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**MUTUAL TO STOCK CONVERSION**

SAMPLE "APPLICATION LETTER"

Dear

The Trustees of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, by Board resolution at a special Board meeting of the Trustees on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, (after ten days prior notice having been given, the initial proposal having been made at the regular Board meeting on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ ), have decided to convert \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_to a Pennsylvania Stock Savings Bank with the name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

In order to obtain the Department of Banking and Securities approval to effectuate this decision, we offer the following as the initial step in bringing about this conversion:

1. Articles of Conversion pursuant to Section 1609(c) of the Banking Code.
2. The Plan of Conversion pursuant to Section 1609(b) of the Banking Code.
3. Amended and Restated Articles of Incorporation pursuant to sections 1609(c)(viii) and 1504 of the Banking Code.
4. Certified Copy of Resolution of the meeting of the Board of Trustees approving filing of the Articles of Conversion, Plan of Conversion and Amended and Restated Articles of Incorporation.
5. The application fee of $4,000.00, payable to the Department of Banking and Securities.
6. The recording fee of $70.00, payable to Department of State.
7. Evidence of Name Reservation with the Department of State.

We will obtain the services of a qualified independent appraiser to obtain the Final Fair Market Value of the Bank and submit these to the Department as soon as they are available.

We will submit the Notice to Depositors of their rights and the Prospectus as they are completed for your approval prior to publication.

We will submit Proof of Publication of the advertisement of the Articles of Conversion immediately following publication. The advertisement will be placed in a newspaper of general circulation and a legal journal in the County in which (name of applicant) is headquartered.

 Sincerely,

**APPLICATION FOR APPROVAL**

**TO CONVERT FROM A MUTUAL SAVINGS BANK TO A STOCK SAVINGS BANK**

**Notice to be Published in a Newspaper of General Circulation and a Legal Newspaper**

**NOTICE OF FILING AN APPLICATION**

**Notice is hereby given that on [Date], [Name of Applicant Institution], with its principal place of business located at [Address, County], filed with the Pennsylvania Department of Banking and Securities, pursuant to the provisions of Section 1609 of the Banking Code of 1965, as amended, an application for approval to convert from a mutual savings bank to a stock savings bank.**

**The corporate title of the resulting institution will be [Name of Resulting Institution].**

**All interested persons may file comments regarding this application, in writing, with the Pennsylvania Department of Banking and Securities, Corporate Applications Division, 17 North Second Street, Suite 1300, Harrisburg, PA 17101-2290.**

**In order to be considered, comments regarding this application must be received by the Department of Banking and Securities no later than thirty (30) days after the date that notice of the filing of this application is published in the *Pennsylvania Bulletin*.  Publication in the *Pennsylvania Bulletin* may or may not appear contemporaneously with this notice. Please check the *Pennsylvania Bulletin* Web site at** [**www.pabulletin.com**](http://www.pabulletin.com/) **to determine the due date for filing comments.**

S A M P L E

ARTICLES OF CONVERSION OF

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

into a

STOCK SAVINGS BANK

Pursuant to section 1609(c) of the Pennsylvania Banking Code of 1965, as amended, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a mutual savings bank chartered under the laws of the Commonwealth of Pennsylvania, has adopted Articles of Conversion whereby, subject to the approval of the Department of Banking and Securities, it will convert into a stock savings bank, as follows:

1. The name of the bank is: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ ; and following the conversion will be:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. The location and post office address of its principal place of business is:
3. The Plan of conversion, these Articles of Conversion and the related Amended and Restated Articles of Incorporation of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, referred to below, were approved
4. By at least two-thirds of the Trustees present at the regular Board meeting held at (Address) on (Date) , a quorum being present and voting throughout, and
5. By at least two-thirds of all of the Trustees of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, then in office at a meeting held on not less than ten days' notice given in writing to each Trustee then in office held at (Address) , on \_\_\_\_\_\_\_\_(Date) , a quorum being present and voting throughout.
6. Depositor Vote
7. The Trustees of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_in office at the time the conversion becomes effective shall be the first Directors of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ upon its conversion to a stock savings bank. The names and addresses of such first Directors are:
8. Upon the filing of the Articles of Conversion, the conversion of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ into a stock savings bank shall become effective. Effective at such time, the Articles of Incorporation of\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ shall be amended and restated in their entirety as set forth in Exhibit A to these Articles of Conversion, incorporated herein by reference, and shall be for all purposes (until they shall be further amended) the Articles of Incorporation of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
9. The Plan of Conversion is set forth in Exhibit B to these Articles of Conversion and is incorporated herein by reference.

IN WITNESS WHEREOF, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ has caused these Articles of Conversion to be signed by two of its officers, duly authorized, and the seal to be affixed this \_\_\_\_\_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_\_\_\_\_.

(NAME OF BANK)

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Title)

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Title)

Attest: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 SEAL

S A M P L E

Exhibit A

AMENDED AND RESTATED

ARTICLES OF INCORPORATION OF

XYZ SAVINGS BANK

In compliance with the requirements of Section 1609 of the Pennsylvania Banking Code of 1965, Act of November 30, 1965 (P.L. 847, No.356), 7 P.S. §1609, there is herein set forth the Amended and Restated Articles of Incorporation of XYZ Savings Bank.

Article I: The name of the Bank is XYZ Savings Bank.

Article II: The principal of business of the Bank is:

123 Any Street Any town

Whatever County

Pennsylvania Zip Code

Article III: The Bank was converted from a mutual savings bank to a stock savings bank in conformity with Section 1609 of the Pennsylvania Banking Code of 1965.

XYZ Savings Bank shall be invested with, and have and enjoy all the powers, privileges and franchises incident to a stock savings bank, and be subject to all the duties, requirements and restrictions specified in and by the Pennsylvania Banking Code of 1965 and all other applicable laws of this Commonwealth.

The Bank shall have the further purposes and powers, and may engage in and conduct, directly or indirectly, all lawful businesses permitted to a savings bank under the Pennsylvania Banking Code of 1965, as amended from time to time, and any successor statutes thereto; including, without limitation, the powers referred to in Section 513(a) of the Pennsylvania Banking Code of 1965 with respect to which an election has been filed pursuant to section 513(b) of the Pennsylvania Banking Code of 1965.

Article IV: The term for which the Bank is to exist is perpetual.

Article V: The aggregate number of shares which the Bank shall have authority to issue is 00,000 shares of Common Stock, par value $0.00 per share (the "Common Stock"), and 00,000 shares of Preferred Stock, par value $00.00 per share (the "Preferred Stock"). A description of the different classes and series and a statement of the designations, relative rights, preferences and limitations of each of the shares of each class of and series of stock are as follows:

A. Common Stock

Except as provided by law or in this Article V, the holders of Common Stock shall possess all voting power. Each holder of shares of Common Stock shall be entitled to one vote for each share held by such holder, provided in each election of directors the holder shall have the right to multiply the number of votes to which he may be entitled by the total number of directors to be elected in the same election by the holders of Common Stock, and he may cast the whole number of such votes for one candidate or he may distribute them among any two or more candidates.

Whenever there shall have been paid, or declared and set aside for payment, to the holders of outstanding shares of any class of stock having preference over the Common Stock as to the payment of dividends, the full amount of dividends and of sinking fund or retirement fund or other retirement payments, if any, to which such holders are respectfully entitled in preference to the Common Stock, then dividends may be paid on the Common Stock and on any class or series of stock entitled to participate therewith as to dividends, out of any assets legally available for the payment of dividends; but only when and as declared by the Board of Directors. Dividends may be paid in cash or in property as declared by the Board.

In the event of any liquidation, dissolution or winding up of the Bank, after there shall have been paid or set aside for the holders of all savings accounts the full amount of their deposits and all interest or earnings accrued thereon, and for the holders of any class having preferences over the Common Stock in the event of liquidation, dissolution or winding up the full preferential amounts to which they are entitled, the holders of the Common Stock, and of any class or series of stock entitled to participate therewith, in whole or in part, as to distribution of assets, shall be entitled after payment or provision for payment of all debts and liabilities of the Bank, to receive the remaining assets of the Bank available for distribution, in cash or in kind.

Every share of Common Stock shall have the same relative rights as, and be identical in all respects with, all the other shares of Common Stock.

No holder of Common Stock or of any other class of stock of the Bank shall be entitled as such, as a matter of right, to subscribe for or purchase any part of any new or additional issue of stock of any class or of securities convertible into any stock of any class, whether now or hereafter authorized and whether issued for cash or other consideration or by way of dividend, and the Bank may issue shares, option rights or securities having option or conversion rights without first offering them to the shareholders of any class.

B. Preferred Stock

The Board of Directors is hereby expressly authorized, subject only to the approvals required under all applicable laws and regulations, by resolution or resolutions from time to time adopted" to divide any or all of the Preferred Stock into one or more series, and in establishing a particular series, before issuance of any of the shares thereof, to fix and determine the number of shares and the designation of such series, so as to distinguish it from the shares of all other series and classes, and to fix and determine the liquidation preferences, voting rights (which may be full or limited), dividend rights, qualifications, privileges, limitations, options, conversion rights, redemption, sinking fund or retirement fund provisions, restrictions and other special or relative rights of the Preferred Stock or of any such series, to the fullest extent now or hereafter permitted by the laws of the Commonwealth of Pennsylvania.

Article VI: The number of directors which shall constitute the whole Board of Directors of the Bank shall be the number from time to time fixed by the bylaws of the Bank, and such number of directors so fixed in such bylaws may be changed only upon the affirmative vote of (1) the holders of at least 80% of all the securities of the Bank then entitled to vote on such change; or (2) two-thirds of the directors and two- thirds of the Continuing Directors (as that term is defined in Article VII.C.), in each case in office at the time of the vote.

The name, occupation, citizenship, place of residence and post office address of each director of the Bank is:

Name and Address

(Residence and

 Post Office) Citizenship Occupation

The Board of Directors shall be divided into three classes: Class I, Class II and Class III. The initial division of directors among the three classes shall be determined by the Board of Directors of the Bank prior to the first annual meeting of shareholders of the Bank. Each class shall consist of equal numbers of directors as is nearly possible. The term of office of the initial directors shall expire at the first annual meeting of shareholders of the Bank or when their respective successors are thereafter elected and qualified. Thereafter, the term of office of the initial Class I directors shall expire at the second annual meeting of shareholders; the term of office of the initial Class II directors shall expire at the third annual meeting of shareholders; the term of office of the initial Class III directors shall expire at the fourth annual meeting of shareholders, or in each case when their respective successors are thereafter elected and qualified. At each annual election held after the first annual meeting of shareholders the directors chosen to succeed those whose terms are expiring shall be identified as being of the same class of directors as those whom they succeed and shall be elected for a term expiring at the third succeeding annual meeting of shareholders after their election or in each case when their respective successors are thereafter elected and qualified.

In the event of any increase or decrease in the authorized number of directors, (i) each director then serving as such shall nevertheless continue as a director of the class of which he is a member until the expiration of his current term and (ii) the newly created or eliminated directorships resulting from such increase or decrease shall be apportioned by the Board of Directors among the three classes of directors so as to maintain such classes as nearly equal in number as possible.

Should a vacancy occur or be created, whether arising through death, resignation or removal (otherwise than by vote of the voting shareholders of the Bank) of a director or through an increase in the number of directors of any class (effected otherwise than by vote of the voting shareholders of the Bank), such vacancy shall be filled by a two- thirds vote of the Continuing Directors (as hereinafter defined) then remaining in office. A director so elected to fill a vacancy shall serve until the next annual meeting of shareholders of the Bank or until his successor is thereafter elected and qualified. In all other cases any such vacancy shall be filled by vote of the voting shareholders of the Bank.

Article VII: Vote Required for Certain Significant Transactions

A. Higher Vote for certain Significant Transactions

In addition to any affirmative vote required by law or these Articles, and except as otherwise expressly provided in Part B of this Article VII, the following Significant Transactions, to wit:

(i) any merger or consolidation of the Bank or any Subsidiary (as hereinafter defined) with (a) any Related Person (as hereinafter defined), or (b) any other corporation (whether or not itself a Related Person) which is, or after such merger or consolidation would be, an Affiliate (as hereinafter defined) of a Related Person; or

(ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of related transactions) to or with any Related Person or any Affiliate of any Related Person of any assets of the Bank or any Subsidiary having an aggregate fair market value of $100,000 or more; or

(iii) the issuance or transfer by the Bank or any Subsidiary (in one transaction or a series of related transactions) of any securities of the Bank or any Subsidiary to any Related Person or any Affiliate of any Related Person in exchange for cash, securities or other property (or a combination thereof) having an aggregate fair market value of $100,000 or more; or

(iv) the purchase by the Bank or any Subsidiary from any Related Person or from any Affiliate of a Related Person (in one transaction or a series of related transactions) of any outstanding securities of the Bank which entitles the holder thereof to vote in the election of directors of the Bank in exchange for cash, securities or other property (or a combination thereof) having an aggregate fair market value of $100,000 or more; or

(v) the adoption of any plan or proposal for the liquidation or dissolution of the Bank proposed by or on behalf of a Related Person or any Affiliate of any Related Person; or

(vi) any reclassification of securities, any reverse stock split, any recapitalization of the Bank, or any merger or consolidation of the Bank with any of its Subsidiaries and any other transaction (whether or not with or into or otherwise involving a Related Person) which has the effect, directly or indirectly, of increasing the proportionate voting power of the outstanding shares of any class of equity or convertible securities of the Bank or any Subsidiary which is directly or indirectly owned by any Related Person or any Affiliate of any Related Person; shall require the affirmative vote of the holders of at least 80% of the outstanding securities of the Bank entitled to vote for the election of directors, voting together as a single class. Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage may be specified, by law or in any agreement with any national securities exchange or otherwise.

B. When Higher Vote is Not Required

The provisions of Part A of this Article shall not be applicable to any Significant Transaction (as hereafter defined), and such Significant Transaction shall require only such action as is required by law, the bylaws of the Bank, and any other provision of these Articles of Incorporation, if the Significant Transaction shall have been (i) approved by a majority of the Continuing Directors then on the Board as hereinafter defined) and (ii) recommended by the Board of Directors of the Bank to the holders of securities of the Bank entitled to vote thereon for their approval, if such approval is required under applicable law or other provisions of these Articles of Incorporation or the bylaws of the Bank, all as then in effect.

C. Certain Definitions

For the purposes of This Article VII and for purposes of Articles VI and IX:

(i) The term "Significant Transaction" as used in this Article VII shall mean any transaction which is referred to in anyone or more of clauses (i) through (vi) of Part A of this Article VII,

(ii) The term "person" shall mean any individual, partnership, corporation, unincorporated association, or other entity.

(iii) The term "Related Person" shall mean any person (other than the Bank or any Subsidiary) who or which:

(a) is the beneficial owner, directly or indirectly, of more than 5% of any class of securities of the Bank which is entitled to vote for the election of directors; or

(b) is an Affiliate of the Bank and at any time within the two-year period immediately prior to the date in question was the beneficial owner, directly or indirectly, of 5% or more of the securities of the Bank entitled to vote for the election of directors.

(iv) A person shall be a "beneficial owner" of any security issued by the Bank:

(a) which such person or any of its Affiliates or Associates (as hereinafter defined) owns, directly or indirectly; or

(b) which such person or any of its Affiliates or Associates has (1) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (2) the right to vote (whether formal or informal), or to dispose of, pursuant to any agreement, arrangement or understanding; or

(c) which is owned, directly or indirectly, inclusive of such concepts of ownership as are set forth in Article VII.C.(iv) (b) hereof, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any securities of the Bank.

 (v) For the purposes of determining whether a person is a Related Person pursuant to Paragraph (iii) of this Part C, the number of shares deemed to be outstanding shall include shares which are not outstanding but which are deemed owned by such person through application of Paragraph (iv) of this Part C but shall not include any other shares which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

(vi) "Affiliate" or "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on November 1, 1984.

(vii) "Subsidiary" means any corporation of which a majority of any class of equity security is owned, directly or indirectly, by the Bank; provided, however, that for the purposes of the definition of Related Person set forth in Paragraph (iii) of this Part C, the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity security is owned, directly or indirectly, by the Bank.

(viii) "Continuing Director" means any member of the Board of Directors of the Bank (the "Board") who (a) is not the Related Person or an Affiliate or Associate of the Related Person and was a member of the Board prior to the time that the Related Person became a Related Person, or (b) is unaffiliated with the Related Person and is recommended to succeed a Continuing Director who retires, resigns, dies, or fails to stand for reelection by a majority of Continuing Directors then on the Board. Any action required or permitted to be taken under these Articles of Incorporation by a specified percentage of the Continuing Directors shall be valid action whether or not the continuing Directors constitute a quorum of the Board of Directors at the time of taking such action.

(ix) The continuing Directors of the Bank shall have the power to determine for the purposes of the definitions in this Article VII, on the basis of information known to them after reasonable inquiry, (a) whether a person is a Related Person, (b) the number of shares of any class of securities issued by the Bank which are beneficially owned by any person, (c) whether a person is an Affiliate or Associate of another, and (d) whether the assets which are the subject of any Significant Transaction have, or the consideration to be received for the issuance or transfer of securities by the Company or Subsidiary in any Significant Transaction has, an aggregate fair market value of $100,000 or more. All such determinations shall be conclusive.

D. No Effect on Fiduciary Obligations of Related Persons

Nothing contained in this Article VII shall be construed to relieve any Related Person, or any Affiliate or Associate of any Related Person, from any fiduciary obligation imposed by law.

Article VIII: Evaluation of Certain Proposals by the Board of Directors

The Board of Directors of the Bank, when evaluating any proposal of another party to (a) make a tender offer for securities of the Bank, (b) merge or consolidate the Bank with another corporation, (c) purchase or otherwise acquire substantially all of the properties or assets of the Bank, (d) engage in any transaction of the sort specified in Paragraph A of Article VII of these Articles of Incorporation, or *(e)* engage in any other transaction having a similar effect upon the properties, operations or control of the Bank, may, in connection with the exercise of its judgment in determining what is in the best interests of the Bank and its shareholders, give such consideration to the following as it deems appropriate in the context of the particular proposed transaction and accord such relative weight to the following (including, when it deems appropriate, conclusive weight) as it deems appropriate in the context of the particular proposed transaction:

(i) the character, integrity, business philosophy, financial status and relevant business experience of the other party or parties to the transaction;

(ii)the consideration proposed to be received by the Bank or its shareholders in connection with such transaction, as compared to: (a) the current market price or value of the Bank's properties or securities; (b) the estimated future value of the Bank, its properties or securities; (c) the value of the Bank, its properties or securities in a freely negotiated transaction; (d) the price paid by any offeror or other party to a proposed merger or other transaction with the Bank for securities issued by the Bank which were previously acquired by such person, and *(e)* such other measures of the value of the Bank, its properties or securities as the directors may deem appropriate.

(iii) the projected social, legal (including, without limitation, anti-trust and regulatory issues) and economic effects of the proposed action or transaction upon the Bank, its depositors, borrowers, employees, suppliers and customers and the communities in which the Bank conducts its business.

(iv) the desirability of the Bank continuing as an independent entity; and

(v) such other factors as the Board of Directors may deem relevant.

Article IX: A. No person shall, without the prior written consent of two-thirds of the Continuing Directors, become the beneficial owner of in excess of 5% of any class of securities issued by the Bank which is entitled to vote for the election of directors. For purposes of this Article IX, as between any person owning securities of the Bank and the Bank, the determination by a majority of the continuing Directors of the Bank then in office as to whether any person is the beneficial owner of in excess of 5% of any class of securities issued by the Bank which is entitled to vote for the election of directors shall be binding and conclusive and, upon the making of any such determination by a majority of the Continuing Directors, the Bank shall, as a majority of Continuing Directors deem appropriate in the particular case, take anyone or more of the following actions: (i) notify such beneficial owner (by first class mail to the record owner of any such securities beneficially owned by such person) that all voting rights with respect to such securities issued by the Bank as are beneficially owned by such person are terminated, in which event the giving of such notice by the Bank shall, without further action by the Bank, terminate all voting rights with respect to such securities during the period such person is determined by two-thirds of the Continuing Directors to continue to be the beneficial owner of in excess of 5% of any class of securities issued by the Bank which is entitled to vote for the election of directors; (ii) commence an action in any court having jurisdiction seeking such divestiture of securities issued by the Bank beneficially owned by such person as is necessary to reduce such person's beneficial ownership of each class of securities issued by the Bank which is entitled to vote for the election of directors to not more than 5% of such class; and (iii) take such other action as a majority of the Continuing Directors deem appropriate under the circumstances of any particular case.

 B. The provisions of this Article IX shall not be applicable to any bona fide group of underwriters or selling group members who are party to an underwriting agreement with the Bank during the period in which such underwriters or selling group members are engaged in a distribution of securities issued by the Bank.

 C. The provisions of this Article IX shall terminate and be of no further force and effect five years following the effective date of the Bank's conversion unless, prior thereto, the provisions of this Article IX shall have been extended by the shareholders of the Bank pursuant to the provisions of Article X; provided, however, that regardless of any expiration of the provisions of this Article IX, the provisions of this Article IX shall remain in full force and effect with respect to any person who acquired, during any period the provisions of this Article IX were in effect, beneficial ownership of more than 5% of any class of securities issued by the Bank which is entitled to vote for the election of directors.

D. The failure of the Bank or the continuing Directors to take such action as is authorized by this Article IX in any particular case shall not operate as a waiver of the right to take any action authorized by this Article IX at any subsequent date with respect to (i) the person with respect to which the failure so related, or (ii) any other person.

Article X: Vote Required For Amendment of Articles VI, VII, VIII, IX and X

Any provision in these Articles of Incorporation or in the Bylaws of the Bank to the contrary notwithstanding, no provisions of Articles VI, VII, VIII, IX and X of these Articles of Incorporation shall be altered, amended, supplemented or repealed by the shareholders of the Bank, and no provision of the Bylaws or of these Articles of Incorporation inconsistent with such provisions shall be adopted by the shareholders of the Bank, except by the affirmative vote of the holders of at least 80% of the outstanding securities of the Bank entitled to vote on amendments to these Articles of Incorporation, voting as a single class: except that amendments to extend the duration of Article IX for successive periods of up to five years may be adopted by the affirmative vote of the holders of a majority of all securities issued by the Bank which are entitled to vote on amendments to these Articles of Incorporation voting as a single class.

# Exhibit B

PLAN OF CONVERSION OF

XYZ MUTUAL SAVINGS BANK

INTO A

PENNSYLVANIA STOCK SAVINGS BANK

The Trustees of XYZ Mutual Savings Bank (the "Bank") have determined it is in the Bank's best interest to acquire significant additional capital, and that the acquisition of such capital can be accomplished through the conversion of the Bank from a mutual savings bank into a stock savings bank (the "Conversion"), as contemplated under Pennsylvania law. This plan (the "Plan of Conversion"), upon approval by the Department of Banking and Securites of the Commonwealth of Pennsylvania (the "Department"), establishes the procedure for effecting conversion of the Bank into a stock savings bank pursuant to the provisions of the Pennsylvania Banking Code of 1965, as amended (the "Banking Code").

A. Approval of the Plan of Conversion by: Trustees of the Bank

The Plan of Conversion was proposed at a regular meeting of the Board of Trustees of the Bank on (date) , and was approved by at least two-thirds of the Trustees present. The Plan of Conversion was approved again by at least two-thirds of all the Trustees of the Bank then in office at a meeting held on (date) after at least 10 days' notice given to all of the Trustees. Amendments of the Plan of Conversion were approved by a majority of a quorum of the Trustees of the Bank at meetings held on \_\_(date) and (date) .

B. General Procedure for Conversion; Effective Time of Conversion

1. After approval of the Plan of Conversion by the Trustees as provided in Article A above, the Plan of Conversion, the related Articles of Conversion and the amended and Restated Articles of Incorporation shall be filed with the Department for its approval pursuant to section 1609 of the Banking Code. The proposed form of the Articles of Conversion and Amended and Restated Articles of Incorporation of the Bank are attached hereto. The filing with the Department shall be advertised in the manner required by the Banking Code.
2. After the Department has approved the Plan of Conversion, the related Articles of Conversion and the Amended and Restated Articles of Incorporation, the Bank shall offer to sell its Common Shares as contemplated by Articles D and E of the Plan of Conversion.
3. After all of the foregoing actions, events and determinations have taken place, and the Bank shall have obtained satisfactory assurances that the proceeds of the sale of all of the Common Shares of the Bank intended to be issued in the Conversion will be delivered against delivery of certificates for Common Shares of the Bank, the Conversion of the Bank from a Pennsylvania mutual savings bank into a Pennsylvania stock savings bank shall be effected by the filing of the Articles of Conversion and the Amended and Restated Articles of Incorporation of the Bank with the Department of State of the Commonwealth of Pennsylvania. The time at which the Articles of Conversion and the Amended and Restated Articles of Incorporation are filed with the Department of State of the Commonwealth shall be and is referred to herein as the "Time of Conversion."
4. This Plan and any offering material provide that any acquisition of in excess of 10% of the Bank's stock by any person or group of persons affiliated with each other requires the prior approval of the Department pursuant to the provisions of Section 112 of the Banking Code.
5. Copies of the Plan of Conversion shall be made available for inspection by depositors of the Bank at each office of the Bank which has a staff and at which deposits are received.

C. Valuation: Pricing and Number of Shares

1. The only class of securities to be issued in the Conversion shall be the Common Shares, par value $0.00 per share, of the Bank ("Shares") .Sales of Shares (i)to depositors as provided in Article D hereof (the "Subscription Offering") and *(ii)* to the public through a direct community marketing program as provided in Article E hereof (the "Community Offering"), shall be made at the same price per Share (the "Purchase Price").
2. The Bank shall obtain an appraisal by a firm independent of the Bank, experienced in the appraisal of banks, of the aggregate pro forma market value of the Shares taking into account the expected receipt of the Conversion proceeds. The appraisal will be stated in terms of an Estimated Fair Market Value Range, the maximum of which should be no more than 15% above the average of the minimum and maximum of such range and the minimum of which should be no more than 15% below such average. After consideration of such appraisal, the Trustees by resolution shall determine the Purchase Price for the Shares, which shall not exceed $00 per Share. The total number of Shares to be offered in the Subscription Offering shall be determined by dividing the minimum and maximum of the Estimated Fair Market Value Range by the Purchase Price for a range of Shares. The actual number of Shares to be issued in the Conversion shall not be determined until the close of the Community Offering.
3. Concurrently with the commencement of the Subscription Offering, Shares not subscribed for in the Subscription Offering will be offered to other members of the public, who may not be eligible depositors, in the Community Offering. If purchasers cannot be found for all unsubscribed shares from the general public, other purchase arrangements will be made by the Board of Trustees subject to the approval of the Department and may provide for purchases by trustees, officers, their associates and other persons in excess of the limitations provided for in the Plan of Conversion.
4. At the completion of the Community Offering the independent appraiser will promptly confirm to the Bank and the Department, to the best of the knowledge of the independent appraiser, either (i) nothing of a material nature has occurred which, taking into account all relevant factors, would cause it to conclude that the aggregate Purchase Price of all Shares sold is incompatible with its estimate of the pro forma market value of the Shares at the close of the Community Offering, or (ii) there is such an incompatibility, in which case the independent appraiser shall state its estimate of the pro forma market value of the Shares as of the close of the Community Offering. If that estimate is within the Estimated Fair Market Value Range, no further action need be taken. If that estimate is not within the Estimated Fair Market Value Range, the Bank, after consultation with the Department, will either terminate the Plan, establish a new Estimated Fair Market Value Range in which event the number of Shares offered may be increased or decreased or a new Subscription and Community Offering may be held, or take such other action as the Department may permit.
5. The obligation of the Bank to offer to its depositors the preemptive right to purchase Shares shall be satisfied by making the Subscription Offering as contemplated herein, and the Bank shall have no obligation to resolicit or make any further offers to its depositors if the aggregate Purchase Price of Shares to be issued in the Conversion is within the Estimated Fair Market Value Range.
6. With the approval of the Department, the Subscription Offering and the Community Offering may be commenced prior to the approval of the Plan of Conversion by the Department , provided in any event that the Bank will undertake to take such action as the Department shall require by reason of any amendment to the Plan of Conversion prior to the approval by the Department, including resolicitation of any or all of the offers, and further provided that no Shares shall be issued and the Conversion will not be effected until the Department has approved the Plan of Conversion.
7. The Bank shall provide the Department with such documents and other information as the Department shall request in connection with the approval of this Plan of Conversion, the determination of the adequacy of the preemptive right granted to depositors and of the method of the determination of the Estimated Fair Market Value Range of the Shares.

D. The Depositors' Riqht to Purchase Shares: The Subscription Offering

1. The purposes of determining the entitlement to and the extent of the preemptive right of any depositor to purchase shares in the Conversion, the following definitions apply:
2. The owner on the books of the Bank of each deposit account and each certificate of deposit totaling $100 or more on the Eligibility Record Date, combining as a single owner separate accounts with the same taxpayer identification number and substantially the same name, but excluding accounts maintained as escrow accounts established in connection with mortgages held by the Bank" is an "Eligible Depositor. "
3. The amount credited to the accounts of each such Eligible Depositor on the books of the Bank at the close of business on the Eligibility Record Date shall be the "Qualifying Deposit" of such Eligible Depositor.
4. The "Eligibility Record Date" is the close of business on June 30, 1985, or such later date as the Trustees, with the approval of the Department, shall fix.
5. Upon approval of the Plan of Conversion by the Department (or earlier, with the consent of the Department), the Bank shall offer to each Eligible Depositor, without payment, the nontransferable preemptive right to purchase for a period of at least 30 but not more than 60 days from the mailing of the notice provided for below at the Purchase Price a number of Shares equal to the product (rounded up to the next whole number) obtained by multiplying the total number of Shares offered in the Subscription Offering by a fraction of which the numerator is the amount of the Qualifying Deposit of the Eligible Depositor, and the denominator is the total amount of Qualifying Deposits of all Eligible Depositors on the Eligibility Record Date. Notwithstanding this calculation, each Eligible Depositor shall have the right to subscribe for at least 25 shares, and no Eligible Depositor may Subscribe for less than 25 shares. The Bank may extend the time of expiration of the subscription period for up to an additional 45 days.
6. The foregoing requirement to extend a preemptive right to each Eligible Depositor notwithstanding, no offer of the preemptive right to purchase Shares shall be made, and the Bank shall have no obligation to make any offer, to any Eligible Depositor residing in a state of the United States or in a foreign country if the granting of such right or offer to sale of Shares of the Bank would require the Bank to register as a broker or dealer or to consent generally to service of process in such jurisdiction, or register or otherwise qualify the Shares for sale in such jurisdiction and such registration or qualification would, in the judgment of the Bank, be impracticable for reasons of cost or otherwise.
7. Each Eligible Depositor shall also be offered simultaneously the right to subscribe for additional Shares, provided that the aggregate purchases of Shares in the Subscription Offering by any Eligible Depositor shall not exceed the greater of the number of Shares which such depositor is entitled to purchase upon exercise of preemptive rights under Paragraph 2 of this Article D or 5% of the total number of Shares to be offered in Conversion. Unless Eligible Depositors subscribe for more than the total number of Shares offered in the Subscription Offer (an "oversubscription"), it will not be necessary to make a calculation of the number of Shares which each Eligible Depositor has the preemptive right to purchase, and none will be made.
8. If the number of Shares subscribed for exceeds the total number of Shares offered in Subscription Offering, each subscribing Eligible Depositor shall first be allocated the number of Shares which such depositor has the preemptive right to purchase (or, if greater, the minimum subscription of 25 shares). Thereafter, the additional shares subscribed for, up to the number of Shares offered, shall be allocated to each subscribing Eligible Depositor whose subscription remains unfilled in the proportion that the Shares subscribed for by such Eligible Depositor but not allocated in the initial allocations bears to the total of the Shares subscribed for but not unallocated to all subscribing Eligible Depositors whose subscriptions remain unfilled after the initial allocation. No fractional shares shall be issued.
9. Offers from Eligible Depositors to purchase Shares in response to offers made pursuant to this Article D will be given precedence over purchase orders in the Community Offering.
10. The preemptive right and other rights to purchase shall be given (1) by mailing to each Eligible Depositor at the address of such depositor on the books of the Bank (if any) a notice in a form approved by the Department (the "Notice”) notifying the depositor of the proposed conversion, advising such depositor of the preemptive right to purchase shares, and providing a postage paid communication by which the Eligible Depositor may request receipt of offering material and a subscription order form to be used to subscribe for Shares; and (2) by placing an advertisement in the Any town Legal Journal and the Any town Newspaper referring to the proposed Conversion and the preemptive rights of depositors, and providing instructions to enable Eligible Depositors to obtain the offering materials and subscription forms. Except as set forth in this paragraph, the Bank shall have no obligation to notify depositors of their preemptive right, including Eligible Depositors whose Notice is returned by the postal authorities as undeliverable.
11. The preemptive right and other rights to purchase shall expire absolutely on the close of business on the expiration date specified in the Notice (as extended) , and any Eligible Depositor whose subscription form has not been received in proper form (as determined by the Bank) and accompanied by payment in proper form and amount at the place specified in the subscription form by the time of expiration (as extended) shall not have any right to purchase Shares; all such subscription forms and payments received after the time of expiration and those not in proper form shall be returned by the Bank as promptly as practicable to the Eligible Depositor.
12. If less than the full number of Shares subscribed for will be sold to a subscribing Eligible Depositor, the Bank will remit the balance of any payment which has been made in cash or by check, with accrued interest, to the subscribing Eligible Depositor, or will withdraw from the deposit account or from the non-negotiable, non-transferable certificate of deposit of a subscribing Eligible Depositor only the purchase price for the Shares being sold to such depositor.

E. Offering of Shares Through a Direct Community Marketing Program: Community Offering

1. Concurrently with the commencement of the Subscription Offering, the Bank will begin the Community Offering by posting notice of the offering in each of the Bank's branch offices and by mailing information about XYZ and the offering to certain present and former loan, deposit and other Bank customers, as well as present Bank personnel who are not Eligible Depositors and other members of the public. The Bank is not obligated to send notice of the Community Offering to any person.
2. Offers of Shares in the Community Offering are conditioned on the availability of Shares for purchase following the Subscription Offering and the maximum number of Shares that may be purchased in the Community Offering shall be the number of Shares intended to be sold in the Conversion that remain available following satisfaction of the subscriptions in the Subscription Offering.
3. The Bank retains the right to reject, in whole or in part, any purchase request from any participant in the Community Offering.
4. The closing for the Subscription Offering and the Community Offering shall be held concurrently, immediately following the filing of the Articles of Conversion.

F. Payment of Shares in the Subscription Offering and the Community Offering

Each subscription must be accompanied by payment for the fuller number of Shares subscribed for at the Purchase Price, and must be for at least 25 Shares (the minimum number). Payment may be made by

1. Cash, check or money order payable in United States dollars. Until the Time of Conversion, all such payments shall be deposited in a deposit account in the Bank in the name of the subscriber bearing interest at a rate of 7%, or
2. by authorizing the Bank to withdraw the purchase price from an existing account, deposit account or from a non- negotiable, non-transferable certificate of deposit. Until the Time of Conversion, an amount equal to the purchase price for the Shares subscribed for shall be blocked from withdrawal, but shall continue to accrue interest. At the Time of Conversion, such funds shall be withdrawn by the Bank.

G. Effect of Termination or Abandonment of the Plan

If the Plan of Conversion is abandoned or terminated, the Bank will notify subscribing Eligible Depositors and purchasers in the Community Offering of the abandonment or termination, refund to subscribing Eligible Depositors and purchasers in the Community Offering the payments received in cash or by check together with accrued interest and remove the block from the deposit accounts and certificates of deposit.

H. Special Limitations

1. No person shall transfer or enter into any agreement or understanding to transfer the legal or beneficial ownership of subscription rights provided in the Subscription Offering or purchase opportunities in the Community Offering or, until after the Time of Conversion, any Shares which may be acquired upon the exercise of any such rights.
2. Prior to the Time of Conversion, no person shall make any offer or make any announcement of any offer or intent to make an offer for any Shares except as contemplated in the Plan of Conversion.
3. No person or group of persons acting in concert shall purchase or own beneficially, in connection with the Conversion or for a period of five years from the Time of Conversion, in excess of 5% of the outstanding Shares of the Bank, provided, however, that if an Eligible Depositor's preemptive right calculated as provided in paragraph 2 of Article D would permit the purchase of more than such amount, such Eligible Depositor may in any event purchase in the Conversion such larger number of Shares as his preemptive right would provide, and may hold such Shares thereafter without regard to this limitation.

I. No Loans By Bank to Purchase Shares

The Bank will not knowingly loan funds or otherwise extend credit to any person to purchase Shares.

J. Voluntary Liquidation

After its Conversion from a mutual savings bank to a stock savings bank, the Bank may not voluntarily liquidate for a period of ten years.

K. Amendments, Abandonment or Termination

1. The Plan of Conversion may be amended by a majority of a quorum of the Trustees of the Bank at any time prior to the Time of conversion, with the concurrence of the Department. The Plan of Conversion may be abandoned and terminated in the sole discretion of the Bank's Trustees at any time prior to the Time of Conversion. A certified copy of a resolution of the Trustees with respect to the abandonment or termination will be filed with the Department for the purpose of withdrawing the application and the Plan of Conversion. No depositor shall have any rights against the Bank in connection with an abandonment or termination.
2. Unless the Articles of Conversion have been filed by the close of business on the 120th calendar day after the date on which the Subscription Offering has expired, this Plan of Conversion shall be automatically terminated without any action by the Trustees and the Conversion to a stock savings bank shall not be effected. The 120-day period may be extended with the prior approval of the Department.

Date To Be Determined

Dear Depositor (Insert Names)

We are pleased to announce that XYZ is being converted from a mutual savings bank to a stock savings bank. The objective is to enable the bank to grow and improve its profitability by enabling it to operate as a stock corporation, the same organizational form used by many commercial banks and other businesses.

As an eligible depositor of XYZ Savings, you have a preemptive right to purchase the bank's common shares before shares may be sold to anyone else. This is your opportunity to become a charter shareholder and purchase shares without paying a broker's commission.

The enclosed investment package contains full details about XYZ Savings' stock offering. Your stock order can be returned in the enclosed postage-paid envelope.

A total of 000,000 shares is being offered at a subscription price of $0.00 per share.

XYZ's Board of Trustees, officers and employees have already demonstrated their confidence in the bank's future by committing to purchase 00,000 shares at the regular purchase price for a total of $00.00.

Remember, the subscription offering period during which you can purchase stock directly from XYZ Savings as an eligible depositor ends on \_\_\_\_(date)\_\_\_\_ .

If you need further information, visit any of our offices, **or** attend one of the seminars listed in the enclosed materials. You may call our Conversion Center at 555-5555. If you live outside the area, you may call collect.

XYZ was originally founded in 1900. As we enter our second century, we hope you will join us as a charter shareholder.

Sincerely,

\_\_\_\_(Siqnature)\_\_\_\_ (Siqnature)\_\_\_\_

Chairman, Board of Trustees President

Date to be Determined

Dear XYZ Depositor:

We are pleased to advise you of an important change taking place at XYZ Savings Bank --a change which may represent an investment opportunity for you.

After much study and planning, XYZ is being converted from a mutual savings bank to a stock savings bank. The objective is to help the bank grow and improve its profitability by enabling it to operate as a stock company, the same organizational form used by commercial banks and many businesses.

XYZ's Board of Trustees has approved a Plan of Conversion and submitted it to the Pennsylvania Department of Banking and Securities for approval. Under terms of the Conversion Plan, the Bank will offer its stock for sale in two ways: first in a Subscription Offering to Eligible Depositors; and second, in a Community Offering to the general public.

You Are an Eligible Depositor

Pennsylvania law requires the Bank to offer "Eligible Depositors" the opportunity to purchase shares before the shares can be sold to anyone else. This requirement is called the Preemptive Right. The Eligible Depositor is defined as the owner of a deposit or certificate account of at least $XXX.XX as of (Date).

You are an Eligible Depositor and have a Preemptive Right to purchase shares of the Bank's common stock which will be issued as part of the Conversion. This Preemptive Right is personal to you and is not transferable to anyone else. However, you are not obligated to purchase any of the Bank's common shares.

Information on Shares

XYZ will offer for sale in the Subscription Offering to Eligible Depositors 000 shares of common stock (par value $00.00 per share) at the purchase price of $00.00 per share. The minimum number of shares that anyone individual may subscribe for is 25, and the maximum is five percent (5%) of the total shares to be issued in the Conversion, or 000 shares.

The Bank's Trustees, officers and employees have already demonstrated their confidence in XYZ's future as a stock savings bank by committing to purchase 000,000 shares at the regular purchase price of $00.00 per share for a total of $00.00.

No Effect on Your Deposits

Whether or not you decide to buy stock, the Conversion to a stock savings bank will have no effect on your deposits or other business relationships with XYZ. The insurance coverage on deposits by the Federal Deposit Insurance Corporation (FDIC) will continue without change. The Bank's present officers and employees will continue to service the Bank's customers after the Conversion. Also, XYZ will continue to be supervised and examined by the Department of Banking and Securities and the FDIC.

Send Card for More Information

This letter if the OFFICIAL NOTICE of your Preemptive Right to buy stock in XYZ savings Bank. For further information, please return the enclosed Information Request Card and we will send you the Offering circular, stock order form, and other materials. The Circular contains complete details on Eligible Depositors' Preemptive Right to buy stock, on the Conversion Plan itself, and important financial data on XYZ.

Subscription Offer Expires (Date)

If you wish to buy stock in XYZ, your completed order form and the required payment must be received by the Bank by 00:00 p.m. (a.m.) (Eastern Time) on (Date).

The Subscription Offering will expire at that time, unless it is extended by the bank.

Inquiries Are Welcome

If you have any questions regarding the proposed Conversion, please contact any XYZ office or call or visit our special conversion center at (address). The telephone number is 555-5555, and if you live outside the local area, you may call collect.

Thank you for being a XYZ depositor and for giving this important notice your timely attention. The Conversion to a stock savings bank is a very important move for XYZ, and it may be an investment opportunity worthy of your consideration.

Sincerely,

\_\_\_\_(Siqnature)\_\_\_\_ (Siqnature)\_\_\_\_

Chairman, Board of Trustees President

**THIS NOTICE REPRESENTS YOUR PREEMPTIVE RIGHT TO PURCHASE SHARES OF THE COMMON STOCK OF XYZ TO BE ISSUED IN ITS CONVERSION TO** A **STOCK SAVINGS BANK UNDER PENNSYLVANIA LAW. NO OTHER NOTICE OF YOUR PREEMPTIVE RIGHT WILL BE SENT TO YOU. FOR FURTHER INFORMATION ABOUT THE SUBSCRIPTION OFFERING, KINDLY COMPLETE AND RETURN THE ENCLOSED INFORMATION REQUEST CARD, AND WE WILL SEND YOU** A **SUBSCRIPTION OFFERING CIRCULAR AND OTHER MATERIALS. RETURNING THE CARD DOES NOT OBLIGATE YOU TO PURCHASE ANY SHARES. SUBSCRIPTION OFFERING CIRCULARS** ARE **AVAILABLE AT ALL XYZ OFFICES. ORDERS TO PURCHASE SHARES CAN BE MADE ONLY ON THE SUBSCRIPTION ORDER FORM WHICH MUST BE RECEIVED BY THE CLOSE OF BUSINESS ON (DATE), WHEN YOUR PREEMPTIVE RIGHT TO PURCHASE WILL EXPIRE. (XYZ MAY, HOWEVER, DECIDE TO EXTEND THE EXPIRATION DATE.)**