PROSPECTUS SUPPLEMENT

Dime Community Bancorp, Inc.

The Dime Savings Bank of Williamsburgh 401(k) Savings Plan in RSI Retirement Trust

This Prospectus Supplement ("Plan Prospectus") relates to the offer and sale to participants in The Dime Savings Bank of Williamsburgh 401(k) Savings Plan in RSI Retirement Trust (the "401(k) Plan" or the "Plan") of participation interests in the Plan and shares of common stock, par value $.01 per share, of Dime Community Bancorp, Inc. ("Shares" or "Common Stock"), as set forth herein. Dime Community Bancorp, Inc. (the "Holding Company") is a Delaware corporation formed, in connection with the conversion of The Dime Savings Bank of Williamsburgh (the "Bank") from a federally chartered mutual savings bank to a federally chartered stock savings bank in accordance with the Plan of Conversion dated November 1, 1995, to acquire 100% of the issued and outstanding shares of the common stock of the converted Bank. The conversion of the Bank to stock form, the issuance of the Bank's capital stock to the Holding Company and the offer and sale of the Common Stock, all of which will be deemed to occur simultaneously, are referred to herein as the "Conversion."

In connection with the Conversion, the Bank has amended the Plan in certain respects, including the addition of an investment fund that will invest in Common Stock (the "Common Stock Fund"). Such amendments will be subject to and conditioned upon the occurrence of the Conversion.

This Prospectus Supplement relates to the offer to eligible employees of the Bank, who are active participants in the Plan immediately prior to the consummation of the Conversion or who become participants after the consummation of the Conversion, and former employees and beneficiaries of deceased former employees who have accounts under the Plan (such eligible employees, former employees and beneficiaries are collectively referred to herein as "Participants") of participation interests in the Plan, as amended, and the opportunity to invest all or a portion of their accounts in Common Stock.

The Prospectus dated May 14, 1996 of the Holding Company, which is attached to this Prospectus Supplement, includes detailed information with respect to the Conversion, the Common Stock and the financial condition and results of operation and business of the Holding Company and the Bank. This Prospectus Supplement, which provides a summary of the terms of the Plan, describes the funds available under the Plan for the investment of Participant accounts (including the Common Stock Fund) and discusses certain applicable provisions of law, should be read only in conjunction with the Prospectus.

SEE "RISK FACTORS" IN THE PROSPECTUS FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED BY EACH PARTICIPANT IN VIEW OF THE HIGH DEGREE OF RISK INVOLVED IN AN INVESTMENT IN COMMON STOCK.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, THE OFFICE OF THRIFT SUPERVISION, OR ANY OTHER FEDERAL AGENCY OR ANY STATE SECURITIES COMMISSION, NOR HAS SUCH COMMISSION, OFFICE, OR OTHER AGENCY OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THE PROSPECTUS OR THIS PROSPECTUS SUPPLEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE SHARES OF COMMON STOCK OFFERED HEREBY ARE NOT SAVINGS ACCOUNTS OR DEPOSITS AND ARE NOT INSURED OR GUARANTEED BY THE SAVINGS ASSOCIATION INSURANCE FUND OR THE BANK INSURANCE FUND OF THE FEDERAL DEPOSIT INSURANCE CORPORATION, OR BY ANY OTHER GOVERNMENT AGENCY.

The date of this Prospectus Supplement is May 14, 1996.

No person has been authorized to give any information or to make any representation other than those contained in the Prospectus or in this Prospectus Supplement and, if given or made, such information or representation must not be relied upon as having been authorized by the Holding Company, the Bank, the Plan or the trustees or other fiduciaries of the Plan. This Prospectus Supplement does not constitute an offer to sell or a solicitation of an offer to buy any security other than participation interests in the Plan offered hereby and the shares of Common Stock in which the Plan may invest, nor does it constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby to any person in any jurisdiction in which it is unlawful to make such an offer or solicitation to such person. Neither the delivery of this Prospectus Supplement nor any sale made hereunder shall under any circumstance create any implication that the information contained herein is correct as of any date subsequent to the date hereof.

OFFERING OF PLAN PARTICIPATIONS AND COMMON STOCK

Subject to consummation of the Conversion, the Bank has amended the Plan in certain respects, including the addition of the Common Stock Fund. Eligible employees of the Bank who are participants in the Plan immediately prior to the consummation of the Conversion, and former employees and beneficiaries of deceased former employees who have an account under the Plan are hereby offered participation interests in the Plan and the opportunity to invest all or a portion of their accounts in Common Stock issued in connection with the Conversion by electing to transfer amounts therein that are currently invested in other investment funds to the Common Stock Fund. Subject to approval of the Office of Thrift Supervision, the trustee of the Plan (the "Trustee") will purchase a number of shares of Common Stock in the Subscription Offering (as defined in the Prospectus) to satisfy such Participant elections at the same price as is paid by all other persons who purchase Common Stock in connection with the Conversion. The price per share of Common Stock paid by persons purchasing Common Stock in connection with the Conversion will be $10.00. Under certain circumstances, each Participant's election to transfer a portion of his or her account under the Plan to the Common Stock Fund may be reduced on a proportionate basis. Any Participant to whom this offer is hereby made who does not file the Investment Fund Transfer Form (which is included in this Prospectus Supplement) prior to 12:00 noon, New York time on June 3, 1996 shall be deemed to have elected to continue to participate in the Plan, as it is intended to be amended, and to continue the investment elections in effect under the Plan immediately prior to such date. Upon the proper execution and delivery of the Investment Fund Transfer Form, the elections made therein are irrevocable.

Each Participant to whom this offer is hereby made may elect to continue to participate in the Plan, as amended, and may also elect to transfer all or a portion of his or her account under the Plan to the Common Stock Fund by executing and filing the prescribed forms with the administrative committee of the Plan (the "Committee").

The terms of the offering of participation interests in the Plan, as amended, and the investment in Common Stock thereunder, including a summary of the principal terms of the Plan, are described below under "Terms of the Offering." The principal terms of the Plan are described in greater detail below under "The 401(k) Plan." A discussion of certain United States federal income tax aspects of Plan participation of general application is set forth under "Federal Income Tax Effects."

TERMS OF THE OFFERING

Eligible employees of the Bank who are participants in the Plan immediately prior to the consummation of the Conversion, and former employees who have accounts under the Plan are hereby offered participations in the Plan, as amended in connection with the Conversion, and the opportunity to invest all or a portion of their accounts in Common Stock issued in connection with the Conversion by electing to transfer amounts therein that are currently invested in other investment funds to the Common Stock Fund. Under the Plan, as so amended, active Participants will be able to make contributions, on a pre-tax basis, and to invest such contributions in various investment funds, including the Common Stock Fund. The offer of participation interests in the Plan and the opportunity to invest in Common Stock under the Plan are being made under the following terms and conditions:

Effective Date..............	The amendments to the Plan made in connection with the Conversion are generally effective prior to the Conversion.
Eligible Employee...........	Generally, each active employee (other than an hourly-paid or leased employee or employee compensated on a commission basis) will be eligible to become a Participant after completing one year of service. See "The 401(k) Plan--Eligibility and Participation." However, only eligible employees who are Participants or who become participants after the consummation of the Conversion and former employees and beneficiaries of deceased former employees who have accounts under the Plan may participate in this offering.
Employee Contributions......	Participants may contribute, on a pre-tax basis, any whole percentage of their annual earnings, subject to certain limitations. See "The 401(k) Plan--Description of the Plan--Contributions."
Employer Contributions......	The Bank will no longer make contributions beginning June 1, 1996. See "The 401(k) Plan--Description of the Plan--Contributions."
Vesting.....................	The portion of a Participant's account attributable to employee contributions and to contributions rolled over into the Plan from another employer's tax-qualified plan is 100% vested at all times; employer matching contributions, if any, generally become 25% vested after 2 years, 50% vested after 3 years, 75% vested after 4 years and 100% vested after an active Participant's completion of five years of service. See "The 401(k) Plan--Contributions."
Investment Funds............	Under the Plan as amended in connection with the Conversion, Participants will be able to invest their account balances in the following investment funds: (i) Common Stock Fund; (ii) the Core Equity Fund; (iii) Value Equity Fund; (iv) Emerging Growth Equity Fund; (v) International Equity Fund; (vi) Actively Managed Bond Fund; (vii) Intermediate-Term Bond Fund; and (viii) Short-Term Investment Fund. Participants to whom this offer is hereby made may invest in Common Stock by electing to

transfer all or a portion of their accounts under the Plan to the Common Stock Fund. Under certain circumstances, such elections may be reduced on a proportionate basis. See "The 401(k) Plan--Investments."

Distributions..............	Generally, Participants' accounts under the Plan will be distributed after termination of service. See "Benefit Payments."
In-Service Withdrawals......	Active Participants are permitted to make certain withdrawals from their accounts under the Plan prior to termination of service in certain circumstances. See "The 401(k) Plan--Participants' Access to Funds During Employment."
Expiration Date.............	The offer to participate in the Plan, as amended in connection with the Conversion, and to invest in Common Stock in this initial public offering thereunder pursuant to this Prospectus Supplement will expire at 12:00 noon, New York time, on June 3, 1996. See "The 401(k) Plan--Eligibility and Participation." The offer to participate in the Plan as amended to invest in Common Stock after the Conversion will continue indefinitely.
Acceptance of Offer.........	A Participant who elects to accept the offer made hereby must execute and deliver the Investment Fund Transfer Form included in this Prospectus Supplement to: Myles McLoughlin Director of Human Resources The Dime Savings Bank of Williamsburgh 209 Havemeyer Street Brooklyn, New York 11211 New Participants may elect to accept the offer when they are eligible to participate or may elect thereafter to transfer all or a portion of their accounts.
Condition to the Offering...	The offer made hereby is conditioned on the consummation of the Conversion.
Transferability of Shares...	Subsequent sales by most Participants of shares of Common Stock distributed from the Plan will not be subject to restriction. See "The 401(k) Plan--Restrictions on Resale."
Plan Administration.........	The Plan is administered by the Bank and a committee designated by the Board of Directors of the Bank. See "The 401(k) Plan--Administration of Plan."
Amendment/Termination of Plan.......................	The Board of Directors of the Bank may amend the Plan at any time. Also, the Board of Directors of the Bank may terminate the Plan at any time. See "The 401(k) Plan--Amendment and Termination."

Revocation or Modificationof Offering....	The offer to participate in the Plan, as amended in connection with the Conversion, and the opportunity to invest in Common Stock thereunder may be revoked or modified at any time, regardless of whether the Investment Fund Transfer Form has been properly executed and filed; proper execution and filing of the Investment Fund Transfer Form shall be deemed an irrevocable acceptance of the offer made hereby but shall not restrict a Participant's right to withdraw from participation in the Plan, discontinue investments in Common Stock, or liquidate prior investments in the Common Stock Fund in accordance with the Plan.
Tax Effect..................	A summary of certain United States federal income tax aspects of participation in the Plan of general application is provided herein. See "The 401(k) Plan--Federal Income Tax Effects."

THE 401(k) PLAN

GENERAL

The Dime Savings Bank of Williamsburgh 401(k) Savings Plan in RSI Retirement Trust ("401(k) Plan") is a profit-sharing plan which is qualified under section 401(a) of the Internal Revenue Code of 1986 ("Code") and which includes a cash or deferred arrangement described in section 401(k) of the Code. The Board of Directors of the Bank adopted the 401(k) Plan, effective as of July 1, 1991, as an amendment and restatement of The Dime Savings Bank of Williamsburgh Incentive Savings Plan ("Prior Plan"), which was a qualified profit-sharing plan that did not include a cash or deferred arrangement. The 401(k) Plan has been amended to include as a part thereof an arrangement under which participating employees may invest in Shares following the Conversion. The address of the principal executive office of the Holding Company is 209 Havemeyer Street, Brooklyn, New York 11211. The Holding Company's telephone number at its principal executive office is (718) 782-6200. The address and telephone number of the Bank's principal executive office are the same as the Holding Company's.

The 401(k) Plan is maintained pursuant to a written document amended and restated as of July 1, 1991, and further amended through February 8, 1996, by action of the Bank's Board of Directors. The full text of such written document and all amendments thereto are incorporated herein by this reference. The statements set forth below are qualified in their entirety by such reference.

The 401(k) Plan is maintained by the Bank exclusively for the benefit of its participating employees and their beneficiaries. As of December 31, 1995, approximately 124 employees of the Bank were eligible for participation in the 401(k) Plan and 123 eligible employees had elected to participate.

The primary purpose of the 401(k) Plan is to encourage personal savings and investment among the Bank's employees by providing an economic incentive for them to save a portion of their compensation, a convenient means to save through automatic payroll deduction, and cost-efficient access to a variety of investment options for the amounts saved. An additional purpose of the 401(k) Plan is to provide participating employees and their beneficiaries with the opportunity to participate in the future development of the Holding Company, as do the Holding Company's stockholders, by investing amounts saved under the 401(k) Plan in Shares and by controlling the voting and certain other stockholder rights associated with the Shares in which such amounts are invested. See "Investments" and "Voting and Tender Rights."

The 401(k) Plan is an "employee pension benefit plan" within the meaning of section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and is an "individual account plan" within the meaning of section 3(34) of ERISA. As such, the 401(k) Plan is subject to some, but not all, of the requirements imposed on employee benefit plans under ERISA. Specifically, the 401(k) Plan is subject to the reporting and disclosure requirements set forth in Title I of ERISA, which generally require that participating employees be provided with a summary of the material provisions of the 401(k) Plan and any material changes in such provisions, a statement of their legal rights under ERISA, and annual financial reports, and that they have access upon request to certain other pertinent documents and information. It is also subject to the minimum participation and vesting standards imposed under Title I of ERISA, which generally restrict the age and service conditions which may be imposed as conditions of eligibility for participation or of entitlement to a nonforfeitable benefit. The fiduciary responsibility standards of Title I of ERISA, which generally require that the 401(k) Plan and its assets be managed in accordance with the provisions of written documents by independent fiduciaries acting for the exclusive benefit of participating employees and their beneficiaries and which establish minimum standards of fiduciary conduct, also apply. The 401(k) Plan is also subject to the enforcement provisions of Title I of ERISA, which generally afford participating employees access to state and federal courts for purposes of defending, enforcing or clarifying their rights under the 401(k) Plan.

The 401(k) Plan is not, however, subject to the plan termination insurance provisions of Title IV of ERISA, pursuant to which certain benefits accrued under employee pension benefit plans are insured by the Pension Benefit Guaranty Corporation. This is so because the 401(k) Plan is an individual account plan, and the Pension Benefit Guaranty Corporation is not permitted under Title IV of ERISA to insure benefits accrued under individual account plans. No similar insurance protection has been obtained, or will be sought, from private sources. 401(k) PLAN ACCOUNTS ARE NOT BANK DEPOSITS AND ARE NOT INSURED OR GUARANTEED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY STATE DEPOSIT INSURANCE SYSTEM OR FUND.

As a qualified plan, the 401(k) Plan is also subject to certain provisions of Title II of ERISA, which generally requires that the 401(k) Plan satisfy certain minimum eligibility, participation and nondiscrimination standards, among others, in exchange for certain tax benefits. In the Bank's case, such tax benefits include the availability of a current deduction for amounts contributed to the 401(k) Plan in determining the Bank's federal and New York State income tax liability. For participating employees, such tax benefits include, in general: a deferral of income tax liability up to specified legal limits on amounts contributed to the 401(k) Plan for their benefit, until such time as such amounts are distributed to them; a deferral of income tax liability on any investment earnings on amounts invested for them under the 401(k) Plan, until such time as such earnings are distributed to them; and, in certain cases, favorable income tax treatment for federal, state and local income tax purposes for amounts distributed from the 401(k) Plan. See "Plan Prospectus--Federal Income Tax Effects."

APPLICABLE FEDERAL LAW REQUIRES THE 401(k) PLAN TO IMPOSE SUBSTANTIAL RESTRICTIONS ON THE RIGHT OF A PARTICIPATING EMPLOYEE TO WITHDRAW AMOUNTS HELD FOR HIS BENEFIT UNDER THE 401(k) PLAN PRIOR TO THE EMPLOYEE'S TERMINATION OF EMPLOYMENT WITH THE BANK. A SUBSTANTIAL FEDERAL TAX PENALTY MAY ALSO BE IMPOSED ON WITHDRAWALS MADE PRIOR TO THE EMPLOYEE'S ATTAINMENT OF AGE 59 1/2, REGARDLESS OF WHETHER SUCH A WITHDRAWAL OCCURS DURING HIS EMPLOYMENT WITH THE BANK OR AFTER TERMINATION OF EMPLOYMENT.

ADMINISTRATION

Plan Administration. The 401(k) Plan is administered by the Compensation Committee ("Committee") of the Board of Directors of the Bank and by a Plan Administrator appointed by the Bank.

The Committee consists of at least three members of the Bank's Board of Directors none of whom are salaried employees of the Bank and one of whom is designated by the Board of Directors to serve as Chairman of the Committee. The members of the Committee serve at the pleasure of the Board of Directors. The members of the Committee currently are:

NAME	POSITION
Anthony Bergamo	Chairman
Patrick E. Curtin	Member
George L. Clark, Jr.	Member

The Committee's address is c/o The Dime Savings Bank of Williamsburgh, 209 Havemeyer Street, Brooklyn, New York 11211. The duties of the Committee in connection with the 401(k) Plan include: construing the provisions of the 401(k) Plan and determining questions of fact; prescribing rules and regulations to facilitate the efficient operation of the 401(k) Plan; receiving and reviewing information and reports prepared by others in connection with the 401(k) Plan; and retaining legal and financial advisors and other service providers for the 401(k) Plan.

Pursuant to the terms of the 401(k) Plan, the Plan Administrator is appointed by the Bank to serve for an indefinite period until resignation or removal. The Plan Administrator currently is:

Myles McLoughlin
Director of Human Resources
The Dime Savings Bank of Williamsburgh
209 Havemeyer Street
Brooklyn, New York 11211

The Plan Administrator's responsibilities with respect to the 401(k) Plan include all day-to-day administrative functions, including implementing the policy decisions of the Committee.

Investment Administration. All assets of the 401(k) Plan are held in trust by institutional trustees for investment on behalf of participating employees and their beneficiaries. Portions of the assets of the 401(k) Plan are expected to be held in two separate trusts, the trustees of which are the trustees of the RSI Retirement Trust and Marine Midland Bank ("Stock Fund Trustee"). The addresses of the trustees are:

Retirement System Group Inc.
41 East 42nd Street
New York, New York 10017

Marine Midland Bank
250 Park Avenue
New York, New York 10177

The trustees are selected by the Bank's Board of Directors and serve at the pleasure of the Board of Directors.

The Stock Fund Trustee is a New York chartered commercial bank and serves as trustee of those assets of the 401(k) Plan that are allocated to an investment fund established for the primary purpose of investing in Shares. The Stock Fund Trustee's service is governed by a Trust Agreement dated May 6, 1996 between the Bank and the Stock Fund Trustee ("Stock Fund Trust Agreement"). RSI Retirement Trust is a multiple-employer trustee, and its trustees serve as trustee of all other assets of the 401(k) Plan. Affiliates of RSI Retirement Trust provide certain recordkeeping and other administrative services. The service of the trustees of RSI Retirement Trust is governed by an Agreement and Declaration of Trust, as amended through December 3, 1992 ("Retirement System Declaration of Trust"). A copy of each of the Stock Fund Trust Agreement and the Retirement System Declaration of Trust are incorporated herein by this reference. The discussion below is qualified in its entirety by such reference.

ELIGIBILITY AND PARTICIPATION

Only those individuals who are salaried employees of the Bank are eligible to become participants in the 401(k) Plan. Individuals who provide services to the Bank as independent contractors and individuals who are hired by others to perform for the Bank services which the hiring party has obligated itself to provide are not eligible to become participants. Employees who are compensated other than on a salaried basis are ineligible as well. Also ineligible are employees who are covered by a collective bargaining agreement between the Bank and a bargaining unit under which retirement benefits were the subject of good faith bargaining, unless the collective bargaining agreement requires that such employees be covered under the 401(k) Plan.

An employee who is eligible to become a participant in the 401(k) Plan may become a participant beginning on the first day of any payroll period that begins in a calendar month that begins after the employee completes one year of service. Eligible employees are not required to attain a minimum age before commencing participation in the Plan.

Participation in the 401(k) Plan is not automatic. An eligible employee who has completed at least one year of service may become a participant by entering into a compensation reduction agreement with the Bank, pursuant to which the employee's current compensation is reduced in exchange for the Bank's commitment to contribute to the 401(k) Plan on the employee's behalf. Eligible employees are not required to participate.

CONTRIBUTIONS

General. The 401(k) Plan provides for three general types of contributions: compensation reduction contributions, matching contributions and special contributions. Compensation reduction contributions are contributions made by the Bank for the benefit of a participating employee in exchange for that employee's agreement to reduce his current compensation by an equal amount. Matching contributions are additional contributions which are made by the Bank for the benefit of a participating employee for whom compensation reduction contributions are made, but which do not result in an additional reduction of the participating employee's current compensation. Special contributions are additional contributions which may be made by the Bank on account of an employee to ensure that the 401(k) Plan complies with section 401(k) of the Code.

The compensation reduction contributions and matching contributions to be made to the 401(k) Plan are determined each payroll period. The Bank actually makes such contributions as soon as practicable after the end of each payroll period, but in no event less frequently than monthly.

In addition, under the Prior Plan, participating employees were permitted to make voluntary contributions of a portion of their after-tax compensation, and certain amounts contributed on this basis are now held by the 401(k) Plan. The Prior Plan and the 401(k) Plan also allow employees of the Bank, including those who are not otherwise eligible to participate, to make rollover contributions of certain amounts distributed to them from other qualified retirement plans. Amounts contributed on this basis also are held by the 401(k) Plan.

Compensation Reduction Contributions. An eligible employee who elects to participate in the 401(k) Plan must enter into a compensation reduction agreement with the Bank. Pursuant to the compensation reduction agreement, the participating employee's current compensation will be reduced by between 1% and 9% of the amount otherwise payable, as specified by the participating employee. Compensation for this purpose includes base pay plus overtime payments, commissions and wages and wage continuation payments due to short-term absence or disability, measured prior to the application of the compensation reduction agreement, but does not include any other types of current or deferred compensation. In exchange for the compensation reduction agreement, the Bank makes a salary reduction contribution to the 401(k) Plan, for the benefit of the participating employee, equal to the amount by which the participating employee's compensation is reduced.

Compensation reduction agreements, and the corresponding compensation reduction contributions, with respect to a participating employee may be made, changed or revoked upon written notice by the participating employee given at least ten days in advance of the first day of the payroll period to be affected thereby. Such actions may not be taken more frequently than four times in any year.

Matching Contributions. The Bank has made matching contributions for the benefit of participating employees. The amount of matching contributions made for a participating employee varies depending upon the amount of the compensation reduction contributions made for that employee and the length of that employee's participation in the 401(k) Plan. The 401(k) Plan provides that during a participating employee's first 48 months of participation in the 401(k) Plan, the Bank makes matching contributions in an amount equal to 50% of the compensation reduction contributions made for the participant's benefit, thereafter, the Bank makes matching contributions in an amount equal to 100% of the compensation reduction contributions made for the participant's benefit, but in each case, in no event more than 6% of such participant's compensation. The 401(k) Plan provides that matching contributions will be made in Stock unless the Bank's Board of Trustees specifies that the contribution be made in cash. The Bank anticipated that, because it will be adopting an Employee Stock Ownership Plan in connection with the Conversion, limitations imposed under section 415 of the Code would prevent it from making matching contributions. The Bank has amended the 401(k) Plan to cease matching contributions as of May 31, 1996.

Contribution Limitations. There are four limitations imposed under federal law which may affect a participating employee's right to the maximum compensation reduction contributions and matching contributions otherwise permitted under the 401(k) Plan.

Under section 402(g) of the Code, a maximum dollar limitation is imposed on the annual compensation reduction contributions that may be made for any individual under this and other similar plans. For 1996, such limit is $9,500. The limit is subject to adjustment in future years to account for changes in the cost of living as permitted under the Code. Any restriction imposed on the compensation reduction contributions made under the 401(k) Plan for the benefit of a participating employee will have a corresponding effect on any matching contributions made for such person.

Limitations may be imposed under sections 401(k) and 401(m) of the Code on the annual compensation reduction contributions and matching contributions, respectively, made for the benefit of the Bank's highly compensated employees, in order to prevent the highly compensated employees from benefiting disproportionately under the 401(k) Plan as compared to eligible employees who are not highly compensated. Any such restriction imposed on the compensation reduction contributions made under the 401(k) Plan for the benefit of a participating employee will have a corresponding effect on any matching contributions made for such person. However, any such restriction imposed on the matching contributions made for a participating employee will not necessarily affect the rate at which compensation reduction contributions may be made.

A limitation is also imposed under section 415 of the Code on the maximum aggregate annual contributions which may be made for the benefit of a participating employee under all of the qualified defined contribution plans maintained by the Bank and certain of its affiliates. An additional limitation is imposed on the maximum aggregate contributions and benefits which may accrue for the benefit of a participating employee under all of the qualified defined benefit plans and defined contribution plans maintained by the Bank and certain of its affiliates. These limitations, when applicable, may require that either the compensation reduction contributions or the matching contributions, or both, made for a participating employee's benefit be restricted, unless appropriate contribution or benefit reductions are made under other plans maintained by the Bank or its affiliates.

INVESTMENTS

General. All of the assets of the 401(k) Plan are invested in one of the following investment funds, each of which is more particularly described below: the Core Equity Fund ("Core Fund"); the Value Equity Fund ("Value Fund"), the Emerging Growth Equity Fund ("Emerging Growth Fund"); the International Equity Fund ("International Fund"); the Intermediate-Term Bond Fund ("Intermediate Bond Fund"); the Actively Managed Bond Fund; the Short-Term Investment Fund ("Short-Term Fund"); and the Common Stock Fund ("Common Stock Fund"). All of these funds except the Common Stock Fund is described in a prospectus filed with the Securities and Exchange Commission. The description set forth below is qualified in its entirety by the terms of the documents governing such funds and any prospectus issued for such funds. Comparative investment results for the investment funds are also set forth below.

Participating employees have the right to choose the investment funds in which contributions to their accounts are invested, and may choose to allocate and reallocate amounts credited to their accounts among all or any combination of the investment funds. Each of the investment funds is valued each business day, and investment decisions may be made or changed at any time upon ten days' advance notice. A participating employee may not change his investment decision more frequently than once during any calendar quarter.

A participating employee may also direct that multiples of 1% of the net value of any of his investment accounts be transferred to another investment account. Such transfer may be made once in any calendar quarter. The transfers will be valued as of the valuation date on which received and made within seven days of the direction.

None of the investment funds distributes dividends or other earnings or proceeds to participating employees. All such amounts are reinvested in the investment fund in which they arise.

Core Fund. The Core Fund is managed by the Retirement System and invests in common stocks and investments convertible into common stocks in a diversified group of companies which the Retirement System believes to be financially sound, high quality, larger capitalization companies. Investments are made primarily in common stocks, although investments may be made in other equity-based securities, such as securities convertible into common stocks and warrants to purchase common stocks. In general, the Core Equity Fund will invest in stocks of companies with market capitalizations in excess of $750 million.

An interest in the Core Fund is expressed in units. The net value of a unit of the Core Fund is determined by dividing the excess, if any, of the fair market value of its assets (including market values of the underlying assets) over its liabilities by the number of units outstanding. Liabilities include the investment advisory fees paid for management of the Core Fund and brokerage commissions and other expenses incurred in investing the underlying assets. Income, gains and losses on assets held in the Core Fund are reflected in the net asset value of the units. Units of the Core Fund purchased with contributions by or on behalf of a participant are generally purchased as of each contribution date at a cost per unit based on the value of the units as of the valuation date next preceding the purchase date.

The Core Fund seeks to achieve long-term performance which exceeds that of the total return of the Lipper Growth and Income Mutual Funds Average, a proprietary index published by Standard & Poor's Corporation, measured over a period of three to five years. This index calculates the rate of return on the common stock of selected companies on the assumption that dividends are reinvested. There is no assurance, however, that the Core Fund will achieve the stated performance objective, and the past performance of the Core Fund cannot necessarily be used to project future performance.

Value Fund. The Value Fund is managed by the Retirement System and is a diversified fund, which seeks to achieve, primarily through capital appreciation, a total return which exceeds the Lipper Growth and Income Mutual Funds Average measured over a period of three to five years. Investments are made in securities of companies which are perceived by the investment manager to be "undervalued" (undervalued due to the perceptions by other investors and which therefore may be selling at, in the investment manager's view, unjustifiably low price/book ratios, price/earnings ratios, price/dividend ratios, etc.), financially sound and which offer prospects for significant earnings or dividend growth relative to their market prices. Such undervalued companies generally will have price/earnings and price/book ratios that are lower than average relative to (a) the corresponding ratios of the average company in a similar industry included in broad stock market indices (e.g., the Standard & Poor's 500 Composite Stock Price Index), (b) comparable to generally accepted value indices (e.g., the Russell Value 1000 Index) or (c) the company's historical price/earnings and price/book ratios. Investments are made primarily in common stocks, although investments may be made in other equity-based securities, such as securities convertible into common stocks and warrants to purchase common stocks. In general, the Value Fund will invest in stocks of companies with a market capitalization in excess or $750 million. A portion of the Value Fund may be temporarily held in cash equivalents not exceeding 25% of the total assets of such Fund. The portfolio of the Value Equity Fund generally will have a lower degree of risk than the portfolio of the Emerging Growth Fund and a slightly higher degree of risk than the Core Fund.

An interest in the Value Fund is expressed in units. The net value of a unit of the Value Fund is determined by dividing the excess, if any, of the fair market value of its assets (including market values of the underlying assets) over its liabilities by the number of units outstanding. Liabilities include the investment advisory fees paid for management of the Value Fund and brokerage commissions and other expenses incurred in investing the underlying assets. Income, gains and losses on assets held in the Value Fund are reflected in the net asset value of the units. Units of the Value Fund purchased with contributions by or on behalf of a participant are generally purchased as of each contribution date at a cost per unit based on the asset value of the units as of the valuation date next preceding the purchase date.

Emerging Growth Fund. The Emerging Growth Fund is managed by the Retirement System and is a diversified fund which seeks to maximize total return, primarily through capital appreciation, through investment in securities of rapidly growing, emerging companies. The Emerging Growth Fund seeks to achieve a total return which exceeds the Lipper Small Company Growth Mutual Funds Average measured over a period of three to five years. Emerging growth companies are those that are expected by the Fund's manager to experience rapid earnings growth in the next few years. Investment holdings in companies with market capitalizations greater than $1 billion (occurring as a result of price appreciation) should not exceed 10% of the Emerging Growth Fund's total assets. Emerging growth companies generally exhibit the following characteristics relative to the average company in a similar industry included in the broad stock market indices (e.g., the Standard & Poor's 500 Composite Stock Price Index): higher than average return on equity, higher than average earnings and dividend growth potential as perceived by the investment manager and smaller than average market capitalization. Investments are made primarily in common stocks, although investments may be made in other equity-based securities, such as securities convertible into common stocks and warrants to purchase common stocks. The portfolio of the Emerging Growth Fund generally will have a higher degree of risk and price volatility than the portfolio of the Core Fund and Value Fund and may have a lower income return than such funds.

An interest in the Emerging Growth Fund is expressed in units. The net value of a unit of the Emerging Growth Fund is determined by dividing the excess, if any, of the fair market value of its assets (including market values of the underlying assets) over its liabilities by the number of units outstanding. Liabilities include the investment advisory fees paid for management of the Emerging Growth Fund and brokerage commissions and other expenses incurred in investing the underlying assets. Income, gains and losses on assets held in the Emerging Growth Fund are reflected in the net asset value of the units. Units of the Emerging Growth Fund purchased with contributions by or on behalf of a participant are generally purchased as of each contribution date at a cost per unit based on the asset value of the units as of the valuation date next preceding the purchase date.

International Fund. The International Fund is managed by the Retirement System and is a diversified fund which seeks to achieve a total return (currency adjusted) in excess of the total return of the Lipper International Mutual Funds Average measured over a period of three to five years. Total return includes both capital return (appreciation or depreciation in net asset value) and income return (dividends and any interest income, net of operating expenses). Investments are made primarily in common stocks and other equity-based securities such as securities convertible into common stocks and warrants to purchase common stocks. Such investments will be made primarily in securities of companies domiciled outside of the United States and at least 65% of such Fund's total assets will be invested in securities of companies domiciled in at least three countries. The International Equity Fund may also invest in securities of non-United States governments and their agencies and may also invest in securities of United States companies which derive, or are expected to derive, a substantial portion of their revenues from operations outside the United States. Investments in such U.S. companies will normally be less than 10% of such Investment Fund's total assets. The International Equity Fund may enter into forward foreign currency exchange contracts to protect against uncertainty in the level of future exchange rates.

An interest in the International Fund is expressed in units. The net value of a unit of the International Fund is determined by dividing the excess, if any, of the fair market value of its assets (including market values of the underlying assets) over its liabilities by the number of units outstanding. Liabilities include the investment advisory fees paid for management of the International Fund and brokerage commissions and other expenses incurred in investing the underlying assets. Income, gains and losses on assets held in the International Fund are reflected in the net asset value of the units. Units of the International Fund purchased with contributions by or on behalf of a participant are generally purchased as of each contribution date at a cost per unit based on the asset value of the units as of the valuation date next preceding the purchase date.

Actively Managed Bond Fund. The Actively Managed Bond Fund is managed by the Retirement System and is a diversified fund which seeks through selective investment in bonds and other debt securities, to achieve a total return in excess of the Lipper U.S. Government Bond Funds Average measured over a period of three to five years. The returns are sought through substantial periodic altering of the structure (particularly the maturity structure) of the portfolio. Securities issued or guaranteed by the United States government or its agencies or instrumentalities in which the Actively Managed Bond Fund might invest would generally be of the same nature as those in which the Short-Term Investment Fund might invest.

The Actively Managed Bond Fund invests in fixed-income securities without any restriction on maturity. Fixed-income securities can have maturities as long as 30 years or more. The average maturity of securities in the Actively Managed Bond Fund will be based upon the investment manager's expectations for the future course of interest rates and then prevailing price and yield levels in the fixed-income market.

Changes in interest rates will cause the value of securities held in the Actively Managed Bond Fund to vary inversely to changes in prevailing interest rates. If, however, a security is held to maturity, no gain or loss will be realized as a result of changes in prevailing rates. The value of these securities will also be affected by general market and economic conditions and by the creditworthiness of the issuer. Fluctuations in value of the Actively Managed Bond Fund securities will cause net asset value per unit to fluctuate.

Interests in the Actively Managed Bond Fund are expressed in units. The net value of a unit of the Bond Fund is determined by dividing the excess, if any, of the fair market value of its assets (including market values of the underlying assets) over its liabilities by the number of units outstanding. Liabilities include the investment advisory fees paid for management of the Bond Fund and brokerage commissions and other expenses incurred in investing the underlying assets. Income, gains and losses on assets held in the Bond Fund are reflected in the net asset value of the units. Units of the Bond Fund purchased with contributions by or on behalf of a participant are generally purchased as of each contribution date at a cost per unit based on the asset value of the units as of the valuation date next preceding the purchase date.

Intermediate-Term Bond Fund. The Intermediate Bond Fund is a diversified fund which seeks to achieve a total return (i.e., income, including reinvested income, and capital appreciation or depreciation in the net asset value, net of operating expenses) in excess of the Lipper Short-Intermediate (five to ten year maturity) U.S. Government Mutual Funds Average measured over a period of three to five years. The returns are sought through a high level of current income with consideration also given to safety of principal through investment in fixed-income securities either maturing within ten years or having an expected average life of under ten years. The Fund is managed within an average portfolio maturity range of 2 1/2 years to a maximum of 5 years and an average duration range from 2 1/2 years to 4 years. Investment emphasis is placed upon securing a stable rate of return through investment in a diversified portfolio of debt securities. The Intermediate Bond Fund will attempt to purchase only securities which were part of an original issue of $100 million or more. The average maturity of securities in the Intermediate Bond Fund will be based primarily upon the investment manager's expectations for the future course of interest rates and the then prevailing price and yield levels in the fixed-income markets.

Interests in the Intermediate Bond Fund are expressed in units. The net value of a unit of the Intermediate Bond Fund is determined by dividing the excess, if any, of the fair market value of its assets (including market values of the underlying assets) over its liabilities by the number of units outstanding. Liabilities include the investment advisory fees paid for management of the Intermediate Bond Fund and brokerage commissions and other expenses incurred in investing the underlying assets. Income, gains and losses on assets held in the Intermediate Bond Fund are reflected in the net asset value of the units. Units of the Intermediate Bond Fund purchased with contributions by or on behalf of a participant are generally purchased as of each contribution date at a cost per unit based on the asset value of the units as of the valuation date next preceding the purchase date. The valuation date is each business day.

Short-Term Fund. The Short-Term Fund is managed by the Retirement System and invests in what the Retirement System believes to be short-term, fixed-income securities. It is intended that the average maturity of the portfolio not exceed twelve months. A goal of the Short-Term Fund is the preservation of principal and it attempts to maintain a relatively stable par share value. The fund is not a money market fund and its net asset value will fluctuate.

Interests in the Short-Term Fund are expressed in units. The net value of a unit of the Short-Term Fund is determined by dividing the excess, if any, of the fair market value of its assets (including market values of the underlying assets) over its liabilities by the number of units outstanding. Liabilities include the investment advisory fees paid for management of the Short-Term Fund and brokerage commissions and other expenses incurred in investing the underlying assets. Income, gains and losses on assets held in the Short-Term Fund are reflected in the net asset value of the units. Units of the Short-Term Fund purchased with contributions by or on behalf of a participant are generally purchased as of each contribution date at a cost per unit based on the asset value of the units as of the valuation date next preceding the purchase date. The valuation date is each business day.

Common Stock Fund. The Common Stock Fund will consist of investments in Shares made on and after the effective date of the Conversion to stock form. Dividends paid on Shares held in the Common Stock Fund will be reinvested in Shares. The Bank will transfer to the Common Stock Fund Trustee contributions by or on behalf of participants who have elected to invest in the Common Stock Fund, and the Retirement System will transfer to the Common Stock Fund Trustee the proceeds of the liquidation of interests in the investment funds managed by it to be reinvested in the Common Stock Fund.

The Common Stock Fund Trustee will, to the extent practicable, use all amounts held by it in the Common Stock Fund to purchase shares of Common Stock of the Holding Company. Such purchases may occur on the open market or in negotiated transactions with private sellers, or may involve treasury stock or newly issued Shares purchased directly from the Holding Company. It is expected that all purchases will be made at prevailing market prices. Under certain circumstances, the Common Stock Fund Trustee may be required to limit the daily volume of Share purchases. Pending investment in Shares, assets held in the Common Stock Fund will be placed in bank deposits and other short-term investments, including but not limited to the Short-Term Fund.

When Shares are purchased or sold, the cost or net proceeds are charged or credited to the accounts of participants affected by the purchase or sale. The Bank expects to pay any brokerage commissions, transfer fees and other expenses incurred in the sale and purchase of Shares for the Common Stock Fund. A participant's account will be adjusted to reflect changes in the Shares resulting from stock dividends, stock splits and similar changes.

The 401(k) Plan will have a second priority right, or in the event of increase of up to 15% in the number of shares issued as a result of an increase in the estimated price range of $93.5 million to $126.5 million of the Holding Company's stock, a first priority right, as a tax-qualified stock employee benefit plan to subscribe for the purchase of Shares to be issued by the Holding Company in the subscription offering of such common stock ("Subscription Offering"), to the extent of 2% of the Shares to be issued by the Holding Company. To give effect to this right, participating employees and their beneficiaries may, prior to the expiration of the subscription period for the Subscription Offering, elect to liquidate all or part of their investments in the other investment funds under the 401(k) Plan and transfer the liquidation proceeds to the Common Stock Fund. The Common Stock Fund Trustee will then subscribe to purchase in the Subscription Offering the maximum number of shares of common stock of the Holding Company that may be purchased with the amounts allocated to the Common Stock Fund as of the end of the subscription period. In certain circumstances, it may be impossible for the Common Stock Fund Trustee to purchase a sufficient number of shares of common stock in the Subscription Offering. In such a case, any funds allocated to the Common Stock Fund and not used to purchase common stock of the Holding Company in the Subscription Offering may be applied to purchase additional common stock of the Holding Company in the Holding Company's community offering of such stock, if any, or in the aftermarket. See "Subscription and Community Offering Prospectus--The Conversion."

INVESTMENTS IN THE COMMON STOCK FUND MAY INVOLVE CERTAIN SPECIAL RISKS INHERENT GENERALLY IN INVESTMENTS IN COMMON STOCK OF THE HOLDING COMPANY. FOR A DISCUSSION OF THESE RISK FACTORS, SEE "SUBSCRIPTION AND COMMUNITY OFFERING PROSPECTUS--RISK FACTORS."

HISTORICAL COMPARATIVE INVESTMENT RESULTS

Included in the table below are the rates of return of the Retirement System's Core Fund, Emerging Growth Fund, Value Fund, International Fund, Intermediate Bond Fund, Actively Managed Bond Fund and Short-Term Fund for the five-year period ending December 31, 1995. The actual rates of return of amounts allocated to an individual's account may differ from the rates of return shown below as a result of the timing of contributions, of dividend payments and of allocations to an individual's account, the length of time amounts are invested, the total dollar amount involved and the administrative procedures under the 401(k) Plan.

YEAR	CORE FUND	EMERGING GROWTH FUND	VALUE FUND	INTERMEDIATE BOND FUND	ACTIVELY MANAGED BOND FUND	SHORT-TERM FUND	INTERNATIONAL FUND
1995...	40.17%	42.83%	33.96%	13.99%	17.70%	5.39%	12.46%
1994...	1.31%	3.53%	(1.14%)	(2.54%)	(4.21%)	3.40%	0.77%
1993...	10.34%	20.99%	8.10%	7.63%	11.20%	2.40%	30.37%
1992...	6.30%	15.82%	8.42%	5.98%	6.69%	3.12%	(5.41%)
1991...	21.46%	53.53%	24.25%	14.72%	17.27%	5.66%	9.35%

Because the Common Stock Fund did not exist prior to February 8, 1996 and no common stock of the Holding Company will be issued prior to the completion of the Conversion, no historical data regarding the performance of the Common Stock Fund or the common stock of the Holding Company is available.

VOTING AND TENDER RIGHTS

As the owner of units of interest in investment funds managed by the Retirement System, the 401(k) Plan has certain rights. These rights include the right to vote in the election of those individuals who will serve as trustees of the Retirement System and on any other matters which may be presented for a vote. The Board of Directors of the Bank, as the fiduciary of the 401(k) Plan having authority to cause the Retirement System to serve as trustee thereof, has the power to exercise such rights.

The System has the power to exercise all voting and other rights associated with any securities or other investments held in the Core Fund, Emerging Growth Fund, Value Fund, International Fund, Intermediate Bond Fund, Actively Managed Bond Fund or Short-Term Fund.

With respect to common stock of the Holding Company held in the Common Stock Fund, the Common Stock Fund Trustee must generally exercise voting and tender rights according to instructions given by participating employees with an interest in the Common Stock Fund. With respect to each matter as to which holders of common stock of the Holding Company have a right, each participant will have a right to participate in the decision as to how to exercise rights reflecting his proportionate interest in the Common Stock Fund. The number of shares of common stock of the Holding Company held in the Common Stock

Fund that are voted in the affirmative on each matter shall be the proportion of the value of the interests in shares of the number of voting instructions exercised in the affirmative to the value of interests in shares of voting instructions exercised in the affirmative or negative. Negative votes will be cast for all remaining shares. In the event of a tender offer for common stock of the Holding Company, the 401(k) Plan provides that each participant will have a right to participate in the decision as to how to respond to a tender offer reflecting his proportionate interest in the Common Stock Fund. The percentage of shares of common stock of the Holding Company held in the Common Stock Fund that will be tendered will be the same as the percentage of the value of interest in shares as to which tender instruction rights are exercised in favor of tendering. The remaining shares of common stock of the Holding Company held in the Common Stock Fund will not be tendered.

VESTING AND FORFEITURES

The compensation reduction contributions made on behalf of a participating employee, any special contributions on behalf of a participating employee, the voluntary contributions made by a participating employee under the Prior Plan, any rollover contributions by an employee, and any investment earnings thereon, are maintained in separate accounts established for that individual. The amounts credited to such separate accounts are 100% vested and nonforfeitable.

Any matching contributions made on behalf of a participating employee, and any investment earnings thereon, are maintained in an additional separate account established for each participating employee. All or a portion of the amounts credited to such account is subject to forfeiture in the event of the participating employee's termination of employment prior to the completion of five years of service, according to the following schedule:

PERIOD OF SERVICE COMPLETED AT TERMINATION OF EMPLOYMENT	NONFORFEITABLE PERCENTAGE	FORFEITABLE PERCENTAGE
less than 1 year........................	0%	100%
2 years but less than 3 years..................	25%	75%
3 years but less than 4 years..................	50%	50%
4 years but less than 5 years..................	75%	25%
5 years or more................................	100%	0%

For purposes of determining a participating employee's forfeitable and nonforfeitable percentages for employees who were employees on or after January 1, 1994, his period of service includes periods of employment with the Bank subsequent to the effective date of the Prior Plan.

A participating employee's nonforfeitable percentage automatically increases to 100% at death, disability or retirement in service.

Nonforfeitable percentages are not subject to forfeiture for any reason, including termination of employment. However, forfeitable and nonforfeitable amounts may fluctuate in value depending upon investment performance.

REPORTS

Participants receive a statement which show the status of the participants' account in the 401(k) Plan on a quarterly basis.

PARTICIPANTS' ACCESS TO FUNDS DURING EMPLOYMENT

Withdrawals and distributions may have federal and other income tax consequences. See "Plan Prospectus--The 401(k) Plan--Federal Income Tax Effects."

Withdrawals During Employment. While in active service with the Bank, a participant, upon ten days' prior written notice to the Committee, may withdraw all or a portion of the net value of the after-tax contributions to the Prior Plan and earnings attributable thereto. If the participant has had five consecutive years of service with the Bank, then the participant, upon ten days' prior written notice to the Committee, may also withdraw any Bank contributions to the Prior Plan on the participant's behalf and earnings attributable thereto.

Upon attainment of age 59 1/2, or due to a "hardship" event, a participant may withdraw his contributions and contributions on his behalf and all earnings thereon in the following order of priority: (l) the compensation reduction contributions made for the participant and earnings attributable to each; (2) matching contributions made on behalf of the participant, provided the participant is 100% vested in such matching contributions, and any earnings attributable thereto; and (3) contributions rolled over into the 401(k) Plan from another qualified retirement plan and earnings attributable thereto.

Hardship includes an immediate and heavy financial need on account of: (1) certain medical expenses of a member of the participant's immediate family; (2) the educational needs of the participant or of a person whom the participant supports or helps to support; (3) the purchase or construction of a principal residence for the participant; or (4) any similar eventuality, in the discretion of the Committee. No more than two hardship withdrawals may be granted during any year. A distribution on account of hardship may not exceed the amount of the immediate and heavy financial need of the participant.

Under rules in the Code, a participant who receives a hardship distribution may have his right to make salary deferrals suspended for one year. In addition, the 401(k) Plan provides that any participant who is an executive officer or otherwise subject to section 16 of the Securities Exchange Act of 1934, as amended ("1934 Act"), may not make salary deferrals to the 401(k) Plan for a period of one year after a withdrawal from the 401(k) Plan.

All requests for withdrawals must be submitted to the Committee ten days prior to the date the payment is to be made. The Committee must approve the reason as well as the amount of all such withdrawals. All withdrawals are subject to such additional requirements as may be necessary to preserve the Plan's qualified status under the Code.

The 401(k) Plan authorizes a distribution of all, or a portion, of a contribution made by or on behalf of a participant and earnings thereon prior to the participant's termination of employment to an alternate payee under a qualified domestic relations order issued pursuant to ERISA.

Loans. Loans are permitted under the 401(k) Plan in accordance with the Code, subject to the approval of the Committee. The term for a loan used for the purchase of a participant's principal residence may not exceed ten years. The term for a loan for any other reason may not exceed five years.

Interest on a loan will be based on the prime rate, as published in The Wall Street Journal on the date the loan is requested, increased by 1% and rounded to the nearest quarter of 1%. The rate will be fixed for the term of the loan. The minimum loan amount is $1,000. The maximum loan amount is the lesser of: (i) 50% of the participant's 100% vested accounts at the time of the loan request; or (ii) $50,000 reduced by the highest outstanding loan balance during the preceding twelve (12) months.

A participant may have no more than one loan outstanding at any time. The repayment of loans is made through payroll deductions. However, once a participant has started to repay the loan on an installment basis, the participant may request that the Committee allow him to prepay the outstanding balance of the loan. An application for a loan must be received by the Committee ten days prior to the date the loan is to be made.

BENEFIT PAYMENTS

If a participant's participation in the 401(k) Plan terminates for reasons other than death, disability or retirement, the vested value of his account will be paid to him in a single lump sum payment at his normal retirement date (or earlier date within 13 months of termination) or in installment payments of up to 10 years. The Code imposes certain minimum annual distribution requirements that must be met after an individual attains age 70 1/2.

If a participant's participation in the 401(k) Plan terminates as a result of total and permanent disability or early or normal retirement, the vested value of the participants account in the 401(k) Plan may be paid to the participant or his beneficiary in a single lump sum payment at a deferred distribution date after the participant's termination or in annual installments over a period not to exceed ten years after the participants termination. The participant or his beneficiary must elect the date and form of benefit payment. The participant may also elect to have the lump sum distribution transferred directly to another tax-qualified plan. If a participant dies, his account balance will be paid to his beneficiary in a lump sum as soon as practicable after his death unless the participant had elected a deferred distribution or installments. If the vested interest in a participant's account on termination is equal to or less than $3,500, a lump sum distribution will be made to the participant.

Under applicable federal law, participating employees who are married are required to name their spouse as the sole primary beneficiary of their interest in the 401(k) Plan, unless their spouse consents to the designation of additional or different beneficiaries.

ASSIGNMENT OF INTEREST

The 401(k) Plan generally does not permit any person with an interest therein to assign or hypothecate any portion of such interest. However, the distribution of property in accordance with a qualified domestic relations order, and the pledge of a vested interest under the 401(k) Plan as security for a loan obtained thereunder, are allowed.

LIENS

Neither the 401(k) Plan nor the Common Stock Fund Trust Agreement nor the Retirement System's Declaration of Trust provide for the imposition of any lien by the Holding Company, the Bank, the Committee, the Retirement System or the Common Stock Fund Trustee upon funds or property held under the 401(k) Plan.

EXPENSES

The Bank will generally pay the ordinary administrative expenses of the 401(k) Plan and the compensation of the Retirement System and the Common Stock Fund Trustee, except that any expenses directly related to investments made by the investment funds managed by the Retirement System, such as transfer taxes, brokers' commissions, registration charges, or administrative expenses of the Retirement System shall be paid from the investment fund to which such expenses relate. In no event will assets of the 401(k) Plan be used to pay commissions for the purchase of Shares; the Bank will pay such commissions.

AMENDMENT AND TERMINATION

While the Bank expects to continue the 401(k) Plan indefinitely, the Board of Directors of the Bank may amend or terminate the 401(k) Plan at any time. No amendment may reduce the account of any participant. In the event of termination of the 401(k) Plan, or the complete discontinuance of contributions under the 401(k) Plan, the accounts of each affected participant will become fully vested and distributable.

RESTRICTIONS ON RESALE

There are no restrictions on resale of Shares in the 401(k) Plan, however the 401(k) Plan does impose limitations on the timing and frequency of investment decisions. See "The 401(k) Plan -- Investments, Participants' Access to Funds During Employment and Benefit Payments."

Any person receiving shares of Common Stock under the Plan who is an "affiliate" of the Holding Company as the term "affiliate" is used in Rules 144 and 405 under the Securities Act of 1933 (the "1933 Act"), for example, directors, officers and substantial shareholders of the Holding Company, may reoffer or resell such shares only pursuant to a registration statement filed under the 1933 Act or, assuming the availability thereof, pursuant to Rule 144 or some other exemption from the registration requirements of the 1933 Act. Any person who may be an "affiliate" of the Holding Company may wish to consult with counsel before transferring any Common Stock owned by him or her. In addition, Participants are advised to consult with counsel as to the applicability of Section 16 of the 1934 Act which may restrict the sale of Common Stock when acquired under the Plan, or other sales of Common Stock.

Persons who are not deemed to be "affiliates" of the Holding Company at the time of resale will be free to resell any shares of Common Stock distributed to them under the Plan, either publicly or privately, without regard to the registration and prospectus delivery requirements of the 1933 Act or compliance with the restrictions and conditions contained in the exemptive rules thereunder. An "affiliate" of the Holding Company is someone who directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control, with the Holding Company. Normally, a director, principal officer or major shareholder of a corporation may be deemed to be an "affiliate" of that corporation. A person who may be deemed an "affiliate" of the Holding Company at the time of a proposed resale will be permitted to make public resales of the Common Stock only pursuant to a "reoffer" prospectus or in accordance with the restrictions and conditions contained in Rule 144 under the 1933 Act or some other exemption from registration, and will not be permitted to use the Prospectus in connection with any such resale. In general, the amount of the Common Stock which any such affiliate may publicly resell pursuant to Rule 144 in any three-month period may not exceed the greater of one percent of the Common Stock then outstanding or the average weekly trading volume reported on the National Association of Securities Dealers Automated Quotations System during the four calendar weeks prior to the sale. Such sales may be made only through brokers without solicitation and only at a time when the Holding Company is current in filing the reports required of it under the 1934 Act.

FEDERAL INCOME TAX EFFECTS

The 401(k) Plan is a qualified plan under section 401(a) and 401(k) of the Code. A participant will not be subject to federal income tax on the compensation reduction or matching contributions that are credited to him when such contributions are credited. These amounts and the amount of any investment earnings thereon will be included in the participant's (or his beneficiary's) gross income in the year they are distributed from the 401(k) Plan.

Any voluntary after-tax contributions that a participant made will not have been excluded from the participant's income or tax deductible when made, but such contributions will not be subject to federal income taxes when they are distributed from the 401(k) Plan. Upon distribution from the 401(k) Plan, any investment earnings on a participant's voluntary after-tax contributions will be subject to federal income tax to the same extent as a distribution of amounts attributable to matching contributions or compensation reduction contributions.

A participant may be eligible for additional preferential federal income tax treatment if his benefits are paid in a lump sum distribution, the participant has been a participant in the 401(k) Plan for at least five taxable years prior to the year in which the distribution is made and the participant attains age 59 1/2 before the distribution is made. In this case, the taxable portion of a participant's lump sum distribution would be eligible for "5-year averaging." In the alternative, participants who attained age 50 prior to January 1, 1986 may be able to elect to have the taxable portion of a lump sum distribution taxed on the basis of 1986 federal income tax rates using a "10-year averaging" method.

If payment is made in a lump sum distribution and includes a distribution to a participant of Shares, rather than cash, the participant will not be subject to current federal income taxes on the amount of any "net unrealized appreciation" on the Shares that are distributed to him at the time of distribution. Instead, the participant will be taxed currently only on the amount which the Common Stock Fund Trustee paid for the Shares, and any appreciation will be taxed only if and when the participant sells the Shares or otherwise disposes of them.

Alternatively, a participant may avoid immediate taxation by having the amount of the lump sum distribution, or any portion thereof, transferred to a "rollover" IRA. If amounts are distributed and not transferred directly to an IRA, there is generally a requirement that 20% be withheld for income taxes at the time of distribution, even if the amount distributed is not taxable.

Federal law may impose an additional tax in the amount of 10% of the taxable portion of any distribution made to a participant prior to his attainment of age 59 1/2, unless the distribution is made on account of the participant's death, disability or retirement after age 55.

Because of the complexities involved in the application of the federal income tax laws to specific circumstances and due to variations in the application of state and local tax laws depending upon the jurisdiction in which a participant resides, it is suggested that each participant consult his tax advisor with respect to his own situation.

LEGAL MATTERS

Thacher Proffitt & Wood, New York, New York, counsel to the Holding Company, will render an opinion with respect to interests in the 401(k) Plan and the Shares offered by this Plan Prospectus.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The description of Common Stock contained in the Registration Statement of the Holding Company on Form S-1 filed with the Securities and Exchange Commission, as it may have been amended from time to time, is incorporated herein by reference.

All documents filed by the Holding Company or the Plan after the date of this Registration Statement pursuant to Section 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, as amended, prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities than remaining unsold, shall be deemed to be incorporated by reference in this Prospectus and to be a part hereof from the date of filing of such reports and documents. Any statement contained in a document incorporated or deemed to be incorporated herein by reference shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated herein by reference modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as modified or superseded, to constitute a part of this Prospectus.

FURTHER INFORMATION

Copies of the documents incorporated by reference in this Prospectus and copies of reports, proxy statements and communications distributed to shareholders of the Holding Company generally, are available (without charge) upon oral or written request to the Secretary of the Holding Company. The address and telephone number of the Secretary are: 209 Havemeyer Street, Brooklyn, New York 11211, (718) 782-6200. If you need copies of this Prospectus, any of the supplements hereto, information about the available Investment Funds or information about the Plan's administrators, please call or write c/o The Dime Savings Bank of Williamsburgh, 209 Havemeyer Street, Brooklyn, New York 11211.