



NOTICE OF
ANNUAL MEETING OF STOCKHOLDERS
AND
PROXY STATEMENT

DATE
APRIL 30, 2009

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 2009 ANNUAL MEETING
OF STOCKHOLDERS**

To the Holders of Common Stock
of Hingham Institution for Savings

NOTICE IS HEREBY GIVEN that the 2009 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 30, 2009 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 III Directors of the Bank, each to hold office until the 2012 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 duly 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 11, 2009, 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, 2009

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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Important Notice Regarding the Availability of Proxy Materials for the
Stockholder Meeting to Be Held on April 30, 2009:

This Proxy Statement and the Bank's Annual Report to Shareholders and its
Annual Report on Form 10-K for fiscal year 2008 are available electronically at www.hinghamavings.com

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 30, 2009, at 4:00 p.m. local time.

Purpose of the Annual Meeting

The purpose of the Meeting is: (1) to elect five Class III 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 11, 2009 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 2,122,250 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 400 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 III Directors and the Clerk will be elected by plurality vote of the shares present and voting, in person or by proxy. As of February 6, 2009, the Directors and principal officers of the Bank owned in the aggregate approximately 40% 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 III Directors of the Bank to serve until the 2012 Annual Meeting of Stockholders and until their successors are elected and qualified. The Board of Directors of the Bank has nominated Ronald D. Falcione, Robert H. Gaughen, Jr., Robert A. Lane, Esq., Scott L. Moser and Jacqueline M. Youngworth as Class III 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 2010 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 2009 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 30, 2009, at 4:00 p.m. local time. If you need directions for the meeting to attend and vote in person, please call (781) 749-2200. 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 (the "Board") and are first being sent to stockholders on or about March 24, 2009. 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 11, 2009. 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 or she 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 11, 2009, 2,122,250 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 11, 2009 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 comprise 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 III 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 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.

**Nominees for Election at the Meeting
with Terms Expiring at the 2012 Annual Meeting
(Class III 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>
Ronald D. Falcione Age – 59	Director	1993	Real estate investment and management.
Robert H. Gaughen, Jr., Esq. Age – 60	President & Director	1993 1991	President and Chief Executive Officer of the Bank. (1)
Robert A. Lane, Esq. Age – 42	Director	1993	Attorney (1)
Scott L. Moser Age – 37	Director	2008	President of Professional Mortgage Advisors Inc., a mortgage brokerage company
Jacqueline M. Youngworth Age – 65	Director	1997	Former Chairman of Bay State Metal Products, Inc., a manufacturer of diversified metal products.

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 II 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 2010 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 – 60	Director	1998	Attorney
Marion J. Fahey Age – 84	Clerk & Director	1992	Retired; former Superintendent of Boston Public Schools.
Kevin W. Gaughen, Esq. Age – 54	Director	1994	Attorney (1)
Julio R. Hernando, Esq. Age – 38	Director	1994	Attorney (1)
Edward L. Sparda Age – 66	Director	1993	Retired; former Lieutenant, Massachusetts State Police.
Donald M. Tardiff, M.D. Age – 84	Director	1993	Retired physician.

**Directors Whose Terms Will Expire
at the 2011 Annual Meeting
(Class II 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>
Warren B. Noble Age – 78	Director	1980	Former Chairman of Noble Industries, retail camera/gift stores.
Stacey M. Page Age – 45	Director	1992	President, Hingham Jewelers, Inc.
Joseph A. Ribaud, CPA Age – 74	Director	2002	Financial services consultant; former President, CEO and Chairman of Wolf & Company, P.C. through 1999.
James R. White Age – 86	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 – 57	Director	1993	President and CEO of George T. Wilkinson, Inc., a commercial heating company.

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- (1) 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. Directors Kevin W. Gaughen, Robert A. Lane and Julio R. Hernando are associated together in the practice of law.
- (2) Mr. White is the father-in-law of Peter R. Smollett, Vice President - Commercial Lending Officer of the Bank.

With the exception of the five named individual Directors in (1) and (2) above, the Board of Directors has determined that all other members of the Board of Directors (constituting a majority of the full Board) are independent, as that term is defined by applicable rules.

MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors, which met twelve times in 2008, 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 2008. The current members of the Executive Committee are Robert H. Gaughen, Jr., Marion J. Fahey, Ronald D. Falcione, Kevin W. Gaughen, Robert A. Lane, Warren B. Noble and Jacqueline M. Youngworth.

The Nominating and Personnel Committee, composed of four Director members, oversees matters pertaining to the nomination of Directors and officers and other personnel and compensation matters. A copy of the charter of the Nominating and Personnel Committee appears on the Bank's website, www.hinghamssavings.com. This Committee met three times in 2008. The current members of the Nominating and Personnel Committee are: Marion J. Fahey, Donald M. Tardiff, M.D., Howard M. Berger and Jacqueline M. Youngworth. The Board of Directors has determined that all current members of the Nominating and Personnel Committee are independent, as that term is defined by applicable rules of the NASDAQ. The Nominating and Personnel Committee is authorized to retain advisers and consultants and to compensate them for their services. This Committee makes recommendations to the full Board of Directors for 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 five Director members, approves the Bank's annual audit, retains the Bank's external and internal auditors and presents the audit report to the Board of Directors. A copy of the charter of the Audit Committee appears on the Bank's website, www.hinghamssavings.com. This committee met four times in 2008. The current members of the Audit Committee are Howard M. Berger, Marion J. Fahey, Stacey M. Page, Joseph A. Ribaudo, CPA and Donald M. Tardiff, M.D. The Board of Directors has determined that all members of the Audit Committee are "independent" and "independent of management," within the meaning of applicable rules of the Securities and Exchange Commission and the NASDAQ Global Market, and that Mr. Ribaudo, a member of this committee, is an "audit committee financial expert" as that term is defined by the Securities and Exchange Commission in light of his experience as a certified public accountant.

The Stock Option Committee, composed of six Director members, meets as appropriate to review and administer the Bank's Stock Option Plans pursuant to their terms. This Committee didn't meet in 2008. The current members of the Stock Option Committee are Howard M. Berger, Stacey M. Page, Donald M. Tardiff, M.D., Geoffrey C. Wilkinson, Sr., James R. White and Jacqueline M. Youngworth.

The Community Interaction Committee, composed of seven Director members, formulates and reviews Bank policies and practices relating to community reinvestment efforts. This committee met four times in 2008 and the current members are Ronald D. Falcione, Kevin W. Gaughen, Robert H. Gaughen, Jr., Julio R. Hernando, Warren B. Noble, Edward L. Sparda and Geoffrey C. Wilkinson, Sr.

In 2008, 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). Pursuant to Bank policy, all of the Bank's Directors are encouraged and expected to attend the Bank's Annual Meeting of Stockholders. All of the Bank's Directors, with the exception of Stacey M. Page, were in attendance at the Bank's 2008 Annual Meeting of Stockholders.

DIRECTOR CANDIDATES

Stockholders of the Bank may recommend Director candidates for inclusion by the Board of Directors in the slate of nominees which the Board recommends to stockholders for election. The qualifications of recommended candidates will be reviewed by the Nominating and Personnel Committee. If the Board determines to nominate a stockholder-recommended candidate and recommends his or her election as a Director by the stockholders, his or her name will be included in the Bank's proxy card for the stockholder meeting at which his or her election is recommended.

Stockholders may recommend individuals to the Committee for consideration as potential Director candidates by submitting their names and background to: Marion J. Fahey, Chairman of the Nominating and Personnel Committee, Hingham Institution for Savings, 55 Main Street, Hingham, MA 02043. The Nominating and Personnel Committee will consider a recommendation only if appropriate biographical information and background material is provided on a timely basis. The process followed by the committee to identify and evaluate candidates includes requests to Board members and others for recommendations, meetings from time to time to evaluate biographical information and background material relating to potential candidates and interviews of selected candidates by members of the committee and the Board. Assuming that appropriate biographical and background material is provided for candidates recommended by stockholders, the Committee will evaluate those candidates by following substantially the same process, and applying substantially the same criteria, as for candidates submitted by Board members or by other persons.

In considering whether to recommend any candidate for inclusion in the Board's slate of recommended Director nominees, including candidates recommended by stockholders, the Nominating and Personnel Committee will apply the criteria which are set forth in the Committee's charter. These criteria may include the candidate's integrity, business acumen, experience, diligence, conflicts of interest and the ability to act in the interests of all stockholders. The Committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. The Bank believes that the backgrounds and qualifications of the Directors, considered as a group, should provide a significant composite mix of experience, knowledge and abilities that will allow the Board to fulfill its responsibilities. In making such recommendations, the committee shall consider candidates proposed by stockholders. The Committee shall review and evaluate information available to it regarding candidates proposed by stockholders and shall apply the same criteria, and shall follow substantially the same process in considering them, as it does in considering other candidates.

STOCKHOLDER COMMUNICATIONS

The Board will give appropriate attention to written communications that are submitted by stockholders, and will respond if and as appropriate. Absent unusual circumstances or as contemplated by committee charters and subject to any required assistance or advice from general counsel, the Chairman of the Board is primarily responsible for monitoring communications from shareholders and for providing copies or summaries of such communications to the other Directors as he considers appropriate.

Communications are forwarded to all Directors if they relate to important substantive matters and include suggestions or comments that the Chairman of the Board considers to be important to the Directors to know. In general, communications relating to corporate governance and long-term corporate strategy are more likely to be forwarded than communications relating to ordinary business affairs, personal grievances and matters as to which the Bank tends to receive repetitive or duplicative communications.

Stockholders who wish to send communications on any topic to the Board should address such communications in care of Robert H. Gaughen, Jr., Chairman of the Board of Directors, at Hingham Institution for Savings, 55 Main Street, Hingham, MA 02043.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Nominating and Personnel Committee of the Board, in addition to its other responsibilities, serves as the bank's compensation committee. It annually reviews the compensation and benefits of senior management and makes recommendations about compensation to the full board of directors. It solicits observations and recommendations from the President/CEO with regard to the performance of other individual members of senior management and invites his participation in their discussions before they deliberate and make their decisions.

The committee's compensation philosophy is to set management compensation at such levels as to attract and retain senior executives who will contribute to the long-term success and growth of the Bank. Senior management is compensated primarily through annual base salary and the long-term and short-term employee benefits described below, supplemented occasionally by bonuses and stock option grants. The single instance where the committee has employed a limited bonus plan to reward short-term performance is a plan for loan officers which is intended to reward and encourage loan originations. These awards take into consideration established internal goals but are made in the complete discretion of the committee in order to take into account all factors which become relevant during the course of the year. The awards have never exceeded 10% of a listed individual's annual base compensation. The committee's practices in regard to the mix of components within the executives' overall compensation packages has developed for a number of reasons:

- The committee's philosophy has been to compensate primarily by means of annual base compensation due to its belief that base compensation should not be an arbitrarily low number but should reflect management's actual long-term value to the organization.
- The committee also believes that the Bank is at an established, stable stage of development where short-term period-to-period changes in performance metrics do not drive the intrinsic value of the Bank in a fundamental way. The committee is also cognizant of past experiences within the thrift industry which counsel against providing management with too-strong incentives to attain short-term performance goals.
- The committee also believes that existing levels of stock ownership by management and the board already establish sufficient alignment of stockholder and management interests. Accordingly, no stock options have been awarded to management during calendar years 2000 through 2008 with the exception of the stock options awarded to Mr. Sullivan on January 24, 2007.

In establishing its annual compensation recommendations for Mr. Gaughen and the other executives, the committee considers the Bank's current and long-term pre-tax earnings, return on assets, return on equity, growth in deposits and loans, increase in dividends declared and increase in stockholders' equity. The committee additionally considers statistics regarding general compensation levels in the industry and the committee's qualitative assessment of each executive's own performance for the year as that performance relates to maximizing long-term value for investors. In doing so, the committee members exercise their collective judgment without following quantitative formulas tying compensation to particular measures of financial performance or to particular deciles or quartiles of industry-wide or peer-group compensation. The summary compensation table that appears below indicates that annual raises for the past two years have centered around 5.0% for senior executives, with individual raises ranging from 4.0% to 6.3%.

For the past decade, in order to promote stability in management, the Bank has had employment agreements in place with its executive officers which (i) have a two-year period (three years in Mr. Gaughen's case), (ii) prohibit the executive from leaving the Bank to compete at another bank or savings institution within a specified geographic area and (iii) provide for continuation of salary and benefits during the remaining term of the agreement if the Bank terminates the executive without cause during that time. If termination without cause occurs after a change in control, as defined, the executive would instead receive a lump sum payment equal to two times his or her five-year average compensation, as defined (three times in the case of Mr. Gaughen). See "Employment Agreements and Special Termination Agreements." The committee considers that such agreements offer reasonable incentives to retain valued executives, recognizing that executives, especially highly ranked executives, often face challenges in obtaining new employment following termination.

The committee also believes that post-retirement benefits promote stability in the case of key executives. See generally, in regard to the benefits mentioned in this paragraph, "Retirement and Other Post-Employment Compensation." All executives benefit from the Bank's mandatory and matching contributions to the Bank's 401(k) plan, which were increased at the time the Bank terminated an earlier defined benefit plan in 2002. In 2002 the committee recommended, and the board approved, supplemental retirement plans for the President/CEO and the Senior Vice President.

These plans are intended to provide these executives with retirement provisions of a quality comparable to those generally available for such positions in the industry. During 2006 these plans were amended to revise the life insurance death benefits payable to Mr. Gaughen and Mrs. Jackson from three times the executive's salary in Mr. Gaughen's case, to a fixed sum equal to the lesser of \$4 million or the net-at-risk insurance benefit less current cash value in the policies, and in Mrs. Jackson's case to a fixed sum equal to the lesser of \$1.2 million or the net-at-risk insurance benefit less current cash value in the policies on her life. During 2007, these benefits were embodied in these executive's employment contracts and the split-dollar life insurance contracts that were previously in place were terminated. Additionally, these provisions were extended to cover the officers on a post-retirement basis and de-coupled from the net at risk insurance benefit amounts, so that the death benefits became fixed sums of \$4 million and \$1.2 million, respectively, provided that Mr. Gaughen's death benefit will be reduced to \$2 million upon his attaining the age of 83. Their current health insurance benefits were also extended to provide for post-retirement coverage. Mr. Gaughen's agreement was also amended to reflect his voluntary waiver of his right to accelerate payment of all supplemental retirement benefits upon early retirement on a date of his choosing. The committee considered these changes to be appropriate in light of the executives' contributions to the Bank's continued success.

During the first quarter of 2009, Mrs. Jackson informed the committee that she had been offered the position of President and Chief Operating Officer at the East Boston Savings Bank. In view of her past services to the Bank, the committee decided to approve her resignation as an officer and employee during the term of her employment contract and her new employment within the noncompetition area described in her employment agreement.

In arriving at a compensation package for Robert A. Bogart, CPA, Mrs. Jackson's successor, the committee was mindful of Mr. Bogart's work experience and skill set as well as conditions in the local employment market for bank executives.

Report of Compensation Committee

We have reviewed and discussed the foregoing compensation discussion and analysis with management. Based on our review and discussion with management, we have recommended to the board of directors that the compensation discussion and analysis be included in this proxy statement and in the Bank's annual report on Form 10-K for the year ended December 31, 2008.

Submitted by: Howard M. Berger
Marion J. Fahey
Donald M. Tardiff, M.D.
Jacqueline M. Youngworth
Members, Nominating and Personnel Committee

Notwithstanding anything to the contrary set forth in any of the Bank's previous filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that incorporate future filings, including this proxy statement, in whole or in part, the foregoing compensation committee report shall not be incorporated by reference into any such filings.

Executive Officers

Our current Named Executive Officers (as defined below) are:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Robert H. Gaughen, Jr.	60	Director, President and Chief Executive Officer
Robert A. Bogart, CPA	43	Vice President and Treasurer
William M. Donovan, Jr.	60	Vice President-Administration
Peter R. Smollett	61	Vice President-Commercial Lending
Shawn T. Sullivan	47	Vice President-Commercial Lending
Michael J. Sinclair	46	Vice President-Retail Lending
Thomas I. Chew	66	Vice President-Branch Operations

Robert H. Gaughen, Jr., the Bank's principal executive officer, has served as president and chief executive officer since 1993.

Robert A. Bogart, CPA, the Bank's principal financial officer, joined the Bank on March 23, 2009, having been Senior Vice President and Chief Financial Officer of First Citizens Federal Credit Union from March 2005 through that date. Previously, he served as Director of External Reporting and Financial Compliance at CVS Pharmacy,

a drug store chain, from March 2004 to March 2005, as Director of External Reporting and Financial Control at Talbot's Incorporated, a clothing retailer, from April 1999 to March 2004, and as a manager/senior accountant at KPMG LLP from October 1995 to April 1999.

William M. Donovan, Jr. joined the Bank in 1990 as its accounting officer and has served as vice president-administration since 1993.

Peter R. Smollett has served as vice president-commercial lending since 1993.

Shawn T. Sullivan joined the Bank in 1996 as its assistant vice president-commercial lending and has served as vice president-commercial lending since 1998.

Michael J. Sinclair joined the Bank in 1995 as its retail lending officer and has served as vice president-retail lending since 1999.

Thomas I. Chew has served as vice president-branch operations since joining the Bank in 2000. Immediately prior to joining the Bank, Mr. Chew was vice president-retail administration for Eastern Bank.

SUMMARY COMPENSATION TABLE

The remuneration paid to or accrued during the years ended December 31, 2006, 2007 and 2008 for the chief executive officer and chief financial officer of the Bank and five other executive officers of the Bank for services rendered during 2008 (the "named executive officers") was as follows. As permitted under applicable securities laws and regulations, certain columns for which the reported numbers would be zero have been omitted from the following table and other tables in this Proxy Statement

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary (\$)</u>	<u>Bonus (\$)</u>	<u>Change to Pension Value and Nonqualified Deferred Compensation Earnings (\$)</u>	<u>All Other Compensation (\$)</u>	<u>Total (\$)</u>
Robert H. Gaughen, Jr. President and Chief Executive Officer	2008	567,000	-	547,968(1)	34,306(2)	1,149,274
	2007	525,000	-	522,076(1)	54,617(2)	1,101,693
	2006	513,694	-	497,409(1)	51,103(2)	1,062,206
Deborah J. Jackson Senior Vice President and Treasurer (3)	2008	237,146	-	62,783(1)	15,857(4)	315,786
	2007	216,820	-	59,077(1)	15,705(4)	291,602
	2006	207,119	-	55,590(1)	14,758(4)	277,467
Peter R. Smollett Vice President- Commercial Lending	2008	198,482	13,750	-	10,788(5)	223,020
	2007	182,211	13,500	-	10,933(5)	206,644
	2006	174,634	11,500	-	10,478(5)	196,612
Shawn T. Sullivan Vice President- Commercial Lending	2008	186,969	15,000	-	9,948(5)	211,917
	2007	169,821	13,500	-	10,151(5)	193,472
	2006	160,171	11,500	-	9,572(5)	181,243
William M. Donovan, Jr. Vice President- Administration	2008	167,610	-	-	10,056(5)	177,666
	2007	153,014	-	-	9,181(5)	162,195
	2006	146,878	-	-	8,813(5)	155,691
Thomas I. Chew Vice President- Branch Operations	2008	143,803	-	-	8,628(5)	152,431
	2007	132,127	-	-	7,928(5)	140,055
	2006	127,045	-	-	7,623(5)	134,668
Michael J. Sinclair Vice President- Retail Lending	2008	146,932	11,000	-	8,317(5)	166,249
	2007	134,135	8,000	-	8,048(5)	150,183
	2006	128,537	10,500	-	7,712(5)	146,749

- (1) These amounts represent (a) \$547,968, \$522,076 and \$497,409, paid by the Bank to Mr. Gaughen in 2008, 2007 and 2006 respectively under the terms of a supplemental employment retirement plan established on September 1, 2002 and amended on November 5, 2003, and (b) \$62,783, \$59,077 and \$55,590, paid by the Bank to Mrs. Jackson in 2008, 2007 and 2006 respectively under the terms of a supplemental employment retirement plan established on September 1, 2002 and amended on November 5, 2003. See "Retirement and Other Post-Employment Compensation" for additional information.
- (2) The amounts represent (a) taxable income of \$10,029, \$8,824 and \$8,065 in 2008, 2007, and 2006 respectively for Mr. Gaughen's 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, (b) \$3,318, \$3,024 and \$3,514 paid by the Bank in 2008, 2007 and 2006, respectively to Cohasset Country Club for both business and personal use, (c) contributions of \$13,800, \$13,500 and \$13,200 paid by the Bank to its 401(k) plan in 2008, 2007 and 2006 respectively, (d) \$7,159, \$6,629 and \$5,524 paid by the Bank in 2008, 2007 and 2006 respectively for long-term care insurance, and (e) \$22,640 and \$20,800 paid by the Bank in 2007 and 2006 respectively for a split-dollar death benefit. See "Retirement and Other Post-Employment Compensation" for additional information regarding the items in (c)-(e) above.
- (3) Resigned effective March 3, 2009 to become President and Chief Operating Officer of the East Boston Savings Bank.
- (4) These amounts represent (a) contributions of \$13,800, \$13,009 and \$12,427 paid by the Bank to its 401(k) plan in 2008, 2007 and 2006 respectively, and (b) \$2,057, \$1,904 and \$1,587 paid by the Bank in 2008, 2007 and 2006 respectively for long-term care insurance and (c) \$792 and \$744 paid by the Bank in 2007 and 2006 respectively for a split-dollar death benefit. See "Retirement and Other Post-Employment Compensation" for additional information.
- (5) These amounts represent contributions to the 401(k) plan for 2008, 2007 and 2006 respectively and for Mr. Smollett were \$10,788, \$10,933 and \$10,478; for Mr. Sullivan were \$9,948, \$10,151 and \$9,572; for Mr. Donovan were \$10,056, \$9,181 and \$8,813; for Mr. Chew were \$8,628, \$7,928 and \$7,623; and for Mr. Sinclair were \$8,317, \$8,048 and \$7,712. See "Retirement and Other Post-Employment Compensation – 401(k) Plan" for additional information.

GRANTS OF PLAN - BASED AWARDS

No grants were made during 2008.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

Option Awards (1)

Name	Number of Securities Underlying Unexercised Options (#) <u>Exercisable</u>	Number of Securities Underlying Unexercised Options (#) <u>Unexercisable</u>	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price (\$)	Option Expiration Date
Deborah J. Jackson	500	—	—	15.00	4-12-09
William M. Donovan, Jr.	2,000	—	—	15.00	4-12-09
Shawn T. Sullivan	2,000	—	—	35.25	1-24-17

OPTION EXERCISES AND STOCK VESTED

Option Awards (1)

<u>Name</u>	<u>Number of Shares Acquired on Exercise (#)</u>	<u>Value Realized on Exercise (\$) (2)</u>
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Deborah J. Jackson	1,700	25,500
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- (1) All options were granted with exercise prices equal to 100% of fair market value on the date of grant. None of the options is an incentive stock option. All such options were exercisable when granted in the case of Mrs. Jackson and Mr. Donovan on April 12, 1999 and in the case of Mr. Sullivan on January 24, 2007. The Stock Option Committee retains discretion, subject to limitations set forth in the stock option plan, to modify the terms of outstanding options. The options were granted for a term of 10 years, subject to earlier termination in certain events relating to termination of employment.
- (2) Represents the difference between the exercise price and the closing sales price of the Bank's common stock on the NASDAQ Global Market on the date of exercise.

Retirement and Other Post-Employment Compensation

NONQUALIFIED DEFERRED COMPENSATION

The following table contains information about the executive supplemental retirement plans described below, which are included within the category of nonqualified deferred compensation under definitions contained in applicable securities regulations.

<u>Name</u>	Executive Contributions in Last FY (\$)	Registrant Contributions in Last FY (\$ (1))	Aggregate Earnings in Last FY (\$)	Aggregate Withdrawals/ Distributions (\$ (2))	Aggregate Balance at Last FYE (\$)
Robert H. Gaughen, Jr.	—	547,968	—	547,968	—
Deborah J. Jackson	—	62,783	—	62,783	—

- (1) This amount has been included in the summary compensation table in the columns headed "All Other Compensation" and "Total."
- (2) Under this arrangement, in contrast to a deferred compensation arrangement under which the employer retains control of each year's amount and the employee receives a tax deferral until the amount is distributed to, or controlled by, him or her, the Bank's contributions each year are paid out to a trust established for the executive. The executive has immediate control over the full amount of the contribution, including the power to distribute it to himself or herself, and is taxed immediately on the full amount of the contribution in the year of contribution. Accordingly, the full contribution has been treated as having been distributed to the executive in the year of contribution. This type of trust is commonly called a secular trust, in contrast to a so-called rabbi trust which is controlled by the employer rather than by the executive and which involves no tax liability to the executive until the year in which the executive obtains control over the funds in the trust.

The Bank's current retirement plans have evolved as follows:

Former Pension Plan. The Bank formerly provided a retirement plan through the Savings Banks Employees Retirement Association ("SBERA") as did many other community banks and thrift institutions in Massachusetts. The Bank terminated this former plan during 2002. Each participating employee received all funds that had vested to his or her account under the terms of the former plan. In addition, the Bank used 70% of the former plan's surplus assets to increase the benefits of the employees covered under the former plan, thereby increasing the amount distributed to the employees under the former plan. The Bank also increased certain benefits under its existing 401(k) plan, as described below.

Executive Supplemental Retirement Agreements. During 2002 the Bank established supplemental employment retirement plans, as amended on November 5, 2003, for the benefit of Mr. Gaughen and Mrs. Jackson. Under these plans the Bank makes annual contributions to secular trusts controlled by these executives. The executive has immediate control over the full amount of the contribution, including the power to distribute it to himself or herself, and is taxed immediately on the full amount of the contribution in the year of contribution. The Bank is entitled to an equivalent tax deduction in the year of contribution. The annual contributions from inception of the plan through the executive's anticipated year of retirement were scheduled when the plan was established and were designed so as to produce a sum of money (assuming investment gains of 6% per year) that would produce a certain retirement income to Mr. Gaughen and Mrs. Jackson (\$314,033 per year for Mr. Gaughen and \$118,755 per year for Ms. Jackson assuming retirement at age 62 in 2011 and 2020, respectively). The Bank's obligation is only to make these specified payments through 2011 and 2020, respectively, or through the executive's earlier retirement or death; the Bank has no obligation to make any payments after 2011 or 2020, respectively, if the executive retires later than originally expected. The executives assume all investment risk and actuarial risk concerning the retirement amounts; the bank has no obligation to guarantee the target retirement amounts. Expense related to these distributions amounted to \$610,751 for the year ended December 31, 2008. Upon Mrs. Jackson's leaving the Bank in March 2009, her benefits under this plan terminated, the final payments to her secular trust having been made in December 2008 with respect to 2008 and in February 2009 with respect to the first two months of 2009.

In connection with these plans, the Bank purchased life insurance policies at costs of \$7,309,000 in 2002 and an additional \$2,800,000 in 2003 and contributed them to a rabbi trust. The purpose of the rabbi trust is to make distributions to the secular trust for the individuals if the bank does not make timely payment of those contributions. The Bank owns the insurance policies held in the rabbi trust.

In addition, the bank entered into investment method split dollar plan agreements with Mr. Gaughen and Mrs. Jackson. Under these agreements, upon each executive's death, the executive's designated beneficiaries were originally entitled to receive an amount equal to (i) \$4,000,000 in the case of Mr. Gaughen and \$1,200,000 in the case of Mrs. Jackson or (ii) 100% of the total proceeds of the insurance policy, less the cash value of the policy, whichever amount is lower, and any remainder of the death benefit would be paid to the bank.

During 2007, the split-dollar plan agreements were terminated and the two executives' employment agreements were amended to provide that upon each executive's death, the executive's designated beneficiaries will be entitled to receive \$4,000,000 and \$1,200,000, respectively, provided that Mr. Gaughen's death benefit will be reduced to \$2,000,000 upon his attaining the age of 83. The Bank made charges to earnings during 2008 of \$242,398 and \$20,701, for Mr. Gaughen and Mrs. Jackson respectively, which amounts are based on actuarial assumptions rather than on insurance premiums or contributions. Mrs. Jackson's death benefit will continue following her leaving the Bank in March 2009.

In 2003, the Bank discontinued providing Mr. Gaughen with an additional supplemental pension benefit under the terms of a split dollar life insurance policy and related agreement with Mr. Gaughen dated April 24, 1997. As part of the termination, Mr. Gaughen transferred ownership of the insurance policy to the Bank. This supplemental policy was designed to provide Mr. Gaughen with an additional pension benefit of \$79,921 per year at age 65, based upon Mr. Gaughen's average salary for the three years immediately preceding retirement (assuming annual salary increases of 6%). Until the policy's termination, the Bank accrued premium expense of \$3,147 related to this policy. The discontinuance of the split dollar life insurance policy and related agreement had the effect of reducing the total supplemental pension benefit provided to Mr. Gaughen. In order to restore the total supplemental pension benefit for Mr. Gaughen to its previous level, the Bank purchased an additional life insurance policy on Mr. Gaughen's life in November 2003 at a cost of \$2,800,000 and, effective in 2004, increased the contribution to the secular trust for Mr. Gaughen by approximately \$200,000 per year. These increased contributions to the secular trust are reported as part of total contributions set forth in the tables which appear in this proxy statement. The cash surrender value of all the insurance policies referred to above at December 31, 2008 was \$13,157,000.

During 2006, the Bank established an unfunded post-retirement health benefits plan for Mr. Gaughen and Mrs. Jackson. The Bank made charges against earnings during 2008 of \$29,802 and \$28,762, respectively, in accordance with generally accepted accounting principles (FAS 106) although no cash premiums or contributions were paid. Upon Mrs. Jackson's leaving the Bank in March 2009, these benefits terminated.

401(k) Plan. Each employee having completed three months of continuous service beginning with such employee's date of employment becomes a participant in the Bank's 401(k) plan. Each eligible employee may defer up to 75% of his or her income on a tax-favored basis pursuant to Internal Revenue Service guidelines. Effective May 1, 2002, the Bank's matching contribution policy is to contribute \$0.50 for each dollar contributed by the employee up to a maximum matching contribution equal to 3% of the employee's yearly compensation. The Bank's matching contribution is limited to the IRS' maximum compensation limit of \$230,000. Effective January 1, 2002, the Bank began making a contribution equal to 3% of yearly compensation for all 401(k) participants whether or not they choose to make any contributions. All participants become fully vested after two years of service or age 62, if earlier. Bank officers participate in the plan on the same basis as all other employees.

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 \$556,500, 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 2011. 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.

Robert A. Bogart, who joined the Bank as Vice President and Treasurer on March 23, 2009, has not entered into an employment agreement with the Bank. His current annual salary is \$160,000 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.

Deborah J. Jackson, the Bank's former Senior Vice President and Treasurer, entered into an employment agreement with the Bank dated April 25, 1996. Mrs. Jackson's annual salary for 2009 was \$232,401 and she was eligible to participate on an equitable basis in all of the Bank's bonus and fringe benefit plans, subject to applicable eligibility requirements, as well as the individual benefits described above. Furthermore, Mrs. Jackson's employment agreement provided that she could not be required to relocate outside the Bank's primary geographic area. The contract was reviewed annually to determine whether it would be extended for one-year periods and most recently provided for a term ending in April 2010.

Peter R. Smollett, the Bank's Vice President – Commercial Lending, has entered into an employment agreement with the Bank dated April 25, 1996. Mr. Smollett's annual salary is currently \$194,214 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 2010.

William M. Donovan, Jr., the Bank's Vice President – Administration, has entered into an employment agreement with the Bank, dated April 25, 1996. Mr. Donovan's annual salary is currently \$164,506 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. Donovan'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 2010.

Shawn T. Sullivan, the Bank's Vice President – Commercial Lending, has entered into an employment agreement with the Bank dated April 29, 1999. Mr. Sullivan's annual salary is currently \$183,506 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. Sullivan'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 2010.

Thomas I. Chew, the Bank's Vice President – Branch Operations, has entered into an employment agreement with the Bank dated April 24, 2003. Mr. Chew's annual salary is currently \$140,710 and is he 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. Chew's employment agreement provides that he may not be required to relocate outside of 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 2010.

Michael J. Sinclair, the Bank's Vice President – Retail Lending, has entered into an employment agreement with the Bank, dated April 24, 1997. Mr. Sinclair's annual salary is currently \$144,211 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. Sinclair's employment agreement provides that he may not be required to relocate outside of 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 2009.

Each of the employment agreements described above 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 Mrs. Jackson, Mr. Smollett, Mr. Sullivan, Mr. Donovan, Mr. Chew and Mr. Sinclair). If such lump sum cash payments had been made on December 31, 2008, the approximate amounts payable would have been \$3,331,222 for Mr. Gaughen, \$623,006 for Mrs. Jackson, \$476,052 for Mr. Smollett, \$366,195 for Mr. Sullivan, \$314,371 for Mr. Donovan, \$271,639 for Mr. Chew and \$294,009 for Mr. Sinclair. 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 foregoing payments to the extent that such payments would be considered excess "parachute payments" under the Internal Revenue Code of 1986. Federal legislation authorizes the Federal Deposit Insurance Corporation under certain circumstances to prohibit or limit payments that are contingent on the termination of a person's employment with an insured depository institution.

The members of the Nominating and Personnel Committee believe that the severance benefits described above are generally in line with severance benefits offered to similarly situated officers of New England banks and thrift institutions of similar size to the bank represented in the data that the committee reviewed.

More Information about Plans and Agreements

The preceding discussion of executive compensation contains descriptions of various employee benefit plans and employment-related agreements. These descriptions are qualified in their entirety by reference to the full text or detailed descriptions of the plans and agreements which are filed as exhibits to the Bank's annual report on Form 10-K.

DIRECTOR COMPENSATION

Directors of the Bank receive \$775 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 \$7,500 per annum plus an additional fee of \$135 per meeting attended.

Each member of the executive committee of the board of directors receives a fee of \$825 per meeting attended. The clerk of the executive committee receives an additional fee of \$135 per meeting attended. Each member of the audit committee of the board of directors receives a fee of \$825 per meeting attended. Each member of all other com-

mittees of the board of directors receives \$550 for each committee meeting attended. The clerk and chairman of these committees each receive an additional fee of \$135 per meeting attended. None of these fees applies to any director who is also an employee of the Bank. In addition to the above, Executive committee members are required by statute and/or Bank policy to perform certain revaluations of commercial real estate loan collateral and construction loan inspections. Members are paid \$125 per revaluation and between \$165 to \$215 per construction inspection.

<u>Name</u>	<u>Fees Earned or Paid in Cash (\$)</u>	<u>Stock Awards (\$)</u>	<u>Options Awards (\$)</u>	<u>All Other Compensation (\$)</u>	<u>Total (\$)</u>
Howard M. Berger	12,985	-	-	-	12,985
James V. Consentino (1)	24,070	-	-	-	24,070
Marion J. Fahey	46,526	-	-	-	46,526
Ronald D. Falcione	30,065	-	-	-	30,065
Kevin W. Gaughen	29,025	-	-	-	29,025
Robert H. Gaughen, Jr.	-	-	-	-	-
Julio R. Hernando	11,585	-	-	-	11,585
Robert A. Lane	28,725	-	-	-	28,725
Scott L. Moser (2)	2,325	-	2,945	-	5,270
Warren B. Noble	31,115	-	-	-	31,115
Stacey M. Page	10,950	-	-	-	10,950
Joseph A. Ribaud, CPA	12,980	-	-	-	12,980
Edward L. Sparda	11,835	-	-	-	11,835
Donald M. Tardiff, MD	15,090	-	-	-	15,090
James R. White	9,175	-	-	-	9,175
Geoffrey C. Wilkinson, Sr.	11,365	-	-	-	11,365
Jacqueline M. Youngworth	47,340	-	-	-	47,340

(1) Retired on August 31, 2008.

(2) Joined the Board on August 31, 2008 and received an award of options to purchase 1,500 shares of Common Stock at a price of \$30 per share with other terms as described in note 1 on page 12.

Employees of the Bank

As of December 31, 2008, the Bank had 82 full-time and 19 part time employees. The Bank considers its employee relationships to be excellent.

Section 16(a) Beneficial Ownership Reporting Compliance

The Bank is required to identify in its annual proxy statement each officer, director and 10% stockholder who has failed to file on a timely basis reports required by Section 16(a) of the Securities Exchange Act of 1934. The Bank is not aware of any such failures to file.

Compensation Committee Interlocks and Insider Participation

The current members of the Nominating and Personnel Committee, the Bank's Compensation Committee, are Mr. Berger, Miss Fahey, Dr. Tardiff and Mrs. Youngworth. No member of the Nominating and Personnel Committee was at any time during the fiscal year ended December 31, 2008 an employee of the Bank, and none was an officer of the Bank with the exception of Miss Fahey, the Director who serves as the Bank's Clerk, nor has any member of the Nominating and Personnel Committee had any relationship with the Bank requiring disclosure under Item 404 of Regulation S-K under the Securities Exchange Act of 1934.

None of the Bank's executive officers has served as a director or member of the compensation committee (or other committee serving an equivalent function) of any other entity, one of whose executive officers served as a Director of or member of the Nominating and Personnel Committee.

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 FDIC 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 (excluding passbook 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, 2008, 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 2008, the Bank paid legal fees to the law firm of Gaughen, Gaughen, Lane & Hernando in the amount of approximately \$916,342 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. Additionally, this law firm received the sum of \$282,096 in agency fees for title insurance due them in connection with loan originations. 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, the law firm of Gaughen, Gaughen, Lane & Hernando in the future. All legal fees and title insurance fees paid to the law firm of Gaughen, Gaughen, Lane & Hernando have been reimbursed to the Bank by its borrowers, with the exception of \$267,410. Directors Kevin W. Gaughen, Robert A. Lane and Julio R. Hernando are partners of Gaughen, Gaughen, Lane & Hernando.

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 6, 2009. 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</u>	<u>Percent Of Class(1)</u>
Howard M. Berger	6,125 (2)	*
Marion J. Fahey	16,000 (3)	*
Ronald D. Falcione	54,989 (4)	2.58
Kevin W. Gaughen	29,120 (5)	1.37
Robert H. Gaughen, Jr.	255,904 (6)	12.02
Julio R. Hernandez	221,132 (7)	10.39
Robert A. Lane	239,263 (8)	11.24
Scott L. Moser	27,794 (9)	1.31
Warren B. Noble	30,000 (10)	1.41
Stacey M. Page	5,471 (11)	*
Joseph A. Ribaud	5,000 (12)	*
Edward L. Sparda	3,830 (13)	*
Donald M. Tardiff, M.D.	3,000 (14)	*
James R. White	3,150 (15)	*
Geoffrey C. Wilkinson, Sr.	17,813 (16)	*
Jacqueline M. Youngworth	170,735 (17)	8.02
William M. Donovan, Jr.	9,250 (18)	*
Deborah J. Jackson	12,925 (19)	*
Michael J. Sinclair	476 (20)	*
Peter R. Smollett	2,500 (21)	*
Shawn T. Sullivan	2,000 (22)	*
Thomas I. Chew	0	*
Directors, nominees for Director and Principal Officers as a group (22 persons)	851,768 (23)	40.00%

- (1) An asterisk denotes less than 1%.
- (2) Includes (i) 3,000 shares of Common Stock held directly by Mr. Berger's IRA account and (ii) 3,125 shares of Common Stock held in Mr. Berger's wife's IRA account.
- (3) 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) 4,200 shares held jointly with Mary Ellen Keefe Graziano, Miss Fahey's niece, and (iv) 10,300 shares held in Miss Fahey's IRA account.
- (4) Includes (i) 48,325 shares of Common Stock held directly by Mr. Falcione, (ii) 4,664 shares held by Dorothy E. Falcione, his wife, and (iii) 2,000 shares of Common Stock that Mr. Falcione owns jointly with his wife.
- (5) Includes (i) 564 shares of Common Stock held 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 son, (iii) 4,179 shares of Common Stock held directly by Mr. Gaughen, (iv) 2,869 shares of Common Stock held directly by Beverly Gaughen, Mr. Gaughen's wife and (v) 21,358 shares of common stock held by the Gaughen Family Irrevocable Trust u/d/t 7/14/97 of which Mr. Gaughen is a trustee and beneficiary of, Kevin W. Gaughen Subtrust.
- (6) Includes (i) 176,139 shares of Common Stock held directly by Mr. Gaughen, Jr., (ii) 10,146 shares that Mr.

Gaughen, Jr. owns jointly with Margaret Corrigan, (iii) 40,892 shares held in Mr. Gaughen, Jr.'s IRA account, (iv) 24,591 shares of Common Stock held by The Robert H. Gaughen, Jr. Secular Trust dated 9/1/02, (v) 1,380 shares of Common Stock held directly by Margaret Corrigan, (vi) 1,378 shares of Common Stock held directly by Patrick Gaughen, Mr. Gaughen, Jr.'s son, and (vii) 1,378 shares of Common Stock held directly by Kara Gaughen, Mr. Gaughen, Jr.'s daughter.

- (7) Includes (i) 9,593 shares of Common Stock held directly by Mr. Hernando, (ii) 1,026 shares of Common Stock held by Mr. Hernando's IRA account, (iii) 8,400 shares of Common Stock which Mr. Hernando owns jointly with Jill Hernando, his wife, (iv) 1,378 shares of Common Stock held directly by Jill Hernando, Mr. Hernando's wife, (v) 210 shares of Common Stock held by the IRA account of Jill Hernando, Mr. Hernando's wife, (vi) 20,591 shares of Common Stock held by the Consentino Family Trust u/d/t 8/29/00, of which Mr. Hernando shares voting and dispositive power as a co-trustee and as to which Mr. Hernando disclaims any beneficial ownership, (vii) 61,500 shares of Common Stock held by the Ruth M. Consentino Trust u/d/t 8/29/00, of which Mr. Hernando shares voting and dispositive power as a co-trustee and as to which Mr. Hernando disclaims any beneficial ownership, (viii) 40,379 shares of Common Stock held by the James V. Consentino Trust u/d/t 2/20/01, of which Mr. Hernando shares voting and dispositive power as a co-trustee and as to which Mr. Hernando disclaims any beneficial ownership, (ix) 7,500 shares of Common Stock held by the Consentino Family Trust II u/d/t 10/24/07, of which Mr. Hernando shares voting and dispositive power as a co trustee and as to which Mr. Hernando disclaims any beneficial ownership, (x) 17,704 shares of Common Stock held by Bay State Investment LLC of which Mr. Hernando shares voting and dispositive power as a manager and as to which Mr. Hernando disclaims any beneficial ownership, (xi) 19,672 shares of Common Stock held by the Youngworth Family Investment Trust of which Mr. Hernando shares voting and dispositive power as a trustee and as to which Mr. Hernando disclaims any beneficial ownership, (xii) 393 shares of Common Stock held by the Shane Ryan Trust of which Mr. Hernando shares voting and dispositive power as a trustee and as to which Mr. Hernando disclaims any beneficial ownership and (xiii) 32,786 shares of Common Stock held by the Jacqueline M. Youngworth G.P.O. Revocable Trust of which Mr. Hernando shares voting and dispositive power as a trustee and as to which Mr. Hernando disclaims any beneficial ownership,
- (8) Includes (i) 23,598 shares of Common Stock held directly by Mr. Lane, (ii) 1,576 shares of Common Stock held by Mr. Lane's IRA account, (iii) 922 shares of Common Stock held by the IRA account of Martha Lane, Mr. Lane's wife, (iv) 12,642 shares of Common Stock held directly by Mrs. Lane, (v) 20,591 shares of Common Stock held by the Consentino Family Trust u/d/t 8/29/00, of which Mr. Lane shares voting and dispositive power as a co-trustee and as to which Mr. Lane disclaims any beneficial ownership, (vi) 61,500 shares of Common Stock held by the Ruth M. Consentino Trust u/d/t 8/29/00, of which Mr. Lane shares voting and dispositive power as a co-trustee and as to which Mr. Lane disclaims any beneficial ownership, (vii) 40,379 shares of Common Stock held by the James V. Consentino Trust u/d/t 2/20/01, of which Mr. Lane shares voting and dispositive power as a co-trustee and as to which Mr. Lane disclaims any beneficial ownership, (viii) 7,500 shares of Common Stock held by the Consentino Family Trust II u/d/t 10/24/07, of which Mr. Lane shares voting and dispositive power as a co trustee and as to which Mr. Lane disclaims any beneficial ownership, (ix) 17,704 shares of Common Stock held by Bay State Investment LLC of which Mr. Lane shares voting and dispositive power as a manager and as to which Mr. Lane disclaims any beneficial ownership, (x) 19,672 shares of Common Stock held by the Youngworth Family Investment Trust of which Mr. Lane shares voting and dispositive power as a trustee and as to which Mr. Lane disclaims any beneficial ownership, (xi) 393 shares of Common Stock held by the Shane Ryan Trust of which Mr. Lane shares voting and dispositive power as a trustee and as to which Mr. Lane disclaims any beneficial ownership and (xii) 32,786 shares of Common Stock held by the Jacqueline M. Youngworth G.P.O. Revocable Trust of which Mr. Lane shares voting and dispositive power as a trustee and as to which Mr. Lane disclaims any beneficial ownership,
- (9) Includes (i) 2,100 shares of Common Stock held directly by Mr. Moser, (ii) 4,118 shares of Common Stock which represents Mr. Moser's interest as a beneficiary of the Consentino Family Trust u/d/t 8/29/00 which holds 20,591 shares of Common Stock, (iii) 1,500 shares of Common Stock which represents Mr. Moser's interest as a beneficiary of the Consentino Family Trust II u/d/t 10/24/07 which holds 7,500 shares of Common Stock, (iv) 1,500 shares of Common Stock held by the Alexa Margaret Adams Trust of which Mr. Moser is a co-trustee, (v) 1,500 shares of Common Stock held by the Jared I. Moser Trust of which Mr. Moser is a co-trustee. Jared I. Moser is Mr. Moser's son, (vi) 1,500 shares of Common Stock held by the Shana Ella Moser Trust of which Mr. Moser is a co-trustee. Shana Ella Moser is Mr. Moser's daughter, (vii) 1,500 shares of Common Stock held by the Ava Ruth Adams Trust of which Mr. Moser is a co-trustee, (viii) 1,500 shares of Common Stock held by the Charlotte Moser Trust of which Mr. Moser is a co-trustee, (ix) 1,500 shares of Common Stock held by the Gavin R. Moser Trust of which Mr. Moser is a co-trustee. Gavin R. Moser is Mr. Moser's son, (x) 1,500 shares of Common Stock held by the Grace Irene Moser

Trust of which Mr. Moser is a co-trustee, (xi) 8,076 shares of Common Stock which represents Mr. Moser's interest as a contingent beneficiary of the James V. Consentino Trust u/d/t 2/20/01 which holds 40,379 shares of Common Stock and (xii) 1,500 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 6, 2009.

- (10) Includes (i) 21,000 shares of Common Stock held directly by Mr. Noble, and (ii) 9,000 shares of Common Stock held directly by Dorothy Noble, Mr. Noble's wife.
- (11) Includes (i) 2,262 shares of Common Stock held directly by Mrs. Page, and (ii) 3,209 shares of Common Stock which Mrs. Page owns jointly with David B. Page, her husband.
- (12) Includes (i) 2,000 shares of Common Stock held directly by Mr. Ribaud, (ii) 1,500 shares of Common Stock which Mr. Ribaud owns jointly with Patricia A. Ribaud, his wife, and (iii) 1,500 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 6, 2009.
- (13) Comprised of 3,830 shares of Common Stock which Mr. Sparda owns jointly with Chris E. Sparda, his son.
- (14) Comprised of 3,000 shares of Common Stock held directly by Dr. Tardiff.
- (15) Includes (i) 1,650 shares of Common Stock held by Mr. White's IRA account, and (ii) 1,500 shares of Common Stock held directly by Dene White, his wife.
- (16) Includes (i) 11,851 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, (iii) 1,500 shares of Common Stock held by Mr. Wilkinson's IRA account and (iv) 1,875 shares of Common Stock held directly by Nancy S. Wilkinson, his wife.
- (17) Includes (i) 17,704 shares of Common Stock held by Bay State Investment LLC, as to which Mrs. Youngworth is a beneficiary thereof, (ii) 32,786 shares of Common Stock held by the Jacqueline M. Youngworth G.P.O. Revocable Trust which Mrs. Youngworth is a beneficiary thereof, (iii) 38,580 shares of Common Stock held by the Youngworth Security QTIP Trust which Mrs. Youngworth is a trustee and beneficiary thereof, (iv) 80,665 shares of Common Stock held by the Youngworth Security Trust Reverse QTIP Trust which Mrs. Youngworth is a trustee and beneficiary thereof, and (v) 1,000 shares of Common Stock held by the Estate of Thomas H. Youngworth, Sr. which Mrs. Youngworth is executrix of.
- (18) Includes (i) 1,600 shares of Common Stock held directly by Mr. Donovan, (ii) 2,000 shares of Common Stock issuable pursuant to stock options which may be exercised by Mr. Donovan on or within 60 days of February 6, 2009, and (iii) 5,650 shares of Common Stock held by Mr. Donovan's IRA account.
- (19) Includes (i) 1,100 shares of Common Stock held by Mrs. Jackson's IRA account, (ii) 6,000 shares of Common Stock held by the William G. Jackson Living Trust of which Mrs. Jackson is the sole beneficiary, and (iii) 5,825 shares of Common Stock held by The Hingham Institution for Savings Secular Trust FBO Deborah J. Jackson.
- (20) Includes (i) 182 shares of Common Stock held by Mr. Sinclair's IRA account, and (ii) 294 shares of Common Stock held by Kimberley A. Sinclair, Mr. Sinclair's wife.
- (21) Comprised of 2,500 shares of Common Stock held directly by Mr. Smollett.
- (22) Comprised of 2,000 shares of Common Stock issuable pursuant to stock options which may be exercised by Mr. Sullivan on or within 60 days of February 6, 2009.
- (23) Shared voting and dispositive power as co-trustees of 20,591 shares of Common Stock held by the Consentino Family Trust u/d/t 8/29/00 is attributed to both Mr. Robert A. Lane and Mr. Julio R. Hernando in the above table. Mr. Lane and Mr. Hernando disclaim any beneficial ownership. Although such shares are reflected in both Mr. Lane's and Mr. Hernando's individual totals, they are counted only once in this total.

Shared voting and dispositive power as co-trustees of 61,500 shares of Common Stock held by the Ruth M. Consentino Trust u/d/t 8/29/00 is attributed to both Mr. Robert A. Lane and Mr. Julio R. Hernando in the above table. Mr. Lane and Mr. Hernando disclaim any beneficial ownership. Although such shares are reflected in both Mr. Lane's and Mr. Hernando's individual totals, they are counted only once in this total.

Shared voting and dispositive power as co-trustees of 40,379 shares of Common Stock held by the James V. Consentino Trust u/d/t 2/20/01 is attributed to both Mr. Robert A. Lane and Mr. Julio R. Hernando in the above table. Mr. Lane and Mr. Hernando disclaim any beneficial ownership. Although such shares are reflected in both Mr. Lane's and Mr. Hernando's individual totals, they are counted only once in this group total.

Shared voting and dispositive power as co trustees of 7,500 shares of Common Stock held by the Consentino Family Trust II u/d/t 10/24/07 is attributed to both Mr. Robert A. Lane and Mr. Julio R. Hernando in the above table. Mr. Lane and Mr. Hernando disclaim any beneficial ownership. Although such shares are reflected in both Mr. Lane's and Mr. Hernando's individual totals, they are counted only once in this group total.

Mr. Moser's interest as a beneficiary of 4,118 shares of the Consentino Family Trust and 1,500 shares of the Consentino Family Trust II and Mr. Moser's interest as a contingent beneficiary of 8,076 shares of the James V. Consentino Trust are part of the total shares owned by these trusts. Such shares are reflected above and are counted only once in this group total.

Shared voting and dispositive power as managers of 17,704 shares of Common Stock held by the Bay State Investment LLC is attributed to both Mr. Robert A. Lane and Mr. Julio R. Hernando in the above table. Mr. Lane and Mr. Hernando disclaim any beneficial ownership. Such shares are reflected in Mrs. Youngworth's total and are counted only once in this group total.

Shared voting and dispositive power as trustees of 19,672 shares of Common Stock held by the Youngworth Family Investment Trust is attributed to both Mr. Robert A. Lane and Mr. Julio R. Hernando in the above table. Mr. Lane and Mr. Hernando disclaim any beneficial ownership. Although such shares are reflected in both Mr. Lane's and Mr. Hernando's individual totals, they are counted only once in this group total.

Shared voting and dispositive power as trustees of 393 shares of Common Stock held by the Shane Ryan Trust is attributed to both Mr. Robert A. Lane and Mr. Julio R. Hernando in the above table. Mr. Lane and Mr. Hernando disclaim any beneficial ownership. Although such shares are reflected in both Mr. Lane's and Mr. Hernando's individual totals, they are counted only once in this group total.

Shared voting and dispositive power as trustees of 32,786 shares of Common Stock held by the Jacqueline M. Youngworth G.P.O. Revocable Trust is attributed to both Mr. Robert A. Lane and Mr. Julio R. Hernando in the above table. Mr. Lane and Mr. Hernando disclaim any beneficial ownership. Such shares are reflected in Mrs. Youngworth's total and are counted only once in this group 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 6, 2009. 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 of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership(1)</u>	<u>Percent of Class</u>
James V. Consentino (2) 252 Neck Street North Weymouth, MA 02191	149,487	7.02
Robert H. Gaughen, Jr. (3) Margaret Corrigan 351 Forest Avenue Cohasset, MA 02025	255,904	12.02
Julio R. Hernando (4) 9 Heather Avenue Milton, MA 02186	221,132	10.39

Robert A. Lane (5) 63 Pondview Drive Kingston, MA 02364	239,263	11.24
Jacqueline M. Youngworth (6) 12 Berkley Circle Hingham, MA 02043	170,735	8.02

- (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) 20,214 shares of Common Stock held directly by Mr. Consentino, (ii) 20,516 shares of Common Stock held directly by Ruth M. Consentino, Mr. Consentino's wife, (iii) 20,591 shares of Common Stock held by the Consentino Family Trust u/d/t 8/29/00 as to which Mr. Consentino shares voting and dispositive power as a trustee, (iv) 47,787 shares of Common Stock held by the Ruth M. Consentino Trust u/d/t 8/29/00 as to which Mr. Consentino shares voting and dispositive power as a trustee and (v) 40,379 shares of Common Stock held by the James V. Consentino Trust u/d/t 2/20/01 as to which Mr. Consentino is the current beneficiary.
- (3) See footnote 6 to the previous table.
- (4) See footnote 7 to the previous table.
- (5) See footnote 8 to the previous table.
- (6) See footnote 17 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 his or 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. Miss Fahey has never been employed by the Bank. 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 REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors has selected the independent registered public accounting firm of Wolf & Company, P.C. ("Wolf"), to be the independent auditors of the Bank for the fiscal year ending December 31, 2009. 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 Annual 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 year ending December 31, 1990, Wolf served as independent auditors of the Bank for more than ten years. For the two fiscal years

ending December 31, 1991 and 1992 the Bank selected the firm of KPMG Peat Marwick, independent certified public accountants, to be the Bank's independent auditors.

The consolidated financial statements of the Bank as of December 31, 2008 and 2007 and for each of the years in the three-year period ended December 31, 2008, have been audited by Wolf. All such financial statements are included in the Bank's 2008 Annual Report which accompanies this Proxy Statement.

The Audit Committee has adopted policies and procedures relating to the approval of all audit and non-audit services that are to be performed by the Bank's independent auditor. This policy provides that the Bank will not engage its independent auditor to render audit or non-audit services unless the service is specifically approved in advance by the Audit Committee or the engagement is entered into pursuant to an appropriate pre-approval procedure. To date, the Bank has not adopted any pre-approval procedures.

Audit Fees

Wolf billed the Bank an aggregate of \$117,800 and \$112,600 in fees for professional services rendered in connection with the audit of the Bank's consolidated financial statements for the two most recent fiscal years and for the reviews of the financial statements included in each of the Bank's Quarterly Reports on Form 10-Q during the fiscal years ended December 31, 2008 and 2007, respectively.

Audit Related Fees

Wolf billed the Bank an aggregate of \$1,150 and \$1,100 in audit related fees for professional services rendered to the Bank and its affiliates for the fiscal years ended December 31, 2008 and 2007, respectively. The fees related to agreed upon procedures in connection with the review of the Bank's pension plans.

Tax Fees

Wolf billed the Bank an aggregate of \$25,000 and \$24,000 in fees for tax related services rendered to the Bank and its affiliates for the fiscal years ended December 31, 2008 and 2007, respectively. These fees included the quarterly estimation of taxes due, the annual preparation of Federal and State tax returns for the Bank and its subsidiaries, and an annual tax planning meeting.

All Other Fees

Wolf did not bill the Bank for other fees for professional services for the fiscal years ended December 31, 2008 and 2007.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The Audit Committee of the Bank's Board of Directors is composed of five members and acts under a written charter first adopted and approved in 1993. The Board has determined that all members of the Audit Committee are independent directors, as defined by its charter and the rules of the NASDAQ Global Market, and that Mr. Ribaudo, a member of the Audit Committee, is an "audit committee financial expert" as that term is defined by the Securities and Exchange Commission in light of his experience as a certified public accountant. The Audit Committee held four meetings during the fiscal year ended December 31, 2008.

The Audit Committee reviewed the Bank's audited consolidated financial statements for the year ended December 31, 2008 and discussed these financial statements with the Bank's management. The Audit Committee also reviewed and discussed the audited consolidated financial statements and the matters required by Statement on Auditing Standards No. 61 (Communication with Audit Committees) with Wolf, the Bank's Independent Registered Public Accounting Firm.

The Bank's independent auditors also provided the Audit Committee with the written disclosures and the letter required by applicable requirements of the PCAOB regarding the independent auditor's communication with the Audit Committee concerning independence. In addition, the Audit Committee discussed with the independent auditors the matters disclosed in this letter and their independence from the Bank.

Based on its discussions with management and the independent auditors, and its review of the representations and information provided by management and the independent auditors, the Audit Committee recommended to the Bank's Board of Directors that the audited consolidated financial statements be included in the Bank's Annual Report on Form 10-K for the year ended December 31, 2008.

By the Audit Committee of the Board of Directors of Hingham Institution for Savings.

Current Members:

Howard M. Berger, Esq.

Marion J. Fahey

Stacey M. Page

Joseph A. Ribaudo, CPA

Donald M. Tardiff, M.D.

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 2010 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 or her intention to appear personally or by appropriate representative at that meeting to present his or her proposal for action, (c) submits his or her proposal so that it is received at the Bank's principal executive office on or before November 24, 2009 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 (March 1, 2010), but not more than 150 days (December 1, 2009), 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 materials 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 \$3,750 (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, 2008 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, 2008, 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 or (800) 286-2800. This Proxy Statement, the Annual Report to Shareholders and the Annual Report on Form 10-K for fiscal year 2008 are available electronically at www.hinghamavings.com. The Bank intends to make the same annually provided documents available in future years on the same website.

By Order of the Board of Directors,



Marion J. Fahey
Clerk

Dated: March 24, 2009



