



The Stability of National Penn... and the Safety of Your Savings

In this challenging economic environment, we'd like to provide you with the following information about National Penn, which speaks to the stability of our company and the safety of your deposits.

Credit Culture

National Penn is the fifth largest bank holding company headquartered in Pennsylvania and has had a responsible and prudent credit culture since our founding 134 years ago. We have diverse assets and a broad revenue stream, all of which contribute to our stability.

Exposure to Subprime Lending

National Penn did not originate subprime mortgages in the second, third or fourth quarter 2008 and has had minimal participation historically.

Exposure to Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac) Equity

National Penn does not own any Freddie Mac common or preferred stock, nor any Fannie Mae preferred stock. We own an immaterial amount of Fannie Mae common stock – 1,780 shares as of December 31, 2008.

Capitalization

To protect against potential losses, our holding company, National Penn Bancshares, Inc., and our banking subsidiaries are all "well-capitalized," as defined in government banking regulations.

Regulation

The U.S. financial services industry is highly regulated. National Penn and our banking subsidiaries are each supervised by various government bank regulators.

FDIC Insurance (increased on October 14, 2008)

Customers' deposits are insured by the Federal Deposit Insurance Corporation. The amount of basic coverage went to \$250,000 from \$100,000, as part of the Emergency Economic Stabilization Act signed into law on October 3rd. The total amount of coverage is based on the ownership of the account. For example, while the basic coverage is now \$250,000, a couple can have a joint account covered up to \$500,000 and the husband and wife can each have an additional \$250,000 covered in single accounts. In addition, each person can have up to \$250,000 covered in certain retirement accounts.

On October 14th, through its Transaction Account Guarantee Program, the FDIC initiated unlimited FDIC deposit insurance for all Non-Interest Bearing Deposit Transaction Accounts, e.g. non-interest bearing checking accounts, regardless of the dollar amount, over the \$250,000 basic coverage. National Penn continues to participate in this program and provide this added benefit to you, our customers. The program is available through December 31, 2009.

Some bank holding companies, such as National Penn, have separately chartered banks, each offering FDIC-insured deposit accounts. This enables customers to open similar FDIC-insured accounts at each bank.

We are also a member of the Certificate of Deposit Account Registry Service (CDARS®), which can fully protect your money with FDIC coverage, up to \$50 million.

For more details, please visit the FDIC Web site at www.fdic.gov/deposit. The site also has calculator to help you calculate simple FDIC insurance coverage. The calculator is available at www.fdic.gov/edie.

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