after the Merger should be sent to: Thomas G. Caldwell, President and Chief Executive Officer, The Middlefield Banking Company, 15985 East High Street, P.O. Box 35, Middlefield, Ohio 44062.

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THE MERGER

The Proposed Merger

The Reorganization Agreement provides for the merger of Liberty into The Middlefield Banking Company with The Middlefield Banking Company being the surviving entity. As part of the transaction, MBC Interim Bank will first merge into Liberty, followed immediately by Liberty's merger into The Middlefield Banking Company.

The Reorganization Agreement is attached to this joint proxy statement/prospectus as Annex A and is incorporated in this joint proxy statement/prospectus by reference. ***You are encouraged to read the Reorganization Agreement carefully. The Reorganization Agreement is the principal legal document governing the Merger.***

Background of the Merger

Retained by Liberty as financial advisor for a possible strategic transaction, in March 2016 Boenning & Scattergood, Inc. (Boenning) invited financial organizations including Middlefield to review a confidential information memorandum concerning Liberty and to submit an initial acquisition bid, with an April 18, 2016 deadline for non-binding indications of interest. Executing the March 21, 2016 confidentiality agreement, Middlefield received a copy of Boenning's confidential information memorandum. After reviewing the confidential information memorandum, Middlefield management declined to submit a bid. Beginning with the financial crisis of 2007 and 2008 merger and acquisition activity for financial institutions remained for many years at greatly reduced levels by comparison to the ten-year period ended in 2006, with much of the post-crisis activity involving acquisitions of problem institutions or sales of control to private equity firms. But by the end of 2015 the pace of healthy financial institution acquisitions was again accelerating. This was one of the factors that led Middlefield management to initially decline submitting a bid for Liberty, believing a very competitive bidding process would lead to deal terms outside the range sanctioned by Middlefield's internal policies.

In the first half of 2016 Middlefield management's attention was focused on raising additional equity in a private offering. Middlefield engaged Boenning to assist with the private equity offering, entering into a letter agreement with Boenning & Scattergood on February 12, 2016, later superseded by an April 27, 2016 Placement Agency Agreement. Under the letter agreement and Placement Agency Agreement, Boenning acted as Middlefield's exclusive placement agent. A private placement to accredited investors only of no more than 20% of Middlefield's common stock outstanding, the private offering began on or about May 2, 2016 and ended June 30, 2016. Middlefield sold to 29 accredited investors a total of 360,815 shares at \$33 per share, or approximately 19% of the shares outstanding before the private placement and 16% of the shares outstanding after. Middlefield's net proceeds of the private offering were \$11.3 million, after commissions of approximately \$577,000 payable to Boenning and reimbursement of \$20,245 of Boenning expenses. With the proceeds of the private placement Middlefield repaid borrowings, including a \$3.0 million line of credit from Liberty. If within 24 months after the end of the private offering Middlefield raises additional equity from an investor contacted by Boenning, Boenning will be entitled by the Placement Agency Agreement to a commission at the same rate applicable to the 2016 private sales. Boenning is entitled to indemnification from Middlefield for liabilities arising out of the private offering, as well as contribution by Middlefield to the damages, costs, and expenses that may be incurred by Boenning. Boenning has the right of first refusal to act as Middlefield's placement agent if Middlefield engages in a rights offering to stockholders at any time before July 1, 2017, with a 5.0% commission rate on sales to persons who became Middlefield stockholders through the private offering and a reduced commission rate for sales to directors, executives, and other stockholders.

Middlefield also has an investment banking relationship of long standing with Donnelly Penman & Partners Inc. In early April 2016, after Middlefield management initially declined Boenning's invitation to bid on the Liberty

transaction, Donnelly Penman informed Middlefield management that a number of other potential

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bidders also had declined to submit bids because of other acquisition transactions or for other reasons not having to do with Liberty. With a reduced number of potential bidders, Donnelly Penman suggested that management reconsider the decision not to submit a bid, outlining in very general terms a deal proposal management could consider making. Management discussed this with the Executive Committee of the board of directors of Middlefield at a meeting on Tuesday, April 12, 2016, a meeting at which the principal item of business was the private placement transaction that management desired to complete. The directors on the Executive Committee were Directors Turk, Skidmore, Caldwell, and Heslop. Director Darryl Mast also joined the meeting.

The Executive Committee and Director Mast convened again two days later, on April 14, 2016, to discuss the Liberty proposal, with representatives of Donnelly Penman present as well. At this meeting a deal proposal was outlined by Donnelly Penman and discussed at length, with consideration given to transaction-related costs such as the cost of Liberty's data processing contract and the costs associated with Liberty's executive severance arrangements, the future of Liberty's student loan portfolio, the uncertain status of Liberty's recently added loan production office in Wooster, Wayne County, Ohio, potential loss of Liberty's significant deposit customers, the source of funds for the cash component of the potential transaction and the potential dilution resulting from the equity component, the effect of the acquisition on Middlefield's regulatory capital, and potential cost savings that could result for the combined organization if redundancies are eliminated after acquisition. Aware of the Monday, April 18, 2016, deadline for submitting bid proposals, the committee authorized management to request from Donnelly Penman a post-acquisition financial projection revised to assume loss of Liberty's two deposit customers, who according to the confidential information memorandum together accounted for deposits of more than \$50 million, and sale of Liberty's student loan portfolio at a slight loss.

On Friday, April 15, 2016 the Executive Committee—Directors Turk, Skidmore, Caldwell, and Heslop—reviewed Donnelly Penman's revised projections of financial results. The committee concluded that the overall effect of the revised assumptions was not materially adverse, noting that the period to earn back the dilution of Middlefield's tangible book value and the period in which the transaction becomes accretive to Middlefield's earnings are within Middlefield's internal guidelines, although the tangible book value dilution is slightly outside of the guidelines recommended range. Authorizing management to submit a nonbinding bid at the price of 125% of Liberty's tangible book value, the committee instructed management that the bid must be subject to the condition that Liberty sell its student loan portfolio and declare a special cash dividend before acquisition closing to reduce excess capital.

With a 24-hour extension for submitting the indication of interest, the same Executive Committee members met again on Monday, April 18, 2016, to finalize Middlefield's bid, with Donnelly Penman participating by telephone conference. Subject to obtaining legal review, the Executive Committee authorized management to submit to Boenning & Scattergood a bid in the form of a nonbinding letter of intent, with a total transaction value in the range of approximately 125% to 130% of tangible book value, or 137.5% to 145.0% of tangible book value adjusted for the proposed special cash dividend. Recognizing that Liberty stockholders would possess approximately 17% of Middlefield's outstanding stock after the acquisition, Middlefield agreed to offer two board seats to Liberty, one at the level of the holding company and another at the level of The Middlefield Banking Company. Middlefield submitted its bid by the Tuesday, April 19, 2016 deadline.

On April 19, 2016 Boenning & Scattergood informed Middlefield that it was one of four bidders (three banks and one individual investor) being invited to perform due diligence and thereafter to submit a final bid. Middlefield submitted its due diligence request list to Boenning & Scattergood on April 22, 2016

CEO Thomas G. Caldwell updated the board at its May 9, 2016 regular meeting about the status of Middlefield's indication of interest. CEO Thomas G. Caldwell, COO James R. Heslop, II, and CFO Donald L. Stacy met on Thursday, May 12, 2016, with Liberty's board of directors, the day immediately after Middlefield's 2016 annual

meeting, outlining for the benefit of Liberty's board the terms of Middlefield's acquisition proposal. Middlefield representatives performed on-site due diligence of Liberty on May 9, 10, and 11, and during this period and thereafter Middlefield and its advisors made use of Boenning & Scattergood's electronic

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data room, where books and records of Liberty were available confidentially. On May 20, 2016 CEO Thomas G. Caldwell had a breakfast meeting at which he was introduced by Liberty's CEO William A. Valerian to Director Thomas W. Bevan. Mr. Bevan is not only a director of Liberty but also controls an organization that is one of Liberty's two largest depositors.

Middlefield's Executive Committee met again on May 25, 2016, with Directors Turk, Skidmore, Caldwell, and Heslop and with Director Mast added to the Executive Committee's membership. Representatives of Donnelly Penman attended the May 25, 2016 meeting by teleconference. The committee noted with approval that the Liberty acquisition would give Middlefield the opportunity to achieve its goal of entering the Cuyahoga County and Summit County markets, add SBA lending expertise to Middlefield's lending products and services, generate income through sale of the government-guaranteed portion of SBA loans into the secondary market, and with Liberty's student loan product constitute another potential addition to Middlefield's loan products and services. Donnelly Penman discussed its updated merger analysis, slightly decreasing its estimate of the post-acquisition value of Liberty's loan portfolio, reducing the estimated loss of deposits after the acquisition, which is referred to as deposit runoff, and slightly reducing the estimated severance benefits payable to Liberty executives as a result of the acquisition. Donnelly Penman's updated analysis also took into account Middlefield's ongoing private placement, which would strengthen Middlefield's capital position, and presented updated projections of Middlefield's financial condition on a stand-alone basis (stand-alone meaning without taking the merger into account).

For the final bid Donnelly Penman outlined a proposed price of 145% of Liberty's adjusted tangible book value, for a total transaction value of approximately \$39.6 million, including a \$12.5 million special dividend payable by Liberty before closing, with 50% of the merger consideration consisting of cash and the other half Middlefield stock. The requirement that Liberty sell the student loan portfolio was no longer part of Middlefield's proposal, because the portion of Liberty's student loan portfolio maintained on Liberty's books performs satisfactorily and the portion originated for sale has significant associated correspondent deposit balances maintained at Liberty by the parties to whom Liberty sells the loans. The May 25 meeting ended with the committee agreeing to recommend that the full board approve the proposed transaction terms at the board's June 6 special meeting, one day before the June 7 final bid deadline. Donnelly Penman met again with the Executive Committee on June 1, 2016, updating the committee about the status of the letter of intent.

CEO Thomas G. Caldwell updated the board at its June 6 special meeting about the bid process. Donnelly Penman and Middlefield's counsel joined the meeting by teleconference. By this time two of the four bidders invited to submit a final bid dropped out, leaving Middlefield and one unknown bidder remaining. Based on conversations with Thomas W. Bevan, a director of Liberty and one of its two largest depositors, the projected deposit runoff calculated by Donnelly Penman was reduced again. Mr. Caldwell noted favorably to the board that Liberty and Middlefield have a community banking focus in common, that Liberty does not have material asset quality concerns, that the due diligence process revealed nothing negative about Liberty, that Liberty's offices are located in Middlefield's targeted area of expansion, and that Liberty's SBA lending would expand Middlefield's products and potentially generate income from sale of the government-guaranteed portion of the SBA loans. For the proposed final bid, the period to earn back the estimated 16.5% dilution of Middlefield's tangible book value and the period in which the transaction becomes accretive to Middlefield's earnings remained within Middlefield's internal guidelines, but the tangible book value dilution remained slightly outside of the guidelines' recommended range. The board's special meeting ended with unanimous approval for management to submit a final bid on the terms outlined at the meeting, at 145% of Liberty's adjusted tangible book value, or approximately \$40.54 per share (including the amount of the special dividend).

Middlefield submitted its final bid in the form of a nonbinding letter of intent on June 6, 2016. Liberty informed Middlefield that the final bids would be reviewed at Liberty's board meeting on Friday, June 10. After the June 10 board meeting, at Liberty's request Boenning & Scattergood informed Donnelly Penman that Liberty's counterproposal

was to obtain two holding company board seats at Middlefield, a \$1.00 per share increase in the bid price, and a continued interest in future recoveries on previously charged off student loans.

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At a special meeting of Middlefield's board on Monday, June 13, with Donnelly Penman and Middlefield's counsel joining by teleconference, the board approved a final offer, agreeing to add CEO William A. Valerian and Director Thomas W. Bevan to Middlefield's board and agreeing to a price increase of approximately \$0.55 per share, half in additional cash and half in additional Middlefield stock, but declined to offer Liberty a continued interest in future recoveries of previously charged off loans. The letter of intent also provided for continued indemnification and insurance coverage of Liberty's officers and directors for six years after the transaction. Middlefield's board also made clear that the company's willingness to enter into a definitive acquisition agreement was conditioned on Liberty directors executing voting agreements, committing themselves to vote their Liberty shares in favor of the transaction with Middlefield.

Promptly after the June 13 special meeting Donnelly Penman informed Boenning & Scattergood of Middlefield's final offer. Middlefield's letter of intent was signed and returned by Liberty on June 14, 2016, and the parties then proceeded to negotiation of the definitive Reorganization Agreement. The letter of intent provided for the merger of Liberty into The Middlefield Banking Company in a transaction qualifying as a tax-free reorganization, at the price of 147% of Liberty's adjusted tangible May 31, 2016 book value. Excluding approximately \$1.147 million payable for cancellation of Liberty's outstanding options and phantom stock, total transaction consideration under the final letter of intent was approximately \$39.416 million, consisting of (1) \$12.5 million in the form of a special cash dividend before acquisition closing, (2) \$13.458 million in cash merger consideration, and (3) \$13.458 million in stock merger consideration at a 0.882 fixed exchange ratio of Middlefield stock for 50% of Liberty stock, based on the \$31.81 closing price for Middlefield stock on June 13, 2016.

Subsequently, Liberty's outside tax counsel reviewed Middlefield's revised indication of interest and, after consultation with and concurrence from Middlefield's outside tax counsel, determined that the proposed payment by Liberty of a \$12.5 million dividend to its stockholders immediately prior to completion of the Merger would adversely affect the tax-free reorganization treatment of the Merger and the ability of Liberty's tax counsel to issue a favorable tax opinion. Following further discussions among the parties and their counsel, it was determined that the transaction should be restructured to reduce the Liberty special dividend from \$12.5 million to approximately \$3.0 million, increase the cash portion of the Merger consideration from 50% to 55% and decrease the common shares portion of the Merger consideration to 45%, while maintaining the same total transaction value. Over the next several weeks, the parties revised the Reorganization Agreement to reflect the latest structure of the transaction and negotiated its terms and conditions.

At a July 11, 2016 special meeting, with counsel present and Donnelly Penman present by teleconference, the board reviewed the status of the proposed transaction and the progress toward execution of the definitive acquisition agreement. Donnelly Penman presented a revised analysis of the transaction consideration, reducing from \$12.5 million to \$3.0 million the amount of the special cash dividend payable to Liberty stockholders before closing and increasing the portion of the cash merger consideration from 50% to 55%, with the stock portion therefore decreasing to 45%, while maintaining the total transaction value. According to Donnelly Penman's analysis of the revised final terms, Liberty stockholders would have a slightly larger 18.7% stake in the combined Middlefield organization after acquisition, rather than the initial estimate of approximately 17%, Middlefield would earn back the tangible book value dilution within the time range sanctioned by Middlefield's internal policy, and Middlefield's regulatory capital ratios would be within policy limits as well. The slight increase in the number of shares to be issued to Liberty stockholders has the consequence of requiring a vote of Middlefield stockholders as well. The number of shares of Middlefield common stock issuable to Liberty stockholders slightly exceeds 20% of the number outstanding before the acquisition, requiring Middlefield approval under Nasdaq rules, and one-sixth of the number outstanding after the acquisition, requiring stockholder approval under OGCL section 1701.83(A).

On July 25, 2016, Liberty's on-site due diligence investigation of Middlefield occurred, conducted by management of Liberty as well as a representative of Boenning. Liberty had been reviewing Middlefield's SEC filings and additional information provided to Boenning, as well as information provided by Middlefield in connection with the May 12 presentation to the Liberty Board.

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Middlefield's board considered the proposed final Reorganization Agreement at a special meeting on July 27, 2016, with Donnelly Penman participating and Middlefield's counsel present by teleconference. The Reorganization Agreement was signed on July 28, 2016. The board considered the slight change in the transaction structure, with the introduction of a first-step merger of MBC Interim Bank into Liberty occurring immediately before the merger of Liberty into The Middlefield Banking Company. The change in transaction structure is for the sole purpose of minimizing adverse potential tax consequences to The Middlefield Banking Company if the transaction does not qualify for tax-free reorganization treatment. Donnelly Penman presented its fairness opinion to the board and outlined the significant terms and financial impact of the transaction, including a special dividend of \$3.13 per share for each of Liberty's 959,283 outstanding shares, cash merger consideration of \$20.88 per share and stock consideration valued at \$17.08, for total consideration of approximately \$39.1 million (including the special dividend), or \$41.09 per share. Donnelly Penman informed the board that tangible book value dilution would be approximately 16.3%, projected to be earned back in a period of less than 3.5 years, with accretion to earnings exceeding 38% in the first year, an internal rate of return exceeding 20%, and a pro forma Tier 1 leverage ratio at The Middlefield Banking Company of 7.71% and a ratio of tangible common equity to tangible assets of 8.32%. Donnelly Penman informed the board that total consideration is approximately 1.31 times Liberty's tangible book value and 19.12 times last-twelve-months earnings, with a core deposit premium of 5.16%. The July 27, 2016 special meeting concluded with Middlefield's board approving the Reorganization Agreement unanimously.

Liberty's Reasons for the Merger

The Liberty Board of Directors has regularly reviewed and discussed Liberty's business strategy, performance and prospects in the context of developments in the banking industry, the regulatory environment and the competitive landscape. Among other things, the board of directors from time to time has discussed various strategic alternatives, including both acquiring other institutions and being acquired by another institution. Based on Liberty's continued growth, the board of directors believed that it would need to engage in a strategic transaction at some point in time.

For a considerable time, the board of directors of Liberty has been concerned about the increasing expense and complexity of regulatory compliance for financial institutions, as well as the competition among large and small financial institutions for the same loan and deposit products. The directors have discussed in recent years how to best ensure the continued sound operation and profitability of Liberty in the face of these concerns.

Over the years, the board considered from time to time how to best provide for the continued safe and sound operation and strong performance of Liberty in the challenging regulatory and competitive environment. The board also discussed the lack of liquidity of Liberty's stock as well as management succession issues. These discussions included a number of formal and informal meetings at which the directors discussed, among other possibilities, whether to proceed with exploring the possibility of acquiring or merging with another bank. Board members received the unsolicited views of some Liberty stockholders regarding a need for greater liquidity in the Liberty shares. As a result of these stockholder discussions and the board's concerns regarding the increasingly challenging competitive and regulatory environment, the board decided to consider the possibility of exploring a merger and to learn more about the current merger and acquisition market.

From time to time over the years, the board invited Boenning to make a presentation about regional and national merger and acquisition activity. During 2015, Boenning reviewed such trends as well as the procedure and timeline for soliciting nonbinding indications of interest from potential merger partners. Boenning also presented a list of bank and thrift holding companies that, according to Boenning's analysis, might have a logical interest in a possible merger with Liberty. In evaluating whether to proceed with the possibility of soliciting potential merger partners, the board also considered the stated desires of some Liberty stockholders for greater liquidity in Liberty shares and the board's long-held concerns regarding competition and regulation. After careful consideration of all the foregoing, the directors

decided to consider Boenning's presentation and reconvene at a later time to determine whether to pursue the process of soliciting interest in a possible merger.

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At a meeting of the board held on December 14, 2015, the Liberty directors resumed their discussions regarding whether to enter into the process of soliciting interest in a possible merger. After lengthy consideration of all the foregoing factors, and in light of the board's numerous prior discussions regarding exploring the possibility of a merger, the board unanimously decided to proceed with the process, subject to the agreement and understanding that they could terminate the process at any time before the execution of a definitive agreement in the event that their expectations for stockholder value were not realized.

In January 2016, Boenning was hired by Liberty as its financial advisor to counsel Liberty with respect to a possible strategic transaction. Boenning assisted Liberty in preparing a confidential information memorandum and a limited data room containing certain financial and operational information of Liberty. Liberty and Boenning identified thirty-three (33) potential partners to contact and inquire as to whether such party would be interested in reviewing the memorandum and data room. Of those parties, twenty-two (22) executed confidentiality agreements and accessed the data room and four (4) submitted written indications of interest, three of which were from other banks and one of which was an individual investor. On April 19, 2016, the board of directors met to consider the four (4) indications of interest. The board of directors reviewed with Boenning the current state of the national and local banking markets, as well as the current environment for bank transactions. The board of directors also reviewed in detail each potential partner's business, operations and financial performance. The board of directors discussed each of the indications of interest in detail and considered the merits of an all cash offer versus a part-stock, part-cash offer. The board of directors also reviewed and considered the financial and operating performance of each party and considered the effect of each offer on the submitting party's financial condition. The board, with the advice of Boenning, determined that providing these four (4) bidders the opportunity to continue the due diligence process would maintain a competitive bidding process, while minimizing the potential disruption to Liberty's operations. Each of the parties subsequently conducted a thorough due diligence process, including on-site meetings with Liberty management and extensive review of materials in the online data room.

At a special meeting of the board of directors on June 10, 2016, Boenning informed the board that two (2) of the potential acquirers had decided not to continue in the process, leaving two finalists. At that same meeting, the board reviewed the remaining two (2) indications of interest in detail and provided Boenning with a list of requested changes to each indication of interest. Boenning contacted each party to review and discuss the board's requested changes and provided each party a last opportunity to increase its bid.

At a telephonic special meeting of the board of directors on June 14, 2016, Liberty's board of directors reviewed the two (2) final bid offers and reviewed the process that had resulted in an attractive price for Liberty. The board considered the value of each offer and the liquidity each one provided to its stockholders, while also evaluating the merits of remaining independent and growing Liberty organically or through acquisitions. The board also considered the quality of Middlefield's operating performance as well as a relative valuation of Middlefield's stock that appeared to be attractive for those Liberty stockholders electing to receive stock. The board determined that the updated oral offer from Middlefield was in the best interest of the stockholders and authorized management to execute the latest indication of interest from Middlefield. Specifically, Middlefield's revised indication of interest provided for a price increase of approximately \$0.55 per share of Liberty common stock and inclusion of two (2) current directors of Liberty (Messrs. Bevan and Valerian) on the Middlefield board of directors immediately following the closing of the transaction. Middlefield's revised indication of interest also contemplated that, immediately prior to the consummation of the Merger, Liberty would distribute a \$12.5 million special dividend to its stockholders.

The parties executed the revised indication of interest on June 14, 2016 and began preparation of the Reorganization Agreement. Subsequently, Liberty's outside tax counsel reviewed Middlefield's revised

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indication of interest and, after consultation with and concurrence from Middlefield's outside tax counsel, determined that the proposed payment by Liberty of a \$12.5 million dividend to its stockholders immediately prior to completion of the Merger would adversely affect the tax-free reorganization treatment of the Merger and the ability of Liberty's tax counsel to issue a favorable tax opinion. Following further discussions among the parties and their counsel, it was determined that the transaction should be restructured to reduce the Liberty special dividend from \$12.5 million to approximately \$3.0 million, increase the cash portion of the Merger consideration from 50% to 55% and decrease the common shares portion of the Merger consideration to 45%, while maintaining the same total transaction value. Over the next several weeks, the parties revised the Reorganization Agreement to reflect the latest structure of the transaction and negotiated its terms and conditions.

At a meeting of the board of directors on July 27, 2016, the board of directors reviewed in detail the Reorganization Agreement and also received the opinion from Boenning that the Merger consideration was fair to Liberty's stockholders from a financial point of view. The board of directors authorized the execution of the Merger Agreement, and each member of the board of directors who owns Liberty common stock entered into a written agreement to vote all of the Liberty shares that he or she beneficially owns in favor of the approval of the transactions contemplated by the Reorganization Agreement.

Management of Liberty signed the Reorganization Agreement on behalf of Liberty as of July 28, 2016 on the terms approved by the board of directors.

Recommendation of Liberty's Board of Directors

The directors of Liberty believe that adoption and approval of the Reorganization Agreement and approval of the transactions contemplated by the Reorganization Agreement are in the best interest of Liberty and its stockholders. Consequently, the directors unanimously recommend that Liberty stockholders adopt and approve the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement. The directors of Liberty have agreed to vote their shares of Liberty common stock in favor of the Merger Proposal.

Opinion of Liberty's Financial Advisor

Boenning is acting as financial advisor to Liberty in connection with the proposed Merger. Boenning is a registered broker-dealer providing investment banking services with substantial expertise in transactions similar to the proposed Merger. As part of its investment banking activities, Boenning is regularly engaged in the valuation of businesses and securities in connection with mergers, acquisitions, underwritings, private placements and valuations for estate, corporate and other purposes.

On July 27, 2016, Boenning rendered its oral opinion, which was subsequently confirmed in writing, to the Liberty board of directors that, as of such date and subject to the assumptions made, matters considered and limitations of the review undertaken by Boenning, the Merger consideration to be received by the holders of Liberty's common stock pursuant to the Reorganization Agreement was fair, from a financial point of view, to such holders.

The full text of Boenning's written opinion dated July 27, 2016, which sets forth the assumptions made, matters considered and limitations of the review undertaken, is attached as Annex C to this proxy statement and is incorporated herein by reference. You are urged to, and should, read this opinion carefully and in its entirety in connection with this proxy statement. The summary of Boenning's opinion set forth in this proxy statement is qualified in its entirety by reference to the full text of the opinion. Boenning's opinion speaks only as of the date of the opinion and does not reflect any developments that may occur or may have occurred after the date of its opinion and prior to the completion of the proposed Merger.

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No limitations were imposed by Liberty on the scope of Boenning's investigation or the procedures to be followed by Boenning in rendering its opinion. Boenning was not requested to, and did not, make any recommendation to the Liberty board of directors as to the form or amount of the consideration to be paid to the Liberty stockholders, which was determined through arm's length negotiations between the parties. In arriving at its opinion, Boenn