1ST Constitution Bancorp

Robert F. Mangano
President & Chief Executive Officer

February 19, 2009

Mr. Neil M. Barofsky
Special Inspector General
Office of the Special Inspector General
Troubled Asset Relief Program
1500 Pennsylvania Avenue, N.W., Suite 1064
Washington, D.C. 20220

Dear Mr. Barofsky:

Please permit this letter to respond to your letter of February 6, 2009, concerning 1ST Constitution Bancorp's use of the TARP funds and it's compliance with the EESA's executive compensation requirements.

1ST Constitution Bancorp received its funding under the TARP program on December 23, 2008. The funds were received by 1ST Constitution Bancorp, our public entity, and then transferred as capital to our wholly-owned subsidiary 1ST Constitution Bank. The anticipated use of the funds at the bank level was for general corporate purposes, which included utilizing the additional capital to grow the lending operations of the Bank. These funds were not segregated but incorporated into the Bank's general funding sources.

The receipt of the TARP funding permitted the Bank to continue to expand its loan portfolio from approximate outstandings of $383 million on December 31, 2008 to approximately $426 million as of January 31, 2009. The loan portfolio growth during this period has covered a broad spectrum, with particular emphasis on the expansion of our residential mortgage origination unit, which funds single family mortgage loans sold into the secondary market one at a time, and our mortgage warehousing operations, which specifically funds single family residential mortgage transactions through mortgage bankers primarily located in New Jersey, New York and Pennsylvania, our primary trade area for this product. This form of lending turns over quickly, as the secondary market purchases individual transactions within a few days of receiving the documents. This enables us to re-lend the funds many times over. Our small business lending unit, which generates small business loan transactions through the United States Small Business Loan Administration grew by $1 million since we received TARP funds. Lastly, the Bank's securities

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approximately $2.5 million in relatively short-term securities, which are backed by residential mortgages.

Going forward, we anticipate, due to the nature of the broad lines of business that the institution supports, to be able to continue to lend to the residential mortgage market directly through 1ST Constitution's mortgage origination unit, as well as through the forty plus accounts that we currently maintain of mortgage bankers, who in turn are funding single family residential mortgage transactions. In addition to these two lines of business which serve to assist the residential real estate market, we provide residential construction lending throughout the State of New Jersey, and serve small businesses from several perspectives. Our ability to fund these transactions has clearly been aided by the infusion of the $12 million in TARP funds which we received.

Concerning executive compensation, 1ST Constitution Bancorp's executive officers have entered into letter agreements with the institution complying with the Emergency Economic Stabilization Act of 2008 which address restrictions on golden parachute payments, recovery of bonus and incentive compensation, and amendments or waivers under compensation agreements and, programs as outlined under the various agreements required by the Treasury under the TARP Capital Purchase Program. Management and the Board of Directors of 1st Constitution Bancorp and its compensation committee have begun to put in place a compliance program to review incentive compensation arrangements so that they do not encourage senior executive officers to take unnecessary and excessive risks that threaten the value of 1ST Constitution Bancorp. That process is scheduled to be completed with 90 days after December 31, 2008.. A significant portion of executive compensation has historically been provided in the form of restricted stock awards and options to acquire stock which in each case vest over a number of years. We believe that these programs are consistent with rewarding long term performance and deter unnecessary risk taking. The Compensation Committee will likely review in detail in March 2009 the criteria used to measure the amount and type of performance based compensation for senior executive officers of the company in light of the requirements of the Treasury under TARP.

I am providing you with copies of several press releases which we have issued concerning the TARP program and our fourth quarter earnings release, which discusses various aspects of our business, including our strong financial condition, as well as our current and anticipated use of TARP funds.

I certify that the accuracy of all statements, representations and supporting information provided are true, and subject to the requirements and penalties set forth in Title 18, Unites States Code, Section 1001.

Very truly yours,

R. F. Mangano

Robert F. Mangano
President

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President & Chief Executive Officer
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Joseph M. Reardon
Sr. Vice President and Treasurer
(609) 655-4500

PRESS RELEASE – FOR IMMEDIATE RELEASE……

1ST CONSTITUTION BANCORP COMPLETES SALE OF $12 MILLION IN FIXED RATE CUMULATIVE PERPETUAL PREFERRED STOCK AND COMMON STOCK WARRANT TO THE U.S. TREASURY

CRANBURY NJ – DECEMBER 23, 2008……1ST Constitution Bancorp (NASDAQ: FCCY), the holding company for 1ST Constitution Bank, is pleased to announce that it closed a sale to the U.S. Treasury of 12,000 shares of Fixed Rate Cumulative Perpetual Preferred Stock, Series B, of 1st Constitution Bancorp for $12 million in cash and issued a warrant to the Treasury to purchase 200,222 shares of 1st Constitution Bancorp common stock. 1st Constitution was chosen as one of the stronger community banks to participate in the U.S. Treasury Department's TARP Capital Purchase Program. On December 11, 2008, 1ST Constitution was advised by the Treasury that 1ST Constitution's application under the program was preliminarily approved by the U.S. Treasury on December 8, 2008. 1ST Constitution intends to use the proceeds from this sale for general corporate purposes which include utilizing the additional capital to grow the lending operations of 1ST Constitution Bank.

At this juncture, 1ST Constitution does not have any plans to participate in the Treasury's TARP program related to the sale of troubled assets to the Treasury. However, as an added benefit to 1ST Constitution Bank's clients, 1ST Constitution Bank has agreed to voluntarily participate in the Federal Deposit Insurance Corporation's fee-based expanded insurance program which provides, without limitation, a guarantee on all of 1ST Constitution Bank's non-interest bearing transaction accounts through December 31, 2009.

President and Chief Executive Officer, Robert F. Mangano stated "Although 1ST Constitution is a well-capitalized organization, we believe the TARP capital purchase program provides an excellent opportunity for strong banks like 1ST Constitution to participate in and support the recovery of the U.S. economy. 1ST Constitution chose to voluntarily enter the program in order to support the Treasury's efforts to provide additional long-term funds which should facilitate additional lending opportunities. Furthermore, the enhancement to our already solid capital position will provide strategic flexibility to our management team, while promoting continued confidence in 1ST Constitution."

At September 30, 2008, 1ST Constitution Bank's capital ratios were all above the level as required to be categorized as "well capitalized." 1ST Constitution Bank's total risk-based capital, Tier I capital, and leverage capital were 15.58 percent, 13.79 percent, and 11.35 percent, respectively, at September 30, 2008. The regulatory requirement to be considered "well capitalized" for total risk-based capital, Tier I capital, and leverage capital are 10 percent, 6 percent, and 5 percent, respectively.

1ST Constitution's Fixed Rate Cumulative Perpetual Preferred Stock, Series B, will have a stated value and liquidation preference of $12 million and pay a cumulative dividend at the rate of five percent per annum for the first five years which will reset to a rate of nine percent per annum after year five. The shares are callable by 1ST Constitution at par after three years and may be fully redeemed earlier if 1ST Constitution raises new equity capital of at least $12 million.

CONTACT: **Robert F. Mangano**
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PRESS RELEASE - FOR IMMEDIATE RELEASE......

1ST CONSTITUTION BANCORP REPORTS FOURTH QUARTER AND ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2008

Cranbury NJ – January 30, 2009....... 1ST Constitution Bancorp (NASDAQ: FCCY), the holding company for 1ST Constitution Bank, announced today fourth quarter and annual results for 2008. Net income for the fourth quarter of 2008 was $457,000, or $0.11 per diluted share.

Net income for the year ended December 31, 2008 was $2,759,000, or $0.65 per fully diluted share compared to $5,443,000 or $1.29 per fully diluted share for the year ended December 31, 2007. All per share amounts have been adjusted to give effect to a five percent stock dividend declared December 18, 2008, payable on February 2, 2009 to shareholders of record at the close of business on January 20, 2009.

Net interest income was $16,388,000 for the year ended December 31, 2008 which was approximately 7.8 percent less than the $17,778,000 achieved for the year ended December 31, 2007. Bolstering earnings for 2008 was the continued generation of non-interest income, which reached $3,301,000 for the year, up 29.0 percent from the $2,558,000 reported for the year 2007.

The provision for loan and lease losses for the year ended December 31, 2008 totaled $640,000, compared to $130,000 for the year ended December 31, 2007. Net charge-offs for 2008 were $303,000, compared to net charge-offs of $10,000 for the year ended December 31, 2007.

At December 31, 2008, the allowance for loan and lease losses was $3,685,000, or 0.98 percent of total loans, compared to $3,348,000, or 1.14 percent at December 31, 2007. Non-performing assets at December 31, 2008 were $7,649,000, compared to non-performing assets of $4,998,000 at December 31, 2007. There were no loans greater than 90 days past due and still accruing as of December 31, 2008 and December 31, 2007.

At December 31, 2008, total assets reached $546.2 million, an increase of $117.0 million from total assets at December 31, 2007. Deposits at December 31, 2008 grew to $414.7 million, up from $329.3 million in deposits at December 31, 2007.

Robert F. Mangano, President and Chief Executive Officer stated, "Our absolute results for the quarter and the full year of 2008 reflected the recessionary economic climate during the year, and its impact on the financial and banking industry. During the fourth quarter 1ST Constitution, as one of the stronger community banks, was chosen by the U.S. Department of the Treasury to participate in the Treasury's TARP Capital Purchase Program. We issued $12 million in preferred stock under the TARP program to strengthen 1ST Constitution's already strong capital position and provide an additional measure of protection from turbulent financial markets and particularly the dramatic reduction in the liquidity of credit markets. Prior to the issuance of the TARP funding, our capital ratios were consistent with those of a well-capitalized bank, as such ratios are today, which will assist 1ST Constitution to continue to lend and help support the economic recovery. As a result of the issuance of the preferred stock, 1ST Constitution's tier I capital increased from

$57.3 million to $72.8 million at December 23, 2008 when the preferred stock was issued.

"During the fourth quarter, we utilized a portion of the TARP funds to support our retail and wholesale residential mortgage origination units, which we believe is consistent with the expectations of the United States Treasury. We believe the TARP capital, in conjunction with our common stock, retained earnings and trust preferred securities, provides 1ST Constitution with a sufficient level of capital to support our lending activities and to also absorb unforeseen losses during this difficult economic period."

1ST Constitution Bancorp, through its primary subsidiary, 1ST Constitution Bank, has total assets of $546.2 million and operates eleven branch banking offices in Cranbury (2), Fort Lee, Hamilton, Hightstown, Jamesburg, Montgomery, Perth Amboy, Plainsboro, West Windsor and Princeton, New Jersey.

1ST Constitution Bancorp is traded on the Nasdaq Global Market under the trading symbol "FCCY", and can be accessed through the Internet at www.1STCONSTITUTION.com

The foregoing contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are not historical facts and include expressions about management's confidence and strategies and management's expectations about new and existing programs and products, relationships, opportunities, taxation, technology and market conditions. These statements may be identified by such forward-looking terminology as "expect," "look," "believe," "anticipate," "may," "will," or similar statements or variations of such terms. Actual results may differ materially from such forward-looking statements. Factors that may cause results to differ materially from such forward-looking statements include, but are not limited to, changes in the direction of the economy in New Jersey, the direction of interest rates, effective income tax rates, loan prepayment assumptions, continued levels of loan quality and origination volume, continued relationships with major customers including sources for loans, as well as the effects of general economic conditions and legal and regulatory barriers and structure. 1ST Constitution assumes no obligation for updating any such forward-looking statements at any time.

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1st Constitution Bancorp
Selected Consolidated Financial Data

($ in thousands except per share amounts)	Three Months Ended December 31, 2008	Three Months Ended December 31, 2007	12 Months Ended December 31, 2008	12 Months Ended December 31, 2007
Income Statement Data:				
Interest income	$7,372	$7,708	$29,120	$30,369
Interest expense	3,186	3,221	12,732	12,591
Net interest income	4,186	4,487	16,388	17,778
Provision for loan losses	105	30	640	130
Net interest income after prov.for loan losses	4,081	4,457	15,748	17,648
Non-interest income	734	620	3,301	2,558
Non-interest expense	4,091	3,140	15,051	12,101
Income before income taxes	724	1,937	3,998	8,105
Income tax expense	267	674	1,239	2,662
Net income	$457	$1,263	$2,759	$5,443
Balance Sheet Data:				
Total Assets			$546,248	$429,152
Loans, including loans held for sale			383,050	305,083
Allowance for possible loan losses			3,685	3,348
Securities available for sale			93,477	75,192
Securities held to maturity			36,551	23,512
Deposits			414,685	329,332
Shareholders' Equity			55,685	40,973
Performance Ratios:				
Return on average assets			0.56%	1.29%
Return on average equity			6.52%	14.32%
Efficiency ratio			76.4%	59.5%
Net interest margin (tax-equivalent basis)			3.64%	4.57%
Asset Quality:				
Loans past due over 90 days and still accruing			$0	$0
Nonaccrual loans			3,352	2,037
OREO property			4,297	2,961
Net charge-offs (recoveries)			303	10
Allowance for loan losses to total loans			0.98%	1.14%
Nonperforming loans to total loans			0.89%	0.69%
Per Share Data:				
Earnings per share (Basic)	$0.11	$0.30	$0.66	$1.31
Earnings per share (Diluted)	$0.11	$0.30	$0.65	$1.29
Book value per share (a)			$10.55	$9.77

(a) Excludes amounts and shares related to preferred stock and includes effect of 5% stock dividend to be paid on February 2, 2009 .