



Freeport State Bank

HARPER, KANSAS 67058
(620) 896-7391

FAX: (620) 896-2249

FREEPORT, KANSAS 67049
(620) 962-5241

MEMBER F.D.I.C.

LEON A. DROUHARD, Chairman & CEO
PATRICK A. KERSCHEN, President

CURT CLARK, Senior Vice President
GARY UMMEL, JR., Cashier

March 5, 2009

Neil M. Barofsky
Special Inspector General
Troubled Asset Relief Program
1500 Pennsylvania Ave., N.W., Suite 1064
Washington, D.C. 20220

Dear Mr. Barofsky:

The anticipated use of the TARP funds was to augment capital of the bank to allow for expanded lending to better serve our community. The TARP funds for our bank were all put into Tier 1 Capital of the bank and are segregated as Perpetual Preferred Stock. No TARP funds remain unspent. Our lending has increased in the short time since receiving the TARP funds by 5.63% from \$9,433,516 to \$9,964,730. I have by attachment included a general ledger comparison for February 4, 2009 and March 4, 2009 reflecting these figures.

Executive compensation has not changed from what it was before receiving TARP funds to what it is now. No changes are anticipated that would violate the Department of Treasury guidelines. We have no longer-term nor deferred forms of executive compensation.

We anticipate leveraging the TARP funds used to increase Tier 1 capital to further increase the lending in our community ongoing into the future.

I hereby certify the accuracy of this letter and attached general ledger comparison document.

Very truly yours,

Leon A. Drouhard
Chairman & CEO

Enclosure by attachment

"PEOPLE SERVING PEOPLE"
SERVING THE COMMUNITY
SINCE 1902

THE FREEPORT STATE BANK
HARPER, KS

Print Date: 3/4/2009

GL Comparison

Page 1 of 5

Acct #	Description	02/04/2009	03/04/2009	Difference	% Diff
--------	-------------	------------	------------	------------	--------

(b) (4)