

MID PENN BANCORP INC
Form PRE 14A
March 19, 2019
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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 Under Rule 14a-12

Mid Penn Bancorp, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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- 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):

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- 1) Amount previously paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

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349 Union Street, Millersburg, PA 17061

April 3, 2019

Dear Shareholders:

You are cordially invited to attend the 2019 Annual Meeting of Shareholders of Mid Penn Bancorp, Inc. to be held on Tuesday, May 14, 2019, at 10:00 a.m., local time. The annual meeting will be held at the West Shore Country Club, 100 Brentwater Road, Camp Hill, Pennsylvania 17011.

The Notice of the Annual Meeting and the enclosed proxy statement address the formal business of the meeting. The formal business agenda includes the election of six Class C Directors, a non-binding vote to approve our executive compensation, a non-binding vote on the frequency of future non-binding votes on executive compensation, a proposal to amend our Articles of Incorporation to increase the number of authorized shares of common stock, and a proposal to ratify the appointment of our independent registered public accounting firm. At the meeting, management will review the Corporation's operations during the past year and will be available to respond to questions.

You are encouraged to vote your shares, whether or not you plan to attend the meeting. It is very important that you vote online via the Internet, by telephone, or mark, sign, date and return the accompanying proxy as soon as possible in the postage-paid envelope. If you do attend the meeting and wish to vote in person, you must give written notice to the Corporation's Secretary so your proxy will be superseded by any ballot that you submit at the meeting.

Sincerely,

/s/ Robert C. Grubic
Robert C. Grubic
Chairman of the Board

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349 Union Street, Millersburg, PA 17061

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD MAY 14, 2019

TO THE SHAREHOLDERS OF MID PENN BANCORP, INC.:

Notice is hereby given that the Annual Meeting of Shareholders of Mid Penn Bancorp, Inc. (the "Corporation") will be held at 10:00 a.m., local time, on Tuesday, May 14, 2019, at the West Shore Country Club, 100 Brentwater Road, Camp Hill, Pennsylvania 17011 for the following purposes:

1. to elect six Class C Directors, each to serve for a three-year term or until the earlier of their resignation or their respective successors shall have been elected and qualified;
2. to conduct a non-binding, advisory vote on the compensation paid to the Corporation's named executive officers;
3. to conduct a non-binding, advisory vote on the frequency of future advisory votes on executive compensation;
4. to approve an amendment to the Articles of Incorporation to increase the number of authorized shares of common stock from 10,000,000 shares to 20,000,000 shares;
5. to ratify the appointment of BDO USA, LLP as the Corporation's independent registered public accounting firm for the year ending December 31, 2019; and
6. to transact any other business that may properly come before the annual meeting or any adjournment or postponement thereof.

In accordance with the Corporation's By-laws and action of the Board of Directors, only those shareholders of record at the close of business on March 8, 2019, are entitled to notice of and to vote at the annual meeting and any adjournment or postponement thereof. For directions to the annual meeting, please contact Cindy L. Wetzel,

Secretary, at (717) 692-2133.

We have enclosed a copy of the Corporation's Annual Report on Form 10-K (annual report) for the year ended December 31, 2018. You may obtain an additional copy of the Corporation's annual report, including the financial statements and any exhibits for the 2018 year, at no cost, by contacting Michael D. Peduzzi, Chief Financial Officer, 349 Union Street, Millersburg, Pennsylvania 17061, telephone: (717) 692-2133 or by visiting www.edocumentview.com/MPB.

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Whether or not you plan to attend the annual meeting, your vote is very important, and we encourage you to vote promptly. To vote your shares, please mark, sign and date the enclosed proxy and mail it promptly in the enclosed, postage-paid return envelope. You may also vote online via the Internet or by telephone. If you execute a proxy but later decide to attend the annual meeting in person, or for any other reason desire to revoke your proxy, you may do so as described in this proxy statement at any time before your proxy is voted. Submitting a proxy will not prevent you from attending the annual meeting and voting in person if you so desire, but it will help us secure a quorum and reduce the expense of additional proxy solicitation.

By Order of the Board of Directors,

/s/ Robert C. Grubic
Robert C. Grubic
Chairman of the Board

Millersburg, Pennsylvania

April 3, 2019

Important Notice Regarding the Availability of Proxy Materials for the Shareholder

Meeting to Be Held on May 14, 2019. The proxy statement, proxy card and 2018 annual report to shareholders are available at www.edocumentview.com/MPB.

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349 Union Street, Millersburg, PA 17061

NASDAQ Global Market Trading Symbol: MPB

PROXY STATEMENT

2019 ANNUAL MEETING OF SHAREHOLDERS

MAY 14, 2019

Mailed to Shareholders on or about April 3, 2019

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FREQUENTLY ASKED QUESTIONS AND ANSWERS

Q. WHO IS ENTITLED TO VOTE?

- A. Shareholders as of the close of business on March 8, 2019 (the voting record date) are entitled to vote, and each share of common stock is entitled to one vote on all matters presented for a vote at the meeting.

Q. ON WHAT AM I VOTING?

- A. At the annual meeting, you will be asked to:

- (i) elect six (6) directors to Class C for three (3) year terms expiring in 2022;
- (ii) approve a non-binding, advisory vote regarding the compensation paid to our Named Executive Officers as disclosed in this proxy statement;
- (iii) approve a non-binding, advisory vote regarding the frequency of future advisory votes on executive compensation;
- (iv) approve an amendment to the Articles of Incorporation to increase the number of authorized shares of Corporation common stock from 10,000,000 shares to 20,000,000 shares; and
- (v) ratify the appointment of BDO USA, LLP as the Corporation's independent registered public accounting firm for the year ending December 31, 2019.

The Board of Directors is not aware of any other matters to be presented for action at the meeting. If any other matter requiring a vote of the shareholders would be properly presented at the Annual Meeting, the proxies will vote according to the directions of the Board of Directors. **Our Board of Directors recommends a vote FOR each of the aforementioned proposals.**

Q. HOW DO I VOTE?

- A. There are several methods. You may vote online via the Internet, by telephone, by completing and mailing your proxy, or by attending the meeting and voting in person. (See page 3 for more details.)

Q. HOW DOES DISCRETIONARY AUTHORITY APPLY?

- A. If your shares are held in an account at a bank, brokerage firm, broker-dealer or other similar organization, then you are a beneficial owner of shares held in street name. In that case, you will have received these proxy materials from that organization holding your account and, as a beneficial owner, you have the right to instruct your broker, bank, trustee, or nominee how to vote the shares held in your account. If no voting instructions are given, your broker or nominee has discretionary authority to vote your shares on your behalf on routine matters. A broker non-vote results on a matter when your broker or nominee returns a proxy but does not vote on a particular proposal because it does not have discretionary authority to vote on that proposal and has not received voting instructions from you. We believe that your broker or nominee only has discretionary voting power with respect to the proposal regarding the ratification of the appointment of the independent registered public accounting firm. You may not vote shares held in street name at the annual meeting unless you obtain a legal proxy from that organization holding your account.

If you appropriately mark, sign and return the enclosed proxy card or voting instruction card, as the case may be, in time to be voted at the annual meeting, or if you vote by telephone or Internet in accordance with the instructions on the proxy card or voting instruction card, as the case may be, the shares represented thereby will be voted in accordance with your instructions. Signed proxies not marked to the contrary will be voted **FOR** the election of the six named nominees for our Board of Directors, **FOR** a non-binding advisory vote on the compensation of our named executive officers, **FOR** conducting future advisory votes on executive compensation annually, **FOR** the amendment to the Articles of Incorporation to increase the number of authorized shares of common stock and **FOR** the ratification of the appointment of our independent registered public accounting firm for the year ending December 31, 2019.

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Q. IS MY VOTE CONFIDENTIAL?

- A. Yes. Only the Judges of Election, our transfer agent, Computershare, proxy holders and Secretary have access to your proxy. All comments remain confidential unless you ask that your name be disclosed.

Q. WHO WILL COUNT THE VOTES?

- A. Kathy I. Bordner, Olivia M. Caley and Justin T. Webb will review the tabulations of the votes as provided by Computershare and act as Judges of Election.

Q. WHAT DOES IT MEAN IF I RECEIVE MORE THAN ONE PROXY?

- A. Your shares are probably registered differently or are in more than one account. Vote all proxies you receive to ensure that all your shares are voted. If you have all of your accounts registered in the same name and address, you should only receive one set of proxy materials in future years. If you are receiving multiple statements and reports and wish to receive only one, please notify your broker if your shares are held in a brokerage account or our transfer agent, Computershare at (800) 368-5948, if you directly hold registered shares.

Q. WHAT CONSTITUTES A QUORUM?

- A. At the close of business on March 8, 2019, 8,459,918 shares of our common stock were outstanding and eligible to vote. A majority of the outstanding shares of common stock, present or represented by proxy, constitutes a quorum for the transaction of business at the meeting. Proxies received but marked as abstentions and broker non-votes will be included in the calculation of the number of shares considered to be present at the annual meeting for purposes of determining the presence of a quorum.

Q. WHAT PERCENTAGE OF STOCK DO THE DIRECTORS AND OFFICERS OWN?

- A. Approximately 18.2% of our common stock, as of close of business on March 8, 2019, is owned by our directors and officers. (See page 31 for more details.)

Q. WHEN ARE THE 2020 SHAREHOLDER PROPOSALS AND DIRECTOR NOMINATIONS DUE?

- A. In order to be considered timely, you must submit your shareholder proposal or director nomination in writing by December 5, 2019, to Cindy L. Wetzel, Secretary, Mid Penn Bancorp, Inc., 349 Union Street, Millersburg, Pennsylvania 17061. (See page 35 with regard to shareholder proposal and director nomination procedures.)

Q. HOW MAY I SUBMIT A QUESTION FOR THE ANNUAL MEETING?

- A. In order for management to thoroughly answer any questions that you may have about the Corporation or our annual shareholder materials, including financial statements, we ask that you submit your questions prior to the Annual Meeting of Shareholders. You may submit questions either by mail, email or telephone by contacting Cindy L. Wetzel, Secretary, Mid Penn Bancorp, Inc., 349 Union Street, Millersburg, Pennsylvania 17061, cindy.wetzel@midpennbank.com, (717) 692-2133. Questions received in advance of the meeting will be compiled by the Secretary and relayed promptly to management and the Board. Management and the Board will endeavor to address all relevant questions submitted at the Annual Meeting of Shareholders.

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PROXY STATEMENT
FOR THE ANNUAL MEETING OF SHAREHOLDERS OF
MID PENN BANCORP, INC.
MAY 14, 2019
GENERAL INFORMATION

Date, Time and Place of Annual Meeting

Mid Penn Bancorp, Inc. (the Corporation), a Pennsylvania business corporation and registered bank holding company, furnishes this proxy statement in connection with the solicitation by the Corporation's Board of Directors (the Board) of proxies to be voted at the 2019 Annual Meeting of Shareholders. The annual meeting will be held at the West Shore Country Club, 100 Brentwater Road, Camp Hill, Pennsylvania 17011, on Tuesday, May 14, 2019, at 10:00 a.m., local time. The Corporation's principal executive office is located at 349 Union Street, Millersburg, Pennsylvania 17061; the telephone number is (717) 692-2133. All inquiries regarding the annual meeting should be directed to Rory G. Ritrievi, President and Chief Executive Officer of the Corporation.

Reduce Duplicate Mailings

In accordance with Securities Exchange Act Rule 14a-3(e)(1), the Corporation in the future intends to deliver only one annual report and proxy statement to multiple shareholders sharing an address unless the Corporation receives contrary instructions from one or more of the shareholders. This method of delivery is known as householding. Upon written or oral request, the Corporation will promptly deliver a separate copy of the annual report or proxy statement, as applicable, to a shareholder at a shared address to which a single copy of the documents was delivered. Further, shareholders should notify Cindy L. Wetzel at Mid Penn Bancorp, Inc., 349 Union Street, Millersburg, Pennsylvania 17061 or call (717) 692-2133 and inform us that the shareholder wishes to receive a separate copy of an annual report or proxy statement in the future. If you are receiving multiple statements and reports and wish to receive only one, please notify your broker if your shares are held in a brokerage account or the Corporation's transfer agent, Computershare, at (800) 368-5948, if you directly hold registered shares.

VOTING PROCEDURES

Solicitation and Voting of Proxies

The Board solicits this proxy for use at the Corporation's 2019 Annual Meeting of Shareholders. The Corporation's directors, officers and Bank employees may solicit proxies in person or by telephone, facsimile, email or other similar means without additional compensation. The Corporation will pay the cost of preparing, assembling, printing, mailing and soliciting proxies and any additional material that the Corporation sends to its shareholders. The Corporation will make arrangements with brokerage firms and other custodians, nominees and fiduciaries to forward proxy solicitation materials to the beneficial owners of stock held by these entities. The Corporation will, upon request, reimburse these third parties for their reasonable expenses in forwarding solicitation material to the beneficial owners of stock.

Only shareholders of record as of the close of business on March 8, 2019, may vote at the annual meeting. The Corporation's records show that, as of the voting record date, 8,459,918 shares of common stock were outstanding and eligible to vote. On all matters to come before the annual meeting, shareholders may cast one vote for each share held.

Cumulative voting rights do not exist with respect to the election of directors. See Principal Shareholders on page 31 for a list of the persons known by the Corporation to be beneficial owners of 5% or more of the Corporation's common stock.

If your shares are registered directly in your name with the Corporation's transfer agent, Computershare, you are considered, with respect to those shares, the shareholder of record, and these proxy materials are being sent directly to you by the Corporation. As the shareholder of record, you have the right to grant your voting proxy directly to the proxy holders or to vote in person at the meeting. The Corporation has enclosed a proxy for your use or you may vote online via the Internet or by telephone.

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If your shares are held in an account at a bank, brokerage firm, broker-dealer or other similar organization, then you are a beneficial owner of shares held in street name. In that case, you will have received these proxy materials from that organization holding your account and, as a beneficial owner, you have the right to instruct your broker, bank, trustee, or nominee how to vote the shares held in your account. If no voting instructions are given, your broker or nominee has discretionary authority to vote your shares on your behalf on routine matters. A broker non-vote results on a matter when your broker or nominee returns a proxy, but does not vote on a particular proposal because it does not have discretionary authority to vote on that proposal and has not received voting instructions from you. We believe that your broker or nominee only has discretionary voting power with respect to the proposal regarding the ratification of the appointment of the independent registered public accounting firm. You may not vote shares held in street name at the annual meeting unless you obtain a legal proxy from that organization holding your account.

If you appropriately mark, sign and return the enclosed proxy card or voting instruction card, as the case may be, in time to be voted at the annual meeting, or if you vote by telephone or Internet in accordance with the instructions on the proxy card or voting instruction card, as the case may be, the shares represented thereby will be voted in accordance with your instructions. Signed proxies not marked to the contrary will be voted **FOR** the election of each of Robert A. Abel, Matthew G. DeSoto, Joel L. Frank, Theodore W. Mowery, Patrick M. Smith and William A. Specht, III as Class C directors for three-year terms expiring in 2022, **FOR** the non-binding advisory proposal on executive compensation, **FOR** conducting a non-binding shareholder vote on executive compensation every year, **FOR** the amendment to the Articles of Incorporation to increase the number of authorized shares of common stock from 10,000,000 shares to 20,000,000 shares, and **FOR** the ratification of BDO USA, LLP as the Corporation's independent registered public accounting firm for 2019.

Quorum and Vote Required For Approval

In order to hold the annual meeting, a quorum of shareholders must be present. Under Pennsylvania law and the Corporation's By-laws, the presence, in person or by proxy, of the holders of a majority of the shares entitled to vote is necessary to constitute a quorum for the transaction of business at the meeting. Broker non-votes and abstentions will be counted for the purpose of determining whether a quorum is present, but broker non-votes will not be included for determining whether shareholder approval of a matter has been obtained.

If a quorum is present, the six candidates for director receiving the highest number of votes cast by shareholders, even if less than a majority, will be elected. Consequently, any shares not voted (whether by abstention, broker non-vote or otherwise) will not be included in determining which nominees received the highest number of votes. A properly executed proxy that withholds authority with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted for purposes of determining whether there is a quorum.

If a quorum is present, approval of each of the other proposals will require the affirmative vote of the holders of at least a majority of the votes cast at the annual meeting. Under Pennsylvania law, abstentions are not considered votes cast and, accordingly, will not affect the outcome of the voting on the non-binding advisory proposal on executive compensation, the non-binding advisory vote on the frequency of future advisory votes on executive compensation, the amendment of the Articles of Incorporation, or ratification of the appointment of BDO USA, LLP.

Revocability of Proxy

Shareholders of record who sign proxies may revoke them at any time before they are voted by:

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delivering a written notice of revocation to Cindy L. Wetzel, Secretary of Mid Penn Bancorp, Inc., at 349 Union Street, Millersburg, Pennsylvania 17061, before the vote is taken at the annual meeting;

voting online via the Internet, by telephone, or delivering a duly executed proxy bearing a later date to the Secretary of the Corporation, before the vote is taken at the annual meeting; or

voting in person after giving written notice to the Secretary of the Corporation. (Your attendance at the annual meeting, in and of itself, will not revoke the proxy.)

You have the right to vote and, if desired, to revoke your proxy any time before the vote is taken at the annual meeting. Should you have any questions, please call Cindy L. Wetzel at (717) 692-2133.

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Methods of Voting

Shareholders of record can choose one of the following ways to vote:

Voting by Proxy

Mark your selections.

Date your proxy and sign your name exactly as it appears on your proxy.

Mail it to the Corporation in the enclosed, postage-paid envelope.

Voting by Internet

Go to www.investorvote.com/MPB.

Follow the steps outlined on the secure website.

Voting by Telephone

Call toll free (800) 652-VOTE (8683) on a touch tone telephone.

Follow the instructions provided by the recorded message.

Voting in Person

Attend the annual meeting and show proof of eligibility to vote (including proper identification).

Obtain a ballot.

Mark your selections.

Date your ballot and sign your name exactly as it appears in the Corporation's transfer books.

Shareholder Questions

In order for management to thoroughly answer any questions that shareholders may have about the Corporation or our annual report, including financial statements, we ask that shareholders submit their questions prior to the Annual Meeting of Shareholders. Shareholders may submit questions either by mail, telephone or email by contacting Cindy L. Wetzel, Secretary, Mid Penn Bancorp, Inc., 349 Union Street, Millersburg, Pennsylvania 17061, (717) 692-2133, cindy.wetzel@midpennbank.com. Questions received in advance of the meeting will be compiled by the Secretary and relayed promptly to management and the Board. Management and the Board will endeavor to address all relevant questions submitted at the Annual Meeting of Shareholders.

GOVERNANCE OF THE CORPORATION

Governance

The Board believes that the purpose of corporate governance is to ensure that it maximizes shareholder value in a manner consistent with legal requirements and the highest standards of integrity. The Board has adopted and adheres to corporate governance practices, which the Board and senior management believe promote this purpose, are sound and represent best practices. These governance practices, Pennsylvania law (the state of incorporation), the rules and listing standards of The NASDAQ Stock Market LLC (NASDAQ) and the Securities and Exchange Commission (the SEC) regulations, as well as best practices suggested by recognized governance authorities are continually reviewed.

Currently, the Board has eighteen members. Under the NASDAQ standards for independence, the following directors meet the standards for independence: Robert A. Abel, Steven T. Boyer, Kimberly J. Brumbaugh, Matthew G. DeSoto, Joel L. Frank, Robert C. Grubic, Gregory M. Kerwin, Robert E. Klinger, Robert J. Moisey, Theodore W. Mowery, John E. Noone, Alan P. Novak, Noble C. Quandel, Jr., Patrick M. Smith and William A. Specht, III. This constitutes more than a majority of the Board. Only independent directors serve on the Audit, Compensation and Nominating and Corporate Governance Committees.

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In determining the directors' independence, the Board considered loan transactions between the Bank and the directors, their family members and businesses with whom they are associated, as well as any contributions made to non-profit organizations with whom they are associated.

The table below includes a description of other categories or types of transactions, relationships or arrangements considered by the Board (in addition to those listed above) in reaching its determination that the directors are independent.

Name	Independent	Other Transactions/Relationships/Arrangements
Mr. Abel	Yes	None
Mr. Boyer	Yes	None
Ms. Brumbaugh	Yes	None
Mr. DeSoto	Yes	Company donation to charitable fundraiser coordinated by Director*
Mr. Frank	Yes	None
Mr. Grubic	Yes	Leasehold arrangement; environmental assessments; engineering services
Mr. Kerwin	Yes	Legal services*
Mr. Klinger	Yes	Supplies; company donation to charitable fundraiser coordinated by Director*
Mr. Moisey	Yes	None
Mr. Mowery	Yes	Commissions earned on insurance premiums
Mr. Noone	Yes	Leasehold arrangements
Mr. Novak	Yes	None
Mr. Quandel	Yes	Leasehold arrangements; bank building assessment
Mr. Smith	Yes	None
Mr. Specht	Yes	None

* Transactions totaled less than \$3,000.

In each case, the Board determined that none of the transactions above impaired the independence of the director. For more information, please refer to *Certain Relationships and Related Transactions* on page 30.

During the year ended December 31, 2018, the Corporation's and Bank's Boards of Directors each held fourteen meetings. In addition, the Corporation's independent Board members held one independent Board Meeting during 2018.

Board Leadership Structure

The Board is led by a non-executive Chairman selected by the Board from time to time. The Chairman of the Board organizes Board activities to enable the Board to effectively provide guidance to and oversight and accountability of management. To fulfill that role, the Chairman, among other things: creates and maintains an effective working

relationship with the Chief Executive Officer and other members of management and with other members of the Board; provides the Chief Executive Officer ongoing direction as to Board needs, interests and opinions; and assures that the Board agenda is appropriately directed to the matters of greatest importance to the Corporation. In carrying out his responsibilities, the Chairman preserves the distinction between management and oversight, maintaining the responsibility of management to develop corporate strategy and the responsibility of the Board to review and express its views on corporate strategy. The functions of the Chairman include:

presiding over all meetings of the Board and shareholders, including regular executive sessions of non-management directors of the Board;

establishing the annual agenda of the Board and the agendas of each meeting in consultation with the Chief Executive Officer;

advising committee chairs, in consultation with the Chief Executive Officer, on meeting schedules, agenda and information needs for the committees of the Board;

defining the subject matter, quality, quantity and timeliness of the flow of information between management and the Board and overseeing the distribution of that information;

coordinating periodic review of management's strategic plan for the Corporation;

leading the Board review of the succession plan for the Chief Executive Officer and other key members of senior management;

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serving as Acting Chief Executive Officer in concert with the Board or appointing an interim Chief Executive Officer until a successor is selected in the event there is a separation with the existing Chief Executive Officer;

coordinating the annual performance review of the Chief Executive Officer;

consulting with committee chairs about the retention of advisors and experts;

acting as the principal liaison between the independent directors and the Chief Executive Officer on sensitive issues;

working with the Nominating and Corporate Governance Committee to develop and maintain the agreed-on definitions of the role of the Board and the organization, processes and governance guidelines necessary to carry it out;

after consulting with other members of the Board and the Chief Executive Officer, making recommendations to the Nominating and Corporate Governance Committee as to the membership of various Board committees and committee chairs;