

DIME COMMUNITY BANCSHARES INC
Form DEF 14A
April 10, 2003

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Sec. #240.14a-12

DIME COMMUNITY BANCSHARES, INC.

(Name of Registrant as Specified In Its Charter)

NOT APPLICABLE

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

April 10, 2003

Dear Shareholder:

You are cordially invited to attend the Annual Meeting of Shareholders of Dime Community Bancshares, Inc., (the "Annual Meeting") which will be held on May 15, 2003 at 10:00 a.m. Eastern Standard Time, at Giando on the Water, 400 Kent Avenue, Brooklyn, New York 11211.

The attached Notice of the Annual Meeting of Shareholders and Proxy Statement describe the business to be transacted at the Annual Meeting. The Company's directors and officers, as well as a representative of Deloitte & Touche LLP, the accounting firm appointed by the Board of Directors to be the Company's independent auditors for the year ending December 31, 2003, will be present at the Annual Meeting.

The Company's Board of Directors has determined that an affirmative vote on each matter to be considered at the Annual Meeting is in its best interest and the best interests of its shareholders and unanimously recommends a vote "FOR" each of these matters.

Please complete, sign and return the enclosed proxy card promptly, whether or not you plan to attend the Annual Meeting. **Your vote is important regardless of the number of shares you own. Voting by proxy will not prevent you from voting in person at the Annual Meeting, but will assure that your vote is counted if you are unable to attend. If you are a shareholder whose shares are not registered in your own name, you will need additional documentation from your record holder to attend and to vote personally at the Annual Meeting. Examples of such documentation include a broker's statement, letter or other document confirming your ownership of the Company's shares.**

On behalf of our Board of Directors and employees, we thank you for your continued support and hope to see you at the Annual Meeting.

Sincerely yours,

Vincent F. Palagiano

Chairman of the Board

and Chief Executive Officer

Dime Community Bancshares, Inc.

209 Havemeyer Street

Brooklyn, New York 11211

(718) 782-6200

NOTICE OF THE ANNUAL MEETING OF SHAREHOLDERS

To Be Held on May 15, 2003

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Dime Community Bancshares, Inc. (the Annual Meeting) will be held at Giando on the Water, 400 Kent Avenue, Brooklyn, New York 11211, on Thursday, May 15, 2003 at 10:00 a.m. Eastern Standard Time, to consider and vote upon the following:

1. Election of four directors for terms of three years each;
2. Ratification of the appointment of Deloitte & Touche LLP as the Company's independent auditors for the year ending December 31, 2003;
3. Transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof. As of the date hereof, management is not aware of any other such business.

The Board of Directors has fixed March 28, 2003 as the record date for the determination of shareholders entitled to notice of, and to vote at, the Annual Meeting and any adjournment or postponement thereof. Only shareholders of record at the close of business on that date will be entitled to notice of, and to vote at, the Annual Meeting and any adjournment or postponement thereof. A list of such shareholders will be available for inspection by any shareholder for any lawful purpose germane to the Annual Meeting at the Company's corporate headquarters at 209 Havemeyer Street, Brooklyn, NY 11211 at any time during regular business hours for 10 days prior to the Annual Meeting.

By Order of the Board of Directors

Lance J. Bennett

Secretary

Brooklyn, New York

April 10, 2003

YOU ARE CORDIALLY INVITED TO ATTEND THE ANNUAL MEETING. IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED REGARDLESS OF THE NUMBER OF SHARES YOU OWN. THE BOARD OF DIRECTORS URGES YOU TO MARK, SIGN AND DATE THE ENCLOSED PROXY CARD AND RETURN IT PROMPTLY IN THE ENCLOSED ENVELOPE. RETURNING THE PROXY CARD WILL NOT PREVENT YOU FROM VOTING IN PERSON IF YOU ATTEND THE ANNUAL MEETING.

DIME COMMUNITY BANCSHARES, INC.

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

To Be Held on May 15, 2003

GENERAL INFORMATION

General

This Proxy Statement and accompanying proxy card are being furnished to the shareholders of Dime Community Bancshares, Inc. (the Company) in connection with the solicitation of proxies by the Company's Board of Directors from holders of the shares of the Company's issued and outstanding common stock, par value \$0.01 per share (the Common Stock), for use at the Annual Meeting of Shareholders (the Annual Meeting). The Annual Meeting will be held on May 15, 2003 at Giando on the Water, 400 Kent Avenue, Brooklyn, New York, at 10:00 a.m. Eastern Standard Time, and at any adjournment or postponement thereof. The Company is a Delaware corporation and operates as a unitary savings and loan holding company for The Dime Savings Bank of Williamsburgh (the Bank). This Proxy Statement, together with the enclosed proxy card, are first being mailed to shareholders on or about April 10, 2003.

Record Date

The Company's Board of Directors has fixed the close of business on March 28, 2003 as the record date for the determination of shareholders entitled to notice of, and to vote at, the Annual Meeting (the Record Date). Accordingly, only holders of record of shares of Common Stock at the close of business on March 28, 2003 will be entitled to vote at the Annual Meeting. On the Record Date, there were 25,425,452 shares of Common Stock. The presence, in person or by proxy, of the holders of at least a majority of the total number of shares of Common Stock entitled to vote at the Annual Meeting is necessary to constitute a quorum.

Voting Rights

Each holder of Common Stock on the Record Date will be entitled to one vote at the Annual Meeting for each share of record held (other than Excess Shares as defined below). As provided in the Company's Certificate of Incorporation, record holders (other than any compensation plan maintained by the Company and certain affiliates) of Common Stock who beneficially own in excess of 10% of the shares of Common Stock (such shares in excess of 10%, referred to herein as Excess Shares) shall be entitled to cast only one-hundredth of one vote per share for each Excess Share. A person or entity is deemed to beneficially own shares owned by an affiliate or associate as well as by persons acting in concert with such person or entity. The Company's Certificate of Incorporation authorizes a majority of the Board of Directors to interpret the provisions of the Certificate of Incorporation governing Excess Shares, and to determine, on the basis of information known to them after reasonable inquiry, all facts necessary to ascertain compliance with the Excess Shares provisions of the Certificate of Incorporation, including, without limitation, (i) the number of shares of Common Stock beneficially owned by any person or purported owner, (ii) whether a person or purported

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owner is an affiliate or associate of, or is acting in concert with, any other person or purported owner, and (iii) whether a person or purported owner has an agreement or understanding with any person or purported owner as to the voting or disposition of any shares of Common Stock.

You may vote your shares by marking and signing the enclosed proxy card and returning it in the enclosed postage-paid envelope or by attending the Annual Meeting and voting in person. All properly executed proxies received by the Company on or before the close of voting on May 15, 2003 will be voted in accordance with the instructions indicated thereon. **If no instructions are given, executed proxies will be voted FOR election of**

each of the four nominees for director, FOR the ratification and appointment of Deloitte & Touche LLP as independent auditors for the year ending December 31, 2003, and FOR each other proposal identified in the Notice of the Annual Meeting of Shareholders.

Management is not aware of any matters other than those set forth in the Notice of the Annual Meeting of Shareholders that may be brought before the Annual Meeting. If any other matters properly come before the Annual Meeting, the persons named in the accompanying proxy will vote the shares represented by all properly executed proxies on such matters in such manner as shall be determined by a majority of the Company's Board of Directors.

If you are a shareholder whose shares are not registered in your own name, you will need appropriate documentation from your shareholder of record to vote personally at the Annual Meeting. Examples of such documentation would include a broker's statement, letter or other document that will confirm your ownership of the Common Stock.

Vote Required

Directors are elected by a plurality of the votes cast in person or by proxy at the Annual Meeting. The holders of Common Stock may not vote their shares cumulatively for the election of directors. Proposal 2 requires the affirmative vote of the holders of a majority of the number of votes eligible to be cast by the holders of Common Stock represented, in person or by proxy, and entitled to vote at the Annual Meeting.

Shares as to which the **ABSTAIN** box has been selected on the Proxy Card with respect to the ratification of the appointment of Deloitte & Touche LLP as independent auditors will be counted as present and entitled to vote and will have the effect of a vote against that proposal. In contrast, shares underlying broker non-votes will not be counted as present and entitled to vote and will have no effect on the vote on the appointment of Deloitte & Touche LLP as independent auditors. With respect to the election of the four nominees for director, shares as to which the **WITHHOLD AUTHORITY** has been selected for either all or some of the nominees will be counted as being present for the matter but not as voting for the election of the respective nominees. Therefore, the proxy represented by these shares will have the same effect as voting against the respective nominees.

Revocability of Proxies

A proxy may be revoked at any time before it is voted by filing a written revocation of the proxy with the Company's Secretary at 209 Havemeyer Street, Brooklyn, New York, 11211, or by submitting a duly executed proxy bearing a later date. A proxy also may be revoked by attending and voting at the Annual Meeting, only if a written revocation is filed with the Secretary prior to the voting of such proxy.

Solicitation of Proxies

The Company will bear the costs of soliciting proxies from its shareholders. In addition to the use of mail, proxies may be solicited by the Company's officers, directors or employees and the Bank's employees by telephone or other forms of communication. The Company will also request persons, firms and corporations holding shares in their names or in the names of their nominees, which are beneficially owned by others, to send proxy materials to, and obtain proxies from, such beneficial owners, and will reimburse such holders for reasonable expenses incurred in connection therewith. In addition, the Company has retained Mellon Investor Services, LLC to assist in the solicitation of proxies. The estimated cost of such solicitation is \$6,500 plus reimbursement for reasonable out-of-pocket expenses.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT
Principal Shareholders of the Company

The following table sets forth, as of March 28, 2003, certain information as to Common Stock beneficially owned by persons owning in excess of 5% of the shares of Common Stock. Management knows of no person, except as listed below, who beneficially owned more than 5% of the Common Stock as of March 28, 2003. Except as otherwise indicated, the information provided in the following table was obtained from filings with the Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Addresses provided are those listed in the filings as the address of the person authorized to receive notices and communications. For purposes of the table below and the table set forth under Security Ownership of Management, in accordance with Rule 13d-3 under the Exchange Act, a person is deemed to be the beneficial owner of any shares of Common Stock (1) over which he or she has or shares, directly or indirectly, voting or investment power, or (2) of which he or she has the right to acquire beneficial ownership at any time within 60 days after March 28, 2003. As used herein, "voting power" is the power to vote, or direct the voting of, shares and "investment power" includes the power to dispose, or direct the disposition of, such shares. Unless otherwise noted, each beneficial owner has sole voting and sole investment power over the shares beneficially owned.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Common Stock	The Employee Stock Ownership Plan Trust of Dime Community Bancshares, Inc. and Certain Affiliates 452 Fifth Avenue New York, NY 10018	2,413,448(1)	9.49%
Common Stock	Compensation Committee of Dime Community Bancshares, Inc. (includes the 2,413,448 ESOP shares reflected above) 209 Havemeyer Street Brooklyn, NY 11211	3,062,338(2)	12.04 %
Common Stock	Thomson Horstmann & Bryant, Inc. Park 80 West, Plaza Two Saddle Brook, NJ 07663	1,286,050(3)	5.06 %
Common Stock	Barclay's Private Bank and Trust Limited 10 rue d'Italie CH-1204 Geneva	1,455,000(4)	5.72 %

Switzerland

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- (1) The Employee Stock Ownership Plan of Dime Community Bancshares, Inc. and Certain Affiliates (the ESOP) filed a Schedule 13G with the SEC on February 14, 2003. The ESOP is administered by the Compensation Committee of the Company s Board of Directors (the Compensation Committee). The ESOP s assets are held in a trust (the ESOP Trust) for which RSGroup Trust Company serves as trustee (the ESOP Trustee). The ESOP Trust purchased these shares with funds borrowed from the Company and initially placed these shares in a suspense account for release and allocation to participants accounts in annual installments. As of March 28, 2003, 1,120,325 shares held by the ESOP Trust have been allocated. The terms of the ESOP provide that, subject to the ESOP Trustee s fiduciary responsibilities under the Employee Retirement Income Security Act of 1974, as amended (ERISA), the ESOP Trustee will vote, tender or exchange shares of Common Stock held in the ESOP Trust in accordance with instructions received from the participants. The ESOP Trustee will vote allocated shares as to which no instructions are received and any shares that have not been allocated to participants accounts in the same proportion as allocated shares with respect to which the ESOP Trustee receives instructions are voted, subject to fiduciary duties of the ESOP Trustee. The ESOP Trustee will tender or exchange any shares in the suspense account or that otherwise have not been allocated to participants accounts in the same proportion as allocated shares with respect to which the ESOP Trustee receives instructions are tendered or exchanged, subject to fiduciary duties of the ESOP Trustee. With respect to allocated shares as to which no instructions are received, the ESOP Trustee will be deemed to have received instructions not to tender or exchange such shares. Each of the members of the Compensation Committee disclaims beneficial ownership of such shares. For a discussion of the voting and investment powers of the Compensation Committee, see footnote 2.

(notes continued on next page)

- (2) The Compensation Committee filed a Schedule 13G with the SEC on February 14, 2003. The Compensation Committee serves certain administrative functions for the ESOP, the Recognition and Retention Plan for Outside Directors, Officers and Employees of Dime Community Bancshares, Inc. (the RRP), and The Dime Savings Bank of Williamsburgh 401(k) Plan [the 401(k) Plan]. As of March 28, 2003, the RRP owned 223,721 shares of Common Stock, of which 36,000 have been allocated to individuals. All shares of Common Stock owned by the RRP were held at HSBC Bank, USA, as trustee, as of March 28, 2003. The Compensation Committee has the authority to direct the trustee of the RRP with respect to the exercise of voting rights, but has assigned voting and tender rights over allocated shares to participating officers and directors. Shares indicated as beneficially owned by the Compensation Committee include all shares indicated in the table as beneficially owned by the ESOP Trust. The Compensation Committee has the authority to direct the ESOP Trustee with respect to the investment of the ESOP's assets (including the acquisition or disposition of both allocated and unallocated shares) in the absence of a tender offer, but has no voting power with respect to any shares. With respect to the ESOP, ERISA, in limited circumstances, may confer upon the ESOP Trustee the power and duty to control the voting and tendering of Common Stock allocated to the accounts of participating employees and beneficiaries who fail to exercise their voting and/or tender rights. Each of the members of the Compensation Committee disclaims beneficial ownership of such shares.
- (3) Thomson Horstmann and Bryant, Inc. (Thomson) filed a Schedule 13G on January 8, 2003. Thomson is an investment advisor registered under Section 203 of the Investment Advisors Act of 1940, as amended. The Schedule 13G states that Thomson has sole voting power over 628,750 shares, shared voting power over 657,300 shares and sole dispositive power over 1,286,050 shares.
- (4) Barclay's Private Bank and Trust Limited (Barclays) filed a Schedule 13G on February 10, 2003. Barclay's holds the shares in various trust accounts for the economic benefit of its customers who are the beneficiaries of those accounts. The Schedule 13G states that Barclays has sole voting and dispositive power over 1,455,000 shares.

Security Ownership of Management

The following table sets forth information with respect to the shares of Common Stock beneficially owned by each of the Company's directors and the Named Executive Officers identified in the Summary Compensation Table included elsewhere herein, and all of the Company's directors and executive officers as a group as of the Record Date. Except as otherwise indicated, each person and each group shown in the table has sole voting and investment power with respect to the shares of Common Stock indicated.

Name of Beneficial Owner	Position(1)	Amount and Nature of Beneficial Ownership(2)(3)(4)	Percent of
			Common Stock Outstanding
Vincent F. Palagiano	Director, Chairman of the Board and Chief Executive Officer	937,101(5)	3.6%
Michael P. Devine	Director, President and Chief Operating Officer	512,196(6)	2.0
Kenneth J. Mahon	Director, Executive Vice President and Chief Financial Officer	200,348(7)	*
Anthony Bergamo	Director	153,225(8)	*
George L. Clark, Jr.	Director	221,187(9)	*
Steven D. Cohn	Director	109,563(10)	*
Patrick E. Curtin	Director	89,936(11)	*
Joseph H. Farrell	Director	189,875(12)	*
Fred P. Fehrenbach	Director	149,739(13)	*
John J. Flynn	Director	72,159(14)	*
Malcolm T. Kitson	Director	104,075(15)	*
Stanley Meisels	Director	152,200(16)	*
Louis V. Varone	Director	82,207(17)	*
Timothy B. King	Senior Vice President and Chief Investment Officer	129,715(18)	*
Michael Pucella	Senior Vice President Finance	119,886(19)	*

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All directors and executive officers as a group (18 persons)

5,105,063

20.1%

* Less than one percent

(1) Titles are for positions with both the Company and the Bank.

(2) See Security Ownership of Certain Beneficial Owners and Management Principal Shareholders of the Company for a definition of beneficial ownership.
(notes continued on next page)

- (3) The figures shown include shares held in trust pursuant to the ESOP that have been allocated to individual accounts as follows: Mr. Palagiano, 31,106 shares; Mr. Devine, 31,106 shares; Mr. Mahon, 31,106 shares; Mr. King, 28,996 shares; Mr. Pucella, 26,603 shares, and all directors and executive officers as a group, 187,162 shares. Such persons have voting power (subject to the legal duties of the ESOP Trustee) but no investment power, except in limited circumstances, as to such shares. The figures shown do not include shares which are held in trust under the Benefit Maintenance Plan of Dime Community Bancshares, Inc. (the BMP) as follows: Mr. Palagiano, 140,160 shares, Mr. Devine, 94,473 shares, Mr. Mahon, 60,498 shares, Mr. King, 15,645 shares, Mr. Pucella, 16,858 shares, and all executive officers, 329,814 shares. Messrs. Palagiano, Devine, Mahon, King and Pucella have neither voting nor investment power with respect to these shares. The figures shown for Messrs. Palagiano, Devine, Mahon, King, and Pucella also do not include any portion of the 1,293,123 shares held in trust pursuant to the ESOP that have not been allocated to any individual's account and as to which Messrs. Palagiano, Devine, Mahon, King, and Pucella may be deemed to share voting power with other ESOP participants. The figure shown for all directors and executive officers as a group includes such 1,293,123 shares as to which the members of the Compensation Committee (consisting of Messrs. Varone, Fehrenbach, Flynn and Kitson) may be deemed to have sole investment power, except in limited circumstances, thereby causing each such Committee member to be deemed a beneficial owner of such shares. Each of the members of the Compensation Committee disclaims beneficial ownership of such shares and, accordingly, such shares are not attributed to the members of the Compensation Committee individually. In addition, the figure shown for all directors and executive officers as a group includes 329,814 shares held in trust (BMP Trust) for the benefit of Messrs. Palagiano, Devine, Mahon, King, and Pucella and other executive officers under the BMP. The BMP Trust, as directed by the Company, exercises voting and investment power over these shares (See Compensation of Executive Officers Benefits ESOP).
- (4) The figures shown include shares held pursuant to the 401(k) Plan that have been allocated as of the Record Date to individual accounts as follows: Mr. Palagiano, 48,854 shares; Mr. Devine, 48,854 shares; Mr. Mahon, 48,893 shares; Mr. King, 11,435 shares; Mr. Pucella, 27,540 shares, and all executive officers as a group, 204,266 shares. Such persons have sole voting power and sole investment power as to such shares [See Compensation of Executive Officers Benefits 401(k) Plan].
- (5) Includes 353,749 shares as to which Mr. Palagiano may be deemed to share voting and investment power.
- (6) Includes 232,194 shares as to which Mr. Devine may be deemed to share voting and investment power.
- (7) Includes 82,057 shares as to which Mr. Mahon may be deemed to share voting and investment power.
- (8) Includes 69,457 shares as to which Mr. Bergamo may be deemed to share voting and investment power.
- (9) Includes 35,707 shares as to which Mr. Clark may be deemed to share voting and investment power, and 56,250 shares for which Mr. Clark has no direct voting power or ownership.
- (10) Includes 49,500 shares as to which Mr. Cohn may be deemed to share voting and investment power.
- (11) Includes 63,600 shares as to which Mr. Curtin may be deemed to share voting and investment power, and 1,900 shares for which Mr. Curtin has no direct voting power or ownership.
- (12) Includes 103,207 shares as to which Mr. Farrell may be deemed to share voting and investment power.
- (13) Includes 450 shares as to which Mr. Fehrenbach may be deemed to share voting and investment power.
- (14) Includes 18,391 shares as to which Mr. Flynn may be deemed to share voting and investment power.
- (15) Includes 35,307 shares as to which Mr. Kitson may be deemed to share voting and investment power.
- (16) Includes 58,432 shares as to which Mr. Meisels may be deemed to share voting and investment power.

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(17) Includes approximately 77,707 shares as to which Mr. Varone may be deemed to share voting and investment power.

(18) Includes 55,287 shares as to which Mr. King may be deemed to share voting and investment power.

(19) Includes 23,248 shares as to which Mr. Pucella may be deemed to share voting and investment power.

PROPOSAL 1

ELECTION OF DIRECTORS

General

The Company's Certificate of Incorporation and Bylaws provide for the election of directors by the shareholders. For this purpose, the Company's Board of Directors is divided into three classes, each class to be as nearly equal in number as possible. The terms of office of the members of one class expire, and a successor class is to be elected, at each annual meeting of shareholders. The Company currently has thirteen directors.

Four incumbent directors with terms expiring at the Annual Meeting, Michael P. Devine, Anthony Bergamo, Joseph H. Farrell and Louis V. Varone, have been nominated by the Nominating Committee of the Board of Directors to be re-elected at the Annual Meeting for terms expiring at the annual meeting of shareholders to be held in 2006, or when their successors are otherwise duly elected and qualified. Each nominee has consented to being named in this Proxy Statement and to serve, if elected. In the event that any nominee for election as a director at the Annual Meeting is unable or declines to serve, which the Board of Directors has no reason to expect, the persons named in the Proxy Card will vote with respect to a substitute nominee designated by the present Board of Directors, unless the shareholder has elected to withhold authority with respect to all nominees.

Information as to Nominees and Continuing Directors

The following table sets forth certain information with respect to each nominee for election as a director and each director whose term does not expire at the Annual Meeting (Continuing Director). There are no arrangements or understandings between the Company and any director or nominee pursuant to which such person was elected or nominated to be a director. For information with respect to security ownership by directors, see Security Ownership of Certain Beneficial Owners and Management Security Ownership of Management.

Nominees	Director		Term	Position(s) Held with the Company and the Bank
	Age(1)	Since(2)	Expires	
Michael P. Devine	56	1980	2003	Director, President and Chief Operating Officer
Anthony Bergamo	56	1986	2003	Director
Joseph H. Farrell	72	1969	2003	Director
Louis V. Varone	72	1985	2003	Director

Continuing Directors

Vincent F. Palagiano	62	1978	2005
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Kenneth J. Mahon				Director, Chairman of the Board and Chief Executive Officer
George L. Clark, Jr.	52	2002	2005	Director, Executive Vice President and Chief Financial Officer
Steven D. Cohn	62	1980	2005	Director
Patrick E. Curtin	54	1994	2005	Director
Fred P. Fehrenbach	57	1986	2004	Director
John J. Flynn	66	1987	2004	Director
Malcolm T. Kitson	66	1994	2005	Director
Stanley Meisels	75	1990	2004(3)	Director
	72	1990	2004	Director

(1) As of March 28, 2003.

(2) Includes service as a Director or Trustee with the Bank prior to the Company's incorporation on December 12, 1995.

(3) Pursuant to the Company's Bylaws, Mr. Kitson will retire effective May 15, 2003 as a result of reaching mandatory retirement age.

The principal occupation and business experience of each nominee for election as a director and each Continuing Director are set forth below.

Nominees for Election as Director

Michael P. Devine has served as a Director of the Company since its formation in 1995 and as a Trustee or Director of the Bank since 1980. Mr. Devine has served as President of both the Company and Bank since January 1, 1997 and as Chief Operating Officer of the Company since its inception in 1995 and of the Bank since 1989. Prior to Mr. Devine's appointment as President, he served as Executive Vice President and Secretary of both the Company and the Bank. Mr. Devine joined the Bank in 1971 and has served as the Internal Auditor, Comptroller and Investment Officer. Prior to 1971, Mr. Devine served as a Senior Accountant with the firm of Peat Marwick Mitchell & Co. Since August 2001, Mr. Devine has served on the Board of Directors of Retirement Systems Group, Inc.

Anthony Bergamo has served as a Director of the Company since its formation in 1995 and as a Trustee or Director of the Bank since 1986. Mr. Bergamo is a licensed attorney in New York and New Jersey and currently serves as managing director of the Milford Plaza Hotel. Mr. Bergamo also is the chief executive officer of Niagara Falls Redevelopment LLC and Chairman of the Federal Law Enforcement Foundation. In 2002, Mr. Bergamo was appointed as a director of Lonestar Steakhouse and Saloon, Inc., a publicly traded company.

Joseph H. Farrell has served as a Director of the Company since its formation in 1995 and as a Trustee or Director of the Bank since 1969. Mr. Farrell is Chairman of the law firm of Conway Farrell Curtin & Kelly, P.C. Mr. Farrell is also President of the William F. Casey Foundation, a not-for-profit real estate holding foundation. Mr. Farrell is a trial attorney for the Roman Catholic Diocese of Brooklyn and a former Vice President of the New York State Bar Association.

Louis V. Varone has served as a Director of the Company since its formation in 1995 and as a Trustee or Director of the Bank since 1985. Mr. Varone has been a licensed real estate broker for over 35 years. Mr. Varone is self-employed.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE NOMINEES FOR ELECTION AS DIRECTORS.

Continuing Directors

Vincent F. Palagiano has served as the Chairman of the Board and Chief Executive Officer of the Company since its formation in 1995 and of the Bank since 1989. He has served as a Trustee or Director of the Bank since 1978. In addition, Mr. Palagiano has served on the Board of Directors of the Institutional Investors Capital Appreciation Fund since 1996, the Board of Directors of the Boy Scouts of America, Brooklyn Division, since 1999, and the Board of Directors of The Community Bankers Association of New York, since 2001. Mr. Palagiano joined the Bank in 1970 as an appraiser and has also served as President of both the Company and the Bank, and as Executive Vice President, Chief Operating Officer and Chief Lending Officer of the Bank. Prior to 1970, Mr. Palagiano served in the real estate and mortgage departments at other financial institutions and title companies.

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Kenneth J. Mahon was elected to serve as a Director of the Company effective January 1, 2002, and has served as a Director of the Bank since 1998. Mr. Mahon has served as the Executive Vice President of both the Company and the Bank since 1997, and the Chief Financial Officer of both the Company and the Bank since 1996. Prior to serving as the Executive Vice President and Chief Financial Officer, Mr. Mahon served as the Bank's Comptroller and Senior Vice President. Mr. Mahon is a member of the Financial Managers Society, the National Investor Relations Institute and the National Association of Corporate Directors, and serves on the

Neighborhood Advisory Board of Brooklyn Legal Services Corporation A. Prior to joining the Bank in 1980, Mr. Mahon served in the financial areas of several New York City metropolitan area savings banks.

George L. Clark, Jr. has served as a Director of the Company since its formation in 1995 and as a Trustee or Director of the Bank since 1980. Mr. Clark is President of George L. Clark Inc. (Realtors), a New York State licensed real estate firm. Mr. Clark is a former director of the Federal National Mortgage Association, and a former Chairman of the New York State Republican Committee. Mr. Clark has been a licensed real estate broker for 42 years.

Steven D. Cohn has served as a Director of the Company since its formation in 1995 and as a Trustee or Director of the Bank since 1994. Mr. Cohn is the managing partner in the law firm of Goldberg and Cohn LLP, in Brooklyn Heights, New York.

Patrick E. Curtin has served as a Director of the Company since its formation in 1995 and as a Trustee or Director of the Bank since 1986. Mr. Curtin is a senior partner in the law firm of Conway Farrell Curtin & Kelly, P.C. in New York, New York.

Fred P. Fehrenbach has served as a Director of the Company since its formation in 1995 and as a Trustee or Director of the Bank since 1987. Mr. Fehrenbach is President of Consolidated Brokerage Corp. located in Great Neck, New York, which is a retail insurance brokerage business. Mr. Fehrenbach has been with Consolidated Brokerage Corp. since 1975. Mr. Fehrenbach is also the President of Shell Realty Corp., a real estate holding company.

John J. Flynn has served as a Director of the Company since its formation in 1995 and as a Trustee or Director of the Bank since October 1994, and before that from February 1983 to February 1993. From February 1993 through August 1994, Mr. Flynn was Executive Vice President of Flushing Savings Bank, FSB in Flushing, New York. From 1990 to February 1993, and since September 1994, Mr. Flynn has been a self-employed real estate mortgage broker.

Malcolm T. Kitson has served as a Director of the Company since its formation in 1995 and as a Trustee or Director of the Bank since 1990. Mr. Kitson served as a Vice President of Citibank, N.A. until his retirement in 1990.

Stanley Meisels has served as a Director of the Company since its formation in 1995 and as a Trustee or Director of the Bank since 1990. Since 1986, Mr. Meisels has been a stockbroker in Hewlett, New York, with Gruntal & Co., currently known as Ryan Beck & Co. Mr. Meisels is also President and sole owner of Small Business Electronics Investment Corp., a private investment company.

Meetings and Committees of the Company s Board of Directors

The Board of Directors meets on a monthly basis and may have additional special meetings upon the request of the Chairman of the Board, President or at least 60% of the Directors then in office. The Company s Board of Directors met six times during the six-month period July 1, 2002 through December 31, 2002. No current director attended fewer than 75% of the total number of Board meetings and meetings of committees of which such director was a member.

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The Company's Board of Directors has established the following committees:

The Executive Committee consists of Messrs. Palagiano (Chairman), Devine, Bergamo, Clark, Farrell and Varone. The purpose of this committee is to exercise all t