

BROOKLINE BANCORP INC
Form DEF 14A
March 17, 2011

SCHEDULE 14-A 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
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-11(c) or §240.14a-12

Brookline Bancorp, Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- \$125 per Exchange Act Rules 0-11(c)(1)(ii), 14a-6(i)(1), or 14a-6(j)(2).
- \$500 per each party to the controversy pursuant to Exchange Act Rule 14a-6(i)(3).
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) 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:
 - 4) Proposed maximum aggregate value of transaction:
- 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:

March 17, 2011

Dear Stockholder:

We cordially invite you to attend the Annual Meeting of Stockholders of Brookline Bancorp, Inc. (the "Company"). The Annual Meeting will be held at The Charles Hotel, One Bennett Street, Cambridge, Massachusetts 02138, at 11:00 a.m. on April 20, 2011.

The enclosed Notice of the Annual Meeting and Proxy Statement describe the formal business to be transacted. During the Annual Meeting we will also report on the operations of the Company. Directors and officers of the Company will be present to respond to any questions that stockholders may have. Also enclosed for your review is our Annual Report on Form 10-K, which contains detailed information concerning the activities and operating performance of the Company.

The business to be conducted at the Annual Meeting consists of the election of one director to the Board of Directors of the Company, the ratification of the appointment of KPMG LLP as the independent registered public accounting firm for the Company for the year ending December 31, 2011, an advisory, non-binding, stockholder vote on the Company's executive compensation, an advisory, non-binding, stockholder vote on the frequency of advisory votes on the Company's executive compensation, and the approval of the Brookline Bancorp, Inc. 2011 Restricted Stock Plan. For the reasons set forth in the Proxy Statement, the Board of Directors recommends a vote FOR the election of directors, FOR the ratification of the appointment of the Company's independent registered public accounting firm, FOR approval of the Company's executive compensation, for the 3 Year frequency of stockholder voting on the Company's executive compensation, and FOR the approval of the Brookline Bancorp, Inc. 2011 Restricted Stock Plan.

On behalf of the Board of Directors, we urge you to sign, date and return the enclosed proxy card as soon as possible, even if you currently plan to attend the Annual Meeting. This will not prevent you from voting in person, but will assure that your vote is counted if you are unable to attend the meeting. Your vote is important, regardless of the number of shares that you own.

Sincerely,

Paul A. Perrault

Chief Executive Officer

Brookline Bancorp, Inc.

160 Washington Street

Brookline, Massachusetts 02445

(617) 730-3500

**NOTICE OF
ANNUAL MEETING OF STOCKHOLDERS
To Be Held On April 20, 2011**

Notice is hereby given that the Annual Meeting of Brookline Bancorp, Inc. (the Company) will be held at The Charles Hotel, One Bennett Street, Cambridge, Massachusetts 02138 at 11:00 a.m. on April 20, 2011.

A Proxy Card and a Proxy Statement for the Annual Meeting are enclosed.

The Annual Meeting is being held:

1. to elect one director to the Board of Directors to serve for a three-year term;
2. to ratify the appointment of KPMG LLP as the independent registered public accounting firm for the Company for the year ending December 31, 2011;
3. to consider a non-binding proposal to give advisory approval to the Company's executive compensation as described in the Proxy Statement;
4. to consider a non-binding proposal to give advice with respect to the frequency that stockholders will vote on the Company's executive compensation;
5. to approve the Brookline Bancorp, Inc. 2011 Restricted Stock Plan; and

to consider such other matters as may properly come before the Annual Meeting, or any adjournments thereof. The Board of Directors is not aware of any other business to come before the Annual Meeting.

Any action may be taken on the foregoing proposals at the Annual Meeting on the date specified above, or on any date or dates to which the Annual Meeting may be adjourned. Stockholders of record at the close of business on March 7, 2011 are the stockholders entitled to vote at the Annual Meeting and any adjournments thereof.

A list of stockholders entitled to vote at the Annual Meeting will be available at the Company's Main Office, 160 Washington Street, Brookline, Massachusetts 02445, for the 10 days immediately prior to the Annual Meeting. It also will be available for inspection at the meeting itself.

EACH STOCKHOLDER, WHETHER HE OR SHE PLANS TO ATTEND THE ANNUAL MEETING, IS REQUESTED TO SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD WITHOUT DELAY IN THE ENCLOSED POSTAGE-PAID ENVELOPE. ANY PROXY GIVEN BY THE STOCKHOLDER MAY BE REVOKED AT ANY TIME BEFORE IT IS EXERCISED. A PROXY MAY BE REVOKED BY FILING WITH THE SECRETARY OF THE COMPANY A WRITTEN REVOCATION OR A DULY EXECUTED PROXY BEARING A LATER DATE. ANY STOCKHOLDER PRESENT AT THE ANNUAL MEETING MAY REVOKE HIS OR HER PROXY AND VOTE PERSONALLY ON EACH MATTER BROUGHT BEFORE THE ANNUAL MEETING. HOWEVER, IF YOU ARE A STOCKHOLDER WHOSE SHARES ARE NOT REGISTERED IN YOUR OWN NAME, YOU WILL NEED ADDITIONAL DOCUMENTATION FROM YOUR RECORD HOLDER IN ORDER FOR YOU TO VOTE PERSONALLY AT THE ANNUAL MEETING.

By Order of the Board of Directors

Charles H. Peck
Secretary

March 17, 2011

IMPORTANT: THE PROMPT RETURN OF PROXIES WILL SAVE THE COMPANY THE EXPENSE OF FURTHER REQUESTS FOR PROXIES. A SELF-ADDRESSED ENVELOPE IS ENCLOSED FOR YOUR CONVENIENCE. NO POSTAGE IS REQUIRED IF MAILED WITHIN THE UNITED STATES.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON APRIL 20, 2011: THIS PROXY STATEMENT, INCLUDING THE NOTICE OF THE ANNUAL MEETING OF STOCKHOLDERS, AND BROOKLINE BANCORP, INC. S 2010 ANNUAL REPORT ON FORM 10-K ARE EACH AVAILABLE ON THE INTERNET AT [HTTPS://MATERIALS.PROXYVOTE.COM/11373M](https://materials.proxyvote.com/11373M).

PROXY STATEMENT

Brookline Bancorp, Inc.

160 Washington Street

Brookline, Massachusetts 02445

(617) 730-3500

ANNUAL MEETING OF STOCKHOLDERS

April 20, 2011

This Proxy Statement is furnished in connection with the solicitation of proxies on behalf of the Board of Directors of Brookline Bancorp, Inc. (the Company) to be used at the Annual Meeting of Stockholders of the Company (the Annual Meeting), which will be held at The Charles Hotel, One Bennett Street, Cambridge, Massachusetts 02138, on April 20, 2011, at 11:00 a.m., and all adjournments of the Annual Meeting. The accompanying Notice of Annual Meeting of Stockholders and this Proxy Statement are first being mailed to stockholders on or about March 17, 2011.

REVOCATION OF PROXIES

Stockholders who execute proxies in the form solicited hereby retain the right to revoke them in the manner described below. Unless so revoked, the shares represented by such proxies will be voted at the Annual Meeting and all adjournments thereof. Proxies solicited on behalf of the Board of Directors of the Company will be voted in accordance with the directions given thereon. **Where no instructions are indicated, validly executed proxies will be voted as recommended by the Company's Board of Directors.**

The Board of Directors knows of no additional matters that will be presented for consideration at the Annual Meeting. Execution of a proxy, however, confers on the designated proxy holders discretionary authority to vote the shares in accordance with their best judgment on such other business, if any, that may properly come before the Annual Meeting or any adjournments thereof.

Proxies may be revoked by sending written notice of revocation to the Secretary of the Company at the address shown above, delivering to the Company a duly executed proxy bearing a later date, or attending the Annual Meeting and voting in person. However, if you are a stockholder whose shares are not registered in your own name, you will need appropriate documentation from your record holder to vote personally at the Annual Meeting. The presence at the Annual Meeting of any stockholder who had returned a proxy shall not revoke such proxy unless the stockholder delivers his or her ballot in person at the Annual Meeting or delivers a written revocation to the Secretary of the Company prior to the voting of such proxy.

VOTING SECURITIES AND VOTING PROCEDURES

Holders of record of the Company's common stock, par value \$0.01 per share (the "Common Stock"), as of the close of business on March 7, 2011 (the "Record Date") are entitled to one vote for each share then held, except as described below. As of the Record Date, the Company had 64,445,389 shares issued and 59,071,656 shares outstanding. The presence in person or by proxy of a majority of the outstanding shares of Common Stock entitled to vote is necessary to constitute a quorum at the Annual Meeting. Broker non-votes and proxies marked ABSTAIN will be counted for purposes of determining that a quorum is present. In the event there are not sufficient votes for a quorum, or to approve or ratify any matter being presented at the time of the Annual Meeting, the Annual Meeting may be adjourned in order to permit the further solicitation of proxies.

In accordance with the provisions of the Company's Certificate of Incorporation, recordholders of Common Stock who beneficially own in excess of 10% of the outstanding shares of Common Stock (the "Limit") are not entitled to any vote with respect to the shares held in excess of the Limit. The Company's Certificate of Incorporation authorizes the Board of Directors (i) to make all determinations necessary to implement and apply the Limit, including determining whether persons or entities are acting in concert, and (ii) to demand that any person who is reasonably believed to beneficially own stock in excess of the Limit supply information to the Company to enable the Board of Directors to implement and apply the Limit.

Applicable rules determine whether proposals presented at stockholder meetings are routine or non-routine. If a proposal is routine, a broker or other entity holding shares for an owner in street name may vote on the proposal without receiving voting instructions from the owner. If a proposal is non-routine, the broker or other entity may vote on the proposal only if the owner has provided voting instructions. Under current rules, the ratification of the appointment of the Company's independent registered public accounting firm is considered a routine matter. Your broker, therefore, may vote your shares in its discretion on this routine matter if you do not instruct your broker how to vote on it. However, pursuant to recent rule changes, the election of directors is no longer considered to be routine, and the proposal to give advisory approval to the Company's executive compensation, the proposal with respect to the frequency that stockholders will vote on the Company's executive compensation, and the proposal to approve the Brookline Bancorp, Inc. 2011 Restricted Stock Plan are also not considered to be routine. Therefore, brokers holding shares for their customers will not have the ability to cast votes with respect to these proposals unless they have received instructions from their customers. It is important, therefore, that you provide instructions to your broker if your shares are held by a broker so that your vote with respect to these proposals is counted.

As to the election of a director, the proxy card being provided by the Board of Directors enables a stockholder to vote FOR the election of the one nominee proposed by the Board of Directors or to WITHHOLD AUTHORITY to vote for the nominee being proposed. Directors are elected by a plurality of votes cast, without regard to either broker non-votes or proxies as to which the authority to vote for the nominees being proposed is withheld. There is no cumulative voting for the election of directors.

As to the ratification of the independent registered public accounting firm, the proxy card being provided by the Board of Directors enables a stockholder to: (i) vote FOR the proposal; (ii) vote AGAINST the proposal; or (iii) ABSTAIN from voting on the proposal. The ratification of the independent registered public accounting firm must be approved by the affirmative vote of a majority of the votes cast without regard to broker non-votes or proxies marked ABSTAIN.

In voting on the non-binding proposal to give advisory approval to the Company's executive compensation, you may vote FOR the proposal, vote AGAINST the proposal or ABSTAIN from voting on the proposal. To approve the proposal, the affirmative vote of a majority of the votes cast at the annual meeting without regard to broker non-votes or proxies marked ABSTAIN is required. While this vote is required by law, it will neither be binding on the Company or the Board of Directors, nor will it create or imply any change in the fiduciary duties of, or impose any additional fiduciary duty on the Company or the Board of Directors.

In voting on the non-binding proposal with respect to the frequency that stockholders will vote on the Company's executive compensation, a stockholder may select that stockholders: (i) consider the proposal every 1 YEAR; (ii) consider the proposal every 2 YEARS; (iii) consider the proposal every 3 YEARS; or (iv) ABSTAIN from voting on the proposal. Generally, approval of any matter presented to stockholders requires the affirmative vote of a majority of the votes cast. However, because this vote is advisory and non-binding, if none of the frequency options receive a majority of the votes cast, the option receiving the greatest number of votes will be considered the frequency recommended by the Company's stockholders. The Company will not count abstentions or broker non-votes as votes cast on this proposal; therefore, abstentions and broker non-votes will have no impact on the outcome of this proposal. Even though this vote will neither be binding on the Company or the Board of Directors, nor will it create or imply any change in the fiduciary duties of, or impose any additional fiduciary duty on the Company or the Board of Directors, the Board of Directors will take into account the outcome of this vote in making a determination on the frequency that advisory votes on executive compensation will be included in the Company's proxy statements.

In voting on the Brookline Bancorp, Inc. 2011 Restricted Stock Plan, you may vote FOR the proposal, vote AGAINST the proposal or ABSTAIN from voting in the proposal. The Brookline Bancorp, Inc. 2011 Restricted Stock Plan must be approved by the affirmative vote of a majority of the votes cast without regard to broker non-votes or proxies marked ABSTAIN.

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Proxies solicited hereby will be returned to the Company and will be tabulated by an Inspector of Election designated by the Company's Board of Directors.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

Persons and groups who beneficially own in excess of five percent of the Common Stock are required to file certain reports with the Securities and Exchange Commission (the SEC) regarding such ownership. The following table sets forth, as of the Record Date, the shares of Common Stock beneficially owned by each person who was the beneficial owner of more than five percent of the Company's outstanding shares of Common Stock, including shares owned by its directors and executive officers.

Name and address of beneficial owners	Amount of shares owned and nature of beneficial ownership(1)	Percent of shares of common stock outstanding(2)
All Directors and Executive Officers as a Group (14 persons)	2,182,217	3.7%
<u>Principal stockholders:</u>		
BlackRock, Inc. (3) 40 East 52nd Street New York, New York 10022	5,202,084	8.8
Dimensional Fund Advisors LP (4) 6300 Bee Cave Road Palisades West, Building One Austin, Texas 78746	3,203,626	5.4
Neuberger Berman Group LLC (5) 605 Third Avenue New York, New York 10158	5,108,154	8.6

(1) A person is deemed to be the beneficial owner, for purposes of this table, of any shares of Common Stock if he or she has shared voting or investment power with respect to such security, or has a right to acquire beneficial ownership at any time within 60 days from the Record Date. As used herein, voting power is the power to vote or direct the voting of shares and investment power is the power to dispose or direct the disposition of shares. Includes all shares held directly as well as by spouses and minor children, in trust and other indirect ownership, over which shares the named individuals effectively exercise sole or shared voting and investment power.

(2) Calculated by dividing the number of shares in the second column of this table by the total shares of common stock outstanding at the Record Date (59,071,656 shares).

(3) Based exclusively on a Schedule 13G/A filed by BlackRock, Inc. and affiliated companies on February 3, 2011.

(4) Based exclusively on a Schedule 13G/A filed by Dimensional Fund Advisors LP on February 11, 2011.

(5) Based exclusively on a Schedule 13G/A filed by Neuberger Berman Group LLC on February 14, 2011.

PROPOSAL 1 ELECTION OF DIRECTORS

The Company's Board of Directors has designated that the whole Board shall be comprised of 11 members. There currently is one vacancy on the Board of Directors. The Company's bylaws provide that approximately one-third of the Directors are to be elected annually. Directors of the Company are generally elected to serve for a three-year period and until their respective successors shall have been elected and shall qualify. The Board of Directors has nominated Peter O. Wilde to serve as a director, currently a member of the Board of Directors and who has been nominated to serve for a three-year period and until his or her successor has been elected and shall qualify.

The table below sets forth, as of the Record Date, certain information regarding the composition of the Company's Board of Directors, including the terms of office of Board members. It is intended that the proxies solicited on behalf of the Board of Directors (other than proxies in which the vote is withheld as to one or more nominees) will be voted at the Annual Meeting for the election of the nominees identified below. If the nominee is unable to serve, the shares represented by all such proxies will be voted for the election of such substitute as the Board of Directors may recommend. At this time, the Board of Directors knows of no reason why the nominee might be unable to serve, if elected. Except as indicated herein, there are no arrangements or understandings between the nominee and any other person pursuant to which such nominee was selected.

Names and address (1)	Age	Positions held	Director since(2)	Current term to expire	Shares of common stock beneficially owned on record date (3)(4)(5)	Percent of class (6)
NOMINEES						
Peter O. Wilde	71	Director	1993	2011	174,343	*
DIRECTORS CONTINUING IN OFFICE						
John J. Doyle, Jr.	77	Director	2006	2012	12,000	*
Thomas J. Hollister	56	Director	2009	2012	7,900	*
Charles H. Peck	70	Director	1995	2012	563,728(7)	1.0%
Paul A. Perrault	59	President and Chief Executive Officer	2009	2012	164,267	*
Joseph J. Slotnik	74	Director	1970	2012	213,275	0.4
David C. Chapin	74	Director	1989	2013	157,916	*
John A. Hackett	70	Director	2007	2013	29,000	*
John L. Hall, II	71	Director	1983	2013	180,917	0.3
Rosamond B. Vaule	73	Director	1989	2013	131,749	*
NAMED EXECUTIVE OFFICERS WHO ARE NOT DIRECTORS						
Paul R. Bechet	68	Senior Vice President, Chief Financial Officer and Treasurer	N/A	N/A	498,625	0.8
Michael J. Fanger	53	President and Chief Executive Officer of Eastern Funding LLC	N/A	N/A	8,799	*
M. Robert Rose	59	Chief Credit Officer	N/A	N/A	32,000	*
Jane M. Wolchonok	62	Senior Vice President	N/A	N/A	7,698	*

All Directors and Executive Officers as a Group (14 persons)	2,182,217(4)	3.7%
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- (1) The mailing address for each person listed is 160 Washington Street, Brookline, Massachusetts 02445.
 - (2) Except for Mr. Doyle, Mr. Hackett, Mr. Hollister and Mr. Perrault, reflects initial appointment to the Board of Trustees of the Company's mutual predecessor, Brookline Bank (the Bank). All directors of the Company serve as directors of the Bank.
 - (3) See definition of beneficial ownership in the table in Security Ownership of Certain Beneficial Owners. The shares of Common Stock in this column include 633,845 shares in total and by individual the following shares which may be acquired by the persons indicated pursuant to the exercise of stock options within 60 days of the Record Date: Mr. Wilde 39,000; Mr. Doyle 5,000; Mr. Hollister 5,000; Mr. Peck 175,000; Mr. Perrault 124,845; Mr. Slotnik 45,000; Mr. Chapin 35,000; Mr. Hackett 5,000; Mr. Hall 30,000; Ms. Vaule 30,000; Mr. Bechet 115,000; Mr. Fanger none; Mr. Rose 25,000; and Ms. Wolchonok none.
 - (4) Includes 65,832 shares of Common Stock allocated to the accounts of executive officers under the ESOP and excludes the remaining 424,422 shares of Common Stock (representing 0.7% of the shares of Common Stock outstanding as of the Record Date) owned by the ESOP for the benefit of the employees of the Company and the Bank. Under the terms of the ESOP, shares of Common Stock allocated to the account of employees are voted in accordance with the instructions of the respective employees. Unallocated shares are voted by the

- (5) ESOP trustee in the manner calculated to most accurately reflect the instructions it has received from the participants regarding the allocated shares, unless its fiduciary duties require otherwise. Includes 28,470 shares of common stock awarded to the following individuals that vest on varying dates from March 16, 2011 through October 6, 2012: Mr. Peck 6,000; Mr. Perrault 7,470; Mr. Bechet 5,000; Mr. Rose 5,000; and Ms. Wolchonok 5,000.
- (6) Percent of Class is calculated by dividing the number of shares in the sixth column of this table by the total shares of Common Stock outstanding at the Record Date (59,071,656 shares).
- (7) Includes 387,666 shares pledged to secure a margin loan.
- * Less than three-tenths of 1%.
- N/A Not applicable.

Directors and Named Executive Officers Biographies

The principal occupation during the past five years of each director and named executive officer of the Company is set forth below. All directors and named executive officers have held their present positions for five years unless otherwise stated.

David C. Chapin became a member of the Executive Committee in 2007. He is a Principal of Chapin Properties Team Ltd., a real estate investment, property appraisal and management company, and has served in that capacity since August 2004. From 1998 to August 2004, he was a Principal of T. H. Niles Real Estate Group, Inc., a real estate investment, property appraisal and management company.

John J. Doyle, Jr. became President and Chief Executive Officer of Randolph Savings Bank, a mutual savings bank, effective November 16, 2009. Previously, he served as President and Chief Executive Officer of four other community banks. Earlier in his career, he was a partner at KPMG LLP from 1969 through 1991.

John A. Hackett was the head of J. J. Ruddy Insurance Agency, Inc. for over 40 years. Mr. Hackett served as a director of Mystic Financial, Inc. (Mystic) that was acquired by the Company on January 7, 2005. He served as the chair of the Loan, Investment, Compensation and Nominating Committees of Mystic s subsidiary bank, Medford Co-operative Bank (Medford). He served as a director of Medford for 23 years.

John L. Hall, II is President of Hall Properties, Inc., a real estate investment, management and development company, and has served in that capacity since 1989.

Thomas J. Hollister joined Global Partners, LP, a Fortune 500 company and an independent wholesale distributor of gasoline, diesel fuel, bio-fuel, heating oil and other refined petroleum products in the Northeast, in July 2006 as Executive Vice President and Chief Financial Officer. In January 2007, he was named Chief Operating Officer. Previously, he was a Vice Chairman of Citizens Financial Group. Mr. Hollister is the former Chair of the Greater Boston Chamber of Commerce and currently serves on the Chamber s Executive Committee. He is also Chair of the Board of Trustees of Wheaton College, Chair of the Trustees of Tufts Medical Center and has been involved in several not-for-profit organizations.

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Charles H. Peck became President of the Bank in April 2000 and served as the Senior Loan Officer of the Bank since 1970 until his retirement from the Company in December 2010.

Paul A. Perrault became the Chairman and Chief Executive Officer of the Bank on March 16, 2009 and became Chief Executive Officer of the Company on April 16, 2009. During January 2009, he was the Chief Executive Officer of Sovereign Bancorp, Inc. From 1990 through 2008, Mr. Perrault was President and Chief Executive Officer of Chittenden Corporation and, additionally, from 1998 through 2008, he served as Chairman of Chittenden Corporation. Mr. Perrault is the Treasurer and a member of the Board of Directors of the Shelburne Museum and has served on the American Bankers Council.

Joseph J. Slotnik has served as a member of the Executive Committee since 1974. He was designated lead independent director by the Board of Directors of the Company in April 2007 and Acting Chairman of the Board of Directors of the Company in April 2010. Mr. Slotnik is a private investor and previously was managing partner of the Boston office of a brokerage and investment firm.

Rosamond B. Vaule is active in volunteer work for various educational and charitable organizations.

Peter O. Wilde became a member of the Executive Committee in 2006. He was President of Tuftane Extrusion Technologies, Inc., a manufacturing company, between 1998 and 2009. In 1997, he was Managing Director of Beckwith Bemis Incorporated, a coatings and finishing company. Previously, he was Vice President of Finance and Administration at Ran Demo, Inc., a materials technology company, and served in that position since 1991.

Executive Officers of the Company Who Are Not Directors

Paul R. Bechet became Executive Vice President of the Bank in 2004 and has served as the Chief Financial Officer of the Bank since June 1997. He also serves as Senior Vice President and Chief Financial Officer of the Company. He became Treasurer of the Bank and the Company in January 2002. Prior to joining the Bank, Mr. Bechet was a certified public accountant and partner at KPMG LLP from 1972 through June 1997.

Michael J. Fanger is President and Chief Executive Officer of Eastern Funding LLC (Eastern), a specialty finance company that he founded in June 1997. The Company acquired a controlling interest in Eastern on April 13, 2006. Previously, he was Executive Vice President of Medallion Financial Corp. (Medallion) from May 1996 through June 1997 and an officer of affiliates of Medallion from 1987 through June 1997. He was a loan officer at Shawmut Community Bank, NA, Massachusetts from 1981 to 1986.

M. Robert Rose has served as the Chief Credit Officer of the Company since August 2009. Prior to joining the Company, Mr. Rose was the Chief Risk Officer of Sovereign Bank since 2004 and primarily held senior credit and risk management positions at Sovereign Bank, Bank Boston/Fleet Bank and BayBanks, Inc. from 1985 onward. He is on the Board of Directors of the Risk Management Association.

Jane M. Wolchonok has served as a Senior Vice President of the Bank since January 2007. Prior to joining the Bank, Ms. Wolchonok was a Senior Vice President of HarborOne Credit Union from April 2005 to January 2007 and for two years the Chief Operating Officer of CASCAP, Incorporated, a non-profit organization that develops and manages affordable housing. Prior to that time, she was an Executive Vice President responsible for retail banking at Citizens Financial Group.

Attributes / Skills of Directors

When considering whether directors and nominees have the experience, qualifications, attributes and skills, taken as a whole, to enable the Board of Directors to satisfy its oversight responsibilities effectively, the Nominating Committee and the Board of Directors focused primarily on the information included in each of the directors' individual biographies set forth above. The Nominating Committee and the Board of Directors do not have a diversity policy. In identifying nominees for directors, however, consideration is given to the diversity of professional experience, education and backgrounds among the directors so that a variety of points of view are represented in Board discussions and deliberations concerning the Company's business.

The particular experience, qualifications, attributes or skills that led the Board of Directors to conclude that each person could serve as a director of the Company are summarized below.

- **Mr. Chapin** is a valuable resource in evaluating and monitoring the risks associated with real estate lending, the Company's most significant area of activity, due to his extensive knowledge of and experience in the real estate market in which the Company originates commercial and residential mortgage loans.

- As a long-time bank consultant and chief executive officer of five banks, **Mr. Doyle** provides the Board of Directors with a perspective on the Company's challenges and opportunities.

- **Mr. Hackett** helps the Board of Directors to satisfy its oversight responsibilities as a result of his long-time service as a member of the Board of Directors of another financial institution that the Company acquired several years ago.

- **Mr. Hall** provides valuable insight concerning the Company's commercial real estate lending activities due to his considerable experience in real estate investment, development and management.

- **Mr. Hollister** provides the Board of Directors great perspective on the Company's activities as a result of his experience as (a) the chief operating officer and chief financial officer of a Fortune 500 company, (b) the chief executive officer of a large financial institution and (c) his leadership roles on the boards of several other organizations.
- As the President and Senior Loan Officer of the Bank for many years, **Mr. Peck** provides the Board of Directors with considerable knowledge about the Company's activities.
- **Mr. Perrault** provides the Board of Directors with broad perspective on the Company's strategies, challenges and opportunities as a result of his role as the Chief Executive Officer of the Company and his long-time successful experience as the chief executive officer of a much larger commercial bank.
- **Mr. Slotnik** provides valuable insight concerning the Company's activities based on his long-time service as an independent director of the Company and his prior experience as the managing partner of a brokerage and investment firm.
- **Ms. Vaule** provides the Board of Directors with perspective on developments in the principal community in which the Company conducts its business as a result of her involvement in various not-for-profit organizations.
- As a manager and owner of several businesses, **Mr. Wilde** provides the Board of Directors with considerable knowledge concerning the risks associated with lending to commercial companies and small businesses.

Board Independence, Leadership Structure and Risk Oversight

The Board of Directors has determined that, except as to Messrs. Peck and Perrault, each member of the Board of Directors is an independent director within the meaning of the Nasdaq corporate governance listing standards. Mr. Perrault is not considered independent because he is the chief executive officer of the Company; Mr. Peck is not considered independent because he is a former executive officer of the Company.

The Chief Executive Officer is responsible for setting the strategic direction for the Company and the day to day leadership and performance of the Company. The Chairman of the Board provides guidance to the Chief Executive Officer and sets the agenda for Board meetings and presides over meetings of the full Board of Directors.

To assure effective independent oversight, in April 2007, the Board of Directors designated Mr. Slotnik as the lead independent director of the Board. In April 2010, Mr. Slotnik was designated Acting Chairman of the Board. Mr. Slotnik chairs the portion of meetings when the independent directors of the Board convene in executive session. Executive sessions are held by the independent directors at least twice each year. The annual performance evaluation of the Chief Executive Officer is performed by the Executive Committee of the Board, which is comprised entirely of independent directors.

The Board of Directors has an active role, as a whole and also at the committee level, in overseeing management of the Company's risks. The Board regularly reviews reports from members of senior management on areas of material risk to the Company, including credit, financial, operational, liquidity, legal and regulatory risks. In reviewing the reports, the full Board, or the appropriate Committee in the case of risks that are under the purview of a particular Committee, discuss with the members of senior management responsible for the areas covered by the reports how risks have been identified and what strategies and procedures have been put in place to mitigate risks. When a Committee receives a report, the Chairman of the relevant Committee communicates the results of the report review to the full Board at the next Board meeting. This enables the Board and its Committees to coordinate the risk oversight role, particularly with respect to risk interrelationships.

Risks Associated with Compensation Policies and Practices

We believe that risks arising from our compensation policies and practices for employees are not reasonably likely to have a material adverse effect on the Company. This conclusion was reached based on the following factors:

- The compensation mix is not overly weighted toward annual incentives. Employees who are not officers do not participate in the performance-based cash incentive plan.
- The Company is not engaged in higher risk activities such as trading and involvement in derivative instruments.
- Loan originations and investment purchases, which represent the higher risk activities of the Company, must be in compliance with policies established by the Board of Directors and are subject to procedures that monitor compliance with the policies.
- No significant portion of the Company's earnings is derived from one particular type of activity.
- The thresholds that have to be met for payment of performance-based cash incentives are reviewed and approved annually by the Executive Committee. The thresholds are considered to be reasonable. The Committee also has the authority to increase or deny payments that otherwise would be called for by the performance-based cash incentive plan.
- Compliance and ethical behaviors are integral factors in all performance assessments. All officers, directors and employees of the Company must attest annually as to their compliance with the Company's Code of Business Conduct and Ethics.

In 2010, the Company engaged an independent compensation consultant, BDO USA, to provide advice and recommendations regarding compensation matters.

Ownership Reports by Officers and Directors

The Common Stock of the Company is registered with the SEC pursuant to Section 12(g) of the Securities Exchange Act of 1934 (the Exchange Act). The officers and directors of the Company and beneficial owners of greater than 10% of the Company's Common Stock (10% beneficial owners) are required to file reports on Forms 3, 4 and 5 with the SEC disclosing beneficial ownership and changes in beneficial ownership of the Common Stock. SEC rules require disclosure in the Company's Proxy Statement or Annual Report on Form 10-K of the failure of an officer, director or 10% beneficial owner of the Company's Common Stock to file a Form 3, 4 or 5 on a timely basis. All of the Company's officers and directors filed these reports on a timely basis in 2010 except for the reporting on March 29, 2010 of 5,000 stock options awarded to Mr. Wilde on March 24, 2010 and the reporting on November 2, 2010 of 2,000 shares of the Company's Common Stock purchased by Mr. Fanger on October 21, 2010.

Meetings and Committees of the Board of Directors

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The business of the Boards of Directors of the Company and the Bank is conducted through meetings and activities of the Boards and their committees. The Board of the Company had the following committees in 2010: Executive Committee and Audit Committee. The Executive Committee operates as the Compensation Committee of the Board of Directors (the Compensation Committee) and the Nominating Committee of the Board of Directors (the Nominating Committee).

During the year ended December 31, 2010, the Board of Directors of the Company held 14 meetings and the Board of Directors of the Bank held 11 meetings. During the year ended December 31, 2010, no director attended fewer than 75% of the total meetings of the Boards of Directors and committees on which such director served.

In 2010, the Executive Committee consisted of directors Chapin, Hall, Slotnik (Chairman) and Wilde. The Committee met 10 times during the year ended December 31, 2010 to exercise general control and supervision of all matters pertaining to the interests of the Company and the Bank, subject at all times to the direction of the Board of Directors.

The Compensation Committee reviews the performance of the Chief Executive Officer annually and approves his compensation. It also reviews the parameters that must be met for bonuses to be paid to executive

officers and approves the actual amounts of bonuses paid. Each member of the Compensation Committee is considered independent as defined in the Nasdaq corporate governance listing standards. The Committee met three times during the year ended December 31, 2010. The report of the Compensation Committee is included elsewhere in this Proxy Statement.

The Executive Committee reviews and approves all loan requests over \$2,000,000. It also reviews the status of the loan portfolio and non-performing assets, the classification of loans, the adequacy of the allowance for loan losses and the valuation of non-performing assets.

Director Attendance at Annual Meetings

The Board of Directors encourages each director to attend annual meetings of stockholders. All then-current directors of the Company attended the 2010 annual meeting of stockholders.

The Nominating Committee

In 2010, the Nominating Committee of the Company and the Bank consisted of directors Chapin, Hall, Slotnik and Wilde. Each member of the Nominating Committee is considered independent as defined in the Nasdaq corporate governance listing standards. The Company Board of Directors has adopted a written charter for the Committee, which is available at the Company's website at www.brooklinebank.com. The Committee did not meet during the year ended December 31, 2010.

The functions of the Nominating Committee include the following:

- to lead the search for individuals qualified to become members of the Board and to select director nominees to be presented for stockholder approval;
- to review and monitor compliance with the requirements for board independence; and
- to review the committee structure and make recommendations to the Board regarding committee membership.

The Nominating Committee identifies nominees by first evaluating the current members of the Board of Directors willing to continue in service. Current members of the Board with skills and experience that are relevant to the Company's business and who are willing to continue in service are first considered for re-nomination, balancing the value of continuity of service by existing members of the Board with that of obtaining a new perspective. If any member of the Board does not wish to continue in service, or if the Committee or the Board decides not to re-nominate a member for re-election, or if the size of the Board is increased, the Committee would solicit suggestions for director candidates from all Board

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members. In addition, the Committee is authorized by its charter to engage a third party to assist in the identification of director nominees. The Nominating Committee would seek to identify a candidate who at a minimum satisfies the following criteria:

- has personal and professional ethics and integrity and whose values are compatible with the Company's;
- has had experiences and achievements that have given him or her the ability to exercise and develop good business judgment;
- is willing to devote the necessary time to the work of the Board and its committees, which includes being available for Board and committee meetings;
- is familiar with the communities in which the Company operates and/or is actively engaged in community activities;
- is involved in other activities or interests that do not create a conflict with his or her responsibilities to the Company and its stockholders; and

- has the capacity and desire to represent the balanced, best interests of the stockholders of the Company as a group, and not primarily a special interest group or constituency.

The Nominating Committee will also take into account whether a candidate satisfies the criteria for independence under the Nasdaq corporate governance listing standards and, if a nominee is sought for service on the Audit Committee, the financial and accounting expertise of a candidate, including whether an individual qualifies as an audit committee financial expert.

Procedures for the Nomination of Directors by Stockholders

The Nominating Committee has adopted procedures for the submission of director nominees by stockholders. If a determination is made that an additional candidate is needed for the Board of Directors, the Nominating Committee will consider candidates submitted by the Company's stockholders. Stockholders can submit the names of qualified candidates for Director by writing to our Corporate Secretary, at 160 Washington Street, Brookline, Massachusetts 02445. The Corporate Secretary must receive a submission not less than ninety (90) days prior to the date of the Company's proxy materials for the preceding year's annual meeting. The submission must include the following information:

- the name and address of the stockholder as he or she appears on the Company's books and the number of shares of the Company's Common Stock that are owned beneficially by such stockholder (if the stockholder is not a holder of record, appropriate evidence of the stockholder's ownership will be required);
- the name, address and contact information for the candidate and the number of shares of Common Stock of the Company that are owned by the candidate (if the candidate is not a holder of record, appropriate evidence of the stockholder's ownership should be provided);
- a statement of the candidate's business and educational experience;
- such other information regarding the candidate as would be required to be included in the proxy statement pursuant to SEC Regulation 14A;
- a statement detailing any relationship between the candidate and the Company;
- a statement detailing any relationship between the candidate and any customer, supplier or competitor of the Company;
- detailed information about any relationship or understanding between the proposing stockholder and the candidate; and

- a statement that the candidate is willing to be considered and willing to serve as a Director if nominated and elected.

A nomination submitted by a stockholder for presentation by the stockholder at an annual meeting of stockholders must comply with the procedural and informational requirements described in Other Matters and Advance Notice Procedures.

Stockholder Communications with the Board

A stockholder of the Company who wishes to communicate with the Board of Directors or with any individual Director can write to the Corporate Secretary of the Company, at 160 Washington Street, Brookline, Massachusetts 02445, Attention: Board Administration. The letter should indicate that the author is a stockholder and if shares are not held of record, should include appropriate evidence of stock ownership. Depending on the subject matter, management will:

- forward the communication to the Director or Directors to whom it is addressed;

- attempt to handle the inquiry directly, for example where it is a request for information about the Company or it is a stock-related matter; or
- not forward the communication if it is primarily commercial in nature, relates to an improper or irrelevant topic, or is unduly hostile, threatening, illegal or otherwise inappropriate.

At each Board meeting, management will present a summary of all communications received since the last meeting that were not forwarded and make those communications available to the Directors.

Code of Ethics

The Company has adopted a Code of Ethics that the Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer must adhere to. In addition, the Company has adopted a Code of Business Conduct and Ethics that is applicable to the officers, directors and employees of the Company. The Code of Ethics is available on the Company's website at www.brooklinebank.com. Amendments to and waivers from the Code of Ethics are also disclosed on the Company's website.

The Audit Committee

In 2010, the Audit Committee of the Company and the Bank consisted of directors Doyle, Hackett, Hollister (Chairman) and Vaule. Each member of the Audit Committee is considered independent as defined in the Nasdaq corporate governance listing standards and under SEC Rule 10A-3. The Board of Directors has determined that each of Mr. Hollister and Mr. Doyle qualifies as an audit committee financial expert as that term is used in the rules and regulations of the SEC. Mr. Hollister qualifies primarily through:

- his experience as the Chief Financial Officer of Global Partners, LP, a Fortune 500 company listed on the New York Stock Exchange, since July 2006;
- his educational background which includes an MBA from Boston University;
- his training in financial statement analysis while at a major commercial bank (the former Bank of Boston); and
- his experience as the Chief Executive Officer of two significant banking units of Citizens Financial Group.

Mr. Doyle qualifies primarily through:

- his experience as a certified public accountant and partner at KPMG LLP for 22 years;
- his educational background which includes an MBA from the Amos Tuck School of Business Administration at Dartmouth College;
and
- his experience as a bank consultant and as serving as the President and Chief Executive Officer of five community banks.

The Committee reviews the contents of and conclusions in audit reports prepared by the internal auditor and the Company's independent registered public accounting firm, reviews and approves the annual engagement of the Company's independent registered public accounting firm, the Company's audit policy, the internal audit function and the plan of audit coverage, and reviews with management and the Company's independent registered public accounting firm the Company's financial statements and internal controls. The Audit Committee of the Company met five times during the year ended December 31, 2010. The Company's Board of Directors has adopted a written charter for the Audit Committee of the Company, the current version of which is available at the Company's website at www.brooklinebank.com.

Audit Committee Report

In accordance with rules established by the SEC, the Audit Committee of the Company has prepared the following report for inclusion in this Proxy Statement:

As part of its ongoing activities, the Audit Committee has:

- reviewed and discussed with management and the independent registered public accounting firm the Company's audited consolidated financial statements for the year ended December 31, 2010 and the audit of the effectiveness of internal control over financial reporting;
- discussed with the independent registered public accounting firm of the Company the matters required to be discussed by relevant professional standards adopted by the Public Company Accounting Oversight Board; and
- received the written disclosures and the letter from the independent registered public accounting firm required by Public Company Accounting Oversight Board Rule 3526, *Communication with Audit Committee Concerning Independence*, and has discussed with the independent registered public accounting firm their independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements and management's report on internal control over financial reporting be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2010. In addition, the Audit Committee recommended that the Board of Directors appoint KPMG LLP as the Company's independent registered public accounting firm for the year ending December 31, 2011, subject to the ratification of this appointment by the stockholders.

This report shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.

This report has been provided by the Audit Committee:

John J. Doyle, Jr.

John A. Hackett

Thomas J. Hollister

Rosamond B. Vaule

Report of the Compensation Committee of the Board of Directors on Executive Compensation

The Compensation Committee has reviewed and discussed the section entitled "Compensation Discussion and Analysis" with management of the Company. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the "Compensation Discussion and Analysis" be included in this Proxy Statement.

This report shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.

This report has been provided by the Compensation Committee:

David C. Chapin

John L. Hall, II

Joseph J. Slotnik

Peter O. Wilde

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Philosophy and Objectives

The Compensation Committee believes that the most effective executive compensation program is one that is designed to accomplish the following objectives:

- Make available a range of compensation elements that can be utilized to attract and retain executives with the talent needed to achieve the Company's performance goals and to remain competitive relative to the compensation paid to executives with similar responsibilities at similarly-sized financial institutions;
- Align the interests of executive officers with the interests of the Company's stockholders; and
- Motivate executives by having part of their overall compensation based on pre-determined performance goals.

To accomplish these objectives, the Committee believes that executive compensation programs should include salary, performance-based cash incentives, equity compensation and a menu of benefit programs typically offered in the market place.

The Committee does not have a written charter.

Role of Executive Officers in Compensation Decisions

The Compensation Committee approves the compensation paid to the Chief Executive Officer, the Chief Financial Officer and the Other Named Executive Officers of the Company as referred to in this Proxy Statement. The performance of the Chief Executive Officer is reviewed annually by the Committee. The Chief Executive Officer presents annually to the Committee his assessment of the performance of the Chief Financial Officer and the Other Named Executive Officers of the Company and his recommendations for their salary adjustments and performance awards. The Committee exercises its discretion in determining the levels of compensation to be paid to those executives.

The Compensation Committee approves equity compensation awards to all officers of the Company. The Committee has given the Chief Executive Officer the authority to determine the non-equity compensation of all officers of the Company other than those officers mentioned in the preceding paragraph.

Performance evaluations are generally measured on criteria applicable to the Company as a whole and to specific responsibilities of each executive. Criteria considered include earnings, return on equity, return on assets, asset quality, capital management, risk management, franchise expansion, corporate governance, expertise and general management skills, and each executive's contribution to the successful operation of the Company. These criteria are evaluated not only on current year performance but also on the trend of performance over the past few years and within the context of the unusual operating and performance issues inherent in the management of a highly capitalized, converted financial institution. Also taken into consideration are factors outside of the control of management such as the state of the economy, the interest rate environment, regulatory mandates and competition.

Compensation Elements

Compensation paid to or earned by our executive officers in 2010 consisted primarily of salary, performance-based cash incentives and Common Stock and stock option awards. Our executive officers are eligible to participate in benefit programs generally available to employees such as the Employee Stock Ownership Plan, the 401(k) defined contribution plan, medical, dental and vision benefits, group term life insurance and postretirement medical benefits.

A description of each compensation element and how the amount to be paid or awarded is determined is presented below.

Salary

The salary of executive officers and other members of senior management is reviewed annually. Changes in salary are based on an evaluation of each individual's responsibilities, skills, experience and performance, and on a comparison to salaries paid to individuals performing comparable duties at similarly-sized financial institutions. Performance takes into consideration each individual's contribution in the achievement of business and profitability goals.

Non-Equity Incentive Compensation

Executive officers and certain other officers are eligible to receive annual cash incentive payments based on achievement of a pre-determined business plan approved by the Compensation Committee and the assessment of the Chief Executive Officer as to the overall performance of such officers. A discussion of incentive payments to individuals who are referred to in this Proxy Statement as "Named Executive Officers" is presented after the "Plan-Based Awards" table which follows.

Stock Awards and Stock Option Grants

In 2010, 7,470 shares of Common Stock and 52,333 stock options were granted to the Chief Executive Officer in accordance with the terms of his employment agreement. In addition, shares of Common Stock were awarded to executives referred to as "Named Executive Officers" in this Proxy Statement as follows: 6,000 shares to Mr. Peck and 5,000 shares each to Mr. Bechet, Mr. Rose and Ms. Wolchonok. The awards were made in recognition of performance of their specific responsibilities and the overall performance of the Company.

In 2009, no shares of Common Stock were awarded or stock options granted to the Named Executive Officers, except for 8,889 shares of Common Stock and 72,512 stock options granted to the Chief Executive Officer upon his employment on March 16, 2009 and for reload options granted to other Named Executive Officers in connection with their exercise of stock options through the tendering of previously acquired shares of Common Stock. A reload option represents an additional option to acquire the same number of shares of Common Stock as is used to pay for the exercise of the original option. A reload option is subject to all of the same terms and conditions as the original option except that (i) the exercise price of the shares of Common Stock subject to the reload option is determined at the time the original option is exercised and (ii) such reload option conforms to all provisions of the related stock option plan at the time the original option is exercised.

The Chief Financial Officer and the Executive Vice President of the Company were awarded shares of Common Stock and granted stock options in 1999 and 2003. In 2009, in connection with the exercise of stock options through the tendering of previously acquired shares of Common Stock, the following reload options were granted: 22,473 to the Chief Financial Officer and 248,516 to the Executive Vice President of the Company. In 2009, Mr. Fanger, who joined the Company in 2006, and Ms. Wolchonok were not awarded any shares of Common Stock or granted any stock options. In 2009, Mr. Rose was awarded 25,000 stock options at the time of his employment by the Company.

The Company converted from a mutual to a stock form of organization and sold 47% of the Company's shares in an Offering that occurred in 1998. Shares owned by the Company's mutual holding company parent were sold in an Offering that occurred in 2002. Subsequent to the completion of these Offerings, the stockholders approved in 1999 a recognition and retention plan ("1999 RRP") and a stock option plan ("1999 Option Plan") and, in 2003, another recognition and retention plan ("2003 RRP") and a stock option plan ("2003 Option Plan"). The 1999 RRP and

the 1999 Option Plan were terminated on April 19, 2009.

The purpose of the Company's recognition and retention plan is to have a method to recognize prior service and to provide current and prospective directors, officers and employees with an ownership interest in the Company that will encourage the retention and recruitment of those individuals on whom the success of the Company most depends. The purpose of the Company's Option Plan is to enable the granting of long-term incentive awards to directors, officers and employees as a means of enhancing and encouraging the retention and recruitment of those individuals.

Supplemental Retirement Income Agreement

In 1991, the Company entered into a non-qualified supplemental retirement income agreement for the benefit of the Executive Vice President of the Company. The agreement was amended in 2006 and 2008. A description of the amendments and a summary of the benefits payable under the agreement is described under Pension Benefits .

Other Benefits

The Company provides a range of other benefits to its officers and employees. The benefits include medical, dental, vision, disability and life insurance coverage, a 401(k) defined contribution plan and an Employee Stock Ownership Plan. The executives referred to as Named Executive Officers in this Proxy Statement participate in these benefits. A description of the features of these benefits is presented below.

Medical, Dental, Vision, Life, Disability and Other Similar Employee Benefit Plans. The Company provides eligible employees with group life, accidental death and dismemberment, and long-term disability coverage. For its eligible employees, the Company pays 80% of the monthly premiums for group health coverage and 50% of the monthly premiums for individual and family dental and vision coverage.

The Company pays 100% of the monthly premiums for group life and group accident insurance coverage for all full-time employees after the employee has completed three months of service. The Company also sponsors a flexible benefits plan under which employees can pay their ratable share of health insurance premiums on a pre-tax basis, a medical expense reimbursement plan under which employees can defer part of their salary on a pre-tax basis to cover the costs of certain medical expenses not reimbursed through insurance or otherwise, a dependent care plan under which employees can defer part of their salary on a pre-tax basis to cover qualified dependent care expenses, and a transportation plan under which employees can defer part of their salary on a pre-tax basis for qualified parking and transportation expenses.

Postretirement Medical Benefit Plan. The Company sponsors a plan that enables individuals who were employees of the Bank at December 31, 2003 and who had a minimum number of years of service with the Bank at that date to obtain postretirement medical benefits. Upon retirement, the Company will pay part of the annual premium for medical coverage up to a maximum limit of 50%.

401(k) Plan. The Company maintains a 401(k) plan which is a qualified, tax-exempt profit sharing plan with a salary deferral feature under Section 401(k) of the Code (the 401(k) Plan). All employees who have attained age 21 are eligible to participate.

Under the 401(k) Plan, participants are permitted to make salary reduction contributions equal to the lesser of 75% of compensation or a maximum limit which is indexed annually (\$16,500 in 2010). Those plan participants who are age 50 or older are permitted to make salary reduction contributions equal to the lesser of 75% of compensation or a maximum limit which is indexed annually (\$22,000 in 2010).

Under the 401(k) Plan, the Company provides an annual contribution equal to 5% of each participant's compensation up to a maximum limit which is indexed annually (\$245,000 in 2010). In order to be fully vested in the Company's annual contribution, a participant must complete

three years of service with the Company in which he or she works 1,000 hours or more. The plan permits employees to direct the investment of their own accounts into various investment options.

Employee Stock Ownership Plan. The Company has an Employee Stock Ownership Plan (the "ESOP"). Employees with at least one year of employment in which they work 1,000 hours or more with the Company and who have attained age 21 are eligible to participate. Shares of the Company's Common Stock purchased by the ESOP are held in a suspense account for allocation among participants.

Shares of Common Stock released from the suspense account are allocated among ESOP participants on the basis of compensation in the year of allocation. Benefits generally vest over a seven-year period. Benefits generally vest at the rate of 20% per year beginning in the third year of service until a participant is 100% vested after seven years or upon normal retirement (as defined in the ESOP), disability or death of the participant or a

change in control (as defined in the ESOP). A participant who terminates employment for reasons other than death, retirement or disability prior to seven years of credited service forfeits the nonvested portion of his or her benefits under the ESOP. Benefits are payable in the form of Common Stock of the Company and cash upon death, retirement, early retirement, disability or separation from service.

Any amendments to the ESOP are approved by the Bank's Board of Directors. The ESOP is administered by a committee comprised of the Chief Executive Officer, the Chief Financial Officer and another officer of the Bank. The ESOP committee has appointed an independent financial institution to serve as trustee of the ESOP. The ESOP committee may instruct the trustee regarding investment of funds contributed to the ESOP. The ESOP trustee, subject to its fiduciary duty, must vote all allocated shares held in the ESOP in accordance with the instructions of participating employees. Under the ESOP, nondirected shares and shares held in the suspense account are voted in a manner calculated to most accurately reflect the instructions it has received from participants regarding the allocated stock so long as such vote is in accordance with the provisions of ERISA.

Deferred Compensation Plan. In September 2010, the Board of Directors approved a deferred compensation plan to become effective January 1, 2011. Eligible participants include the members of the Board of Directors, executive officers who serve on the Management Committee of the Company and other Named Executive Officers as referred to in this Proxy Statement.

Directors may elect to defer from 25% to 100% of their annual retainer and fees for service on the Board of Directors of the Company and eligible executive officers may elect to defer from 5% to 100% of their annual base salary and/or cash incentive payment. Amounts deferred earn interest credited at the end of each month based on the Company's average annual yield on earning assets for the previous calendar quarter, converted to a monthly equivalent yield.

Executive Compensation

The following table sets forth for the year ended December 31, 2010 certain information as to the total remuneration paid to or earned by the Chief Executive Officer, Mr. Perrault, who commenced serving as the Chief Executive Officer effective April 16, 2009, the Chief Financial Officer, Mr. Bechet, and the three most highly compensated executive officers of the Company other than Messrs. Perrault and Bechet, and Mr. Peck who retired as an executive officer and as an employee of the Company and the Bank effective December 23, 2010. We refer to these executive officers in this Proxy Statement as the Named Executive Officers .

SUMMARY COMPENSATION TABLE

Name and principal position	Year	Salary	Bonus	Stock awards	Option awards	Change in pension value and nonqualified deferred earnings		All other compensation(2) (3)	Total
						Non-equity incentive plan compensation	compensation		
Paul A. Perrault(1) President, Chief Executive Officer and Director	2010	\$ 600,000	\$	\$ 80,000	\$ 120,000	\$ 210,000	\$	47,940	\$ 1,057,940
	2009	475,000		80,000	120,000	142,500		40,678	858,178
Paul R. Bechet Senior Vice President, Chief Financial Officer and Treasurer	2010	255,000		48,100		76,500		44,141	423,741
	2009	255,000			2,629	88,750		76,984	423,363
	2008	242,500				85,625		137,022	465,147
Charles H. Peck Executive Vice President and Director	2010	261,000		60,720		78,300		54,471	454,491
	2009	261,000			47,546	65,250	74,517	110,499	558,812
	2008	252,500			36,800	45,513	56,167	209,484	600,464
Michael J. Fanger President, Chief Executive Officer and Director of Eastern Funding LLC	2010	292,005				200,000		46,461	538,466
	2009	283,500				80,808		45,649	409,957
	2008	275,500				33,550		59,657	368,707
M. Robert Rose(2) Chief Credit Officer	2010	242,500		48,100		72,750		13,122	376,472
	2009								