

TOWER BANCORP, INC.

**NOTICE TO PARTICIPANTS
IN THE GRAYSTONE TOWER BANK
EMPLOYEES' STOCK OWNERSHIP PLAN (THE "PLAN")
OF THE
SPECIAL MEETING OF TOWER BANCORP, INC. SHAREHOLDERS
ON
NOVEMBER 16, 2011**

Dear Plan Participants:

NOTICE IS HEREBY GIVEN that a Special Meeting of Shareholders of TOWER BANCORP, INC. (the "Company") will be held on Wednesday, November 16, 2011, at 9:00 a.m., local time, at the West Shore Country Club, 100 Brentwater Road, Camp Hill, Pennsylvania 17011, for the purposes set forth in the enclosed Notice of Special Meeting of Shareholders and Joint Proxy Statement/Prospectus, including to approve and adopt the Agreement and Plan of Merger, dated as of June 20, 2011, by and between the Company and Susquehanna Bancshares, Inc. ("Susquehanna"), as amended, which provides, among other things, for the merger of the Company with and into Susquehanna, and the conversion of each share of Company common stock outstanding immediately prior to the merger into the right to receive either 3.4696 shares of Susquehanna common stock or \$28.00, subject to proration so that \$88 million of the merger consideration is paid in cash.

Each Participant in the Plan who has shares of common stock of the Company allocated to his or her Plan account at the close of business on September 21, 2011, the record date for the Special Meeting, is entitled to direct the Trustees of the Plan how such shares are to be voted. The Trustees will be responsible for voting such shares either in person or by proxy.

Enclosed herewith is a Voting Instruction Card for you to use to direct the voting of the shares of the common stock of the Company which are allocated to your Plan account as of September 21, 2011. **PLEASE COMPLETE, SIGN, DATE AND RETURN THE VOTING INSTRUCTION CARD IN THE ENCLOSED ENVELOPE, to be received no later than November 10, 2011, in order to ensure that your shares are voted by the Trustees. You may also vote your shares over the Internet or by telephone by following the enclosed voting instructions.**

We encourage each of you to vote, as a means of participating in the governance of the affairs of the Company. If your voting instructions are not received, the shares allocated to your Plan account will generally not be voted by the Trustees. While we hope that you will vote in the manner recommended by the board of directors, the most important thing is that you vote in whatever manner you deem appropriate. Please take a moment to do so.

October 3, 2011

Paul Barber, Trustee
John Finley, Trustee
Jeffrey Renninger, Trustee