



NOTICE OF  
ANNUAL MEETING OF STOCKHOLDERS  
AND  
PROXY STATEMENT

*DATE*  
APRIL 29, 1999

*TIME*  
4:00 P.M. Local Time

*PLACE*  
Old Derby Academy  
34 Main Street  
Hingham, MA 02043

**HINGHAM INSTITUTION FOR SAVINGS**

55 Main Street  
Hingham, Massachusetts 02043  
(781) 749-2200

**NOTICE OF 1999 ANNUAL MEETING  
OF STOCKHOLDERS**

To the Holders of Common Stock  
of Hingham Institution for Savings

NOTICE IS HEREBY GIVEN that the 1999 Annual Meeting of Stockholders of Hingham Institution for Savings (the "Bank") will be held at the Old Derby Academy, 34 Main Street, Hingham, Massachusetts 02043, on Thursday, April 29, 1999 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 five Class II Directors of the Bank, each to hold office until the 2002 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 10, 1999, 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, 1999

**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  
(781) 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 Old Derby Academy, 34 Main Street, Hingham, Massachusetts 02043, on Thursday, April 29, 1999 at 4:00 p.m., local time.

#### **Purpose of the Annual Meeting**

The purpose of the Meeting is: (1) to elect five Class II 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 10, 1999 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 1,964,250 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 500 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; however, the Bank believes that its common stock is held by in excess of 1,000 beneficial owners.

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 II Directors and the Clerk will be elected by plurality vote of the shares present and voting, in person or by proxy. As of February 12, 1999, the Directors and principal officers of the Bank owned in the aggregate approximately 38% 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 five Class II Directors of the Bank to serve until the 2002 Annual Meeting of Stockholders and until their successors are elected and qualified. The Board of Directors of the Bank has nominated Warren B. Noble, Stacey M. Page, Donald E. Staszko, James R. White and Geoffrey C. Wilkinson, Sr. as Class II 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 five 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 2000 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 1999 Annual Meeting of Stockholders (the "Meeting") of Hingham Institution for Savings (the "Bank") to be held at the Old Derby Academy, 34 Main Street, Hingham, Massachusetts 02043, on Thursday, April 29, 1999, 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, 1999. 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 10, 1999. 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 the meeting. 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 your 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, by delivering to the Bank a duly executed proxy bearing a later date, or at the Meeting prior to a vote.

At the close of business on March 10, 1999, 1,964,250 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 10, 1999 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 elected by the stockholders 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 II Directors and certain information received from them are set forth below. All of the 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 table lists 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.

**Nominees For Election at the Meeting  
with Terms Expiring at the 2002 Annual Meeting  
(Class II 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>
Warren B. Noble Age - 68	Director	1980	Chairman of Noble Industries since 1994; Chief Executive Officer, General Manager and Treasurer of Noble's Camera Shops, Inc. and Noble's Microfilm from 1956-1994.
Stacey M. Page Age - 35	Director	1992	President, Hingham Jewelers, Inc.
Donald E. Staszko Age - 50	Director	1993	Airline pilot for American Airlines; President of Cohasset Associates, a real estate development firm.
James R. White Age - 76	Director	1993	Consultant; former Vice Chairman, Patriot Bank Corporation; former President and CEO, Brookline Trust Company and Commonwealth Bank and Trust Company.(1)
Geoffrey C. Wilkinson, Sr. Age - 47	Director	1993	President and CEO of George T. Wilkinson, Inc., a commercial heating company; Chairman of the Board of Trustees of the Massachusetts Maritime Academy.

**DIRECTORS NOT STANDING FOR ELECTION**

The tables set forth below provide certain information with respect to those Directors who have been previously elected as Class I 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 2000 Annual Meeting  
(Class III Directors)**

<u>Director's Name and Age</u>	<u>Positions With Bank</u>	<u>Director or Trustee of Bank Since</u>	<u>Principal Occupation</u>
James V. Consentino Age - 78	Director	1991	Retired; founder of J.V. Consentino Plastering & Construction Company.
Robert H. Gaughen, Jr., Esq. Age - 50	President & Director	1993 1991	President and Chief Executive Officer of the Bank; Attorney; Former President and Chief Executive Officer of East Weymouth Savings Bank.(2)
Ronald D. Falcione Age - 49	Director	1993	Owner of Tempo Real Estate, a private real estate firm.
Robert A. Lane, Esq. Age - 32	Director	1993	Attorney. (2)
Jacqueline M. Youngworth Age - 55	Director	1997	Chairman of Bay State Metal Products, Inc., a manufacturer of diversified metal products.

**Directors Whose Terms Will Expire at  
the 2001 Annual Meeting  
(Class I Directors)**

<u>Director's Name and Age</u>	<u>Positions With Bank</u>	<u>Director or Trustee of Bank Since</u>	<u>Principal Occupation</u>
Howard M. Berger, Esq. Age - 50	Director	1998	Attorney.
Marion J. Fahey Age - 74	Clerk & Director	1992	Retired; former Superintendent of Boston Public Schools.
Kevin W. Gaughen, Esq. Age - 44	Director	1994	Attorney. (2)
Julio R. Hernando, Esq. Age - 28	Director	1994	Attorney; former Assistant District Attorney, Norfolk County District Attorney's Office from 1995 to 1997.(2)
Edward L. Sparda Age - 56	Director	1993	Lieutenant, Massachusetts State Police.
Donald M. Tardiff, M.D. Age - 74	Director	1993	Retired physician.

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

(2) Robert H. Gaughen, Jr., President and a Director of the Bank, and Kevin W. Gaughen, a Director of the Bank, are brothers. Directors Robert A. Lane and Julio R. Hernando are cousins, and they are both nephews of Robert H. Gaughen, Jr. and Kevin W. Gaughen.



## MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors, which met twelve times in 1998, 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 seven Director members, oversees the management policies and affairs of the Bank. This Committee met twenty-four times in 1998. The current members of the Executive Committee are James V. Consentino, Marion J. Fahey, Ronald D. Falcione, Kevin W. Gaughen, Robert H. Gaughen, Jr., Robert A. Lane, and Warren B. Noble.

The Nominating and Personnel Committee, composed of eight Director members, oversees matters pertaining to the nomination of Directors and officers and other personnel and compensation matters. This Committee met four times in 1998. The current members of the Nominating and Personnel Committee are: Howard M. Berger, James V. Consentino, Marion J. Fahey, Robert H. Gaughen, Jr. (who abstains from any discussion or determination of his own compensation), Kevin W. Gaughen, Julio R. Hernando, Donald M. Tardiff, M.D., and Jacqueline M. Youngworth. 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 seven Director members, approves the Bank's annual audit and presents the audit report to the Board of Directors. This Committee met four times in 1998. The current members of the Audit Committee are Julio R. Hernando, Robert A. Lane, 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 six Director members, meets as appropriate to review and administer the Bank's Stock Option Plan pursuant to its terms. This Committee did not meet in 1998. The current members are Howard M. Berger, Stacey M. Page, Edward L. Sparda, Donald M. Tardiff, M.D., James R. White, and Jacqueline M. Youngworth. See "EMPLOYEE BENEFITS PLAN-Stock Option

The Community Interaction Committee, composed of six Director members, formulates and reviews Bank policies and practices relating to community reinvestment efforts. This Committee met three times in 1998, and the current members are Ronald D. Falcione, Robert H. Gaughen, Jr., Warren B. Noble, Edward L. Sparda, Donald E. Staszko, and Geoffrey C. Wilkinson, Sr.

In 1998, each of the Directors of the Bank attended more 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 on such committee), except for Mr. Staszko, who attended 68% of such meetings.

## EXECUTIVE COMPENSATION

The annual and long-term remuneration paid to or accrued for the Chief Executive Officer of the Bank and the only two other executive officers of the Bank with salaries and bonuses in excess of \$100,000 for services rendered during the years ended December 31, 1996, 1997, and 1998 (the "Named Executive Officers") was as follows:

### SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation Awards	
		Salary (\$)	Bonus (\$)	Other Annual Compensation	Securities Underlying Options(#)	Other Compensation (\$)(1)
Robert H. Gaughen, Jr. President and Chief Executive Officer	1998	275,962	-	-	-	17,773
	1997	240,866	-	-	-	20,660
	1996	203,077	-	-	3,000	1,262
Deborah J. Jackson Senior Vice President and Treasurer	1998	111,692	-	-	-	-
	1997	96,529	-	-	-	-
	1996	87,395	-	-	-	-
Peter R. Smollett Vice President-Lending	1998	106,885	-	-	-	-
	1997	93,808	-	-	-	-
	1996	86,986	-	-	-	-

(1) These amounts represent (i) taxable income of \$2,235 in 1998, \$1,965 in 1997 and \$1,262 in 1996 to Mr. Gaughen for his pro rata portion of annual lease payments made by the Bank on a vehicle leased by the Bank, which pro rata portion is based on Mr. Gaughen's personal use of the vehicle, and (ii) accrued premium expense of \$15,538 in 1998 and \$18,695 in 1997 paid by the Bank for a supplemental pension benefit policy (see "Employee Benefit Plans").

### OPTION GRANTS IN LAST FISCAL YEAR

No options were granted to the named Executive Officers during the fiscal year ended December 31, 1998.

### AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION VALUES

Name	Shares Acquired on Exercise (#)	Value Realized (\$)	Number of Securities Underlying Unexercised Options at Fiscal Year-End		Value of Unexercised In-the-Money Options at Fiscal Year-End(1)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Robert H. Gaughen, Jr.	None	N/A	81,000	—	\$780,450	—
Deborah J. Jackson	None	N/A	6,000	—	\$48,000	—
Peter R. Smollett	None	N/A	6,000	—	\$48,000	—

(1) Represents the difference between the exercise price and the closing sale price of the Bank's common stock on the Nasdaq Stock Market on the final trading day of the fiscal year.

## **Directors' Compensation**

Directors of the Bank receive \$420 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 \$3,000 per annum plus an additional fee of \$75 per meeting attended.

Each member of the Executive Committee of the Board of Directors receives a fee of \$450 per meeting attended. Each member of all other committees of the Board of Directors receives \$265 for each committee meeting attended. The Clerk of these committees receives an additional fee of \$35 per meeting attended. None of these fees applies to any Director who is also an employee of the Bank.

## **Employment Agreements and Special Termination Agreements**

Robert H. Gaughen, Jr., the Bank's President and Chief Executive Officer, has entered into an employment agreement with the Bank, dated November 20, 1995, which provides that Mr. Gaughen's salary is subject to review and adjustment no less frequently than annually, in an amount reflecting cost-of-living increases as well as any merit increases which the Board of Directors may consider appropriate. Mr. Gaughen's annual salary is currently \$275,000, and he is eligible to participate on an equitable basis in all of the Bank's bonus and fringe benefit plans, subject to applicable eligibility requirements. Furthermore, Mr. Gaughen's employment agreement provides that he may not be required to relocate outside the Bank's primary geographic area. The contract currently provides for a term ending in April 2001. Unless either party gives written notice to the contrary, the term of the agreement shall be extended for successive one-year periods in April of each year, provided that the then remaining term of the contract never exceeds three years.

Deborah J. Jackson, Senior Vice President and Treasurer of the Bank, has entered into an employment agreement with the Bank dated April 25, 1996. Ms. Jackson's annual salary is currently \$112,000, and she is eligible to participate on an equitable basis in all of the Bank's bonus and fringe benefit plans, subject to applicable eligibility requirements. Furthermore, Ms. Jackson's employment agreement provides that she may not be required to relocate outside the Bank's primary geographic area. The contract is reviewed annually to determine whether it will be extended for one-year periods and currently provides for a term ending in April 2000.

Peter R. Smollett, the Bank's Vice President-Lending, has entered into an employment agreement with the Bank dated April 25, 1996. Mr. Smollett's annual salary is currently \$107,000 and he is eligible to participate on an equitable basis in all of the Bank's bonus and fringe benefit plans, subject to applicable eligibility requirements. Furthermore, Mr. Smollett's employment agreement provides that he may not be required to relocate outside the Bank's primary geographic area. The contract is reviewed annually to determine whether it will be extended for one-year periods and currently provides for a term ending in April 2000.

Each of the foregoing employment agreements has similar termination and change-in-control provisions. In each of the agreements, the executive is prohibited from resigning as an employee during the term of the contract except with the Board's consent or in some circumstances following a change in control, as described below. Following any breach of this provision by the executive, the Bank is entitled, among other things, to have the executive enjoined from working for another bank or thrift institution in Plymouth, Barnstable or Norfolk Counties or certain other areas of Massachusetts during the remaining term. The Bank is entitled to terminate the executive at any time with or without cause. Termination without cause requires the payment of severance pay in amounts equal to the executive's salary over the remaining term of the contract, plus continuation of employee benefits during such period. Such payment is not to be reduced by any compensation which the executive may subsequently earn from other sources.

Special rules apply if there is a change in control (as defined in the agreements) of the Bank during the term of each of the employment agreements. If the executive were to be terminated by the Bank other than for cause in connection with or within one year after such a change in control, he or she would be entitled to receive a lump sum cash payment (in lieu of his or her regular severance pay) equal to a multiple of their average annual compensation with respect to the five most recent taxable years ending prior to such change in control (or such portion thereof as they were full-time employees of the Bank), less one dollar and less any special bonus paid in connection with the change in control (three times this amount, in the case of Mr. Gaughen, and twice this amount, in the case of Ms. Jackson and Mr. Smollett). If the executive were to terminate his or her employment voluntarily for good reason, as defined below, in connection with or within one year after a change in control he or she would be entitled to receive a similar lump sum cash payment. "Good reason" includes a reduction in compensation, a forced relocation, material increase in the executive's duties, or a material decrease in the executive's position. The executive is not entitled to receive any of the fore-

going payments to the extent that such payments would be considered "excess parachute payments" under the Internal Revenue Code of 1986, as amended (the "Code"). In addition, federal legislation authorizes the FDIC under certain circumstances to prohibit or limit payments that are contingent on the termination of a person's employment with an insured depository institution.

## **Section 16(a) Beneficial Ownership Reporting Compliance**

Edward L. Sparda, a Director of the Bank, purchased 200 shares of the Bank's Common Stock on August 24, 1998 and filed the required Form F-8 with the FDIC, which was due on September 10, 1998, on September 23, 1998.

Geoffrey C. Wilkinson, Sr., a Director of the Bank, purchased 1,725 shares of the Bank's Common Stock held directly by New England Combustion Products, Inc. of which Mr. Wilkinson is President, on February 3, 1998 and filed the required Form F-8 with the FDIC, which was due on March 10, 1998, on April 30, 1998.

## **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 benefits. 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% of 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, 1998, 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 \$835,402.

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.

**Annual Pension Benefit  
Based on Years of Service(1)**

Average Compensation(2)(3)	10 Years	15 Years	20 Years	25 Years And After
50,000	7,382	11,073	14,765	18,456
75,000	12,007	18,011	24,015	30,018
100,000	16,632	24,948	33,265	41,581
125,000	21,257	31,886	42,515	53,143
150,000	25,882	38,823	51,765	64,706
175,000	27,732	41,598	55,465	69,331

- (1) Benefits computed on the basis of a straight-life annuity and on age 65 retirement in 1998.
- (2) Average compensation for purposes of this table is based on the three years immediately preceding retirement.
- (3) Federal law does not permit defined benefit pension plans to recognize compensation (not a defined term) in excess of \$160,000 for Plan years beginning in 1998 (11/1/98 for SBERA).

The pension benefit described above is funded entirely by contributions from the Bank.

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 Credited Service at Age 65</u>	<u>Estimated Annual Pension Benefit at Age 65</u>
Robert H. Gaughen, Jr.	21	\$55,770
Deborah J. Jackson	29	\$38,541
Peter R. Smollett	19	\$30,570

Because Mr. Gaughen's salary exceeds the \$160,000 limit on compensation recognized by defined benefit plans under federal law, the Bank also provides Mr. Gaughen with a supplemental pension policy. This supplemental policy would provide Mr. Gaughen with the choice of (i) an additional annual pension benefit of \$79,921 at age 65, based upon Mr. Gaughen's average salary for the three years immediately preceding retirement (assuming annual salary increases of 6%), or (ii) the then current cash surrender value of the policy, less the total premiums paid by the Bank. For the year ended December 31, 1998, the Bank accrued premium expense of \$15,538 related to the benefits to Mr. Gaughen under this policy.

**Employees of the Bank**

As of December 31, 1998, the Bank had 60 full-time and 19 part-time employees. The Bank considers its employee relationships to be excellent.

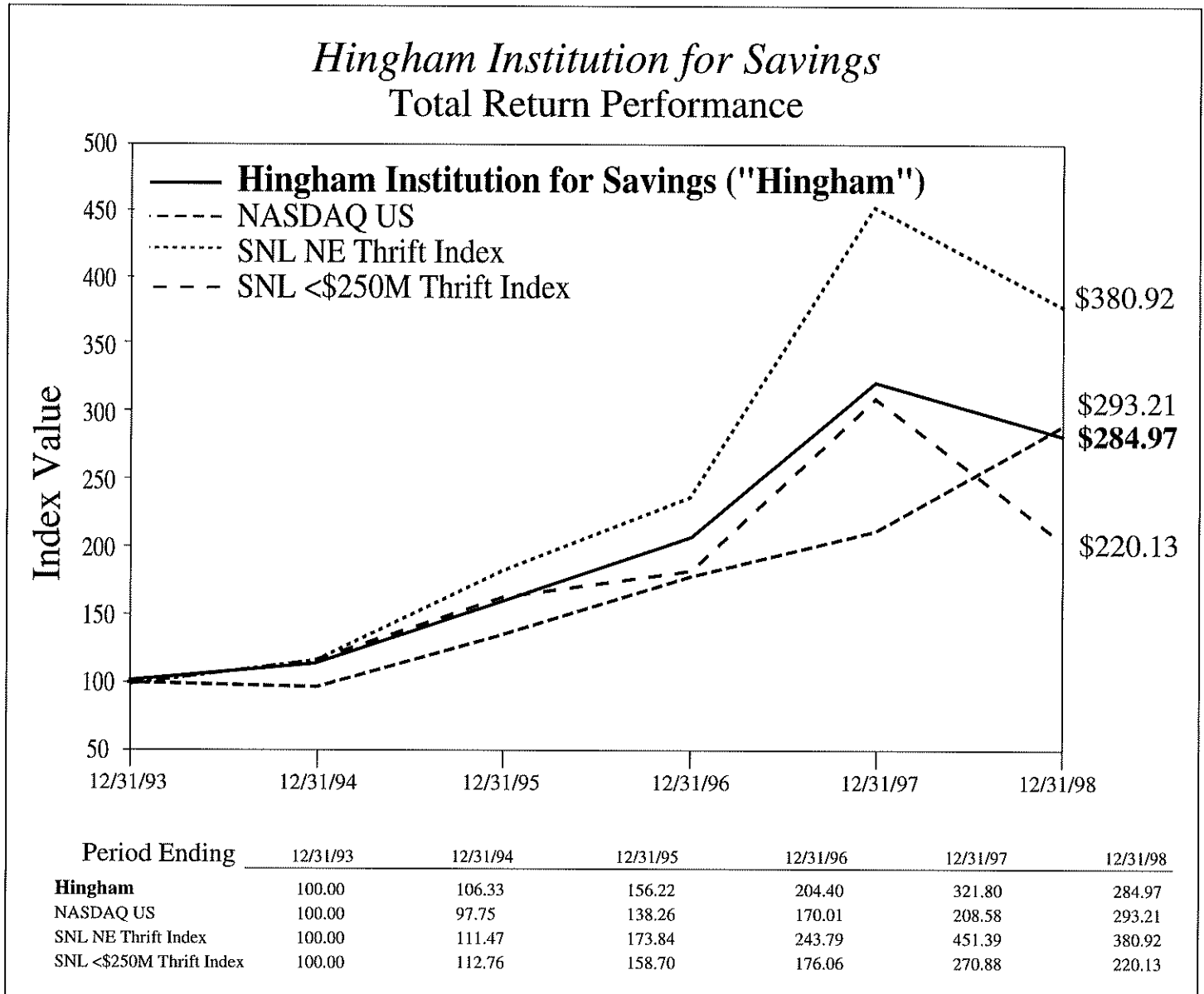
## STOCK PERFORMANCE GRAPH

The chart which appears below sets forth the percentage change, on an annual basis, in the cumulative total return of the Bank's common stock since December 31, 1993 through December 31, 1998 (the last trading day of fiscal 1998). For comparative purposes, changes in the cumulative total return on three indices of publicly traded stocks (the "Indices") are also set forth on the chart.

The Nasdaq Total Return Index reflects the total return of a group of stocks in a cross section of industries. Many of these stocks have substantially larger market capitalizations than the Bank. The second Index, SNL <\$250M Thrift Index, tracks a peer group of publicly traded thrift institutions having total assets of \$250 million or less. The Bank formerly used the SNL NE Thrift Index also reflected on the chart, which was composed of all publicly traded thrift institutions located in New England. The Bank believes that, given the Bank's size, the SNL <\$250M Thrift Index is composed of institutions which are more similar to the Bank. SNL Securities is a research and publishing firm specializing in the collection and dissemination of data on the banking, thrift, and financial services industries.

The chart begins with an equal base value of \$100 for the Bank's stock and for each of the Indices on December 31, 1993 and reflects year-end closing prices and dividends paid thereafter by the Bank and by the companies which comprise the Indices. The chart assumes full reinvestment of such dividends.

Information about the Indices has been obtained from sources believed to be reliable, but neither the accuracy nor the completeness of such information is guaranteed by the Bank.



## 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 no longer extend credit 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, 1998, 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 1998, the Bank paid legal fees to Kevin W. Gaughen, Esq. in the amount of approximately \$681,104 in connection with representation of the Bank in connection with commercial and residential mortgage loan originations, foreclosure and collection actions and certain other routine litigation. The Bank believes that the foregoing sums have been reasonable in relation to the services provided to the Bank. It is expected that the Bank will continue to have similar transactions with, and use the services of, Kevin W. Gaughen, Esq. in the future. Those fees paid to Kevin W. Gaughen, Esq. in connection with real estate 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: SECURITY 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 12, 1999. 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 Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

<u>Name of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership<sup>(1)</sup></u>	<u>Percent Of Class<sup>(2)</sup></u>
Howard M. Berger	8,575 (3)	*
James V. Consentino	159,450 (4)	8.12
Marion J. Fahey	19,600 (5)	*
Ronald D. Falcione	31,650 (6)	1.61
Kevin W. Gaughen	146,265 (7)	7.43
Robert H. Gaughen, Jr.	338,458 (8)	16.55
Julio R. Hernando	9,239 (9)	*
Robert A. Lane	10,680 (10)	*
Warren B. Noble	21,603 (11)	1.10

Stacey M. Page	5,450 (12)	*
Edward L. Sparda	4,050 (13)	*
Donald E. Staszko	19,046 (14)	*
Donald M. Tardiff	3,000 (15)	*
James R. White	3,150 (16)	*
Geoffrey C. Wilkinson, Sr	11,152 (17)	*
Jacqueline M. Youngworth	194,400 (18)	9.89
William M. Donovan, Jr.	15,450 (19)	*
Deborah J. Jackson	6,900 (20)	*
Michael J. Sinclair	444 (21)	*
Peter R. Smollett	6,000 (22)	*
Edward P. Zec	2,668 (23)	*

Directors, nominees

for Director and

Principal Officers

as a group (21 persons)

877,565 (24)

41.74%

- (1) Sole voting and investment power unless otherwise noted.
- (2) An asterisk denotes less than 1%.
- (3) Includes (i) 4,600 shares of Common Stock held directly by Mr. Berger's IRA account, (ii) 2,475 shares of Common Stock held in Mr. Berger's wife's IRA account, and (iii) 1,500 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 12, 1999.
- (4) Includes (i) 23,500 shares of Common Stock which Mr. Consentino owns jointly with Ruth M. Consentino, his wife.
- (5) Includes (i) 750 shares of Common Stock held jointly with Jessica M. Keefe, Miss Fahey's grandniece, (ii) 750 shares held jointly with Janet M. Keefe, Miss Fahey's grandniece, (iii) 2,700 shares held jointly with Mary Ellen Keefe Graziano, Miss Fahey's niece, (iv) 10,900 shares held in Miss Fahey's IRA account, and (v) 4,500 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 12, 1999.
- (6) Includes (i) 25,650 shares of Common Stock held directly by Mr. Falcione, (ii) 1,500 shares held by Dorothy E. Falcione, his wife, and (iii) 4,500 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 12, 1999.
- (7) Includes (i) 450 shares of Common Stock held directly in Mr. Gaughen's IRA account, (ii) 150 shares of Common Stock held of record by Mr. Gaughen as custodian for Kevin W. Gaughen, Jr., his minor son, (iii) 4,500 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 12, 1999, (iv) 5,517 shares of Common Stock held by The Gaughen Family Irrevocable Trust u/d/t 7/14/97, as to which Mr. Gaughen shares voting and dispositive power as a co-trustee and of which Mr. Gaughen and his minor children have a beneficial interest in 5,517 shares, (v) 128,148 shares of Common Stock held by The Music Box Trust, as to which Mr. Gaughen shares voting and dispositive power as a co-trustee, and of which Mr. Gaughen has a beneficial interest in 21,358 shares, (vi) 6,000 shares of Common Stock held by the estate of Robert H. Gaughen, of which estate Mr. Gaughen is a co-executor, and in which Mr. Gaughen has a beneficial interest in 1,000 shares, and (vii) 1,500 shares of Common Stock held directly by Beverly Gaughen, Mr. Gaughen's wife.
- (8) Includes (i) 70,055 shares of Common Stock held individually by Mr. Gaughen, Jr., (ii) 17,646 shares that Mr. Gaughen, Jr. owns jointly with his wife, (iii) 25,958 shares held in Mr. Gaughen, Jr.'s IRA account, (iv) 81,000 shares of Common Stock issuable pursuant to stock options which may be exercised by Mr. Gaughen, Jr. on or within 60 days after February 12, 1999, (v) 5,517 shares of Common Stock held by The Gaughen Family Irrevocable Trust u/d/t 7/14/97, as to which Mr. Gaughen Jr. shares voting and dispositive power as a co-trustee and as to which Mr. Gaughen Jr. disclaims any beneficial ownership, (vi) 128,148 shares of Common Stock held by The Music Box Trust, as to which Mr. Gaughen, Jr. shares voting and dispositive power as a co-trustee, and of which Mr. Gaughen Jr. has a beneficial interest in 21,358 of such shares, (vii) 6,000 shares of Common Stock held by the estate of Robert H. Gaughen, of which estate Mr. Gaughen, Jr. is a co-executor, and in which Mr. Gaughen has a beneficial interest in 1,000 shares, (viii) 1,378 shares of Common Stock held directly by Margaret Corrigan, Mr. Gaughen, Jr.'s wife, (ix) 1,378 shares of Common Stock held directly by Patrick Gaughen, Mr. Gaughen, Jr.'s son, and (x) 1,378 shares of Common Stock held directly by Kara Gaughen, Mr.



Gaughen, Jr.'s daughter.

- (9) Includes (i) 1,378 shares of Common Stock held directly by Jill Hernando, Mr. Hernando's wife, and (ii) 1,500 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 12, 1999.
- (10) Includes (i) 4,290 shares of Common Stock held directly by Mr. Lane, (ii) 691 shares of Common Stock held by Mr. Lane's IRA account, (iii) 99 shares of Common Stock held by the IRA account of Martha Lane, Mr. Lane's wife, (iv) 1,100 shares of Common Stock held directly by Mrs. Lane, and (v) 4,500 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 12, 1999.
- (11) Includes (i) 17,103 shares of Common Stock which Mr. Noble owns jointly with Dorothy A. Noble, his wife, and (ii) 4,500 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 12, 1999.
- (12) Includes (i) 1,700 shares of Common Stock which Mrs. Page owns jointly with David B. Page, her husband, and (ii) 1,500 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 12, 1999.
- (13) Includes 1,500 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 12, 1999.
- (14) Includes (i) 7,800 shares of Common Stock held by Mr. Staszko's IRA account, (ii) 6,265 shares of Common Stock held by the IRA account of Barbara L. O'Pray, Mr. Staszko's wife, (iii) 2,128 shares held directly by The Staszko Family Trust which are beneficially owned by Mr. Staszko and his wife, (iv) 1,353 shares held jointly with Jane V. Staszko, his mother, and (v) 1,500 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 12, 1999.
- (15) Includes 1,500 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 12, 1999.
- (16) Includes (i) 1,650 shares of Common Stock held by Mr. White's IRA account, and (ii) 1,500 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 12, 1999.
- (17) Includes (i) 7,065 shares of Common Stock which Mr. Wilkinson, Sr. owns jointly with Nancy S. Wilkinson, his wife, (ii) 2,587 shares of Common Stock held by New England Combustion Products, Inc. of which Mr. Wilkinson is President, and (iii) 1,500 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 12, 1999.
- (18) Includes (i) 1,500 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 12, 1999, (ii) 189,900 shares held by The Youngworth Security Trust, as to which Mrs. Youngworth shares voting and dispositive power as a trustee, and (iii) 3,000 shares held by the Estate of Thomas H. Youngworth, Sr., of which Mrs. Youngworth is the executrix.
- (19) Includes (i) 9,000 shares of Common Stock issuable pursuant to stock options which may be exercised by Mr. Donovan on or within 60 days after February 12, 1999, and (ii) 2,850 shares of Common Stock held by Mr. Donovan's IRA account.
- (20) Includes (i) 900 shares of Common Stock held by Mrs. Jackson's IRA account, and (ii) 6,000 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 12, 1999.
- (21) Includes (i) 150 shares of Common Stock held in Mr. Sinclair's IRA account, and (ii) 294 shares of Common Stock held by Kimberly A. Sinclair, Mr. Sinclair's wife.
- (22) Comprised of 6,000 shares of Common Stock issuable pursuant to stock options which may be exercised by Mr. Smollett on or within 60 days after February 12, 1999.

- (23) Comprised of 2,668 shares of Common Stock which Mr. Zec owns jointly with Jeannette Zec, his wife.
- (24) Beneficial ownership of 5,517 shares held by The Gaughen Family Irrevocable Trust u/d/t 7/14/97 is attributed to both Mr. Kevin W. Gaughen and Mr. Robert H. Gaughen, Jr. in the above table. Such shares are counted only once in this total.

Beneficial ownership of 128,148 shares held by The Music Box Trust is attributed to both Mr. Kevin W. Gaughen and Mr. Robert H. Gaughen, Jr. in the above table. Such shares are counted only once in this total.

Beneficial ownership of 6,000 shares of Common Stock held by the estate of Robert H. Gaughen is attributed to both Mr. Kevin W. Gaughen and Mr. Robert H. Gaughen, Jr. as co-executors in the above table. Such shares are counted only once in this total.

**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 Rule 13d-3 of the Exchange Act) who are known to be the beneficial owners of more than five percent (5%) of the Common Stock of the Bank as of February 12, 1999. 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.

<u>Name and Address</u>	<u>Amount and Nature of Beneficial Ownership(1)</u>	<u>Percent of Class</u>
James V. Consentino 252 Neck Street North Weymouth, MA 02191	159,450	8.12
Eleanor G. Hernando (2) Diego Ayllon #13, Apt. 1B Madrid, Spain 28043	139,971	7.13
Kevin W. Gaughen (3) 110 Highland Ave. Hull, MA 02045	146,265	7.43
Robert H. Gaughen, Jr. (4) 351 Forest Avenue Cohasset, MA 02025	338,458	16.55
The Music Box Trust (5) 528 Broad Street East Weymouth, MA 02189	128,148	6.52
The Youngworth Security Trust Jacqueline M. Youngworth 80 Myrtle Street North Quincy, MA 02171	189,900	9.67
Jacqueline M. Youngworth (6) 80 Myrtle Street North Quincy, MA 02171	194,400	9.89

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

(2) Includes (i) 3,928 shares held of record by Ms. Hernando, (ii) 5,517 shares of Common Stock held by The Gaughen Family Irrevocable Trust u/d/t 7/14/97, as to which Ms. Hernando shares voting and dispositive power as a co-trustee, (iii) 128,148 shares of Common Stock held by The Music Box Trust, as to which Ms. Hernando

shares voting and dispositive power as a co-trustee, (iv) 1,000 shares of Common Stock held by the estate of Robert H. Gaughen in which Ms. Hernando has a beneficial interest, and (v) 1,378 shares of Common Stock held by Julio Hernando, Ms. Hernando's husband.

- (3) See footnote 7 to the previous table.
- (4) See footnote 8 to the previous table.
- (5) Robert H. Gaughen, Jr., a Director and principal officer of the Bank, Kevin W. Gaughen, a Director of the Bank, and Eleanor Hernando, their sister, are co-trustees of The Music Box Trust.
- (6) See footnote 18 to the previous table.

## **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.

Miss Fahey has served as Clerk since 1993. Miss Fahey has served as a Director of the Bank since 1992. Biographical information about Miss Fahey is set forth under "ELECTION OF DIRECTORS."

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. The affirmative 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, 1999. 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, 1998 and 1997 and for each of the years in the three-year period ended December 31, 1998, have been audited by Wolf. All such financial statements are included in the Bank's 1998 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 2000 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 representing at least \$2,000 in market value or 1% of the securities entitled to be voted on the proposal at the meeting, which shares have been held by such person for at least one year, continue to be owned by such person at the time the proposal is submitted and 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, (c) submits his proposal so that it is received at the Bank's principal executive office on or before December 29, 1999 for inclusion in the appropriate proxy statement and form of proxy relating to such meeting, and (d) otherwise satisfies the requirements of Rule 14a-8 under the Securities Exchange Act of 1934, as amended. 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 (February 25, 2000), but not more than 150 days (November 29, 1999), 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 one proposal and supporting statement of not more than 500 words for inclusion in the proxy materials and, under certain circumstances enumerated in the rules of the Securities and Exchange Commission 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 STATEMENT; STOCKHOLDERS' ANNUAL REPORT; FORM 10-K

The Bank's Annual Report to Stockholders for the fiscal year ended December 31, 1998 accompanies this Proxy Statement. The Annual Report to Stockholders constitutes the annual disclosure statement of the Bank and is available to the public at the main office and each branch office of the Bank in accordance with the regulations of the Federal Deposit Insurance Corporation. In addition, a copy of the Bank's Annual Report on Form 10-K for the fiscal year ended December 31, 1998, as filed with the Federal Deposit Insurance Corporation, as well as the Annual Report to Stockholders, 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, telephone (781) 749-2200.

By Order of the Board of Directors,



Marion J. Fahey  
Clerk

Dated: March 24, 1999