

March 3, 2009

Special Inspector General – TARP
1500 Pennsylvania Avenue, NW; Suite 1064
Washington, D.C. 20220

Re: Mid Penn Bancorp, Inc and its wholly-owned subsidiary Mid Penn Bank
\$10 Million in CPP funds

Dear Sir or Madam:

I am writing in response to your letter of February 6, 2009, concerning our Bank's use of the \$10 million received under the Capital Purchase Program in December of 2008. Our plan is use the funds to bolster our capital so that the bank need not curtail lending in this environment where raising capital, even for strong, community banks such as ours, is difficult and expensive. Our plan for the \$10 million infusion was to increase our net loan portfolio by at least \$10 million by the end of the first quarter of 2009. We have not segregated these funds, but it will be a simple matter for us to track our net loan growth from the time we received the infusion of capital.

In fact, from the date of receipt of the capital on December 19, 2008, we have increased loans by nearly \$12 million to date. We plan on continuing to leverage the capital infusion to allow us to continue to keep credit flowing to qualified borrowers in our market, Harrisburg, PA, and the surrounding region. (Documentation from our Bank's daily ledger showing this increase is being forwarded to you via US Mail.)

Our Compensation Committee met in January to ascertain that we will not be violating any executive compensation requirements of the TARP as we plan for 2009. As a result, our Chief Lending Officer was excluded from participation in our lender incentive program. We continue to monitor the compensation requirements of the program, and to implement any necessary changes to abide by these rules.

I hereby certify the accuracy of all statements, representations, and supporting information provided, subject to the requirements and penalties set forth in Title 18, United States Code, Section 1001.

/s/ Kevin W. Laudenslager
Vice President and Treasurer
Mid Penn Bancorp, Inc.
349 Union St.
Millersburg, PA 17061

(b) (6)

MID PENN BANK
 FINANCIAL MANAGEMENT SYSTEM
 DAILY STATEMENT OF CONDITION - MID PENN BANK

	CURRENT BALANCE	PREVIOUS BALANCE	EOM BAL FEB '09	EOM BAL MAR '08	EOY BAL FYTD 2008
3251650100 FRESH START LOANS	1,769.36	1,769.36	1,869.36	1,289.83	4,250.14
3251700100 UNEARNED INT-INSTALLMENT LOANS	370,920.20-	371,438.18-	372,485.20-	553,237.09-	395,717.17-
3251800100 UNEARNED INCOME-LEASES	686,455.41-	686,455.41-	686,455.41-	879,976.87-	731,719.10-
3251850100 UNEARNED INT-LEASES-RESIDUAL	25,692.02-	25,692.02-	25,692.02-	32,879.38-	27,053.82-
3251900100 ALLOWANCE FOR LOAN LOSSES	5,608,799.97-	5,607,799.97-	5,607,799.97-	4,867,346.43-	5,504,660.25-
3251950100 UNREAL DEPR-MTG HELD FOR SALE	.00	.00	.00	.00	.00
3252000100 DISCOUNT ON PURCHASED MTGS	.00	.00	.00	.00	.00
3252100100 DISCOUNT ON PUR COMMERCIAL INS	5,518.72-	5,519.24-	5,520.26-	212.30-	5,550.71-
3252200100 UNEARNED ORIG FEES-MTGS SOLD	59,335.50-	59,394.01-	59,510.95-	72,382.98-	58,974.24-
3252250100 UNEARNED ORIG FEES-MTGS HELD	576,839.35-	576,744.37-	576,554.68-	556,861.27-	576,284.08-
3252300100 UNEARNED ORIG FEES-OTHER LOANS	1,841.24	1,841.57	1,842.25	1,551.12	1,862.10
3252400100 UNREALIZED SALARY EXP-MTG SOLD	24,843.50	24,864.34	24,906.01	27,212.25	24,713.55
3252450100 UNREALIZED SALARY EXP-MTG HELD	315,978.99	315,904.62	316,163.32	271,525.42	311,521.05
3252500100 UNREALIZED SALARY EXP-OTHER LN	155,380.41	141,019.59-	894,980.41	2,675,961.68	2,070,748.09
3258000100 COMM LOANS IN TRANSIT	2,234,500.00	2,234,500.00	2,234,500.00	187,000.00	553,700.00
3258100100 MORTGAGE LOANS IN TRANSIT-ARG	.00	.00	.00	298,000.00	.00
3258200100 MORTGAGE LOANS IN TRANSIT-FAMC	.00	.00	.00	.00	785,000.00
3259000100 LOANS (IN-PROCESS)	.00	.00	.00	.00	.00
3259050100 LAS TRANSFERS IN-PROCESS	.00	.00	.00	.00	.00
3259070100 LEASE PAYMENTS IN-PROCESS	.00	.00	70.93	.00	.00
3259100100 LOANS (NO-POST DEBITS)	2,500.00	496,000.00	60,000.00	45,000.00	47,886.13
3259200100 LOANS (NO-POST CREDITS)	24,344.98-	11,225.47-	60,418.92-	32,955.59-	64,384.96-
3259300100 CREDIT CARD CASH ADV CLEARING	18,193.41	31,488.71	30,941.70	12,943.58	23,033.65
3260100100 MORTGAGE LOANS-CONTRA	.00	.00	.00	.00	.00
3260200100 COMMERCIAL LOANS-CONTRA	103,071.46	103,071.46	103,071.46	120,620.75-	92,159.66
* TOTAL LOANS, NET *	437,145,800.86	437,915,273.19	438,699,777.00	384,324,299.27	429,161,003.37
3355100100 INVESTMENTS-U.S. TREASURY	.00	.00	.00	.00	.00
3355200100 INVESTMENTS-U.S. GOV'T AGENCY	11,834,351.21	13,334,549.67	13,334,946.58	21,048,351.28	13,346,655.24
3355250100 INVESTMENTS-MTG-BACKED SECS	61,456.12	61,456.12	61,456.11	.00	63,225.06
3355275100 INVESTMENTS-CMO	3,722,990.86	3,722,999.18	3,723,015.86	.00	4,090,378.27
3355300100 INVESTMENTS-CERT OF DEPOSIT	42,757,000.00	42,559,000.00	42,556,000.00	61,061,000.00	50,077,000.00
3355400100 INVESTMENTS-OTHER SECURITIES	.00	.00	.00	.00	.00
3355500100 INVESTMENTS-MUNI BONDS(TAX-EX)	250,000.00	250,000.00	250,000.00	3,698,100.00	250,000.00
3355600100 INVESTMENTS-EQUITY SECURITIES	25,150,711.53	25,150,714.49	25,150,720.52	30,186,234.10	25,150,897.83
3355620100 INVESTMENTS-PHLB STOCK	3,721,200.00	3,721,200.00	3,721,200.00	.00	3,605,500.00
3355700100 INVESTMENTS-MUNI BONDS(TAXBL)	.00	.00	.00	.00	.00
3355720100 INVESTMENTS-MEMBERSHIP STOCK ACBB	12,000.00	12,000.00	12,000.00	.00	12,000.00
3355750100 BONDS (IN-PROCESS)	.00	8.63-	101,345.07-	1,947.12-	1,558.44-
3355900100 VALUATION ALLOWANCE	832,056.61	840,021.61	838,514.07	1,073,663.73	838,483.27
3355920100 UNREALIZED INV DEPRECIATION	.00	.00	.00	61,066.95-	.00
* TOTAL INVESTMENTS *	88,341,766.33	89,651,932.44	89,546,508.07	117,004,335.04	97,432,581.23
3400100100 FED FDS SLD-MELLON BANK	.00	.00	.00	.00	.00
3400200100 FED FDS SLD-ATLANTIC CENTRAL	5,795,000.00	715,000.00	836,000.00	.00	.00
3400800100 FED FDS SLD-FULTON BANK	.00	.00	.00	.00	.00
* TOTAL FEDERAL FUNDS SOLD *	5,795,000.00	715,000.00	836,000.00	.00	.00
3450100100 BANK PREMISES OWNED	9,060,108.00	9,060,108.00	9,060,108.00	8,764,846.50	9,060,108.00
3450200100 FURNITURE & FIXTURES	8,100,289.14	8,100,289.14	8,100,289.14	7,233,450.73	8,000,984.85
3450300100 BANK PREMISES OWNED-LAND	2,790,633.46	2,790,633.46	2,790,633.46	2,770,633.46	2,790,633.46
3450400100 LAND IMPROVEMENTS	192,933.73	192,933.73	192,933.73	174,508.73	192,933.73
3450500100 LEASEHOLD IMPROVEMENTS	133,456.29	133,456.29	133,456.29	133,456.29	133,456.29