

**MAIRS AND POWER GROWTH FUND, INC.**  
**STATEMENT OF ADDITIONAL INFORMATION**

Dated April 30, 2009

Mairs and Power Growth Fund, Inc. (the “Fund”) is a no-load mutual fund. The objective of the Fund is to provide shareholders with a diversified portfolio of common stocks, which have the potential for above-average long-term appreciation.

This Statement of Additional Information (SAI) is not a prospectus, but contains information in addition to what is contained in the Fund’s Prospectus. The SAI should be read in conjunction with the Prospectus, dated April 30, 2009, which has been filed with the Securities and Exchange Commission. The Fund’s Prospectus and most recent annual financial statements may be obtained, without charge, by writing the Fund or calling Shareholder Services at 800-304-7404, or by visiting our website at [www.mairsandpower.com](http://www.mairsandpower.com). Certain portions of the Prospectus have been incorporated by reference into this SAI, as noted herein. The address of the Fund is Mairs and Power Growth Fund, c/o U.S. Bancorp Fund Services, LLC, P. O. Box 701, Milwaukee, WI 53201-0701.

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## **Classification of the Fund**

The Fund is an open-ended, diversified management company that was incorporated in Minnesota in 1958. The Fund has authorized capital stock of 100,000,000 shares, \$0.01 par value per share. Each share entitles the shareholder to one vote at all meetings of Fund shareholders. Shareholders will participate equally in dividends and capital gains distributions declared by the Fund for each share owned. Fund shares are transferable without restrictions and are redeemable at net asset value. The Fund is not required to hold annual meetings of shareholders.

## **Investment Objective and Policies**

As discussed in “Investment Objective, Principal Investment Strategies, Related Risks, and Disclosure of Portfolio Holdings” in the Fund’s Prospectus, the objective of the Fund is to provide shareholders with a diversified portfolio of common stocks, which have the potential for above-average long-term appreciation.

## **Investment Limitations**

The Fund is subject to the following restrictions which may not be changed without the approval of the holders of a majority of the Fund’s outstanding shares. The vote of a majority of the outstanding shares means the vote, at an annual or a special meeting of the shareholders representing (a) 67% or more of the voting shares present at such meeting, if the holders of more than 50% of the outstanding voting shares of the Fund are present or represented by proxy; or (b) more than 50% of the outstanding voting shares of the Fund, whichever is less.

The Fund may not:

- 1) Purchase securities of any issuer if as a result, (a) more than 5% of the value of the total assets of the Fund would then be invested in the securities of a single issuer (other than United States Government obligations), or (b) more than 10% of any class of securities, or more than 10% of the outstanding voting securities, of the issuer would then be held by the Fund;
- 2) Purchase securities of other investment companies if as a result more than 5% of the Fund’s total assets would then be (a) invested in the securities of that investment company, or (b) more than 10% of the Fund’s assets would then be invested in securities of all investment companies;
- 3) Concentrate more than 20% of its investments in a particular industry as defined by Standard & Poor’s;
- 4) Purchase or sell real estate, real estate investment trusts, or other interests in real estate which are not readily marketable;
- 5) Write, purchase or sell puts, calls, or combinations thereof;
- 6) Make loans (although it may acquire portions of an issuer’s publicly distributed securities);
- 7) Purchase securities on margin or sell short;
- 8) Borrow money, except that the Fund may borrow from banks up to 5% of its total assets to pay capital gain distributions, to pay income dividends, or to relieve an extraordinary or emergency situation, but not for investment purposes;
- 9) Mortgage, pledge, hypothecate, or in any manner transfer, as security for indebtedness, any securities owned or held by the Fund;
- 10) Participate on a joint or a joint and several basis in any trading account in securities;

- 11) Invest in companies for the purpose of exercising control of management;
- 12) Act as an underwriter of securities of other issuers;
- 13) Purchase or retain the securities of any issuer if officers and directors of the Fund or its investment adviser who own individually more than one-half of one percent of the securities of such issuer, together own more than 5% of the securities of such issuer;
- 14) Purchase or sell commodities or commodity contracts in the ordinary course of its business; or
- 15) Purchase or sell “restricted securities” in such a way as to become an “underwriter” within the meaning of that term as used in the Securities Act of 1933.

Limitations listed above apply at the time a security is purchased. The Fund will not be required to sell a security, if the security valuation exceeds the above listed limitations as a result of market fluctuation. Please refer to the Fund’s semi-annual and annual reports for information on industry classifications of the Fund’s holdings.

### **Characteristics and Risks of Permitted Securities**

In seeking to meet its investment objective, the Fund will invest in securities or instruments whose investment characteristics are consistent with the Fund’s investment program. The following further describes the principal types of portfolio securities and their risks.

***Common Stock.*** Common stock represents an equity or ownership interest in an issuer. Common stock typically entitles the owner to vote on the election of directors and other important matters as well as to receive dividends on such stock. In the event an issuer is liquidated or declares bankruptcy, the claims of owners of bonds, other debt holders, and owners of preferred stock take precedence over the claims of those who own common stock.

***Convertible Securities.*** Convertible securities are hybrid securities that combine the investment characteristics of bonds and common stocks. Convertible securities typically consist of debt securities or preferred stock that may be converted (on a voluntary or mandatory basis) within a specified period of time (normally for the entire life of the security) into a certain amount of common stock or other equity security of the same or a different issuer at a predetermined price. Convertible securities also include debt securities with warrants or common stock attached and derivatives combining the features of debt securities and equity securities. Other convertible securities with features and risks not specifically referred to herein may become available in the future. Convertible securities involve risks similar to those of both fixed income and equity securities.

The market value of a convertible security is a function of its “investment value” and its “conversion value.” A security’s “investment value” represents the value of the security without its conversion feature (i.e., a nonconvertible fixed income security). The investment value may be determined by reference to its credit quality and the current value of its yield to maturity or probable call date. At any given time, investment value is dependent upon such factors as the general level of interest rates, the yield of similar nonconvertible securities, the financial strength of the issuer, and the seniority of the security in the issuer’s capital structure. A security’s “conversion value” is determined by multiplying the number of shares the holder is entitled to receive upon conversion or exchange by the current price of the underlying security. If the conversion value of a convertible security is significantly below its investment value, the convertible security will trade like nonconvertible debt or preferred stock and its market value will not be influenced greatly by fluctuations in the market price of the underlying security. In that circumstance, the convertible security takes on the characteristics of a bond, and its price moves in the opposite direction from interest rates. Conversely, if the conversion value of a convertible security is near or

above its investment value, the market value of the convertible security will be more heavily influenced by fluctuations in the market price of the underlying security. In that case, the convertible security's price may be as volatile as that of common stock. Because both interest rate and market movements can influence its value, a convertible security generally is not as sensitive to interest rates as a similar fixed income security, nor is it as sensitive to changes in share price as its underlying equity security. Convertible securities are often rated below investment-grade or are not rated, and are generally subject to a high degree of credit risk.

While all markets are prone to change over time, the generally high rate at which convertible securities are retired (through mandatory or scheduled conversions by issuers or voluntary redemptions by holders) and replaced with newly issued convertibles may cause the convertible securities market to change more rapidly than other markets. For example, a concentration of available convertible securities in a few economic sectors could elevate the sensitivity of the convertible securities market to the volatility of the equity markets and to the specific risks of those sectors. Moreover, convertible securities with innovative structures, such as mandatory conversion securities and equity-linked securities, have increased the sensitivity of the convertible securities market to the volatility of the equity markets and to the special risks of those innovations, which may include risks different from, and possibly greater than, those associated with traditional convertible securities.

***Non-Investment-Grade Securities.*** The convertible securities in which the Fund may invest include non-investment-grade securities, also referred to as "high-yield securities" or "junk bonds," which are debt securities that are rated lower than the four highest rating categories by a nationally recognized statistical rating organization (for example, lower than Baa3 by Moody's Investors Service, Inc. or lower than BBB- by Standard & Poor's) or are determined to be of comparable quality by the Fund's adviser. These securities are generally considered to be, on balance, predominantly speculative with respect to capacity to pay interest and repay principal in accordance with the terms of the obligation and will generally involve more credit risk than securities in the investment-grade categories. Investment in these securities generally provides greater income and increased opportunity for capital appreciation than investments in higher quality securities, but they also typically entail greater price volatility and principal and income risk.

Analysis of the creditworthiness of issuers of high-yield securities may be more complex than for issuers of investment-grade securities. Thus, reliance on credit ratings in making investment decisions entails greater risks for high-yield securities than for investment-grade debt securities. The success of the Fund's adviser in managing high-yield securities is more dependent upon its own credit analysis than is the case with investment-grade securities.

Some high-yield securities are issued by smaller, less-seasoned companies, while others are issued as part of a corporate restructuring, such as an acquisition, merger, or leveraged buyout. Companies that issue high-yield securities are often highly leveraged and may not have available to them more traditional methods of financing. Therefore, the risk associated with acquiring the securities of such issuers generally is greater than is the case with investment-grade securities. Some high-yield securities were once rated as investment-grade but have been downgraded to junk bond status because of financial difficulties experienced by their issuers.

The market values of high-yield securities tend to reflect individual issuer developments to a greater extent than do investment-grade securities, which in general react to fluctuations in the general level of interest rates. High-yield securities

also tend to be more sensitive to economic conditions than are investment-grade securities. A projection of an economic downturn or of a sustained period of rising interest rates, for example, could cause a decline in junk bond prices because the advent of a recession could lessen the ability of a highly

leveraged company to make principal and interest payments on its debt securities. If an issuer of high-yield securities defaults, in addition to risking payment of all or a portion of interest and principal, a fund investing in such securities may incur additional expenses to seek recovery.

The secondary market on which high-yield securities are traded may be less liquid than the market for investment-grade securities. Less liquidity in the secondary trading market could adversely affect the ability of the Fund to sell a high-yield security or the price at which the Fund could sell a high-yield security, and could adversely affect the daily net asset value of Fund shares. When secondary markets for high-yield securities are less liquid than the market for investment-grade securities, it may be more difficult to value the securities because such valuation may require more research, and elements of judgment may play a greater role in the valuation because there is less reliable, objective data available.

***Foreign Securities; American Depositary Receipts.*** The Fund may invest up to 10% of its total assets in securities of foreign issuers, which are either listed on a United States securities exchange or represented by American Depositary Receipts (“ADRs”). Investment in foreign securities is subject to special investment risks that differ in some respects from those related to investments in securities of United States domestic issuers. These risks include political, social or economic instability in the country of the issuer, the difficulty of predicting international trade patterns, the possibility of the imposition of exchange controls, expropriation, limits on removal of currency or other assets, nationalization of assets, foreign withholding and income taxation, and foreign trading practices (including higher trading commissions, custodial charges and delayed settlements). Foreign securities also may be subject to greater fluctuations in price than securities issued by United States corporations. The principal markets on which these securities trade may have less volume and liquidity, and may be more volatile, than securities markets in the United States.

In addition, there may be less publicly available information about a foreign company than about a United States domiciled company. Foreign companies generally are not subject to uniform accounting, auditing and financial reporting standards comparable to those applicable to United States domestic companies. There is also generally less government regulation of securities exchanges, brokers and listed companies abroad than in the United States. Confiscatory taxation or diplomatic developments could also affect investment in those countries.

United States dollar-denominated ADRs, which are traded in the United States on exchanges or over-the-counter, are issued by domestic banks. ADRs represent the right to receive securities of foreign issuers deposited in a domestic bank or a correspondent bank. ADRs do not eliminate all the risk inherent in investing in the securities of foreign issuers. However, by investing in ADRs rather than directly in foreign issuers’ stock, the Fund can avoid currency risks during the settlement period for either purchases or sales. In general, there is a large, liquid market in the United States for many ADRs. The information available for ADRs is subject to the accounting, auditing and financial reporting standards of the domestic market or exchange on which they are traded, which standards are more uniform and more exacting than those to which many foreign issuers may be subject.

Certain ADRs, typically those denominated as unsponsored, require the holders thereof to bear most of the costs of the facilities, while issuers of sponsored facilities normally pay more of the costs. The depository of an unsponsored facility frequently is under no obligation to distribute shareholder communications received from the issuer of the deposited securities or to pass through the voting rights to facility holders in respect to the deposited securities, whereas the depository of a sponsored facility typically distributes shareholder communications and passes through voting rights.

***Exchange-Traded Funds.*** The Fund may purchase shares of exchange-traded funds (ETFs). Typically, the Fund would purchase ETF shares for the same reason it would purchase (and as an alternative to purchasing) futures contracts: to obtain exposure to all or a portion of the stock or bond market. ETF shares enjoy several advantages over futures. Depending on the market, the holding

period, and other factors, ETF shares can be less costly and more tax-efficient than futures. In addition, ETF shares can be purchased for smaller sums, offer exposure to market sectors and styles for which there is no suitable or liquid futures contract, and do not involve leverage.

Most ETFs are investment companies. Therefore, the Fund's purchases of ETF shares generally are subject to the limitations on, and the risks of, the Fund's investments in other investment companies.

An investment in an ETF generally presents the same primary risks as an investment in a conventional fund (i.e., one that is not exchange traded) that has the same investment objective, strategies, and policies. The price of an ETF can fluctuate within a wide range, and the Fund could lose money investing in an ETF if the prices of the securities owned by the ETF go down. In addition, ETFs are subject to the following risks that do not apply to conventional funds:

- the market price of the ETF's shares may trade at a discount to their net asset value;
- an active trading market for an ETF's shares may not develop or be maintained; or
- trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) generally halts stock trading.

**Other Investment Companies.** The Fund may invest in other investment companies to the extent permitted by applicable law or SEC exemption. Under the Investment Company Act of 1940 (the "1940 Act"), the Fund generally may invest up to 10% of its assets in shares of investment companies and up to 5% of its assets in any one investment company, as long as the investment does not represent more than 3% of the voting stock of the acquired investment company. If the Fund invests in other investment companies, shareholders will bear not only their proportionate share of the Fund's expenses (including operating expenses and the fees of the adviser), but also, indirectly, the similar expenses of the underlying investment companies. Shareholders would also be exposed to the risks associated not only with the investments of the Fund but also with the portfolio investments of the underlying investment companies. Certain types of investment companies, such as closed-end investment companies, issue a fixed number of shares that typically trade on a stock exchange or over-the-counter at a premium or discount to their net asset value. Others are continuously offered at net asset value but also may be traded on the secondary market.

**Preferred Stock.** Preferred stock represents an equity or ownership interest in an issuer. Preferred stock normally pays dividends at a specified rate and has precedence over common stock in the event the issuer is liquidated or declares bankruptcy. However, in the event an issuer is liquidated or declares bankruptcy, the claims of owners of bonds take precedence over the claims of those who own preferred and common stock. Preferred stock, unlike common stock, often has a stated dividend rate payable from the corporation's earnings. Preferred stock dividends may be cumulative or non-cumulative, participating, or auction rate. "Cumulative" dividend provisions require all or a portion of prior unpaid dividends to be paid before dividends can be paid to holders of the issuer's common stock. "Participating" preferred stock may be entitled to a dividend exceeding the stated dividend in certain cases. If interest rates rise, the fixed dividend on preferred stocks may be less attractive, causing the price of such stocks to decline. Preferred stock may have mandatory sinking fund provisions, as well as provisions allowing the stock to be called or redeemed, which can limit the benefit of a decline in interest rates. Preferred stock is subject to many of the risks to which common stock and debt securities are subject.

**Repurchase Agreements.** A repurchase agreement is an agreement under which the Fund acquires a fixed income security (generally a security issued by the United States government or an agency thereof, a banker's acceptance, or a certificate of deposit) from a commercial bank, broker, or dealer, and simultaneously agrees to resell such security to the seller at an agreed upon price and date (normally, the

next business day). Because the security purchased constitutes collateral for the repurchase obligation, a repurchase agreement may be considered a loan that is collateralized by the security purchased. The resale price reflects an agreed upon interest rate effective for the period the instrument is held by the Fund and is unrelated to the interest rate on the underlying instrument. In these transactions, the securities acquired by the Fund (including accrued interest earned thereon) must have a total value in excess of the value of the repurchase agreement and be held by a custodian bank until repurchased. In addition, the investment adviser will monitor the Fund's repurchase agreement transactions generally and will evaluate the creditworthiness of any bank, broker, or dealer party to a repurchase agreement relating to a Fund. The aggregate amount of any such agreements is not limited except to the extent required by law.

The use of repurchase agreements involves certain risks. One risk is the seller's ability to pay the agreed-upon repurchase price on the repurchase date. If the seller defaults, the Fund may incur costs in disposing of the collateral, which would reduce the amount realized thereon. If the seller seeks relief under the bankruptcy laws, the disposition of the collateral may be delayed or limited. For example, if the other party to the agreement becomes insolvent and subject to liquidation or reorganization under the bankruptcy or other laws, a court may determine that the underlying security is collateral for a loan by the Fund not within its control and, therefore, the realization by the Fund on such collateral may be automatically stayed. Finally, it is possible that the Fund may not be able to substantiate its interest in the underlying security and may be deemed an unsecured creditor of the other party to the agreement.

***Reverse Repurchase Agreements.*** In a reverse repurchase agreement, the Fund sells a security to another party, such as a bank or broker-dealer, in return for cash and agrees to repurchase that security at an agreed-upon price and time. Under a reverse repurchase agreement, the Fund continues to receive any principal and interest payments on the underlying security during the term of the agreement. Reverse repurchase agreements involve the risk that the market value of securities retained by the Fund may decline below the repurchase price of the securities sold by the Fund which it is obligated to repurchase.

A reverse repurchase agreement may be considered a borrowing transaction for purposes of the 1940 Act. A reverse repurchase agreement transaction will not be considered to constitute the issuance of a "senior security" by the Fund, and such transaction will not be subject to the 300% asset coverage requirement otherwise applicable to borrowings by the Fund, if the Fund covers the transaction in accordance with the requirements of the 1940 Act. The Fund will enter into reverse repurchase agreements only with parties whose creditworthiness has been reviewed and found satisfactory by the adviser.

***Temporary Investments.*** The Fund may take temporary defensive measures that are inconsistent with the Fund's normal fundamental or non-fundamental investment policies and strategies in response to adverse market, economic, political, or other conditions as determined by the adviser. Such measures could include, but are not limited to, investments in (1) highly liquid short-term fixed income securities issued by or on behalf of municipal or corporate issuers, obligations of the United States government and its agencies, commercial paper, and bank certificates of deposit; (2) shares of other investment companies which have investment objectives consistent with those of the Fund; (3) repurchase agreements involving any such securities; and (4) other money market instruments. There is no limit on the extent to which the Fund may take temporary defensive measures. In taking such measures, the Fund may fail to achieve its investment objective.

***Warrants.*** Warrants are instruments that give the holder the right, but not the obligation, to buy an equity security at a specific price for a specific period of time. Changes in the value of a warrant do not necessarily correspond to changes in the value of its underlying security. The price of a warrant may be more volatile than the price of its underlying security, and a warrant may offer greater potential for capital appreciation as well as capital loss. Warrants do not entitle a holder to dividends or voting rights

with respect to the underlying security and do not represent any rights in the assets of the issuing company. A warrant ceases to have value if it is not exercised prior to its expiration date. These factors can make warrants more speculative than other types of investments.

***When-Issued or Delayed-Delivery Securities.*** The Fund may purchase securities on a when-issued or a delayed-delivery basis, that is, for payment and delivery on a date later than normal settlement, but generally within 30 days.

The purchase price and yield on these securities are generally set at the time of purchase. On the date that a security is purchased on a when-issued basis, the Fund earmarks liquid assets with a value at least as great as the purchase price of the security as long as the obligation to purchase continues. The value of the delayed delivery security is reflected in the Fund's net asset value as of the purchase date, however, no income accrues to the Fund from these securities prior to their delivery to the Fund. The Fund makes such purchases for long-term investment reasons, but may actually sell the securities prior to settlement date if the Fund deems it advisable in seeking to achieve the objectives of the Fund. The purchase of these types of securities may increase the Fund's overall investment exposure and involves a risk of loss if the value of the securities declines prior to the settlement date. Unsettled securities purchased on a when-issued or delayed-delivery basis (i.e., in excess of an established market practice) will not exceed 5% of the Fund's total assets at any one time.

## **Portfolio Turnover**

The annual portfolio turnover rate for the Fund was 2.42% for the year ended December 31, 2008 and 4.44% for the year ended December 31, 2007. The Fund has not placed any limit on its rate of portfolio turnover and securities may be sold without regard to the time they have been held when in the opinion of the investment adviser, Mairs and Power, Inc., investment considerations warrant such action. Portfolio turnover rate is calculated by dividing the lesser of the Fund's annual sales or purchases of portfolio securities (exclusive of securities with maturities of one year or less at the time the Fund acquired them) by the monthly average value of the securities in the Fund's portfolio during the year.

## **Disclosure of Portfolio Holdings**

Disclosure of the Fund's complete holdings is required to be made quarterly within 60 days of the end of each fiscal quarter in the Annual Report and Semi-Annual Report on Form N-CSR to Fund shareholders and in the quarterly holdings report on Form N-Q. These reports are available, free of charge, on the EDGAR database on the SEC's website at *www.sec.gov*. You may also visit the SEC's Public Reference Room in Washington, D.C. to view and copy these reports. Information regarding the operations of the Public Reference Room may be obtained by calling 202-551-8090 (direct) or 800-732-0330 (general SEC number). A complete copy of the Fund's portfolio holdings will be available on or about 15 days following each quarter-end on the Fund's website. This list remains available on the website until it is replaced with the following quarter-end list. To view the Fund portfolio holdings, visit *www.mairsandpower.com*. You may also obtain a copy of the Fund's latest quarterly report without charge by calling Shareholder Services at 800-304-7404.

From time to time the Fund's service providers, independent rating and ranking organizations, institutional investors and others may request information about the Fund's portfolio holdings. The Fund's policy is to disclose portfolio holdings to third parties only where the Fund believes that it has a legitimate business purpose for disclosing the information and the recipient is subject to a duty of confidentiality, including a duty not to trade on the basis of any non-public information. No compensation is received by the Fund in connection with the disclosure of portfolio holdings information.

The Fund may provide, at any time, portfolio holdings information to service providers, such as the Fund's investment adviser, transfer agent, custodian/fund accounting agent, financial printer, pricing services, auditors, and proxy voting services, as well as to state and federal regulators and government agencies, and as otherwise required by law or judicial process. These service providers are subject to duties of confidentiality, including a duty not to trade on non-public information, imposed by law or contract.

The Fund may also provide information regarding portfolio holdings to shareholders, firms and institutions before public disclosure is required or authorized as discussed above, provided that the recipient does not distribute the portfolio holdings information or results of any analysis of such information to third parties, other departments or persons who are likely to use the information for purposes of purchasing or selling the Fund's shares before the information becomes public. In addition, Mairs and Power, Inc. manages portfolios for investment clients whose portfolios may be similar to those of the Fund. These clients receive investment advice and generally have access to current portfolio holding information in their accounts. These investment clients do not have a duty to Mairs and Power or the Fund to keep their portfolio holdings confidential. The Fund's Board of Directors may, on a case-by-case basis, impose additional restrictions on the dissemination of the Fund's portfolio information beyond those described herein.

The Chief Compliance Officer will exercise oversight of disclosures of the Fund's portfolio holdings and ensure that all portfolio holdings disclosures are in the best interests of the Fund's shareholders. Every violation of the portfolio holdings disclosure policy must be reported to the Fund's Chief Compliance Officer. The portfolio holdings disclosure policy may not be waived, and exceptions may not be made, without the consent of the Fund's Board of Directors.

## Management of the Fund

The officers and directors of the Fund and their principal occupations for the last five years are set forth below. The Board of Directors is generally responsible for the overall operation of the Fund. The Directors elect the officers of the Fund to actively supervise the day-to-day operations of the Fund.

Name (Age) and Address(1)	Position(s) Held with the Fund and Length of Time Served(2)	Principal Occupation(s) During Past Five Years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships Held by Director
<b>INTERESTED PRINCIPAL OFFICER WHO IS A DIRECTOR</b>				
William B. Frels (69)	President since June 2004 and Director since 1992	<ul style="list-style-type: none"> <li>◆ Chairman and CEO of the Investment Adviser (2007-present).</li> <li>◆ President of the Investment Adviser (2002 to 2007).</li> <li>◆ Treasurer of the Investment Adviser (1996 to 2007)</li> </ul>	2	N/A
<b>INTERESTED PRINCIPAL OFFICERS WHO ARE NOT DIRECTORS</b>				
Peter G. Robb (60)	Vice President since 1994	<ul style="list-style-type: none"> <li>◆ Vice President and Secretary of the Investment Adviser (1994-present).</li> </ul>	N/A	N/A
Jon A. Theobald (63)	Secretary since 2003; Chief Compliance Officer since 2004	<ul style="list-style-type: none"> <li>◆ President and Chief Operating Officer of the Investment Adviser (2007 to present).</li> <li>◆ Chief Compliance Officer of the Investment Adviser (2004 to present).</li> <li>◆ Executive Vice President and Chief Administrative Officer of the Investment Adviser (2002 to 2007).</li> </ul>	N/A	N/A
Lisa J. Hartzell (64)	Treasurer since 1996	<ul style="list-style-type: none"> <li>◆ Vice President of the Investment Adviser (2004 to present).</li> <li>◆ Manager of Mutual Fund Services of the Investment Adviser (1996 to present).</li> </ul>	N/A	N/A

Name (Age) and Address(1)	Position(s) Held with the Fund and Length of Time Served(2)	Principal Occupation(s) During Past Five Years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships Held by Director
<b>DISINTERESTED DIRECTORS</b>				
Norbert J. Conzemius (67)	Board Chair since February 2006; Director since 2000	◆ Retired Chief Executive Officer, Road Rescue Incorporated.	2	N/A
Charles M. Osborne (55)	Audit Committee Chair since February 2006; Director since 2001	◆ Chief Financial Officer, Fair Isaac Corporation (2004 to present). ◆ Chief Financial Officer(2000 to 2004), Vice President (2003 to 2004), University of Minnesota Foundation	2	N/A
Edward C. Stringer (74)	Director since 2002	◆ Retired attorney (2002 to 2005), Briggs and Morgan, P.A. ◆ Retired Associate Justice, State of Minnesota Supreme Court (1994 to 2002).	2	N/A
Bert J. McKasy (67)	Director since September 2006	◆ Attorney, Lindquist & Vennum, P.L.L.P.	2	N/A

- (1) Unless otherwise indicated, the mailing address of each officer and director is: W1520 First National Bank Building, 332 Minnesota Street, Saint Paul, MN 55101-1363.
- (2) Each Director serves until his resignation or mandatory retirement age. Each officer is elected annually and serves until his successor has been duly elected and qualified.

All of the persons listed in the table above and on the previous page serve in the same capacities with Mairs and Power Balanced Fund, Inc., an open-end investment company which also retains Mairs and Power, Inc. as its investment adviser. Directors, Officers and Portfolio managers of the Mairs and Power Funds are subject to mandatory retirement at age 75.

The Board of Directors has four standing committees listed below:

Standing Committees	Functions	Members	Number of Meetings Held During Last Fiscal Year
Audit Committee	To make recommendations to the Board of Directors regarding the selection of an independent registered public accounting firm, and to assist the Board of Directors in its oversight of the Fund's financial reporting process. The Audit Committee meets with the independent registered public accounting firm at least annually to review the results of the examination of the Fund's financial statements and any other matters relating to the Fund.	Charles M. Osborne (Chairman) Norbert J. Conzemius Bert J. McKasy Edward C. Stringer	3
Fair Market Valuation Committee	To oversee pricing of the Fund and to research and resolve any pricing problems. The Fair Market Valuation Committee meets on an "as needed" basis.	William B. Frels (Chairman) Lisa J. Hartzell Ronald L. Kaliebe Jon A. Theobald Andrea C. Stimmel	4
Nominating Committee	To consider and recommend nominees for directors to the Board to fill vacancies when required. Nominations of directors who are not "interested persons" of the Investment Company must be made and approved by the Nominating Committee. The Nominating Committee meets on an "as needed" basis. The Nominating Committee will consider nominees recommended by shareholders. Shareholders may send recommendations to the Secretary of the Fund.	Norbert J. Conzemius (Chairman) Bert J. McKasy Charles M. Osborne Edward C. Stringer	0
Disclosure Committee	To oversee and act as a final checkpoint with respect to all shareholder communications. The Disclosure Committee meets on an "as needed" basis.	William B. Frels (Chairman) Lisa J. Hartzell Jon A. Theobald Andrea C. Stimmel	2

Each director attended all of the Board of Directors meetings and, if a member, of the Audit Committee meetings held during the fiscal year ended December 31, 2008.

The following table provides information about the dollar range of common stock owned beneficially as of December 31, 2008 by each director.

Name of Director	Dollar Range of Equity Securities in the Fund	Aggregate Dollar Range of Equity Securities In All Registered Investment Companies Overseen by Director in Family of Investment Companies
Norbert J. Conzemius	over \$100,000	over \$100,000
William B. Frels	over \$100,000	over \$100,000
Bert J. McKasy	\$10,001-\$50,000	\$10,001-\$50,000
Charles M. Osborne	over \$100,000	over \$100,000
Edward C. Stringer	over \$100,000	over \$100,000

## Certain Transactions

Since January 1, 2007, no director who is not an interested person of the Fund, or any immediate family member of such a director, has had any direct or indirect interest, the value of which exceeded \$120,000, in: (i) the Fund's investment adviser or (ii) any person (other than a registered investment company) directly or indirectly controlling, controlled by, or under common control with the investment adviser.

Since January 1, 2007, no director who is not an interested person of the Fund, or any immediate family member of such a director, has had any material interest or relationship, direct or indirect, in any transaction, or series of similar transactions, in which the amount involved exceeded \$120,000 and to which any of the following persons was a party: (i) the Fund, (ii) an officer of the Fund, (iii) the Mairs and Power Balanced Fund, (iv) an officer of the Mairs and Power Balanced Fund, (v) the Fund's investment adviser, (vi) an officer of the Fund's investment adviser, (vii) a person directly or indirectly controlling, controlled by, or under common control with the investment adviser, or (viii) an officer of a person directly or indirectly controlling, controlled by, or under common control with the investment adviser.

Since January 1, 2007, no officer of the Fund's investment adviser or any officer of any person directly or indirectly controlling, controlled by, or under common control with the investment adviser, served on the board of directors of any company where a director of the Fund who is not an interested person of the Fund, or immediate family member of the director, was an officer.

## Compensation

The following table provides information about compensation paid to the Fund's directors for the fiscal year ended December 31, 2008. The Fund does not pay remuneration to its officers or to directors who are officers, directors or employees of the investment adviser.

Name of Person, Position	Pension or Aggregate Compensation from Fund	Retirement Benefits Accrued as Part of Fund Expenses	Estimated Annual Benefits Upon Retirement	Total Compensation From Fund and Fund Complex Paid to Directors
Norbert J. Conzemius (Chairman of the Board) Disinterested Director	\$47,500	None	None	\$50,000
Bert J. McKasy Disinterested Director	\$41,800	None	None	\$44,000
Charles M. Osborne (Chairman of the Audit Committee) Disinterested Director	\$47,500	None	None	\$50,000
Edward C. Stringer Disinterested Director	\$41,800	None	None	\$44,000
William B. Frels (President) Interested Director	None	None	None	None

## Code of Ethics

The Fund and its investment adviser have adopted codes of ethics under Rule 17j-1 of the Investment Company Act. These codes of ethics permit personnel (access persons) subject to the codes to invest in securities including securities that may be purchased or held by the Fund. The codes contain restrictions on personal investing practices. One of the restrictions of the code provides that access persons must obtain approval before executing personal trades. The code of ethics have been designed to ensure that the interests of the Fund's shareholders come before the interests of the Fund's managers. The Code of Ethics is on file with the SEC.

## Proxy Voting Policies and Procedures

The Fund has delegated the authority to vote shares held in its investment portfolio to the investment adviser. Accordingly, the investment adviser is responsible for voting proxies for all voting securities held by the Fund. The investment adviser's policy is to vote in accordance with guidelines established by its Investment Committee. A copy of the investment adviser's proxy voting guidelines is attached as Appendix A.

The proxy voting guidelines were established by the investment adviser's Investment Committee and are subject to change. The Committee is responsible for resolving voting decisions that cannot be readily determined by reference to the proxy voting guidelines. Actual proxy voting records of the Fund are filed with the SEC no later than August 31 of each year, covering the Fund's proxy voting record for the most recent twelve-month period ended June 30. Proxy voting records are available as soon as reasonably practicable after filing the report with the Commission, without charge by visiting the Fund's website at [www.mairsandpower.com](http://www.mairsandpower.com) and on the SEC's website at [www.sec.gov](http://www.sec.gov).

## Control Persons and Principal Holders of Securities

As of April 1, 2009, the only shareholders holding more than 5% of the Fund's outstanding shares were "Ameritrade, Inc." PO Box 2226, Omaha, NE, 68103-2226 (1,734,547 shares or 5.5%) and "National Financial Services, LLC" 200 Liberty Street, New York, NY, 10281-1003 (1,770,560 shares or 5.6%). As of April 1, 2009, the Fund's officers and directors as a group beneficially owned 0.44% of the Fund's outstanding shares. The Fund knows of no other person who owns beneficially or of record more than 5% of the outstanding shares of the Fund.

## Investment Adviser

Mairs and Power, Inc. a Minnesota corporation, is the investment adviser of the Fund. Mairs and Power, Inc.'s shareholders, along with their percentage ownership positions in Mairs and Power, Inc., are listed below.

Shareholder	Percentage of Outstanding Shares Held as of April 1, 2009
William B. Frels	28.2%
George A. Mairs, III	18.3%
Peter G. Robb	21.2%
Other	32.3%

Mr. Frels is an officer and a director of the Fund and Mr. Robb is an officer of the Fund. Ownership positions in the "Other" category are owned by other officers and employees of the investment adviser.

Mairs and Power, Inc. has served as an investment advisory firm since 1931 and has furnished continuous investment supervision to the Fund since 1958. Mairs and Power, Inc. currently provides similar services to one other mutual fund, Mairs and Power Balanced Fund, Inc., the net assets of which were \$107,989,345 as of December 31, 2008.

Mairs and Power, Inc. serves as investment adviser to the Fund under the terms of an Amended and Restated Agreement for Investment Counsel Service effective July 1, 2005 (the "Investment Advisory Agreement"). The Investment Advisory Agreement must be approved annually by the Board of Directors of the

Fund, including a majority of those directors who are not parties to such contract or “interested persons” of any such party as defined in the 1940 Act. The independent directors of the Fund reviewed the level of fees charged by the investment adviser, the level and quality of service provided by the investment adviser, and the expenses incurred by the Fund. After careful review and consideration, the Investment Advisory Agreement was approved by the Board of Directors of the Fund, including a majority of the directors who were not parties to such agreement or interested persons of any such party, by casting their votes in person at a meeting called for such purpose. The Agreement may be terminated at any time, without penalty, on 60 days’ written notice by the Fund’s Board of Directors, by the holders of a majority of the Fund’s outstanding voting shares or by the investment adviser. The Agreement automatically terminates in the event of its assignment (as defined in the 1940 Act and the rules thereunder). Mairs and Power, Inc. conducts investment research and supervises investment accounts for individuals, trusts, pension and profit sharing funds, charitable and educational institutions. Mairs and Power, Inc. is not a broker and does not sell securities.

As compensation for its services to the Fund, the investment adviser receives monthly compensation from the Fund. The investment management fee paid to the adviser by the Fund is computed at an annual rate of 0.60% of daily net assets up to \$2.5 billion, and 0.50% of daily net assets in excess of \$2.5 billion per annum. The ratio of the management fee to average net assets in 2008 was 0.60%; the ratio of total expenses to average net assets was 0.70%.

Management fees paid by the Fund to Mairs and Power, Inc. amounted to \$13,286,285 in 2008, \$16,190,590 in 2007 and \$15,553,641 in 2006. Under the terms of the Investment Advisory Agreement, the investment adviser agrees to render research, statistical and advisory services to the Fund, pay for office rental, executive salaries and executive expenses and pay all expenses related to the distribution and sale of Fund shares. All other expenses, such as brokerage commissions, fees charged by the Securities and Exchange Commission, custodian and transfer agent fees, legal and auditing fees, directors fees, premiums on fidelity bonds, supplies, and all other miscellaneous expenses are borne by the Fund.

Mairs and Power, Inc., at its own expense, currently pays costs which may include record keeping, transaction processing for shareholders’ accounts and other services to authorized third-party retirement plan administrators and authorized registered broker/dealers, financial institutions or investment advisers. These payments are made at the discretion of Mairs and Power, Inc. Determination whether payments should be paid includes the quality of relationship and the terms of any servicing agreement. The Fund may pay a portion of this fee which approximates the amount the Fund would pay its transfer agent if the shares involved were registered directly in the respective beneficial owners’ names on the books of the Fund.

### **Fund Administration Servicing Agreement**

Mairs and Power, Inc. provides certain administrative services for the Fund pursuant to a Fund Administration Servicing Agreement. These services include general administrative services, assistance with regulatory compliance, and coordination of accounting and tax reporting. As compensation for these services to the Fund, the investment adviser receives monthly compensation from the Fund. The Fund Administration fee is computed at an annual rate of 0.005% based upon the Fund’s daily net assets. In 2008, the Fund paid Mairs and Power, Inc. \$170,584 for administrative services.

### **Transfer Agent, Custodian and Fund Accountant**

U.S. Bancorp Fund Services, LLC, 615 East Michigan Street, P. O. Box 701, Milwaukee, Wisconsin 53201-0701 acts as the Fund’s transfer agent and dividend disbursing agent. For these services, the Fund paid U.S. Bancorp Fund Services \$703,851 in 2008, \$755,700 in 2007, and \$806,210 in 2006. U.S. Bancorp Fund Services also serves as fund accountant for the Fund. For these services, the Fund paid U.S. Bancorp Fund Services, \$219,080 in 2008, \$269,162 in 2007 and \$255,085 in 2006.

Custodial services for the Fund are performed by U.S. Bank, N.A., Custody Operations, 1555 North River Center Drive, Suite 302, Milwaukee, Wisconsin 53212, pursuant to the terms of a Custodial Agreement

reviewed annually by the Board of Directors. As custodian, U.S. Bank, N.A. controls all securities and cash for the Fund, receives and pays for securities purchased, delivers against payment for securities sold, receives and collects income from investments, makes all payments for Fund expenses and performs other administrative services, as directed in writing by authorized officers of the Fund. For these services, the Fund paid U.S. Bank, N.A. \$152,105 in 2008, \$180,365 in 2007, and \$174,319 in 2006.

### **Independent Registered Public Accounting Firm**

Ernst & Young LLP, Suite 1400, 220 South Sixth Street, Minneapolis, Minnesota 55402 is the independent registered public accounting firm to the Fund, and is subject to annual appointment by the Board of Directors. Ernst & Young LLP conducts an annual audit of the Fund's financial statements and performs tax and accounting advisory services.

### **Legal Counsel to the Funds**

Dorsey & Whitney LLP, Suite 1500, 50 South Sixth Street, Minneapolis, MN 55402-1498, currently serves as legal counsel to the Fund.

### **Portfolio Managers**

#### ***Other Accounts Managed***

William B. Frels, the lead portfolio manager of the Fund, is also primarily responsible for the day-to-day management of other accounts managed by Mairs and Power, Inc.

The number of other accounts managed by Mr. Frels and the total assets managed in these other accounts are as follows:

- Mr. Frels is lead portfolio manager of the Mairs and Power Balanced Fund, Inc. As of December 31, 2008, the total assets under management in this fund were \$107,989,345.
- Mr. Frels is the portfolio manager for 184 individual investment advisory accounts. As of December 31, 2008, the total assets under management in these accounts were \$527,152,775.

In one of the accounts described above for Mr. Frels, the advisory fee is based on a percentage of assets under management plus a bonus payment based on the performance of the account. The total assets under management in this account as of December 31, 2008 were \$81,468,400. Advisory fees for all of the other accounts are based on a percentage of assets under management.

Mark L. Henneman is co-manager of the Fund. Mr. Henneman is also primarily responsible for the day-to-day management of other accounts managed by Mairs and Power, Inc.

The number of other accounts managed by Mr. Henneman and the total assets managed in these other accounts are as follows:

- Mr. Henneman is the portfolio manager for 128 individual investment advisory accounts. As of December 31, 2008, the total assets under management in these accounts were \$178,901,158.

Mr. Frels and Mr. Henneman serve as officers and directors of certain advisory clients of Mairs and Power, Inc. Such positions could potentially create conflicts of interest in certain situations involving security transactions.

### **Compensation**

The Fund does not pay any salary, bonus, deferred compensation, pension or retirement plan on behalf of the lead portfolio manager, co-manager or any other employee of Mairs and Power, Inc. The lead portfolio manager and co-manager of the Fund receive compensation from the investment adviser, Mairs and Power, Inc. Compensation consists of a fixed salary and bonuses based on the profitability of the firm. The lead

portfolio manager and co-manager also participate in the profit sharing plan of the investment adviser. Contributions are made annually and are within the limitations of the Internal Revenue Service Rules and Regulations. Additionally, the co-manager is a participant in a Mairs and Power, Inc. Incentive Stock Option Plan.

### ***Ownership of Securities***

As of December 31, 2008, Mr. Frels beneficially owned over \$1,000,000 of the shares in the Fund. As of December 31, 2008, Mr. Henneman beneficially owned between \$50,001 - \$100,000 of the shares in the Fund.

Mairs and Powers' profit-sharing plan is almost entirely invested in shares of the Mairs and Powers Growth Fund and the Mairs and Powers Balanced Fund. As of December 31, 2008 the profit-sharing plan held \$5,137,658 in the Funds.

### **Brokerage Allocation and Other Practices**

Subject to policies established by the Board of Directors of the Fund, the investment adviser is responsible for the Fund's portfolio decisions and the placing of orders to effect the Fund's portfolio transactions. With respect to such transactions, the investment adviser seeks to obtain the best net results for the Fund taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution and operational facilities of the firm involved. While the investment adviser generally seeks reasonably competitive commission rates, the Fund will not necessarily be paying the lowest commission or spread available. The Fund has no obligation to deal with any broker or dealer in the execution of its portfolio transactions. The broker-dealers used by the Fund have no affiliation with the Fund, its investment adviser, or any of their officers or directors.

Investment decisions for the Fund are made independently from those for the Mairs and Power Balanced Fund, Inc., also managed by Mairs and Power, Inc. When these funds are simultaneously engaged in the purchase or sale of the same securities, the transactions are averaged as to price and allocated as to amount in accordance with a formula deemed equitable to each fund. In some cases this system may adversely affect the price paid or received by the Fund, or the size of the position obtainable for the Fund.

Decisions with respect to allocations of portfolio brokerage will be made by the investment adviser. Portfolio transactions are normally placed with broker-dealers which provide the Fund's investment adviser with research and statistical assistance. Recognizing the value of these factors, the Fund may pay brokerage commissions in excess of those which another broker might charge for effecting the same transaction, even though the research services furnished by brokers through whom the Fund effects securities transactions may benefit other clients of Mairs and Power, Inc.

For the year 2008, the Fund paid \$421,698 in brokerage fees on purchase and sale of portfolio securities. All of this amount was paid to brokers or dealers who supplied research services to the investment adviser. Total brokerage fees for 2007 and 2006 amounted to \$515,614 and \$426,137, respectively.

### **Capital Stock**

The Fund was incorporated in Minnesota in 1958, and offers for sale shares of a single class of common stock. Each share is equal in all respects and confers equal rights upon the shareholders as to redemption, dividends, and liquidation. When you invest in the Fund, you acquire shares that entitle you to receive dividends as determined by the Board of Directors and to cast a vote for each share and fraction thereof at shareholder meetings. The shares of the Fund do not have any preemptive rights. All shares issued are fully paid and non-assessable, are transferable, and are redeemable at net asset value upon demand of the shareholder.

### **Purchasing, Redeeming, and Pricing Fund Shares**

The purchase, redemption, and pricing of the Fund's shares are subject to the procedures described in "Pricing of Fund Shares," "Purchasing Shares," "Redeeming Shares, Exchanging Shares and Transferring

Registration,” and “Frequent Purchases and Redemptions of Fund Shares” in the Fund’s Prospectus, which is incorporated herein by reference.

### **Taxation**

The Fund intends to comply, as it did in 2008, with the special provisions of Subchapter M of the Internal Revenue Code that relieves it from federal income tax on net investment income and capital gains currently distributed to shareholders. The Internal Revenue Code requires all regulated investment companies to pay a nondeductible 4% excise tax if less than 98% of ordinary income and less than 98% of capital gains are paid out to shareholders during the year in which they are earned or realized. The Fund intends to distribute income and capital gains in such a manner as to avoid this excise tax.

### **Principal Underwriter**

The Fund is the sole distributor of its mutual fund shares.

### **Calculation of Performance Data**

The Fund may publish its total return information from time to time. Quotations of the Fund’s average annual total rate of return, the Fund’s average annual total return (after taxes on distributions), and the Fund’s average annual total return (after taxes on distributions and redemptions), will be expressed in terms of the average annual compounded rate of return on a hypothetical investment in the Fund over periods of one, five and ten years. The after-tax performance is calculated using the highest individual marginal federal income tax rates in effect on the reinvestment date. The calculation applies the ordinary income tax rate for ordinary income distributions, the short-term capital gain rate for short-term capital gain distributions, and the long-term capital gain rate for long-term capital gain distributions. Performance data will reflect the deduction of a proportional share of Fund expenses (on an annual basis), and will assume that all dividends and capital gains distributions are reinvested when paid.

Performance information reflects only the performance of a hypothetical investment in the Fund during the particular time periods on which the calculations are based. Such information should not be considered as representative of the performance of the Fund in the future. Performance of the Fund will vary based not only on the current market value of the securities held in its portfolio, but also on changes in its expenses and amount of assets.

### **Financial Statements**

The Fund’s financial statements, including a listing of portfolio securities as of December 31, 2008, are included in the Fund’s Annual Report to Shareholders for the year ended December 31, 2008 and are incorporated herein by reference. The financial statements have been audited by Ernst & Young LLP, independent registered public accounting firm, Suite 1400, 220 South Sixth Street, Minneapolis, Minnesota 55402, as set forth in their report appearing in the Annual Report and incorporated herein by reference. Additional copies of the Annual Report may be obtained, without charge, by writing or calling the Fund at 800-304-7404 or by visiting the Fund’s website at [www.mairsandpower.com](http://www.mairsandpower.com).

**MAIRS AND POWER MUTUAL FUNDS**  
**PROXY VOTING POLICIES AND PROCEDURES**

- A. Mairs and Power has adopted and implemented these proxy voting guidelines with the overriding goal of ensuring that all proxies are voted in the best interest of the Fund and its Shareholders.
- B. The person at Mairs and Power responsible for monitoring corporate actions, making voting decisions and ensuring that proxies are submitted in a timely manner is Mr. Ronald Kaliebe, Vice President. Whenever Mr. Kaliebe identifies proposals which are controversial or non-routine in nature, such proposals will be reviewed on a case-by-case basis and he will enlist the guidance of the full Mairs and Power Investment Committee, which includes Mr. George A. Mairs, III, Mr. William B. Frels, Mr. Peter G. Robb, Mr. John K. Butler, Mr. Mark L. Henneman, Mr. Andrew R. Adams and Mr. Jon A. Theobald, in addition to Mr. Kaliebe.
- C. As a general rule, it is the policy of Mairs and Power to vote in favor of management on all proxy statement proposals considered to be non-controversial and routine in nature. In this regard, the following types of proposals are generally considered to be in this category:
1. Election of directors and related compensation issues.
  2. Appointment of independent auditors.
  3. New employee incentive plans or amendments to existing incentive plans involving the issuance of new common shares representing less than 10% of the then number of common shares outstanding.
  4. Stock splits and/or dividends and requests to increase the number of authorized but unissued common shares outstanding.
  5. A variety of proposals involving such issues as charitable contributions, cumulative voting, employment, political activities, etc. all of which are deemed to be a prerogative of management.
- D. Proposals considered controversial and/or non-routine in nature will require special case by case consideration by the Mairs and Power Investment Committee in order to determine the voting decision which will be in the best interest of the Fund and its Shareholders. Examples of such proposals would include the following:
1. Amendments to the articles of incorporation and corporate by-laws.
  2. Acquisition or merger related proposals.
  3. Any proposal related to a change in control be it friendly or unfriendly or any proposal designed to prevent or discourage unfriendly takeovers (i.e. poison pill proposals).
  4. New incentive plans or amendments to existing incentive plans that would have the potential to increase the number of the then outstanding common shares by 10% or more.
  5. All other controversial or non-routine proposals not specifically mentioned above.
- E. Conflicts of interest – It is the responsibility of Mr. Kaliebe, in consultation with the full Mairs and Power Investment Committee, to identify and determine the materiality of any potential conflicts between the interests of Mairs and Power and those of the Fund and its Shareholders. Due to the size

and nature of Mairs and Power's business, it is anticipated that material conflicts of interest will rarely occur. Whenever a material conflict of interest does exist, it will be addressed in one of the following ways:

1. The proxy will be voted according to the predetermined voting policy set forth hereinabove, provided that the proposal at issue is not one which the policy requires to be considered on a case-by-case basis, and provided further that exercising the predetermined policy may not result in a vote in favor of management of a Company where the conflict involved is the fact that Mairs and Power does business with the Company.
  2. In conflict situations which cannot be addressed using the predetermined voting policy, guidance will be sought from the Fund's Board of Directors. The proxy will be voted as directed by the Fund's Board of Directors following full disclosure of the conflict and a determination as to what vote will be in the best interest of the Fund and its Shareholders.
- F. Once voting has occurred, Mr. Kaliebe will forward a copy of the proxy vote email confirmation to the Mairs and Power Mutual Fund Services Department (MPMFS) to be recorded on the Proxy Voting Reconciliation Form. A copy of the email voting confirmation is retained.
- G. Annually, MPMFS will run an audit report from Proxy Edge and agree the voted items to the votes recorded on the Proxy Voting Reconciliation Form. Management is notified if any differences are identified. Annually, the Proxy Edge audit report will be downloaded from Proxy Edge and retained with the confirmation records.
- H. Mairs and Power will make its proxy voting record for the Mairs and Power Funds available to Fund shareholders on its website beginning with each twelve month period ending June 30. The proxy voting information, which will mirror what is required to be filed with the SEC via Form N-PX, will be made available on the Mairs and Power website as soon as is reasonably practicable after filing Form N-PX with the SEC.

Revised 1/10/2008