Mairs and Power Balanced Fund, Inc.

Semi-Annual Report

June 30, 2009

W1520 First National Bank Building
332 Minnesota Street
St. Paul, Minnesota 55101

TO OUR SHAREHOLDERS

August 19, 2009

Second Quarter Results

The Balanced Fund experienced a strong recovery in the second quarter in response to increasing signs of economic stabilization both here and abroad and a growing sense that the worst of our problems may be behind us. In addition to strengthening stock prices, the Fund also benefited from a dramatic narrowing of corporate bond interest rate spreads as investors have become less risk averse. The Fund's investment return for the period was 13.5% compared to comparable returns of 12.0% for the Dow Jones Industrial Average, 15.9% for the Standard & Poor's 500 Stock Index and 1.9% for the Barclays Capital Gov't/Credit Bond Index. The Fund also out performed its benchmark composite index (60% S & P 500 and 40% Barclays Capital Gov't/Credit) which had a return of 10.2%. Relative to other comparable funds, the Fund compared favorably with a peer group of balanced funds reported in the Wall Street Journal which produced an average return of 12.6%.

Because of a generally weak market during the first quarter, results for the first half were not nearly as favorable. For the first six months, the Fund produced a return of 3.2% compared with comparable returns of -2.0% for the DJIA, 3.2% for the S&P 500 and 0.6% for the Barclays Capital Gov't/Credit Index. Longer term results appear on page four. The Fund also did slightly better than its benchmark composite index return of 2.5%.

Economic weakness was much less pronounced in the second quarter with Gross Domestic Product declining only 1.0% (preliminary basis) compared to a far greater 6.4% decline in the first quarter. Consumer spending slipped 1.2% while business spending for equipment and software fell a greater 9.0%. Inventory levels continued to decline, subtracting 0.8% from the total. Helping to offset the decline in the private sector, Federal Government spending increased 10.9% including a 13.3% gain in defense-related expenditures. Corporate profits are believed to have shown a decline in the area of 30% based on the already reported results of some two thirds of those companies included in the S & P 500 Index.

Short-term interest rates have remained virtually unchanged since the beginning of the year at historically low levels reflecting a very aggressive Federal Reserve policy. Although longer term rates have moved up modestly in recent months, they continue to be relatively low due to the absence of any meaningful inflationary pressures.

TO OUR SHAREHOLDERS (continued)

The recent turnaround in the stock market seems to be a direct result of a growing level of confidence on the part of investors that we have seen the worst of the recession and that a recovery will begin by year end. Consequently, many of the more cyclically sensitive sectors of the market such as basic industries, consumer cyclicals and technology have been among the better performing groups. The very depressed financial sector was actually the single best performer during the second quarter, again reflecting the anticipation of a better economy. Conversely, many of the more defensive sectors such as consumer staples, health care and utilities were among the poorest performing groups. Within the Fund, the best performing individual stock holdings included Lincoln National (+157.3%), Principal Financial Group (+130.3%), Bank of America (+93.6%), American Express (+70.5%) and Wells Fargo (+70.4%). The poorest performers included Briggs & Stratton (-19.2%), Associated Banc-Corp. (-19.0%), SUPERVALU (-9.3%), MTS Systems (-9.2%) and Bristol-Myers Squibb (-7.3%).

Future Outlook

A variety of economic indicators including retail sales, factory orders, existing home sales, housing starts and a generally improving level of consumer confidence all suggest a bottoming-out of the economy and a resumption of growth by year end. There is also the possibility that any improvement in final demand could have a leveraged effect on factory output because inventories have been drawn down to historically low levels. On the other hand, any recovery in consumer spending seems likely to be restrained by continued high unemployment levels together with a growing reluctance by employers to hire additional employees anytime soon. Because of the productivity improvements that have accompanied the accelerated rate of layoffs in recent months, corporate profits seem poised to snap-back fairly quickly with any economic turnaround.

Unless inflationary pressures begin to build at a faster than expected pace, the outlook for interest rates at both the short and long end of the yield curve seems relatively benign at this time. Recent Fed actions point to the continuation of a stimulative policy of keeping rates low and making credit readily available until the economy begins to generate some upside momentum.

While the stock market has been quite strong during recent months, rising nearly 50% from its March 9th low, further gains seem likely if the economic recovery and corresponding rise in corporate earnings develops as expected. Valuation levels remain reasonable (15x estimated 2009 S & P 500 operating earnings) considering the fact that earnings are relatively depressed now and interest rates seem likely to remain historically low. Moreover, cash liquidity in the hands of investors measured in terms of money market fund balances and other short-term investments, remains at relatively high levels and would certainly help fuel a further recovery in stock prices.

William B. Frels
President and Lead Manager

Ronald L. Kaliebe
Co-Manager

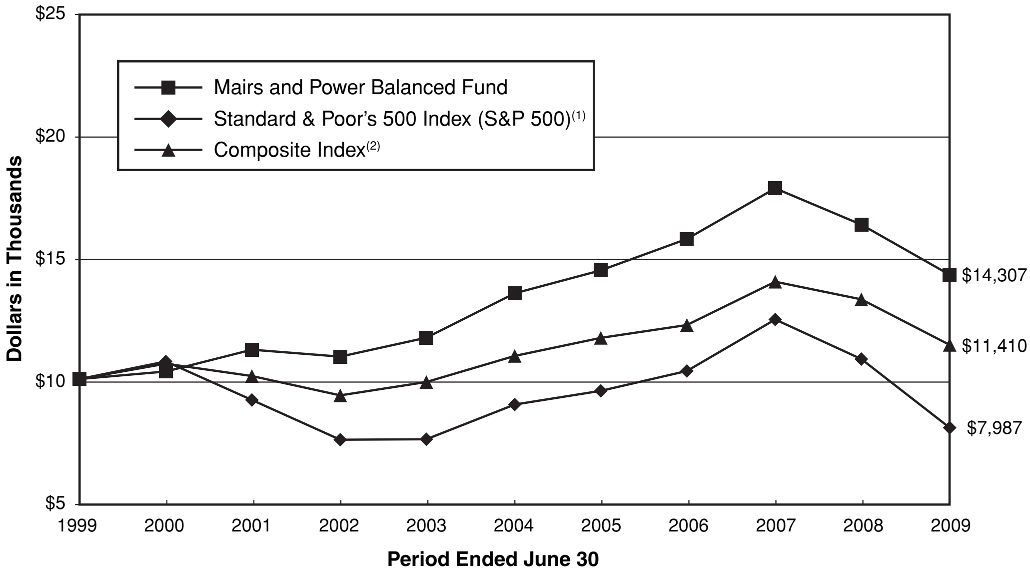
Past performance is no guarantee of future results.

The Fund's investment objectives, risks and expenses must be considered carefully before investing. The prospectus contains this and other important information about the Fund, and it may be obtained by calling Shareholder Services at (800) 304-7404, or visiting www.mairsandpower.com. Read it carefully before investing.

PERFORMANCE INFORMATION (unaudited) June 30, 2009

Ten years of investment performance (through June 30, 2009)

This chart illustrates the performance of a hypothetical $10,000 investment made in the Fund 10 years ago.



Average annual total returns for periods ended June 30, 2009

	1 year	5 years	10 years	20 years
Mairs and Power Balanced Fund	-12.66%	1.11%	3.65%	8.76%
S&P 500[1]	-26.21%	-2.24%	-2.22%	7.77%
Composite Index[2]	-14.16%	0.82%	1.33%	7.77%

Performance data quoted represents past performance and does not guarantee future results. All performance information shown includes the reinvestment of dividend and capital gain distributions, but does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. For the most recent month-end performance figures, visit the Fund's website at www.mairsandpower.com or call Shareholder Services at (800) 304-7404.

[1] The S&P 500 is an unmanaged index of 500 common stocks that is generally considered representative of the U.S. stock market.

[2] The Composite Index reflects an unmanaged portfolio of 60% of the S&P 500 and 40% of the Barclays Capital Government/Credit Bond Index, which is composed of high-quality, investment-grade U.S. government and corporate fixed income securities with maturities greater than one year.

Portfolio Managers

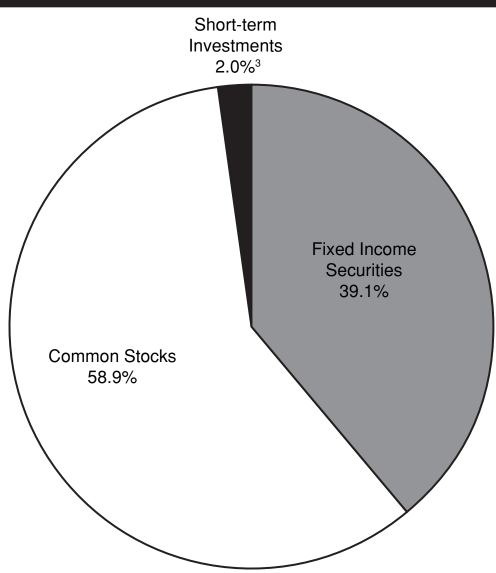
William B. Frels, lead manager since 1992
University of Wisconsin, BBA Finance 1962

Ronald L. Kaliebe, co-manager since 2006
University of Wisconsin-Madison,
MBA Finance 1980

General Information

Fund Symbol	MAPOX
Net Asset Value (NAV) Per Share	$48.38
Expense Ratio	0.84%
Portfolio Turnover Rate	16.52%
Sales Charge	None[1]
Fund Inception Year	1961

Portfolio Composition



Top Ten Common Stock Holdings (Percent of Total Net Assets) [2]

3M Co.	3.3%
Emerson Electric Co.	2.6
Valspar Corp.	2.4
Baxter International Inc.	2.4
H.B. Fuller Co.	2.3
Wells Fargo & Co.	2.3
Pentair, Inc.	2.2
Schlumberger, Ltd.	1.9
Hormel Foods Corp.	1.9
Honeywell International Inc.	1.8

Portfolio Diversification (Percent of Total Net Assets)

Fixed Income Securities 39.1%	
Corporate Bonds	35.0%
Federal Agency Obligations	2.3
Asset Backed Securities	1.6
Convertible Corporate Bonds	0.2
Common Stocks 58.9%	
Financial	9.7
Health Care	8.5
Energy	7.6
Technology	6.6
Basic Industries	6.2
Consumer Staple	5.4
Capital Goods	5.2
Diversified	4.2
Consumer Cyclical	3.1
Transportation	1.7
Utilities	0.7
Short-term Investments 2.0%[3]	2.0
	100.0%

[1] Although the Fund is no-load, investment management fees and other expenses still apply.

[2] All holdings in the portfolio are subject to change without notice and may or may not represent current or future portfolio composition. The mention of specific securities is not intended as a recommendation or offer for a particular security, nor is it intended to be a solicitation for the purchase or sale of any security.

[3] Represents short-term investments and other assets and liabilities (net).

Par Value	Security Description			Value
	FIXED INCOME SECURITIES 39.1%			
	FEDERAL AGENCY OBLIGATIONS 2.3%			
$ 500,000	Federal Home Loan Mortgage Corp.	6.050%	08/22/22	$ 528,639
500,000	Federal National Mortgage Association	5.500%	02/28/20	502,534
500,000	Federal National Mortgage Association	6.000%	07/02/24	504,811
500,000	Federal National Mortgage Association	6.000%	07/08/24	502,546
500,000	Federal National Mortgage Association	6.000%	03/21/25	502,957
				2,541,487
	CORPORATE BONDS 35.0%			
	CONSUMER CYCLICAL 0.4%			
500,000	Best Buy Co., Inc.	6.750%	07/15/13	517,548
	FINANCIAL 23.0%			
248,000	Ford Motor Credit Co.	7.375%	10/28/09	245,874
250,000	General Motors Acceptance Corp.	7.750%	01/19/10	243,788
250,000	Bear Stearns Co., Inc.	5.850%	07/19/10	256,802
500,000	Textron Financial Corp.	5.125%	02/03/11	458,885
250,000	General Motors Acceptance Corp.	7.250%	03/02/11	226,839
500,000	Nationwide Life Global [(a)]	5.350%	03/15/11	493,692
250,000	Ford Motor Credit Co.	5.300%	04/20/11	208,039
250,000	Household Finance Corp.	6.375%	10/15/11	255,637
500,000	Nationwide Financial Services	6.250%	11/15/11	505,964
500,000	American Express Travel [(a)]	5.250%	11/21/11	497,015
200,000	Ford Motor Credit Co.	7.000%	11/26/11	154,433
500,000	Lincoln National Corp.	6.200%	12/15/11	497,145
250,000	General Motors Acceptance Corp.	7.000%	02/01/12	207,511
500,000	SunTrust Bank	5.250%	11/05/12	509,555
500,000	Harley Davidson Funding Corp. [(a)]	5.250%	12/15/12	468,436

Par Value	Security Description			Value
	FIXED INCOME SECURITIES ***(continued)***			
	CORPORATE BONDS ***(continued)***			
	FINANCIAL *(continued)*			
$ 453,000	City National Corp.	5.125%	02/15/13	$ 404,282
250,000	Goldman Sachs Group [(a)]	8.000%	03/01/13	270,762
500,000	CIT Group Inc.	5.400%	03/07/13	309,880
500,000	Metropolitan Life Global Funds I [(a)]	5.125%	04/10/13	508,539
500,000	Fifth Third Bancorp	6.250%	05/01/13	491,368
500,000	Protective Life Corp.	4.300%	06/01/13	462,907
250,000	Allstate Corp.	7.500%	06/15/13	271,864
500,000	Harleysville Group	5.750%	07/15/13	457,264
485,000	Jefferson-Pilot Corp.	4.750%	01/30/14	427,948
500,000	GATX Corp.	8.750%	05/15/14	525,654
500,000	General Motors Acceptance Corp.	6.750%	12/01/14	384,388
500,000	American General Finance Corp.	6.000%	12/15/14	213,932
500,000	Caterpillar Financial Services Corp.	6.750%	03/15/15	509,178
500,000	Principal Life Global [(a)]	5.050%	03/15/15	456,068
500,000	M&I Marshall & Ilsley Bank	4.850%	06/16/15	360,958
500,000	Key Bank National Association	5.450%	03/03/16	428,966
250,000	Security Benefit Life Insurance [(a)]	8.750%	05/15/16	40,000
500,000	Merrill Lynch & Co., Inc.	6.050%	05/16/16	447,699
500,000	Torchmark Corp.	6.375%	06/15/16	447,084
500,000	Continental Airlines Pass Thru	9.000%	07/08/16	500,000
500,000	Western Union Co.	5.930%	10/01/16	504,801
500,000	National City Bank	5.250%	12/15/16	467,747
500,000	Citigroup Inc.	5.500%	02/15/17	407,410
250,000	Merrill Lynch & Co., Inc.	5.700%	05/02/17	214,437
250,000	CIT Group Inc.	5.800%	05/15/17	119,623
500,000	Comerica Bank	5.200%	08/22/17	384,629
500,000	Bank of America Corp.	6.000%	09/01/17	454,602

Par Value	Security Description			Value
	FIXED INCOME SECURITIES ***(continued)***			
	CORPORATE BONDS ***(continued)***			
	FINANCIAL *(continued)*			
$ 500,000	American Express Bank	6.000%	09/13/17	$ 456,085
250,000	General Motors Acceptance Corp.	7.250%	09/15/17	151,240
500,000	Bear Stearns Co., Inc.	6.400%	10/02/17	500,887
500,000	Prudential Financial Inc.	6.000%	12/01/17	470,379
500,000	American General Finance Corp.	6.900%	12/15/17	270,741
500,000	Morgan Stanley	5.950%	12/28/17	479,780
500,000	Goldman Sachs Group	5.950%	01/18/18	484,979
500,000	Wachovia Corp.	5.750%	02/01/18	491,053
500,000	United Health Group, Inc.	6.000%	02/15/18	479,862
250,000	Lincoln National Corp.	7.000%	03/15/18	224,954
500,000	SunTrust Bank	7.250%	03/15/18	491,390
500,000	Morgan Stanley	6.625%	04/01/18	498,453
500,000	General Electric Capital Corp.	6.350%	05/12/18	501,060
500,000	Provident Cos.	7.000%	07/15/18	398,973
500,000	MetLife Inc.	6.817%	08/15/18	503,555
500,000	Associated Banc-Corp.	9.250%	10/15/18	497,817
500,000	BB&T Corp.	6.850%	04/30/19	519,982
250,000	Berkley (WR) Corp.	6.150%	08/15/19	190,172
450,000	Compass Bank	5.500%	04/01/20	335,344
537,000	Manufacturers & Traders Trust Co. [(a)] [(e)]	5.585%	12/28/20	415,772
500,000	Prudential Financial Inc.	6.000%	02/15/23	433,078
250,000	Household Finance Corp.	5.250%	06/15/23	193,793
250,000	Liberty Mutual Insurance Co. [(a)]	8.500%	05/15/25	168,757
250,000	Provident Cos.	7.250%	03/15/28	168,235
500,000	Farmers Exchange Capital [(a)]	7.050%	07/15/28	346,137
				25,374,083

Par Value	Security Description			Value
	FIXED INCOME SECURITIES ***(continued)***			
	CORPORATE BONDS ***(continued)***			
	INDUSTRIAL 9.0%			
$ 500,000	SUPERVALU Inc.	7.875%	08/01/09	$ 500,000
250,000	DaimlerChrysler NA Holding Corp.	7.750%	01/18/11	260,538
250,000	Hertz Corp.	7.400%	03/01/11	225,000
250,000	General Foods Corp.	7.000%	06/15/11	250,594
250,000	Goodyear Tire & Rubber Co.	7.857%	08/15/11	243,750
200,000	Ford Motor Co.	9.500%	09/15/11	166,000
500,000	Weyerhaeuser Co.	6.750%	03/15/12	500,180
250,000	Bombardier Inc. (a) (d)	6.750%	05/01/12	235,000
500,000	Valspar Corp.	5.625%	05/01/12	500,640
500,000	ALCOA, Inc.	5.375%	01/15/13	488,155
500,000	Cargill, Inc. (a)	5.200%	01/22/13	505,912
250,000	General Motors Corp. (b)	7.125%	07/15/13	30,625
250,000	Willamette Industries	7.125%	07/22/13	238,337
500,000	Ingersoll-Rand Co., Ltd. (d)	6.000%	08/15/13	502,487
250,000	Maytag Corp.	5.000%	05/15/15	216,712
500,000	Fisher Scientific International, Inc.	6.125%	07/01/15	501,875
340,000	Johnson Controls	5.500%	01/15/16	315,268
500,000	International Paper Co.	5.250%	04/01/16	425,751
500,000	SUPERVALU Inc.	8.000%	05/01/16	485,000
500,000	Valspar Corp.	6.050%	05/01/17	468,780
525,000	Cargill, Inc. (a)	6.000%	11/27/17	522,571
250,000	ServiceMaster Co.	7.100%	03/01/18	144,062
250,000	ConocoPhillips	6.650%	07/15/18	275,465
350,000	PPG Industries	7.400%	08/15/19	362,196
500,000	Wyeth	6.450%	02/01/24	538,298
865,000	Union Carbide Corp.	7.500%	06/01/25	581,329
500,000	Toro Co.	7.800%	06/15/27	389,890
				9,874,415

Par Value	Security Description			Value
	FIXED INCOME SECURITIES ***(continued)***			
	CORPORATE BONDS ***(continued)***			
	UTILITIES 2.6%			
$ 250,000	Xcel Energy Inc.	7.000%	12/01/10	$ 260,568
250,000	TECO Energy Inc.	7.000%	05/01/12	254,374
250,000	Verizon Global Funding Corp.	6.875%	06/15/12	274,691
500,000	CenterPoint Energy, Inc.	5.950%	01/15/14	497,880
500,000	Commonwealth Edison Co.	6.150%	09/15/17	519,451
250,000	Vectren Utility Holdings, Inc.	5.750%	08/01/18	247,884
250,000	South Jersey Gas Co.	7.125%	10/22/18	247,445
250,000	United Utilities PLC [d]	5.375%	02/01/19	231,505
250,000	Verizon Communications, Inc.	6.350%	04/01/19	260,073
				2,793,871
	TOTAL CORPORATE BONDS			38,559,917
	ASSET BACKED SECURITIES 1.6%			
500,000	Delta Air Lines, Inc.	7.570%	05/18/12	477,500
500,000	Delta Air Lines, Inc.	7.111%	03/18/13	465,000
250,000	American Airlines Inc.	7.858%	04/01/13	234,375
179,839	General American Transportation	7.500%	02/28/15	183,175
475,403	Southwest Airlines	6.150%	02/01/24	442,125
				1,802,175
	CONVERTIBLE CORPORATE BONDS 0.2%			
	UTILITIES 0.2%			
176,150	Noram Energy	6.000%	03/15/12	169,985
	TOTAL FIXED INCOME SECURITIES (cost $45,591,086)			**$ 43,073,564**

Shares	Security Description	Value
	COMMON STOCKS 58.9%	
	BASIC INDUSTRIES 6.2%	
65,000	Bemis Co., Inc.	$ 1,638,000
137,000	H.B. Fuller Co.	2,571,490
117,000	Valspar Corp.	2,636,010
		6,845,500
	CAPITAL GOODS 5.2%	
77,000	Graco Inc.	1,695,540
20,000	Ingersoll-Rand Co., Ltd. [(d)]	418,000
60,000	MTS Systems Corp.	1,239,000
95,000	Pentair, Inc.	2,433,900
		5,786,440
	CONSUMER CYCLICAL 3.1%	
51,000	Briggs & Stratton Corp.	680,340
15,000	Genuine Parts Co.	503,400
55,000	Home Depot, Inc.	1,299,650
30,000	Sturm, Ruger & Co., Inc. [(b)]	373,200
20,000	Toro Co.	598,000
		3,454,590
	CONSUMER STAPLE 5.4%	
31,000	General Mills, Inc.	1,736,620
13,000	The Hershey Co.	468,000
60,000	Hormel Foods Corp.	2,072,400
25,000	Kimberly-Clark Corp.	1,310,750
24,000	SUPERVALU Inc.	310,800
		5,898,570

Shares	Security Description	Value
	COMMON STOCKS ***(continued)***	
	DIVERSIFIED 4.2%	
60,000	3M Co.	$ 3,606,000
85,000	General Electric Co.	996,200
		4,602,200
	ENERGY 7.6%	
28,000	BP p.l.c. ADR [(c)] [(d)]	1,335,040
41,000	ConocoPhillips	1,724,460
26,000	Exxon Mobil Corp.	1,817,660
25,000	Murphy Oil Corp.	1,358,000
39,000	Schlumberger, Ltd. [(d)]	2,110,290
		8,345,450
	FINANCIAL 9.7%	
25,000	American Express Co.	581,000
49,000	Associated Banc-Corp.	612,500
54,999	Bank of America Corp.	725,987
38,000	JPMorgan Chase & Co.	1,296,180
20,000	Lincoln National Corp.	344,200
57,000	Principal Financial Group	1,073,880
60,000	TCF Financial Corp.	802,200
33,000	Travelers Companies, Inc.	1,354,320
81,000	U.S. Bancorp	1,451,520
103,000	Wells Fargo & Co.	2,498,780
		10,740,567
	HEALTH CARE 8.5%	
49,000	Baxter International Inc.	2,595,040
50,000	Bristol-Myers Squibb Co.	1,015,500
52,000	Eli Lilly & Co.	1,801,280
26,000	Johnson & Johnson	1,476,800
90,000	Pfizer Inc.	1,350,000
24,000	Wyeth	1,089,360
		9,327,980

Shares	Security Description	Value
	COMMON STOCKS *(continued)*	
	TECHNOLOGY 6.6%	
70,000	Corning Inc.	$ 1,124,200
89,000	Emerson Electric Co.	2,883,600
63,000	Honeywell International Inc.	1,978,200
12,000	International Business Machines Corp.	1,253,040
		7,239,040
	TRANSPORTATION 1.7%	
37,000	United Parcel Service, Inc., Class B	1,849,630
	UTILITIES 0.7%	
40,000	Xcel Energy Inc.	736,400
	TOTAL COMMON STOCKS (cost $57,195,668)	**$ 64,826,367**
	SHORT-TERM INVESTMENTS 2.7%	
2,926,077	First American Prime Obligations Fund, Class Z (cost $2,926,077)	**$ 2,926,077**
	TOTAL INVESTMENTS 100.7% (cost $105,712,831)	**$110,826,008**
	OTHER ASSETS AND LIABILITIES (NET) (0.7)%	**(745,130)**
	TOTAL NET ASSETS 100.0%	**$110,080,878**

(a) Securities exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. These securities have been determined to be liquid under guidelines established by the Fund's Board of Directors. As of June 30, 2009, these securities represented $4,928,661 or 4.5% of total net assets.

(b) Non-income producing.

(c) American Depository Receipt.

(d) Foreign security denominated in U.S. dollars.

(e) Step Bonds – Securities for which the coupon rate of interest will adjust on specified future date(s). The rate disclosed represents the coupon rate in effect as of June 30, 2009.

See accompanying Notes to Financial Statements.

STATEMENT OF ASSETS AND LIABILITIES (unaudited) June 30, 2009

ASSETS	
Investments, at value (cost $105,712,831) *(Note 1)*	$ 110,826,008
Receivable for Fund shares sold	22,774
Dividends and interest receivable	807,503
Prepaid expenses and other assets	10,334
	111,666,619
LIABILITIES	
Payable for Fund shares redeemed	12,409
Payable for securities purchased	1,518,138
Accrued investment management fees *(Note 2)*	54,427
Accrued Fund administration fees *(Note 2)*	767
	1,585,741
NET ASSETS	$ 110,080,878
NET ASSETS CONSIST OF	
Portfolio capital	$ 104,743,719
Undistributed net investment income	121,253
Undistributed net realized gain on investments	102,729
Net unrealized appreciation of investments	5,113,177
TOTAL NET ASSETS	$ 110,080,878
Fund shares issued and outstanding (par value $0.10 per share; 10,000,000 authorized)	2,275,545
Net asset value per share	$ 48.38

See accompanying Notes to Financial Statements.

STATEMENT OF OPERATIONS (unaudited) Six Months Ended June 30, 2009

INVESTMENT INCOME		
Income:		
Dividends	$ 1,015,725	
Interest	1,542,434	
TOTAL INCOME		$ 2,558,159
Expenses:		
Investment management fees *(Note 2)*	307,378	
Fund administration fees *(Note 2)*	5,269	
Fund accounting	35,156	
Directors' compensation *(Note 2)*	4,661	
Transfer agent fees	23,749	
Custodian fees	6,514	
Legal and audit fees	16,494	
Other expenses	32,224	
TOTAL EXPENSES		431,445
NET INVESTMENT INCOME		**2,126,714**
NET REALIZED GAIN AND NET CHANGE IN UNREALIZED APPRECIATION/DEPRECIATION OF INVESTMENTS *(Note 4)*		
Net realized gain on investments sold	95,492	
Net change in unrealized appreciation/depreciation of investments	1,229,163	
NET REALIZED GAIN AND NET CHANGE IN UNREALIZED APPRECIATION/DEPRECIATION OF INVESTMENTS		**1,324,655**
NET INCREASE IN NET ASSETS FROM OPERATIONS		**$ 3,451,369**

See accompanying Notes to Financial Statements.

STATEMENTS OF CHANGES IN NET ASSETS

	Six Months Ended June 30, 2009 (Unaudited)	Year Ended December 31, 2008
OPERATIONS		
Net investment income	$ 2,126,714	$ 4,429,676
Net realized gain on investments sold	95,492	599,020
Net change in unrealized appreciation/depreciation of investments	1,229,163	(34,644,640)
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	3,451,369	(29,615,944)
DISTRIBUTIONS TO SHAREHOLDERS FROM		
Net investment income	(2,025,223)	(4,419,387)
Net realized gain	-	(596,026)
TOTAL DISTRIBUTIONS TO SHAREHOLDERS	(2,025,223)	(5,015,413)
CAPITAL TRANSACTIONS		
Proceeds from shares sold	5,243,577	10,748,043
Reinvestment of distributions from net investment income and net realized gains	1,848,681	4,590,421
Cost of shares redeemed	(6,426,871)	(18,361,424)
INCREASE (DECREASE) IN NET ASSETS FROM CAPITAL TRANSACTIONS	665,387	(3,022,960)
TOTAL INCREASE (DECREASE) IN NET ASSETS	2,091,533	(37,654,317)
NET ASSETS		
Beginning of period	107,989,345	145,643,662
End of period (including undistributed net investment income of $121,253 and $19,762, respectively)	$ 110,080,878	$ 107,989,345
FUND SHARE TRANSACTIONS		
Shares sold	118,610	194,975
Shares issued for reinvested distributions	40,678	86,007
Shares redeemed	(143,153)	(326,323)
NET INCREASE (DECREASE) IN FUND SHARES	16,135	(45,341)

See accompanying Notes to Financial Statements.

Note 1 – Organization and Significant Accounting Policies

The Mairs and Power Balanced Fund, Inc. (the Fund) is registered under the Investment Company Act of 1940 (as amended) as a diversified, no-load, open-end management investment company. The objectives of the Fund are to provide shareholders with regular current income, the potential for capital appreciation and a moderate level of risk by investing in a diversified portfolio including bonds, preferred stocks, common stocks, and other securities convertible into common stock.

Significant accounting policies of the Fund are as follows:

Security Valuations

Security valuations for fund investments are furnished by independent pricing services that have been approved by the Fund's Board of Directors (the Board). Investments in equity securities that are traded on an original exchange are stated at the last quoted sales price if readily available for such securities on each business day. Other equity securities traded in the over-the-counter market and listed equity securities for which no sale was reported on that date are stated at the last quoted bid price. Debt obligations exceeding 60 days to maturity are valued by an independent pricing service. The pricing service may employ methodologies that utilize actual market transactions, broker-dealer supplied valuations, or other formula-driven valuation techniques. These techniques generally consider overall market conditions and such factors as yields or prices of bonds of comparable quality, type of issue, coupon, maturity, and ratings. Debt obligations with 60 days or less remaining until maturity may be valued at their amortized cost, which approximates market.

Securities for which prices are not available from an independent pricing service, but where an active market exists, are valued using market quotations obtained from one or more dealers that make markets in the securities or from a widely used quotation system. When market quotations are not readily available, or where the last quoted sale price is not considered representative of the value of the security if it were to be sold on that day, the security will be valued at fair value as determined in good faith by the Fair Valuation Committee appointed by the Board, pursuant to procedures approved by the Board. Factors that may be considered in determining the fair value of a security are fundamental analytical data relating to the security; the nature and duration of any restrictions on the disposition of the security; and the forces influencing the market in which the security is purchased or sold. As of June 30, 2009, no securities in the Fund were valued using this method.

Valuation Measurements

Statement of Financial Accounting Standards No. 157 “Fair Value Measurements” (SFAS 157) establishes an authoritative definition of fair value and sets out a hierarchy for measuring fair

Note 1 – Organization and Significant Accounting Policies (continued)

value. SFAS 157 requires additional disclosures about the various inputs used to develop the measurements of fair value. These inputs are summarized in the three broad levels listed below:

- Level 1 – Quoted prices in active markets for identical securities.
- Level 2 – Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).
- Level 3 – Significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following is a summary of the inputs used to value the Fund's net assets as of June 30, 2009:

	Level 1	Level 2	Level 3	Total
Fixed Income				
Federal Agency Obligations	$ -	$ 2,541,487	$ -	$ 2,541,487
Corporate Bonds	-	38,559,917	-	38,559,917
Asset Backed Securities	-	1,802,175	-	1,802,175
Convertible Corporate Bonds	-	169,985	-	169,985
Total Fixed Income	-	43,073,564	-	43,073,564
Equity				
Basic Industries	6,845,500	-	-	6,845,500
Capital Goods	5,786,440	-	-	5,786,440
Consumer Cyclical	3,454,590	-	-	3,454,590
Consumer Staple	5,898,570	-	-	5,898,570
Diversified	4,602,200	-	-	4,602,200
Energy	8,345,450	-	-	8,345,450
Financial	10,740,567	-	-	10,740,567
Health Care	9,327,980	-	-	9,327,980
Technology	7,239,040	-	-	7,239,040
Transportation	1,849,630	-	-	1,849,630
Utilities	736,400	-	-	736,400
Total Equity	64,826,367	-	-	64,826,367
Short-Term Investments	2,926,077	-	-	2,926,077
Total	$ 67,752,444	$ 43,073,564	$ -	$ 110,826,008

Note 1 – Organization and Significant Accounting Policies (continued)

Security Transactions and Investment Income

Security transactions are recorded on the date on which securities are purchased or sold. Dividend income and corporate action transactions are recorded on the ex-dividend date and interest income is recorded on the accrual basis. Realized gains and losses are reported on an identified cost basis.

Income Taxes

The Fund is a “regulated investment company” as defined in Subtitle A, Chapter 1, subchapter M of the Internal Revenue Code (the Code), as amended. No provision has been made for federal income taxes as it is the intention of the Fund to comply with the provisions of the Code applicable to regulated investment companies and to make distributions of income and realized gains sufficient to relieve it from all or substantially all excise and income taxes.

Financial Accounting Standards Board Interpretation No. 48, “Accounting for Uncertainty in Income Taxes” (FIN 48) provides guidance for how uncertain tax positions should be recognized, measured, presented, and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions to be taken or expected to be taken in the course of preparing the Fund’s tax returns to determine whether the tax positions are “more-likely-than-not” of being sustained by the applicable tax authority. Tax positions not deemed to meet the “more-likely-than-not” threshold would be recorded as a tax benefit or expense in the current year. As of June 30, 2009 the Fund did not have any tax positions that did not meet the “more-likely-than-not” threshold of being sustained by the applicable tax authority. Generally, tax authorities can examine all tax returns filed for the last three years.

Basis of Presentation

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amount of net assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported results of operations during the reporting period. Actual results could differ from those estimates.

In preparing these financial statements, the Fund has evaluated events and transactions for potential recognition or disclosure through August 25, 2009, the date the financial statements were available to be issued.

Note 2 – Related-Party Transactions

Investment Management and Fund Administration Fees

Mairs and Power, Inc. provides investment management and fund administration services to the Fund under written agreements approved by the Board. The Fund is charged an investment management fee paid to Mairs and Power, Inc. computed at an annual rate of 0.60% of daily net assets. The fund administration fee paid to Mairs and Power, Inc. was computed at an annual rate of 0.005% of daily net assets. For the six months ended June 30, 2009, the Fund incurred $2,561 in administration fees from Mairs and Power, Inc., and as of June 30, 2009, had an accrued liability of $454 for administration fees payable to Mairs and Power, Inc.

Directors' Compensation

Directors' compensation is paid to individuals who are disinterested directors of the Fund. No compensation is paid to the owners of Mairs and Power, Inc., including principal officers who are not directors of the Fund and William B. Frels, who is an interested director and officer of the Fund.

Note 3 – Indemnifications

In the normal course of business, the Fund enters into contracts that contain general indemnifications to other parties. The Fund's maximum exposure under these contracts is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.

Note 4 – Distributions Paid, Distributable Earnings, and Investment Transactions

Net investment income and net realized gains (losses) may differ for financial reporting and tax purposes because of temporary or permanent book/tax differences. To the extent these differences are permanent, reclassifications are made to the appropriate equity accounts in the period that the difference arises. The Fund's tax basis net realized gains (losses) are determined only at the end of each fiscal year. As a result, no reclassifications were made as of June 30, 2009.

Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from accounting principles generally accepted in the United States. In addition, due to the timing of dividend distributions, the fiscal year in which the amounts are distributed may differ from the year that the income or realized gains (losses) were recorded by the Fund.

Note 4 – Distributions Paid, Distributable Earnings, and Investment Transactions (continued)

The tax character of distributions paid during the six months ended June 30, 2009 and the fiscal year ended December 31, 2008, was as follows:

	2009	2008
Distributions paid from:		
Ordinary income	$ 2,025,223	$ 4,419,387
Long-term capital gains	-	596,026
	$ 2,025,223	$ 5,015,413

The Fund designated as long-term capital gain dividend, pursuant to Internal Revenue Code Section 852(b)(3), the amount necessary to reduce the earnings and profits of the Fund related to net capital gain to zero for the tax year ended December 31, 2008.

At December 31, 2008, the components of accumulated earnings (losses) on a tax basis were as follows:

Cost of investments	$ 103,155,883
Gross unrealized appreciation	$ 19,023,052
Gross unrealized depreciation	(15,139,038)
Net unrealized appreciation	$ 3,884,014
Undistributed ordinary income	$ 19,762
Undistributed long-term capital gains	7,237
Total distributable earnings	$ 26,999
Total accumulated earnings	$ 3,911,013

Purchases and sales of investment securities, excluding government securities, short-term securities and temporary cash investments, during the six months ended June 30, 2009, aggregated $17,823,984 and $2,183,162, respectively. Purchases and sales of government securities during the six months ended June 30, 2009 aggregated $1,000,000 and $14,400,000, respectively.

FINANCIAL HIGHLIGHTS

SELECTED DATA AND RATIOS
(for a share outstanding throughout each period)

	Six Months Ended 06/30/09 [1] (unaudited)	Year Ended December 31, 2008	2007	2006	2005	2004
Per Share						
Net asset value, beginning of period	$47.80	$63.19	$63.06	$58.42	$57.66	$53.20
Income from investment operations:						
Net investment income	0.94	1.98	1.89	1.81	1.59	1.53
Net realized and unrealized gain (loss)	0.54	(15.12)	0.82	5.20	0.95	4.80
Total from investment operations	1.48	(13.14)	2.71	7.01	2.54	6.33
Distributions to shareholders from:						
Net investment income	(0.90)	(1.98)	(1.89)	(1.81)	(1.59)	(1.52)
Net realized gains	-	(0.27)	(0.69)	(0.56)	(0.19)	(0.35)
Total distributions	(0.90)	(2.25)	(2.58)	(2.37)	(1.78)	(1.87)
Net asset value, end of period	$48.38	$47.80	$63.19	$63.06	$58.42	$57.66
Total investment return	3.23%	(21.12)%	4.28%	12.10%	4.47%	12.04%
Net assets, end of period, in thousands	$110,081	$107,989	$145,644	$141,224	$117,947	$90,669
Ratios/supplemental data:						
Ratio of expenses to average net assets	0.84%	0.80%	0.77%	0.79%	0.84%	0.92%
Ratio of net investment income to average net assets	4.15	3.45	2.92	2.97	2.84	2.86
Portfolio turnover rate	16.52	17.31	9.07	6.86	13.49	8.91

[1] For the six months ended June 30, 2009, all ratios have been annualized except total investment return and portfolio turnover.

See accompanying Notes to Financial Statements.

FUND EXPENSES (unaudited)

As a shareholder of the Fund, you incur ongoing expenses for the operation of the Fund (e.g., asset-based charges, such as investment management fees). The Fund is a “no-load” mutual fund. As a result, shareholders pay no commissions, fees, or expenses associated with sales representatives or sales charges.

This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. The table below reports the Fund’s expenses during the reporting period (Janury 1, 2009 through June 30, 2009) and includes the costs associated with a $1,000 investment.

<u>Actual Expenses</u>

The first line in the table below may be used to estimate the actual expenses you paid over the reporting period. You can do this by dividing your account value by $1,000 and multiplying the result by the expense shown in the table below. For example, if your account value is $8,600, divided by $1,000 = $8.60. Multiply the result by the number in the first line under the heading entitled “Expenses Paid During Period.” By doing this you can estimate the expenses you paid on your account during this period.

<u>Hypothetical Example</u>

The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expenses and an assumed return of 5% per year before expenses, which is not the Fund’s actual return. The results may be used to provide you with a basis for comparing the ongoing costs of investing in the Fund with the costs of investing in other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds. Please note that this hypothetical example may not be used to estimate the actual ending account balance or expenses you paid during the period.

	Beginning Account Value 01/01/2009	Ending Account Value 06/30/2009	Expenses Paid During Period *
Actual return	$1,000.00	$1,032.30	$4.23
Hypothetical assumed 5% return	$1,000.00	$1,020.63	$4.21

* The Fund’s expenses are equal to the Fund’s annualized expense ratio for the most recent six-month period of 0.84%, multiplied by the average account value over the Fund’s first fiscal half-year, multiplied by the number of days in the Fund’s first fiscal half-year (181 days), divided by 365 days.

PROXY VOTING (unaudited)

Proxy Voting Policies and Procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available (i) without charge, upon request, by calling Shareholder Services at (800) 304-7404 and requesting a copy of the Statement of Additional Information (SAI) and (ii) on the Securities and Exchange Commission's (SEC's) website at www.sec.gov (access Form N-1A).

Information on how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available at www.mairsandpower.com and on the SEC's website at www.sec.gov.

DISCLOSURE OF PORTFOLIO HOLDINGS (unaudited)

The Fund files a complete schedule of portfolio holdings on Form N-Q for the first and third quarter-ends and on Form N-CSR for the second and fourth quarter-ends with the SEC. The Fund's Forms N-Q and N-CSR are available on the SEC's website at www.sec.gov. Forms N-Q and N-CSR may also be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330.

The schedule of portfolio holdings is also printed in the Fund's semi-annual and annual reports to shareholders, which is available without charge by calling Shareholder Services at (800) 304-7404 or by visiting www.mairsandpower.com.

A complete copy of the Fund's portfolio holdings will also be available on or about 15 days following each quarter-end on the Fund's website at www.mairsandpower.com.

RE-APPROVAL OF INVESTMENT ADVISORY CONTRACT (unaudited)

The Fund's Board of Directors (the Directors) unanimously approved the renewal of the Advisory Contract between the Fund and Mairs and Power, Inc. (the Manager) at a Fund Board Meeting held on May 19, 2009.

In preparation for the May 19, 2009 Board Meeting, the Manager provided the Directors with extensive materials, including investment performance data, fee and expense comparisons with other mutual funds having similar investment objectives, and profitability information concerning the Manager. The independent Directors discussed the materials and the proposed renewal of the

Advisory Contract in a private session with legal counsel present, but with no representatives of the Manager being present. In reaching their decision to renew the Fund's Advisory Contract with the Manager, the Directors considered all factors they believed to be relevant. Each of these factors and the conclusions reached by the Directors with respect to these factors that helped form the basis for the decision to renew the Advisory Contract with the Manager will be discussed below.

Investment Performance

The Directors considered the investment results for the Fund compared to those for mutual funds with similar investment objectives as determined by Morningstar, and with three securities indices – the Dow Jones Industrial Average, the S&P 500 and Barclays Capital Government/Credit, and one composite benchmark (60% S&P 500 and 40% Barclays Capital Gov't./Credit). In addition to the materials received by the Directors before the May 19, 2009 Board Meeting, the Directors receive detailed performance information at each regular Board Meeting during the year. At the May 19, 2009 Meeting, the Directors reviewed the comparative performance information over 1, 3, 5 and 10 year periods ending with the quarter preceding the meeting. Based upon their review, the Directors concluded that the Fund's investment performance has been in the upper tier of Morningstar's peer group of mutual funds with similar investment objectives over all four of those time periods and has been satisfactory.

Management Fee

In evaluating the level of the management fee paid to the Manager, the Directors considered both the level of the Fund's management fees and overall expenses compared to those of other similar mutual funds, as well as the quality and quantity of advisory and other services provided by the Manager. The management fee paid to the Fund Manager of 60 basis points (0.6 of 1%) is below average for mutual fund managers generally and is in line with the average for actively managed mutual funds in Morningstar's peer group and for a group of competitive funds identified by the Manager. In addition, the Directors noted that the Balanced Fund's total expense ratio of 0.80% at December 31, 2008 is lower than the average total expense ratio of actively managed funds in its Morningstar peer group as well as the group of competitive funds identified by the Manager.

The Directors also considered the fees the Manager charges its non-mutual fund advisory clients (Advisory Clients) with investment objectives similar to those of the Fund. The fee rates payable by the Manager's Advisory Clients range from being exactly the same as the fee paid by the Fund to being lower than the fee paid by the Fund (the Manager's larger Advisory Clients, many of which are institutional clients, fall into this latter category). The Manager provided the Directors with information about the differences in the scope of services provided to its Advisory Clients compared with those it provides to the Fund. The level of investment decision-making is considerably higher with respect to the Fund, as cash flows result in purchase and sale decisions being made by the Manager for the Fund on most trading days of the year. Other differences included the fact that the Manager provides the Fund with office facilities and Fund Officers. Having considered all of these factors, the Directors concluded that the nature and extent of services provided to the Fund merit higher management fees than those paid by the Manager's Advisory Clients.

With respect to the quality and extent of the Manager's services provided to the Fund, the solid investment performance record over the most recent 1, 3, 5 and 10 year periods stands out, along with the Fund's "B" Morningstar rating for stewardship (most recent rating available). The Directors also took into account the Manager's on-going response to regulatory compliance requirements under Rule 38a-1, along with a satisfactory annual review of the Fund's Compliance Program which was completed on October 31, 2008 and presented to the Directors at the December 9, 2008 Board Meeting. The Directors concluded that overall they were satisfied with the nature, extent and quality of services provided by the Manager under the existing Advisory Contract. They further concluded that the Fund's management fee is fair and reasonable for the services provided and the risks assumed by the Manager.

Costs of Services Provided and Profitability to the Manager

At the request of the Directors, the Manager provided profitability information for the most recent three calendar years (the Manager changed to a December 31 fiscal year from its previous June 30 fiscal year effective December 31, 2007). The information addressed the Manager's overall profitability and also broke it down between the Manager's advisory business and the Manager's mutual fund business. The profitability of the mutual fund business was further broken down between the two funds advised by the Manager – the Mairs and Power Growth Fund and the Mairs and Power Balanced Fund. The Directors reviewed the Manager's assumptions and methods of allocation used. The Manager stated its belief that the methods of allocation used are reasonable, while acknowledging that there do not appear to be commonly accepted standards for making these kinds of profitability determinations. The Directors concluded that the Manager should be entitled to earn a reasonable level of profit for the services it provides to the Fund. Based on their overall review, the Directors concluded that the Manager's level of profitability from its relationship with the Fund is reasonable.

Other Benefits to Fund Manager

The Directors considered that the Manager's advisory business benefits from informal soft dollar arrangements whereby the Manager receives proprietary investment research services from broker/dealers that execute the Fund's purchases and sales of securities. The Directors received and reviewed information concerning the Fund's Brokerage Committee and the method by which Fund brokerage is allocated based upon the internally rated quality of brokerage and research services. The Directors reviewed the Fund data for the one year period ending March 31, 2009 showing the dollar amount of commissions allocated among broker/dealers used by the Manager for Fund brokerage services and proprietary research. Similar data showing the dollar amount of commissions allocated is provided to the Directors at each regular Board Meeting during the year. The Directors recognized that the profitability of the Manager's advisory business would be lower if it did not receive proprietary research for soft dollars in connection with the Fund's brokerage activity. While difficult to measure, it was concluded by the Directors that the benefit the Manager receives in this way is fairly modest. The Directors noted that the Manager derives reputational benefits from its association with the Fund as well.

Economies of Scale

The management fee of 60 basis points (0.6 of 1%) which the Manager has been paid for more than twenty-five years has always been towards the low end of the mutual fund advisory management fee range. The Manager's approach has been to keep costs to the Fund as low as reasonably possible, including the cost of management fees. At the same time, the Manager believes, and the Directors concur, that it is entitled to earn reasonable returns on its mutual fund business. The Manager acknowledges that it is difficult to pinpoint the economies of scale to be realized in any mutual fund, particularly in one the relatively small size of the Mairs and Power Balanced Fund, but there is no question that such economies exist. A number of larger mutual funds have established one or more breakpoints whereby the management fee rate is reduced above specified asset levels. The Manager believes, and the Directors concur, that the consideration of establishing a breakpoint at some asset level would be an appropriate way for the Manager to share its economies of scale in the event that the Balanced Fund were to grow its assets substantially. However, at the current level of assets and considering that the management fee is towards the low end of what other mutual fund managers charge, the Directors concluded that the absence of breakpoints in the Fund's management fee is reasonable at this time.

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MAIRS AND POWER BALANCED FUND, INC.

Established 1961

A No-Load Fund

For Shareholder Services
Call (800) 304-7404
Or write to:

(via Regular Mail)
c/o U.S. Bancorp Fund Services, LLC
615 East Michigan Street
P. O. Box 701
Milwaukee, WI 53201-0701

(via Overnight or Express Mail)
c/o U.S. Bancorp Fund Services, LLC
3rd Floor
615 East Michigan Street
Milwaukee, WI 53202-0701

For Fund literature and information, visit the Fund's website at:
www.mairsandpower.com

Investment Manager
Mairs and Power, Inc.
W1520 First National Bank Building
332 Minnesota Street
Saint Paul, MN 55101

Custodian
U.S. Bank, N.A.
Custody Operations
1555 North River Center Drive, Suite 302
Milwaukee, WI 53212

Officers and Directors

William B. Frels, President & Director
Jon A. Theobald, Chief Compliance Officer & Secretary
Ronald L. Kaliebe, Vice President
Lisa J. Hartzell, Treasurer

Norbert J. Conzemius, Chair & Director
Bert J. McKasy, Director
Charles M. Osborne, Audit Committee Chair & Director
Edward C. Stringer, Director