SI Financial Group, Inc.
Form DEF 14A
April 01, 2011

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

Filed by the registrant x
Filed by a party other than the registrant ¨

Check the appropriate box:

¨ Preliminary proxy statement

¨ Confidential, for Use of the Commission only (as permitted by Rule 14a-6(e)(2))

x Definitive proxy statement

¨ Definitive additional materials

¨ Soliciting material pursuant to §240.14a-12

SI FINANCIAL GROUP, INC.

(Name of Registrant as Specified in Its Charter)

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

Payment of filing fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

(2) Aggregate number of securities to which transactions applies:
N/A

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

(4) Proposed maximum aggregate value of transaction:

N/A

(5) Total fee paid:

N/A

¨ Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

N/A

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

N/A

(3) Filing Party:

N/A

(4) Date Filed:

April 1, 2011

Dear Stockholder:

You are cordially invited to attend the annual meeting of stockholders of SI Financial Group, Inc. (the “Company”). The meeting will be held at the Savings Institute Bank and Trust Company Training Center, 579 North Windham Road, North Windham, Connecticut on Wednesday, May 11, 2011 at 9:00 a.m., local time.

The notice of annual meeting and proxy statement appearing on the following pages describe the formal business to be transacted at the meeting. During the meeting, we will also report on the operations of the Company. Directors and officers of the Company, as well as a representative of Wolf & Company, P.C., the Company’s independent registered public accounting firm, will be present to respond to appropriate questions of stockholders.

It is important that your shares are represented at this meeting, whether or not you attend the meeting in person and regardless of the number of shares you own. To make sure your shares are represented, we urge you to complete and mail the proxy card provided to you. If you attend the meeting, you may vote in person even if you have previously voted.

We look forward to seeing you at the meeting.

Sincerely,

/s/ Rheo A. Brouillard
Rheo A. Brouillard
President and Chief Executive Officer

SI FINANCIAL GROUP, INC.
803 MAIN STREET
WILLIMANTIC, CONNECTICUT 06226
(860) 423-4581

NOTICE OF 2011 ANNUAL MEETING OF STOCKHOLDERS

TIME AND DATE	9:00 a.m., local time, on Wednesday, May 11, 2011	
PLACE	The Savings Institute Bank and Trust Company Training Center579 North Windham Road North Windham, Connecticut	
ITEMS OF BUSINESS	(1)	To elect three directors to serve for a term of three years.
	(2)	To ratify the selection of Wolf & Company, P.C. as our independent registered public accounting firm for 2011.
	(3)	To approve a non-binding resolution to approve the compensation of the named executive officers as disclosed in this proxy statement.
	(4)	To determine whether the stockholder vote to approve the compensation of the named executive officers should occur every one, two or three years.
	(5)	To transact such other business as may properly come before the meeting and any adjournment or postponement of the meeting
RECORD DATE	To vote, you must have been a stockholder at the close of business on March 14, 2011.	
PROXY VOTING	It is important that your shares be represented and voted at the meeting. You can vote your shares by completing and returning the proxy card or voting instruction card provided to you. Voting instructions are printed on your proxy or voting instruction card and included in the accompanying proxy statement. A printed proxy card for the annual meeting and a self-addressed envelope will be mailed to all stockholders of record on or about April 11, 2011. You can revoke a proxy at any time before its exercise at the meeting by following the instructions in the proxy statement.	

/s/ Laurie L. Gervais
Laurie L. Gervais
Corporate Secretary
April 1, 2011

SI Financial Group, Inc.

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SI FINANCIAL GROUP, INC.

PROXY STATEMENT

General Information

We are providing this proxy statement to you in connection with the solicitation of proxies by the Board of Directors of SI Financial Group, Inc. for the 2011 annual meeting of stockholders and for any adjournment or postponement of the meeting. In this proxy statement, we may also refer to SI Financial Group, Inc. as "SI Financial," the "Company," "we," "our" or "us."

SI Financial is the holding company for Savings Institute Bank and Trust Company. In this proxy statement, we may also refer to Savings Institute Bank and Trust Company as "Savings Institute" or the "Bank."

We are holding the 2011 annual meeting at the Savings Institute Bank and Trust Company Training Center, 579 North Windham Road, North Windham, Connecticut on Wednesday, May 11, 2011 at 9:00 a.m., local time.

We intend to provide access to this proxy statement and a proxy card to stockholders of record beginning on or about April 1, 2011.

Important Notice Regarding the Availability of Proxy Materials for the 2011 Annual Meeting of Stockholders to be held on May 11, 2011

This proxy statement and our 2010 Annual Report are available electronically at www.cfpproxy.com/6954. On this website, the Company also posts the Company's 2010 Annual Report on Form 10-K, as filed with the Securities and Exchange Commission.

Information About Voting

Who Can Vote at the Meeting

You are entitled to vote the shares of SI Financial common stock that you owned as of the close of business on March 14, 2011. As of the close of business on March 14, 2011, a total of 10,576,849 shares of SI Financial common stock were outstanding. Each share of common stock has one vote.

Ownership of Shares; Attending the Meeting

You may own shares of SI Financial in one of the following ways:

Ÿ Directly in your name as the stockholder of record;

Ÿ Indirectly through a broker, bank or other holder of record in "street name"; or

Ÿ Indirectly through the SI Financial Group, Inc. Stock Fund (the "Stock Fund") in the Savings Institute Bank and Trust Company Profit Sharing and 401(k) Savings Plan (the "401(k) Plan"), the Savings Institute Bank and Trust Company

Employee Stock Ownership Plan (the "ESOP") and Trust, or the trust that holds restricted stock awards issued under the SI Financial Group, Inc. 2005 Equity Incentive Plan (the "Equity Incentive Plan").

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If your shares are registered directly in your name, you are the holder of record of these shares and have the right to give your proxy directly to us or to vote in person at the meeting.

If you hold your shares in street name, your broker, bank or other holder of record is sending these proxy materials to you. As the beneficial owner, you have the right to direct your broker, bank or other holder of record how to vote by filling out a voting instruction form that accompanies your proxy materials. Your broker, bank or other holder of record may allow you to provide voting instructions by telephone or by the Internet. Please see the instruction form provided by your broker, bank or other holder of record that accompanies this proxy statement. If you hold your shares in street name, you will need proof of ownership to be admitted to the meeting. A recent brokerage statement or letter from a bank or broker are examples of proof of ownership. If you want to vote your shares of SI Financial common stock held in street name in person at the meeting, you must obtain a written proxy in your name from the broker, bank or other nominee who is the record holder of your shares.

Quorum and Vote Required

Quorum. We will have a quorum and be able to conduct the business of the annual meeting if the holders of a majority of the outstanding shares of common stock entitled to vote are present at the meeting, either in person or by proxy.

Votes Required for Proposals. At this year's annual meeting, stockholders will be asked to elect three directors to serve a term of three years. In voting on the election of directors, you may vote in favor of the nominees or withhold votes as to any nominee. There is no cumulative voting for the election of directors. Directors must be elected by a plurality of the votes cast at the annual meeting. This means that the nominees receiving the greatest number of votes will be elected.

In voting on the ratification of the appointment of Wolf & Company, P.C. as the Company's independent registered public accounting firm or on the non-binding resolution to approve the compensation of the named executive officers, you may vote in favor of the proposal, vote against the proposal or abstain from voting. To ratify the selection of Wolf & Company as our independent registered public accounting firm for 2011 or to approve the compensation of the named executive officers, the affirmative vote of a majority of the votes cast is required on the non-binding resolution to approve the compensation of the named executive officers.

In voting on the frequency of the stockholder vote to approve the compensation of the named executive officers, you may vote for a frequency of one, two or three years, or you may abstain from voting. This proposal will be determined by a plurality of the votes cast.

Effect of Not Casting Your Vote. If you hold your shares in street name it is critical that you cast your vote if you want it to count in the election of directors (Item 1 of this Proxy Statement) or with respect to either of the advisory votes regarding the compensation of our named executive officers (Items 3 and 4 of this Proxy Statement). Current regulations restrict the ability of your bank or broker to vote your uninstructed shares in the election of directors and other matters on a discretionary basis. Thus, if you hold your shares in street name and you do not instruct your bank or broker how to vote in the election of directors or for the advisory votes regarding the compensation of our named executive officers, no votes will be cast on your behalf. These are referred to as broker non-votes. Your bank or broker does, however, continue to have discretion to vote any uninstructed shares on the ratification of the appointment of the Company's independent registered public accounting firm (Item 2 of this Proxy Statement).

How We Count Votes. If you return valid proxy instructions or attend the meeting in person, we will count your shares to determine whether there is a quorum, even if you abstain from voting. Broker non-votes also will be counted to determine the existence of a quorum.

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In the election of directors, votes that are withheld and broker non-votes will have no effect on the outcome of the election.

In counting votes on the proposals to ratify the selection of the independent registered public accounting firm and the non-binding vote on the compensation of the named executive officers, abstentions will have the same effect as a negative vote while broker non-votes will have no effect on the proposal.

Abstentions and broker non-votes will have no effect on the outcome of the frequency of the stockholder vote on the compensation of the named executive officers.

Voting by Proxy

The Board of Directors of SI Financial is requesting that you allow your shares of SI Financial common stock to be represented at the annual meeting by the persons named in the proxy card. All shares of SI Financial common stock represented at the annual meeting by properly executed and dated proxy cards will be voted according to the instructions indicated on the proxy card. If you sign, date and return a proxy card without giving voting instructions, your shares will be voted as recommended by the Company's Board of Directors. The Board of Directors recommends a vote:

- FOR each of the nominees for director;
- FOR ratification of Wolf & Company, P.C. as the independent registered public accounting firm;
- FOR the approval of the compensation of the named executive officers; and
- FOR the approval of a stockholder vote to approve the compensation of the named executive officers every three years. Stockholders are not voting to approve or disapprove this recommendation by the Board of Directors.

If you received a notice and wish to receive a paper copy of the proxy card, you can obtain a copy by:

- Calling (800) 951-2405;
- Visiting http://www.cfpproxy.com/6954; or
- E-mailing fulfillment@rtco.com and entering the Stockholder Control Number located on the notice when prompted or entering the Stockholder Control Number in the subject line.

If any matters not described in this proxy statement are properly presented at the annual meeting, the persons named in the proxy card will use their judgment to determine how to vote your shares. This includes a motion to adjourn or postpone the annual meeting to solicit additional proxies. If the annual meeting is postponed or adjourned, your SI Financial common stock may be voted by the persons named in the proxy card on the new annual meeting date as well, unless you have revoked your proxy. We do not know of any other matters to be presented at the annual meeting.

You may revoke your proxy at any time before the vote is taken at the meeting. To revoke your proxy, you must either advise the Corporate Secretary of the Company in writing before your common stock has been voted at the annual meeting, deliver a later dated proxy or attend the meeting and vote your shares in person. Attendance at the annual meeting will not in itself constitute revocation of your proxy.

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Participants in the ESOP, 401(k) Plan or Equity Incentive Plan

If you participate in the ESOP, the Equity Incentive Plan or if you invest in SI Financial common stock through the Stock Fund in the 401(k) Plan, you will receive a voting instruction card for each plan that will reflect all the shares that you may direct the trustees to vote on your behalf under the respective plans. Under the terms of the ESOP, all allocated shares of SI Financial common stock held by the ESOP are voted by the ESOP trustee, as directed by plan participants. All unallocated shares of SI Financial common stock held by the ESOP and all allocated shares for which no timely voting instructions are received are voted by the ESOP trustee in the same proportion as shares for which the trustee received voting instructions from other plan participants, subject to the exercise of its fiduciary duties. Under the terms of the 401(k) Plan, participants may direct the Stock Fund trustee how to vote the shares credited to their accounts. The Stock Fund trustee will vote all shares for which it does not receive timely instructions from participants in the same proportion as shares for which the trustee received voting instructions from other plan participants. Under the Equity Incentive Plan, participants may direct the plan trustee how to vote the unvested shares of restricted stock awards. The plan trustee will vote all shares held in the trust for which it does not receive timely instructions as directed by SI Financial. The deadline for returning your voting instruction cards is May 2, 2011.

Corporate Governance and Board Matters

Director Independence

The Company’s Board of Directors currently consists of seven members, all of whom are independent under the listing standards of The NASDAQ Stock Market, except for Mr. Brouillard, who is President and Chief Executive Officer of SI Financial and Savings Institute. In determining the independence of its directors, the Board considered transactions, relationships and arrangements between the Company and its directors that are not required to be disclosed in this proxy statement under the heading “Transactions with Related Persons,” including loans or lines of credit that the Bank has directly or indirectly made to Directors Mark D. Alliod, Rheo A. Brouillard, Roger Engle and Michael R. Garvey.

Board Leadership Structure and Board’s Role in Risk Oversight

The Board of Directors has determined that the separation of the offices of Chairman of the Board and President and Chief Executive Officer will enhance Board independence and oversight. Moreover, the separation of the Chairman of the Board and President and Chief Executive Officer will allow the President and Chief Executive Officer to better focus on his growing responsibilities of running the Company, enhancing stockholder value and expanding and strengthening our franchise while allowing the Chairman of the Board to lead the Board in its fundamental role of providing advice to and independent oversight of management. Consistent with this determination, Henry P. Hinckley serves as Chairman of the Board of Directors. Mr. Hinckley is independent under the listing requirements of The NASDAQ Stock Market.

Risk is inherent with every business, and how well a business manages risk can ultimately determine its success. We face a number of risks, including credit risk, interest rate risk, liquidity risk, operational risk, strategic risk and reputation risk. Management is responsible for the day-to-day management of risks the Company faces, while the Board, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, the Board of Directors has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed. To do this, the Chairman of the Board meets regularly with management to discuss strategy and the risks facing the Company. Senior management attends the Board meetings and is available to address any questions or concerns raised by the Board on risk management and any other matters. The Chairman of the Board and independent members of the Board work together to provide strong, independent oversight of the Company’s management and affairs through its standing committees and, when necessary, special meetings of independent directors.

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Corporate Governance Policies

The Board of Directors has adopted a corporate governance policy to govern certain activities, including: the duties and responsibilities of directors; the composition, responsibilities and operation of the Board of Directors; the establishment and operation of Board committees; succession planning; convening executive sessions of independent directors; the Board of Directors' interaction with management and third parties; and the evaluation of the performance of the Board of Directors and of the Chief Executive Officer.

Committees of the Board of Directors

The following table identifies the Company's standing committees and their members as of March 14, 2011. All members of each committee are independent in accordance with the listing requirements of The NASDAQ Stock Market. Each committee operates under a written charter that is approved by the Board of Directors that governs its composition, responsibilities and operation. Each committee reviews and reassesses the adequacy of its charter at least annually. The charters of all three committees are available in the Governance Documents portion of the Investor Relations section of the Company's Web site (www.mysifi.com).

Director	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
Mark D. Alliod	X*	X	X
Rheo A. Brouillard			
Roger Engle	X	X*	X
Donna M. Evan		X	X*
Michael R. Garvey	X		
Robert O. Gillard	X		
Henry P. Hinckley		X	X
Number of Meetings in 2010	5	4	4

*Chairperson

Audit Committee. The Audit Committee meets periodically with the independent registered public accounting firm and management to review accounting, auditing, internal control structure and financial reporting matters. The committee also receives and reviews the reports and findings and other information presented to them by the Company's officers regarding financial reporting policies and practices. The Audit Committee selects the independent registered public accounting firm and meets with them to discuss the results of the annual audit and any related matters. The Board of Directors has determined that Mr. Alliod is an "audit committee financial expert" under the rules of the Securities and Exchange Commission. Mr. Alliod is independent under the listing standards of The NASDAQ Stock Market applicable to audit committee members.

Compensation Committee. The Compensation Committee approves the compensation objectives for the Company and the Bank, establishes the compensation for the President and Chief Executive Officer and other executives and establishes personnel policies. The Compensation Committee reviews all components of compensation including base salary, bonus, equity compensation, benefits and other perquisites. In addition to reviewing competitive market values, the Compensation Committee also examines the total compensation mix, pay-for-performance relationship and how all elements, in the aggregate, comprise the executives' total compensation package. The Chief Executive Officer makes recommendations to the Compensation Committee from time to time regarding the appropriate mix and level of compensation for other officers. Those recommendations consider the objectives of the compensation philosophy and the range of compensation programs authorized by the Compensation Committee. Decisions by the Compensation Committee with respect to the compensation of executive officers are approved by the full Board of Directors. The Compensation Committee also assists the Board of Directors in evaluating potential candidates for executive positions.

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The Compensation Committee, in conjunction with the Nominating and Corporate Governance Committee, considers the appropriate levels and form of director compensation and makes recommendations to the Board of Directors regarding director compensation.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee takes a leadership role in shaping governance policies and practices, including recommending to the Board of Directors the corporate governance policies and guidelines applicable to SI Financial and monitoring compliance with these policies and guidelines. In addition, the Nominating and Corporate Governance Committee is responsible for identifying individuals qualified to become Board members and recommending to the Board the director nominees for election at the next annual meeting of stockholders. It recommends director candidates for each committee for appointment by the Board.

Minimum Qualifications. The Nominating and Corporate Governance Committee has adopted a set of criteria that it considers when it selects individuals to be nominated for election to the Board of Directors. First, a candidate must meet the eligibility requirements set forth in the Company's bylaws, which include an age limitation and a requirement that the candidate not have been subject to certain criminal or regulatory actions. A candidate also must meet any qualification requirements set forth in any Board or committee governing documents.

If the candidate is deemed eligible for election to the Board of Directors, the Nominating and Corporate Governance Committee will then evaluate the prospective nominee to determine if he or she possesses the following qualifications, qualities or skills:

- contributions to the range of talent, skill and expertise appropriate for the Board;
- financial, regulatory and business experience, knowledge of the banking and financial service industries, familiarity with the operations of public companies and ability to read and understand financial statements;
- familiarity with the Company's market area and participation in and ties to local businesses and local civic, charitable and religious organizations;
- personal and professional integrity, honesty and reputation;
- the ability to represent the best interests of the stockholders of the Company and the best interests of the institution;
- the ability to devote sufficient time and energy to the performance of his or her duties;
- independence under applicable Securities and Exchange Commission and listing definitions; and
- current equity holdings in the Company.

The Committee will also consider any other factors it deems relevant, including age, size of the Board of Directors and regulatory disclosure obligations. Further, when identifying nominees to serve as director, the Nominating and Corporate Governance Committee seeks to create a Board that is strong in its collective knowledge and has a diversity of skills and experience with respect to accounting and finance, management and leadership, vision and strategy, business operations, business judgment, industry knowledge and corporate governance.

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In addition, before nominating an existing director for re-election to the Board of Directors, the Nominating and Corporate Governance Committee will consider and review an existing director's Board and Committee attendance and performance; length of Board service; the experience, skills and contributions that the existing director brings to the Board; and independence.

Director Nomination Process. The Nominating and Corporate Governance Committee adheres to the following process when it identifies and evaluates individuals to be nominated for election to the Board of Directors:

For purposes of identifying nominees for the Board of Directors, the Nominating and Corporate Governance Committee relies on personal contacts of the Committee members and other members of the Board of Directors, as well as its knowledge of members of Savings Institute's local communities. The Nominating and Corporate Governance Committee will also consider director candidates recommended by stockholders in accordance with the policy and procedures set forth below. The Nominating and Corporate Governance Committee has not previously used an independent search firm in identifying nominees.

In evaluating potential nominees, the Nominating and Corporate Governance Committee determines whether the candidate is eligible and qualified for service on the Board of Directors by evaluating the candidate under the selection criteria set forth above. In addition, the Nominating and Corporate Governance Committee will conduct a check of the individual's background and interview the candidate.

Consideration of Recommendations by Stockholders. It is the policy of the Nominating and Corporate Governance Committee of the Board of Directors of the Company to consider director candidates recommended by stockholders who appear to be qualified to serve on the Company's Board of Directors. The Nominating and Corporate Governance Committee may choose not to consider an unsolicited recommendation if no vacancy exists on the Board of Directors and the Nominating and Corporate Governance Committee does not perceive a need to increase the size of the Board of Directors. To avoid the unnecessary use of the Nominating and Corporate Governance Committee's resources, the Nominating and Corporate Governance Committee will consider only those director candidates recommended in accordance with the procedures set forth below.

Procedures to be Followed by Stockholders. To submit a recommendation of a director candidate to the Nominating and Corporate Governance Committee, a stockholder should submit the following information in writing, addressed to the Chairperson of the Nominating and Corporate Governance Committee, care of the Corporate Secretary, at the main office of the Company:

1. The name of the person recommended as a director candidate;
2. All information relating to such person that is required to be disclosed in solicitations of proxies for election of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended;
3. The written consent of the person being recommended as a director candidate to being named in the proxy statement as a nominee and to serving as a director if elected;
4. As to the stockholder making the recommendation, the name and address, as they appear on the Company's books, of such stockholder; provided, however, that if the stockholder is not a registered holder of the Company's common stock, the stockholder should submit his or her name and address along with a current written statement from the record holder of the shares that reflects ownership of the Company's common stock; and

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5. A statement disclosing whether such stockholder is acting with or on behalf of any other person and, if applicable, the identity of such person.

In order for a director candidate to be considered for nomination at the Company's annual meeting of stockholders, the recommendation must be received by the Nominating and Corporate Governance Committee at least 120 calendar days before the date the Company's proxy statement was released to stockholders in connection with the previous year's annual meeting, advanced by one year.

Directors' Compensation

The following table provides the compensation received by individuals who served as non-employee directors of SI Financial during 2010. The table excludes perquisites, which did not exceed $10,000 in the aggregate for each director.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)	Option Awards ($)(2)	Nonqualified Deferred Compensation Earnings ($)(3)	All Other Compensation ($)(4)	Total ($)
Mark D. Alliod	$ 23,400	$ –	$ –	$ 844	$ 90	$ 24,334
Roger Engle	25,800	–	–	–	60	25,860
Donna M. Evan	22,600	–	–	–	60	22,660
Michael R. Garvey	24,600	–	–	–	42	24,642
Robert O. Gillard	23,800	–	–	1,942	60	25,802
Henry P. Hinckley	35,400	–	–	–	72	35,472

(1) See footnote 1 to the directors and executive officers stock ownership table under "Stock Ownership" for the aggregate number of unvested restricted stock award shares held in trust by each director at December 31, 2010.

(2) As of December 31, 2010, Messrs. Alliod, Engle, Gillard and Ms. Evan each held 17,962 options to purchase shares of SI Financial's common stock, Mr. Garvey held 8,981 options to purchase shares of SI Financial's common stock and Mr. Hinckley held 22,452 options to purchase shares of SI Financial's common stock. The amount of options has been adjusted to reflect that on January 12, 2011, each option was converted into an option to purchase 0.8981 shares of Company common stock in connection with the Savings Institute's conversion from the mutual holding company form of organization to stock form.

(3) Reflects the above market earnings on the deferred fee arrangements between Savings Institute and Messrs. Alliod and Gillard. Under the terms of the arrangements, Messrs. Alliod and Gillard elect to defer a portion of their director fees.

(4) Reflects the dollar value of dividends paid on unvested restricted stock awards.

Cash Retainer and Meeting Fees for Non-Employee Directors. The following table sets forth the applicable retainers and fees to be paid to non-employee directors for their service on Savings Institute's and SI Financial's Board of Directors during 2011.

Quarterly Retainer (for service on SI Financial's Board of Directors)	$500
Monthly Retainer (for service on Savings Institute's Board of Directors)	1,000

Monthly Retainer for Savings Institute's Chairman of the Board	2,000
Fee per Board or Committee Meeting	400

Board and Committee Meetings

During the year ended December 31, 2010, the Board of Directors of the Company and the Bank held 18 and 13 meetings, respectively. No director attended fewer than 75% of the meetings of the Board of Directors and Board committees on which they served in 2010.

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Director Attendance at Annual Meeting of Stockholders

While the Company has no formal policy on director attendance at annual meetings of stockholders, directors are encouraged to attend. Each of the directors attended the 2010 annual meeting of stockholders.

Code of Ethics and Business Conduct

SI Financial has adopted a Code of Ethics and Business Conduct that is designed to ensure that the Company's directors and employees meet the highest standards of ethical conduct. The Code of Ethics and Business Conduct, which applies to all employees and directors, addresses conflicts of interest, the treatment of confidential information, general employee conduct and compliance with applicable laws, rules and regulations. In addition, the Code of Ethics and Business Conduct is designed to deter wrongdoing and promote honest and ethical conduct, the avoidance of conflicts of interest, full and accurate disclosure and compliance with all applicable laws, rules and regulations.

Audit-Related Matters

Audit Committee Report

The Company's management is responsible for the Company's internal control over financial reporting. The Company's independent registered public accounting firm is responsible for performing an independent audit of the Company's consolidated financial statements and issuing an opinion on the conformity of those financial statements with U.S. generally accepted accounting principles. The Audit Committee oversees the Company's internal control over financial reporting on behalf of the Board of Directors.

In this context, the Audit Committee has met and held discussions with management and the independent registered public accounting firm. Management represented to the Audit Committee that the Company's consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles, and the Audit Committee has reviewed and discussed the consolidated financial statements with management and the Company's independent registered public accounting firm. The Audit Committee discussed with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1 AU Section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T, including the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements.

In addition, the Audit Committee has received the written disclosures and the letter from the independent registered public accounting firm required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence and has discussed with the independent registered public accounting firm the firm's independence from the Company and its management. In concluding that the independent registered public accounting firm is independent, the Audit Committee considered, among other factors, whether the non-audit services provided by the firm were compatible with its independence.

The Audit Committee discussed with the Company's independent registered public accounting firm the overall scope and plans for their audit. The Audit Committee meets with the independent registered public accounting firm, with and without management present, to discuss the results of their examination, their evaluation of the Company's internal control over financial reporting and the overall quality of the Company's financial reporting process.

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In performing all of these functions, the Audit Committee acts only in an oversight capacity. In its oversight role, the Audit Committee relies on the work and assurances of the Company's management, which has the primary responsibility for financial statements and reports, and of the independent registered public accounting firm that, in its report, express an opinion on the conformity of the Company's financial statements to U.S. generally accepted accounting principles. The Audit Committee's oversight does not provide it with an independent basis to determine that management has maintained appropriate accounting and financial reporting principles or policies, or appropriate internal control over financial reporting designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit Committee's considerations and discussions with management and the independent registered public accounting firm do not assure that the Company's financial statements are presented in accordance with U.S. generally accepted accounting principles, that the audit of the Company's financial statements has been carried out in accordance with the standards of the Public Company Accounting Oversight Board (United States) or that the Company's independent registered public accounting firm is "independent."

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the Board has approved, that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2010 for filing with the Securities and Exchange Commission. The Audit Committee has appointed, subject to stockholder ratification, the selection of the Company's independent registered public accounting firm for the fiscal year ending December 31, 2011.

Audit Committee of the Board of Directors
of SI Financial Group, Inc.

Mark D. Alliod – Chairperson
Roger Engle
Michael R. Garvey
Robert O. Gillard

Audit Fees. The following table sets forth the fees billed to the Company for the years ended December 31, 2010 and 2009 by Wolf & Company, P.C.:

		2010		2009
Audit Fees (1)	$	277,439	$	164,000
Audit-Related Fees (2)		31,794		34,810
Tax Fees (3)		35,000		25,500
All Other Fees (4)		750		–

(1) For 2010, includes fees incurred in connection with the second-step conversion and related stock offering.
(2) Represents fees for audits of the 401(k) Plan and the ESOP.
(3) Represents services rendered for tax compliance, tax advice and tax planning, including the preparation of the annual tax returns and quarterly tax payments.
(4) Represents attendance at an educational forum.

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Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services by the Independent Registered Public Accounting Firm. The Audit Committee is responsible for appointing, setting compensation and overseeing the work of the independent registered public accounting firm. In accordance with its charter, the Audit Committee approves, in advance, all audit and permissible non-audit services to be performed by the independent registered public accounting firm. Such approval process ensures that the independent registered public accounting firm does not provide any non-audit services to the Company that are prohibited by law or regulation.

In addition, the Audit Committee has established a policy regarding pre-approval of all audit and permissible non-audit services provided by the independent registered public accounting firm. Requests for services by the independent registered public accounting firm for compliance with the auditor services policy must be specific as to the particular services to be provided.

The request may be made with respect to either specific services or a type of service for predictable or recurring services.

During the year ended December 31, 2010, all services were approved, in advance, by the Audit Committee in compliance with these procedures.

Stock Ownership

The following table provides information as of March 14, 2011 with respect to persons and entities known to the Company to be the beneficial owner of more than 5% of the Company's outstanding common stock. A person or entity may be considered to beneficially own any shares of common stock over which the person or entity has, directly or indirectly, sole or shared voting or investing power.

Name and Address	Number of Shares Owned	Percent of Common Stock Outstanding
Savings Institute Bank & Trust Company Employee Stock Ownership Plan 803 Main Street Willimantic, Connecticut 06226	822,196 (1)	7.8 %

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(1) Based on information contained in a Schedule 13G filed with the U.S. Securities and ExchangeCommission on February 11, 2011.

The following table provides information as of March 14, 2011 about the shares of SI Financial common stock that may be considered to be owned by each director, each executive officer named in the Summary Compensation Table and by all directors and executive officers of the Company as a group. A person may be considered to own any shares of common stock over which he or she has, directly or indirectly, sole or shared voting or investment power. Unless otherwise indicated, each of the named individuals has sole voting power and sole investment power with respect to the shares shown. The number of shares beneficially owned by all directors and executive officers as a group totaled 5.6% of our outstanding common stock as of March 14, 2011. Each director and named executive officer owned less than 1.0% of our outstanding common stock as of that date, except for Mr. Brouillard who owned 1.6% of our common stock.

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Name	Common Stock (1)		Options Exercisable Within 60 Days	Total
Directors				
Mark D. Alliod	9,792	(2)	14,369	24,161
Rheo A. Brouillard	75,221	(3)	91,606	166,827
Roger Engle	16,478	(4)	17,962	34,440
Donna M. Evan	18,961		17,962	36,923
Michael R. Garvey	6,020		5,388	11,408
Robert O. Gillard	21,140	(5)	17,962	39,102
Henry P. Hinckley	15,892		22,452	38,344
Named Executive Officers Who Are Not Also Directors				
Laurie L. Gervais	30,100	(6)	25,147	55,247
Brian J. Hull	49,336	(7)	36,822	86,158
Michael J. Moran	25,329		25,147	50,476
David T. Weston	9,456		9,879	19,335
All Directors and Executive Officers as a group (12 persons)	295,877		309,843	605,720

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(1) This column includes the following:

	Unvested Shares of Restricted Stock Held in Trust	Allocated Shares Held in ESOP Trust	Shares Held in Trust in 401(k) Plan
Mr. Alliod	719	–	–
Mr. Brouillard	–	5,343	31,639
Mr. Engle	–	–	–
Ms. Evan	–	–	–
Mr. Garvey	360	–	–
Mr. Gillard	–	–	–
Mr. Hinckley	–	–	–
Ms. Gervais	–	2,881	15,995
Mr. Hull	–	4,653	17,233
Mr. Moran	–	3,397	11,419
Mr. Weston	3,592	3,535	1,252

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(2) Includes 1,212 shares held by Mr. Alliod’s daughter, 250 shares held by the individual retirement account of Mr. Alliod’s daughter and 2,229 shares held by the individual retirement account of Mr. Alliod’s spouse.

(3) Includes 898 shares held by Mr. Brouillard’s spouse and 2,559 shares held by the individual retirement account of Mr. Brouillard’s spouse.

(4) Includes 22 shares and 43 shares held in a custodian account for Mr. Engle’s two children, under which Mr. Engle’s spouse has voting and investment power.

(5) Includes 3,959 shares held by the individual retirement account of Mr. Gillard’s spouse.

(6) Includes 449 shares held in custodian accounts for each of Ms. Gervais' two children.
(7) Includes 449 shares held in custodian accounts for each of Mr. Hull's two children.

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Items to be Voted on by Stockholders

Item 1 – Election of Directors

The Company's Board of Directors consists of seven members. The Board is divided into three classes with three-year staggered terms, with approximately one-third of the directors elected each year. The Board of Directors' nominees for election this year, to serve for a three-year term or until their respective successors have been elected and qualified, are Mark D. Alliod, Michael R. Garvey and Robert O. Gillard.

It is intended that the proxies solicited by the Board of Directors will be voted for the election of the nominees named above. If any nominee is unable to serve, the persons named in the proxy card will vote your shares to approve the election of any substitute nominee proposed by the Board of Directors. At this time, the Board of Directors knows of no reason why any nominee might be unable to serve.

The Board of Directors recommends a vote "FOR" the election of each of the nominees.

Information regarding the nominees and the directors continuing in office is provided below. Unless otherwise stated, each individual has held his or her current occupation for the last five years. The age indicated in each individual's biography is as of December 31, 2010. There are no family relationships among the directors or executive officers. The indicated period for service as a director includes service as a director of Savings Institute.

Board Nominees for Terms Ending in 2014

Mark D. Alliod is the President and sole owner of Mark D. Alliod CPA PC, a public accounting firm in South Windsor, Connecticut. Age 47. Director since 2005.

Mr. Alliod provides expertise with regard to tax, financial and accounting matters. Also, as owner of an accounting firm, Mr. Alliod brings small business knowledge and management experience. He has the background to qualify as SI Financial's audit committee financial expert.

Michael R. Garvey is a principal and owner of the public accounting firm of Garvey & Associates, LLC, which provides audit and tax services throughout Connecticut. As a principal of an accounting firm, Mr. Garvey is responsible for monitoring the firm's risk management, strategic plan and overall firm operations. Mr. Garvey is also a principal and owner of Professional Payrolls, LLC, which provides payroll processing services to small, local businesses in New London, Connecticut. Age 46. Director since 2007.

Mr. Garvey is a certified public accountant and has the financial background and expertise in financial accounting, auditing and tax matters to qualify as an audit committee financial expert. In addition, Mr. Garvey possesses substantial small company management experience as the owner of Professional Payrolls, LLC.

Robert O. Gillard is the Chairman and owner of the O.L. Willard Company, Inc., a material supply company with locations in Storrs and Willimantic, Connecticut. Age 64. Director since 1999.

Mr. Gillard's career as a small business executive provides SI Financial with organizational understanding and expertise. Further, through his business, Mr. Gillard has gained comprehensive knowledge of the homebuilding industry throughout Eastern Connecticut, which aids the Board in its oversight of the lending function. In addition, as an active member of the community, including being a member of the Design Review subcommittee of the Mansfield Planning Board and his previous service on the Greater Windham Community Foundation, Mr. Gillard maintains contact with and is in touch with the local consumer environment.

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Directors with Terms Ending in 2012

Donna M. Evan is a Sales Manager for WILI AM/FM, a commercial radio station located in Willimantic, Connecticut. Her responsibilities include working with local and regional businesses to market products and services, soliciting business from local and regional businesses and communicating with advertising agencies to coordinate advertising for national clients. Age 62. Director since 1996.

Ms. Evan brings significant business and management level experience from a setting outside of the financial services industry. In addition, through her business experience, Ms. Evan has gained significant marketing knowledge and valuable insight into current buying trends and the local economic environment, adding additional value to the Board.

Henry P. Hinckley is the Chairman of the Board of Directors of SI Financial and Savings Institute. Mr. Hinckley also is the President and owner of J.P. Mustard Agency, Inc., an insurance agency located in Willimantic, Connecticut. In this capacity, he manages five employees and operates a computerized agency management system. Age 70. Director since 1984.

Mr. Hinckley provides the Board with significant local marketing and sales insight and managerial and operational knowledge through his experience as president of an insurance agency. Mr. Hinckley has considerable experience in the insurance industry and the related risk assessment practice area necessary in banking operations.

Directors with Terms Ending in 2013

Rheo A. Brouillard has been the President and Chief Executive Officer of Savings Institute and SI Financial (and its predecessor) since 1995 and 2004, respectively. Age 56. Director since 1995.

Mr. Brouillard’s extensive experience in the local banking industry and involvement in business and civic organizations in the communities in which Savings Institute serves affords the Board valuable insight regarding the business and operation of Savings Institute. Mr. Brouillard’s knowledge of SI Financial’s and Savings Institute’s business and history, combined with his success and strategic vision, position him well to continue to serve as President and Chief Executive Officer.

Roger Engle was the President of The Crystal Water Company, a water supplier located in Danielson, Connecticut, from 1973 until his retirement in 2000. Mr. Engle served as the First Selectman for the town of Brooklyn, Connecticut from November 2005 until November 2009. As First Selectman, Mr. Engle oversaw all functions of the town, including the budgeting process, issuance of bonds and maintenance of public infrastructure. He was also a director of Connecticut Water Service, Inc. (NASDAQ: CTWS), which delivers water to customers throughout 42 towns in Connecticut and Massachusetts, from 2000 to 2005. Age 72. Director since 1998.

Mr. Engle’s experience as President of The Crystal Water Company and First Selectman provides the Board valuable management level experience, including insight into the budget process. In addition, Mr. Engle’s continued involvement in community organizations and local political matters is a vital component of a well rounded board.

Item 2 – Ratification of the Independent Registered Public Accounting Firm

The Audit Committee of the Board of Directors has appointed Wolf & Company, P.C. to be the Company’s independent registered public accounting firm for 2011, subject to ratification by stockholders. A representative of Wolf & Company, P.C. is expected to be present at the annual meeting to respond to appropriate questions from stockholders and will have the opportunity to make a statement should he or she desire to do so.

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If the ratification of the appointment of the independent registered public accounting firm is not approved by a majority of the votes cast, the Audit Committee of the Board of Directors will consider other independent registered public accounting firms.

The Board of Directors recommends a vote “FOR” the ratification of the appointment of the independent registered public accounting firm.

Item 3 – Advisory Vote on the Approval of Compensation of the Named Executive Officers

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) requires, among other things, that the Company permit a non-binding advisory vote on the compensation of its named executive officers, as described in the tabular disclosure regarding named executive officer compensation and the accompanying narrative disclosure in this proxy statement.

This proposal, commonly known as a “say-on-pay” proposal, gives the Company’s stockholders the opportunity to endorse or not endorse the Company’s executive compensation program and policies through the following resolution:

“Resolved, that the stockholders approve the compensation of the named executive officers, as described in the tabular disclosure regarding named executive officer compensation and the accompanying narrative disclosure in this proxy statement.”

Because the vote is advisory, it will not be binding upon the Company or its Board of Directors. However, the Compensation Committee will take into account the outcome of the vote when considering future executive compensation arrangements.

The Board of Directors unanimously recommends a vote “FOR” approval of the compensation of the named executive officers.

Item 4 – Advisory Vote on the Frequency of a Stockholder Vote on the Compensation of the Named Executive Officers

The Dodd-Frank Act requires the Company to obtain, at least once every six years, a stockholder vote on the frequency of a stockholder vote on the compensation of the named executive officers.

This proposal gives the Company’s stockholders the opportunity to determine whether the frequency of a stockholder vote on the compensation of the named executive officers will be every one, two or three years. Stockholders may also abstain from voting on the frequency of a stockholder vote on executive compensation.

Because the vote is advisory, it will not be binding upon the Company or its Board of Directors. However, the Compensation Committee will take into account the outcome of the vote when considering the frequency of a stockholder vote on executive compensation. For the reasons described below, we recommend that our stockholders select a frequency of three years, or a triennial vote.

Our executive compensation program is designed to support long-term value creation, and a triennial vote will allow stockholders to better judge our executive compensation program in relation to our long-term performance. As described in “Compensation Discussion and Analysis”, one of the key elements of our executive compensation and benefits program is to ensure management’s interests are aligned with our stockholders’ interests to support long-term value creation. Accordingly, we grant equity awards (stock options and restricted stock awards) with multi-year performance and service vesting periods to encourage our named executive officers to focus on long-term performance, and recommend a triennial vote, which would allow our executive compensation and benefits program to be evaluated over a similar timeframe and in relation to our long-term performance.

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A triennial vote will also provide us with the time to respond to stockholders' sentiments and implement any necessary changes. We carefully review and monitor our executive compensation and benefits program to maintain the consistency and credibility of the program which is important in motivating and retaining our management team. We therefore believe that a triennial vote is an appropriate frequency to provide our Compensation Committee sufficient time to consider stockholders' input and to implement any appropriate changes to our compensation program, in light of the timing that would be required to implement any decisions related to such changes.

The Board of Directors unanimously recommends conducting a vote to approve the compensation of the named executive officers every three years. Note: stockholders are not voting to approve or disapprove this recommendation.

Compensation Committee Report

The Compensation Committee has reviewed the Compensation Discussion and Analysis that is required by the rules established by the Securities and Exchange Commission. Based on such review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement. See "Compensation Discussion and Analysis."

Compensation Committee of the Board of Directors
of SI Financial Group, Inc.

Roger Engle (Chairperson)
Mark D. Alliod
Donna M. Evan
Henry P. Hinckley

Compensation Discussion and Analysis

Executive Summary

It is the intent of the Compensation Committee to provide our named executive officers with a market competitive compensation package that promotes the achievement of our strategic objectives and maximizes stockholder value without encouraging excessive risk taking.

Business Highlights

The economy in our region remained challenging in 2010. Notwithstanding these difficult times, the Company achieved several notable accomplishments, including:

Ÿ The successful completion of the Bank's second-step conversion in January 2011, which raised $52.4 million in additional capital.

Ÿ Continued strong asset quality as nonperforming loans were 0.80% of total loans at year end and nonperforming assets were 0.67% of total assets at December 31, 2010. Net charge-offs for the year decreased from $4.0 million for 2009 to $994,000 for 2010.

Ÿ An increase in the net interest margin for the fourth quarter and year ended December 31, 2010.

Ÿ Improved noninterest income, which reflected expanded mortgage banking operations and continued strength in our wealth management division.

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Compensation Highlights

In light of the Company's financial accomplishments in 2010 and management's role in achieving these accomplishments, the Compensation Committee took the following actions with respect to the compensation and benefits programs for our named executive officers:

The Compensation Committee reviewed each executive's performance, his or her position in the Company and his or her employment or change in control agreement as a whole and elected to renew the employment agreements for our chief executive officer and chief financial officer and the change in control agreements for our other named executive officers, for an additional year so that the term of the employment agreements will expire on September 30, 2013 and the term of the change in control agreements will expire on September 30, 2012, unless otherwise extended. See "Employment/Change in Control Agreements" for information on the agreements with our named executive officers.

Following a review of our chief executive officer's performance, the Compensation Committee increased our chief executive officer's base pay for 2011 to $335,000, which represents a 3.08% adjustment in base pay. The Compensation Committee continues to target our chief executive officer's base pay at the median level paid to chief executive officers in our peer group. In addition, after assessing the Company's performance in 2010, our chief executive officer earned a cash bonus of $90,486 under our Pay for Performance Program. See "Pay-for-Performance Program" for information on the performance measures used to determine cash incentives under the program.

ŸBased upon a review of peer group data, along with the performance evaluations and salary recommendations from our chief executive officer, the Compensation Committee increased base pay for 2011 for Messrs. Hull, Moran and Weston and Ms. Gervais to $220,500, $151,410, $161,000 and $150,000 respectively, which represents an increase in base pay of 5.0%, 3.0%, 3.2% and 4.9%, respectively. The Compensation Committee continues to target base pay for our named executive officers at the median level paid to similarly situated executives in our peer group. In addition, after assessing the Company's performance in 2010, each of our other named executive officers earned a cash bonus under our Pay-for-Performance Program. See "Executive Compensation—Summary Compensation Table" for the actual 2010 cash bonuses paid under our Pay for Performance Program.

ŸIn support of our Pay-for-Performance compensation philosophy, our named executive officers each received stock option grants in 2010. The stock option grants vest at a rate of 20% per year over a five-year period. See "Executive Compensation – Grants of Plan-Based Awards" for the terms and conditions of the equity awards.

ŸWe reviewed our compensation and benefit plans and arrangements to ensure they incorporate features that mitigate the potential for risk taking.

Compensation Philosophy

We have designed a compensation and benefits program for our named executive officers that is focused on motivating and retaining talented executives that can help us build our franchise and enhance long-term shareholder value. More specifically, our program is designed to accomplish the following objectives:

ŸAlign the interests of our named executive officers with the interests of shareholders in the creation of long-term shareholder value;

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- Ÿ Tie annual cash incentives to the achievement of measurable corporate performance;
- Ÿ Reward executives for enhancing long-term shareholder value; and
- Ÿ Balance rewards for the achievement of both short-term and long-term SI Financial objectives and ensure sound risk management.

Management and the Compensation Committee of the Board of Directors work together to ensure that executives are held accountable and rewarded for delivering superior performance and enhanced shareholder returns.

Elements of Our Compensation and Benefits Program

To achieve our objectives we have structured a compensation and benefits program that provides our named executive officers with the following:

- Ÿ Competitive Base Pay
- Ÿ Annual Cash Incentives
- Ÿ Long-term Equity Incentives
- Ÿ Retirement Benefits; and
- Ÿ Employment/Change in Control Agreements

The elements of a named executive officer's total compensation package will vary depending upon the executive's job position and responsibilities with SI Financial and Savings Institute.

Role of Compensation Committee

The Compensation Committee reviews all of the elements of compensation for our named executive officers annually to ensure we are competitive in the market place and that the mix of benefits accurately reflects our compensation philosophy. The Committee operates under a written charter that establishes the Compensation Committee's responsibilities. The Compensation Committee and Board of Directors review the charter annually to ensure that the scope of the charter is consistent with the Compensation Committee's role. Under the charter, the Compensation Committee is charged with general responsibility for the oversight and administration of our compensation program. The charter also authorizes the Compensation Committee to engage consultants and other professionals without management approval to the extent deemed necessary to discharge its responsibilities.

Role of Management

Our chief executive officer and other named executive officers develop recommendations regarding the appropriate mix and level of compensation for their subordinates. The chief executive officer develops recommendations for the other named executive officers. The recommendations consider the objectives of our compensation philosophy and the range of compensation programs authorized by the Compensation Committee. The chief executive officer meets with the Compensation Committee to discuss the recommendations and also reviews with the Committee his recommendations concerning the compensation of our named executive officers. Our chief executive officer also provides input on his own compensation. However, he does not participate in Committee discussions or the review of Committee documents relating to the determination of his compensation.

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Role of Compensation Consultant

From time to time, the Compensation Committee retains the services of independent compensation consultants, with expertise in the community bank sector, to review and make recommendations concerning our compensation and benefit programs. The Compensation Committee did not engage an independent consultant in 2010.

Peer Group

The Compensation Committee, with the assistance of the Savings Institute's Human Resources Department, selected the following financial institutions as our 2010 peer group:

New England Bank, Enfield, Connecticut
Chicopee Savings Bank, Chicopee, Massachusetts
Legacy Banks, Pittsfield, Massachusetts
Westfield Bank, Westfield, Massachusetts
United Bank, West Springfield, Massachusetts
Rockville Bank, Rockville, Connecticut
Farmington Savings Bank, Farmington, Connecticut

These financial institutions were selected based on asset size ($600 million to $1.5 billion), geographic proximity to SI Financial and operating characteristics. In addition to reviewing the compensation data of these peer institutions, the Compensation Committee also reviewed other publicly available salary surveys prepared by Amalfi Consulting LLC and Pearl Meyer & Partners.

Base Salary

Our goal is to provide our executive officers with base salaries that are competitive, that reflect their tenure and individual experience and that are consistent with their individual performance. The Compensation Committee has established base salary ranges for each named executive officer using the median base salaries paid to similarly situated executives in our peer group as a target.

Pay-for-Performance Program

Our named executive officers are eligible to receive annual cash incentive compensation awards through our Pay-for-Performance Program ("PFP"). The plan provides for quarterly and annual payouts for some participants; however, our named executive officers are only eligible for annual cash incentives. The Compensation Committee, in conjunction with the Asset Liability Committee, establishes the performance goals for each of our named executive officers on an annual basis, focusing on performance measures that are critical to our growth. The 2010 PFP targeted four performance measures: (1) return on average assets, (2) noninterest expense, (3) earnings per share and (4) deposit growth. The Committee assigns a weighting to each goal. In 2010, the highest weighting was assigned to the noninterest expense metric (35%), earnings per share and return on average assets each were assigned a 25% weighting and deposit growth was assigned a 15% weighting. In addition, each goal is assigned a target level with stretch and threshold performance levels set approximately 10% above and below the target, respectively. The threshold, target and stretch levels are then linked to an incentive opportunity that is calculated based on the midpoint of each executive's pay grade and position. The 2010 incentive pay opportunities for our president and chief executive officer ranged from 25% at the threshold level, 37.5% at the target and 50% at the stretch level and for our other named executive officers the opportunities ranged from 20% at the threshold level, 30% at the target level and 40% at the stretch level. To be eligible to receive a PFP payout, plan participants must be employed by Savings Institute as of the payment date of the award. However, the Compensation Committee, in its sole discretion, may pay awards on a pro rata basis if the named executive officers are not employed as of the payment date due to retirement or disability. Before PFP payouts, our president and chief executive officer certifies that all of the other named executive officers have met the goals set forth on their performance profile sheets. The Compensation Committee certifies to the president and chief executive officer's achievement of his stated goals. Typically PFP payouts are made within 2½ months of the end of the program year, which begins in January and ends in December. The actual 2010 PFP payouts varied based on the achievement of the stated SI Financial performance goals. See "Executive Compensation—Summary Compensation Table" for details on PFP awards earned in 2010. See also "Executive Compensation—Grant of Plan-Based Awards" for additional information on the threshold, target and stretch levels for the 2010 PFP.

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2010 Payouts

The following charts set forth the 2010 Annual Pay-for-Performance Program payouts made to each of the participating named executive officers, as well as the Compensation Committee's assessment of the executive in relation to Savings Institute's achievement of the noted performance measures. The charts list each performance measure and the weight given to each measure. The charts also illustrate the threshold, target and maximum levels for measuring the performance and the weight given to the achievement at each level and provides information on Savings Institute's actual performance under the noted measures and the corresponding payout.

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Rheo A. Brouillard - President and Chief Executive Officer

Bank Measure	Weight	Performance Goals Threshold	Performance Goals Target	Performance Goals Maximum	Payment Range as a Percentage of Midpoint Base Salary 20% Threshold	30% Target	40% Maximum	Actual Achievement Actual Performance	Actual Payout
Return on Average Assets	25.0 %	34.0 bp	37.8 bp	41.5 bp	$ 22,070	$ 33,104	$ 44,139	34.2 bp	$ 22,070
Noninterest Expenses	35.0	$ 35,965	$ 32,695	$ 29,426	30,897	46,346	61,795	$ 31,261	46,346
Earnings Per Share	25.0	0.23	0.28	0.34	22,070	33,104	44,139	0.26	22,070
Deposit Growth	15.0	28,549	33,587	40,304	13,241	19,862	26,483	14,315	–
Total	100.0 %								$ 90,486

Brian J. Hull – Chief Financial Officer

Bank Measure	Weight	Performance Goals Threshold	Performance Goals Target	Performance Goals Maximum	Payment Range as a Percentage of Midpoint Base Salary 20% Threshold	30% Target	40% Maximum	Actual Achievement Actual Performance	Actual Payout
Return on Average Assets	25.0 %	34.0 bp	37.8 bp	41.5 bp	$ 10,303	$ 15,455	$ 20,607	34.2 bp	$ 10,303
Noninterest Expenses	35.0	$ 35,965	$ 32,695	$ 29,426	14,425	21,637	28,849	$ 31,261	21,637
Earnings Per Share	25.0	0.23	0.28	0.34	10,303	15,455	20,607	0.26	10,303
Deposit Growth	15.0	28,549	33,587	40,304	6,182	9,273	12,364	14,315	–
Total	100.0 %								$ 42,243

David T. Weston/Michael Moran/Laurie Gervais

Bank Measure	Weight	Performance Goals Threshold	Performance Goals Target	Performance Goals Maximum	Payment Range as a Percentage of Midpoint Base Salary 20% Threshold	30% Target	40% Maximum	Actual Achievement Actual Performance	Actual Payout
Return on Average Assets	25.0 %	34.0 bp	37.8 bp	41.5 bp	$ 7,334	$ 11,000	$ 14,667	34.2 bp	$ 7,334

Noninterest Expenses	35.0	$ 35,965	$ 32,695	$ 29,426	10,267	15,400	20,534	$ 31,261	15,400
Earnings Per Share	25.0	0.23	0.28	0.34	7,334	11,000	14,667	0.26	7,334
Deposit Growth	15.0	28,549							