

MID PENN BANCORP INC  
Form 424B3  
February 04, 2009  
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Registration No. 333-156759

**Mid Penn Bancorp, Inc.**

**10,000 Fixed Rate Cumulative Perpetual Preferred Stock, Series A**

**(or Depository Shares Evidencing Fractional Interests in Such Shares)**

**and**

**73,099 Shares of Common Stock and a Warrant to Purchase Such Shares**

This prospectus relates to the potential resale from time to time by selling securityholders of some or all of the shares of our Fixed Rate Cumulative Perpetual Preferred Stock, Series A, par value \$1.00 per share (the Series A Preferred Stock ) or, in the event such shares are deposited with a depository as described in this prospectus, depository shares evidencing fractional interests in such shares, a warrant to purchase 73,099 shares of our common stock, par value \$1.00 per share, and any shares of common stock issuable upon the exercise of the warrant. The Series A Preferred Stock and the warrant were originally issued by us pursuant to the Letter Agreement dated December 19, 2008, and the related Securities Purchase Agreement Standard Terms, between us and the United States Department of the Treasury (the U.S. Treasury ) which imposed certain terms and conditions on us, including restrictions on executive compensation. The Series A Preferred Stock and the warrant were issued in a transaction exempt from the registration requirements of the Securities Act of 1933, as amended (the Securities Act ).

The selling securityholders who may sell or otherwise dispose of the securities offered by this prospectus include the U.S. Treasury and any other holders of the securities covered by this prospectus to whom the U.S. Treasury has transferred its registration rights in accordance with the terms of the Letter Agreement between us and the U.S. Treasury. The selling securityholders may offer the securities from time to time directly or through underwriters, broker-dealers or agents in one or more public or private transactions and at fixed prices, prevailing market prices, at prices related to the prevailing market prices, or at negotiated prices. If these securities are sold through underwriters, broker-dealers or agents, the selling securityholders will be responsible for underwriting discounts or commissions or agents' commissions. We will not receive any proceeds from the sale of securities by the selling securityholders.

Our common stock is listed on the Nasdaq Stock Market, Inc. and trades under the ticker symbol MPB . On January 30, 2009, the closing sale price of our common stock on the Nasdaq Stock Market was \$18.14. You are urged to obtain current market quotations of the common stock. Neither the Series A Preferred Stock nor the warrant is listed on any national securities exchange, and, unless requested by the U.S. Treasury, we do not intend to seek such a listing for the Series A Preferred Stock or warrant.

**The securities offered by this prospectus are not savings accounts, deposits or other obligations of any bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.**

**Investing in our securities involves risks. See the Risk Factors section beginning on page 3.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

The date of this prospectus is February 4, 2009.

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**About This Prospectus**

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (the SEC) using a shelf registration, or continuous offering process. Under this process, the selling securityholders may from time to time sell or otherwise dispose of the securities described in this prospectus in one or more offerings.

You only should rely on the information contained or incorporated by reference in this prospectus and any supplement to this prospectus. We have not, and the selling securityholders have not, authorized anyone to provide you with information different from that contained in this prospectus. The selling securityholders are offering to sell, and seeking offers to buy, the securities covered by this prospectus only in jurisdictions where it is lawful to do so. The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of these securities. Neither the delivery of this prospectus nor any sale made under this prospectus shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information contained or incorporated by reference in this prospectus is correct as of any time subsequent to the date of such information.

All references in this prospectus to Mid Penn, we, us, our, or similar references mean Mid Penn Bancorp, Inc. and its subsidiary, Mid Penn Bank, unless otherwise expressly stated or the context otherwise requires.

**Special Note Regarding Forward-Looking Statements**

This document, including information incorporated by reference in this document, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, with respect to the financial condition, results of operations and business of Mid Penn and its subsidiary Mid Penn Bank. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words such as believe, expect, anticipate, intend, plan, estimate or words of similar meaning, or future or conditional verbs such as will, would, should, could or may.

These forward-looking statements involve substantial risks and uncertainties. There are many factors that may cause actual results to differ materially from those contemplated by these forward-looking statements. See Risk Factors, beginning on page 3 of this prospectus.

Forward-looking statements speak only as of the date they are made. Mid Penn does not undertake to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made. Although Mid Penn believes that its expectations are reasonable, it can give no assurance that such expectations will prove to be correct. Based upon changing conditions, should any one or more of these risks or uncertainties materialize, or should any underlying assumptions prove incorrect, actual results may vary materially from those described in any forward-looking statements.

Forward-looking statements should not be viewed as predictions and should not be the primary basis upon which investors evaluate Mid Penn. Any investor in Mid Penn should consider all risks and uncertainties disclosed in our filings with the SEC, described below under the heading Where You Can Find More Information, all of which are accessible on the SEC's website at [www.sec.gov](http://www.sec.gov).

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**Where You Can Find More Information**

Mid Penn is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act), and, in accordance therewith, files reports, proxy statements and other information with the SEC. Such reports, proxy statements and other information can be inspected and copied at the Public Reference Room, 100 F Street, N.E., Washington, D.C. 20549. Copies of such materials may also be obtained from the Public Reference Room of the Commission at its Washington address, by mail at prescribed rates. The SEC maintains a website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address of the SEC site is <http://www.sec.gov>.

This prospectus omits certain of the information contained in the Registration Statement, and reference is hereby made to the Registration Statement and to the exhibits relating thereto for further information with respect to Mid Penn and the securities offered hereby. Any statements contained herein concerning any document are not necessarily complete, and, in each instance, reference is made to the copy of such document filed as an exhibit to the Registration Statement or otherwise filed with the SEC. Each such statement is qualified in its entirety by such reference.

No person has been authorized to give any information or to make any representation not contained in this prospectus, and if given or made, such information or representation should not be relied upon as having been authorized. This prospectus does not constitute an offer to sell, or a solicitation of an offer to purchase, any of the securities to which this prospectus relates in any jurisdiction to or from any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. Neither delivery of this prospectus nor any sale of securities to which this prospectus relates shall, under any circumstance, create any implication that there has been no change in the affairs or condition of Mid Penn since the date hereof or that the information contained herein is correct as of any time subsequent to the date hereof.

**Incorporation By Reference**

There are hereby incorporated by reference into this prospectus the following documents filed by Mid Penn with the SEC:

1. Mid Penn's Annual Report on Form 10-K for the year ended December 31, 2007;
2. Mid Penn's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2008, June 30, 2008, and September 30, 2008; and
3. Mid Penn's Current Reports on Form 8-K's filed on January 25, 2008, February 8, 2008, April 4, 2008, April 24, 2008, June 30, 2008, July 21, 2008, July 24, 2008, September 2, 2008, October 8, 2008, October 14, 2008, October 17, 2008, October 23, 2008, October 30, 2008, November 28, 2008, December 1, 2008, December 10, 2008, December 22, 2008, December 29, 2008, January 26, 2009, and January 28, 2009.

All reports filed by Mid Penn pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus and prior to the termination of the offering made hereby shall be deemed to be incorporated by reference into this prospectus and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement.

Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus. Mid Penn will provide without charge to each person to whom a copy of this prospectus has been delivered, on the request of any such person, a copy of any or all of the documents referred to under this section that have been incorporated in the prospectus by reference. Requests for such copies should be directed to Cindy L. Wetzel, Mid Penn Bancorp, Inc., 349 Union Street, Millersburg, Pennsylvania 17061. Telephone requests may be directed to Ms. Wetzel at (717) 692-2133.

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### **Summary**

*This summary highlights information contained elsewhere in, or incorporated by reference into, this prospectus. As a result, it does not contain all of the information that may be important to you or that you should consider before investing in our securities. You should read this entire prospectus and the documents incorporated by reference into this prospectus.*

### **Mid Penn Bancorp, Inc.**

Mid Penn Bancorp, Inc. ( Mid Penn ), a Pennsylvania business corporation, is a bank holding company registered with and supervised by the Board of Governors of the Federal Reserve System. Mid Penn was formed in 1991, as the holding company for Mid Penn Bank, a subsidiary Pennsylvania-chartered commercial bank.

Mid Penn Bank is a full-service commercial bank with trust powers and provides a wide range of banking and financial services to individuals and small to medium-sized businesses. The principal executive offices of Mid Penn are located at 349 Union Street, Millersburg, Pennsylvania 17061, and its telephone number is (717) 692-2133. You may find further information regarding Mid Penn and Mid Penn Bank at [www.midpennbank.com](http://www.midpennbank.com).

### **Securities Being Offered**

On December 19, 2008, pursuant to the Troubled Asset Relief Program Capital Purchase Program of the U.S. Treasury, we sold to the U.S. Treasury 10,000 shares of our Series A Preferred Stock, liquidation preference amount \$1,000 per share, for an aggregate purchase price of \$10.0 million. Furthermore, we concurrently issued to the U.S. Treasury a ten-year warrant to purchase up to 73,099 shares of our common stock at an exercise price of \$20.52 per share. The issuance of the Series A Preferred Stock and the warrant were completed in a non-public offering exempt from the registration requirements of the Securities Act of 1933. We were required under the terms of the Letter Agreement, dated December 19, 2008, and the related Securities Purchase Agreement Standard Terms to register for resale the shares of the Series A Preferred Stock, the warrant, and the shares of our common stock underlying the warrant. This registration includes depository shares, representing fractional interests in the Series A Preferred Stock, which may be resold pursuant to this prospectus in lieu of whole shares of Series A Preferred Stock in the event U.S. Treasury requests that we deposit the Series A Preferred Stock held by U.S. Treasury with a depository under a depository arrangement entered into in accordance with the Letter Agreement. The terms of the Series A Preferred Stock, the warrant, and our common stock are described under Description of Series A Preferred Stock , Description of Warrant , and Description of Common Stock. The Letter Agreement between us and the U.S. Treasury was attached as Exhibit 10.1 to our Current Report on Form 8-K filed on December 22, 2008 and incorporated into this prospectus by reference.

### **Risk Factors**

An investment in our securities involves significant risks. You should carefully consider the risks and uncertainties and the risk factors set forth in the documents and reports filed with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, that are incorporated by reference into this prospectus, as well as any risks described in any applicable prospectus supplement, before you make an investment decision regarding the securities covered by this prospectus. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also adversely affect our business, prospects, financial condition, results of operations and cash flows.

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We will not receive any proceeds from the sale of Series A Preferred Stock or the warrant by the selling securityholders. If the holder of the warrant does not elect a cashless exercise, we may receive proceeds from the exercise of some or all of the warrant. See Description of Warrant to Purchase Common Stock Exercise of Warrant.

**Ratios of Earnings to Fixed Charges and Preferred Dividends**

No shares of our Series A Preferred Stock, or any other class of preferred stock, were outstanding during the years ended December 31, 2007, 2006, 2005, 2004 and 2003, or during the nine months ended September 30, 2008 and 2007, and we did not pay preferred stock dividends during these periods. Consequently, the ratios of earnings to fixed charges and preferred dividends are the same as the ratios of earnings to fixed charges for the same periods listed above. The ratios of earnings to fixed charges for the years ended December 31, 2007, 2006, 2005, 2004 and 2003, and the nine months ended September 30, 2008 and 2007 are as follows:

	Nine Months Ended		Years Ended December 31,				
	September 30, 2008	2007	2007	2006	2005	2004	2003
Ratio of earnings to combined fixed charges (1)							
Including interest on deposits	1.40	1.40	1.39	1.51	1.65	1.72	1.70
Excluding interest on deposits	2.71	2.62	2.54	2.67	3.03	3.41	3.52

- (1) For purposes of computing the ratio, earnings consist of income from continuing operations before income taxes and fixed charges. Fixed charges consist of interest expense on all long- and short-term borrowings, including / excluding interest on deposits, and one-third of rental expense, which we believe is representative of the interest factor.

**Selling Securityholders**

On December 19, 2008, we issued the Series A Preferred Stock and the warrant to the U.S. Treasury, which is the initial selling securityholder under this prospectus, in a transaction exempt from the registration requirements of the Securities Act. The U.S. Treasury, or its successors, including transferees, may from time to time offer and sell, pursuant to this prospectus or a supplement to this prospectus, any or all of the securities they own. The securities to be offered under this prospectus for the account of the selling securityholders are:

10,000 shares of Series A Preferred Stock, representing beneficial ownership of 100% of the shares of Series A Preferred Stock outstanding on the date of this prospectus or, in the event the U.S. Treasury requests that we deposit the shares of Series A Preferred Stock with a depository in accordance with the Letter Agreement between us and the U.S. Treasury, depository shares evidencing fractional share interests in such shares of Series A Preferred Stock;

A warrant to purchase 73,099 shares of our common stock, representing beneficial ownership of approximately 2.10 % of our common stock as of January 12, 2009; and

73,099 shares of our common stock issuable upon full exercise of the warrant, which shares, if issued, would represent beneficial ownership of approximately 2.10% of our common stock as of January 12, 2009.

For purposes of this prospectus, we have assumed that, after completion of the offering, none of the securities covered by this prospectus will be held by the selling securityholders or affiliates thereof.

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Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to the securities. As the date hereof, we are not aware that anyone other than the U.S. Treasury has any voting and investment power with respect to the securities being registered under this prospectus.

We do not know when or in what amounts the selling securityholders may offer the securities for sale. The selling securityholders might not sell any of the securities offered by this prospectus. Because the selling securityholders may offer all or some of the securities pursuant to this offering, and because we are unaware of any of the securities being subject to any agreement, arrangement or understanding, we cannot estimate the number of the securities that will be held by the selling securityholders after completion of the offering.

Other than with respect to the acquisition of the securities, the U.S. Treasury has not had a material relationship with us.

Information about the selling securityholders may change over time, and changed information will be set forth in supplements to this prospectus if and when necessary.

### **Plan of Distribution**

The selling securityholders and their successors, including their transferees, may sell the securities directly to purchasers or through underwriters, broker-dealers or agents, who may receive compensation in the form of discounts, concessions or commissions from the selling securityholders or the purchasers of the securities. These discounts, concessions or commissions as to any particular underwriter, broker-dealer or agent may be in excess of those customary in the types of transactions involved.

The securities may be sold in one or more public or private transactions at fixed prices, prevailing market prices at the time of sale, prices related to the prevailing market prices at the time of sale, or at negotiated prices. These sales may be effected in transactions, which may involve crosses or block transactions:

On any national securities exchange on which the Series A Preferred Stock or the common stock may be listed at the time of sale, including, as of the date of this prospectus, the Nasdaq Stock Market in the case of the common stock;

In the over-the-counter market;

In transactions otherwise than on those exchanges or in the over-the-counter market; or

Through the writing of options, whether the options are listed on an options exchange or otherwise.

In addition, any securities that qualify for sale pursuant to Rule 144 under the Securities Act may be sold under Rule 144 rather than pursuant to this prospectus.

In connection with the sale of the securities or otherwise, the selling securityholders may enter into hedging transactions with broker-dealers, which may, in turn, engage in short sales of the common stock issuable upon exercise of the warrant in the course of hedging the positions they assume. The selling securityholders also may sell short the common stock issuable upon exercise of the warrant and deliver common stock to close out short positions, or loan or pledge the Series A Preferred Stock or the common stock issuable upon exercise of the warrant to broker-dealers that in turn may sell these securities.

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The aggregate proceeds to the selling securityholders from the sale of the Series A Preferred Stock or the warrant securities will be the purchase price of those securities less discounts and commissions, if any.

In effecting sales, broker-dealers or agents engaged by the selling securityholders may arrange for other broker-dealers to participate. Broker-dealers or agents may receive commissions, discounts or concessions from the selling securityholders in amounts to be negotiated immediately prior to the sale.

In offering the securities covered by this prospectus, the selling securityholders and any broker-dealers who execute sales for the selling securityholders may be deemed to be underwriters within the meaning of Section 2(a)(11) of the Securities Act in connection with such sales. Any profits realized by the selling securityholders and the compensation of any broker-dealer may be deemed to be underwriting discounts and commissions. Selling securityholders who are underwriters within the meaning of Section 2(a)(11) of the Securities Act will be subject to the prospectus delivery requirements of the Securities Act and may be subject to certain statutory and regulatory liabilities, including liabilities imposed pursuant to Sections 11, 12 and 17 of the Securities Act and Rule 10b-5 under the Exchange Act.

In order to comply with the securities laws of certain states, if applicable, the securities must be sold in such jurisdictions only through registered or licensed brokers or dealers. In addition, in certain states, the securities covered by this prospectus may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

The anti-manipulation rules of Regulation M under the Exchange Act may apply to sales of securities pursuant to this prospectus and to the activities of the selling securityholders. In addition, we will make copies of this prospectus available to the selling securityholders for the purpose of satisfying the prospectus delivery requirements of the Securities Act, which may include delivery through the facilities of the Nasdaq Stock Market pursuant to Rule 153 under the Securities Act.

At the time a particular offer of securities covered by this prospectus is made, if required, a prospectus supplement will set forth the number and type of securities being offered and the terms of the offering, including the name of any underwriter, dealer or agent, the purchase price paid by any underwriter, any discount, commission and other items constituting compensation, any discount, commission or concession allowed or reallocated or paid to any dealer, and the proposed selling price to the public.

Neither the Series A Preferred Stock nor the warrant is listed on any national securities exchange. Unless requested by the U.S. Treasury, we do not intend to list the Series A Preferred Stock or the warrant on any national securities exchange. No assurance can be given as to the liquidity of the trading market, if any, for the Series A Preferred Stock.

We have agreed to indemnify the selling securityholders against certain liabilities, including certain liabilities under the Securities Act. We have also agreed, among other things, to bear substantially all expenses (other than underwriting discounts and selling commissions) in connection with the registration and sale of the securities covered by this prospectus.

### **Description of Series A Preferred Stock**

The following is a brief description of the terms of the Series A Preferred Stock that may be resold by the selling securityholders. This summary does not purport to be complete in all respects. This description is subject to, and qualified in its entirety, by reference to our articles of incorporation, as amended, including the Certificate of Designations with respect to the Series A Preferred Stock, copies of which have been filed with the SEC and are also available upon request from us.



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### **General**

Under our articles of incorporation, as amended, we have authority to issue up to 10,000,000 shares of preferred stock, par value \$1.00 per share. Of such number of shares of preferred stock, 10,000 shares have been designated as Series A Preferred Stock. All of the shares of Series A Preferred Stock were issued to the U.S. Treasury in a transaction exempt from the registration requirements of the Securities Act. The issued and outstanding shares of Series A Preferred Stock are validly issued, fully paid and nonassessable. No other shares of preferred stock are issued and outstanding as of the date hereof. Pursuant to the Letter Agreement between us and U.S. Treasury, we have agreed, if requested by the U.S. Treasury, to enter into a depositary arrangement pursuant to which the shares of Series A Preferred Stock may be deposited and depositary shares, each representing a fraction of a share of Series A Preferred Stock as specified by the U.S. Treasury, may be issued.

### **Dividends Payable on Shares of Series A Preferred Stock**

Commencing December 19, 2008 and until February 14, 2014, holders of shares of Series A Preferred Stock are entitled to receive if, as and when declared by our board of directors or a duly authorized committee of the board, out of assets legally available for payment, cumulative cash dividends at a rate of 5% per annum per share. On and after February 15, 2014, holders of shares of Series A Preferred Stock are entitled to receive cumulative cash dividends at a rate of 9% per annum per share with respect to each dividend period.

Dividends will begin to accumulate and be cumulative from December 19, 2008, shall compound on each subsequent dividend payment date, and, beginning February 15, 2009, are payable quarterly in arrears on each February 15, May 15, August 15 and November 15. If any dividend payment date is not a business day, then the next business day will be the applicable dividend payment date, and no additional dividends will accrue as a result of the applicable postponement of the dividend payment date. Dividends payable during any dividend period are computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends payable with respect to the Series A Preferred Stock are payable to holders of record of shares of Series A Preferred Stock on the date that is 15 calendar days immediately preceding the applicable dividend payment date or such other record date as the board of directors or any duly authorized committee of the board determines, so long as such record date is not more than 60 nor less than 10 days prior to the applicable dividend payment date.

If we determine not to pay any dividend or a full dividend with respect to the Series A Preferred Stock, we are required to provide written notice to the holders of shares of Series A Preferred Stock prior to the applicable dividend payment date.

Since we receive all of our revenue from dividends paid to us by Mid Penn Bank, our ability to pay dividends on our common stock and preferred stock depends on our receipt of dividends from Mid Penn Bank. Dividend payments from Mid Penn Bank are subject to legal and regulatory limitations, generally based on net income and retained earnings. The ability of Mid Penn Bank to pay dividends to us is also subject to its profitability, financial condition, capital expenditures and other cash flow requirements. In addition, we are subject to Pennsylvania state laws relating to the payment of dividends.

### **Priority of Dividends**

With respect to the payment of dividends and the amounts to be paid upon liquidation, the Series A Preferred Stock will rank:

1. Senior to our common stock and all other equity securities designated as ranking junior to the Series A Preferred Stock; and

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2. At least equally with all other equity securities designated as ranking on a parity with the Series A Preferred Stock, or parity stock, with respect to the payment of dividends and distribution upon any liquidation, dissolution or winding-up of Mid Penn. So long as any shares of Series A Preferred Stock remain outstanding, unless all accrued and unpaid dividends for all prior dividend periods have been paid or are contemporaneously declared and paid in full, no dividend whatsoever shall be paid or declared on the common stock or other junior stock, other than a dividend payable solely in common stock. We and our subsidiaries also may not purchase, redeem or otherwise acquire for consideration any shares of our common stock or other junior stock unless we have paid in full all accrued dividends on the Series A Preferred Stock for all prior dividend periods, other than:

1. Purchases, redemptions or other acquisitions of our common stock or other junior stock in connection with the administration of our employee benefit plans in the ordinary course of business pursuant to a publicly announced repurchase plan and consistent with past practice up to the increase in diluted shares outstanding resulting from the grant, vesting or exercise of equity-based compensation;
2. Purchases or other acquisitions by broker-dealer subsidiaries of Mid Penn solely for the purpose of market-making, stabilization or customer facilitation transactions in junior stock or parity stock in the ordinary course of its business;
3. Purchases or other acquisitions by broker-dealer subsidiaries of Mid Penn for resale pursuant to an offering by Mid Penn of its stock that is underwritten by the broker-dealer subsidiary;
4. Any dividends or distributions of rights or junior stock in connection with any shareholders' rights plan or and redemption or repurchase of rights pursuant to any shareholders' rights plan;
5. Acquisition of record ownership of junior stock or parity stock for the beneficial ownership of any other person who is not Mid Penn or a subsidiary of Mid Penn, including as trustee or custodian; and
6. The exchange or conversion of junior stock for or into other junior stock or of parity stock for or into other parity stock or junior stock but only to the extent that such acquisition is required pursuant to binding contractual agreements entered into before December 19, 2008 or any subsequent agreement for the accelerated exercise, settlement or exchange thereof for common stock.

If we repurchase shares of Series A Preferred Stock from a holder other than the U.S. Treasury, we must offer to repurchase a ratable portion of the Series A Preferred Stock then held by the U.S. Treasury.

On any dividend payment date for which full dividends are not paid, or declared and funds set aside therefor, on the Series A Preferred Stock and any other parity stock, all dividends paid or declared for payment on that dividend payment date (or, with respect to parity stock with a different dividend payment date, on the applicable dividend date therefor falling within the dividend period and related to the dividend payment date for the Series A Preferred Stock), with respect to the Series A Preferred Stock and any other parity stock shall be declared ratably among the holders of any such shares who have the right to receive dividends, in proportion to the respective amounts of the undeclared and unpaid dividends relating to the dividend period.

Subject to the foregoing, such dividends (payable in cash, stock or otherwise) as may be determined by our board of directors, or a duly authorized committee of the board, may be declared and paid on our common stock and any other stock ranking equally with or junior to the Series A Preferred Stock from time to time out of any funds legally available for such payment, and the Series A Preferred Stock shall not be entitled to participate in any such dividend.

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### **Redemption**

Except as provided below, the Series A Preferred Stock may not be redeemed prior to February 15, 2012. On or after February 15, 2012, Mid Penn, at its option, subject to the approval of the Board of Governors of the Federal Reserve System, may redeem, in whole or in part, at any time and from time to time, out of funds legally available therefor, the shares of Series A Preferred Stock at the time outstanding, upon notice to the holders of the Series A Preferred Shares, at a redemption price equal to the sum of (i) \$1,000 per share liquidation price and (ii) any accrued and unpaid dividends (regardless of whether any dividends are actually declared) to, but excluding, the date fixed for redemption.

Notwithstanding the foregoing, prior to February 15, 2012, Mid Penn, at its option, subject to the approval of the Board of Governors of the Federal Reserve System, may redeem, in whole or in part, at any time and from time to time, the shares of Series A Preferred Stock at the time outstanding, upon notice to the holders of the Series A Preferred Stock, at a redemption price equal to the sum of (i) \$1,000 per share liquidation price and (ii) any accrued and unpaid dividends (regardless of whether any dividends are actually declared) to, but excluding, the date fixed for redemption; provided, however, (1) Mid Penn has received aggregate gross proceeds of not less than the 25% of the aggregate liquidation amount from one or more qualified equity offerings, as defined in the Securities Purchase Agreement Standard Terms, and (2) the aggregate redemption price of the Series A Preferred Stock redeemed may not exceed the aggregate net cash proceeds received by Mid Penn from the qualified equity offerings.

The Series A Preferred Stock will not be subject to any mandatory redemption, sinking fund or similar provisions. Holders of shares of Series A Preferred Stock have no right to require the redemption or repurchase of the Series A Preferred Stock. Our board of directors, or a duly authorized committee of the board of directors, has full power and authority to prescribe the terms and conditions upon which the Series A Preferred Stock will be redeemed from time to time, subject to the provisions of the Certificate of Designations.

If fewer than all of the outstanding shares of Series A Preferred Stock are to be redeemed, the shares to be redeemed will be selected either *pro rata* from the holders of record of shares of Series A Preferred Stock in proportion to the number of shares held by those holders or in such other manner as our board of directors or a duly authorized committee thereof may determine to be fair and equitable.

We will mail any notice of any redemption of Series A Preferred Stock by first class mail, postage prepaid, addressed to the holders of record of the shares of Series A Preferred Stock to be redeemed at their respective last addresses appearing on our books. This mailing will be at least 30 days and not more than 60 days before the date fixed for redemption. Any notice mailed or otherwise given as described in this paragraph will be conclusively presumed to have been duly given, whether or not the holder receives the notice, and failure duly to give the notice by mail or otherwise, or any defect in the notice or in the mailing or provision of the notice, to any holder of Series A Preferred Stock designated for redemption will not affect the redemption of any other Series A Preferred Stock. Each notice of redemption will set forth the applicable redemption date, the redemption price, the place where shares of Series A Preferred Stock are to be redeemed, and the number of shares of Series A Preferred Stock to be redeemed (and, if less than all shares of Series A Preferred Stock held by the applicable holder, the number of shares to be redeemed from the holder).

Shares of Series A Preferred Stock that are redeemed, repurchased or otherwise acquired by us will revert to authorized but unissued shares of our preferred stock.

### **Liquidation Rights**

In the event that we voluntarily or involuntarily liquidate, dissolve or wind up our affairs, holders of Series A Preferred Stock will be entitled to receive an amount per share, referred to as the total liquidation amount, equal to the fixed liquidation preference of \$1,000 per share, plus any accrued and unpaid dividends, whether or not declared, to the date of payment. Holders of

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the unpaid dividends, whether or not declared, to the date of payment. Holders of the Series A Preferred Stock will be entitled to receive the total liquidation amount out of our assets that are available for distribution to shareholders, after payment or provision for payment of our debts and other liabilities but before any distribution of assets is made to holders of our common stock or any other shares ranking, as to that distribution, junior to the Series A Preferred Stock.

If our assets are not sufficient to pay the total liquidation amount in full to all holders of Series A Preferred Stock and all holders of any shares of outstanding parity stock, the amounts paid to the holders of Series A Preferred Stock and other shares of parity stock will be paid *pro rata* in accordance with the respective total liquidation amount for those holders. If the total liquidation amount per share of Series A Preferred Stock has been paid in full to all holders of Series A Preferred Stock and other shares of parity stock, the holders of our common stock or any other shares ranking, as to such distribution, junior to the Series A Preferred Stock will be entitled to receive all of our remaining assets according to their respective rights and preferences.

For purposes of the liquidation rights, neither the sale, conveyance, exchange or transfer of all or substantially all of our property and assets, nor the consolidation or merger by us with or into any other corporation or by another corporation with or into us, will constitute a liquidation, dissolution or winding-up of our affairs.

## **Voting Rights**

Except as indicated below or otherwise required by law, the holders of Series A Preferred Stock will not have any voting rights.

*Election of Two Directors upon Non-Payment of Dividends* . If the dividends on the Series A Preferred Stock have not been paid for an aggregate of six quarterly dividend periods or more (whether or not consecutive), the authorized number of directors then constituting our board of directors will be increased by two. Holders of Series A Preferred Stock, together with the holders of any outstanding parity stock with like voting rights, referred to as voting parity stock, voting as a single class, will be entitled to elect the two additional members of our board of directors, referred to as the preferred stock directors, at the next annual meeting (or at a special meeting called for the purpose of electing the preferred stock directors prior to the next annual meeting) and at each subsequent annual meeting until all accrued and unpaid dividends for all past dividend periods have been paid in full. Upon payment in full of all accrued and unpaid dividends, the right to elect preferred stock directors will terminate, subject to reversion in the event that dividends on the Series A Preferred Stock are not paid for an aggregate of six quarterly dividend periods or more (whether or not consecutive). The election of any preferred stock director is subject to the qualification that the election would not cause us to violate the corporate governance requirement of the Nasdaq Stock Market (or any other exchange on which our securities may be listed) that listed companies must have a majority of independent directors.

Upon the termination of the right of the holders of Series A Preferred Stock and voting parity stock to vote for preferred stock directors, as described above, the preferred stock directors will immediately cease to be qualified as directors, their term of office shall terminate immediately and the number of authorized directors of Mid Penn will be reduced by the number of preferred stock directors that the holders of Series A Preferred Stock and voting parity stock had been entitled to elect. The holders of a majority of shares of Series A Preferred Stock and voting parity stock, voting as a class, may remove any preferred stock director, with or without cause, and the holders of a majority of the shares of Series A Preferred Stock and voting parity stock, voting as a class, may fill any vacancy created by the removal of a preferred stock director. If the office of a preferred stock director becomes vacant for any other reason, the remaining preferred stock director may choose a successor to fill such vacancy for the remainder of the unexpired term.

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*Other Voting Rights.* So long as any shares of Series A Preferred Stock are outstanding, in addition to any other vote or consent of shareholders required by law or by our articles of incorporation, as amended, the vote or consent of the holders of at least 66 2/3% of the shares of Series A Preferred Stock at the time outstanding, voting separately as a single class, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

1. Any amendment or alteration of our amended and restated articles of incorporation to authorize or create or increase the authorized amount of, or any issuance of, any shares of, or any securities convertible into or exchangeable or exercisable for shares of, any class or series of capital stock ranking senior to the Series A Preferred Stock with respect to payment of dividends and/or distribution of assets on any liquidation, dissolution or winding up of Mid Penn;
2. Any amendment, alteration or repeal of any provision of the Certificate of Designations for the Series A Preferred Stock so as to adversely affect the rights, preferences, privileges or voting powers of the Series A Preferred Stock; or
3. Any consummation of a binding share exchange or reclassification involving the Series A Preferred Stock or of a merger or consolidation of Mid Penn with another entity, unless the shares of Series A Preferred Stock remain outstanding following any such transaction or, if Mid Penn is not the surviving entity, are converted into or exchanged for preference securities and such remaining outstanding shares of Series A Preferred Stock or preference securities have rights, references, privileges and voting powers that are not materially less favorable than the rights, preferences, privileges or voting powers of the Series A Preferred Stock, taken as a whole.

With respect to the voting rights of the Series A Preferred Stock, each holder of Series A Preferred Stock will have one vote for each \$1,000 of liquidation preference to which such holder's shares of Series A Preferred Stock are entitled.

The foregoing voting provisions will not apply if, at or prior to the time when the vote or consent would otherwise be required, all outstanding shares of Series A Preferred Stock have been redeemed or called for redemption upon proper notice and sufficient funds have been set aside by us for the benefit of the holders of Series A Preferred Stock to effect the redemption.

### **Description of Depositary Shares**

Pursuant to the Letter Agreement between us and the U.S. Treasury, we have agreed, if requested by the U.S. Treasury, to enter into a depositary arrangement pursuant to which the shares of Series A Preferred Stock may be deposited and depositary shares, each representing a fraction of a share of Series A Preferred Stock as specified by the U.S. Treasury, may be issued. The shares of Series A Preferred Stock would be held by a depositary (*e.g.*, a bank or trust company) reasonably acceptable to U.S. Treasury. If we enter into such a depositary arrangement, the selling securityholders would be offering depositary shares, each representing a fraction of a share of Series A Preferred Stock, instead of actual whole shares of Series A Preferred Stock. The actual terms of any such depositary arrangement would be set forth in a deposit agreement to which we would be a party, and would be attached as an exhibit to a filing by us that would be incorporated by reference into this prospectus.

### **Description of Warrant to Purchase Common Stock**

The following is a brief description of the terms of the warrant that may be resold by the selling securityholders. This summary does not purport to be complete in all respects. This description is subject to and qualified in its entirety by reference to the warrant, a copy of which has been filed with the SEC and is also available upon request from us.

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### **Shares of Common Stock Subject to the Warrant**

The warrant is initially exercisable for up to 73,099 shares of our common stock. If we complete one or more qualified equity offerings on or prior to December 31, 2009, that result in our receipt of aggregate gross proceeds of not less than \$10 million, which is equal to 100% of the aggregate liquidation preference of the Series A Preferred Stock, the number of shares of common stock underlying the warrant then held by the selling securityholders will be reduced by 50%. The number of shares of common stock underlying to the warrant are subject to the further adjustments described below under the heading **Adjustments to the Warrant**.

In accordance with the terms of the Letter Agreement between us and the U.S. Treasury and the related Securities Purchase Agreement **Standard Terms**, the U.S. Treasury has represented that it intends to refrain from exercising any voting rights pertaining to our common stock which it may come to own upon exercise of some or all of the warrant.

### **Exercise of the Warrant**

The initial exercise price applicable to the warrant is \$20.52 per share. The warrant may be exercised in whole or in part at any time on or before December 19, 2018 by surrender of the warrant and a completed notice of exercise attached as an annex to the warrant and payment of the exercise price for the shares of common stock for which the warrant is being exercised. The exercise price may be paid either by the withholding by Mid Penn of such number of shares of common stock issuable upon exercise of the warrant equal to the value of the aggregate exercise price of the warrant determined by reference to the market price of our common stock on the trading day on which the warrant is exercised or, if agreed to by us and the holder of the warrant, by the payment of cash equal to the aggregate exercise price. The exercise price applicable to the warrant is subject to the further adjustments described below under the heading **Adjustments to the Warrant**.

Upon exercise of the warrant, certificates for the shares of common stock issuable upon exercise will be issued to the warrant holder. We will not issue fractional shares upon any exercise of the warrant. Instead, the warrant holder will be entitled to a cash payment equal to the market price of our common stock on the last day preceding the exercise of the warrant (less the pro-rated exercise price of the warrant) for any fractional shares that would have otherwise been issuable upon exercise of the warrant. We will at all times reserve the aggregate number of shares of our common stock for which the warrant may be exercised. We have listed the shares of common stock issuable upon exercise of the warrant with the Nasdaq Stock Market.

### **Rights as a Shareholder**

The warrant holder shall have no rights or privileges of the holders of our common stock, including any voting rights, until (and then only to the extent) the warrant has been exercised.

### **Transferability**

The U.S. Treasury may not transfer a portion of the warrant with respect to more than 50% of common stock underlying the warrant until the earlier of the date on which Mid Penn has received aggregate gross proceeds from a qualified equity offering of at least \$10 million and December 31, 2009. The warrant, and all rights under the warrant, are otherwise transferable.

### **Adjustments to the Warrant**

*Adjustments in Connection with Stock Splits, Subdivisions, Reclassifications and Combinations.* The number of shares for which the warrant may be exercised and the exercise price applicable to the warrant will be proportionately adjusted in the event we pay dividends or make distributions of our common stock, subdivide, combine or reclassify outstanding shares of our common stock.

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*Anti-dilution Adjustment.* Until the earlier of December 19, 2011 and the date the U.S. Treasury no longer holds the warrant (and other than in certain permitted transactions described below), if we issue any shares of common stock (or securities convertible or exercisable into common stock) for less than 90% of the market price of the common stock on the last trading day prior to pricing such shares, then the number of shares of common stock into which the warrant is exercisable and the exercise price will be adjusted. Permitted transactions by us include issuances:

1. As consideration for or to fund the acquisition of businesses and/or related assets;
2. In connection with employee benefit plans and compensation related arrangements in the ordinary course and consistent with past practice approved by our board of directors;
3. In connection with public or broadly marketed offerings and sales of common stock or convertible securities for cash conducted by us or our affiliates pursuant to registration under the Securities Act, or Rule 144A thereunder on a basis consistent with capital-raising transactions by comparable financial institutions (but do not include other private transactions); and
4. In connection with the exercise of preemptive rights on terms existing as of November 21, 2008.

*Other Distributions.* If we declare any dividends or distributions other than our historical, ordinary cash dividends, the exercise price of the warrant will be adjusted to reflect such distribution.

*Certain Repurchases.* If we effect a *pro rata* repurchase of common stock, both the number of shares issuable upon exercise of the warrant and the exercise price will be adjusted.

*Business Combinations.* In the event of a merger, consolidation or similar transaction involving Mid Penn and requiring shareholder approval, the warrant holder's right to receive shares of our common stock upon exercise of the warrant shall be converted into the right to exercise the warrant for the consideration that would have been payable to the warrant holder with respect to the shares of common stock for which the warrant may be exercised as if the warrant had been exercised prior to such merger, consolidation or similar transaction.

*Registered Sales of the Warrant.* The holders agree to sell the warrant or any portion thereof under this registration statement only beginning 30 days after notifying Mid Penn of any such sale, during which 30-day period the U.S. Treasury and all holders of the warrant shall take reasonable steps to agree to revisions to the warrant to permit a public distribution of the warrant, including entering into a warrant agreement and appointing a warrant agent.

### **Description of Common Stock**

The authorized common stock of Mid Penn consists of 10 million shares, \$1.00 par value, of which 3,479,780 were issued and outstanding as of January 30, 2009.

### **General**

*Voting Rights.* Each share of common stock entitles its holder to one vote on all matters upon which shareholders have the right to vote. The holders of common stock are not entitled to cumulate votes in the election of directors.

*Preemptive Rights.* Mid Penn's common stock does not carry preemptive subscription rights.

*Liquidation.* In the event of liquidation, dissolution or winding up of Mid Penn, the holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities and after payment of preferred stock shareholders with liquidation priority, if any.

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*Liability for Further Assessments.* Mid Penn will not subject shareholders to further assessments on their shares of common stock.

*Sinking Fund Provision.* The common stock does not require that a separate capital reserve be maintained to pay shareholders with preferential rights for their investment in the event of liquidation or redemption.

*Redemption or Conversion Rights.* The holders of common stock do not have a right of redemption, which is the right to sell their shares back to Mid Penn, nor do they have a right to convert their shares to other classes or series of stock, such as preferred stock.

*Dividends.* Each shareholder is entitled to receive dividends, if and when, declared by the board of directors out of legally available funds. The main source of funds for dividends is the dividends we receive from Mid Penn Bank; therefore, our ability to declare dividends is highly dependent upon future earnings, financial condition, and results of operation of Mid Penn Bank as well as appropriate legal restrictions on the bank's ability to pay dividends and other relevant factors.

Under the Pennsylvania Business Corporation Law, Mid Penn may not pay a dividend if afterwards:

1. Mid Penn would be unable to pay its debts as they become due, or
2. Mid Penn's total assets would be less than its total liabilities plus an amount needed to satisfy any preferential rights of shareholders. Pursuant to the Letter Agreement between us and the U.S. Treasury, including the related Securities Purchase Agreement Standard Terms, we may not declare or pay any dividend or make any distribution on our common stock other than:

1. Regular quarterly cash dividends not exceeding \$0.20 per share;
2. Dividends payable solely in shares of our common stock; and
3. Dividends or distributions of rights of junior stock in connection with a shareholder's rights plan.

**Legal Matters**

The validity of the securities being offered by this prospectus is being passed upon for Mid Penn by the law firm of Bybel Rutledge LLP, Lemoyne, Pennsylvania.

**Interests of Named Experts and Counsel**

The audited consolidated financial statements and management's report on the effectiveness of internal controls over financial reporting of Mid Penn incorporated in this prospectus and Registration Statement by reference to Mid Penn's Annual Report on Form 10-K for the year ended December 31, 2007, were audited by Parente Randolph, LLC an independent registered public accounting firm, whose reports thereon contained in such Annual Report on Form 10-K is incorporated herein by reference. Such financial statements have been incorporated herein by reference in reliance upon such reports of Parente Randolph, LLC given upon the authority of such firm as experts in auditing and accounting.