

FIRST MIDWEST BANCORP INC
Form PRE 14A
February 21, 2002

SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary proxy statement

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

Definitive proxy statement

Definitive additional materials

Soliciting material pursuant to Rule 14a-11(c) or Rule 14a-12

FIRST MIDWEST BANCORP, INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement)

Payment of filing fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11

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

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

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

(4) Proposed maximum aggregate value of transaction:

5. Total fee paid:

Fee paid with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11 (a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by

registration statement number, or the form or schedule and the date of its filing.

- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing party:
- (4) Date Filed:

March 20, 2002

Dear Shareholder:

The 2002 Annual Meeting of Shareholders of First Midwest Bancorp, Inc., will be held on Wednesday, April 24, 2002 at 9:00 a.m. at the Sheraton Hotel, 121 Northwest Point Boulevard, Elk Grove Village, Illinois.

The purpose of the Annual Meeting will be to elect four directors, namely, Vernon A. Brunner, O. Ralph Edwards, Thomas M. Garvin and John M. O'Meara, and to consider a proposal recommended by the Board of Directors to amend the Company's Restated Certificate of Incorporation. We currently know of no other business to be considered at the meeting.

The notice of annual meeting, proxy statement and proxy card from the Board of Directors are enclosed. First Midwest is also pleased to offer its shareholders the opportunity to receive shareholder communications electronically. You may access the notice of annual meeting and proxy statement on the Internet at www.firstmidwest.com. For more information, see "Electronic Access to Proxy Materials and Annual Report" on page 2 of the proxy statement.

Whether you plan to attend the Annual Meeting or not, you may vote via the Internet, by telephone or by signing the enclosed proxy card and returning it in the accompanying envelope.

Your vote is very important regardless of how many shares you own and we encourage you to vote at your earliest opportunity. If you attend the Annual Meeting and wish to vote in person, you may do so even though you have previously voted by Internet, telephone or proxy card.

Yours very truly,

/s/ ROBERT P. O'MEARA
Robert P. O'Meara
Chairman and
Chief Executive Officer

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS TO BE HELD APRIL 24, 2002

To the Shareholders of
FIRST MIDWEST BANCORP, INC.:

The Annual Meeting of Shareholders of First Midwest Bancorp, Inc. (the "Company") will be held at the Sheraton Hotel, 121 Northwest Point Boulevard, Elk Grove Village, Illinois, on Wednesday, April 24, 2002 at 9:00 a.m. for the purpose of:

- 1.) Electing four directors.
- 2.) Considering a proposal recommended by the Board of Directors to amend the Company's Restated Certificate of Incorporation.
- 3.) Transacting such other business as may be properly brought before the Annual Meeting or any adjournment thereof. Management at present knows of no such business to be brought before the Annual Meeting.

The Board of Directors has fixed the close of business on February 28, 2002 as the record date for the determination of shareholders entitled to notice of, and to vote at, the Annual Meeting. In accordance with Delaware law, a list of shareholders entitled to vote at the Annual Meeting will be available for inspection at the meeting and for ten days prior to the meeting at the offices of the Corporate Secretary, First Midwest Bancorp, 300 Park Boulevard, Suite 405, Itasca, Illinois 60143.

Your vote is important. We encourage you to promptly vote your shares over the Internet or by telephone as described on the proxy form, or by returning your signed proxy card in the accompanying envelope.

By Order of the Board of Directors:

/s/ BARBARA E. BRIICK
Barbara E. Briick

Corporate Secretary

March 20, 2002

PROXY STATEMENT FOR ANNUAL MEETING TO BE HELD ON APRIL 24, 2002

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of First Midwest Bancorp, Inc. (the "Company"), a Delaware corporation, of proxies for use at the Annual Meeting of Shareholders (the "Annual Meeting") to be held April 24, 2002 at 9:00 a.m. and at any adjournments or postponements of that meeting.

Record Date and Share Ownership

The Board of Directors has fixed the close of business on February 28, 2002 as the record date for determining shareholders entitled to notice of, and to vote at, the Annual Meeting. On the record date, the Company had outstanding 40,620,403 shares of \$0.01 per share par value Common Stock ("Common Stock"). Each outstanding share of Common Stock entitles the holder to one vote.

This Proxy Statement, Form of Proxy and the Company's 2001 Annual Report were first mailed on or about March 20, 2002 to the Company's shareholders entitled to vote at the Annual Meeting.

Proxies And Voting Procedures

YOUR VOTE IS IMPORTANT. Because many shareholders cannot personally attend the Annual Meeting, it is necessary that a large number of shareholders be represented by proxy. Registered shareholders have a choice of voting their shares over the Internet or by a toll-free telephone call as an alternative to completing the enclosed proxy card and mailing it to the Company. The procedures for Internet and telephone voting are provided on the proxy form. The Internet and telephone voting procedures are designed to verify shareholders' identities, allow shareholders to give voting instructions and confirm that their instructions have been properly recorded. Shareholders who vote over the Internet should be aware that they may incur costs to access the Internet, such as usage charges from telephone companies or Internet service providers, and that these costs must be borne by the shareholder. The Internet and telephone voting facilities for shareholders of record will close at 11:59 p.m. E.S.T. on April 23, 2002. ***Shareholders who vote through the Internet or by telephone need not return a proxy card by mail.***

Shareholders whose shares are held in the name of a bank, broker, or other nominee may or may not be able to use Internet or telephone voting. For information, please refer to the voting materials you receive or contact your bank, broker or nominee.

Shares of common stock represented by properly executed proxies received by the Company will be voted at the Annual Meeting in accordance with the instructions thereon. If there are no such instructions, the shares will be voted: (i) in favor of the election of the nominees for director; (ii) in favor of the proposal recommended by the Board of Directors to amend the Company's Restated Certificate of Incorporation, and (iii) in the discretion of the named proxies on any other matters which may properly come before the Annual Meeting. A shareholder may revoke his/her proxy by: executing a later-dated proxy by Internet, telephone or mail; giving written notice of such revocation to the Corporate Secretary; or, voting in person at the Annual Meeting. Attendance at the Annual Meeting will not, in and of itself, constitute the revocation of a proxy.

The Inspector of Election appointed by the Board of Directors for the Annual Meeting will tabulate votes cast by proxy or in person at the Annual Meeting and will determine whether or not a quorum is present. The Inspector of Election will treat abstentions as shares that are present and entitled to vote for purposes of determining the presence of a quorum but as unvoted for purposes of determining the approval of any matter submitted to the shareholders for a vote. If a broker indicates on the proxy that it does not have discretionary authority as to certain shares to vote on a particular matter, those shares will not be considered as present and entitled to vote with respect to that matter.

Voting of Shares in the First Midwest Bancorp, Inc. Dividend Reinvestment Plan

The Company's Stock Transfer Agent, Mellon Investor Services, is the record owner of all shares of Common Stock held for participants in the Dividend Reinvestment & Stock Purchase Plan ("DR Plan"). Each DR Plan participant will receive a single proxy card covering both the shares of Common Stock credited to the participant's DR Plan account and the shares owned by such participant outside the DR Plan.

Voting by Participants in Employee Plans

If an employee who is a shareholder and participates in the First Midwest Bancorp Stock Option Gain Deferral Plan, in the First Midwest Common Stock Fund under the First Midwest Bancorp Savings and Profit Sharing Plan and First Midwest Bancorp Nonqualified Retirement Plan (the "Employee Plans") or the DR Plan, the employee will receive one proxy for all accounts registered in the same name. If all of the accounts are not registered in the same name, the employee will receive a separate proxy for each account that is registered in a different name.

The Trustees under the Employee Plans are the record owners of all shares of Common Stock held for participants in the Employee Plans. The Trustees will vote the shares held for the account of each Employee Plan participant in accordance with the directions received from participants. In order to obtain such voting directions, the Trustees will forward this Proxy Statement and a direction card to each Employee Plan participant. Participants may provide their voting directions to the Trustees through the Internet or by telephone as described on the direction card, or by executing and returning the direction card in the accompanying envelope. Voting directions must be provided if the shares held pursuant to the Employee Plans are to be voted, provided that shares held in the Employee Plans for which no directions are received will be voted by the Trustees proportionally in the same manner as it votes shares for which directions were received. All direction cards returned will be kept confidential by the Trustees or its tabulating agent and will not be disclosed to the Company or any of its employees. Because Employee Plan participants are not the record owners of the related shares, such shares may not be voted in person by Employee Plan participants at the Annual Meeting.

Electronic Access to Proxy Materials and Annual Report

First Midwest is pleased to offer its shareholders the opportunity to receive future proxy statements and annual reports electronically over the Internet. By signing up for electronic delivery, shareholders can receive these communications as soon as they become available without waiting for them to arrive in the mail, and submit shareholder votes on-line. Additionally, by choosing electronic delivery shareholders will help the Company reduce printing and postage costs. Shareholders can access this proxy statement and 2001 annual report on the Investor Relations section of the Company's Internet website at: http://ir.ccbn.com/ir.zhtml?ticker=FMBI&s=11965&item_id='electronic.htm'.

If you are a shareholder of record, you can chose this option by following the instructions provided at the Internet voting website at www.proxyvote.com, which has been established for you to vote your shares for this year's Annual Meeting. Most shareholders who vote their shares for the 2002 Annual Meeting over the Internet will be given the opportunity to consent to future delivery of First Midwest documents over the Internet. Shareholders can also register for this option by following the instructions provided on the following Internet website: <http://www.iscdelivery.com/fmbi>.

If you choose to receive future proxy statements and annual reports electronically, then prior to next year's Annual Meeting you will receive e-mail notification when the proxy materials and annual report are available for your on-line review over the Internet. Your enrollment will be effective until canceled.

If you hold your shares through a bank, broker, or other nominee, please refer to the information provided by that entity for instructions on how to elect to view future proxy statements and annual reports over the Internet.

Shareholders who hold their shares through a bank, broker, or other nominee and who elect electronic access will receive information next year containing the Internet address for use in accessing First Midwest's proxy statement and annual report.

Cost of Solicitation

The cost of solicitation of proxies will be paid by the Company. Directors, officers, employees and agents of the Company may solicit proxies by mail, telephone, personal interview and other means. Directors, officers and employees will receive no additional compensation for solicitation services.

Brokerage houses, nominees, fiduciaries and other custodians will be requested to forward soliciting material to the beneficial owners of shares of record held by them and will be reimbursed for their reasonable expenses.

ELECTION OF DIRECTORS

Pursuant to the Company's Restated Certificate of Incorporation, the Board of Directors has the authority to determine the number of Directors from time to time (provided that such number may not be less than three nor more than twenty). On February 20, 2002, the Board of Directors fixed the number of Directors comprising the Board at eleven.

The directors are divided into three Classes, approximately equal in number. Each year the shareholders elect the members of a Class of directors for a term of three years. The Director Nominees named below have been nominated for election for a term to end at the Annual Meeting of Shareholders in the year 2005 or until their successors are elected. The Board has no reason to believe that any of the Director Nominees will not be available for election. However, if any of the Director Nominees is not available for election, proxies may be voted for the election of other persons selected by the Board of Directors. Proxies cannot, however, be voted for a greater number of persons than the number of Director Nominees named. To be elected as a director, each Director Nominee must receive the favorable vote of a plurality of the shares present and entitled to vote at the Annual Meeting, without regard to abstentions or non-votes.

Certain biographical information (including principal occupation or employment for the past five years) concerning each Director Nominee and Continuing Director as of the date of the Annual Meeting is set forth below:

Director Nominees To Serve Until the Year 2005

Vernon A. Brunner, 61 (Director since 1997).

Mr. Brunner is President and Chief Executive Officer of Brunner Marketing Solutions, LLC (consultants in marketing and distribution of pharmaceutical and consumer products), Lake Forest, Illinois. Prior to 2001, he was Executive Vice President-Marketing and Director (retired, 2001) of Walgreen Co. He is a director of Natrol, Inc. Mr. Brunner is a member of the Company's Executive Committee.

O. Ralph Edwards, 67 (Director since 1988).

Mr. Edwards was Corporate Vice President-Human Resources (retired, 1993) of Abbott Laboratories (health care products manufacturer), Abbott Park, Illinois. Mr. Edwards is Chairman of the Company's Compensation Committee and is a member of its Nominating Committee.

Thomas M. Garvin, 66 (Director since 1989).

Mr. Garvin was President and Chief Executive Officer (retired, 1999) of G.G. Products Company (food business acquiror), Oakbrook, Illinois. Mr. Garvin is a member of the Company's Executive and Audit Committees.

John M. O'Meara, 56 (Director since 1982).

Mr. O'Meara is President and Chief Operating Officer of the Company. He is a member of the Company's Executive Committee and is the brother of Robert P. O'Meara.

Continuing Directors Serving Until The Year 2003

Bruce S. Chelberg, 67 (Director since 1989).

Mr. Chelberg was Chairman and Chief Executive Officer (retired, 2000) of Whitman Corporation (diversified, multinational holding company), Rolling Meadows, Illinois. He is a director of Snap-On Tools Corporation, Northfield Laboratories, Inc. and Actuant Corporation. Mr. Chelberg is Chairman of the Company's Nominating Committee and is a member of its Audit and Executive Committees.

William J. Cowlin, 70 (Director since 1997).

Mr. Cowlin is an Attorney and Counselor at Law of William J. Cowlin, LTD., Crystal Lake, Illinois. Prior to 1997, Mr. Cowlin was Chairman of the Board and Chief Executive Officer of SparBank, Incorporated ("SparBank") which was acquired by the Company on October 1, 1997. Mr. Cowlin is a member of the Company's Executive Committee.

Joseph W. England, 61 (Director since 1986).

Mr. England was Senior Vice President (retired, 2000) of Deere & Company (mobile power equipment manufacturer), Moline, Illinois. He is a director of Winnebago Industries. Mr. England is Chairman of the Company's Audit Committee.

Robert P. O'Meara, 64 (Director since 1982).

Mr. O'Meara is Chairman of the Board and Chief Executive Officer of the Company. He is Chairman of the Company's Executive Committee and is the brother of John M. O'Meara.

Continuing Directors To Serve Until The Year 2004

Brother James Gaffney, FSC, 59 (Director since 1998).

Brother Gaffney is President of Lewis University (independent private institution of higher education), Romeoville, Illinois. He is a director of MediChem Life Sciences, Inc. Brother Gaffney is a member of the Company's Executive Committee.

John L. Sterling, 58 (Director since 1998).

Mr. Sterling is the President and owner of Sterling Lumber Company (lumber distributor), Blue Island, Illinois. Mr. Sterling was a director of Heritage Financial Services, Inc. when it was acquired by the Company on July 1, 1998, at which time he was appointed to serve as a director of the Company. Mr. Sterling is a member of the Company's Compensation Committee.

J. Stephen Vanderwoude, 58 (Director since 1991).

Mr. Vanderwoude is Chairman and Chief Executive Officer of Madison River Communications (integrated communications provider), Mebane, North Carolina. He is a director of Centennial Communications. Mr. Vanderwoude is a member of the Company's Compensation Committee.

BOARD OF DIRECTORS' OPERATIONS

Board of Directors and Committee Meetings

The Board of Directors has established Executive, Audit, Compensation and Nominating Committees, and may periodically establish other Committees as deemed advisable.

The current members of the Executive Committee are: Robert P. O'Meara, Chairman, Vernon A. Brunner, Bruce S. Chelberg, William J. Cowlin, Brother James Gaffney, Thomas M. Garvin, and John M. O'Meara. The function of this Committee is to exercise certain powers of the Board of Directors, as defined by the Company's By-Laws, between Board meetings. The Executive Committee met four times during 2001.

The current members of the Compensation Committee are: O. Ralph Edwards, Chairman, John L. Sterling, and J. Stephen Vanderwoude. The functions of this Committee are to determine and recommend to the Board of Directors the compensation of the Company's directors and executive officers and to review the propriety of the Company's compensation and benefits programs. The Compensation Committee met four times in 2001.

The current members of the Audit Committee are: Joseph W. England, Chairman, Bruce S. Chelberg, and Thomas M. Garvin. The members of the Audit Committee are "independent" directors as such term is defined in Rule 4200(a)(15) of the National Association of Securities Dealers' listing standards. The Board of Directors has adopted a written charter for the Audit Committee that outlines the responsibilities and processes of the Audit Committee and is attached as Appendix A to this Proxy Statement. The Audit Committee met eight times in 2001.

The current members of the Nominating Committee are: Bruce S. Chelberg, Chairman, and O. Ralph Edwards. The functions of this Committee are to establish criteria for the nomination of directors and identify and recommend to the Board of Directors candidates for director nomination. The nominating committee will consider nominees recommended by shareholders if the procedures set forth under "Notice of Business to be Conducted at Meeting" are met. The nominating committee met once during 2001.

The Company's Board held four meetings during 2001. Each Director attended at least 75% of the aggregate of the total number of meetings held by the Board of Directors and the various Committees of the Board of Directors on which he served.

Board of Directors' Compensation

Non-employee members of the Board of Directors are compensated by the Company through an annual \$12,000 retainer, payable quarterly and an \$850 fee for each Board meeting attended. Non-employee Chairpersons of Board Committees receive an additional \$1,500 annual retainer, payable quarterly. Non-employee committee members, including the Chairperson, also receive an \$850 fee for each Committee meeting attended. The average total cash compensation paid in 2001 to non-employee directors was \$21,189. Employee members of the Board of Directors (i.e., John M. O'Meara and Robert P. O'Meara) receive no Board compensation.

Deferred Compensation Plan for Non-Employee Directors

The Deferred Compensation Plan for Non-Employee Directors allows non-employee directors to defer receipt of either 50% or 100% of any director fees and retainers due such directors. The deferred director fees and retainers are payable at the director's election either as a lump sum or in installments over a period not to exceed fifteen years. Payments under this plan begin at the date specified by the director or upon cessation of service as a director.

Non-Employee Directors' 1997 Stock Option Plan

The Non-Employee Directors' 1997 Stock Option Plan (the "Directors' Plan") provides for the granting of nonqualified stock options for shares of common stock to nonmanagement Board members of the Company. A maximum of 281,250 shares of common stock are reserved for issuance thereunder. The timing, amounts, recipients and other terms of the option grants are determined by the provisions of, or formulas in, the Directors' Plan. The exercise price of the options is equal to the fair market value of the common stock on the date of grant. All options have a term of ten years from the date of grant and become exercisable one year from the grant date subject to accelerated vesting in the event of death, disability or a change-in-control, as defined in the Directors' Plan. Directors first elected during the service year are granted options on a pro rata basis to those granted to the directors at the start of the service year. During 2001 each non-employee director was granted 2,500 options to purchase the Company's common stock at a weighted average exercise price of \$22.50.

Board of Directors' Retirement Policy

The Company's Board of Directors Retirement Policy requires a director to resign upon attainment of age seventy or upon the occurrence of certain defined events. Although Director Cowlin attained age seventy in November 2001, in accordance with the understanding with him in conjunction with the 1997 acquisition of SparBank, Director Cowlin will continue to serve his current three year term until expiration at the 2003 Annual Meeting of Shareholders.

PROPOSAL TO AMEND THE COMPANY'S RESTATED CERTIFICATE OF INCORPORATION

Background and Description of Proposed Amendment

This proposed amendment to Article Fourth of the Company's Restated Certificate of Incorporation would increase the number of shares of Common Stock which the Company is authorized to issue from 60 million to 100 million.

The Company

is currently authorized to issue 60,000,000 shares of Common Stock. As of the record date, 56,927,316 shares of Common Stock were issued, 48,620,403 shares were outstanding, 7,852,812 shares were reserved for issuance pursuant to the Company's employee benefit plans, and 8,306,915 shares were held in the Company's treasury.

The additional 40 million shares of Common Stock for which authorization is sought would be part of the existing class of Common Stock and, if and when issued, would have the same rights and privileges as the shares of Common Stock presently outstanding. The Board of Directors believes that the authorization of additional shares of Common Stock is advisable to provide First Midwest with the flexibility to take advantage of opportunities to issue such stock in order to obtain capital, as consideration for possible acquisitions or for other purposes (including, without limitation, the issuance of additional shares of Common Stock through additional stock splits and stock dividends in appropriate circumstances). There are, at present, no plans, understandings, agreements or arrangements concerning the issuance of additional shares of Common Stock except for the shares to be issued (i) upon the exercise of stock options currently outstanding, (ii) to the Company's retirement plans, both ERISA qualified and nonqualified, and its nonqualified stock option gain deferred plan, and (iii) its dividend reinvestment and optional cash payment plan.

Uncommitted authorized but unissued shares of Common Stock may be issued from time to time to such persons and for such consideration as the Board of Directors may determine, and holders of the then-outstanding shares of Common Stock may or may not be given the opportunity to vote with respect to such issuance, depending upon the nature of any such transactions, applicable law, the rules and regulations of the Nasdaq Stock Market (in which the Company's Common Stock is traded) and the judgment of the Board of Directors regarding the submission of such issuance to a vote of the Company's shareholders. First Midwest shareholders have no preemptive rights to subscribe for newly issued shares.

Moreover, it is possible that additional shares of Common Stock would be issued for the purpose of making an acquisition by an unwanted suitor of a controlling interest in the Company more difficult, time-consuming or costly or to otherwise discourage an attempt to acquire control of the Company. Under such circumstances the availability of authorized and unissued shares of Common Stock may make it more difficult for shareholders to obtain a premium for their shares. Such authorized and unissued shares could be used to create voting or other impediments or to frustrate a person seeking to obtain control of the Company by means of a merger, tender offer, proxy contest or other means. Such shares could be privately placed with purchasers who might cooperate with the Board of Directors in opposing such an attempt by a third party to gain control of the Company or could also be used to dilute ownership of a person or entity seeking to obtain control of the Company. Although the Company does not currently contemplate taking such action, shares of Common Stock could be issued for the purposes and effects described above and the Board of Directors reserves its rights (if consistent with its fiduciary responsibilities) to issue such stock for such purposes.

The authority of the Board of Directors to issue Common Stock might be considered as having the effect of discouraging an attempt by another person or entity to effect a takeover or otherwise gain control of the Company, because the issuance of additional shares of Common Stock could dilute the voting power of the Common Stock owned by a party attempting to obtain control of the Company and could increase the cost of any such transaction.

The Restated Certificate of Incorporation provides that a business combination with an interested stockholder (as therein defined) must satisfy certain minimum price, form of consideration and procedural requirements, unless it is approved either by at least an 80% stockholder vote or a majority of the directors who are unaffiliated with the interested stockholder, and contains certain other provisions restricting the ability of stockholders to act by consent, call special meetings, remove directors or amend the By-Laws of the Company. The Restated Certificate of Incorporation also authorizes the issuance of up to 1 million shares of Preferred Stock with such rights, preferences and limitations as may be determined by the Board of Directors. Such Preferred Stock could be issued with terms which might make more difficult a change in control of the Company. Additionally, the Company is subject to various provisions of Delaware law which provides restrictions on business combinations with interested stockholders.

On February 15, 1989, the Board of Directors adopted a Rights Plan and pursuant thereto declared a distribution of one Right for each outstanding share of Common Stock held of record on March 1, 1989, and issued thereafter. The Rights Plan was amended and restated on November 15, 1995 and again on June 18, 1997, to exclude an acquisition. Under the amended and restated Plan, if at any time a person becomes the beneficial owner of 10% or more of the Common Stock, the Board of Directors, in its sole discretion, may exchange (the "Exchange Provision") all but not less than all of the outstanding and exercisable Rights for Common Stock at an exchange ratio of one share of Common Stock per Right. The amended and restated Plan also provides that if a person acquires more than 10% of the Common Stock, the Company shall take such actions as shall be necessary to ensure and provide that each holder of a Right (other than the acquiring person) shall have the right to purchase from the Company that number of one one-hundredths of a share of Preferred Stock of the Company or that number of shares of Common Stock (the "Common Stock Purchase Option") which would have a market value equal to twice the exercise price (currently, \$100) for an amount in cash equal to the exercise price. There are presently 3,072,684 shares of Common Stock available for issuance and 48,620,403 Rights outstanding. Upon approval of the proposed amendment, the Company would have 43,072,684 shares of Common Stock available for issuance and 48,620,403 Rights outstanding.

The Company is not aware of any offers to obtain control of the Company.

Text of the Proposed Amendment

The text of the proposed amendment to Article Fourth of the Company's Restated Certificate of Incorporation is as follows:

ARTICLE FOURTH. Authorized Stock.

The total number of shares of stock which the Corporation shall have authority to issue is One Hundred One Million (101,000,000) shares, of which One Million (1,000,000) shares shall be of Preferred Stock, without par value (hereinafter sometimes referred to as "Preferred Stock"), and One Hundred Million (100,000,000) shares shall be shares of Common Stock, \$0.01 par value per share (hereinafter sometimes referred to as "Common Stock").

Required Vote

The amendment to the Restated Certificate of Incorporation will not take effect unless approved by the affirmative vote of the holders of a majority of the outstanding shares of First Midwest Common Stock; therefore, abstentions and non-votes will have the same effect as a vote against the proposal.

The Board of Directors unanimously recommends that the shareholders vote FOR the proposal to amend the Company's Restated Certificate of Incorporation.

EXECUTIVE OFFICERS OF THE COMPANY

The Company's executive officers are elected annually by the Company's Board of Directors. Certain information regarding the Company's executive officers is set forth below.

<u>Name</u> <u>(Age as of February 28, 2002)</u>	<u>Position or Employment for Past Five Years</u>	<u>Executive Officer</u> <u>Since</u>
Robert P. O'Meara (64)	Chairman of the Board & Chief Executive Officer	1982
John M. O'Meara (56)	President & Chief Operating Officer	1987
Donald J. Swistowicz (50)	Executive Vice President & Chief Financial Officer	1982

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth certain information with respect to annual and other compensation paid to the

Edgar Filing: FIRST MIDWEST BANCORP INC - Form PRE 14A

Company's Chief Executive Officer and the other highest paid Executive Officers of the Company whose annual base salary and bonus for the last fiscal year exceeded \$100,000:

<u>Name and Principal Position</u>	<u>Fiscal Year</u>	<u>Annual Compensation</u>		<u>Long-Term Compensation Awards</u>	<u>All Other Compensation (\$)⁽²⁾</u>
		<u>Salary (\$)</u>	<u>Bonus (\$)</u>	<u>Securities Underlying Options (#)⁽¹⁾</u>	
Robert P. O'Meara Chairman of the Board & Chief Executive Officer	2001	\$ 520,000	\$ 415,093	186,304	\$ 59,017
	2000	487,000	290,271	151,610	47,800
	1999	468,312	204,989	75,138	42,353
John M. O'Meara President & Chief Operating Officer	2001	425,000	360,508	122,244	48,162
	2000	396,000	236,032	104,028	38,833
	1999	380,744	166,052	75,066	34,433
Donald J. Swistowicz Executive Vice President & Chief Financial Officer	2001	260,000	135,019	35,892	25,975
	2000	216,500	86,257	20,114	20,074
	1999	208,000	69,760	19,893	18,092

Notes:

(1) Adjusted for 5-for-4 stock split paid in December 2001.

(2) "All Other Compensation" represents contributions by the Company to the Company's qualified and nonqualified defined contribution retirement plans.

Stock Option Grants in 2001

<u>Name</u>	<u>Type</u> ⁽²⁾	<u>Individual Grants</u> ⁽¹⁾				
		<u># of Securities Underlying Options Granted in 2001</u> ⁽³⁾⁽⁴⁾	<u>% of Total Options Granted to Employees in 2001</u>	<u>Per Share Exercise Price (\$)</u>	<u>Expiration Date</u>	<u>Grant Date Present Value (\$)</u> ⁽⁵⁾

Edgar Filing: FIRST MIDWEST BANCORP INC - Form PRE 14A

Robert P. O'Meara	NQSO	30,544		\$ 22.50	2/21/11	\$ 184,541
	NQSO	31,856		22.50	4/25/11	188,626
	NQSO-R	10,024		24.45	2/19/02	17,924
	NQSO-R	10,023		24.45	2/17/03	29,060
	NQSO-R	10,739		24.45	2/16/04	40,424
	NQSO-R	11,454		24.45	2/15/05	51,047
	NQSO-R	11,913		24.45	2/21/06	60,051
	NQSO-R	12,399		24.45	2/19/07	68,616
	NQSO-R	28,292		25.07	2/18/08	166,722
	NQSO-R	19,367		25.39	2/17/09	123,610
	NQSO-R	<u>9,693</u>		28.44	8/18/09	<u>68,603</u>
		<u>186,304</u>	26.5%			\$ <u>999,224</u>
John M. O'Meara	NQSO	51,000		\$ 22.50	2/21/11	\$ 308,132
	NQSO-R	7,146		26.65	2/19/02	12,545
	NQSO-R	7,488		26.65	2/17/03	22,293
	NQSO-R	8,014		26.65	2/16/04	31,557
	NQSO-R	8,539		26.65	2/15/05	39,852
	NQSO-R	8,880		26.65	2/21/06	46,866
	NQSO-R	9,248		26.65	2/19/07	53,978
	NQSO-R	14,426		26.65	2/18/08	89,381
	NQSO-R	<u>7,503</u>		26.65	2/17/09	<u>49,680</u>
		<u>122,244</u>	17.4%			\$ <u>654,284</u>
Donald J. Swistowicz	NQSO	17,334			2/16/10	\$ 104,729
				\$ 22.50		
	NQSO-R	2,870		26.55	2/19/02	4,854
	NQSO-R	4,165		24.65	2/19/07	21,779
	NQSO-R	3,640		22.97	2/18/08	18,429
	NQSO-R	5,813		24.06	2/17/09	33,890
	<u>2,070</u>		26.62	8/18/09	<u>13,296</u>	
	<u>35,892</u>	<u>5.1%</u>			\$ <u>196,977</u>	

Notes:

- (1) All Share and per share data has been adjusted to reflect the 5-for-4 stock split paid in December 2001.
- (2) Nonqualified Stock Option (NQSO) or Nonqualified Reload Stock Option (NQSO-R) (see Note 4).

- (3) The options listed in the first line opposite each executive officer's name are 2001 original options granted under the Company's 1989 Omnibus Stock and Incentive Plan (the "Omnibus Plan") which vest over a period of three years (subject to accelerated vesting in connection with death, disability or a change-in-control), include reload features (see Note 4), and are nontransferable except to family members or family trusts or partnerships; all other options in 2001 are reload stock options which vest in six months (see Note 4).
- (4) Optionees may tender previously-acquired shares of the Company's Common Stock in payment of the exercise price of a stock option and may tender previously-acquired shares or request the Company to withhold sufficient shares to pay the taxes arising from the exercise. The options described above as "reload stock options" are nonqualified stock options granted to replace the number of shares thus tendered and/or withheld. The reload stock option will have an exercise price equal to the fair market value of the Common Stock on the exercise date of the underlying exercised option, will be first exercisable six months from such date and will expire on the scheduled expiration date of the underlying exercised option. All reload stock options become fully exercisable in connection with a change in control of the Company (as defined). The reload stock options are nontransferable except to family members or family trusts or partnerships.

The "Grant Date Present Value" above was determined using the Black-Scholes option-pricing model, a theoretical method for estimating the present value of stock options based on complex assumptions about the stock's price volatility and dividend rate as well as interest rates. Because of the unpredictability of the assumptions required, the Black-Scholes model, or any other valuation model, is incapable of accurately predicting the Company's stock price or of placing an accurate present value on options to purchase stock. In performing the calculations it was assumed that: (i) the volatility of the stock price was equal to 22.6%; (ii) an expected dividend yield of 2.8%; (iii) a risk-free interest rate ranging from 1.85% to 5.45% based on the ten-year U.S. Treasury Note effective on the date of grant, to correspond to the term of the options; (iv) an expected option life of nine years for non-reload options and to the end of their terms for reload options at the time of exercise; and (v) no adjustments were made for risk of forfeiture. The ultimate value of the options will depend on the future stock price of the Company's Common Stock, which cannot be forecast with reasonable accuracy. The actual value, if any, an executive may realize upon the exercise of an option will depend on the excess of the stock price of the Company's Common Stock, on the date the option is exercised, over the exercise price of the option.

Aggregated Option Exercises in 2001 and Option Value as of December 31, 2001 ⁽¹⁾

<u>Name</u>	Shares Acquired on <u>Exercise</u>	Value <u>Realized</u> ⁽²⁾	Number of Securities Underlying Unexercised <u>Options at Dec. 31, 2001</u>		Value of Unexercised In-the-Money Options at <u>Dec. 31, 2001</u> ⁽³⁾	
			<u>Exercisable</u>	<u>Unexercisable</u>	<u>Exercisable</u>	<u>Unexercisable</u>
Robert P. O'Meara	137,945	\$ 366,580	-	262,618	\$ -	\$ 1,803,994
John M. O'Meara	88,820	468,537	7,954	199,082	58,514	1,322,449
Donald J. Swistowicz	21,220	65,845	14,527	48,646	-	394,505

Notes:

(1) All share data has been adjusted to reflect the 5-for-4 stock split paid in December 2001.

- (2) The value realized was deferred by the election of each of the named executives into the Company's Nonqualified Stock Option Gain Deferral Plan in the form of 14,041, 17,576 and 2,662 shares of Common Stock for Robert P. O'Meara, John M. O'Meara and Donald J. Swistowicz, respectively.
- (3) Options are considered "in-the-money" if the fair market value of the underlying Common Stock exceeds the exercise price of the related stock option. For "in-the-money" options, the "Value of Unexercised In-the Money Options at December 31, 2001" represents the difference between the closing price of the Common Stock on December 31, 2001 (\$29.19) and the exercise price of the underlying options, multiplied by the number of applicable options. Since the inception of such Omnibus Plan, no stock options have been repriced.

Defined Benefit or Actuarial Pension and Retirement Plans

Average Final Earnings	Consolidated Pension Plan Table					
	<u>Years of Service</u>					
	<u>10</u>	<u>15</u>	<u>20</u>	<u>25</u>	<u>30</u>	<u>35</u>
\$ 125,000	\$ 14,090	\$ 19,363	\$ 24,941	\$ 30,519	\$ 36,097	\$ 41,675
150,000	17,310	23,818	30,646	37,474	44,302	51,130
175,000	20,530	28,273	36,351	44,429	52,507	60,585
200,000	23,750	32,728	42,056	51,384	60,712	70,040
225,000	26,970	37,183	47,761			

You may purchase shares of Common Stock at a 5% discount from the market price (see Question 16) by reinvesting cash dividends on all or less than all of the shares of Common Stock registered in your name. If you elect to reinvest cash

dividends
on less than
all of the
shares of
Common
Stock
registered
in your
name, you
will
continue to
receive
cash
dividends
on the
remaining
shares
registered
in your
name.

You may
purchase
additional
shares of
Common
Stock at the
same 5%
discount from
the market
price by
making
optional cash
payments at
any time of
not less than
\$500 per
payment nor
more than
\$1,000 per
month, unless
a Request for
Waiver has
been accepted
by MREIC as
described in
Question 12
below.

You pay no trading fees or service charge in connection with investments under the Plan.

Recordkeeping is simplified under the Plan by the provision of a statement of account to each participant.

Table of Contents

ADMINISTRATION

3. Who administers the Plan?

American Stock Transfer & Trust Company, LLC (the “Agent”) administers the Plan and provides certain administrative support. On behalf of participants, the Agent keeps records, sends statements of account after each purchase to participants and performs other duties relating to the Plan. The Agent purchases shares of Common Stock from MREIC as agent for participants in the Plan and credits such shares of Common Stock to the accounts of the individual participants.

The Agent can be contacted by phone at 1-888-556-0426, via its website at www.AmStock.com, or by mail at P.O. Box 922, Wall Street Station, New York, NY 10269-0560.

ELIGIBILITY

4. Who is eligible to participate?

(a) Stockholders of Record:

All holders of record of shares of MREIC Common Stock are eligible to participate in the Plan.

(b) Beneficial Owners of Shares of Common Stock:

Beneficial owners, whose shares of MREIC Common Stock are registered in names other than their own (for instance, in the name of a broker or bank nominee), may only participate in the reinvestment of cash dividends on such shares of Common Stock as described below under the heading “Participation” (see Question 6). A stockholder, all of whose shares of Common Stock are in street name or nominee name, may also participate in the optional cash payment provision by completing and sending in an Authorization Card certifying that he/she is a stockholder of MREIC.

5. How is the Plan to be interpreted?

Any question of interpretation arising under the Plan will be determined by MREIC and any such determination will be final.

Table of Contents

PARTICIPATION

6. How do holders of shares of Common Stock join the Plan?

A holder of record of shares of Common Stock may join the Plan at any time by completing and signing an Authorization Card and returning it to the Agent. An Authorization Card may be obtained at any time by writing to Monmouth Real Estate Investment Corporation, Attention: Stockholder Relations, Juniper Business Plaza, Suite 3-D, 3499 Route 9 North, Freehold, New Jersey 07728. A holder of record may also join the Plan by enrolling online through the Agent's website at www.AmStock.com and following the instructions for enrollments. All Plan materials, including enrollment forms, other Plan forms and this Prospectus, are available through the Agent.

If you do not hold shares registered in your name but instead hold them through a broker, bank or other nominee, you must either become a registered stockholder by having shares transferred into your name or, if permitted by your broker, bank or other nominee, arrange with the record holder to participate in the Plan on your behalf. If you choose the latter, you will not have an account administered by the Plan administrator; instead, you must deal with and through the record holder.

7. What are my options for participation under the Plan?

By marking the appropriate spaces on the Authorization Card or making the appropriate election online, you may choose among the following options:

“Full Dividend Reinvestment.” To reinvest cash dividends automatically on all shares of Common Stock now and subsequently registered in your name at 95% of the market price (see Question 16 below for a description of how this is computed).

“Partial Dividend Reinvestment.” To reinvest cash dividends automatically on less than all of the shares of Common Stock registered in your name (a specified number of full shares) at 95% of the market price and continue to receive cash dividends on the remaining shares of Common Stock. Under the Emergency Economic Stabilization Act, passed by Congress in 2008, if you elect partial dividend reinvestment, you must reinvest at least 10% of your dividend distribution.

“Optional Cash Payments.” To invest by making optional cash payments at any time in any amount not less than \$500 per payment nor more than \$1,000 per month, unless a Request for Waiver has been accepted by MREIC as

described in Question 12 below, whether or not any dividends are being automatically reinvested, at 95% of the market price.

Table of Contents

You may choose to both reinvest cash dividends automatically (either on all or less than all of the shares of Common Stock registered in your name) and to make optional cash payments. If you elect to make optional cash payments (but do not elect full or partial dividend reinvestment) you will continue to receive cash dividends on shares of Common Stock in the usual manner other than on those shares of Common Stock credited to your account under the Plan. The Agent will apply any optional cash payment received with the Authorization Card or with a subsequent payment form (see Question 11 below) to the purchase of shares of Common Stock under the Plan.

You may make these elections on the Authorization Card or when you enroll online at www.AmStock.com. The Authorization Card also provides a certification to be signed by beneficial owners whose shares of Common Stock are held in street or nominee name who wish to participate in the optional cash payment provisions.

The Agent will reinvest automatically any subsequent dividends on the shares of Common Stock credited to your account under the Plan, including any shares of Common Stock you purchase with optional cash payments. The Plan, in other words, operates so as to reinvest dividends on a cumulative basis on the shares of Common Stock designated on your Authorization Card and on all shares of Common Stock accumulated and held in your Plan account, until you specify otherwise by notice in writing delivered to the Agent or withdraw from the Plan altogether, or until the Plan is terminated. See Question 30 below for the consequences of sales of shares of Common Stock subject to the Plan.

8. May I change options under the Plan?

Yes. You may change options under the Plan at any time by completing and signing a new Authorization Card and returning it to the Agent or changing your election online at www.AmStock.com. The answer to Question 6 tells how to obtain an Authorization Card and return envelope or to enroll online. Any change concerning the reinvestment of dividends must be received by the Agent prior to the record date for a dividend (see Question 10) in order for the change to become effective with that dividend.

9. What transactions can I conduct through the Agent's online services?

The Agent offers you a convenient way for record holders to invest in Common Stock completely online, without having to send in any forms or checks by mail. Through the Agent's online services, you may:

Enroll in the Plan;

Change your dividend reinvestment election;

Review your transaction history and position summary;

Request certificates;

Download enrollment and other forms;

Update personal information; and

Receive transaction confirmations via email.

10

Table of Contents

You can access these services through the investor relations section of the Agent's website, *www.AmStock.com*. Participation in the Plan through the Internet is entirely voluntary.

If you are a registered holder, you will need your account number, social security number and password to access your account online. If your shares are registered in "street name," you must consult your broker or other record or registered holder for more information (Question 6).

10. When will investment of dividends respecting shares of Common Stock start?

If your Authorization Card or online election to reinvest dividends is received by the Agent prior to the record date for determining the holders of shares entitled to receive the next dividend, reinvestment of your dividends will commence with that next dividend payment. The record dates for dividend payments on the shares of Common Stock are generally on or about February 15, May 15, August 15 and November 15. If your Authorization Card or online election to reinvest dividends is received subsequent to the record date, reinvestment of your dividends (or designated portion thereof) will not start until payment of the next following dividend.

OPTIONAL CASH PAYMENTS

11. How does the cash payment option work?

Each participant in the Plan may invest in additional shares of Common Stock by making optional cash payments at any time. Participants in the Plan have no obligation to make any optional cash payments. Optional cash payments may be made at irregular intervals and the amount of each optional cash payment may vary, but no optional cash payments may be less than \$500 and the total optional cash payments invested by each owner of shares of Common Stock may not exceed \$1,000 per month, unless a Request for Waiver has been accepted by MREIC as described in Question 12 below.

An optional cash payment may be made by enclosing a check with the Authorization Card when enrolling; and thereafter by forwarding a check to the Agent with a payment form which will be attached to each statement of account. Checks must be in United States dollars and should be made payable to "American Stock Transfer & Trust Company." No interest will be paid on optional cash payments held by the Agent pending the purchase of shares of Common Stock. (See Questions 14 and 15 below).

Table of Contents

Optional cash payments must be received by the Agent by the tenth (10th) day of each calendar month. Optional cash payments received by the Agent subsequent to that date will be applied to the next month's optional cash payments.

WAIVER OF MAXIMUM LIMITS

12. May I make an optional cash payment in excess of \$1,000 per month?

Optional cash investments in excess of \$1,000 per month may be made only pursuant to a Request for Waiver (a "Request for Waiver") accepted by MREIC. Participants who wish to submit an optional cash investment in excess of \$1,000 for any Investment Date must obtain the prior written approval of MREIC. A Request for Waiver should be directed to Stockholder Relations at MREIC via telephone at 732-577-9996. MREIC has sole discretion to grant any approval for optional cash investments in excess of the allowable maximum amount. In deciding whether to approve a Request for Waiver, MREIC will consider relevant factors including, but not limited to, MREIC's need for additional funds, the attractiveness of obtaining such additional funds through the sale of Common Stock as compared to other sources of funds, the purchase price likely to apply to any sale of Common Stock, the participant submitting the request, the extent and nature of such participant's prior participation in the Plan, the number of shares of Common Stock held of record by such participant, and the aggregate amount of optional cash investments in excess of \$1,000 for which Requests for Waiver have been submitted by all participants. If Requests for Waiver are submitted for any Investment Date for an aggregate amount in excess of the amount MREIC is then willing to accept, MREIC may honor such requests in order of receipt, pro rata or by any other method that MREIC determines to be appropriate. With regard to optional cash investments made pursuant to a Request for Waiver, the Plan does not provide for a predetermined maximum limit on the amount that a participant may invest or on the number of shares that a participant may purchase.

MREIC does not anticipate approving any single participant Requests for Waiver to purchase more than two percent (2%) of the outstanding shares of MREIC's Common Stock on an annual basis. MREIC will generally grant Requests for Waiver where the participant is requesting to make one optional cash investment in lieu of making a series of investments over the next twelve (12) month period and so specifies in the participant's written request.

In no event will MREIC issue more shares in total than the number of shares registered for sale pursuant to the Plan.

PURCHASES

13. *What is the source of shares of Common Stock purchased under the Plan?*

Shares of Common Stock purchased under the Plan come from authorized but unissued shares of Common Stock of MREIC. Shares will not be purchased in the open market. You will pay no service fees, brokerage trading fees or other charges on purchases of newly issued shares of Common Stock under the Plan.

12

Table of Contents

14. When will dividends and optional cash payments be invested in shares of Common Stock?

Reinvestment of dividends will be made on the date when the dividend becomes payable. Optional cash payments will be invested on the Investment Date. In order to allow sufficient time for processing, optional cash payments must be received by the Agent by the tenth (10th) day of each month. Optional cash payments received by the Agent subsequent to that date will be applied to the next month's optional investment. Participants will become owners of shares of Common Stock purchased under the Plan as of the date of purchase.

15. What is the Investment Date?

The Investment Date for dividends will be the Dividend Payment Date (the "Investment Date"). We currently intend to pay dividends on March 15, June 15, September 15 and December 15 (each, a "Dividend Payment Date"). For optional cash payments, the Investment Date will be the Dividend Payment Date in months having dividends payable or otherwise on the fifteenth (15th) of each month. If an Investment Date falls on a Saturday, Sunday or holiday, the Investment Date will be the next following business day.

16. What will be the price of shares purchased under the Plan?

The officers of MREIC will determine the price of shares of Common Stock to be purchased under the Plan in accordance with the provisions of the next paragraph. It is intended that the price of shares to be purchased will be at a 5% discount from the market price (as defined below).

The Common Stock of MREIC is traded on the NYSE. The Officers of MREIC will fix the reinvestment price at a discount price equal to 95% of the market price determined as follows: the price at which the shares of Common Stock will be purchased will be the higher of 95% of the average of the daily high and low sale prices of MREIC's Common Stock on the NYSE on the four trading days including and preceding the Investment Date, or 95% of the average of the high and low sale prices of MREIC's Common Stock on the NYSE on the Investment Date. In the event there is no trading in the Common Stock, or if for any reason MREIC and the Agent have difficulty in determining the price of shares to be purchased under the Plan, then MREIC, on consultation with the Agent, will use such other public report or sources as MREIC deems appropriate to determine the market price and the appropriate 5% discount. If the reinvestment price involves a decimal with more than two places, the reinvestment price will be rounded up to the nearest cent.

Table of Contents

17. How will the number of shares of Common Stock purchased for me be determined?

The number of shares of Common Stock that will be purchased for you on any Investment Date will depend on the amount of your dividends to be invested, the amount of any optional cash payments and the applicable purchase price of the shares of Common Stock that results from dividing the aggregate amount of dividends and optional payments to be invested by the applicable purchase price. Partial shares will be credited to your account. At any time when you withdraw from the Plan or request all shares to be transferred to your name, you will receive a cash payment in lieu of any partial share. The amount of such cash payment will be based upon the then current market price of the Common Stock, less any commissions and any other costs of sale.

COSTS

18. Are there any costs to me for my purchases under the Plan?

There are no trading fees for purchases of shares of Common Stock under the Plan because shares are purchased directly from MREIC. All costs of administration of the Plan will be paid by MREIC. Brokers and nominees may impose charges or fees in connection with their handling of participation in the Plan by nominee and fiduciary accounts.

DIVIDENDS

19. Will dividends be paid on shares of Common Stock held in my Plan account?

Yes. Any cash dividends declared on shares of Common Stock held in your Plan account are automatically reinvested in additional shares of Common Stock and credited to your Plan account, including any shares you purchase with optional cash payments.

REPORTS TO PARTICIPANTS

20. *What reports will be sent to participants in the Plan?*

Following each purchase of shares of Common Stock for your account, the Agent will mail to you a statement of account showing amounts invested, the purchase price (see Question 16), the number of shares purchased, and other information for the year to date. Each participant will receive a Form 1099 showing income reportable for Federal income tax purposes following the final purchase in each calendar year (see Question 30). These statements are your record of the cost of your purchases and should be retained for income tax and other purposes. In addition, during the year you will receive copies of the same communications sent to all other holders of shares of Common Stock.

Table of Contents

CERTIFICATES FOR SHARES

21. Will I receive certificates for shares of Common Stock purchased under the Plan?

Shares of Common Stock purchased by the Agent for your account will be registered in the name in which your plan account is maintained, in book-entry form on the Agent's records, and certificates for such shares will not be issued to you until requested. The total number of shares credited to your account will be shown on each statement of account. This custodial service helps to protect you against the risk of loss, theft or destruction of stock certificates.

Certificates for any number of whole shares credited to your account will be issued to you at any time upon written request to the Agent. Cash dividends with respect to shares you own of record outside your Plan account will continue to be automatically reinvested in accordance with your election. Any remaining shares credited to your account will continue to be registered in the name in which your plan account is maintained in book-entry form on the Agent's records.

If the written request to the Agent is for certificates to be issued for all shares of Common Stock credited to your account, you will receive a cash payment in lieu of any partial share. The amount of such a cash payment will be based upon the then current market price of the Common Stock, less any commissions and any other costs of sale. You can also request full shares to be issued *via* the Internet or the Interactive Voice Response System.

Certificates for fractional shares will not be issued under any circumstances.

22. In whose name will certificates be registered and issued?

Upon your request, certificates for shares of Common Stock will be issued and registered in the name in which your Plan account is maintained. For holders of record, this generally will be the name or names in which your shares are registered at the time you enroll in the Plan. Upon written request, shares will be registered in any other name, upon the presentation to the Agent of evidence of compliance with all applicable transfer requirements.

Table of Contents

TRANSFER AND PLEDGE OF SHARES

23. Can I transfer shares that I hold in the Plan to someone else?

Yes. You may transfer ownership of some or all of your shares held through the Plan. You may call the Agent at (888) 556-0426 for complete transfer instructions or go to *www.AmStock.com* to download the appropriate materials. You will be asked to send the Agent written transfer instructions and your signature must be “Medallion Guaranteed” by a financial institution. Most banks and brokers participate in the Medallion Guarantee Program. The Medallion Guarantee Program ensures that the individual signing is in fact the owner of the shares to be transferred. A notary is not sufficient.

24. May shares of Common Stock in my Plan account be pledged?

No. You must first remove your shares from the Plan and request that certificates for shares credited to your Plan account be issued to you (see Question 21) before you can pledge such shares.

WITHDRAWAL FROM THE PLAN

25. When may I withdraw from the Plan?

You may withdraw from the Plan at any time. If your request to withdraw is received by the Agent more than three business days prior to a Dividend Payment Date your account will be terminated and all dividends paid after receipt of your request to withdraw will be paid in cash. However, if your request to withdraw from the Plan is received less than three days prior to the Dividend Payment Date then that dividend will be reinvested, but, all subsequent dividends will be paid in cash.

After your request for withdrawal has become effective, all dividends will be paid in cash to you unless and until you re-enroll in the Plan, which you may do at any time.

26. How do I withdraw from the Plan?

In order to withdraw from the Plan, please complete the tear-off portion of any Plan statement of account and send it to American Stock Transfer & Trust Company, LLC P.O. Box 922, Wall Street Station, New York, NY 10269-0560 or access your account on-line at www.AmStock.com, or call the toll free number at 1-888-556-0426. When you withdraw from the Plan, or upon termination of the Plan by MREIC, certificates for shares credited to your account under the Plan will be issued to you upon your request. You will receive a cash payment in lieu of any partial share. The amount of such a cash payment will be based upon the then current market price of the Common Stock, less any commissions and any other costs of sale.

Table of Contents

OTHER INFORMATION

27. What happens if I sell or transfer shares of Common Stock registered in my name?

If you dispose of all shares of Common Stock registered in your name, the dividends on the shares credited to your Plan account will continue to be reinvested in accordance with your election until you notify the Agent that you wish to withdraw from the Plan.

28. What happens if MREIC issues a stock dividend, declares a stock split or has a rights offering?

Any stock dividends or split shares distributed by MREIC on shares of Common Stock credited to your Plan account will be added to your account. Stock dividends or split shares distributed on shares of Common Stock for which you hold certificates will be mailed directly to you in the same manner as to stockholders who are not participating in the Plan.

In a regular rights offering, as a holder of record, you will receive rights based upon the total number of shares of Common Stock owned; that is, the total number of shares for which you hold certificates and the total number of shares held in your Plan account.

MREIC reserves the right to either curtail or suspend transaction processing until the completion of any stock dividend, stock split or corporate action.

29. Can I vote shares in my Plan account at meetings of stockholders?

Yes. You will receive a proxy for the total number of shares of Common Stock you hold of record, including those credited to your Plan account. The total number of shares of Common Stock held of record may also be voted in person at a meeting.

If the proxy is not returned or if it is returned unsigned, none of the shares of Common Stock you hold in record name, including those credited to your Plan account, will be voted unless you vote in person.

30. *What are the Federal income tax consequences of participation in the Plan?*

Under Internal Revenue Service rulings in connection with similar plans, dividends reinvested will be treated as taxable notwithstanding that the dividends are reinvested in stock. The 5% discount in addition, may also be taxable. Stockholders should consult their own tax consultant on the proper tax treatment of the 5% discount.

Table of Contents

Distributions of REITs are treated as dividends to the extent a REIT has earnings and profits for Federal income tax purposes. In general, dividends payable by REITs are not eligible for the reduced tax rate on qualified dividend income, except to the extent that certain holding requirements have been met and the REIT's dividends are attributable to dividends received from taxable corporations (such as its taxable REIT subsidiaries) or to income that was subject to tax at the corporate/REIT level (for example, if a REIT distributed taxable income that it retained and paid tax on in the prior taxable year) or to dividends properly designated by the REIT as "capital gain dividends." To the extent that the amount so distributed by MREIC exceeds the current and accumulated earnings and profits of MREIC, such excess would be treated for Federal income tax purposes as a return of capital to the stockholder to the extent of such stockholder's basis and then as capital gain. Each participant will receive a Form 1099 showing total dividend income, the amount of any nondividend distributions, and the amount of any capital gain dividend for the year.

The holding period of shares of Common Stock acquired under the Plan, whether purchased with dividends or optional cash payments, will begin on the day following the date on which the shares were purchased for your account.

As a participant in the Plan you will not realize any taxable income when you receive certificates for whole shares credited to your account, either upon your request for such certificates or upon withdrawal from or termination of the Plan. However, you will recognize gain or loss (which, for most participants, will be capital gain or loss) when whole shares acquired under the Plan are sold or exchanged after your withdrawal from or the termination of the Plan. If such gain or loss is capital, it will be long-term capital gain or loss if the shares sold are held for more than one year and will be short-term capital gain or loss if the shares sold are held for one year or less.

31. What is the responsibility of MREIC and the Agent under the Plan?

Neither MREIC nor the Agent nor its nominees, in administering the Plan, will accept liability for any act done in good faith or for any good faith omission to act, including, without limitation, any claim of liability arising out of failure to terminate a participant's account upon such participant's death prior to receipt of notice in writing of such death.

Neither MREIC nor the Agent can assure you of a profit or protect you against a loss on shares purchased under the Plan.

32. How are income tax withholding provisions applied to participants?

In the case of foreign participants who elect to have their dividends reinvested or who elect to make optional cash payments and whose dividends are subject to United States income tax withholding, an amount equal to the dividends payable to such participants who elect to reinvest dividends, or the amount of the optional cash payment made by a participant, less the amount of tax required to be withheld, will be applied by the Agent to the purchase of shares of Common Stock. A Form 1042S, mailed to each foreign participant after the final purchase of the calendar year, will show the amount of tax withheld in that year. A Form 1099 will be mailed to domestic participants in the event that Federal income tax withholding is imposed in the future on dividends to domestic participants.

Table of Contents

33. May the Plan be changed or discontinued?

MREIC reserves the right to modify, suspend or terminate the Plan at any time. All participants will receive notice of any such action. Any such modification, suspension or termination will not, of course, affect previously executed transactions. MREIC also reserves the right to adopt, and from time to time change, such administrative rules and regulations (not inconsistent in substance with the basic provisions of the Plan then in effect) as it deems desirable or appropriate for the administration of the Plan. The Agent reserves the right to resign at any time upon reasonable written notice to MREIC.

The purpose of the Plan is to provide stockholders with a systematic and convenient method of investing dividends and optional cash payments for long-term investment. Use of the Plan for any other purpose is prohibited.

MREIC reserves the right to return optional cash payments to subscribing stockholders if, in MREIC's opinion, the investment is not consistent with the purposes of the Plan. Stockholders who establish multiple accounts to circumvent the \$1,000 per month limit on optional cash investments are subject to MREIC's right to return all optional cash payments.

MREIC would consider lowering or eliminating the discount without prior notice to participants if for any reason MREIC believed that participants were engaging in positioning and other transactions with the intent to purchase shares of Common Stock under the Plan and then immediately resell such shares of Common Stock in order to monetize the discount. Any participant who engages in such transactions may be deemed to be an underwriter within the meaning of Section 2(11) of the Securities Act.

SPECIAL RULES TO PROTECT MREIC'S STATUS AS A QUALIFIED REAL ESTATE INVESTMENT TRUST ("REIT") UNDER THE PROVISIONS OF THE INTERNAL REVENUE CODE

MREIC reserves the right not to issue shares under the Plan to any stockholder holding more than 3% of MREIC's Common Stock. These stockholders may use the Plan both for dividend reinvestment and for optional cash payments but no shares will be issued to any stockholder if the issuance could provide for the disqualification of MREIC as a REIT under the provisions of the Internal Revenue Code. The decision of MREIC in this regard is final and the particular stockholders' only right shall be the return of any optional cash payment and the return of dividends in cash.

Table of Contents

MREIC also reserves the right to return optional cash payments to subscribing stockholders if, in MREIC's opinion, the investment is not consistent with the purposes of the Plan. This provision would cover stockholders who sell short shares on the NYSE and use the optional cash payment solely for purposes of attempting to earn the 5% differential. This provision can also be invoked to prevent any stockholder from creating multiple optional cash payment accounts. The purpose of the Plan is to provide stockholders with a systematic and convenient method of investing dividends and optional cash payments for long-term investment. Use of the Plan for any other purpose is prohibited.

USE OF PROCEEDS

MREIC has no basis for estimating precisely either the number of shares of Common Stock that ultimately may be sold pursuant to the Plan or the prices at which such shares will be sold. However, MREIC proposes to use the net proceeds from the sale of shares of Common Stock pursuant to the Plan, when and as received, to purchase additional properties in the ordinary course of business and for general corporate purposes, including the possible repayment of indebtedness. MREIC cannot predict with certainty how much of the proceeds from the sale of Common Stock pursuant to the Plan will be used for any of the above purposes. Until we use the net proceeds from the sale of shares of Common Stock pursuant to the Plan, they may be deposited in interest bearing cash accounts or invested in marketable securities, including securities that may not be investment grade. MREIC considers the Plan to be a cost-effective means of expanding its equity capital base and furthering its investment objectives while at the same time benefiting holders of shares of Common Stock.

PLAN OF DISTRIBUTION

We will sell our Common Stock acquired under the Plan directly to the participants. The shares acquired pursuant to the Plan may be resold in market transactions on any national securities exchange on which our common stock trades or in privately negotiated transactions. Our Common Stock is currently listed on the NYSE.

We may sell our Common Stock through the Plan to persons who, in connection with the resale of the shares, may be considered underwriters. In connection with these types of transactions, compliance with Regulation M under the Exchange Act would be required. We will not give any person any rights or privileges other than those that the person would be entitled to as a participant under the Plan. We will not enter into any agreement with any person regarding the person's purchase, resale or distribution of shares.

Subject to the availability of our Common Stock registered for issuance under the Plan, there is no total maximum number of shares that can be issued pursuant to the Plan. A participant is not required to pay any transaction fees, service fees, trading fees or other charges in connection with the purchase of Common Stock for his or her plan account under the Plan. The participant will only have to pay fees in connection with his or her voluntary sale of shares from his or her plan account.

Table of Contents

INDEMNIFICATION

The Maryland General Corporation Law (the “MGCL”), permits a Maryland corporation to include in its charter a provision eliminating the liability of its directors and officers to the corporation and its stockholders for money damages, other than for liability resulting from (i) actual receipt of an improper benefit or profit in money, property or services or (ii) active and deliberate dishonesty that was established by a final judgment and was material to the cause of action. The Company’s charter contains a provision that eliminates the liability of our directors and officers to the maximum extent permitted by Maryland law.

The MGCL requires a Maryland corporation (unless its charter provides otherwise, which MREIC’s charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made a party by reason of his or her service in that capacity. The MGCL permits a Maryland corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made a party by reason of their service in those or other capacities unless it is established that (i) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (a) was committed in bad faith or (b) was the result of active and deliberate dishonesty, (ii) the director or officer actually received an improper personal benefit in money, property or services or (iii) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. Under the MGCL, a Maryland corporation also may not indemnify for an adverse judgment in a suit by or on behalf of the corporation or for a judgment of liability on the basis that personal benefit was improperly received. A court may order indemnification if it determines that the director or officer is fairly and reasonably entitled to indemnification, even though the director or officer did not meet the prescribed standard of conduct or was adjudged liable on the basis that personal benefit was improperly received. However, indemnification for an adverse judgment in a suit by or on behalf of the corporation, or for a judgment of liability on the basis that personal benefit was improperly received, is limited to expenses. In addition, Maryland law permits a Maryland corporation to advance reasonable expenses to a director or officer upon receipt of (a) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation and (b) a written undertaking by him or her on his or her behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the standard of conduct was not met.

MREIC’s charter requires it, to the fullest extent permitted by Maryland law as in effect from time to time, to indemnify and advance expenses to its directors and officers, whether serving MREIC or, at MREIC’s request, any other entity, who were or are parties or are threatened to be made parties to any threatened or actual suit, investigation or other proceeding, including administrative actions, as a result of their status or actions as directors or officers of us. MREIC’s charter authorizes it to provide the same indemnification and advancement of expenses to its employees and agents.

Table of Contents

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that, in the opinion of the Commission, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

The Company has entered into indemnification agreements with its directors and executive officers which generally provide that the Company is required to indemnify any director or officer who was, is or becomes a party to or witness or other participant in: (i) any threatened, pending or completed action, suit or proceeding in which such director or officer may be or may have been involved, as a party or otherwise, by reason of the fact that the director or officer was acting in his or her capacity as a director or officer of the Company; and (ii) any inquiry, hearing or investigation that such director or officer in good faith believes might lead to the institution of any such action, suit or proceeding against any and all expenses, to the fullest extent permitted by law.

EXPERTS

The consolidated financial statements and schedules of Monmouth Real Estate Investment Corporation as of September 30, 2015 and 2014 and for each of the three years in the period ended September 30, 2015, included in our Annual Report on Form 10-K for the year ended September 30, 2015, have been incorporated by reference herein in reliance upon the report of PKF O'Connor Davies, LLP, our independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

LEGAL MATTERS

Venable LLP will pass upon certain legal matters in connection with the issuance of shares of Common Stock pursuant to the Plan.

Table of Contents**Item 14. Other Expenses of Issuance and Distribution.**

The following are estimates of the expenses to be incurred in connection with the issuance and distribution of the securities to be registered:

Commission Registration Fee	\$7,824.39
Accounting Fees and Expenses	2,100.00
Legal Fees and Expenses	8,000.00
Printing Expenses	2,000.00
Miscellaneous	1,075.61
Total	\$21,000.00

Item 15. Indemnification of Directors and Officers.

Monmouth Real Estate Investment Corporation (the “Company”) is incorporated under the laws of the State of Maryland. The Maryland General Corporation Law (the “MGCL”) permits a Maryland corporation to include in its charter a provision eliminating the liability of its directors and officers to the corporation and its stockholders for money damages, other than liability resulting from (i) actual receipt of an improper benefit or profit in money, property or services or (ii) active and deliberate dishonesty that was established by a final judgment and was material to the cause of action. The Company’s charter contains a provision that eliminates the liability of its directors and officers to the maximum extent permitted by Maryland law.

The MGCL requires a Maryland corporation (unless its charter provides otherwise, which the Company’s does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made a party by reason of his or her service in that capacity. The MGCL permits a Maryland corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made a party by reason of their service in those or other capacities unless it is established that (i) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (a) was committed in bad faith or (b) was the result of active and deliberate dishonesty, (ii) the director or officer actually received an improper personal benefit in money, property or services or (iii) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful.

However, under the MGCL, a Maryland corporation may not indemnify for an adverse judgment in a suit by or on behalf of the corporation or for a judgment of liability on the basis that personal benefit was improperly received. A court may order indemnification if it determines that the director or officer is fairly and reasonably entitled to indemnification, even though the director or officer did not meet the prescribed standard of conduct or was adjudged liable on the basis that personal benefit was improperly received. However, indemnification for an adverse judgment in a suit by or on behalf of the corporation, or for a judgment of liability on the basis that personal benefit was improperly received, is limited to expenses.

Table of Contents

In addition, Maryland law permits a Maryland corporation to advance reasonable expenses to a director or officer upon receipt of (a) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the Company and (b) a written undertaking by him or her on his or her behalf to repay the amount paid or reimbursed by the Company if it is ultimately determined that the standard of conduct was not met.

The Company's charter requires it, to the fullest extent permitted by Maryland law as in effect from time to time, to indemnify and advance expenses to its directors and officers, whether serving the Company or at its request any other entity, who were or are parties or are threatened to be made parties to any threatened or actual suit, investigation or other proceeding, including administrative actions, as a result of their status or actions as directors or officers of the Company. The Company's charter authorizes it to provide the same indemnification and advancement of expenses to employees and agents of the Company.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended (the "Securities Act"), may be permitted to directors, officers or persons controlling the Company pursuant to the foregoing provisions, the Company has been informed that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

The Company has entered into indemnification agreements with its directors and executive officers which generally provide that the Company is required to indemnify any director or officer who was, is or becomes a party to or witness or other participant in: (i) any threatened, pending or completed action, suit or proceeding in which such director or officer may be or may have been involved, as a party or otherwise, by reason of the fact that the director or officer was acting in his or her capacity as a director or officer of the Company; and (ii) any inquiry, hearing or investigation that such director or officer in good faith believes might lead to the institution of any such action, suit or proceeding against any and all expenses, to the fullest extent permitted by law.

Table of Contents

Item 16. Exhibits.

Exhibit Number	Description of Exhibit
4.1	Specimen Authorization Card – American Stock Transfer & Trust Company, LLC.
4.2	Specimen certificate of common stock of Monmouth Real Estate Investment Corporation (incorporated by reference to Exhibit 4.1 to the Form 10Q filed by the Registrant with the Securities and Exchange Commission on August 5, 2015, Registration No. 001-33177)
5.1	Opinion of Venable LLP.
23.1	Consent of Venable LLP (included in Exhibit 5.1).
23.2	Consent of PKF O’Connor Davies, LLP.
24.1	Powers of Attorney (included on the signature page).
25	

Table of Contents

Item 17. Undertakings.

The Registrant hereby undertakes:

(a) (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(ii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

Provided however, that:

Paragraphs (a)(1)(i) and (a)(1)(ii) of this section do not apply if the registration statement is on Form S-8, and the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement; and

Table of Contents

Paragraphs (a)(1)(i), (a)(1)(ii) and (a)(1)(iii) of this section do not apply if the registration statement is on Form S-1, Form S-3, Form SF-3 or Form F-3 and the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus, or, as to a registration statement on Form S-3, Form SF-3, or Form F-3, is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(i) If the registrant is relying on Rule 430B (Section 230.430B of the Regulations under the Securities Act of 1933):

A. Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

Table of Contents

Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date; or

If the registrant is subject to Rule 430C, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a (ii) registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

Table of Contents

(5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities: The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

- (i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;
- (ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;
- (iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and
- (iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, each of the undersigned registrants has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, each of the undersigned registrants will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Borough of Freehold, State of New Jersey, on March 1, 2016.

MONMOUTH REAL ESTATE INVESTMENT CORPORATION

By: */s/ Michael P. Landy*

Name: Michael P. Landy

Title: President, Chief Executive Officer, and Director

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Michael P. Landy and Kevin S. Miller, and each of them, his or her true and lawful attorneys in fact and agents with full power of substitution and resubstitution for him and in his name, place and stead, in any and all capacities, to sign any or all amendments (including post-effective amendments) of and supplements to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Commission, granting unto such attorneys in fact and agents and each of them full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, to all intents and purposes and as fully as they might or could do in person, hereby ratifying and confirming all that such attorneys in fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
<i>/s/ Michael P. Landy</i> Michael P. Landy	President, Chief Executive Officer, and Director	March 1, 2016
<i>/s/ Kevin S. Miller</i> Kevin S. Miller	Chief Financial Officer and Chief Accounting Officer	March 1, 2016

<i>/s/ Eugene W. Landy</i> Eugene W. Landy	Chairman of the Board and Director	March 1, 2016
<i>/s/ Anna T. Chew</i> Anna T. Chew	Director	March 1, 2016
<i>/s/ Daniel D. Cronheim</i> Daniel D. Cronheim	Director	March 1, 2016
<i>/s/ Brian H. Haimm</i> Brian H. Haimm	Director	March 1, 2016
<i>/s/ Neal Herstik</i> Neal Herstik	Director	March 1, 2016
<i>/s/ Matthew I. Hirsch</i> Matthew I. Hirsch	Director	March 1, 2016
<i>/s/ Samuel A. Landy</i> Samuel A. Landy	Director	March 1, 2016
<i>/s/ Scott L. Robinson</i> Scott L. Robinson	Director	March 1, 2016
<i>/s/ Stephen B. Wolgin</i> Stephen B. Wolgin	Director	March 1, 2016

