



NOTICE OF
ANNUAL MEETING OF STOCKHOLDERS
AND
PROXY STATEMENT

DATE
Thursday, April 27, 1995

TIME
4:00 P.M. Local Time

PLACE
South Shore Country Club
274 South Street
Hingham, MA 02043

HINGHAM INSTITUTION FOR SAVINGS
55 Main Street
Hingham, Massachusetts 02043
(617) 749-2200

**NOTICE OF 1995 ANNUAL MEETING
OF STOCKHOLDERS**

To the Holders of Common Stock
of Hingham Institution for Savings

NOTICE IS HEREBY GIVEN that the 1995 Annual Meeting of Stockholders of Hingham Institution for Savings (the "Bank") will be held at the South Shore Country Club, 274 South Street, Hingham, Massachusetts 02043, on Thursday, April 27, 1995 at 4:00 p.m. local time (the "Meeting") for the following purposes, all as set forth in the attached Proxy Statement:

1. To elect (i) six Class I Directors of the Bank, each to hold office until the 1998 annual meeting of stockholders of the Bank and until his or her respective successor is duly elected and qualified;
2. To elect a Clerk of the Bank, to hold office until the next annual meeting of stockholders, and until his or her successor is elected and qualified; and
3. To transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

The Board of Directors has fixed the close of business on March 8, 1995, as the record date for the determination of stockholders entitled to receive notice of, and to vote at, the Meeting and any adjournments or postponements thereof.

Your attention is called to the accompanying Proxy Statement.

By Order of the Board of Directors,



Marion J. Fahey
Clerk

Hingham, Massachusetts
March 24, 1995

IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED AT THE MEETING REGARDLESS OF THE NUMBER OF SHARES YOU MAY HOLD. PLEASE COMPLETE, SIGN AND DATE THE ENCLOSED PROXY AND RETURN IT PROMPTLY IN THE ENCLOSED ENVELOPE WHICH REQUIRES NO POSTAGE IF MAILED WITHIN THE UNITED STATES. IT IS IMPORTANT THAT PROXIES BE MAILED PROMPTLY. IF YOU ATTEND THE MEETING, YOU MAY WITHDRAW ANY PROXY GIVEN BY YOU AND VOTE YOUR SHARES IN PERSON.

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HINGHAM INSTITUTION FOR SAVINGS

55 Main Street
Hingham, Massachusetts 02043
(617) 749-2200

**SUMMARY OF PROXY STATEMENT
FOR THE
ANNUAL MEETING OF STOCKHOLDERS**

The following summary is not intended to be a complete statement of all material features of the matters being voted on by the stockholders of the Bank and is qualified in its entirety by the more complete information set forth elsewhere herein.

Date, Time and Place of Annual Meeting

The Annual Meeting of Stockholders will be held at the South Shore Country Club, 274 South Street, Hingham, Massachusetts 02043, on Thursday, April 27, 1995 at 4:00 p.m., local time.

Purpose of the Annual Meeting

The purpose of the Meeting is: (1) to elect six Class I Directors of the Bank to serve for a three-year term; (2) to elect a Clerk of the Bank to serve for a one-year term; and (3) to transact such other business as may properly come before the Meeting and any adjournment or postponement thereof.

Record Date and Required Stockholder Vote

The Board of Directors has fixed the close of business on March 8, 1995 as the record date (the "Record Date") for the determination of stockholders entitled to receive notice of, and to vote at, the Meeting or any adjournments or postponements thereof. Only holders of record of the Bank's common stock at the close of business on the Record Date will be entitled to notice of, and to vote at, the Meeting or any adjournments or postponements thereof. At the close of business on the Record Date, there were 1,293,000 shares of the Bank's common stock issued and outstanding, and each such outstanding share is entitled to one vote. As of such date, there were approximately 589 holders of record of the Bank's common stock, which number does not reflect the number of persons or entities who hold shares in nominee or "street" name through various brokerage firms.

The presence, in person or by proxy, of at least a majority of the total number of outstanding shares of common stock of the Bank is necessary to constitute a quorum for the transaction of business at the Meeting. A quorum being present, the Class I Directors and the Clerk will be elected by plurality vote of the shares present and voting, in person or by proxy. On February 21, 1995, the Directors, the nominees for Director and principal officers of the Bank owned in the aggregate 37.0% percent of the issued and outstanding shares of the Bank's common stock which may be voted at the Meeting.

**PROPOSAL ONE
ELECTION OF DIRECTORS**

The Bank's Amended and Restated Articles of Organization (the "Charter") and By-Laws provide that the Board of Directors shall be divided into three classes, with the Directors in each class serving for a term of three years. As the term of one class expires, a successor class is elected at each annual meeting of stockholders. Each class of directors currently consists of five or six members so as to make such classes as nearly equal in number as possible, as prescribed by the Bank's Charter and By-Laws.

At the Meeting, stockholders of the Bank are being asked to elect six Class I Directors of the Bank to serve until the 1998 annual meeting of stockholders and until their successors are elected and qualified. The Board of Directors of the Bank has nominated Marion J. Fahey, Kevin W. Gaughen, Esq., Robert H. Gaughen, Esq., Julio R. Hernando, Edward L. Sparda, and Donald M. Tardiff, M.D. as Class I Directors. See "ELECTION OF DIRECTORS (Notice Item 1)."

The Board of Directors of the Bank recommends that the stockholders vote FOR the election of the six nominees.

**PROPOSAL TWO
ELECTION OF CLERK**

Under Massachusetts law, the Clerk of the Bank is to be elected by the stockholders at an annual meeting or special meeting duly called for that purpose. At the Meeting, the stockholders of the Bank are being asked to elect Marion J. Fahey, the nominee proposed by the Board of Directors, as Clerk of the Bank to serve until the 1996 annual meeting of stockholders, or special meeting in lieu thereof, and until her successor is elected and qualified. See "ELECTION OF CLERK (Notice Item 2)."

The Board of Directors of the Bank recommends that the stockholders vote FOR the election of Marion J. Fahey as Clerk of the Bank.

**PROXY STATEMENT
FOR THE
ANNUAL MEETING OF STOCKHOLDERS**

Accompanying this Proxy Statement is a Notice of the 1995 Annual Meeting of Stockholders (the "Meeting") of Hingham Institution for Savings (the "Bank") to be held at the South Shore Country Club, 274 South Street, Hingham, Massachusetts, 02043, on Thursday, April 27, 1995, at 4:00 p.m. local time. Also enclosed is a form of proxy for the Meeting (and any adjournment or postponement thereof). This Proxy Statement and the enclosed form of proxy are furnished in connection with the solicitation of proxies by the Board of Directors of the Bank and are first being sent to stockholders on or about March 24, 1995. The enclosed proxy is for the use of holders of the Bank's common stock, \$1.00 par value per share (the "Common Stock"), of record at the close of business on March 8, 1995. Shares of Common Stock cannot be voted at the Meeting unless the owner of record is present to vote or is represented by proxy.

VOTING PROCEDURE

If you sign, date and return the enclosed proxy in time for the Meeting, your shares will be voted (unless you otherwise instruct) on all matters that may properly come before it. The proxy contains spaces in which you may insert instructions as to how your shares are to be voted with regard to electing Directors and electing the Bank's Clerk. If you specify instructions with respect to any of the proposals, your shares will be voted in accordance with your instructions. If no instructions are specified, your shares will be voted FOR the election as Directors of the nominees named herein, FOR the election as Clerk of the nominee named herein and, with respect to any other matters as properly come before the Meeting, in accordance with the best judgment of the holder(s) of said proxy.

Your proxy may be revoked at any time before it is exercised. Any stockholder attending the Meeting may vote in person even though he may have previously submitted a proxy. Your proxy may be revoked by written notice to the Bank prior to the Meeting or at the Meeting prior to a vote.

At the close of business on March 8, 1995, 1,293,000 shares of Common Stock were entitled to vote on all properly presented matters. Only stockholders whose names appeared of record at the close of business on March 8, 1995 will be entitled to vote at the Meeting. The By-Laws of the Bank require that the holders of a majority in interest of all stock issued, outstanding and entitled to vote on matters at the Meeting be present in person or be represented by proxy at the Meeting in order to constitute a quorum for the transaction of business. Each share of Common Stock is entitled to one vote per share. The affirmative vote of the holders of a plurality of the shares present and voting, in person or by proxy, is necessary to elect the Directors and the Clerk, as set forth in Notice Items 1 and 2. Holders of the Common Stock do not have the right to cumulate their votes for the election of Directors or the Clerk. Shares of the Bank's Common Stock represented by executed proxies will be counted for purposes of establishing a quorum at the Meeting, regardless of how or whether such shares are voted on any specific proposal. With respect to the required vote on any particular matter, abstentions will be treated as votes cast or shares present and represented, while votes withheld by nominee recordholders who did not receive specific instructions from the beneficial owners of such shares will not be treated as votes cast or as shares present or represented.

**ELECTION OF DIRECTORS
(Notice Item 1)**

The Board of Directors of the Bank currently consists of sixteen members, fifteen of whom have been elected by the stockholders of the Bank and one of whom has been elected by the Board of Directors of the Bank. Under Massachusetts law, the Board will be authorized to fill vacancies arising between meetings of Stockholders and also to increase the number of Directors to not more than eighteen and to fill the vacancy or vacancies thereby arising. The Bank's By-Laws fix the number of directors that comprises the whole Board of Directors to be not less than seven nor more than twenty-five individuals. The By-Laws also provide that the Board of Directors shall be divided into three classes as nearly equal in number as possible with each such class of Directors being elected every third year at the annual meeting of stockholders held that year. Each Director of the class elected at any particular meeting will hold office until the annual meeting three years subsequent thereto, and until his or her successor is duly elected and qualified, or until his or her earlier resignation, death or removal.

The names of the nominees for Class I Directors and certain information received from them are set forth below. All of the six nominees are currently Directors, and each has consented to serve if elected. If any nominee shall become unavailable for any reason, the shares represented by the enclosed proxy will be voted in favor of such other person as the Board of Directors of the Bank may at the time recommend. The following tables list the name of each nominee, his

or her age, period of service as a Director of the Bank, positions with the Bank, principal occupation and other directorships held. Each nominee has been engaged in his or her principal occupation for at least five years, unless otherwise indicated.

Pursuant to Section 32 of the Federal Deposit Insurance Act and the regulations promulgated thereunder, newly elected directors must file a notice of change of director or Senior Executive Officer with the FDIC. Pursuant to Section 32 and relevant regulations, the FDIC may issue a notice of disapproval of any newly elected director or Senior Executive Officer and any such individual would not assume office. The Bank has submitted such a filing to the FDIC in regard to the new nominee and has received notice that the FDIC has reviewed the application and has no objection to the election of the new nominee, Kevin W. Gaughen, Esq.

**Nominees For Election at the Meeting
with Terms Expiring at the 1998 Annual Meeting
Class I Directors**

<u>Nominee's Name and Age</u>	<u>Positions With Bank</u>	<u>Director or Trustee of Bank Since</u>	<u>Principal Occupation</u>
Marion J. Fahey Age - 70	Clerk and Director	1992	Retired; former Superintendent of Boston Public Schools
Robert H. Gaughen, Esq. Age - 80	Director	1992	Counsel to the law firm of Gaughen, Gaughen & Gaughen, Mr. Gaughen was formerly Chairman of the Board and President of East Weymouth Savings Bank. (1)
Kevin W. Gaughen, Esq. Age - 40	Director	1994	Attorney (1)
Julio R. Hernando Age - 24	Director	1994	Legal services advocate, S. U. Clinica, Chelsea, Massachusetts; Law Student, Suffolk University Law School since 1992 (1)
Edward L. Sparda Age - 52	Director	1993	Lieutenant, Massachusetts State Police
Donald M. Tardiff, M.D. Age - 70	Director	1993	Retired physician

DIRECTORS NOT STANDING FOR ELECTION

The following tables set forth below provide certain information with respect to those Directors who have been previously elected as Class II and Class III Directors.

The tables list the name of each Director, his or her age, period of service with the Bank, positions with the Bank, principal occupation and other directorships held. Each individual has been engaged in his or her principal occupation for at least five years, except as otherwise indicated.

**Directors Whose Terms Will Expire at
the 1996 Annual Meeting**

<u>Director's Name and Age</u>	<u>Positions With Bank</u>	<u>Director or Trustee of Bank Since</u>	<u>Principal Occupation</u>
Class II Directors			
Warren B. Noble Age - 64	Director	1988	Chairman of Noble Industries; past president of the Hingham Merchants Association and the South Shore Chamber of Commerce.
Stacey M. Page Age - 31	Director	1992	President, Hingham Jewelers, Inc.
Donald E. Staszko Age - 46	Director	1993	Airline pilot for American Airlines; president of Cohasset Associates, a real estate development firm, and past president of the Cohasset Chamber of Commerce.
James R. White Age - 72	Director	1993	Consultant; former Vice Chairman, Patriot Bank Corporation; former president and CEO, Brookline Trust Company and Commonwealth Bank and Trust Company. (2)
Geoffrey C. Wilkinson, Sr. Age - 43	Director	1993	President and CEO of George T. Wilkinson, Inc., a commercial heating company; Trustee of the Massachusetts Maritime Academy.

**Directors Whose Terms Will Expire at the
1997 Annual Meeting**

<u>Director's Name and Age</u>	<u>Positions With Bank</u>	<u>Director or Trustee of Bank Since</u>	<u>Principal Occupation</u>
Class III Directors			
James V. Consentino Age - 74	Director	1991	Retired; founder of J.V. Consentino Plastering & Construction Company
Robert H. Gaughen, Jr., Esq. Age - 46	President & Director	1993 1991	President and Chief Executive Officer of the Bank; Attorney; Former President and Chief Executive Officer of East Weymouth Savings Bank (1)
Ronald D. Falcione Age - 45	Director	1993	Owner of Tempo Real Estate, a private real estate firm
Thomas H. Youngworth Age - 57	Director	1991	President and Chief Executive Officer of Bay State Metal Products, Inc., a manufacturer of diversified metal products and Hi-Tech Filter Corp. of America
Robert A. Lane, Esq. Age - 28	Director	1993	Attorney (1)

(1) Robert H. Gaughen, a Director of the Bank, is the father of Robert H. Gaughen, Jr., President and a Director of the Bank, and Kevin W. Gaughen, a Director of the Bank. Mr. Gaughen is the grandfather of Directors Robert A. Lane and Julio R. Hernando.

(2) Mr. White is the father-in-law of Peter R. Smollett, Vice President and Senior Lending Officer of the Bank.

MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors, which met twelve times in 1994, has five principal committees: the Executive Committee, the Audit Committee, the Nominating and Personnel Committee, the Stock Option Committee and the Community Interaction Committee.

The Executive Committee, composed of eight principal Director members, oversees the management policies and affairs of the Bank. This committee met twenty-four times in 1994. The current members of the Executive Committee are Robert H. Gaughen, Jr., James V. Consentino, Marion J. Fahey, Ronald D. Falcione, Kevin W. Gaughen, Robert H. Gaughen, Warren B. Noble and Thomas H. Youngworth, Sr.

The Nominating and Personnel Committee, composed of nine Director members, oversees matters pertaining to the nomination of Directors and officers and other personnel and compensation matters. This committee met six times in 1994. The current members of the Nominating and Personnel Committee are: James V. Consentino, Marion J. Fahey, Robert H. Gaughen, Jr. (who abstains from any discussion or determination of his own compensation), Robert H. Gaughen, Julio R. Hernando, Robert A. Lane, Stacey M. Page, Geoffrey C. Wilkinson, Sr. and Thomas H. Youngworth, Sr. This Committee, with the approval of the full Board of Directors, makes nominations for Directors to be elected at each annual meeting of stockholders and considers stockholder proposals for such nominations. For information regarding procedures for submitting stockholder proposals, see "STOCKHOLDER PROPOSALS."

The Audit Committee, composed of nine Director members, approves the Bank's annual audit and presents the audit report to the Board of Directors. This committee met four times in 1994. The current members of the Audit Committee are Marion J. Fahey, Kevin W. Gaughen, Robert A. Lane, Warren B. Noble, Stacey M. Page, Donald E. Staszko, Donald M. Tardiff, M.D., James R. White and Geoffrey C. Wilkinson, Sr.

The Stock Option Committee, composed of eight Director members, meets as appropriate to review and administer the Bank's Stock Option Plan pursuant to its terms. This committee did not meet during 1994. The current members are James V. Consentino, Ronald D. Falcione, Robert H. Gaughen, Edward L. Sparda, Donald E. Staszko, Donald M. Tardiff, M.D., James R. White and Thomas H. Youngworth, Sr. See "EMPLOYEE BENEFITS PLAN-Stock Option Plan".

The Community Interaction Committee, composed of nine Director members, formulates and reviews Bank policies and practices relating to community reinvestment efforts. This committee met three times during 1994 and the current members are Ronald D. Falcione, Robert H. Gaughen, Jr., Julio R. Hernando, Warren B. Noble, Stacey M. Page, Edward L. Sparda, Donald E. Staszko, James R. White and Geoffrey C. Wilkinson, Sr.

In 1994, none of the present Directors of the Bank attended fewer than 75% of the aggregate of (i) the total number of meetings of the Board of Directors and (ii) the total number of meetings held by committees thereof on which any such Director served (for such period of the year as he or she served).

EXECUTIVE COMPENSATION

The following table sets forth information as to the cash compensation of the two most highly compensated principal officers of the Bank whose total cash compensation exceeded \$60,000, and all principal officers as a group, for the year ended December 31, 1994.

Cash Compensation Table

Name of Individual or Number of Persons in Group	Capacities in which Served	Cash Compensation
Robert H. Gaughen, Jr.	President, Chief Executive Officer and Director	\$139,808 ¹
Peter R. Smollett	Vice President - Lending	71,539
All principal officers as a group (8 persons)		\$441,988

(1) Includes \$10,000 paid as a bonus.

Directors' Fees

Directors of the Bank receive \$275 for each Board of Directors meeting they attend. No such fees were paid to members of the Board of Directors who are also full-time employees of the Bank. The Clerk of the Bank receives a stipend of \$1,000 per annum plus an additional fee of \$75 per meeting of stockholders, directors and Executive Committee attended.

Each member of the Executive Committee of the Board of Directors receives a fee of \$275 per meeting attended. Each member of the Audit Committee of the Board of Directors receives a fee of \$200 per meeting attended. Each member of all other committees of the Board of Directors receives \$125 for each committee meeting attended. The Clerk of each committee (except the Executive Committee) receives an additional fee of \$35 per meeting attended. None of these fees apply to any Director who is also an employee of the Bank.

Employment Agreements and Special Termination Agreements

The Bank currently has no Employment or Special Termination Agreement with any officer or employee.

Compliance with Section 16 of the Securities Exchange Act

Geoffrey C. Wilkinson, Sr., a Director of the Bank, purchased 1,000 shares of Common Stock of the Bank on November 1, 1994 and filed his corresponding Form F-8, which was due on December, 10, 1994, with the FDIC on February 7, 1995. Edward P. Zec, a senior officer of the Bank, purchased a total of 8 shares of common stock of the Bank through a dividend reinvestment program between May and November 1990. On July 17, 1990, the Bank granted Mr. Zec options to purchase 2,500 shares of common stock. All such transactions were reportable on the next Form F-8 which Mr. Zec was otherwise required to file by January 10, 1994. The required Form F-8 was filed with the FDIC during March 1995.

EMPLOYEE BENEFIT PLANS

Benefits

Pension Plan. The Bank provides a retirement plan (the "Plan") for all eligible employees ("Participants") through the Savings Banks Employees Retirement Association ("SBERA"), an unincorporated association of savings banks operating within Massachusetts and any other organization providing services to or for savings banks. SBERA's sole purpose is to enable the participating employers to provide pensions and other benefits for their employees.

Each employee reaching the age of 21 and having completed at least one year of continuous service and 1,000 hours of service during each twelve-month period beginning with such employee's date of employment becomes a Participant of the Plan. All Participants become fully vested after three (3) years of service or age 62 if earlier.

The Plan is a qualified defined benefit plan which does not require the employee to make any contribution to become a Participant or to earn benefits under the Plan. The retirement benefit provided by the Bank is designed to supplement a participant's Social Security Benefit. The retirement benefit at age 65 is based on the average of the highest three consecutive years of compensation (the "Average Compensation") in the Participant's years of employment with the Bank. Participants who were actively employed on November 1, 1989 and who were Participants in the Plan prior to November

1, 1989, will receive the greater of the benefit earned by them as of October 31, 1989 or the benefit earned by applying the benefit formula described below to all Years of Service with the Bank. The benefit formula adopted by the Bank provides for a benefit at age 65 equal to 1.25% Average Compensation for each Year of Service up to 25 Years of Service plus .6% of the excess of Average Compensation over "covered compensation" for the participant's age for each Year of Service up to 25 years. "Covered compensation" refers to the amount of wages taken into account for Social Security Benefit calculation purposes. Normal retirement age under the plan is 65; a reduced early retirement benefit is payable from age 50 to age 65 under certain conditions. At October 31, 1994, the latest date for which information is available, the market value of the related available assets exceeded the present value of accumulated benefits by approximately \$290,871.

The following table illustrates annual pension benefits for retirement at age 65 under the most advantageous Plan provisions available for various levels of compensation and years of service. The figures in this table are based upon the assumption that the Plan continues in its present form and upon certain other assumptions regarding social security benefits and compensation trends.

<u>Average Compensation (1)</u>	<u>Annual Pension Benefit (2)</u> <u>Based on Years of Service</u>			
	<u>10</u> <u>Years</u>	<u>15</u> <u>Years</u>	<u>20</u> <u>Years</u>	<u>25</u> <u>Years</u>
\$ 20,000	\$ 2,500	\$ 3,750	\$ 5,000	\$ 6,250
40,000	5,941	8,912	11,883	14,853
60,000	9,641	14,462	19,283	24,103
80,000	13,341	20,012	26,683	33,353
100,000	17,041	25,562	34,083	42,603
120,000	20,741	31,112	41,483	51,853
140,000	24,441	36,662	48,883	61,103
150,000	26,291	39,437	52,583	65,728
170,000	26,291	39,437	52,583	65,728

(1) Average compensation for purposes of this table is based on the three years immediately preceding retirement.

(2) Benefits computed on the basis of a straight-life annuity and on age 65 retirement in 1994.

(3) Federal law does not permit defined benefit pension plans to recognize compensation (not a defined term) in excess of \$150,000 for Plan years beginning in 1994 (11/1/94 for SBERA).

In addition to the pension benefit described above, which is funded entirely by contributions from the Bank, each Participant in the Plan may make contributions to the Plan on a purely voluntary basis.

The following table sets forth estimated retirement benefits under the Plan at normal retirement dates for certain officers of the Bank who are eligible for participation in the Plan, based upon assumptions comparable to those referred to above.

<u>Name of Individual</u>	<u>Years of</u> <u>Credited Service</u> <u>at Age 65</u>	<u>Estimated Annual</u> <u>Pension Benefit</u> <u>at Age 65</u>
Robert H. Gaughen, Jr.	21	\$46,382
Peter R. Smollett	18	\$17,585

Stock Option Plan

Prior to the date the Bank converted from mutual form to stock form on December 20, 1988, the Board of Trustees of the Bank had adopted the 1988 Stock Option Plan (the "Stock Option Plan") for the benefit of the Bank's officers, other employees and "Eligible Directors" (defined as Directors who are also full-time employees of the Bank). The purpose of

the Stock Option Plan is to provide a performance incentive to officers and employees and Eligible Directors by facilitating their purchase of a stock interest in the Bank. Under the Stock Option Plan, 125,000 shares of Common Stock have been reserved for possible issuance pursuant to options granted thereunder. The Board of Directors ratified the Stock Option Plan on February 15, 1989. The Stock Option Plan was then ratified at the 1989 Annual Meeting of Stockholders, and approved by the Commissioner of Banks of the Commonwealth of Massachusetts on May 8, 1989, at which time it became effective.

The Stock Option Plan provides for the grant of options that are intended to qualify as "incentive options" under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), as well as non-qualified options. The market value of all stock available for purchase for the first time in any year under all incentive stock options granted to any person under the Plan is limited to \$100,000. For this purpose, the value of the stock is determined at the date of grant of each such option. The Stock Option Plan is administered by the Stock Option Committee of not less than three disinterested administrators who cannot receive options granted by the Option Committee. Members of the Stock Option Committee are chosen upon recommendation by the Bank's President to the Executive Committee, with final approval by the Board of Directors. The Stock Option Committee has authority to select the Eligible Directors, officers and other employees to whom options may be granted, whether such options will be incentive options, the number of shares of Common Stock subject to such options and their terms.

The Stock Option Committee of the Bank may grant options under the Plan up until May 8, 1999. Options granted under the Plan are not generally transferable and may be exercised during the life of the Optionee only by the Optionee. Any options granted under the Plan shall be proportionately adjusted with respect to price and number of shares in the event of a stock split, combination or dividend paid in stock. The Board of Directors may, at any time, terminate the Plan. In addition, subject to regulatory approval, the Board of Directors may amend the Plan; provided, however, that stockholder approval would be required where changes in amounts, prices, eligibility, terms or benefits are affected, and no termination or amendment may adversely affect the rights of an Optionee without such Optionee's prior consent.

All options granted under the Stock Option Plan are required to have an exercise price per share equal to at least the fair market value of a share of stock on the date the option is granted. No option granted under the Plan is exercisable after the tenth anniversary of the date on which the option was granted or, if earlier, the termination of the Optionee's employment for cause, one year following the termination of the Optionee's employment on account of death or disability and 90 days following the termination of the Optionee's employment for any other reason. Payment for shares purchased pursuant to an option may be made in cash or check. To facilitate the exercise of options, the Stock Option Committee is authorized to establish a loan program on such terms and conditions as it deems appropriate, which loans may not use as collateral any stock issued or issuable pursuant to options granted under the Stock Option Plan. However, the Stock Option Committee has not considered the establishment of such a loan program to be appropriate.

Subject to the foregoing, any options will be exercisable at such time or times as the Stock Option Committee determines at the grant of the option. However, all options will become exercisable in the event of a "Change in Control" (as defined in the Stock Option Plan). Because all outstanding options will be exercisable upon a Change in Control, it may be more expensive for companies or persons to acquire control of the Bank. This could result in deterrence of offers to the stockholders which might be viewed by such stockholders to be in their best interest and which might be at prices in excess of the then market value of the Bank's stock.

As of December 31, 1994, options to purchase a total of 44,500 shares of Common Stock were outstanding. During fiscal year 1994, options to purchase an aggregate of 15,660 shares of Common Stock were exercised, options to purchase 2,920 shares were forfeited and no options to purchase shares of Common Stock were granted pursuant to the Stock Option Plan. No options were granted to or exercised by principal officers of the Bank during fiscal year 1994.

Federal Income Tax Consequences. The following is a summary of the federal income tax treatment of incentive stock options and non-qualified options issued under the Option Plan. For precise advice as to any specific transaction, an option recipient should consult his or her tax advisor, since tax treatment can vary.

Incentive Stock Options. No taxable income will be recognized by the optionee upon the grant or exercise of an incentive stock option granted under the Stock Option Plan, and no corresponding expense deduction will be available to the Bank. Generally, if an optionee holds shares acquired upon the exercise of incentive stock options until the later of (i) two years from the grant of the option and (ii) one year from the date of transfer of the purchased shares to him or her (the "Statutory Holding Period"), any gain recognized by the optionee on a sale of the shares will be treated as capital gain. The gain recognized upon the sale of the stock is the difference between the option price and the sale price of the stock. The net federal income tax effect on the holder of incentive stock options is to defer, until the stock is sold, taxation of any increase in the stock's value from the time of grant to the time of exercise.

If the optionee sells the stock prior to the expiration of the Statutory Holding Period (a "disqualifying disposition"), he or she will realize taxable income at ordinary income tax rates in an amount equal to the lesser of (i) the fair market value of the stock on the date of exercise less the option price, or (ii) the amount realized on sale less the option price, and the Bank will receive a corresponding business expense deduction. However, special rules may apply to an officer-optionee. Any additional gain will be treated as long-term capital gain if the shares are held for more than one year prior to the sale and as short-term capital gain if the shares are held for a shorter period. If the optionee sells the stock for less than the option price, he or she will recognize a capital loss equal to the difference between the sale price and the option price. The loss will be a long-term capital loss if the shares are held for more than one year prior to the sale and as a short-term capital loss if the shares are held for a shorter period.

For purposes of the "alternative minimum tax" applicable to individuals, the exercise of an incentive stock option is treated in the same manner as the exercise of a non-qualified option. Thus, in the year of option exercise an optionee must include the difference between the exercise price and the fair market value of the stock on the date of exercise in alternative minimum taxable income. The alternative minimum tax is imposed upon an individual's alternative minimum taxable income at rates of 26% to 28%, but only to the extent that such tax exceeds the taxpayer's regular income tax liability for the taxable year.

Non-Qualified Options. No taxable income is recognized by the optionee upon the grant of a non-qualified option. The optionee must recognize as ordinary income in the year in which the option is exercised the amount by which the fair market value of the purchased shares on the date of exercise exceeds the option price. However, special rules may apply to an officer-optionee. The Bank will be entitled to a business expense deduction equal to the amount of ordinary income recognized by the optionee. Any additional gain or any loss recognized upon the subsequent disposition of the purchased shares will be a capital gain or loss, and will be a long-term gain or loss if the shares are held for more than one year.

Employees of the Bank

As of December 31, 1994, the Bank had 45 full-time and 9 part-time employees. The Bank considers its employee relationships to be excellent.

CERTAIN TRANSACTIONS WITH MANAGEMENT AND ASSOCIATES

Indebtedness of Management and Associates

Prior to May 1993, the Bank made loans and extended credit to Directors and officers of the Bank, and their associates, subject to the limitations of Massachusetts General Laws, Chapter 168, Section 19, the administrative guidelines issued thereunder and subject to the provisions of Federal Deposit Insurance Corporation regulations. All such loans, as well as all loans to other employees of the Bank, were represented by the Bank's management at the time of the origination of such loans as having been made in the ordinary course of business and on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unaffiliated persons and did not involve more than the normal risk of collectibility or present other unfavorable features to the Bank.

In November 1993, the Bank adopted a policy providing that the Bank will not grant new loans to Directors, officers and other employees of the Bank.

Other Transactions

The Bank may engage in additional transactions with, or use products or services of, Directors, nominees for Director, principal officers, principal shareholders or various organizations in which such persons may have interests or of which such persons may be directors, nominees for Director, officers, partners or principal stockholders. With respect to the year ended December 31, 1994, unless specifically disclosed herein, any amounts so involved have in no case been material in relation to the business of the Bank, and it is believed that other than as described below, the amount involved in any such transaction or series of transactions did not exceed \$60,000 and was not otherwise material in relation to the business of any such person or other organization.

During 1994, the Bank paid legal fees to Kevin W. Gaughen, Esq., in the amount of approximately \$387,097 in connection with representation of the Bank in approximately \$38,000,000 of commercial and residential mortgage loan originations, numerous foreclosure and collection actions and certain other routine litigation on behalf of the Bank. The foregoing sums have been reasonable in relation to the services provided to the Bank. It is expected that the Bank will contin-

ue to have similar transactions with, and use the services of, Kevin W. Gaughen, Esq. in the future. Those fees paid to Kevin W. Gaughen in connection with mortgage loan transactions generally have been reimbursed to the Bank by its borrowers.

It is expected that any future transactions between the Bank and its Directors, officers, holders of 5% or more of the shares of any class of its voting stock or any affiliates thereof will be on terms no less favorable to the Bank than could be obtained by the Bank in arm's-length negotiation with unaffiliated third parties.

**PRINCIPAL STOCKHOLDERS;
SECURITIES OWNERSHIP OF MANAGEMENT**

The following table sets forth information with respect to ownership of the Common Stock, the Bank's only voting security, by the Bank's Directors, nominees for Director and principal officers as of February 21, 1995. Information presented as to the Common Stock includes the number of shares beneficially owned by such person and the percentage of such number of shares to the total amount of Common Stock outstanding in accordance with Section 335.403 of the FDIC's regulations.

Amount and Nature of Beneficial Ownership of Common Stock

<u>Name</u>	<u>Number of Shares and Nature of Ownership(1)</u>	<u>Percent of Class(2)</u>
James V. Consentino	101,300 ⁽³⁾	7.83
Marion J. Fahey	8,000 ⁽⁴⁾	*
Ronald D. Falcione	16,500 ⁽⁵⁾	1.28
Kevin W. Gaughen	4,000 ⁽⁶⁾	*
Robert H. Gaughen	110,425 ⁽⁷⁾	8.54
Robert H. Gaughen, Jr.	107,841 ⁽⁸⁾	8.12
Julio R. Hernando	3,100 ⁽⁹⁾	*
Robert A. Lane	1,200 ⁽¹⁰⁾	*
Warren B. Noble	10,027 ⁽¹¹⁾	*
Stacey M. Page	1,700 ⁽¹²⁾	*
Edward L. Sparda	500 ⁽¹³⁾	*
Donald E. Staszko	9,104 ⁽¹⁴⁾	*
Donald M. Tardiff, M.D.	1,000 ⁽¹⁵⁾	*
James R. White	1,100 ⁽¹⁶⁾	*
Geoffrey C. Wilkinson, Sr.	3,000 ⁽¹⁷⁾	*
Thomas H. Youngworth, Sr.	129,250 ⁽¹⁸⁾	9.99
William M. Donovan, Jr.	6,500 ⁽¹⁹⁾	*
Peter R. Smollett	2,000 ⁽²⁰⁾	*
Edward P. Zec	1,279 ⁽²¹⁾	*
Directors, nominees for Director and Principal Officers as a group (21 persons)	517,826	38.86

(1) Sole voting and investment power unless otherwise noted.

(2) An asterisk denotes less than 1%.

(3) Includes 23,500 shares of Common Stock which Mr. Consentino owns jointly with Ruth M. Consentino, his wife.

- (4) Includes (i) 500 shares of Common Stock held jointly with Jessica M. Keefe, Ms. Fahey's grandniece, (ii) 500 shares held jointly with Janet M. Keefe, Ms. Fahey's grandniece, and (iii) 7,000 shares held in Ms. Fahey's IRA account.
- (5) Includes 15,500 shares of Common Stock held directly by Mr. Falcione and 1,000 shares held by Dorothy E. Falcione, his wife.
- (6) Includes 3,000 shares of Common Stock held directly by Mr. Gaughen and 1,000 shares held by the IRA account of Mr. Gaughen's wife.
- (7) Includes (i) 107,500 shares of Common Stock held by a revocable trust as to which Mr. Gaughen, as the settlor and sole trustee, has sole voting and dispositive power, and (ii) 2,925 shares of Common Stock held directly by Mr. Gaughen.
- (8) Includes 11,762 shares that Mr. Gaughen, Jr. owns jointly with his wife, 15,477 shares held in Mr. Gaughen, Jr.'s IRA account and 35,000 shares of Common Stock issuable pursuant to stock options which may be exercised by Mr. Gaughen, Jr. within 60 days after February 21, 1995; excludes 107,500 shares held in trust (see note 7 above) as to which this director will share voting and dispositive power at such time as he becomes a successor trustee under the trust which owns such shares.
- (9) Held directly by Mr. Hernando.
- (10) Held directly by Mr. Lane.
- (11) Includes 2,000 shares of Common Stock which Mr. Noble owns jointly with Dorothy A. Noble, his wife.
- (12) Includes 200 shares of Common Stock which Ms. Page owns jointly with David B. Page, her husband.
- (13) Held directly by Mr. Sparda.
- (14) Includes: (i) 4,350 shares of Common Stock held by Mr. Staszko's IRA Account, (ii) 3,404 shares of Common Stock held by the IRA Account of Barbara L. O'Pray, Mr. Staszko's wife, and (iii) 1,350 shares held directly by Mr. Staszko.
- (15) Held directly by Dr. Tardiff.
- (16) Held in Mr. White's IRA account.
- (17) Comprised of 3,000 shares of Common Stock which Mr. Wilkinson owns jointly with Nancy S. Wilkinson, his wife.
- (18) Held directly by Mr. Youngworth.
- (19) Includes (i) 2,000 shares of Common Stock issuable pursuant to stock options which may be exercised by Mr. Donovan on or within 60 days after February 21, 1995, (ii) 1,900 shares of Common Stock held by Mr. Donovan's IRA Account, and (iii) 2,600 shares of Common Stock held of record by Mr. Donovan as custodian for his minor children.
- (20) Comprised of 2,000 shares of Common Stock issuable pursuant to stock options which may be exercised by Mr. Smollett on or within 60 days after February 21, 1995.
- (21) Includes 500 shares of Common Stock issuable pursuant to stock options which may be exercised by Mr. Zec on or within 60 days after February 21, 1995 and 779 shares held jointly with Jeannette Zec, his wife; does not include 500 shares of Common Stock issuable pursuant to stock options which may not be exercised by Mr. Zec until July, 1995.

**PRINCIPAL STOCKHOLDERS;
PERSONS OWNING MORE THAN FIVE PERCENT OF COMMON STOCK**

The following table sets forth information with respect to the ownership of the Common Stock by persons (including any "group" as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended) who are known to be the beneficial owners of more than five percent (5%) of the Common Stock of the Bank as of February 21, 1995. Information presented as to the Common Stock includes the number of shares beneficially owned by such person and the percentage of such number of shares to the total amount of Common Stock outstanding.

Amount and Nature of Beneficial Ownership of Common Stock

<u>Name and Address</u>	<u>Number of Shares and Nature of Ownership(1)</u>	<u>Percent of Class</u>
James V. Consentino 252 Neck Street North Weymouth, MA 02191	101,300	7.83
Robert H. Gaughen 132 Mt. Vernon Road West East Weymouth, MA 02189	110,425	8.54
Robert H. Gaughen, Jr. 351 Forest Avenue Cohasset, MA 02025	107,841	8.12
Thomas H. Youngworth 80 Myrtle Street North Quincy, MA 02171	129,250	9.99

(1) Sole voting and investment power, except as noted in the footnotes to the management stockholder table. See "PRINCIPAL STOCKHOLDERS; SECURITIES OWNERSHIP OF MANAGEMENT."

**ELECTION OF CLERK
(Notice Item 2)**

At the Meeting, the Clerk is to be elected to hold office until the next annual meeting and until her successor is duly elected and qualified. It is the responsibility of the Clerk to maintain a complete and accurate record of all votes and proceedings of the stockholders and of the Board of Directors at their respective meetings, as well as to perform such additional duties as the Board of Directors may from time to time determine.

The Board of Directors recommends that Marion J. Fahey be elected as Clerk of the Bank, to serve until the next annual meeting and until her successor is duly elected and qualified or until her earlier resignation, death or removal.

Ms. Fahey has served as Clerk since being elected by the Board of Directors filling the vacancy created by the resignation of J. Robert Crowley. Ms. Fahey has served as a Director of the Bank since 1992. Biographical information about Ms. Fahey is set forth under "DIRECTORS NOT STANDING FOR ELECTION."

Unless contrary instructions are given, shares represented by proxies solicited by the Board of Directors will be voted FOR the election of Marion J. Fahey as Clerk of the Bank to serve until the next annual meeting and until her successor is duly elected and qualified or until her earlier resignation, death or removal. A plurality vote of the holders of a majority of shares constituting the quorum at the Meeting is required to elect the Clerk of the Bank.

INDEPENDENT AUDITORS

The Board of Directors has selected the firm of Wolf & Company, P.C. ("Wolf"), independent certified public accountants, to be the independent auditors of the financial statements and records of the Bank for the fiscal year ending December 31, 1995. Wolf has no direct or indirect financial interest in the Bank nor has it had any connection with the Bank in the capacity of promoter, voting trustee, director, officer or employee. A representative of Wolf is expected to be present at the Meeting to respond to appropriate questions and will have the opportunity to make a statement if such representative so desires.

Wolf has served as independent auditors of the Bank since July 21, 1993 and, prior to the fiscal year ending December 31, 1990, Wolf served as independent auditor of the Bank for more than ten years. For the two fiscal years ending December 31, 1991 and 1992, respectively, the Bank selected the firm of KPMG Peat Marwick ("Peat Marwick"), independent certified public accountants, to be the Bank's independent auditors.

The consolidated financial statements of the Bank as of December 31, 1993 and 1994 and for the years then ended have been audited by Wolf. The financial statements of the Bank for the year ended December 31, 1992 have been audited by Peat Marwick. All such financial statements are included in the Bank's 1994 Annual Report which accompanies this Proxy Statement.

OTHER MATTERS (Notice Item 3)

The Board of Directors knows of no business which will be presented for consideration at the Meeting other than that set forth in this Proxy Statement. The enclosed form of proxy confers upon each proxy holder discretionary authority to vote the shares represented by such proxy in accordance with his or her best judgment with respect to any other matter which may be properly presented for action at the Meeting.

STOCKHOLDER PROPOSALS

No person who intends to present a proposal for action at the 1996 Annual Meeting of the Stockholders of the Bank may seek to have the proposal included in the Proxy Statement or form of proxy for the meeting unless that person (a) is a record or beneficial owner of shares of Common Stock at the time the proposal is submitted and such person shall continue to own such shares through the date on which the meeting is held, (b) notifies the Bank in writing of his intention to appear personally or by appropriate representative at that meeting to present his proposal for action, and (c) submits his proposal so that it is received at the Bank's principal executive office on or before January 24, 1996 for inclusion in the appropriate proxy statement and form of proxy relating to such meeting. The Bank's By-Laws provide that any director nominations and new business submitted by stockholders must be filed with the Clerk of the Bank at least 60 days, but not more than 150 days, prior to the date of the meeting, and that no other nominations or proposals by stockholders shall be acted upon at the meeting. Therefore, proposals submitted prior to the deadline for consideration at the meeting but after the deadline for inclusion in the Proxy Statement will be placed on the agenda at the meeting but will not be included in the Proxy Statement. Any such proposal should be mailed to: Clerk, Hingham Institution for Savings, 55 Main Street, Hingham, MA 02043.

Even if the foregoing requirements are satisfied, a person may only submit a maximum of two proposals of not more than 300 words each for inclusion in the proxy materials and, under certain circumstances enumerated in the rules of the FDIC relating to the solicitation of proxies, the Bank may be entitled to omit the proposal and any statement in support thereof from its proxy statement and form of proxy.

EXPENSES OF SOLICITATION

The Bank will bear the cost of preparing, assembling and mailing the Notice, Proxy Statement and form of proxy for the Meeting. Solicitation of proxies will be primarily through the use of mails, but regular employees of the Bank may solicit proxies by personal interview, by telephone or by telegraph without additional remuneration therefor. The Bank will also provide persons, firms, banks and corporations holding shares in their names, or in the names of their nominees, which in either case are beneficially owned by others, with proxy material for transmittal to such beneficial owners and will reimburse such record holders for their reasonable expenses in so doing. In addition, the Bank has retained Regan & Associates, Inc. to aid in the solicitation of proxies from individuals, brokers, bank nominees and other institutional holders, for which a base fee of \$3,000 (plus out-of-pocket expenses) will be paid.

The Board of Directors would like to have you attend the Meeting in person. However, whether or not you expect to attend the Meeting, it is very important that your shares be represented. Therefore, it would be helpful if you would sign and date the enclosed form of proxy and promptly return it. If you attend the Meeting, you may, if you wish, withdraw any proxy previously given and vote your shares in person.

ANNUAL DISCLOSURE STATEMENTS

At the main office and at each branch office of the Bank there are annual disclosure statements of the Bank available to the public pursuant to regulations of the Federal Deposit Insurance Corporation. Such statements may be obtained without charge, by any stockholder of the Bank upon written request addressed to the President, Hingham Institution for Savings, 55 Main Street, Hingham, Massachusetts 02043. These annual disclosure statements contain financial and other information as filed with the Federal Deposit Insurance Corporation for the fiscal years ended December 31, 1992, December 31, 1993, and December 31, 1994.

STOCKHOLDERS' ANNUAL REPORT; FORM F-2

The Bank's Annual Report to Stockholders for the fiscal year ended December 31, 1994 accompanies this Proxy Statement. In addition, a copy of the Bank's annual report on Form F-2 for the fiscal year ended December 31, 1994, as filed with the Federal Deposit Insurance Corporation, may be obtained without charge, by any stockholder of the Bank upon written request addressed to Robert H. Gaughen, Jr., President, Hingham Institution for Savings, 55 Main Street, Hingham, MA 02043.

By Order of the Board of Directors,



Marion J. Fahey
Clerk

Dated: March 24, 1995

